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**First Quarter Financial Statements Announcement for the Period Ended 31-Mar-2009**

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<b>Table of Contents</b>	<b>Page No:</b>
1 (a) Consolidated Statement of Comprehensive Income	1
1 (b) (i) Statement of Financial Position	2
1 (b) (ii) Note on Borrowings and Debt Securities	3
1 (c) Consolidated Statement of Cash Flows	4
1 (d) Statement of Changes In Shareholders' Equity	5
1 (e) Notes to Financial Statements	6-8
2, 3 Audit / Review	9
4, 5 Accounting Policies	9
6 Earnings Per Share	10
7 Net Asset Value	10
8 Review of Performance	11
9 Variance From Prospect Statement	12
10 Commentary of the Competitive Conditions	12
11, 12 Dividend	12
Interested Person Transactions	13
Negative Assurance	14

**No.1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group</b>		<b>Change</b>
	<b>1st Quarter Ended</b>		
	<b>31-Mar-09</b>	<b>31-Mar-08</b>	
	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>%</b>
Revenue	6,238	10,834	-42.4%
Cost of sales	(4,574)	(9,865)	53.6%
<b>Gross profit</b>	<b>1,664</b>	<b>969</b>	<b>71.7%</b>
Other income	210	355	-40.8%
Distribution costs	(299)	(1,194)	75.0%
Administrative expenses	(1,817)	(2,658)	31.6%
Other expenses	(25)	(25)	0.0%
Finance costs	(1,185)	(1,156)	-2.5%
Share of profit of associates	0	0	n.m.
<b>Loss before tax</b>	<b>(1,452)</b>	<b>(3,709)</b>	<b>60.9%</b>
Income tax expense	0	0	n.m.
<b>Loss for the period</b>	<b>(1,452)</b>	<b>(3,709)</b>	<b>60.9%</b>
<b>Other comprehensive income :</b>			
Exchange difference on translating foreign operations	308	(1,011)	130.5%
<b>Total comprehensive income for the period</b>	<b>(1,144)</b>	<b>(4,720)</b>	<b>75.8%</b>
<b>EBITDA</b>	<b>9</b>	<b>(1,740)</b>	<b>100.5%</b>
<b><u>Loss for the period included the following</u></b>			
Depreciation & amortization of Biological assets-plantations and Property, plant & equipment			
- charged to cost of sales	(156)	(390)	
- charged to distribution and administrative expenses	(142)	(423)	
Provision for inventories			
- charged to selling, distribution and administrative expenses	0	(25)	
Other income & charges includes :			
- Gain on disposal of property, plant & equipment	2	128	
- Foreign exchange gain/(loss)	(6)	(66)	

**Change of financial year end, and prior period comparative figures**

During the last financial year, the Company and the Group changed financial year end from 30 June to 31 December, and consequently the financial statements of the last financial year cover 18 months from 1 Jul 2007 to 31 Dec 2008.

The current financial year will cover 12 months from 1 Jan 2009 to 31 Dec 2009. For the Group's results announcements on SGXNET, the results of the 12 months period from 1 Jan 2008 to 31 Dec 2008 shall be used as the comparative figures.

**Operating results excluding sub-group**

Refer to Note 2 [page 7 & 8] and No. 8 (4)(b) [page11] for operating results of the Group if results of the sub-group were excluded.

