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**Second Quarter Financial Statements Announcement for the Period Ended 30-Jun-2011**

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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
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
13 Interested Person Transactions	11
Confirmation By The Board	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 period**

	Group			Group		
	2nd Quarter Ended		Change	Half Year Ended		Change
	30-Jun-11	30-Jun-10		30-Jun-11	30-Jun-10	
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Revenue	7,184	7,893	-9.0%	14,507	14,723	-1.5%
Cost of sales	-5,073	-5,856	-13.4%	-10,234	-11,235	-8.9%
<b>Gross profit</b>	<b>2,111</b>	<b>2,037</b>	3.6%	<b>4,273</b>	<b>3,488</b>	22.5%
Other income	493	30	n.m	664	45	n.m
Distribution costs	-333	-306	8.8%	-687	-604	13.7%
Administrative expenses	-1,308	-1,140	14.7%	-2,358	-2,366	-0.3%
Other expenses	-142	0	n.m	-222	-99	124.2%
Finance costs	-630	-576	9.4%	-1,263	-1,122	12.6%
<b>Profit / (Loss) before tax</b>	<b>191</b>	<b>45</b>	n.m	<b>407</b>	<b>-658</b>	n.m
Income tax (expenses)/recoverable	-90	7	n.m	-82	18	n.m
<b>Profit / (Loss) for the period</b>	<b>101</b>	<b>52</b>	94.2%	<b>325</b>	<b>-640</b>	n.m
<b>Other comprehensive income :</b>						
Exchange difference on translating foreign operations	-114	-13	n.m	-392	63	n.m
<b>Total comprehensive (loss)/income for the period</b>	<b>-13</b>	<b>39</b>	n.m	<b>-67</b>	<b>-577</b>	n.m
<b>EBITDA</b>	<b>1,095</b>	<b>902</b>	21.4%	<b>2,222</b>	<b>1,056</b>	110.4%
<b>Profit / (Loss) for the period included the following</b>						
Depreciation & amortization of property, plant & equipment	-274	-281		-552	-592	
Write-back of provision for inventories	469	613		469	613	
Other income & charges includes :						
- Government Grant	0	0		72	0	
- Write back of provision for quality claim	0	0		65	0	
- (Loss)/Gain on foreign exchange	-141	12		-221	-87	
- Interest income	7	0		11	4	
- Dividend income	3	3		3	3	
- Interest expense	-630	-576		-1,263	-1,122	

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

	Group		Company	
	As at 30-Jun-11	As at 31-Dec-10	As at 30-Jun-11	As at 31-Dec-10
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Subsidiaries	0	0	15,250	19,671
Other investments	17	17	17	17
Property, plant and equipment	6,795	7,590	88	100
<b>Total non-current assets</b>	<b>6,812</b>	<b>7,607</b>	<b>15,355</b>	<b>19,788</b>
<b>Current assets</b>				
Cash and cash equivalents	6,767	5,384	1,095	105
Trade receivables	1,754	2,697	0	0
Other receivables and prepayments	722	348	130	150
Inventories	5,975	5,385	0	0
<b>Total current assets</b>	<b>15,218</b>	<b>13,814</b>	<b>1,225</b>	<b>255</b>
<b>Total assets</b>	<b>22,030</b>	<b>21,421</b>	<b>16,580</b>	<b>20,043</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	0
Capital reduction reserve	18,384	18,384	18,384	18,384
Foreign currency translation reserve	739	1,131	0	0
Asset revaluation reserve	2,596	2,596	0	0
General reserve	2,201	2,201	0	0
Accumulated losses	-144,710	-145,035	-140,069	-135,772
<b>Total equity</b>	<b>-19,338</b>	<b>-19,271</b>	<b>-21,177</b>	<b>-16,880</b>
<b>Current liabilities</b>				
Bank loans - secured	0	979	0	0
Loans from investors	24,424	24,424	24,424	24,424
Trade payables	2,538	1,235	0	0
Other payables	14,406	13,949	13,333	12,499
Provision for taxation	0	105	0	0
<b>Total current liabilities</b>	<b>41,368</b>	<b>40,692</b>	<b>37,757</b>	<b>36,923</b>
<b>Total liabilities</b>	<b>41,368</b>	<b>40,692</b>	<b>37,757</b>	<b>36,923</b>
<b>Total liabilities and equity</b>	<b>22,030</b>	<b>21,421</b>	<b>16,580</b>	<b>20,043</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 30-Jun-11		As At 31-Dec-10	
	Secured	Unsecured	Secured	Unsecured
Bank Loans	0	0	979	0
Loans from Investors	24,424	0	24,424	0

**Details of any collateral**

The loans from investors of \$24.4 million as at 30 June 2011 (31 December 2010: \$24.4 million) are secured by a fixed and floating charge on SunMoon Food Company Limited. 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 \$8.5 million as at 30 June 2011 were converted into shares, the Company would issue 3.29 billion new shares (at the conversion price of \$ 0.01 per share) to the investors. As announced on 30 September 2010, on that day, the Company and the convertible loan holders entered into a MOU setting out the principal terms on which the convertible loan is proposed to be settled/repaid.

