



**Sino Agro Food**

**Interim Report Second Quarter 2019**

- Revenue of USD 38.6 M

- Positive EPS of USD 0.13

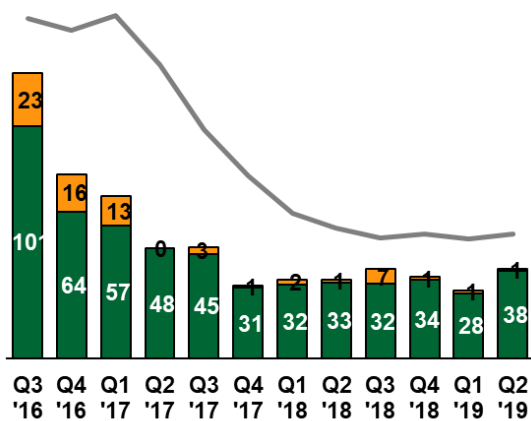
## April – June 2019

- Revenue for the period: USD 38.6M (34.0)
- Gross profit for the period: USD 6.9M (5.4)
- Net Income attributable to SIAF for the period: USD 6.6M (0.9)
- Diluted earnings per share: USD 0.13 (0.02)

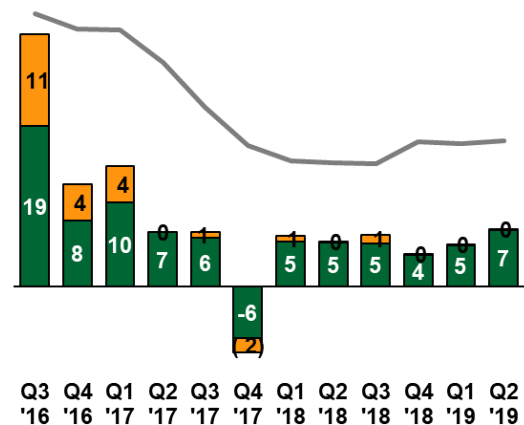
## Key figures

(USD M, except per share data)	Q2 '19	Q2 '18	%
Revenue	38,6	34,0	14%
Gross profit	6,9	5,4	26%
Gross profit margin	17,8%	16,0%	
Net income	7,1	-0,5	n.a.
Net income attributable to SIAF	6,6	0,9	633%
Earnings per share (USD) - fully diluted	0,13	0,02	550%
Book value per share (USD) - fully diluted	13,5	17,0	-20%
Diluted weighted average number of shares (millions)	50,0	37,6	33%

## Revenue (USD M)



## Gross profit (USD M)



## Second quarter 2019 highlights

### Overview

All business segments of Sino Agro Food, Inc. (the “Company” or “SIAF”) recorded gross profits in the second quarter, totaling USD 6.9 M, a 28% increase over Q2 2018 and a 38% increase over Q1 2019. Fully diluted earnings totaled USD 6.6M or USD .13 per share. This includes net income from SIAF’s equity interest in Tri-Way Industries.

Total revenue increased USD 4.7 M, or 14%, to USD 38.6 M for the quarter ended June 3, 2019 when compared to the corresponding 2018 quarter.

### Key Points

- Revenue in the fourth quarter of 2019 was USD 38.6 M, an increase of 14% from Q2 of 2018, and an increase of 32% compared to Q1 of 2019.
- Gross profit in the second quarter of 2019 was USD 6.9 M, an increase of 28% from Q2 of 2018, and an increase of 38% compared to Q1 of 2019. All business segments booked positive gross profits in Q2 2019, highlighted by a 300% increase to USD 2.4 M at the Cattle Farm business (MEIJI).
- As indicated last quarter, the cattle business at SJAP at SJAP is being de-emphasized or downsized. Also, capital expenditure from Tri-Way, which generates project development revenue, is being deferred because the best use of discretionary funds is working capital to grow Tri-Way’s sale of goods. All other business units are performing to plan.
- Income from SIAF’s equity investee, Tri-Way Industries totaled USD 3.6 M, a 42% increase over the previous quarter, Q1 2019, and contributed 0.07 to SIAF’s earnings per share.
- As of August 14, 2019, there were 49,99 M common shares issued and outstanding, unchanged from the previous quarter’s end.
- As of June 1, 2019, the Company had net working capital of USD 159.2 M, versus USD 175.3 M at end of FY 2018.
- Stockholders’ equity increased by USD 1.0 M to USD 631.6 M from the end of FY 2018 to the end of Q2 2019.

