



Yamada Green Resources Limited
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MEDIA RELEASE

YAMADA RECORDED NET PROFIT OF RMB51.3 MILLION ON REVENUE OF RMB240.7 MILLION FOR 3Q2013

- *3Q2013 revenue remained relatively stable at approximately RMB240.7 million as the weather condition improved since January 2013 and the overall average unit selling price of self-cultivated fresh shiitake mushroom for 9M2013 was maintained at the same level compared to the same period in last year*
- *Lower gross profit margin attributable to rising cost of raw materials and average selling price of shiitake mushrooms did not rise in tandem*
- *Self-cultivated edible fungi products contribution accounted for 82.8% of the Group's revenue in 3Q2013*

Financial Highlights (RMB Million)	3Q2013	3Q2012	Changes	9M2013	9M2012	Changes
Revenue	240.7	242.9	-0.9%	453.3	494.8	-8.4%
Gross Profit	60.9	95.1	-35.9%	99.0	195.0	-49.2%
Gross Profit Margin (%)	25.3%	35.1%	-13.8ppt	17.9%	39.6%	-21.7ppt
Profit after Tax	51.3	81.5	-37.1%	69.0	159.0	-56.6%
Earnings per share – basic (RMB cents)	11.6	20.0	-8.4	16.4	39.0	-22.6
Weighted average number of shares ('000)	458,991	428,702		437,174	427,737	

Singapore, 10 May 2013 – SGX Mainboard-listed Yamada Green Resources Limited (“Yamada”, or “the Group” or “山田绿色资源有限公司”), a major supplier of self-cultivated edible fungi as well as a manufacturer and distributor of processed food products in Fujian Province, People’s Republic of China (“PRC”), is pleased to announce its financial results for the third quarter (“3Q2013”) and nine months ended 31 March 2013 (“9M2013”).

Results Highlights

Our revenue was relatively stable at approximately RMB240.7 million in 3Q2013 as compared to approximately RMB242.9 million during January to March 2012 (“3Q2012”).

Sales of self-cultivated shiitake mushrooms were approximately RMB193.1 million in 3Q2013 (3Q2012: RMB194.4 million). We currently operate approximately 5,134 mu of shiitake mushrooms cultivation bases. We produced and sold approximately 27,500 tonnes of self-cultivated shiitake mushrooms in 3Q2013 (3Q2012: 28,500 tonnes).

Sales generated from fresh black fungus in 3Q2013 were approximately RMB6.2 million (3Q2012: RMB7.3 million). We currently operate approximately 86 mu of black fungus cultivation bases. We produced and sold approximately 1,400 tonnes of self-cultivated black fungus in 3Q2013 (3Q2012: 1,500 tonnes).

Sales of processed food products were approximately RMB41.4 million in 3Q2012 (3Q2012: RMB41.3 million).

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB34.2 million or 35.9%, from approximately RMB95.1 million in 3Q2012 to approximately RMB60.9 million in 3Q2013 as results of lower profitability.

Our overall gross profit margin declined to 25.3% in 3Q2013 as compared to 39.1% in 3Q2012.

The gross profit margin for our self-cultivation business segment decreased from approximately 40.6% in 3Q2012 to approximately 23.5% in 3Q2013 mainly due to the rising raw material cost of synthetic logs whereas the average selling price of edible fungi did not increase in tandem. Cost of synthetic logs had been on rising trend since year 2008 at a pace of approximately 10% year on year, whereas the average unit selling price of fresh shiitake mushroom are largely market driven.

We have recorded gross profit margin of self-cultivation business segment as approximately 11.8% in 2Q2013 as compared to gross profit margin of 23.5% in 3Q2013, the variance was mainly due to the cost allocation basis. The monthly amortization rate of synthetic logs was based on historical production volume of fresh shiitake mushrooms.

The gross profit margin for our processed food products business segment was approximately 33.9% in 3Q2013 (3Q2012: 32.2%). The variation was mainly due to fluctuation in products mix.

Other operating income

Other operating income comprises mainly government grants and subsidies, interest income and other miscellaneous gains. In 3Q2013, we received approximately

RMB0.1 million grants from local government and RMB0.2 million in rental income from lease out spare spaces.

Operating expenses

Selling and distribution expenses amounted to approximately RMB1.8 million in 3Q2013 (3Q2012: RMB2.0 million).

Administrative expenses decreased by approximately RMB4.4 million or 60.4%, from RMB7.2 million in 3Q2012 to RMB2.8 million in 3Q2013. There was RMB2.9 million in R&D expenses in 3Q2012 which was absent in 3Q2013. The decrease in administrative expenses was also resulted from various cost-cutting measures in a challenging business environment.

Other operating expenses are mainly maintenance cost of eucalyptus trees in our plantation forest and foreign exchange loss. It increased by approximately RMB0.4 million or 21.7%, from RMB2.2 million in 3Q2012 to RMB2.6 million in 3Q2013. Other operating expenses comprised mainly maintenance cost for approximately 20,936 mu of eucalyptus trees which was acquired in January 2012.

Future Outlook

The Group expects to utilise sawdust produced from our own eucalyptus trees for approximately 60% of shiitake mushrooms cultivation area in FY2014.

The Group also recently acquired Moso bamboo plantation in order to expand our products range and secure raw materials for one of our main processed food products, ie, water-boiled bamboo shoots. We aim at more efficient control of our production costs by enhancing our upstream resource sustainability.

In view of the moderate growth of economy in China and the uncertainty of global economy, the Management will closely monitor the Group's operations and seek further growth in its core business, in particular the processed food business segment. The Management will continue to closely monitor the Group's operations amid the intense competition in the food and beverage industry.

Barring unforeseen circumstances, the directors of the Company remain cautiously optimistic on the Group's operations and expect the Group's operations to remain profitable in FY2013.

*1 mu is equivalent to approximately 667 square metres

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About Yamada Green Resources Limited

Yamada is a major grower and supplier of edible fungi, operating one of the largest shiitake mushrooms cultivation bases of approximately 5,100 mu in Fujian Province, PRC. Yamada possesses potential upstream resource sustainability with its eucalyptus plantations of approximately 51,000 mu. The sawdust made from eucalyptus trees is used as raw materials to produce synthetic logs for cultivation of shiitake mushrooms.

Yamada's products include self-cultivated edible fungi, which are mainly sold as fresh produce to wholesalers of agricultural food products in PRC. Yamada is also a manufacturer and supplier of processed food products, ie, processed mushrooms, processed vegetables and konjac-based dietary fibre food products. Its processed food products are sold in major cities in PRC under its trademarked brands, such as “旺成食品”, “研食坊”, “第七庄园” and “第七元素”. Yamada also export its processed food products to overseas market, mainly Japan, under its customers' brands.

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