
Third Quarter Financial Statements Announcement for the Period Ended 30-Sep-2009

Table of Contents	Page No:
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
2, 3 Audit / Review	7
4, 5 Accounting Policies	7
6 Earnings Per Share	8
7 Net Asset Value	8
8 Review of Performance	9
9 Variance From Prospect Statement	10
10 Commentary of the Competitive Conditions	10
11, 12 Dividend	10
Interested Person Transactions	11
Negative Assurance	12

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.

	Group			Group		
	3rd Quarter Ended		Change	Year-To-Date		Change
	30-Sep-09	30-Sep-08		30-Sep-09	30-Sep-08	
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Revenue	5,690	11,391	-50.0%	19,394	35,679	-45.6%
Cost of sales	-4,579	-11,623	-60.6%	-15,227	-40,195	-62.1%
Gross profit	1,111	-232	n.m.	4,167	-4,516	n.m.
Other income	1,652	0	n.m.	8,377	819	922.8%
Distribution costs	-274	-137	100.0%	-833	-4,234	-80.3%
Administrative expenses	-1,559	-2,880	-45.9%	-4,931	-7,685	-35.8%
Other expenses	-19	-247	-92.3%	-56	-589	-90.5%
Finance costs	-540	-1,266	-57.3%	-1,585	-3,812	-58.4%
Profit / (Loss) before tax	371	-4,762	n.m.	5,139	-20,017	n.m.
Income tax expense	-6	-33	-83.2%	-6	-28	-80.2%
Profit / (Loss) for the period	365	-4,795	n.m.	5,133	-20,045	n.m.
Other comprehensive income :						
Exchange difference on translating foreign operations	-777	890	n.m.	-391	1,218	n.m.
Total comprehensive income for the period	-412	-3,905	89.5%	4,742	-18,827	n.m.
EBITDA	1,334	-2,499	n.m.	7,878	-13,569	n.m.
Profit / (Loss) for the period included the following						
Depreciation & amortization of Biological assets-plantations and Property, plant & equipment						
- charged to cost of sales	-246	-741		-648	-1,738	
- charged to distribution and administrative expenses	-194	-289		-569	-926	
Provision for inventories charged to cost of sales	0	0		0	-3,013	
Other income & charges includes :						
- Gain/(Loss) on disposal of property, plant & equipment	0	-681		-80	-430	
- Gain on disposal of subsidiaries (Note 2b)	0	0		6,015	0	
- Provision for diminution of Investment	0	0		0	-872	
- Foreign exchange gain/(loss)	0	86		-16	191	
- Gain on disposal of investment	144	0		144	0	
- Impairment on associated company	-108	0		-108	0	
- Impairment on property, plant & equipment	-118	0		-118	0	
- Write back of inventory provision	1,457	0		1,457	0	

Change of financial year end, and prior period comparative figures

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

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

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

	Group		Company	
	30-Sep-09	31-Dec-08	30-Sep-09	31-Dec-08
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets :				
Subsidiaries	0	0	16,321	2,840
Associates	0	107	0	0
Other investments	68	68	17	0
Other assets	0	3	0	0
Property, plant and equipment	12,549	30,991	159	11,364
Biological assets - Plantations	0	9,663	0	0
Total non-current assets	12,617	40,832	16,497	14,204
Current assets :				
Cash and cash equivalents	1,551	3,310	27	631
Trade receivables	1,540	1,571	0	0
Other receivables and prepayments	2,282	2,285	148	133
Inventories	9,157	10,651	0	3,538
Total current assets	14,530	17,817	175	4,302
Total assets	27,147	58,649	16,672	18,506
Equity attributable to equity holders of the Company				
Share capital	100,508	100,508	100,508	100,508
Capital reserve	944	944	0	0
Capital reduction reserve	18,384	18,384	18,384	18,384
Foreign currency translation reserve	7,093	7,484	0	0
General reserve	2,201	2,201	0	0
Asset revaluation reserve	3,135	3,135	0	0
Accumulated losses	-147,278	-152,412	-137,198	-133,768
Total equity	-15,013	-19,756	-18,306	-14,876
Current liabilities :				
Bank loans - secured	1,035	24,860	0	0
Loans from investors	24,424	24,424	24,424	24,424
Trade payables	2,749	11,203	0	0
Other payables	13,883	17,243	10,554	8,958
Provision for taxation	69	675	0	0
Total current liabilities	42,160	78,405	34,978	33,382
Total liabilities	42,160	78,405	34,978	33,382
Total liabilities and equity	27,147	58,649	16,672	18,506

