

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The directors are pleased to announce the results for the quarter period from 1 July 2011 to 30 September 2011. The comparatives are for the quarter period from 1 July 2010 to 30 September 2010. These figures have not been audited.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note 8(A)	Group		
		1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010	Change
		RMB'000	RMB'000	%
Revenue	1	361,380	264,096	36.8%
Cost of sales		(214,381)	(176,864)	21.2%
Gross profit	2	146,999	87,232	68.5%
Gross profit margin (%)		40.7%	33.0%	7.7ppt
Other income, net	3	6,547	1,802	>100%
Selling and distribution expenses	4	(20,539)	(8,468)	>100%
Administrative expenses	5	(22,983)	(12,103)	89.9%
Other expenses, net	6	(860)	(7,943)	(89.2%)
Financial expenses, net	7	(5,569)	(291)	>100%
Profit before income tax	8	103,595	60,229	72.0%
Income tax expense	9	(10,453)	(7,862)	33.0%
Profit for the period		93,142	52,367	77.9%
Net profit margin (%)		25.8 %	19.8%	6.0ppt
Other comprehensive income				
Currency translation difference arising from consolidation		(1,759)	7,444	nm
Total comprehensive income		91,383	59,811	52.8%
Earnings per share (RMB)				
Basic		0.167	0.097	72.2%
Diluted		0.167	0.095	75.8%

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

Profit before income tax

Profit before income tax is arrived at after charging / (crediting) the following:

	Group	
	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010
	RMB'000	RMB'000
Depreciation of property, plant and equipment	11,691	7,277
Amortisation of land use rights	705	267
Amortisation of land improvement costs	14,309	3,844
Amortisation of operating lease prepayments	16,923	6,953
Amortisation of government grants	(4,709)	(892)
Interest income	(57)	(216)
Interest expense on bank term loans	5,626	507
Employees' share option value	1,740	-
Exchange loss, net	827	7,894

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.9.2011	30.06.2011	30.9.2011	30.06.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Share capital and reserves				
Share capital	1,072,268	1,072,268	1,072,268	1,072,268
Statutory reserve fund	66,917	62,497	-	-
Employees' share option reserve	1,740	-	1,740	-
Translation reserve	6,033	7,792	1,024	2,784
Accumulated profits/(losses)	1,853,852	1,765,130	(136,629)	(133,719)
TOTAL EQUITY	3,000,810	2,907,687	938,403	941,333
Non-current assets				
Property, plant and equipment	1,217,375	1,113,928	-	-
Land use rights	129,502	128,287	-	-
Biological assets	176,000	176,000	-	-
Land improvement costs	211,177	215,511	-	-
Investment in subsidiaries	-	-	905,230	905,230
Operating lease prepayments	498,950	515,873	-	-
Current assets				
Land use rights	2,854	2,819	-	-
Biological assets	23,131	27,547	-	-
Inventories	102,530	53,900	-	-
Trade receivables	201,192	230,061	-	-
Other receivables and prepayments	715,274	700,434	367	370
Due from a subsidiary (non- trade)	-	-	6,079	-
Operating lease prepayments	67,693	67,693	-	-
Cash and bank balances	97,616	162,431	35,411	54,387
	1,210,290	1,244,885	41,857	54,757
TOTAL ASSETS	3,443,294	3,394,484	947,087	959,987

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (Continued)

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.9.2011	30.06.2011	30.9.2011	30.06.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	64,495	84,685	-	-
Other payables and accruals	50,608	44,781	8,684	14,408
Due to a related party (non-trade)	5,220	5,220	-	-
Due to a subsidiary (non- trade)	-	-	-	4,246
Bank term loans	302,130	322,130	-	-
Income tax liabilities	1,085	10,643	-	-
Government grants	1,756	1,856	-	-
	425,294	469,315	8,684	18,654
Non-current liabilities				
Government grants	12,160	12,503	-	-
Bank term loans	5,030	4,979	-	-
	17,190	17,482	-	-
TOTAL LIABILITIES	442,484	486,797	8,684	18,654
NET ASSETS	3,000,810	2,907,687	938,403	941,333

