



**Sino Agro Food**

**Interim Report First Quarter 2018**

- Revenue of USD 33.7M
- EPS of USD 0.17
- Planned dividends of USD 0.05 for 2018; USD 0.10 for 2019
- Restructured businesses show positive results

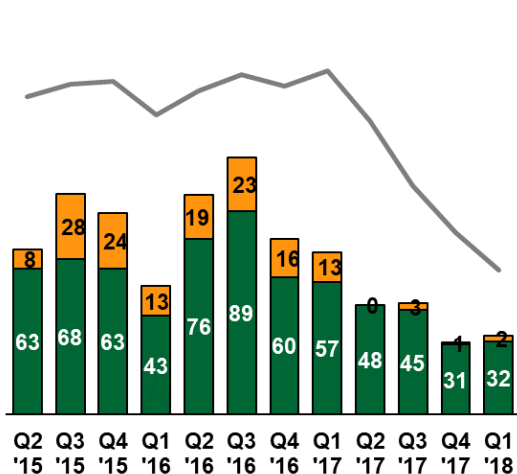
## January – March 2018

- Revenue for the period: USD 33.7M (70.1)
- Gross profit for the period: USD 6.1M (14.4)
- Net Income attributable to SIAF for the period: USD 5.1M (66.3)
- Diluted earnings per share: USD 0.17 (0.36)

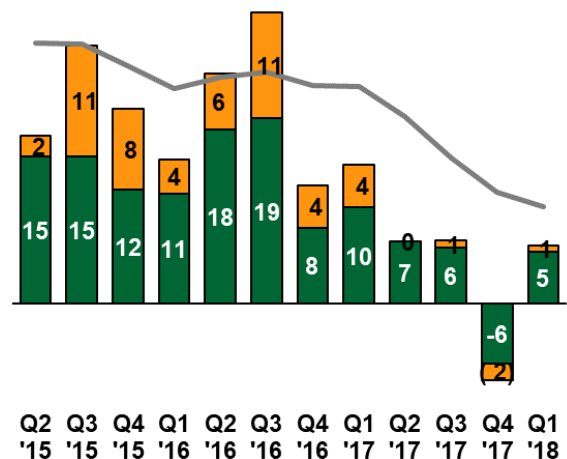
## Key figures

(USD M, except per share data)	Q1 '18	Q1 '17	%	12M '17	12M '16	%
Revenue	33,7	70,6	-52%	342,9	343,6	0%
Gross profit	6,1	14,4	-58%	83,9	92,2	-9%
Margin	18,0%	20,4%		24,5%	26,8%	
Net income	5,7	10,8	-47%	64,8	73,6	-12%
Margin	17,0%	15,3%		18,9%	21,4%	
Net income attributable to SIAF	5,1	8,7	-42%	115,0	65,5	76%
Earnings per share (USD) - fully diluted	0,17	0,36	-53%	5,00	3,60	39%
Book value per share (USD) - fully diluted	25,5	26,1	-2%	n.a.	n.a.	n.a.
Diluted weighted average number of shares (millions)	30,7	24,8	24%	23,2	18,6	25%

## Revenue (USD M)



## Gross profit (USD M)



## First quarter 2018 highlights

### Dividend approval

Under the advisement of its Board of Directors, the Company has decided to issue the following cash dividends for Fiscal Years 2018 and 2019:

- For 2018: USD 0.05/share to be declared and payable during Q4 2018, date to be determined.
- For 2019: USD 0.05/share will be declared and paid semi-annually (dates to be determined) for a total cash dividend distribution of USD 0.10/share for the year. In addition, at least five percent (5%) of the amount exceeding the Company's annual net income of USD 20 million in FY2019 will be paid as an additional cash dividend to be declared and payable during the subsequent fiscal year (i.e. sometime during FY 2020).

It is the Company's intention to carry-forward the cash dividend policy being implemented for FY2019 into its subsequent years of operation and will inform its investors as to its cash dividend policy for FY2020, FY2021, etc. as those years approach.

### Revenue

Revenue from the sale of goods decreased USD 26.1M, or 45.5%, to USD 31.3M for the quarter ended March 30, 2018 year over year ("YoY"). Contrasted to Q4 2017, revenue from the sale of goods increased USD 0.6M or 2%. Revenue from project development increased USD 1.8M, or 225%, to USD 2.5M sequentially ("QoQ").

First quarter gross profits totaled USD 6.1M compared to a loss of USD 7.9M QoQ.

Fully diluted earnings per share were USD 0.17 in the first quarter versus USD 0.36 YoY and versus a loss of USD 1.04 QoQ.

### Key Points

- Businesses with negative gross margin were discontinued or preened
- Product mix in the trading business is being transitioned toward higher profit margin item
- Gross margin is being increased at HSA by transitioning into more efficient production
- Capital expenditure for all businesses were reduced, most notably at SIAF's equity investee Tri-Way, which restricts project development to a percentage of cash flow and as justified by individual projects, until such time as full development of aquafarms 4 and 5 is funded with third party debt.
- G&A expenses were trimmed USD 2.4M, or 37% from USD 6.5M in Q1 2017 to USD 4.1M in Q1 2018.

<b>Revenue (USD M)</b>	<b>Q1 '18</b>	<b>Q1 '17</b>	<b>%</b>	<b>12M '17</b>	<b>12M '16</b>
Integrated Cattle Farm (SJAP)	6,4	21,8	-71%	77,2	134,6
Organic Fertilizer (HSA)	2,4	2,8	-14%	7,2	20,6
Cattle Farms (MEIJ)	5,0	8,4	-41%	20,4	29,8
Plantation	1,1	1,3	-21%	4,6	13,3
Seafood & Meat Trading	16,4	23,1	-29%	71,8	72,4
<b>Sale of goods total</b>	<b>31,3</b>	<b>57,4</b>	<b>-46%</b>	<b>181,2</b>	<b>270,8</b>
Aquaculture	2,5	13,2	-81%	17,0	72,2
Cattle Farms	-	-	n.a.	-	-
Seafood & Meat Trading	-	-	n.a.	-	-
<b>Project development total</b>	<b>2,5</b>	<b>13,2</b>	<b>-81%</b>	<b>17,0</b>	<b>72,2</b>
<b>Group total</b>	<b>33,7</b>	<b>70,6</b>	<b>-52%</b>	<b>198,2</b>	<b>342,9</b>

## CEO commentary

*“We are pleased to see our restructuring initiatives take hold as improved operational efficiency strengthened our bottom line results, compared with Q4 2017.*

*“At SJAP, the Integrated Cattle Farm, we took steps to reduce our fixed costs in response to increased price competition from abroad, including eliminating our QZH slaughtering and deboning subsidiary, and scaling back the live cattle business. Having reorganized these unprofitable business areas, we are now implementing several initiatives to position the Company to build out new revenue streams. Supported by our close ties to local government agencies, we believe our lean operations give us a strong foundation on which to achieve this goal. As an example, we are exploring plans to establish a commercial cattle and meat trade center, which would further diversify the Company’s operations within China’s protein market and enable us to reposition ourselves in a new but related vertical.*

