
First Quarter Financial Statements Announcement for the Period Ended 31-Mar-2010

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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 period.

	Group		Change
	1st Quarter Ended		
	31-Mar-10	31-Mar-09	
	S\$ '000	S\$ '000	%
Revenue	6,830	6,238	9.5%
Cost of sales	-5,379	-4,574	17.6%
Gross profit / (loss)	1,451	1,664	-12.8%
Other income	15	210	-92.9%
Distribution costs	-298	-299	-0.3%
Administrative expenses	-1,226	-1,817	-32.6%
Other expenses	-99	-25	296.0%
Finance costs	-546	-1,185	-53.9%
Profit / (Loss) before tax	-703	-1,452	-51.6%
Income tax recovered	11	0	n.m.
Profit / (Loss) for the period	-692	-1,452	-52.3%
Other comprehensive income :			
Exchange difference on translating foreign operations	76	308	-75.3%
Total comprehensive income for the period	-616	-1,144	46.2%
EBITDA	154	9	1616.0%

Profit / (Loss) for the period included the following

Depreciation & amortization of property, plant & equipment	-311	-298
Other income & charges includes :		
- Gain on disposal of property, plant & equipment	0	2
- Loss on foreign exchange	-99	-6
- Interest income	3	0
- Interest expense	546	1,163

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

	Group		Company	
	As at 31-Mar-10	As at 31-Dec-09	As at 31-Mar-10	As at 31-Dec-09
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets :				
Subsidiaries	0	0	15,927	16,389
Other investments	17	17	17	17
Property, plant and equipment	8,839	9,172	119	125
Total non-current assets	8,856	9,189	16,063	16,531
Current assets :				
Cash and cash equivalents	1,736	1,639	26	63
Trade receivables	2,317	1,597	0	0
Other receivables and prepayments	496	1,078	168	151
Inventories	5,827	7,075	0	0
Total current assets	10,376	11,389	194	214
Total assets	19,232	20,578	16,257	16,745
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	2,117	2,041	0	0
Asset revaluation reserve	2,596	2,596	0	0
General reserve	2,201	2,201	0	0
Accumulated losses	-146,666	-145,974	-137,479	-136,473
Total equity	-19,916	-19,300	-18,587	-17,581
Current liabilities :				
Bank loans - secured	1,026	1,029	0	0
Loans from investors	24,424	24,424	24,424	24,424
Trade payables	1,754	2,946	0	0
Other payables	11,874	11,410	10,420	9,902
Provision for taxation	71	69	0	0
Total current liabilities	39,149	39,878	34,844	34,326
Total liabilities	39,149	39,878	34,844	34,326
Total liabilities and equity	19,233	20,578	16,257	16,745

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-Mar-10		As At 31-Dec-09	
	Secured	Unsecured	Secured	Unsecured
Bank Loans	1,026	0	1,029	0
Loans from Investors	24,424	0	24,424	0

Amount repayable after one year

	(\$ '000)			
	As At 31-Mar-10		As At 31-Dec-09	
	Secured	Unsecured	Secured	Unsecured
Bank Loans	0	0	0	0
Loans from Investors	0	0	0	0

Details of any collateral

The loans from investors of \$24.4 million as at 31 March 2010 (31 December 2009: \$24.4 million) are secured by a fixed and floating charge on SunMoon Food Company Limited, a wholly owned subsidiary of the Company. The convertible loan from investors was repayable on 21 March 2009. The loans from investors are convertible loans at the discretion of the investors. Assuming the loans from investors and the accrued premium of \$5.4 million as at 31 March 2010 were converted into shares, the Company would issue 2.98 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 setting out the principal terms on which the Convertible Loan is proposed to be restructured and revised.

One of the Subsidiaries of the Group has short term working capital loans from a bank in the Peoples' Republic of China (PRC) amounting to RMB 5 million (approximately S\$1million) which are secured by mortgages on leasehold land and buildings of the PRC subsidiary.

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 .

	Group	
	1st Quarter Ended 31-Mar-10	31-Mar-09
	\$'000	\$'000
Operating activities		
Loss before taxation	-703	-1,452
Adjustments for:		
Interest expense	546	1,163
Interest income	-3	-1
Depreciation expense	311	298
Gain on disposal of property, plant and equipment	0	-2
Loss / (Gain) on unrealised currency translation	99	-1,106
Operating profit / (loss) before working capital changes	250	-1,100
Change in working capital:		
Trade receivables and other receivables and prepayments	-138	662
Inventories	1,248	1,781
Trade payables and other payables	-1,275	-3,347
Cash generated / (used) in operations	85	-2,004
Income tax recovered	13	0
Cash inflows / (outflows) from operating activities	98	-2,004
Investing activities		
Interest received	3	1
Purchase of property, plant and equipment and other assets	0	-115
Proceeds from disposal of property, plant and equipment	0	9
Cash (outflows) / inflows from investing activities	3	-105
Net increase / (decrease) in cash and cash equivalents	101	-2,109
Cash and cash equivalents at beginning of the period	1,639	3,310
Effect of exchange rate fluctuations on cash held	-4	132
Cash and cash equivalents at end of of the period	1,736	1,333

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 period.