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Bank term loans

	Unaudited	Audited
	30.9.2011	30.6.2011
	RMB'000	RMB'000
<u>Non-current</u>		
Non-interest bearing loan, secured	3,830	3,830
Less: Discount implicit in long-term interest free bank loan	(980)	(980)
	<hr/>	<hr/>
Fair value of interest-free bank term loan at inception	2,850	2,850
Add: Amortisation of discount	550	499
	<hr/>	<hr/>
Net carrying amount at end of period/year	3,400	3,349
Interest bearing loan, secured	1,630	1,630
	<hr/>	<hr/>
	5,030	4,979
	<hr/>	<hr/>
<u>Current</u>		
Interest bearing loans:		
- Secured	21,630	21,630
- Unsecured	265,500	290,500
- Guaranteed ⁽¹⁾	15,000	10,000
	<hr/>	<hr/>
	302,130	322,130
	<hr/>	<hr/>
Total bank term loans	307,160	327,109
	<hr/>	<hr/>

Interest rates for short-term bank loans range from 5.229% to 8.528% (30 June 2011: 5.229% to 8.203%) per annum. This was secured by the Group's leasehold buildings, plant and machinery and land use rights.

Interest rates for long-term bank loans range from 0% to 2.4% (30 June 2011: 0% to 2.4%) per annum. Interest bearing loan of RMB3.26 million was secured over Group's leasehold buildings, plant and machinery and land use rights, repayable in 2 equal installments on 30 October 2011 (current portion) and 30 October 2012 (non-current portion) respectively. Non-interest bearing loan of RMB3.83 million is carried at amortised cost and secured over the Group's land use rights, plant and machinery and leasehold buildings, repayable on 30 October 2013.

Note:-

(1) The CEO is providing a personal guarantee to secure RMB10.0 million banking facility extended to the Group, and Yunnan Yuanmou Minzhong Food Co., Ltd (a subsidiary company of Fujian Minzhong Organic Food Co., Ltd) is providing guarantee to secure RMB5.0 million banking facility extended to the Group.

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	103,595	60,229
Adjustments for:		
Depreciation of property, plant and equipment	11,691	7,277
Amortisation of land use rights	705	267
Amortisation of land improvement costs	14,309	3,844
Amortisation of operating lease prepayments	16,923	6,953
Amortisation of government grants	(4,709)	(892)
Interest income	(57)	(216)
Interest expense on bank term loans	5,626	507
Employees' share option value	1,740	-
Operating profit before working capital changes	149,823	77,969
Inventories	(48,630)	(5,547)
Biological assets	4,416	15,720
Trade receivables	28,869	4,136
Other receivables and prepayments	23,054	5,332
Trade payables	(20,190)	24,254
Other payables and accruals	4,837	(4,616)
Cash generated from operations	142,179	117,248
Income tax paid	(20,011)	(10,051)
Interest received	57	216
Net cash generated from operating activities	122,225	107,413

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

	Group	
	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010
	RMB'000	RMB'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(97,864)	(54,767)
Proceeds from disposal of property, plant and equipment	400	-
Purchase of land use rights	(1,955)	-
Prepayment for property, plant and equipment	(51,376)	-
Prepayment for land improvement costs	(13,177)	-
Additions to operating lease prepayments	-	(21,223)
Net cash used in investing activities	(163,972)	(75,990)
Cash flows from financing activities		
Proceeds from issuance of new shares pursuant to exercise of share options	-	1,091
Proceeds from bank term loans	40,000	-
Repayment of bank term loans	(60,000)	-
Government grant received	4,266	570
Interest paid	(5,575)	(456)
Net cash (used in) / generated from financing activities	(21,309)	1,205
Net (decrease) / increase in cash and cash equivalents	(63,056)	32,628
Cash and cash equivalents at beginning of period	162,431	1,170,487
Effect of exchange rate changes	(1,759)	7,444
Cash and cash equivalents at end of period	97,616	1,210,559

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

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.