*“We also made progress at the HU plantation (JHST), which suffered from unfavorable weather conditions in 2017. To counterbalance the decline in sales, we commenced processing and repackaging a new herbal health tea product, which is already being sold at a franchise of one of China’s best brand names in health and herbal products. We are encouraged by this opportunity and are exploring ways to leverage this new revenue stream to generate additional sales.*

*“The trading business generated improved revenues and gross margins, across both meat and seafood, as our strategy to transition toward higher quality, and higher margin, products positively impacted results. To support this new product mix, we are building out our distribution channels, and believe our early success will continue throughout 2018. Likewise, sales and gross margins improved at HSA as we scaled up production of organic fertilizer, following the completion of the retrofitting of our production plant.*

*“Tri-way and CA Award generated slightly improved results compared with Q4 2017 as the businesses grow at a gradual pace. We expect the true potential of these operations will be realized if and when Tri-way secures additional funding. Although this process is taking longer than initially expected, this continues to be a core component of the Company’s long term growth strategy.*

*“Given the positive direction the Company is moving in, the Board of Directors has approved a dividend to further its commitment to unlocking value for shareholders. We believe the progress we have made throughout the first quarter demonstrates our flexibility in the face of changing market conditions, our willingness to rapidly identify new growth opportunities, and our ability to execute on these plans. While the business is smaller than it was a year ago, primarily as a result of increased competition from foreign imports, it is also leaner, better organized and well positioned to take advantage of new opportunities. As a result of these strategic changes, we now have a strong foundation on which to strengthen the business and grow the Company’s market value.”*

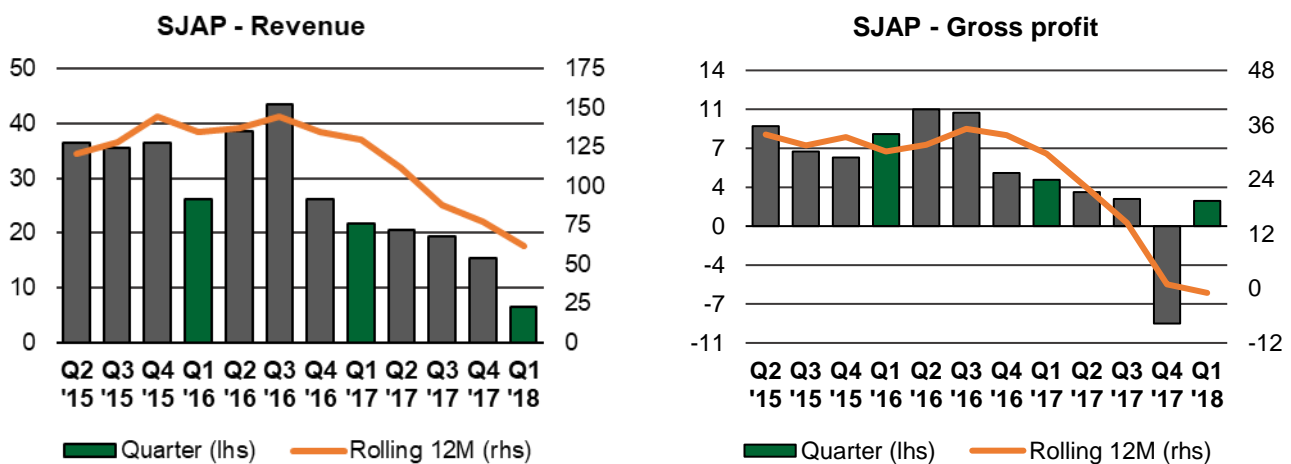
<b>Gross profit (USD M)</b>	<b>Q1 '18</b>	<b>Q1 '17</b>	<b>%</b>	<b>12M '17</b>	<b>12M '16</b>
Integrated Cattle Farm (SJAP)	2,3	4,2	-46%	0,9	33,7
Organic Fertilizer (HSA)	0,8	1,0	-24%	2,2	8,2
Cattle Farms (MEIJ)	0,5	1,4	-67%	3,8	1,5
Plantation	0,2	0,9	-82%	1,4	7,0
Seafood & Meat Trading	1,8	2,6	-32%	8,0	8,7
<b>Sale of goods total</b>	<b>5,4</b>	<b>10,0</b>	<b>-46%</b>	<b>16,2</b>	<b>59,2</b>
Aquaculture	0,7	4,4	-84%	3,4	24,7
Cattle Farms	-	-	<i>n.a.</i>	-	0,0
Seafood & Meat Trading	-	-	<i>n.a.</i>	-	0,0
<b>Project development total</b>	<b>0,7</b>	<b>4,4</b>	<b>-84%</b>	<b>3,4</b>	<b>24,7</b>
<b>Group total</b>	<b>6,1</b>	<b>14,4</b>	<b>-58%</b>	<b>19,6</b>	<b>83,9</b>

## Integrated Cattle Farm (SJAP)

The Integrated Cattle Farm business segment (SJAP) discontinued its value-added processing subsidiary (QZH) December 30, 2017. Factoring out QZH, SJAP revenue increased by USD 2.6 M, or 42% from USD 6.2M in Q4, 2017 to USD 8.8M in Q1 2018. Gross profits increased USD .5M, or 28% to USD 2.3M in Q1. QZH had negative gross margin both in Q4 2017 and for the entire year.

As reported in previous quarters, the cattle market has endured depressed pricing for over 18 months. The Company had already dramatically reduced the sale of live domestic cattle due to unprofitable conditions. Live cattle sales are now generated only from SJAP's own farm without any beef production from cooperative farms, which were generating negative gross margins. Thus, at present SJAP is a smaller business than in previous years, but one that generates positive gross profits with good margins (28% in Q1) and requires considerably less capital expenditure.

SJAP is fortunate to enjoy excellent working relationships with various government agencies. These private company/state agency relationships are perhaps more important in China than in western countries. Recent discussions have produced progress toward transitioning and growing SJAP's business, while maintaining expense discipline.



## Cattle Operation

Sales volume per product (SJAP live beef cattle)	Q1 '18	Q1 '17	12M '17	12M '16
<b>Beef cattle (#)</b>	<b>829</b>	<b>1 082</b>	<b>3 775</b>	<b>8 333</b>
- o/w sold externally as live cattle	829	767	3 132	5 591
- o/w sold internally for valued added processing	0	315	643	2 742
ASP per head (USD)	2 491	2 506	2 417	2 411
Gross profit margin	17%	15%	7%	15%

## Fertilizer and feed

<b>SJAP fertilizer and animal feed</b>	<b>Q1 '18</b>	<b>Q1 '17</b>	<b>12M '17</b>	<b>12M '16</b>
<b>Organic fertilizer (MT)</b>	<b>3 300</b>	<b>3 004</b>	<b>15 705</b>	<b>16 702</b>
ASP / MT (USD)	190	181	156	162
Gross profit margin	34%	42%	-10%	-15%
<b>Bulk livestock feed (MT)</b>	<b>3 775</b>	<b>7 225</b>	<b>25 355</b>	<b>35 518</b>
ASP / MT (USD)	180	167	176	187
Gross profit margin	54%	55%	-33%	-2%
<b>Concentrated livestock feed (MT)</b>	<b>6 594</b>	<b>8 230</b>	<b>27 630</b>	<b>36 073</b>
ASP / MT (USD)	447	437	437	444
Gross profit margin	44%	44%	-25%	32%
<b>Total feed volume (MT)</b>	<b>10 369</b>	<b>15 455</b>	<b>43 335</b>	<b>52 775</b>

Fertilizer, and bulk and concentrated livestock feed contributed USD 1.9M or 83% of Q1 gross profit.