## No.1(b)(i) Statement of financial position as at :

Note	Group		Company		
	31-Mar-09	31-Dec-08	31-Mar-09	31-Dec-08	
	\$'000	\$'000	\$'000	\$'000	
<b>ASSETS</b>					
<b>Non-current assets :</b>					
Subsidiaries	0	0	16,675	2,840	
Associates	111	107	0	0	
Other investments	68	68	0	0	
Other assets	0	3	0	0	
Property, plant and equipment	32,937	30,991	271	11,364	
Biological assets - Plantations	10,185	9,663	0	0	
<b>Total non-current assets</b>	<b>43,301</b>	<b>40,832</b>	<b>16,946</b>	<b>14,204</b>	
<b>Current assets :</b>					
Cash and cash equivalents	1,333	3,310	231	631	
Trade receivables	1,017	1,571	0	0	
Other receivables and prepayments	2,177	2,285	151	133	
Inventories	8,870	10,651	0	3,538	
<b>Total current assets</b>	<b>13,397</b>	<b>17,817</b>	<b>382</b>	<b>4,302</b>	
<b>Total assets</b>	<b>56,698</b>	<b>58,649</b>	<b>17,328</b>	<b>18,506</b>	
<b>Equity attributable to equity holders of the Company</b>					
Share capital	100,508	100,508	100,508	100,508	
Capital reserve	944	944	-	0	
Capital reduction reserve	18,384	18,384	18,384	18,384	
Foreign currency translation reserve	7,792	7,484	-	0	
General reserve	2,201	2,201	-	0	
Asset revaluation reserve	3,135	3,135	-	0	
Accumulated losses	(153,864)	(152,412)	(132,885)	(133,768)	
<b>Total equity</b>	<b>(20,900)</b>	<b>(19,756)</b>	<b>(13,993)</b>	<b>(14,876)</b>	
<b>Current liabilities :</b>					
Bank loans - secured	(Note 2)	26,204	24,860	-	0
Loans from investors		24,424	24,424	24,424	24,424
Trade payables		7,819	11,203	-	0
Other payables		18,443	17,243	6,897	8,958
Provision for taxation		708	675	-	0
<b>Total current liabilities</b>		<b>77,598</b>	<b>78,405</b>	<b>31,321</b>	<b>33,382</b>
<b>Total liabilities</b>		<b>77,598</b>	<b>78,405</b>	<b>31,321</b>	<b>33,382</b>
<b>Total liabilities and equity</b>		<b>56,698</b>	<b>58,649</b>	<b>17,328</b>	<b>18,506</b>

**No.1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

	(\$ '000)			
	As at 31/03/2009		As at 31/12/2008	
	Secured	Unsecured	Secured	Unsecured
Bank Loans	26,204	0	24,860	0
Loans from Investors	24,424	0	24,424	0

**Amount repayable after one year**

	(\$ '000)			
	As at 31/03/2009		As at 31/12/2008	
	Secured	Unsecured	Secured	Unsecured
Bank Loans	0	0	0	0
Finance Lease	0	0	0	0

**Details of any collateral**

The loans from investors of \$24.4 million as at 31 Mar 2009 (31 Dec 2008: \$24.4 million) are secured by a charge on the shares of Fook Huat Tong Kee Pte Ltd, a wholly owned subsidiary of the Company. The convertible loan from investors is repayable on the date falling 2 years from 21 March 2007, i.e. the date of convertible loan agreement. The loans from investors are convertible loans at the discretion of the investors. Assuming the loans from investors are converted into shares, the Company would issue 2.44 billion new shares (based on the \$24.4 million loan at the conversion price of \$ 0.01 per share) to the investors. On 07 Apr 2009, the Company and the Investors have entered into a term sheet (the "Term Sheet") setting out the principal terms on which the Convertible Loan is proposed to be restructured and revised. The key terms are as follows:-

- (a) The maturity date of the Convertible Loan will be extended for a further 2-year period;
- (b) The Conversion Price of the Conversion Shares will be reduced from S\$0.01 to S\$0.005;
- (c) There will be options granted by the Company to the Investors to subscribe for new shares in the ordinary share capital of the Company (the "Option Shares") on the basis of 1 Option Share for every 10 Conversion Shares. The exercise price shall be S\$0.005 per Option Share; and
- (d) The conditions to be fulfilled before the restructuring of the Convertible Loan include the approval of the Securities Exchange Trading Limited, the Securities Industry Council, and the shareholders of the Company (if applicable) for the restructuring terms of the Convertible Loan.

One of the Subsidiary of the Group had obtained the bank loans from a bank in the PRC amounting to \$26.2 million and the bank loans are secured by mortgages on leasehold land and buildings and corporate guarantees by certain subsidiaries of the Group (refer to Note 2 for the details on mortgages and corporate guarantees). The bank loans which are originally due in April 2017 are classified as a current liability as at 31 Mar 2009, as the Group does not have an unconditional right to defer its settlement for at least twelve months after that date due to the default in repayment.