<u>Group</u>	Share Capital	Statutory reserve fund	Employees' share option reserve	Translation reserve	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2010	1,006,718	36,792	19,447	(210)	1,224,100	2,286,847
Total comprehensive income for the period	-	-	-	7,444	52,367	59,811
Issue of ordinary shares on exercising of share options	1,091	-	-	-	-	1,091
Appropriation to statutory reserve fund	-	2,637	-	-	(2,637)	-
Balance at 30.9.2010	1,007,809	39,429	19,447	7,234	1,273,830	2,347,749
Balance at 1.7.2011	1,072,268	62,497	-	7,792	1,765,130	2,907,687
Total comprehensive income for the period	-	-	-	(1,759)	93,142	91,383
Recognition of employees' share option value	-	-	1,740	-	-	1,740
Appropriation to statutory reserve fund	-	4,420	-	-	(4,420)	-
Balance at 30.9.2011	1,072,268	66,917	1,740	6,033	1,853,852	3,000,810

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

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. (Continued)

<u>Company</u>	Employees' share option				Total
	Share Capital	reserve	Translation reserve	Accumulated profits	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2010	1,006,718	19,447	(5,218)	(111,311)	909,636
Total comprehensive income for the period	-	-	7,444	(7,061)	383
Issue of ordinary shares on exercising of share options	1,091	-	-	-	1,091
Balance at 30.9.2010	1,007,809	19,447	2,226	(118,372)	911,110
Balance at 1.7.2011	1,072,268	-	2,784	(133,719)	941,333
Total comprehensive income for the period	-	-	(1,760)	(2,910)	(4,670)
Recognition of employees' share option value	-	1,740	-	-	1,740
Balance at 30.9.2011	1,072,268	1,740	1,024	(136,629)	938,403

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

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 for 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 well as the number of shares held on treasury shares, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1QFY2012

Granting of Share Options

Pursuant to the Board Meeting held on 24 August 2011, the Directors approved the grant of 2,462,000 share options of the Company to selected eligible employees of the Group and Director of the Company to subscribe for 2,462,000 ordinary shares in the Company at an exercise price of S\$1.26 on 21 September 2011, under the CMZ Employee Share Option Scheme 2010 which was approved on 31 March 2010. Options granted have a term of no longer than 3 years, and with 1 year vesting period from grant date. The total fair value of the options granted was estimated to be S\$339,023 (equivalent to RMB1,739,649) as at the grant date of options using Black-Scholes-Merton model.

As at 30 September 2011, none of the abovementioned share options was being exercised.

1QFY2011

Exercise of Share Options

During the 3 months ended 30 September 2010, certain employees (who are not directors) had subscribed for 464,000 shares pursuant to the China Minzhong Organic Food Corporation Pte. Ltd. Employee Share Option Scheme ("2008 Option Scheme") on 12 July 2010 and 21 September 2010 respectively. The 2008 Option Scheme was approved and adopted by the shareholders in June 2008.

These new shares have been listed and quoted on the Singapore Exchange Securities Trading Limited on 12 July 2010 and 21 September 2010 respectively. The new shares issued rank pari passu in all respects with the existing shares of the Company. Pursuant to the above issue and allotment of New Shares, the number of issued and paid-up shares in the capital of the Company has increased from 537,423,000 ordinary shares to 537,887,000 ordinary shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.

	Resultant Issued and Paid Up Share Capital	
	Number of new Shares issued	Number of Shares (S\$'000)
As at 30 June and 30 September 2011	-	557,439,000 206,479

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current period reported on.

During the current financial period and the immediately preceding financial year, the Company does not have any outstanding treasury shares.

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been reviewed or audited by the Group's auditor.