<b>(USD M)</b>	<b>Q1 '18</b>	<b>Q1 '17</b>	<b>%</b>	<b>12M '17</b>	<b>12M '16</b>	<b>%</b>
Live cattle	2,1	2,7	-24%	9,1	20,1	-54%
Bulk livestock feed	0,7	1,3	-46%	4,5	6,7	-33%
Concentrated livestock feed	3,0	3,6	-16%	12,1	16,0	-25%
Fertilizer	0,6	0,6	16%	2,2	2,7	-18%
<b>Revenue</b>	<b>6,4</b>	<b>8,1</b>	<b>-21%</b>	<b>27,9</b>	<b>45,5</b>	<b>-39%</b>
Live cattle	0,4	0,4	-11%	0,7	3,1	-77%
Bulk livestock feed	0,4	0,7	-47%	2,4	3,8	-36%
Concentrated livestock feed	1,3	1,6	-17%	5,3	7,1	-26%
Fertilizer	0,2	0,2	13%	0,5	0,9	-46%
<b>Gross profit</b>	<b>2,3</b>	<b>2,9</b>	<b>-21%</b>	<b>9,0</b>	<b>14,9</b>	<b>-40%</b>
Live cattle	17,4%	14,8%		7,7%	15,2%	
Bulk livestock feed	53,8%	55,1%		54,6%	57,1%	
Concentrated livestock feed	43,9%	44,3%		43,9%	44,4%	
Fertilizer	34,2%	35,2%		22,9%	34,7%	
<b>Gross profit margin</b>	<b>35,4%</b>	<b>35,5%</b>		<b>32,1%</b>	<b>32,8%</b>	

## Organic Fertilizer (HSA)

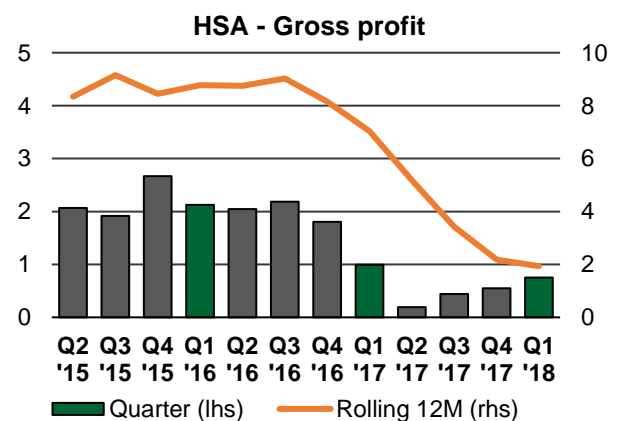
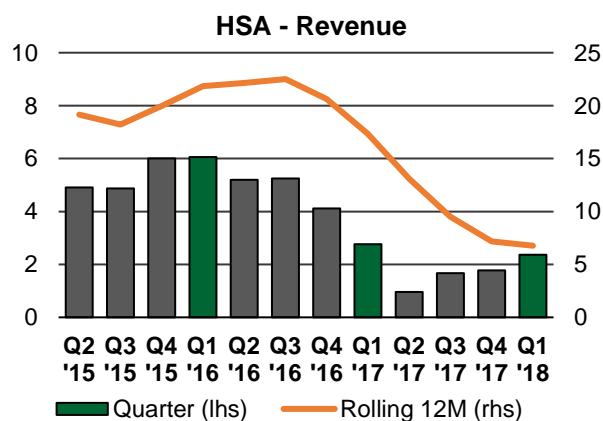
(USD M)	Q1 '18	Q1 '17	%	12M '17	12M '16	%
Organic fertilizer	1,0	0,9	18%	3,4	3,7	-7%
Organic mixed fertilizer	1,3	1,9	-29%	3,7	16,9	-78%
<b>Revenue</b>	<b>2,4</b>	<b>2,8</b>	<b>-14%</b>	<b>7,2</b>	<b>20,6</b>	<b>-65%</b>
Organic fertilizer	0,2	0,2	3%	0,6	0,8	-25%
Organic mixed fertilizer	0,6	0,8	-30%	1,6	7,4	-78%
<b>Gross profit</b>	<b>0,8</b>	<b>1,0</b>	<b>-24%</b>	<b>2,2</b>	<b>8,2</b>	<b>-73%</b>
Organic fertilizer	16,9%	19,4%		16,5%	20,6%	
Organic mixed fertilizer	43,0%	43,5%		43,2%	43,7%	
<b>Gross profit margin</b>	<b>31,8%</b>	<b>36,0%</b>		<b>30,4%</b>	<b>39,6%</b>	

Revenue at HSA decreased by USD 0.4M YoY but increased by USD 0.6M, or 33% from USD 1.8 M in Q4, 2017 to USD 2.4M in Q1 2018. Gross profits decreased by 0.2M YoY but increased by USD 0.25M or 50% from USD 0.5M in Q4 2017 to USD 0.75M in Q1 2018.

HSA's production has been capacity constrained due to the retrofitting of a production plant. Production increased by 16% QoQ in Q1 2018 to 4,161 MT of Organic fertilizer compared to Q4 2017's 3,578 MT, and by 21% to 3,100 MT of Organic Mixed Fertilizer in Q1 2018 compared to Q4 2017's 2,566 MT.

The Company expects continued quarterly production increases in the short term.

HSA fertilizer	Q1 '18	Q1 '17	12M '17	12M '16
<b>Organic fertilizer (MT)</b>	<b>4 162</b>	<b>3 557</b>	<b>15 334</b>	<b>14 896</b>
ASP / MT (USD)	244	236	241	238
Gross profit margin	183%	19%	180%	19%
<b>Organic mixed fertilizer (MT)</b>	<b>3 100</b>	<b>4 680</b>	<b>9 042</b>	<b>40 398</b>
ASP / MT (USD)	435	406	412	419
- Gross profit margin	157%	43%	43%	44%
<b>Total fertilizer volume (MT)</b>	<b>7 262</b>	<b>8 237</b>	<b>24 376</b>	<b>55 294</b>





