

UNITED FOOD HOLDINGS LIMITED

First Quarter Financial Statement for the 3 Months ended 31 March 2013

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

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

The figures presented below have not been audited.

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2013

		<u>Group</u>		
	Notes	3 months ended 31/03/13 RMB'000	3 months ended 31/03/12 RMB'000	Change %
Revenue	(A)	1,245,861	1,213,650	2.65
Cost of sales	(B)	<u>(1,271,671)</u>	<u>(1,203,894)</u>	5.63
Gross (loss) / profit		(25,810)	9,756	N/M
Other income and gains	(C)	2,710	2,934	(7.63)
Selling and distribution costs		(2,311)	(2,380)	(2.90)
Administrative expenses		(6,956)	(6,992)	(0.51)
Other expenses, net	(D)	<u>(3,708)</u>	<u>(357)</u>	N/M
(Loss) / profit before tax		(36,075)	2,961	N/M
Tax	(E)	<u>-</u>	<u>-</u>	
(Loss) / profit for the period		<u>(36,075)</u>	<u>2,961</u>	N/M
Attributable to:				
Owners of the Company		<u>(36,075)</u>	<u>2,961</u>	N/M
 (LOSS) / EARNINGS PER SHARE				
-Basic		(RMB0.03)	RMB0.00	
-Diluted		N/A	N/A	

Note: For Note (A) to (E), please refer to item 8 for further analysis.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THREE MONTHS ENDED 31 MARCH 2013**

	<u>Group</u>		
	3 months ended 31/03/13 RMB'000	3 months ended 31/03/12 RMB'000	Change %
(Loss) / profit for the period	(36,075)	2,961	N/M
Other comprehensive income	-	-	
Total comprehensive (expense) / income for the period	<u>(36,075)</u>	<u>2,961</u>	N/M
Attributable to:			
Owners of the Company	<u>(36,075)</u>	<u>2,961</u>	N/M

The (loss) / profit before tax is arrived at after charging the following:

	<u>Group</u>		
	3 months ended 31/03/13 RMB'000	3 months ended 31/03/12 RMB'000	Change %
Depreciation	22,110	22,871	(3.33)
Amortisation of land used rights	2,125	2,125	-
Research and development costs	368	351	4.84

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

**CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
 AS AT 31 MARCH 2013**

	Notes	<u>Group</u>		<u>Company</u>	
		31/03/13 RMB'000	31/12/12 RMB'000	31/03/13 RMB'000	31/12/12 RMB'000
NON-CURRENT ASSETS					
Investments in subsidiaries		-	-	223,738	223,738
Property, plant and equipment		433,236	453,877	-	-
Land use rights		72,435	74,560	-	-
Total non-current assets		<u>505,671</u>	<u>528,437</u>	<u>223,738</u>	<u>223,738</u>
CURRENT ASSETS					
Inventories	(F)	373,168	576,386	-	-
Biological assets		43,131	44,404	-	-
Trade receivables	(G)	65,504	70,286	-	-
Amounts due from subsidiaries		-	-	549,655	551,274
Prepayments, deposits and other receivables	(H)	103,187	43,293	-	-
Restricted bank deposits	(I)	393,536	444,327	-	-
Cash and bank balances	(I)	41,500	24,963	65	65
Total current assets		<u>1,020,026</u>	<u>1,203,659</u>	<u>549,720</u>	<u>551,339</u>
CURRENT LIABILITIES					
Trade payables	(J)	13,335	191,912	-	-
Other payables, deposits received and accruals	(K)	51,217	42,964	65	730
Total current liabilities		<u>64,552</u>	<u>234,876</u>	<u>65</u>	<u>730</u>
NET CURRENT ASSETS		<u>955,474</u>	<u>968,783</u>	<u>549,655</u>	<u>550,609</u>
Net assets		<u>1,461,145</u>	<u>1,497,220</u>	<u>773,393</u>	<u>774,347</u>
EQUITY					
Equity attributable to owners of the Company					
Issued capital		297,447	297,447	297,447	297,447
Reserves		1,163,698	1,199,773	475,946	476,900
Total equity		<u>1,461,145</u>	<u>1,497,220</u>	<u>773,393</u>	<u>774,347</u>

Note: For Note (F) to (K), please refer to item 8 for further analysis.