The figures are management figures prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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 applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements as of 30 June 2011.

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.**

As per above point 4.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company for the respective periods and the weighted average number of shares.

	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010
Based on weighted average number of ordinary shares on issue (RMB)	0.167	0.097
Weighted average number of shares (in thousands)	557,439	537,754

Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company for the respective periods and the weighted average number of shares, adjusted for the effects of all dilutive potential ordinary shares. In the current financial period, the Company does not have any potential dilutive instruments. The corresponding period of the immediately preceding financial year has been adjusted for the potential ordinary shares (i.e. share options), assuming to have been converted into ordinary shares as at 1 July 2010.

	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010
On a fully diluted basis (RMB)	0.167	0.095
Weighted average number of shares (in thousands)	557,439	550,579

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

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 financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30.9.2011	30.6.2011	30.9.2011	30.6.2011
Net asset value per ordinary share based on issued share capital at the end of the period/year (RMB):	5.38	5.22	1.68	1.69
No. of shares in computing NAV (in thousands)	557,439	557,439	557,439	557,439

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **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; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF PERFORMANCE

(A) Consolidated Income Statement

1. Revenue

(1QFY2012 vs 1QFY2011)

Our revenue increased by 36.8% or RMB97.3 million, to RMB361.4 million (1QFY2011: RMB264.1 million). This was due to the increase in sales of our processed vegetables and fresh vegetables produce.

The following table provides a breakdown of our revenue by business segments in Q1FY2012 and 1QFY2011 respectively:-

	1QFY2012		1QFY2011	
	RMB' mil	%	RMB' mil	%
Processed Business Segment:				
- Processed vegetables	132,794	36.8	105,516	39.9
- Others ⁽¹⁾	21,300	5.9	6,250	2.4
Subtotal	154,094	42.7	111,766	42.3
Cultivation Business Segment:				
- Fresh vegetables produce	156,608	43.3	80,723	30.6
- Mushroom spores ⁽²⁾	50,678	14.0	71,607	27.1
Subtotal	207,286	57.3	152,330	57.7
Total revenue	361,380	100.0	264,096	100.0

Note:-

- (1) Include 1QF processed products, vegetable and fruit beverages and other miscellaneous products.
(2) Sales of mushroom spores

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

REVIEW OF PERFORMANCE

(A) Consolidated Income Statement (Continued)

1. Revenue (Continued)

(1QFY2012 vs 1QFY2011)

Revenue from processed vegetables increased by 25.9% or RMB27.3 million, to RMB132.8 million (1QFY2011: RMB105.5 million), due to shift towards a higher-value processed vegetables portfolio, which increased our overall selling prices by 53.5%.

Revenue from other processed products increased by 240.8% or RMB15.0 million, to RMB21.3 million (1QFY2011: RMB6.3 million). The increase in our other processed products was attributed to an increase in our sales volume, mainly due to strong domestic demands for our branded products such as vegetables and fruit beverages.

Revenue from fresh vegetables produce increased by 94.0% or RMB75.9 million, to RMB156.6 million (1QFY2011: RMB80.7 million), due to the **(1)** newly acquired newly farmlands contributing during 1QFY2012, while not started contribution in 1QFY2011, hence our cultivation volume increased by 41.6% or 11,219 tonnes to 38,160 tonnes (1QFY2011: 26,941 tonnes) and **(2)** shift towards a higher-value fresh vegetables produce portfolio, which increased our overall selling prices by 37%.

Revenue from trading mushroom spores decreased by 29.2% or RMB20.9 million, to RMB50.7 million (1QFY2011: RMB71.6 million). Most of our mushroom spores will be distributed during 2QFY2012.

2. Gross Profit

(1QFY2012 vs 1QFY2011)

Our gross profit increased by 68.5% or RMB59.8 million, to RMB147.0 million (1QFY2011: RMB87.2 million), in tandem with the increase in our revenue. Our overall gross profit margin has improved by 7.7ppt to 40.7% (1QFY2011: 33.0%).