## Cattle Farms (MEIJI)

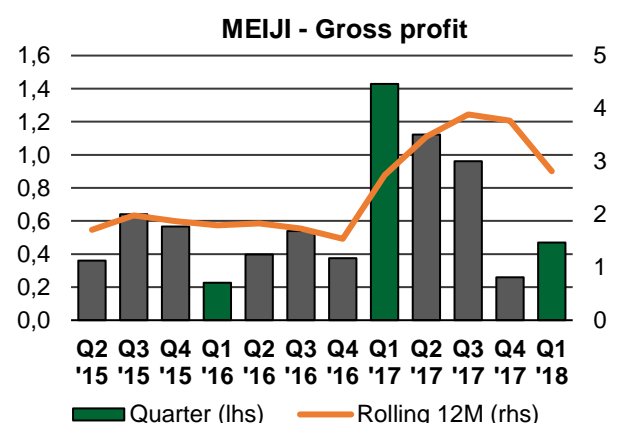
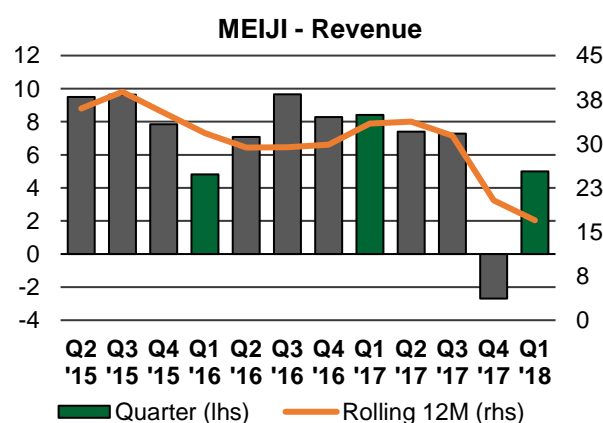
(USD M)	Q1 '18	Q1 '17	%	12M '17	12M '16	%
Sale of live cattle	5,0	8,4	-41%	29,8	35,3	-15%
<b>Revenue</b>	<b>5,0</b>	<b>8,4</b>	<b>-41%</b>	<b>29,8</b>	<b>35,3</b>	<b>-15%</b>
Sale of live cattle	0,47	1,43	-67%	1,5	1,9	-18%
<b>Gross profit</b>	<b>0,47</b>	<b>1,43</b>	<b>-67%</b>	<b>1,5</b>	<b>1,9</b>	<b>-18%</b>
Sale of live cattle	9,4%	17,0%		5,2%	5,3%	
<b>Gross profit margin</b>	<b>9,4%</b>	<b>17,0%</b>		<b>5,2%</b>	<b>5,3%</b>	

Revenue for Q1 2018 totaled USD 5.0M and generated a gross profit of USD 0.5M.

The MEIJI farms are growing and fattening Asian Yellow Cattle (“AYC”). The domestic prices of AYC have not being affected by imports; however, their growth rate is slower due to small stature, which in turn reduces volume and therefore sales. However AYC generates higher gross profits. For example, AYC sales of USD 20.4 million in 2017 produced USD 3.77 million in gross profit compared to USD 1.5 million of gross profit derived from WOBC sales of USD 29.8 million in 2016.

This quarter some of the AYC being stocked have not reached sufficient sizes to market, due to the Chinese New Year break, because cattle purchased after the CNY have less time toward fattening to meet sales in the same quarter.

Sales volume per product (MEIJI)	Q1 '18	Q1 '17	12M '17	12M '16
<b>Head of beef cattle (#)</b>	<b>1 587</b>	<b>4 401</b>	<b>9 772</b>	<b>15 977</b>
ASP per head (USD)	3 149	1 911	2 088	1 868
- Gross profit margin	9,4%	17,0%	18,5%	5,2%



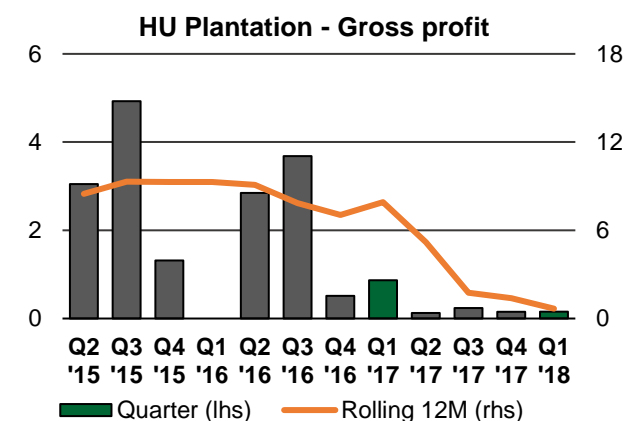
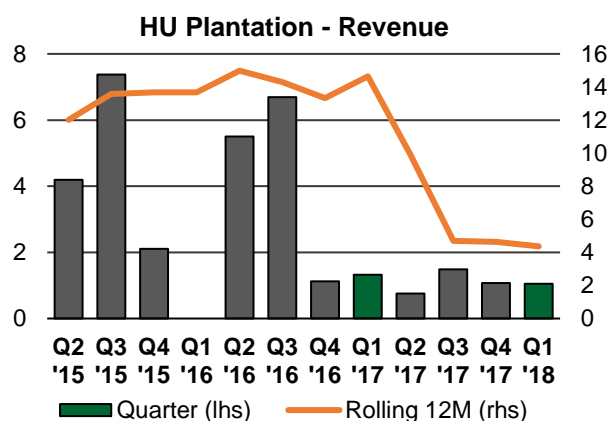
## HU Plantation (JHST)

(USD M)	Q1 '18	Q1 '17	%	12M '17	12M '16	%
Vegetable products	1,1	1,3	-21%	3,4	3,5	-1%
<b>Revenue</b>	<b>1,1</b>	<b>1,3</b>	<b>-21%</b>	<b>3,4</b>	<b>3,5</b>	<b>-1%</b>
Vegetable products	0,2	0,9	-82%	1,3	1,2	12%
<b>Gross profit</b>	<b>0,2</b>	<b>0,9</b>	<b>-82%</b>	<b>1,3</b>	<b>1,2</b>	<b>12%</b>
Vegetable products	14,8%	65,6%		38,8%	34,2%	
<b>Gross profit margin</b>	<b>14,8%</b>	<b>65,6%</b>		<b>38,8%</b>	<b>34,2%</b>	

Revenue at JHST decreased by USD 0.2M YoY and USD 0.05M, or 5% from USD 1.1M in Q4, 2017 to USD 1.05M in Q1 2018. Gross profits declined by USD 0.7M YoY and 0.05M or 25% from USD 0.2M in Q4 2017 to USD 0.15M in Q1 2018.

JHST is experimenting with a variety of crops that may prove less susceptible to the vagaries of weather in Guangdong province, as well as new processes aimed to mitigate the same issues.

In addition, JHST is processing and repackaging Immortal Fruit into an herbal health tea product (HHTP), which has attracted the interest of one of China's best brand names in health and herbal products. JHST herbal health tea products (The HHTP) have been accepted by one of their franchisees during March 2018. The Company is working on trials with the processor over the coming months to launch HHTPs onto an e-commerce platform targeting Q3 2018, assuming successful trial sales. If HHTP is launched successfully, there is good potential for JHST's plantation to generate sustainable sales revenues in excess of 2016 or 2017 levels, with 70% gross margin after launch and onward.