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 30/09/2009		As at 31/12/2008	
	Secured	Unsecured	Secured	Unsecured
Bank Loans	1,035	0	24,860	0
Loans from Investors	24,424	0	24,424	0

Amount repayable after one year

(\$ '000)

	As at 30/09/2009		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 30 September 2009 (31 December 2008: \$24.4 million) are secured by a fixed and floating charge on 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 and the accrued premium of \$4.260 million as at 30 September 2009 were converted into shares, the Company would issue 2.87 billion new shares (at the conversion price of \$ 0.01 per share) to the investors. On 07 April 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 for the restructuring terms of the Convertible Loan.

One of the Subsidiaries of the Group had obtained the short term working capital loans from a bank in the Peoples' Republic of China (PRC) amounting to approximately S\$1million which are secured by mortgages on leasehold land and buildings.

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		Group	
	3rd Quarter Ended		Year-To-Date	
	40,086	39,721	40,086	39,721
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit/(Loss) before taxation	365	-4,762	5,133	-20,017
Adjustments for:				
Interest expense	529	1,246	1,528	3,721
Interest income	0	-6	-1	-18
Dividend income	0	-3	0	-17
Impairment of other investments	0	0	0	872
Depreciation expense	440	1,030	1,217	2,664
(Gain)/Loss on disposal of property, plant and equipment	-9	670	71	547
Gain on disposal of Investment	-144	0	-144	0
Gain on disposal of subsidiaries (Note 2b)	0	0	-6,015	0
Impairment on associated company	108	0	108	0
Impairment on property, plant.& equipment	118	0	118	0
Allowance for inventories made/(written back)	-1,457	0	-1,457	6
Operating profit / (loss) before working capital changes	-50	-1,825	558	-12,242
Change in working capital:				
Trade receivables and other receivables and prepayments	-4	5,403	-1,428	1,915
Inventories	750	-2,331	2,951	7,174
Trade payables and other payables	-73	-7,007	-3,266	-2,452
Cash generated from / (used in) operations	623	-5,760	-1,185	-5,605
Income tax paid	0	0	0	-10
Cash inflows / (outflows) from operating activities	623	-5,760	-1,185	-5,615
Investing activities				
Interest received	0	6	1	18
Dividends received	0	3	0	17
Purchase of property, plant and equipment and other assets	-270	0	-529	-828
Additions to biological assets	0	0	0	-1,879
Proceeds from disposal of investment	144	0	144	0
Proceeds from disposal of property, plant and equipment	0	0	279	0
Proceeds from disposal of Subsidiaries	0	0	-5	0
Cash outflows from investing activities	-126	9	-110	-2,672
Financing activities				
Interest paid	0	0	0	1,308
Increase / (Repayment) of bank loans	0	0	1,060	-1,468
Loans from investor	0	0	0	8,943
Cash inflows from financing activities	0	0	1,060	8,783
Net effect of exchange rate changes in consolidating subsidiaries	-476	347	-1,525	-818
Net increase / (decrease) in cash and cash equivalents	21	-5,404	-1,759	-322
Cash and cash equivalents at beginning of period	1,530	7,466	3,310	2,384
Cash and cash equivalents at end of period	1,551	2,062	1,551	2,062

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	Accumulated gain/(losses) \$ '000	Total \$ '000
GROUP								
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
Total comprehensive Income for the period	0	0	0	78	0	0	6,221	6,299
Bal at 30/06/2009	100,508	944	18,384	7,870	3,135	2,201	-147,643	-14,601
Total comprehensive Income for the period	0	0	0	-777	0	0	365	-412
Bal at 30/09/2009	100,508	944	18,384	7,093	3,135	2,201	-147,278	-15,013
COMPANY								
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
Total comprehensive Income for the period	0	0	0	0	0	0	-3,594	-3,594
Bal at 30/06/2009	100,508	0	18,384	0	0	0	-136,479	-17,587
Total comprehensive Income for the period	0	0	0	0	0	0	-719	-719
Bal at 30/09/2009	100,508	0	18,384	0	0	0	-137,198	-18,306

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 December 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 ended 30 September 2009.