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\$1 million) which are secured by mortgages on leasehold land and buildings of the PRC subsidiary. The loan was fully repaid in May 2011.

**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		Group	
	2nd Quarter Ended 30-Jun-11	30-Jun-10	Half Year Ended 30-Jun-11	30-Jun-10
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit/(loss) before taxation	191	45	407	-658
Adjustments for:				
Interest expense	630	576	1,263	1,122
Interest income	-7	-1	-11	-4
Dividend income	-3	-3	-3	-3
Depreciation expense	274	281	552	592
Write-back of provision for inventories	-469	-613	-469	-613
(Gain)/Loss on unrealised currency translation	-70	-35	-159	62
Operating profit before working capital changes	<u>546</u>	<u>250</u>	<u>1,580</u>	<u>498</u>
Change in working capital:				
Trade receivables and other receivables and prepayments	177	529	569	391
Inventories	-1,868	262	-121	1,510
Trade payables and other payables	696	-26	497	-1,299
Cash (used)/generated in operations	<u>-449</u>	<u>1,015</u>	<u>2,525</u>	<u>1,100</u>
Income tax (paid)/recovered	-82	7	-82	20
<b>Cash inflows/(outflows) from operating activities</b>	<u>-531</u>	<u>1,022</u>	<u>2,443</u>	<u>1,120</u>
<b>Investing activities</b>				
Interest received	7	1	11	4
Dividends received	3	3	3	3
Purchase of property, plant and equipment	-30	-32	-30	-32
<b>Cash (outflows) from investing activities</b>	<u>-20</u>	<u>-28</u>	<u>-16</u>	<u>-25</u>
<b>Financing activity</b>				
Proceed from bank loan	0	1,030	0	1,030
Repayment of bank loan	-979	-1,030	-979	-1,030
<b>Cash (outflows) from financing activity</b>	<u>-979</u>	<u>0</u>	<u>-979</u>	<u>0</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>-1,530</u>	<u>994</u>	<u>1,448</u>	<u>1,095</u>
Cash and cash equivalents at beginning of the period	8,281	1,736	5,384	1,639
Effect of exchange rate fluctuations on cash held	16	-1	-65	-5
<b>Cash and cash equivalents at end of the period</b>	<u>6,767</u>	<u>2,729</u>	<u>6,767</u>	<u>2,729</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 period.**

	Share capital \$ '000	Capital reserve \$ '000	Capital reduction reserve \$ '000	Foreign currency translation reserve \$ '000	Revaluation Reserve \$ '000	General reserve \$ '000	Accu- mulated (losses) \$ '000	Total Equity \$ '000
<b>GROUP</b>								
<b>Bal at 01/01/2011</b>	<b>100,508</b>	<b>944</b>	<b>18,384</b>	<b>1,131</b>	<b>2,596</b>	<b>2,201</b>	<b>-145,035</b>	<b>-19,271</b>
Total comprehensive Income for the period	0	0	0	-278	0	0	224	-54
<b>Bal at 31/03/2011</b>	<b>100,508</b>	<b>944</b>	<b>18,384</b>	<b>853</b>	<b>2,596</b>	<b>2,201</b>	<b>-144,811</b>	<b>-19,325</b>
Total comprehensive Income for the period	0	0	0	-114	0	0	101	-13
<b>Bal at 30/06/2011</b>	<b>100,508</b>	<b>944</b>	<b>18,384</b>	<b>739</b>	<b>2,596</b>	<b>2,201</b>	<b>-144,710</b>	<b>-19,338</b>
<b>COMPANY</b>								
<b>Bal at 01/01/2011</b>	<b>100,508</b>	<b>0</b>	<b>18,384</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-135,772</b>	<b>-16,880</b>
Total comprehensive Income for the period	0	0	0	0	0	0	-4,426	-4,426
<b>Bal at 31/03/2011</b>	<b>100,508</b>	<b>0</b>	<b>18,384</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-140,198</b>	<b>-21,306</b>
Total comprehensive Income for the period	0	0	0	0	0	0	129	129
<b>Bal at 30/06/2011</b>	<b>100,508</b>	<b>0</b>	<b>18,384</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-140,069</b>	<b>-21,177</b>

**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 2010, 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 June 2011.

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 in FY2009.

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 year ended 31 December 2008, and accordingly has no financial impact to the results of the Group and the Company as at 30 June 2011. As at 30 June 2011, the three subsidiaries has negative net assets and have been consolidated. In addition, the remaining assets of the three subsidiaries amounting to \$3.5 million in FY2009 that are still subject to bank collateral and guarantee have been fully impaired since 31 December 2009 and no further impairment has been made during this period in respect of these claims.

During the year ended 31 December 2010, a reversal of impairment amounting to \$1.143 million was made mainly due to the sale of inventories during the year. In 2nd Quarter of year 2011, further reversal of \$0.23 million was made due to the sale of inventories during the period.