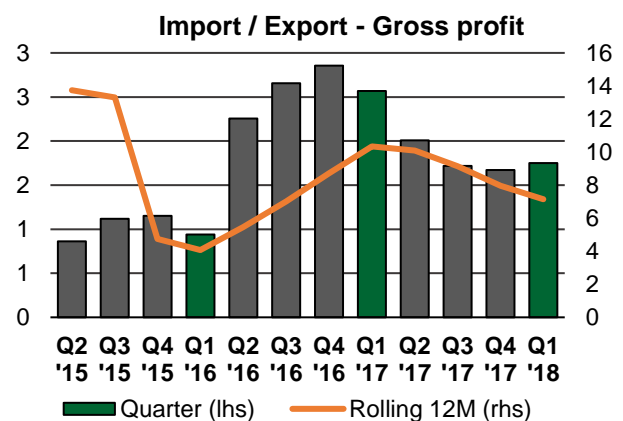
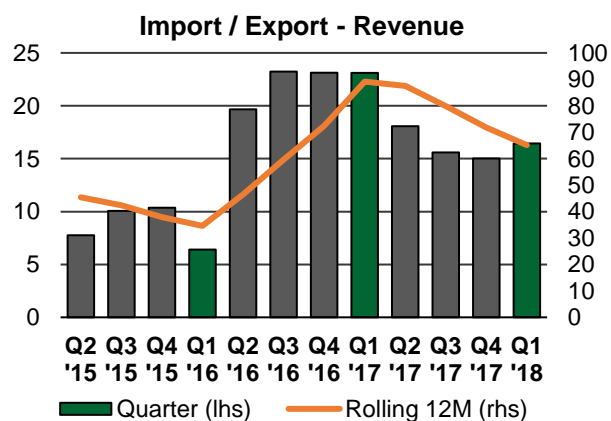
## SIAF Corporate (Import / Export)

(USD M)	Q1 '18	Q1 '17	%	12M '17	12M '16	%
Seafood	8,8	7,4	19%	28,8	14,4	100%
Beef & mutton	7,6	15,7	-51%	43,6	23,5	86%
<b>Revenue</b>	<b>16,4</b>	<b>23,1</b>	<b>-29%</b>	<b>72,4</b>	<b>37,9</b>	<b>91%</b>
Seafood	0,9	0,8	10%	3,6	1,6	127%
Beef & mutton	0,8	1,7	-51%	5,1	3,1	62%
<b>Gross profit</b>	<b>1,8</b>	<b>2,6</b>	<b>-32%</b>	<b>8,7</b>	<b>4,7</b>	<b>84%</b>
Seafood	10,2%	11,1%		12,6%	11,1%	
Beef & mutton	11,1%	11,1%		11,7%	13,4%	
<b>Gross profit margin</b>	<b>10,6%</b>	<b>11,1%</b>		<b>12,0%</b>	<b>12,5%</b>	

Revenue from Seafood and Meat trading decreased by 6.7M YoY but increased by USD 1.4M, or 9% from USD 15.0M in Q4, 2017 to USD 16.4M in Q1 2018. Gross profits decreased by 0.8M YoY but increased by USD 0.05M or 3% from USD 1.7M in Q4 2017 to USD 1.75M in Q1 2018.

The Company expects sales and gross profit on beef imports for the coming quarters will improve as more higher grade goods carrying better margins have been ordered to arrive starting in Q2. Import seafood sales have increased during the quarter and are expected to continue throughout the coming quarters as more suppliers gain confidence in our distribution channels.

Traded volume per product (SIAF)	Q1 '18	Q1 '17	12M '17	12M '16
<b>Mixed seafood (MT)</b>	<b>503</b>	<b>270</b>	<b>1 583</b>	<b>1 158</b>
ASP / kg (USD)	18	27	19	25
Gross profit margin	10%	11%	5%	100%
<b>Beef &amp; lamb (MT)</b>	<b>313</b>	<b>1 225</b>	<b>2 885</b>	<b>4 344</b>
ASP / kg (USD)	24	13	14	10
Gross profit margin	11%	11%	11%	12%
<b>Total volume traded</b>	<b>816</b>	<b>1 495</b>	<b>4 468</b>	<b>5 502</b>

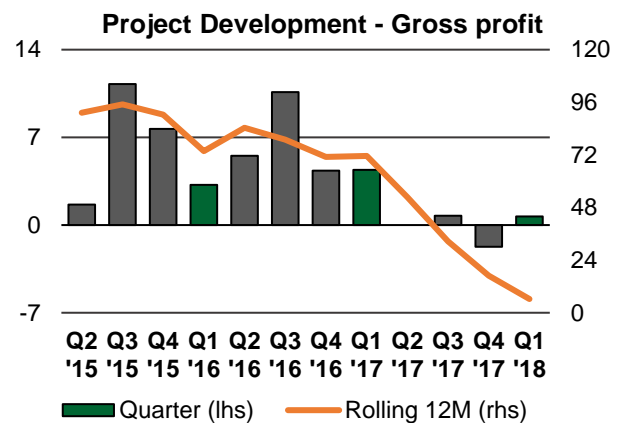
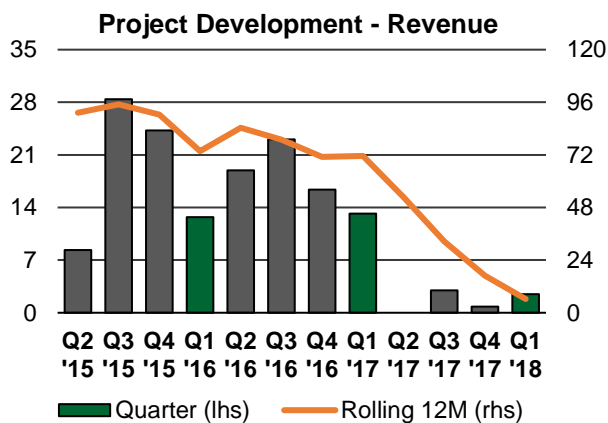


## Aquaculture Project Development

(USD M)	Q1 '18	Q1 '17	%	12M '17	12M '16	%
Revenue	2,5	13,2	-81%	17,0	71,1	-76%
Gross profit	0,7	4,4	-84%	3,4	23,7	-86%
Gross profit margin	27,8%	33,4%		20,1%	33,3%	

Revenue from project development decreased by 9.7M YoY but increased by USD 1.6M, or 200% from USD .8M in Q4 2017 to USD 2.4M in Q1 2018. Gross profit was USD 0.7M, a decrease by 3.7M YoY but an increase compared to the loss in the previous quarter.

Profit from this segment is not expected to return to precedent levels until cash flow and debt funding to finance capital expenditures is available to carry out Tri-way's fishery development and Vigor's wholesale development.



## Key figures

USD M (except for share data)	Q1 2018	Q1 2017	%	12M 2017	12M 2016	%
<b><u>Earnings</u></b>						
Revenue	33,7	70,6	-52%	342,9	343,6	0%
Gross profit	6,1	14,4	-58%	83,9	92,2	-9%
EBITDA	5,6	11,2	-49%	77,3	80,3	-4%
Net income attributable to SIAF	5,1	8,7	-42%	115,0	65,5	76%
<b><u>Share data</u></b>						
Earnings per share (USD) – basic	0,17	0,38	-55%	5,5	3,7	48%
Earnings per share (USD) – fully diluted	0,17	0,36	-53%	5,0	3,6	39%
Weighted average number of shares (million)	30,7	22,7	35%	21,0	18,0	17%
Diluted weighted average number of shares (millions)	30,7	24,8	24%	23,2	18,6	25%
<b><u>Cash flow</u></b>						
Net cash provided by operating activities	-5,6	12,6	-144%	21,5	56	-62%
Net cash used in investing activities	-5,5	-9,4	-41%	-32,7	-59,2	-45%
Net cash provided by (used in) financing activities	0,0	-	n.a.	9,5	2,6	261%
<b><u>Financial position*</u></b>						
Total assets	808,5	765,7	6%			
Total liabilities	80,3	61,7	30%			
Total stockholder's equity	728,3	703,9	3%			
Net debt	11,5	28,5	-60%			
Capital employed	739,7	732,4	1%			
<b><u>Ratios</u></b>						
Gross margin (%)	18,0%	20,4%		24,5%	26,8%	
EBITDA margin (%)	16,7%	15,8%		22,5%	23,4%	
Return on capital employed (%)	0,8%	6,2%		9,3%	10,6%	
Total equity ratio (%)	90,1%	91,9%				