The following table provides a breakdown of our gross profit by business segments in 1QFY2012 and 1QFY2011 respectively:-

	1QFY2012		1QFY2011	
	RMB' mil	%	RMB' mil	%
Processed Business Segment:				
- Processed vegetables	59,652	40.5	36,110	41.4
- Others ⁽¹⁾	(803)	(0.5)	(1,595)	(1.8)
Subtotal	58,849	40.0	34,515	39.6
Cultivation Business Segment:				
- Fresh vegetables produce	80,353	54.7	36,400	41.7
- Mushroom spores ⁽²⁾	7,797	5.3	16,317	18.7
Subtotal	88,150	60.0	52,717	60.4
Total gross profit	146,999	100.0	87,232	100.0

Note:-

(1) Include IQF processed products, vegetable and fruit beverages and other miscellaneous products.

(2) Sales of mushroom spores

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

REVIEW OF PERFORMANCE

(A) Consolidated Income Statement (Continued)

2. Gross Profit (Continued)

(1QFY2012 vs 1QFY2011)

Our gross profit from processed vegetables increased by RMB23.6 million or 65.2%, to RMB59.7 million (1QFY2011: RMB36.1 million), in tandem with the increase in revenue. Our overall gross profit margin for processed vegetables improved by 10.7 ppt to 44.9% (1QFY2011: 34.2%).

As our sales volume from other processed products ramped up, we have improved the gross profit margins and narrowing the gap from break-even for the various sub-product categories within our other processed products segment.

Our gross profit from fresh vegetables produce increased by RMB43.9 million or 120.8%, to RMB80.3 million (1QFY2011: RMB36.4 million). The increase in our fresh vegetables produce gross profit was attributable to revenue growth underpinned by an increase in our cultivation volume and increased selling prices. Our overall gross profit margin for fresh vegetables produce improved by 6.2 ppt to 51.3% (1QFY2011: 45.1%).

Our gross profit from trading mushroom spores decreased by RMB8.5 million or 52.2%, in tandem with the dipped in revenue from trading mushroom spores. Most of our mushroom spores will be distributed during 2QFY2012.

3. Other income, net

(1QFY2012 vs 1QFY2011)

Other income comprised mainly government grants amortisation (which was mainly received as a subsidy to our capital expenditure) and rental income from leasing farmlands to third parties. The increase in our other income by RMB4.7 million to RMB6.5 million (1QFY2011: RMB1.8 million), was mainly due to more government grant received and more rental income earned.

Other income, net	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010
	RMB'000	RMB'000
Rental income, net ⁽¹⁾	1,608	796
Government grants ⁽²⁾	4,709	892
Gain on disposal of scrap materials, net	224	99
Other income, net	6	15
Total	6,547	1,802

Note:-

- (1) Proceeds received from renting farmlands to third parties less associated depreciation and amortisation.
(2) Include one-off RMB2.0 million government reward for successfully listed in SGX.

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

REVIEW OF PERFORMANCE

(A) Consolidated Income Statement (Continued)

4. Selling and distribution expenses

(1QFY2012 vs 1QFY2011)

Selling and distribution expenses increased by 142.5% or RMB12.1 million, to RMB20.6 million (1QFY2011: RMB8.5 million). This was attributed to (i) an increase in payroll costs as a result of increasing sales and distribution staff headcount from the expansion of the Group's businesses; (ii) an increase in transportation and travelling cost as a result of our increased business activities; and (iii) an increase in marketing and advertising expenses related to promotion of our brand domestically.

5. Administrative expenses

(1QFY2012 vs 1QFY2011)

Administrative expenses increased by 89.9% or RMB10.9 million, to RMB23.0 million (1QFY2011: RMB12.1 million) which was mainly due to an increase in non-cash amortisation of upfront payments for the farmlands not used for own cultivation during 1QFY2012.