**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 second quarter ended 30 June 2011 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 consistently applied the same accounting policies and methods of computation in the current and previous financial year except as disclosed in paragraph 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/amended Financial Reporting Standard ("FRS") which are relevant to the Group with effect from 1 January 2011.

FRS 1 (Amendments)	Presentation of Financial Statements
Amendments to FRS 24	Related Party Disclosures
FRS 27 (Amendments)	Consolidation and Separate Financial Statement
FRS 34 (Amendments)	Interim Financial Reporting
FRS 103 (Amendments)	Business Combinations
FRS 107 (Amendments)	Financial Instruments:Disclosures

The adoption of the above FRS did not have any significant impact on the Group's accounting policy and financial statements.



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

	Group		Group	
	2nd Quarter Ended		Half Year Ended	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	\$ '000	\$ '000	\$ '000	\$ '000
Earnings / (Loss) attributable to shareholders	101	52	325	-640
Earnings / (Loss) used to determine diluted earnings per share	101	52	325	-640
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	7,878,441	7,878,441	7,878,441	7,878,441
Weighted average number of ordinary shares applicable to diluted earnings per share ('000)	7,878,441	7,878,441	7,878,441	7,878,441
Earnings / (Loss) per ordinary share, in cents :				
- basic	0.001	0.001	0.004	(0.008)
- fully diluted	0.001	0.001	0.004	(0.008)

The convertible loans from investors including unpaid interest amounting to approximately \$32.9 million as at 30 June 2011(\$30.4 million as at 30 June 2010), which could be convertible into shares of the Company, were not included in the computation of diluted earnings 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 period.**

	As at	As at
	30-Jun-11	31-Dec-10
	cents	cents
Group	(0.25)	(0.24)
Company	(0.27)	(0.21)
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 June 2011 and 31 December 2010 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 2Q11 revenue of \$7.2 million, was \$0.7 million lower than \$7.9 million in 2Q10. The sale of dehydrated products decreased from \$3.7 million (2Q10) to \$3.6 million (2Q11), while fresh fruits decreased from \$4.2 million (2Q10) to \$3.6 million (2Q11). The decrease in revenue (in SGD) was primarily due to the USD depreciation by around 12% against SGD compared with 30 June 2010. Volume of products shipped decreased in 2Q11 but was offset by generally higher product prices.

The Group's revenue of \$14.5 million (1H11) was \$0.2 million lower than \$14.72 million (1H10). Sales of dehydrated products increased from \$7.2 million (1H10) to \$7.7 million (1H11), and sales of fresh fruits decreased from \$7.5 million (1H10) to \$6.8 million (1H11).

- (2) Gross Profit for 2Q11 was \$2.11 million (29.4%), compared with gross profit for the corresponding quarter last year of \$2.04 million (25.8%). Gross profit for 1H11 was \$4.27 million (29.5%), compared with \$3.49 million (23.7%) for 1H10. The improvement of gross profit was mainly due to higher contractual prices of dehydrated products.
- (3) The distribution cost for 1H11 was higher than 1H10 by \$0.083 million due to higher marketing fees. The administrative expenses (including depreciation), 2Q11 was higher than 2Q10 by \$0.168 million (14.7%); but total 1H11 were still lower than 1H10 by 0.3%.
- (4) Profit/Loss for the period :-  
The Group's profit for 2Q11 was \$0.101 million compared with profit of \$0.052 million for 2Q10. The cumulative profit for 1H11 was \$0.325 million, compared with cumulative loss of \$0.64 million for 1H10.

- (5) EBITDA

The Group's EBITDA for 2Q11 was \$1.095 million, compared to \$0.902 million for 2Q10. The Group's EBITDA for 1H11 was \$2.222 million compared to \$1.056 million for 1H10.

- (6) Material fluctuation in balance sheet items

There was no material fluctuation in balance sheet items except for the following items.

- (a) Reduction in trade receivables was due to higher sales in end 4Q10 compared to 2Q11.
- (b) Increased in other receivables and prepayments was mainly due to Value Added Tax receivable for China subsidiary.
- (c) Increase in trade payables was mainly due to purchase of raw material for routine dehydrated garlic production.
- (d) Reduction in Bank Loan was due to the loan being fully repaid in May 2011.

- (7) Operating cash flow

The net cash outflow from operating activities for 2Q11 was \$0.53 million compared with a net cash inflow of \$1.02 million for 2Q10. The net cash inflow from operating activities for 1H11 was \$2.44 million compared to the \$1.12 million for 1H10.

**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 recent global economic and market volatility may affect the demand for the group's products.

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

No dividend has been declared or recommended for the period ended 30 June 2011.

**No. 13 Interested Person Transactions**

(In \$ '000)

The aggregate value of interested person transactions entered into during the reporting period ended 30 June 2011 is as follows : -

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted 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 30 Jun 2011 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

12 August 2011