\*Closing balance for relevant period

## Consolidated income statement

(USD M)	Q1 2018	Q1 2017	12M 2017	12M 2016
Sale of goods	31,3	57,4	181,2	270,8
Consulting and service income from development contracts	2,5	13,2	17,0	71,1
Commission and management fee	-	-	-	1,0
<b>Total revenue</b>	<b>33,7</b>	<b>70,6</b>	<b>198,2</b>	<b>342,9</b>
Sale of goods	-25,9	-47,4	-165,0	-211,6
Consulting and service income from development contracts	-1,8	-8,8	-13,6	-47,4
Commission and management fee	-	-	-	-
<b>Cost of goods sold and services</b>	<b>-27,6</b>	<b>-56,2</b>	<b>-178,5</b>	<b>-259,0</b>
Sale of goods	5,4	10,0	16,2	59,2
Consulting and service income from development contracts	0,7	4,4	3,4	23,7
Commission and management fee	-	-	-	1,0
<b>Total gross profit</b>	<b>6,1</b>	<b>14,4</b>	<b>19,6</b>	<b>83,9</b>
General and administrative expenses	-3,7	-6,0	-19,8	-17,2
<b>Net income from operations</b>	<b>2,4</b>	<b>8,4</b>	<b>-0,2</b>	<b>66,7</b>
Government grant	-	0,2	2,5	1,8
Other income	0,0	-	0,1	0,3
Interest expense	-0,5	-0,5	-4,0	-4,0
<b>Net income (expenses) before income taxes</b>	<b>1,9</b>	<b>8,1</b>	<b>-32,7</b>	<b>64,8</b>
Provision for income taxes	-	-	-0,0	-0,0
Share of income from unconsolidated equity investee	3,8	2,8	12,0	-
<b>Net income</b>	<b>5,7</b>	<b>10,8</b>	<b>-20,7</b>	<b>64,8</b>
Net loss from disposal of variable interest entity - QZH	-	-	-9,4	-
Less: Net (income) loss attributable to the NCI	-0,7	-2,1	17,0	-20,9
Net income from discontinued operations	-	-	-	14,9
Net gain from disposal of subsidiaries, TRW and JFD	-	-	-	56,9
Less: Net (income) loss attributable to the NCI	-	-	-	-0,8
<b>Net income attributable to SIAF</b>	<b>5,1</b>	<b>8,7</b>	<b>-13,1</b>	<b>115,0</b>
Foreign currency translation gain (loss)	21,9	1,1	12,8	-7,6
Less: other comprehensive income attributable to the NCI	-11,3	-0,2	-5,6	1,7
<b>Comprehensive income attributable to SIAF</b>	<b>15,7</b>	<b>9,7</b>	<b>-5,9</b>	<b>109,1</b>
<b>Earnings per share attributable to SIAF: from continuing and discontinued operations:</b>				
Basic (USD per share)	0,17	0,38	-0,53	5,46
Diluted (USD per share)	0,17	0,36	-0,53	5,00
<b>Weighted average number of shares outstanding:</b>				
Basic (in million shares)	30,7	22,7	24,7	21,0
Diluted (in million shares)	30,7	24,8	24,7	23,2

## Consolidated balance sheet

(USD M)	31-mar 2018	31-dec 2017
Cash and cash equivalents	0,6	0,6
Inventories	58,4	52,6
Costs and estimated earnings in excess of billings on uncompleted contracts	0,3	1,2
Deposits and prepayments	72,8	70,5
Accounts receivable net of allowance for doubtful accounts	86,6	83,0
Other receivables	27,3	20,7
<b>Total current assets</b>	<b>245,9</b>	<b>228,5</b>
Plant and equipment net of accumulated depreciation	255,7	246,9
Construction in progress	9,5	6,2
Land use rights net of accumulated amortization	56,3	54,8
<b>Total plant and equipment</b>	<b>321,4</b>	<b>307,9</b>
Goodwill	0,7	0,7
Investment in unconsolidated equity investee	196,1	193,3
Proprietary technologies net of accumulated amortization	9,5	9,6
Temporary deposits paid to entities for investments in SFJV companies	34,9	34,9
<b>Total other assets</b>	<b>241,2</b>	<b>238,5</b>
<b>TOTAL ASSETS</b>	<b>808,5</b>	<b>774,9</b>
Accounts payable and accrued expenses	5,4	4,2
Billings in excess of costs and estimated earnings on uncompleted contracts	5,7	5,7
Due to a director	0,4	0,1
Other payables	40,8	40,6
Borrowings - Short term bank debts	4,9	4,7
Negotiable promissory note	1,0	1,0
Derivative Liability	0,0	0,0
Convertible note payable	3,9	3,9
<b>Current liabilities</b>	<b>62,0</b>	<b>60,2</b>
Other payables	11,9	11,1
Borrowings - Long term debts	6,3	6,0
Convertible notes payables	0,0	0,0
<b>Non-current liabilities</b>	<b>18,2</b>	<b>17,1</b>
<b>TOTAL LIABILITIES</b>	<b>80,3</b>	<b>77,4</b>
Additional paid - in capital	172,8	169,7
Retained earnings	446,6	441,5
Accumulated other comprehensive income	13,0	2,3
Treasury stock	-1,3	-1,3
<b>Total SIAF stockholders' equity</b>	<b>631,1</b>	<b>612,4</b>
Non - controlling interest	97,1	85,2
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>728,3</b>	<b>697,6</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>808,5</b>	<b>774,9</b>