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

Note 1 Change of financial year end, and prior period comparative figures:

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

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

Note 2 (a) Net assets subject to bank collaterals and guarantees, and contingent liabilities

During the last financial year, one of the subsidiaries (the "Borrowing Subsidiary") of the Group had defaulted on the repayment of the loans ("Loans") from the PRC Dongguan Agricultural Bank of China (the "Bank"). The Loans are secured on the mortgages of land and buildings belonging to the Borrowing subsidiary and another subsidiary (the "Collateral Subsidiary"). The Borrowing Subsidiary and the Collateral Subsidiary have since been disposed of as disclosed in the second quarter financial statements announcement for the period ended 30 June 2009, and the disposals have been deemed to be completed. Following the disposal of two subsidiaries which were fully disclosed in the 2Q09 results, the disposals have been deemed to be completed upon the handover of the company certificates, licences and/or materials to the buyer to facilitate them to file the relevant registration changes or updates with authorities.

There are three subsidiaries which have furnished corporate guarantees to support the Loans. These corporate guarantees may be called upon by the Bank. Three remaining subsidiaries which are still subject to corporate guarantees in respect of the PRC Dongguan Agricultural Bank of China bank loan and may be subject to claims. The Company is unable to ascertain the likelihood, outcome and quantum of these potential claims. However, for these three subsidiaries, whether arising from the corporate guarantees or otherwise, 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 these three subsidiaries have ceased operations, do not possess significant assets and were are presently dormant, and the exposure to the Group in respect of any contingent claim arising from the abovementioned corporate guarantees is limited to the net assets of these three dormant subsidiaries and does not extend beyond these three dormant subsidiaries. In August 2009, the Dongguan Municipal Intermediate People's Court issued a writ of seizure and sale against four apartments owned by Fook Huat Tong Kee Pte Ltd. These four apartments which have already been fully impaired in December 2008, and accordingly this has no financial impact for this quarter. As at 30 September 2009, each of the three remaining subsidiaries have negative net assets and have been consolidated. No further provision has been made during the period in respect of these claims, if any.

(b) YTD09 Gain on disposal of subsidiaries which was recorded and fully disclosed in 2Q09

The disclosure was the same as illustration in 2Q09 result (note 2b) with the same figures for YTD09.

	\$'000	\$'000
Disposal price (\$1 each)		0
Net assets disposed of :		
Property, plant and equipment	20,601	
Biological assets - Plantations	9,713	
Cash and cash equivalents	5	
Trade receivable and other receivables	1,463	
Trade payables	-2,300	
Other payables	-9,897	
Provision for taxation	-610	
Bank loans - secured	-24,990	-6,015
Gain on disposal		<u>6,015</u>
Reversal of accrued interest in Borrowing Subsidiary		<u>667</u>

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 30 September 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 policies and methods of computation in the financial statements for the current reporting period as those in the audited annual financial statements as at 31 December 2008 except that the Group has adopted new Financial Reporting Standard (FRS) which became effective 1 January 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 1 January 2009 :

FRS 1 (Revised)	Presentation of Financial Statements
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.

	Group		Group	
	3rd Quarter Ended		Year-To-Date	
	30-Sep-09	30-Sep-08	30-Sep-09	30-Sep-08
	\$ '000	\$ '000	\$ '000	\$ '000
Earnings / (Loss) attributable to shareholders	365	-4,795	5,133	-20,045
Earnings / (Loss) used to determine diluted earnings per share	365 #	-4,795 *	6,369	-20,045 *
Weighted average number of ordinary shares applicable to basic earnings per share	7,878,441	7,489,234	7,878,441	7,172,659
Weighted average number of ordinary shares applicable to diluted earnings per share	7,878,441 #	7,489,234 *	10,746,841	7,172,659 *
Earnings / (Loss) per ordinary share, in cents :				
- basic	0.005	(0.064)	0.065	(0.279)
- fully diluted	0.005 #	(0.064) *	0.059	(0.279) *

* The convertible loans from investors amounting to approximately \$27.9 million as at 30 September 2008, which could be convertible into shares of the Company, were not included in the computation of diluted loss per share because they are antidilutive.