	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
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	-5,443	-539	0	6,438	456
Bal at 01/01/2010	100,508	944	18,384	2,041	2,596	2,201	-145,974	-19,300
Total comprehensive Income for the period	0	0	0	76	0	0	-692	-616
Bal at 31/03/2010	100,508	944	18,384	2,117	2,596	2,201	-146,666	-19,916
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	-2,705	-2,705
Bal at 01/01/2010	100,508	0	18,384	0	0	0	-136,473	-17,581
Total comprehensive Income for the period	0	0	0	0	0	0	-1,006	-1,006
Bal at 31/03/2010	100,508	0	18,384	0	0	0	-137,479	-18,587

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 period.

As at 31 December 2009, 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 31 March 2010.

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

Note 1 Net assets subject to bank collaterals and guarantees, and contingent liabilities

During the financial period ended 31 December 2008, 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 during last financial year (FY09).

There are three subsidiaries which have furnished corporate guarantees to support the Loans. These corporate guarantees may be called upon by the Bank. The three remaining subsidiaries 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 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. 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 had already been fully impaired during the financial period ended 31 December 2008, and accordingly has no financial impact to the results of the Group and the Company as at 31 March 2010. As at 31 March 2010, each of the three remaining subsidiaries has negative net assets and have been consolidated. In addition, the remaining assets of the three subsidiaries that are still subject to bank collateral and guarantee have been fully impaired as at 31 December 2009 and no further impairment has been made during the period in respect of these claims.

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 on consolidated results for the first quarter ended 31 March 2010 have not been audited nor reviewed by the Company's 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 financial year as those in the audited annual financial statements as at 31 December 2009.

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 new Financial Reporting Standard (FRS) which became effective 1 January 2010. The adoption of the new / revised accounting standards and interpretation does not have any material impact on financial statements of the Group.

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

	Group	
	1st Quarter Ended	
	31-Mar-10	31-Mar-09
	\$ '000	\$ '000
Earnings / (Loss) attributable to shareholders	-692	-1,452
Earnings / (Loss) used to determine diluted earnings per share	-692 *	-1,452 *
Weighted average number of ordinary shares applicable to basic earnings per share	7,878,441	7,878,441
Weighted average number of ordinary shares applicable to diluted earnings per share	7,878,441 *	7,878,441 *
Earnings / (Loss) per ordinary share, in cents :		
- basic	(0.009)	(0.018)
- fully diluted	(0.009) *	(0.018) *

* The convertible loans from investors including unpaid interest amounting to approximately \$29.9 million as at 31 Mar 2010 (31 Mar 2009 : \$27.7 million), 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 year reported on and (b) immediately preceding financial period.

	As at	As at
	31-Mar-10	31-Dec-09
	cents	cents
Group	(0.25)	(0.24)
Company	(0.24)	(0.22)
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 2010 and 31 December 2009 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 1Q10 revenue of \$6.8 million was \$0.6 million higher than 1Q09 of \$6.2 million. The sale of dehydrated products increased from \$3.4 million to \$3.5 million, and fresh fruits increased from \$2.8 million to \$3.3 million. This was due to the improving dehydrated garlic market conditions and larger supply network and new markets for fresh fruits.
- (2) Gross profit for 1Q10 was \$1.5 million (21.2%), compared with \$1.7 million (26.7%) for the corresponding quarter last year. The lower gross profit was due to the lower dehydrated onion market selling price and higher production costs as well as the higher buying costs for fresh fruits.
- (3) Distribution cost and administrative expenses (including depreciation) were lower for the current quarter due to cost efficiency measures implemented since Y09.
- (4) Loss for the period :-
The Group's loss for 1Q10 was \$0.7 million compared to loss of \$1.5 million for 1Q09. The improvement was mainly from lower administrative expenses and finance costs.
- (5) EBITDA
The group EBITDA improved from \$0.09 million for 1Q09 to \$0.154 million for 1Q10.
- (6) Material fluctuation in balance sheet items
There was no material fluctuation in balance sheet items except for the following items.
 - (a) Higher trade receivable was due to higher sales in end 1Q10 compared to end 4Q09.
 - (b) Reduction in other receivables and prepayments was due to Value Added Tax refund in China received during the report period.
 - (c) Reduction in Inventories was due to no production of dehydrated flakes during routine shut-down in 1Q10; Trade payables decreased because of payments made to suppliers and reduced procurement during the above-mentioned routine shut-down period.
- (7) Operating cash flow
The group reported net cash inflow from operating activities of \$0.1 million for 1Q10, compared to the net cash outflow of \$1.8 million for 1Q09.

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 competitive conditions.
- (ii) The Group continues to improve our cost structure, procurement, marketing and sales. The operating performance has improved as evidenced in the results of 1Q10.

No. 11 Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Period

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 March 2010.

No. 13 Interested Person Transactions

(In S\$ '000)

The aggregate value of interested person transactions entered into during the reporting year ended 31 March 2010 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 pursuant to 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 (5) 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 interim financial statements for the period ended 31 March 2010 to be false or misleading in any material aspect.

On behalf of the Directors

(signed)
Gary Loh Hock Chuan
Director

(signed)
Michael John Martin
Director

14 May 2010