## Consolidated statement of cash flows

(USD M)	Q1 2018	Q1 2017	12M 2017	12M 2016
Net income for the period	5,7	10,8	-30,1	136,6
<b>Adjustments to reconcile net income from operations to net cash from operations:</b>				
Share of income from unconsolidated equity investee	-3,8	-2,8	-12,0	-
Depreciation	2,7	2,1	8,4	4,1
Amortization	0,6	0,6	2,2	1,7
Gain on deemed disposal of subsidiaries	-	-	-	-56,9
Common stock issued for services	0,2	2,0	1,8	4,3
Gain on extinguishment of debts	-	-	-	-
Other amortized cost	-	0,7	0,1	2,6
Loss on disposal from a variable interest entity	-	-	9,4	-
prepayments	-	-	2,3	-
Impairment on interests in unconsolidated investees	-	-	0,2	-
Change in fair value of a derivative liability	-	-	-0,2	-
Bad debts written off	-	-	14,4	-
Gain on disposal	-	-	-0,0	-
Loss on restructuring	-	-	6,2	-
<b>Cash flow from operating activities before change in wc</b>	<b>5,4</b>	<b>13,5</b>	<b>2,6</b>	<b>92,5</b>
Change in inventories	-5,7	-5,3	5,4	0,3
Change in costs and estimated earnings in excess of billings on uncompleted contracts	-	-	-0,5	-
Change in deposits and prepaid expenses	0,5	-2,1	-15,3	-1,1
Change in due to a director	0,3	0,7	-2,1	-7,5
Change in accounts payable and accrued expenses	1,2	2,8	2,6	-0,6
Change in other payables	1,0	9,4	19,0	7,6
Change in accounts receivable	-3,6	-0,2	9,1	12,8
Change in tax payable	0,0	-	-0,0	0,0
Costs and estimated earnings on uncompleted contracts	-0,1	-0,5	3,1	-6,1
Change in amount due from unconsolidated equity investee	1,0	-	-38,3	-55,1
Change in other receivables	-6,6	-8,6	35,9	12,7
<b>Change in working capital</b>	<b>-11,0</b>	<b>-0,9</b>	<b>19,0</b>	<b>-36,5</b>
<b>Cash flow from operating activities</b>	<b>-5,6</b>	<b>12,6</b>	<b>21,5</b>	<b>56,0</b>
Purchases of property and equipment	-2,4	-4,7	-22,8	-3,1
Investment in unconsolidated equity investee	-	-	-	-1,2
Payment for construction in progress	-3,1	-4,7	-10,8	-54,9
Proceed from disposal of a long term investee	-	-	0,7	-
Proceed from disposal of plant, property and equipment	-	-	0,1	-
<b>Net cash used in investing activities</b>	<b>-5,5</b>	<b>-9,4</b>	<b>-32,7</b>	<b>-59,2</b>
Proceeds from convertible bond payable	-	-	4,0	-
Proceeds from short term debt	-	-	5,9	2,9
Repayment of short term bank debt	-	-	-3,0	-3,8
Repayment of long term debts	-	-	-	-2,2
Proceeds from long term debts	-	-	-	5,8
Capital contribution from non-controlling interest	-	-	2,5	-
<b>Net cash (used in) provided by financing activities</b>	<b>0,0</b>	<b>-</b>	<b>9,5</b>	<b>2,6</b>
Effects on exchange rate changes on cash	11,1	-1,8	-0,3	-4,1
<b>Increase in cash and cash equivalents</b>	<b>0,1</b>	<b>1,4</b>	<b>-2,0</b>	<b>-4,7</b>
Cash and cash equivalents, beginning of period	0,6	2,6	2,6	7,2
Cash and cash equivalents, end of period	0,6	4,0	0,6	2,6



## 5-year summary

USD million (except for share data)	2017	2016	2015	2014	2013
<b><u>Earnings</u></b>					
Revenue	198,2	342,9	429,1	404,3	261,4
Gross profit	19,6	83,9	111,2	129,3	101,5
EBITDA	10,4	102,6	97,3	119,6	98,3
Net income attributable to SIAF	-13,1	115,0	65,3	92,1	74,2
<b><u>Share data</u></b>					
Earnings per share (USD) – basic	-0,53	5,46	3,63	5,81	6,14
Earnings per share (USD) – fully diluted	-0,53	5,00	3,59	5,56	5,76
Weighted average number of shares (million)	24,7	21,0	18,0	15,8	12,1
Diluted weighted average number of shares (millions)	24,7	23,2	18,3	16,6	12,9
<b><u>Cash flow</u></b>					
Net cash provided by operating activities	21,5	2,6	44,6	22,0	84,2
Net cash used in investing activities	-32,7	-32,7	-32,7	-31,5	-93,3
Net cash provided by (used in) financing activities	9,5	12,9	9,5	9,9	0,9
<b><u>Financial position*</u></b>					
Total assets	774,9	816,3	639,5	532,7	367,5
Total liabilities	77,4	74,2	70,6	70,5	35,9
Total shareholders equity	697,6	742,1	568,9	462,2	331,6
Net debt (cash)	11,1	26,1	39,0	24,2	7,8
Capital employed	708,7	768,2	607,9	486,4	339,4
<b><u>Ratios</u></b>					
Gross margin (%)	9,9%	24,5%	25,9%	32,0%	38,8%
EBITDA margin (%)	5,2%	29,9%	22,7%	29,6%	37,6%
Return on capital employed (%)	-2,4%	13,5%	12,2%	23,7%	26,9%
Total equity ratio (%)	90,0%	90,9%	89,0%	86,8%	90,2%

\*Closing balance for relevant period

## Reconciliation of non-U.S. GAAP measures to U.S. GAAP

In this report we sometimes refer to non-U.S. GAAP measures that we and securities analysts use in measuring Sino Agro Food's performance. We believe that these measures assist investors and management in analyzing trends in the Company's business for the reasons given below. Investors should not consider these non-U.S. GAAP measures as substitutes, but rather as additions, to financial reporting measures prepared in accordance with U.S. GAAP. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies.

### Use of non-U.S. GAAP financial information

Sino Agro Food's ("SIAF") financial information includes information prepared in conformity with U.S. Generally Accepted Accounting Principles (US GAAP) as well as non-U.S. GAAP information. It is management's intent to provide non-U.S. GAAP financial information to enhance understanding of our consolidated financial information as prepared in accordance with U.S. GAAP. This non-U.S. GAAP information should be considered by the reader in addition to, but not instead of, the financial reporting measures prepared in accordance with U.S. GAAP. The non-U.S. GAAP financial information presented may be determined or calculated differently by other companies.

### Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is a non-U.S. GAAP measurement. Management uses EBITDA because it believes that such measurements are widely accepted financial indicators used by investors and analysts to analyze and compare companies on the basis of operating performance and that these measurements may be used by investors to make informed investment decisions.

(USD M)	Q1 2018	Q1 2017	12M 2017	12M 2016
Net income from operations	2,4	8,4	66,7	74,4
Depreciation and Amortization	3,2	2,8	10,5	5,8
<b>EBITDA (Non-U.S. GAAP Measure)</b>	<b>5,6</b>	<b>11,2</b>	<b>77,3</b>	<b>80,3</b>

### Return on Capital Employed ("ROCE")

SIAF believes Return on Capital Employed (ROCE) is a good indicator of long-term company and management performance, both absolute and relative to SIAF's primary peer group. ROCE is a measure of the profitability of SIAF's capital employed in its business compared with that of its peers. SIAF calculates ROCE as a ratio, the numerator of which is Net income plus Interest expense, and the denominator of which is average Total stockholder's equity plus total interest bearing liabilities.

(USD M)	Q1 2018	Q1 2017	12M 2017	12M 2016
<b>Numerator</b>				
Net income	5,7	10,8	64,8	73,6
Interest Expense	0,5	0,5	4,0	4,3
<b>ROCE Earnings (Non-U.S. GAAP Measure)</b>	<b>6,2</b>	<b>11,3</b>	<b>68,8</b>	<b>77,8</b>
<b>Denominator</b>				
<b>Capital employed* (Non-U.S. GAAP Measure)</b>	<b>740</b>	<b>732</b>	<b>740</b>	<b>732</b>
<b>ROCE (Non-U.S. GAAP Measure)</b>	<b>3,3%</b>	<b>6,2%</b>	<b>9,3%</b>	<b>10,6%</b>

\*Closing balance of Total stockholder's equity and Net Debt

**Net Debt**

Management uses Net Debt, along with other factors, to evaluate SIAF's financial condition. Management believe that Net Debt is an appropriate supplemental measure of financial condition and may be useful to investors because it provides a more complete understanding of our financial condition before the impact of our decisions regarding the appropriate use of cash and liquid investments.