The convertible loans from investors amounting to approximately \$28.7 million as at 30 September 2009, which could be convertible into shares of the Company, were not included in the computation of diluted loss per share because they are antidilutive.

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.

	As at	As at
	30-Sep-09	31-Dec-08
	cents	cents
Group	(0.19)	(0.25)
Company	(0.23)	(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 30 September 2009 and 31 December 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 \$5.7 million for 3Q09 was \$5.7 million lower than the corresponding quarter last year. Sales tonnage of dehydrated produce increased in 3Q09 by over 400tons but sales value decreased from \$3.3 million(3Q08) to \$3.1 million (3Q09) due to the continued depressed dehydrated garlic market and lower contract prices. Sales of fresh fruits decreased from \$8.1 million (3Q08) to \$2.6 million (3Q09) due to cessation of operations in certain subsidiaries.

The Group's YTD09 revenue of \$19.4 million was \$16.3 million lower than that for YTD08, \$35.7million. Sales of dehydrated products decreased from \$9.8 million (YTD08) to \$9.0 million (YTD09), and sales of fresh fruits decreased from \$25.8 million (YTD08) to \$10.3 million (YTD09) due to the same reasons above.

- (2) Gross profit for 3Q09 was \$1.11 million, compared with gross loss of \$0.23 million for 3Q08. For YTD09, gross profit was \$4.17 million, compared with gross loss of \$4.52 million for YTD08. This significant improvement in gross profit was due to ongoing business rationalization, better control over raw material procurement, and inventory management.
- (3) Distribution cost and administrative expenses (including depreciation) were much lower for the current quarter and year to date due to :-
- (a) Cessation of unprofitable operations of certain subsidiaries.
 - (b) Effects of cost cutting measures implemented since 1Q09.

- (4) Profit / (Loss) for the period :-

The Group's profit for 3Q09 and YTD09 were \$365K and \$5.139 million respectively compared to loss of \$4.795mil for 3Q08 and loss of \$20mil for YTD08 (as at 30 September 08). The 3Q09 profit included stock provision write-back of \$1.457mil based on the stock evaluation as of end September 09, impairment on land and investment of \$226K, and disposal gain of \$144K in July09. The significant improvement over the corresponding periods last year was also attributed to better gross margins, and lower operational expenses.

- (5) EBITDA

The Group reported a positive EBITDA of \$1.33 million for 3Q09, compared to a negative EBITDA for 3Q08. The significant improvement in 3Q09 compared to 3Q08 was due to the improved gross margins, lower operational expenses, and the write-back of stock provision based on stock evaluation as of end September 09. For YTD09, the group reported a positive EBITDA of \$7.88 million, compared to negative EBITDA of \$13.57 million for YTD08.

- (6) Material fluctuation in balance sheet items

Compared with balance sheet as at 30-June-09, there was no material fluctuation. The material fluctuations over the balances as at 31-December-08 were mainly due to the effects of the disposal of the two subsidiaries which were recorded and disclosed in 2Q09.

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.
- (ii) The Group continues to to improve our cost structure, procurement, marketing and sales. However, operating performance has improved as evidenced in the results of 3Q09.

No. 11 Dividend

(a) Current Financial Period Reported On

None.

(b) 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 30 September 2009.

ADDITIONAL INFORMATION**Interested Person Transactions**

(In S\$ '000)

The aggregate value of interested person transactions entered into during the reporting period ended 30 Sep 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 30 September 2009 to be false or misleading.

On behalf of the Directors

(signed)
Gary Loh Hock Chuan
Director

(signed)
Michael John Martin
Director

10 November 2009