6. Other expenses, net

(1QFY2012 vs 1QFY2011)

Other expenses comprised mostly net exchange loss. Our exchange loss decreased by RMB7.1 million to RMB0.8 million (1QFY2011: RMB7.9 million) due to non-recurring translation differences on conversion of IPO proceeds to RMB during 1QFY2011 (1QFY2012: NIL).

The following table provides a breakdown of our net other expenses:

Other expenses, net	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010
	RMB'000	RMB'000
Exchange loss, net	827	7,894
Other expenses, net	33	49
Total	860	7,943

7. Financial Expenses, Net

(1QFY2012 vs 1QFY2011)

Our finance cost increased by RMB5.3 million, to RMB5.6 million (1QFY2011: RMB0.3 million). This was due to increased bank borrowings during the period to fund our working capital needs.

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

8. Profit before income tax

(1QFY2012 vs 1QFY2011)

Profit before income tax increased by 72.0% or RMB43.4 million, to RMB103.6 million (1QFY2011: RMB60.2 million) in tandem with higher gross profit. The profit before income tax margin improved by 5.9ppt, to 28.7% (1QFY2011: 22.8%) was mainly attributable to **(1)** improved gross profit margin, **(2)** decrease in our other expenses due to decreased exchange loss and **(3)** increase in our other income due to increased government grants received.

9. Income tax expense

(1QFY2012 vs 1QFY2011)

Income tax expense increased by 33.0% or RMB2.6 million, to RMB10.5 million (1QFY2011: RMB7.9 million) in line with the increase in profit before income tax. Our effective tax rate decreased to 10.1% in 1QFY2012 (1QFY2011: 13.1%), due to a higher proportion of our chargeable income was tax-exempted.

9. EBITDA

(1QFY2012 vs 1QFY2011)

Our EBITDA increased by 89.9% or RMB70.1 million, to RMB148.1 million (1QFY2011: RMB78.0 million).

A reconciliation of the net income and EBITDA is as follows:

	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010
	RMB'000	RMB'000
Net income	93,142	52,367
Add / (Less):		
Interest expenses	5,626	507
Interest income	(57)	(216)
Income tax expense	10,453	7,862
Depreciation of property, plant and equipment	11,691	7,277
Amortisation of land use right	705	267
Amortisation of land improvement costs	14,309	3,844
Amortisation of operating lease prepayments	16,923	6,953
Amortisation of government grant	(4,709)	(892)
EBITDA	148,083	77,969
EBITDA margin (%)	41.0%	29.5%

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Balance Sheet (30 June 2011 vs 30 September 2011)

Non-current assets

Non-current assets increased by approximately 3.9% or RMB83.4 million, to RMB2,233.0 million (30 June 2011: RMB2,149.6 million). This was largely attributable to capital expenditure on property, plant and equipment for further expansion of our production capacity.

Current assets

Current assets decreased by 2.8% or RMB34.6 million, to RMB1,210.3 million (30 June 2011: RMB1,244.9 million). This was largely attributable to the decrease in cash and bank balances by RMB64.8 million as result of capital expenditure, net of increase in inventories to accommodate the expected increase in demand in the second quarter of our financial year. Trade receivables have also decreased by RMB28.9 million from the prompt collection of our trade receivables as at 30 June 2011.

Non-current liabilities

Non-current liabilities comprised government grants and long term bank loans, which remained relatively stable at RMB17.2 million as at 30 September 2011 (30 June 2011: RMB17.5 million).

Current liabilities

Current liabilities comprised mainly bank term loans, income tax liabilities and trade and non-trade payables. Current liabilities decreased by 9.4% or RMB44.0 million, to RMB425.3 million (30 June 2011: RMB469.3 million). This was largely attributable to decrease in trade and non-trade payables, accompanied by a net repayment of bank term loans of RMB20.0 million.