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

Amount repayable in one year or less, or on demand

As at 31/03/13		As at 31/03/12	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
N/A	N/A	N/A	N/A

Amount repayable after one year

As at 31/03/13		As at 31/03/12	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
N/A	N/A	N/A	N/A

Details of any collateral

N/A

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<u>Group</u> 3 months period ended 31/03/13 RMB'000	3 months period ended 31/03/12 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before tax		(36,075)	2,961
Adjustment for:			
Amortisation of land use rights		2,125	2,125
Depreciation		22,110	22,871
Bank interest income		(2,015)	(951)
		<hr/>	<hr/>
Decrease in inventories		(13,855)	27,006
Decrease /(increase) in biological assets		203,218	89,700
Decrease in trade receivables		1,273	(173)
Increase in prepayments, deposits and other receivables		4,782	11,848
Decrease in trade payables		(59,894)	(151,554)
Increase in other payables, deposits received and accruals		(178,577)	(19,495)
Cash used in from operations		8,253	7,266
Interest received		<hr/>	<hr/>
		(34,800)	(35,402)
		2,015	951
Net cash used in from operating activities		<hr/>	<hr/>
		(32,785)	(34,451)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in restricted bank deposits	(I)	50,791	65,308
Purchases of items of property, plant and equipment		<hr/>	<hr/>
		(1,469)	(2,684)
Net cash from investing activities		<hr/>	<hr/>
		49,322	62,624
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		16,537	28,173
Cash and cash equivalents at beginning of period		24,963	27,037
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
		<hr/>	<hr/>
		41,500	55,210
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	(I)	<hr/>	<hr/>
		41,500	55,210

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

Group	Issued share capital RMB'000	Retained profits RMB'000	Statutory reserve RMB'000	Share premium account RMB'000	Total RMB'000
Balance as at 1 January 2013	297,447	670,308	19,431	510,034	1,497,220
Loss for 1Q13	-	(36,075)	-	-	(36,075)
Balance as at 31 March 2013	<u>297,447</u>	<u>634,233</u>	<u>19,431</u>	<u>510,034</u>	<u>1,461,145</u>

Group	Issued share capital RMB'000	Proposed final dividend RMB'000	Retained profits RMB'000	Statutory reserve RMB'000	Share premium account RMB'000	Total RMB'000
Balance as at 1 January 2012	297,447	4,300	925,395	19,431	510,034	1,756,607
Profit for 1Q12	-	-	2,961	-	-	2,961
Balance as at 31 March 2012	<u>297,447</u>	<u>4,300</u>	<u>928,356</u>	<u>19,431</u>	<u>510,034</u>	<u>1,759,568</u>

Company	Issued share capital RMB'000	Accumulated losses RMB'000	Share premium account RMB'000	Total RMB'000
Balance as at 1 January 2013	297,447	(33,134)	510,034	774,347
Loss for 1Q13	-	(954)	-	(954)
Balance as at 31 March 2013	<u>297,447</u>	<u>(34,088)</u>	<u>510,034</u>	<u>773,393</u>

Company	Issued share capital RMB'000	Proposed final dividend RMB'000	Accumulated losses RMB'000	Share premium account RMB'000	Total RMB'000
Balance as at 1 January 2012	297,447	4,300	(26,917)	510,034	784,864
Loss for 1Q12	-	-	(1,305)	-	(1,305)
Balance as at 31 March 2012	<u>297,447</u>	<u>4,300</u>	<u>(28,222)</u>	<u>510,034</u>	<u>783,559</u>

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 as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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

N/A, see 1 (d) (iii) below.

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

There were 1,111,953,740 ordinary shares in issue as at 31 March 2013 and 31 December 2012.
The Company did not hold any treasury shares as at 31 March 2013 and 31 December 2012.

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

N/A

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 an equivalent standard)

The figures have not been audited nor reviewed by the auditors.

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

N/A

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

There were no changes in accounting policies and methods of computation adopted by the Group and the Company for the preparation of the quarterly financial information for the three months ended 31 March 2013 as compared to the audited financial statements for the year ended 31 December 2012.

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

N/A

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

	Group	
	3 months period ended 31/03/13	3 months period ended 31/03/12
(LOSS) / EARNINGS PER ORDINARY SHARE		
(i) Based on weighted average number of ordinary shares in issue	(RMB0.03)	RMB0.00
(ii) On a fully diluted basis	-	-

- (i) Earnings per ordinary share on the existing issued share capital is computed based on the number of shares in issue during three months ended 31 March 2013 of 1,111,953,740 shares (three months ended 31 March 2012: 1,111,953,740 shares)
- (ii) There were no potential dilutive ordinary shares in existence for the three months ended 31 March 2013 and 2012 and accordingly, no diluted earnings per share has been presented.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/03/13	31/12/12	31/03/13	31/12/12
NET ASSET VALUE PER ORDINARY SHARE				
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	RMB1.31	RMB1.35	RMB0.70	RMB0.70

The net asset value for the Group per ordinary share was calculated based on 1,111,953,740 shares in issue as at 31 March 2013 and 31 December 2012.