No.1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1st Quarter Ended 31-Mar-09	31-Mar-08
	\$'000	\$'000
<b>Operating activities</b>		
Loss before taxation	(1,452)	(3,709)
Adjustments for:		
Interest expense	1,163	1,156
Interest income	(1)	(7)
Dividend income	0	(14)
Depreciation expense	298	813
Gain on disposal of property, plant and equipment	(2)	0
Allowance for inventories made/(written back)	0	(23)
Operating profit / (loss) before working capital changes	<u>6</u>	<u>(1,784)</u>
Change in working capital:		
Trade receivables and other receivables and prepayments	662	2,544
Inventories	1,781	5,455
Trade payables and other payables	(3,347)	(4,733)
Cash generated from / (used in) operations	<u>(898)</u>	<u>1,482</u>
Income tax paid	0	(10)
<b>Cash inflows / (outflows) from operating activities</b>	<u>(898)</u>	<u>1,472</u>
<b>Investing activities</b>		
Interest received	1	7
Dividends received	0	14
Purchase of property, plant and equipment and other assets	(115)	(144)
Additions to biological assets	0	(1,879)
Proceeds from disposal of property, plant and equipment	9	0
Repayment of loans from investor	0	(8,500)
<b>Cash outflows from investing activities</b>	<u>(105)</u>	<u>(10,502)</u>
<b>Financing activities</b>		
Interest paid	0	992
Repayment of bank loans	0	(1,336)
Loans from investor	0	5,000
Proceeds from issue of ordinary shares	0	8,987
<b>Cash inflows from financing activities</b>	<u>0</u>	<u>13,643</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<u>(974)</u>	<u>104</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(1,977)</u>	<u>4,717</u>
Cash and cash equivalents at beginning of period	3,310	2,384
<b>Cash and cash equivalents at end of period</b>	<u>1,333</u>	<u>7,101</u>

No. 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.

	Share capital \$ '000	Capital reserve \$ '000	Capital reduction reserve \$ '000	Foreign currency translation reserve \$ '000	Revaluation Reserve \$ '000	General reserve \$ '000	Accu- mulated gain/ (losses) \$ '000	Total \$ '000
<b>GROUP</b>								
Bal at 01/01/2009	100,508	944	18,384	7,484	3,135	2,201	(152,412)	(19,756)
Total comprehensive Income for the period	0	0	0	308	0	0	(1,452)	(1,144)
Bal at 31/03/2009	100,508	944	18,384	7,792	3,135	2,201	(153,864)	(20,900)
<b>COMPANY</b>								
Bal at 01/01/2009	100,508	0	18,384	0	0	0	(133,768)	(14,876)
Total comprehensive Income for the period	0	0	0	0	0	0	883	883
Bal at 31/03/2009	100,508	0	18,384	0	0	0	(132,885)	(13,993)

No. 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 or 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 at the end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year.

As at 31 Dec 2008, the total number of ordinary shares issued by the Company was 7,878,441,114.  
There were no changes to the number of ordinary shares during the period.

Please see page 3 on the loans from investors which are convertible to ordinary shares of the Company.

**No. 1(e) Notes to Financial Statements****Note 1 Change of financial year end, and prior period comparative figures:**

During the last financial year, the Company and the Group changed financial year end from June 30 to December 31, and consequently the financial statements of the last financial year cover 18 months from July 1, 2007 to 31 December, 2008.

The current financial year will cover 12 months from January 1, 2009 to 31 December, 2009. For the Group's results announcements on SGXNET, the results of the 12 months period from January 1, 2008 to 31 December, 2008 shall be used as the comparative figures.

**Note 2 Net assets subject to bank collaterals and guarantees**

During the last financial year, one of the subsidiaries of the Group had defaulted on the repayment of loans from a bank in the PRC (the "bank"). The loans are secured on the mortgages of land and buildings belonging to 2 subsidiaries of the Group and corporate guarantees executed by 4 subsidiaries of the Group (collectively, the "sub-group"). The bank had obtained a court order in the PRC to seize the assets of the sub-group to satisfy the debt owed to the bank. However, pursuant to an earlier corporate business review and changes in the Group's business model, particularly the fresh fruits trading segment, the activities of the sub-group subsidiaries are no longer significant to the Group. Three subsidiaries of the sub-group have already ceased operations while the assets and operations of the other subsidiaries of the sub-group are insignificant. The Company believes that the Group's and Company's exposure on the liabilities to the bank and other creditors of the sub-group is limited to the obligations of the sub-group including guarantees issued by the sub-group to the bank and do not extend beyond the sub-group.

As at last financial year end, the total assets of the sub-group was \$47.2 million, while total liabilities of the sub-group including the bank loans was \$35.4 million. The Group had then made an impairment provision of \$11.8 million to the assets of the sub-group such that as at 31 December, 2008 the total assets, net of the provision, of the sub-group was \$35.4 million and the net assets of the sub-group was therefore zero. The Company was of the view that except for the provision of \$11.8 million, no further adjustments were required to the carrying amounts of the assets of the sub-group since the assets of the sub-group will be used to settle the related liabilities of the sub-group.