Working capital days

<u>Days</u>	<u>1QFY2012</u>	<u>1QFY2011</u>	<u>FY2011</u>	<u>FY2010</u>
Trade Receivables Turnover ⁽¹⁾	54	59	38	49
Trade Payables Turnover ⁽²⁾	27	10	15	3
Inventory Turnover ⁽³⁾	74	30	16	15
Cash Conversion	101	79	39	61

The increasing trend of our trade payables and inventory turnover days was mainly due our business expansion and preparation in fulfilling the strong demands for our products during the peak season (typically from November to March).

Note:-

(1) Average trade receivables / revenue X 90 days

(2) Average trade payables / cost of goods sold X 90 days

(3) Average inventory balance / cost of goods sold for processed products x 90 days

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

(C) Consolidated Cash Flow Statement

1QFY2012

For the 3 months ended 30 September 2011, we recorded a net cash inflow from operating activities of RMB122.2 million. This comprised cash generated from operating activities before changes in working capital of RMB149.8 million, working capital outflow of RMB7.6 million, and net of cash outflow amounting to RMB20.0 million from interest and income tax paid. The net working capital outflow was a result of:

(a) an increase in inventory of RMB48.6 million from the need to prepare for the anticipated strong demand in our coming peak season and a decrease in trade and non trade payables of RMB15.3 million;

(b) net of a decrease in trade and non-trade receivables of RMB51.9 million mainly due to **(1)** collection of our trade receivables during 1QFY2012 on the sales in Q4FY2011 and **(2)** recovery of our other non-trade receivables; and

(c) a decrease in biological assets of RMB4.4 million due to harvesting.

For the 3 months ended 30 September 2011, net cash used in investing activities of RMB164.0 million was mainly for purchasing of property, plant and equipment, acquiring land use rights and incurring improvement costs on farmlands.

For the 3 months ended 30 September 2011, net cash used in financing activities was RMB21.3 million, due to net repayment of our bank term loans.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast had been issued for the financial period under review. Please refer to section "Prospects and Future Plans" on pages 166 to 170 of the Company's Prospectus dated 7 April 2010 for the Company's prospect statement.

10. A commentary at the date of the announcement of the significant trends and 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.

Despite the global economic uncertainty, the demand for vegetables products remains robust, underpinned by population growth, rising urbanization and the increased preferences for healthy dietary eating habits. The growing needs for cost-competitive and reliable supply of raw material food ingredients by overseas food manufacturers comes as increased weather adversities result in crop failures and supply shortages across the agricultural landscape. Compared to smaller farmers, the Group is better sheltered against weather calamities due to its choice of premium farmland and land improvement infrastructure put in place.

The Group continues to reap rewards from the expansion of its cultivation and processing capacity over the past financial year. Additional harvests from newly-added vegetable farmland and the commencement of operations at the Group's New Industrial Park are expected to contribute positively to the Group's business performance in the new financial year. The Group's continued shift towards a higher value product mix will also help to lift its average selling prices and margins in the long term.

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

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.

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

No dividend has been declared/recommended for the current financial period reported on.

13. Present on-going interested person transactions

Our Chairman and Executive Director, Lin Guo Rong is currently providing a personal guarantee to secure a banking facility extended to our Group, namely our Fujian Minzhong Organic Food Co., Ltd. by the Agricultural Bank of China, details as set out below:

Expiry date of the guarantee	Amount Guaranteed ('million)	Drawdown as of 30.09.2011 ('million)	Lender
15 March 2013	RMB10.0	RMB10.0	Agricultural Bank of China

BY ORDER OF THE BOARD

LIN GUO RONG
Chief Executive Officer
14 November 2011

CHINA MINZHONG FOOD CORPORATION LIMITED
(Registration No. 200402715N)

**FINANCIAL RESULTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL PERIOD
ENDED 30 SEPTEMBER 2011**

We confirmed that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the First Quarter financial results of the Company and the Group for the financial period ended 30 September 2011 to be false or misleading in any material aspect.

For and on behalf of the Board

LIN GUO RONG
Director

LIM YEOW HUA
Director