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

Performance Review

(A) Revenue and pre-tax (loss) / profit

Group's revenue increased by 2.65% from approximately RMB1.21 billion in 1Q12 to approximately RMB1.25 billion in 1Q13. The increase was mainly attributable to an increase in selling price of the Company's soybean meal in 1Q13 compared to 1Q12.

The Group recorded a loss of approximately RMB36.08 million in 1Q13 against a profit of approximately RMB2.96 million in 1Q12. This was due mainly to a gross loss margin of the soybean processing division arising from an incommensurate increase in soybean raw materials costs compared to the average selling price of the Company's soybean products in 1Q13 compared to 1Q12.

The following tables provide more focus comparisons between the Group's performances of 1Q13 vs 1Q12:

	3 months period ended 31/03/13 (1Q13) RMB'000	3 months period ended 31/03/12 (1Q12) RMB'000	Change %
<u>Revenue</u>			
Pig Rearing	18,947	20,868	(9.21)
Animal Feed	49,455	45,027	9.83
Soybean Processing	1,177,459	1,147,755	2.59
	<u>1,245,861</u>	<u>1,213,650</u>	2.65

	3 months period ended 31/03/13 (1Q13) RMB'000	3 months period ended 31/03/12 (1Q12) RMB'000	Change %
<u>Pre-tax (loss) / profit</u>			
Pig Rearing	(4,120)	796	N/M
Animal Feed	(357)	295	N/M
Soybean Processing	(32,297)	2,710	N/M
Total	<u>(36,774)</u>	<u>3,801</u>	N/M
Interest Income	2,015	951	111.88
Unallocated Expenses	<u>(1,316)</u>	<u>(1,791)</u>	(26.52)
(Loss) / profit before tax	<u>(36,075)</u>	<u>2,961</u>	N/M

Soybean Processing

Revenue of the soybean processing division increased by 2.59% from approximately RMB1.15 billion in 1Q12 to approximately RMB1.18 billion in 1Q13. This was mainly attributable to an increase in selling price of the Company's soybean meal in 1Q13 compared to 1Q12.

The division recorded a loss of approximately RMB32.30 million in 1Q13 against a profit of approximately RMB2.71 million in 1Q12. The loss was due mainly to an incommensurate increase in soybean raw materials costs compared to the average selling price of the Company's soybean products in 1Q13 compared to 1Q12.

Animal Feed

The animal feed division recorded a higher revenue of approximately RMB49.46 million in 1Q13 compared to approximately RMB45.03 million in 1Q12, representing an increase of 9.83%. This was due mainly to increase in quantity sold.

The division recorded a loss of approximately RMB357,000 in 1Q13 against a profit approximately RMB295,000 in 1Q12. The loss was due mainly to increase in raw materials costs.

Pig Rearing

The pig rearing division recorded a decline in revenue by 9.21% from approximately RMB20.87 million in 1Q12 to approximately RMB18.95 million in 1Q13. The division recorded a loss of approximately RMB4.12 million in 1Q13 against a profit of approximately RMB295,000 in 1Q12. Both the decline and loss were due mainly to decrease in progeny pig prices resulting from abundant market supply.

(B) Cost of Sales

The Group incurred a gross loss margin of approximately 2.07% for 1Q13, compared to a gross profit margin of approximately 0.80% in 1Q12. This was mainly attributable to the incommensurate increase in soybean raw materials costs compared to the average selling price of the Company's soybean products despite an increase in the selling price of soybean products.

(C) Other income and gains

Other income and gains comprise mainly interest income amounting to approximately RMB2.02 million for 1Q13 (1Q12: RMB951,000).

(D) Other expenses, net

Other expenses comprised mainly :

- a decrease in fair value less estimated costs for sale of biological assets held at end of the period of approximately RMB3.34 million (1Q12: Nil); and
- research and development costs amounting to approximately RMB368,000 (1Q12: RMB351,000).

(E) Tax

Tax has not been provided by the Group as there were no assessable profits during the period.

Linyi Shengquan Grease Co. Ltd. (a subsidiary of the Company and incorporated in the People's Republic of China) is subject to a corporate income tax rate of 25% on its assessable profits for the 3 months ended 31 March 2013 (31 March 2012: 25%).

(F) Inventories

The decrease in inventories was due mainly to the continued consumption of the existing soybean reserve.

(G) Trade receivables

Receivables decreased due to prompt collection efforts. Management had assessed the credit default system for 1Q13 and noted that the trade receivables balances were within credit terms. In view of this, no provision had been made for bad and doubtful debts.

