



SunMoon Food Company Limited
Registration No. 198304656K
(the ‘Company’)

VARIANCE BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Board of Directors (the “Board” or “Directors”) of SunMoon Food Company Limited (the “Company”), together with its subsidiaries (collectively, the “Group”) refers to the unaudited full year financial results for the financial year ended 31 March 2018 (“FY2018”) released via SGXNet on 28 May 2018 (“28 May announcement”).

As highlighted in page 6 of 28 May announcement, pursuant to Yiguo Placement Agreement, upon the occurrence of certain events, the Company shall, at no cost to Shanghai Yiguo E-Commerce Co., Ltd (“Shanghai Yiguo”), top-up by issuing new shares to Shanghai Yiguo. The adjustment clauses give rise to financial liability and potential adjustment shares which have not been reflected in the 28 May 2018 announcement as the terms of the adjustment clauses are under clarification with Shanghai Yiguo. In addition, the Company has recorded additional directors’ fees amounting to \$43,000.

Pursuant to Rule 704(6) of the Listing Manual of Main Board of the Singapore Exchange Securities Limited, the Board wishes to announce the variances between the audited financial statements and the unaudited full year financial results of the Group for FY2018.

Consolidated Statement of Comprehensive Income

	Note	FY2018 (Audited) \$’000	FY2018 (Unaudited) \$’000
Continuing operations			
Revenue		44,879	44,879
Cost of sales		(44,103)	(44,103)
Gross profit		776	776
Other items of income			
Interest income		22	22
Other income		823	823
Other items of expense			
Selling and distribution expenses		(1,625)	(1,625)
Administrative expenses	A	(3,290)	(3,247)
Other expenses		(486)	(486)
Finance costs		(3)	(3)
		(3,783)	(3,740)
Fair value change on financial liabilities arising from contingent issuance of shares	B	1,321	–
Loss before tax from continuing operations		(2,462)	(3,740)
Income tax expense		–	–
Loss from continuing operations for the financial year/period, net of income tax		(2,462)	(3,740)
Discontinued operations			
Profit from discontinued operations for the financial year, net of income tax		4,104	4,104
Profit for the financial year		1,642	364

Balance Sheets

	Note	Group		Company	
		2018	2018	2018	2018
		(Audited)	(Unaudited)	(Audited)	(Unaudited)
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment		113	113	–	–
Intangible assets		99	99	99	99
Investment in subsidiaries		–	–	18,450	18,450
Investment in associate		–	–	–	–
Available-for-sale equity investments		–	–	–	–
		212	212	18,549	18,549
Current assets					
Cash and cash equivalents		11,363	11,363	9,136	9,136
Trade and other receivables	C	12,054	11,366	49	48
Inventories		4,453	4,453	–	–
Total current assets		27,870	27,182	9,185	9,184
Total assets		28,082	27,394	27,734	27,733
Equity and Liabilities					
Equity attributable to equity owners of the company					
Share capital		139,508	139,508	139,508	139,508
Other reserves	B	17,330	18,651	17,063	18,384
Accumulated losses	A,B	(141,958)	(143,236)	(129,989)	(131,267)
Total equity		14,880	14,923	26,582	26,625
Non-current liabilities					
Borrowings		51	51	–	–
Financial liabilities arising from contingent issuance of shares	B	–	–	–	–
Total non-current liabilities		51	51	–	–
Current liabilities					
Borrowings		18	18	–	–
Trade and other payables	A, C	13,133	12,402	1,152	1,108
Total current liabilities		13,151	12,420	1,152	1,108
Total liabilities		13,202	12,471	1,152	1,108
Total equity and liabilities		28,082	27,394	27,734	27,733

Notes:

- A. The difference is due to additional provision for directors' fees of \$43,000.
- B. The difference in the balance sheet is due to reserve on contingent issuance of shares of \$1,321,000, relating to the contingent issuance of top-up adjustment shares to be issued as a result of the occurrence of the loss events, recognized on inception date when Placement shares were issued to Shanghai Yiguo. Consequently, financial liabilities are recognised on the balance sheet.

As the top-up shares constitute a contract that will be settled in a variable number of the Company's own equity instruments and is a contingent issuance of shares at a fixed price, they are derivatives measured at fair value through profit or loss.

At every reporting date, the Company makes an assessment of the expected losses arising from the loss events and determine the fair value with reference to the share price of the Company on that date. Such financial liabilities were determined to be zero at 31 March 2018.

Accordingly, the difference in the statement of comprehensive income is due to the fair value gain of \$1,321,000 on financial liabilities between inception date and balance sheet date.

- C. The difference related to \$688,000 of reclassification of balances between "Trade and Other Receivables" and "Trade and Other Payables", as well as provision for directors' fees of \$43K (Note A) included in "Trade and Other Payables".

BY ORDER OF THE BOARD

Mr Gary Loh Hock Chuan
Director

Ms Ng Bie Tjin @Djuniarti Intan
Director

5 July 2018