The Group had executed two Sale & Purchase Agreements ("S&P agreements") to sell two of the subsidiaries of the sub-group, one of which is the borrower of the bank loans, for consideration of \$1 each. The Group has written to SGX to apply for waiver of Rule 1014 from the requirement to seek shareholder approval of the disposal on the basis that the subsidiaries are non-core and loss-making.

The Group has also written to ACRA (Accounting and Corporate Regulatory Authority) seeking approval to exclude the assets, liabilities and results of operations of the sub-group from consolidation. However, while this application is in process, the financial statements of the Group presented herein include the assets, liabilities and results of operations of the sub-group. The carrying amount of the assets and liabilities of the sub-group as at 31 Mar 2009 that were consolidated into the financial statements of the Group were as follow :-

	<b>Unaudited \$'000</b>
<b>Investments in subsidiaries</b>	<b>68</b>
Cost	84,219
Accumulated depreciation	(51,685)
Impairment loss	(11,833)
<b>Property, plant &amp; equipment</b>	<b>20,701</b>
<b>Biological assets - Plantation</b>	<b>10,185</b>
Cash and cash Equivalent	31
Trade receivables	(206)
Other receivables and prepayment	1,698
Inventories	2,256
<b>Current Assets</b>	<b>3,779</b>
<b>Total Assets</b>	<b>34,733</b>
Bank loans - secured	26,204
Trade payables	1,534
Other payables	7,661
<b>Current Liabilities</b>	<b>35,399</b>
<b>Total Liabilities</b>	<b>35,399</b>
<b>Net Assets</b>	<b>(666) *</b>

\* This number represents the interest accrued on the bank loan for the current quarter.



The consolidated financial position of the Group, had the assets and liabilities of the sub-group been excluded from consolidation as at 31 Mar 2009 would be as follows :-

	<b>Unaudited Group Not Consolidated</b>
	<b>As At 31-Mar-09</b>
	<b>\$'000</b>
<b>ASSETS</b>	
<b>Non-current assets :</b>	
Associate	111
Other investments	0
Other assets	0
Property, plant and equipment	12,236
Biological asset - Plantations	0
Total non-current assets	<u>12,347</u>
<b>Current assets :</b>	
Cash and cash equivalents	1,302
Trade receivables	1,223
Other receivables and prepayments	480
Inventories	6,614
Total current assets	<u>9,619</u>
<b>Total assets</b>	<u>21,966</u>
<b>LIABILITIES</b>	
<b>Current liabilities :</b>	
Bank loans - secured	0
Loans from investors	24,424
Trade payables	6,285
Other payables	10,781
Provision for income tax	708
Total current liabilities	<u>42,199</u>
<b>Total equity</b>	<u>(20,233)</u>
<b>Total equity and liabilities</b>	<u>21,966</u>

#### **Contingent Liabilities of the sub-group**

In addition to the \$0.67 million interest accrued on the bank loans of the sub-group, certain sub-group subsidiaries that have already ceased operations may be subject to contingent claims. The Company is unable to ascertain the likelihood, outcome and quantum of these potential claims. However, the Company is of the view that any action that may be undertaken by the bank or any other creditors is unlikely to significantly affect the operation of the rest of the Group as the exposure to the Group is limited to the net assets of the subsidiaries in the Sub-group and do not extend beyond the Sub-group. No provision have been made during the period in respect of these contingent claims, if any.

**No. 2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or and equivalent standard).**

The financial statements for period ended 31 Mar 2009 have not been audited nor reviewed by the company auditors.

**No.3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not Applicable.

**No. 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting polices and methods of computation in the financial statements for the current reporting period as those in the audited annual financial statements as at 31 Dec 2008 excepts that the Group has adopted new Financial Reportinf Standard (FRS) which become effective 01 Jan 2009 as stated in the No. 5 below.

**No. 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 Group has adopted the following new FRS/Int FRS which became effective to the Group for annual periods beginning or after 01 Jan 2009 :

FRS 1 (Revised)	Presentation of Financial Statements
Amendment to FRS 23	Borrowing cost
FRS 108	Operating segments

The application of the above standards has no material impact to the financial statements of the Group and the Company.