(H) Prepayment, deposits and other receivables

The increase in the prepayment, deposits and other receivables was due mainly to deposits and prepayment made to soybean suppliers for the procurement of soybean.

(I) Cash and Bank Balances and Deposits

The Group's restricted bank deposits were pledged as security for issuing letters of credits to its suppliers. The decrease in restricted bank deposits was due mainly to the increase in prepayment made for the procurement of soybean.

The increase in cash and bank balances was due mainly to collection of trade receivables.

(J) Trade Payables

The decrease in trade payables was due mainly to settlement made in the period.

(K) Other payables, deposits received and accruals

The increase in other payables, deposits received and accruals was due mainly to increase in accrued port handling charges and welfare payables.

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

The announcement is consistent with the commentary made in item 10 of the Company's results announcement released to SGX-ST on 21 February 2013.

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

Apart from the volatility of soybean prices, stiff competition and price sensitivity, the Group's performance and financial position are also subject to uncertainties arising from changes of China's economic environment and government policies (such as to fight rising inflation) on soybean and soybean products in the near term.

However, the primary risk lies in the difference in prices of soybean raw material and the finished products. The profit margin is affected by world commodity price fluctuations, market conditions and further challenged by constraints of government policies, as well as the slowing Chinese economy which will reduce consumption.

Lower selling prices of soybean products and sustained high soybean raw material costs have caused the Group to record a loss for the period ended 31 March 2013. In addition, the recent outbreak of bird flu in the PRC, which reduces demand for poultry and livestock feed may have an impact on the businesses of the Group. If these situations continue, the Group will record a loss for first half of 2013. The adverse impact of the bird flu outbreak may continue to be felt in the third quarter of 2013.

Given the adverse factors surrounding the Group, Management and the Board of Directors are reviewing every division and would make appropriate strategic decision as necessary for the Group to mitigate their impact.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date Payable

N/A

(d) Books Closure Date

N/A

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

No dividend has been declared.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
 (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business segments (of the group) for the current period reported on, with comparative information for the previous corresponding period.

	3 months period ended 31/03/13 RMB'000	Share of total (%)	3 months period ended 31/03/12 RMB'000	Share of total (%)	Change %
Revenue					
Pig Rearing	18,947	1.52	20,868	1.72	(9.21)
Animal Feed	49,455	3.97	45,027	3.71	9.83
Soybean Processing	<u>1,177,459</u>	<u>94.51</u>	<u>1,147,755</u>	<u>94.57</u>	2.59
	<u><u>1,245,861</u></u>	<u><u>100.00</u></u>	<u><u>1,213,650</u></u>	<u><u>100.00</u></u>	2.65
(Loss) / Profit Before Tax					
Pig Rearing	(1,444)	11.52	3,555	12.35	N/M
Animal Feed	1,056	(8.42)	2,518	8.74	(58.06)
Soybean Processing	<u>(12,151)</u>	<u>96.90</u>	<u>22,724</u>	<u>78.91</u>	N/M
	<u>(12,539)</u>	<u>100.00</u>	<u>28,797</u>	<u>100.00</u>	N/M
Amortisation and depreciation	(24,235)		(24,996)		(3.04)
Interest income	2,015		951		111.88
Unallocated expenses	<u>(1,316)</u>		<u>(1,791)</u>		(26.52)
	<u><u>(36,075)</u></u>		<u><u>2,961</u></u>		N/M

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to item 8 for details.

15. A breakdown of sales

N/A

16. Aggregate Value Of Interested Person Transactions Entered Into For The 3 Months Ended 31 March 2013

Pursuant to Rule 920 of the SGX-ST's Listing Manual, details of the aggregate value of interested person transactions entered into the 3 months period ended 31 March 2013, were 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 under 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)
Jiang Quan Hotel	<p style="text-align: right;">RMB</p> Expenses paid in relation to catering and accommodation services provided by Jiang Quan Hotel <p style="text-align: right;">130,000</p>	<p style="text-align: center;">Nil*</p>

*The Company does not have an IPT Mandate.

BY ORDER OF THE BOARD

Wang Tingbao
 Director
 29 April 2013

CONFIRMATION BY DIRECTORS PURSUANT TO CLAUSE 705(4) OF THE LISTING MANUAL OF THE SGX-ST

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of United Food Holdings Limited which may render these interim financial results to be false or misleading in any material respect.

**For and on behalf of the
 Board of Directors of
 United Food Holdings Limited**

David Yip Wai Sun
 Director

Wang Tingbao
 Director