Net Debt include the aggregate interest bearing debt obligations in SIAF's consolidated balance sheet, less the balance sheet line item Cash and cash equivalents.

<b>(USD M)</b>	<b>31-mar 2018</b>	<b>31-dec 2017</b>
Borrowings - Short term bank debts	4,9	4,7
Negotiable promissory note	1,0	1,0
Borrowings - Long term debts	6,3	6,0
Convertible notes payables	0,0	0,0
Cash and cash equivalents	-0,6	-0,6
<b>Net Debt (Non-U.S. GAAP Measure)</b>	<b>11,5</b>	<b>11,1</b>

## **This is Sino Agro Food**

SIAF is a specialized investment company focused on protein food. The Company produces, distributes, markets, and sells sustainable seafood and beef to the rapidly growing middle class in China. Activities also include production of organic fertilizer and produce. SIAF is a global leader in developing land based recirculating aquaculture systems (“RAS”), and with its partners is the world’s largest producer of sustainable RAS prawns.

Founded in 2006 and headquartered in Guangzhou, the Company had over 550 employees and revenue of USD 343 million in 2016. Operations are located in Guangdong, Qinghai, and Hunan provinces, and in Shanghai. Sino Agro Food is a public company listed on OTCQX U.S. Premier in the United States and on the Oslo Børs’ Merkur Market in Norway.

### **Integrated Cattle (SJAP)**

Integrated Cattle Farm refers to the operation of SJAP in manufacturing and sales of Organic Fertilizer, bulk livestock feed, concentrated livestock feed, and the sales of live cattle inclusive of:

- (b). Cattle that are not being slaughtered in our own slaughterhouse operated by Qinghai Zhong He Meat Products Co., Limited (“QZH”. These are sold live to third party livestock wholesalers.
- (a). Cattle that are sold to QZH and slaughtered, deboned and packed by QZH. The sales of deboned and packed meats by QZH are sold to various meat distributors, wholesalers and super market chains and our own retail butcher stores

### **Organic Fertilizer (HSA)**

Hunan Shenghua A Power Agriculture Co. Ltd. (“HSA”) manufactures and sells organic fertilizer.

### **Cattle Farms (MEIJI)**

Cattle Farm refers to the operations of Cattle Farm (1) under Jiangmen City Hang Mei Cattle Farm Development Co. Ltd (“JHMC”). Cattle are sold live to third party livestock wholesalers who in turn resell them mainly in Guangzhou and Beijing livestock wholesale markets. The financial statements of JHMC are consolidated into MEIJI as one entity along with MEIJI’s operation in the consulting and service for development of other Cattle Farms (i.e., Cattle Farm 2) or related projects.

### **HU Plantation (JHST)**

Plantation refers to the operations of Jiangmen City Heng Sheng Tai Agriculture Development Co. Ltd. (“JHST”) The HU Plantation business grows, harvests and sells dragon fruit flowers (dried and fresh) and immortal vegetables to wholesale and retail markets JHST’s financial statements are consolidated into the financial statements of Macau EIJI Company Ltd. (“MEIJI”) as one entity.

### **SIAF Corporate / Seafood & Meat Trading**

SIAF Corporate / Seafood & Meat Trading refers to the business operations of Sino Agro Food, Inc., including import / export business and consulting and service operations provided to projects that are not included in the above categories, and are not limited to corporate affairs.

### **Aquaculture Project Development**

Aquaculture Project Development refers to the operations of Capital Award Inc. (CA) covering its engineering, technology and consulting service management of fishery operations. CA sells Engineering and Technology Services via Consulting and Service Contracts for the development, construction, and supply of plant and equipment, and management of fishery (and prawn or shrimp) farms and related business operations, including the Zhongshan New Prawn Project (“ZSNP”).



## Definitions and SEC filings

Please refer to our Form 10-K for definitions of terms used in this report. Filings with the SEC of Sino Agro Food's annual report to stockholders, annual report on Form 10-K, quarterly reports on Form 10-Q, proxy statements, management certifications, press releases, current reports on Form 8-K and other documents are available at the SEC's website [www.sec.gov](http://www.sec.gov) and at Sino Agro Food's corporate website.

## Accounting policies

Sino Agro Food prepares its financial statements in accordance with the Generally Accepted Accounting Principles (US-GAAP) as adopted by the Financial Accounting Standards Board.

## Safe Harbor Statement

This report contains statements that are not historical facts but rather forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include those that address activities, events or developments that Sino Agro Food, Inc. or its management believes or anticipates may occur in the future. All forward-looking statements, including without limitation, management's examination of historical operating trends and data, as well as estimates of future sales, operating margin, cash flow, effective tax rate or other future operating performance or financial results, are based upon our current expectations, various assumptions and data available from third parties. Our expectations and assumptions are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that such forward-looking statements will materialize or prove to be correct as forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors which may cause actual future results, performance or achievements to differ materially from the future results, performance or achievements expressed in or implied by such forward-looking statements. Because these forward-looking statements involve risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statements for a variety of reasons, including without limitation, changes in global light vehicle production; fluctuation in vehicle production schedules for which the Company is a supplier, changes in general industry and market conditions, changes in and the successful execution of our capacity alignment, restructuring and cost reduction initiatives discussed herein and the market reaction thereto; loss of business from increased competition; higher raw material, fuel and energy costs; changes in consumer and customer preferences for end products; customer losses; changes in regulatory conditions; customer bankruptcies or divestiture of customer brands; unfavorable fluctuations in currencies or interest rates among the various jurisdictions in which we operate; component shortages; market acceptance of our new products; costs or difficulties related to the integration of any new or acquired businesses and technologies; continued uncertainty in pricing negotiations with customers, our ability to be awarded new business; product liability, warranty and recall claims and other litigation and customer reactions thereto; higher expenses for our pension and other postretirement benefits; work stoppages or other labor issues; possible adverse results of pending or future litigation or infringement claims; negative impacts of antitrust investigations or other governmental investigations and associated litigation (including securities litigation) relating to the conduct of our business; tax assessments by governmental authorities and changes in our effective tax rate; dependence on key personnel; legislative or regulatory changes limiting our business; political conditions; dependence on and relationships with customers and suppliers; and other risks and uncertainties identified under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Reports and Quarterly Reports on Forms 10-K and 10-Q and any amendments thereto. The Company undertakes no obligation to update publicly or revise any forward-looking statements in light of new information or future events. For any forward-looking statements contained in this or any other document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we assume no obligation to update any such statement.

## **Additional information**

### **Financial information**

Additional financial information and notes to the financial statements is available in the Company's 10-K report, available on the Company's website.

### **Press and analyst conference**

Sino Agro will host a conference call subject to scheduling. The conference call can be accessed via our home page [www.sinoagrofood.com](http://www.sinoagrofood.com). The annual and quarterly reports are also published on [sinoagrofood.com](http://sinoagrofood.com).

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