**No.6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>Quarter Ended</u>	
	<u>01-Jan-09</u> to <u>31-Mar-09</u> \$ '000	<u>01-Jan-08</u> to <u>31-Mar-08</u> \$ '000
Earnings attributable to shareholders	(1,452)	(3,709)
Weighted average number of ordinary shares applicable to basic earnings per share	7,878,441	6,725,616
Weighted average number of ordinary shares applicable to diluted earnings per share	<u>7,878,441</u>	<u>6,725,616</u>
Earnings per ordinary share, in cents :		
- basic	(0.02)	(0.06)
- fully diluted	(0.02)	(0.06)

Note: Basic and diluted earnings per share are the same. The loans from investors, which could be convertible into ordinary shares of the Company, were not included in the computation of diluted loss per share as it is anti-dilutive.

**No.7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	<u>As at</u> <u>31-Mar-09</u> cents	<u>As at</u> <u>31-Dec-08</u> cents
	Group	(0.27)
Company	(0.18)	(0.19)
No of issued shares ('000)	7,878,441	7,878,441

The calculation of net asset value per ordinary share is based on the number of ordinary shares of the Company as at 31 March 2009 and 31 Dec 2008 respectively.

**No. 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

- (1) The Group's revenue of \$6.2 million for 1Q09 was \$4.6 million lower than the corresponding quarter last year. While sales of the dehydrated products increased from \$2.6 million to \$3.4 million, sales of fresh fruits decreased from \$8.0 million to \$2.8 million. This was due to cessation of operations of certain subsidiaries following a strategic review conducted during the later part of the last financial year.
- (2) Gross profit of the quarter was \$1.66 million (26.7%), compared with corresponding quarter last year of \$0.97 million (8.9%). This significant improvement in the gross profit % was due to :-
  - (a) Dehydrated products : Better control over raw material procurement and inventory management.
  - (b) Fresh fruits: New business model, changed from one that was high on capital investment and fixed overhead to one that is based on flexible variable cost with lower fixed overhead and capital investment, focusing on branding and supply chain management.
- (3) Distribution cost and administrative expenses (including depreciation) were much lower for the current quarter due to :-
  - (a) Cessation of operations of certain subsidiaries as explained in (1) above.
  - (b) Cost efficiency measures taken during the period.
- (4) Loss for the period :-
  - (a) Loss for the quarter was \$1.45 million, a significant improvement over the corresponding quarter's loss of \$3.71 million in FY2008. This was due to significant improvement in gross profit margin and lower operational expenses, as explained in (2) and (3) above.
  - (b) The loss of the quarter of \$1.45 million included \$0.67 million of accrued interest on the bank loans of the sub-group. As explained in Note 2 (Page 7 & 8), since the assets of the sub-group will be used to settle the related liabilities of the sub-group and the liabilities of the sub-group do not extend beyond the sub-group, there is no obligation by the Company or any other subsidiaries of the Group to pay this interest accrual of \$0.67 million. However, this interest accrual had to be booked in order to comply with FRS 27. If this interest accrual were excluded, the loss for the quarter would have been only \$0.78 million.
- (5) EBITDA  
The Group reported a positive EBITDA for 1Q09, compared to a large negative EBITDA for the corresponding quarter last year.
- (6) Operating cash flow deficit  
This was due to payment to suppliers.
- (7) Material fluctuation in balance sheet items  
There was no material fluctuation except reduction in trade payables referred to (6) above.

**No.9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

None.

**No. 10 A commentary at the date of the announcement of the 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.**

- ( i ) The Group continues to operate under difficult conditions and is facing intense competition in the fruit and produce industry.
- ( ii ) The Group is still restructuring to enhance the shareholders' value as well as to improve our cost structure, procurement, marketing and sales. However, operating performance is improving as evidenced in the results of the current quarter.

**No. 11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on ?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None.

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

**No. 12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the reporting period ended 31 Mar 2009.

**ADDITIONAL INFORMATION****Interested Person Transactions**

(In S\$ '000)

The aggregate value of interested person transactions entered into during the reporting period ended 31 Mar 2009 is as follows :-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
None	0	0

SUNMOON FOOD COMPANY LIMITED  
Company Registration Number 198304656K

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705 (4) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that 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 31 Mar 2009 to be false or misleading.

On behalf of the Directors

(signed)  
Tan Eng Liang  
Director

(signed)  
Michael John Martin  
Director

13 May 2009