<b>Revenue (USD M)</b>	<b>Q2 '19</b>	<b>Q2 '18</b>	<b>%</b>	<b>6M '19</b>	<b>6M '18</b>
Integrated Cattle Farm (SJAP)	4,2	5,1	-17%	8,1	11,5
Organic Fertilizer (HSA)	2,5	2,5	1%	5,1	4,9
Cattle Farms (MEJI)	12,6	6,1	107%	20,7	11,1
Plantation	1,1	1,0	6%	2,0	2,1
Seafood & Meat Trading	17,5	18,2	-4%	30,3	34,6
<b>Sale of goods total</b>	<b>37,9</b>	<b>32,9</b>	<b>15%</b>	<b>66,1</b>	<b>64,2</b>
Aquaculture	0,7	1,1	-31%	1,7	3,5
Cattle Farms	-	-	<i>n.a.</i>	-	-
Seafood & Meat Trading	-	-	<i>n.a.</i>	-	-
<b>Project development total</b>	<b>0,7</b>	<b>1,1</b>	<b>-31%</b>	<b>1,7</b>	<b>3,5</b>
<b>Group total</b>	<b>38,6</b>	<b>34,0</b>	<b>14%</b>	<b>67,9</b>	<b>67,7</b>

## CEO commentary

Second quarter results were substantially better than the first quarter, supporting our efforts to ensure a baseline scenario in which all our business sectors are self sufficient and then positioned for gradual organic growth. By limiting capital expenditures, SJAP, JHST, CA and the Corporate business sectors have met our baseline goal. Market conditions for HSA and MEIJI products -- organic mixed fertilizer and Yellow Asian Cattle -- are currently favorable. Consequently, each is slowly demonstrating growth beyond the baseline scenario.

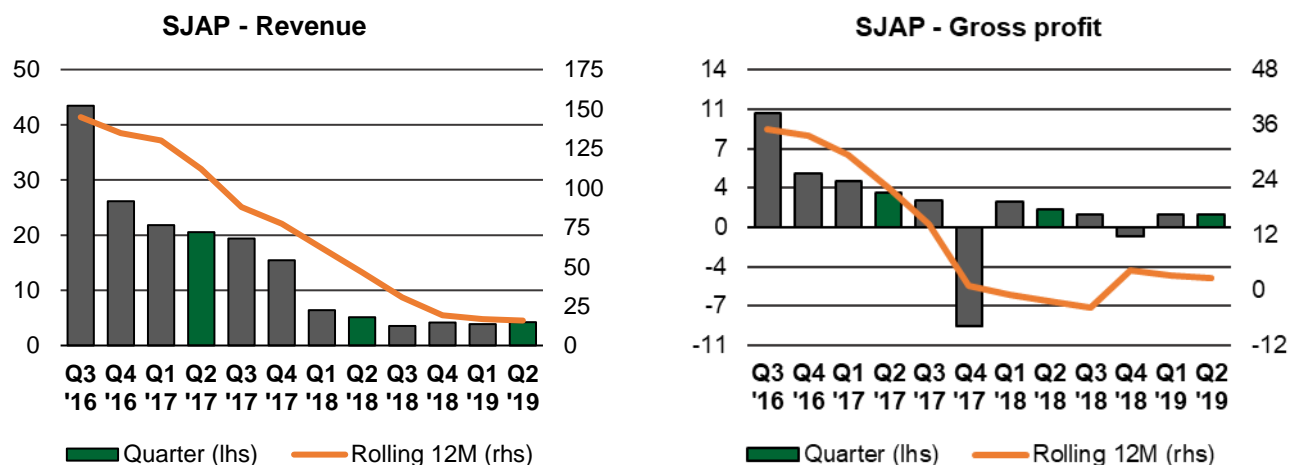
“We do have legacy debt to consider. It stands at 6.6% of our total assets. We are coming out of the worst patches experienced during the past two years. If and when we obtain extra financing to increase working capital, we expect to increase net income and generate additional net cash flow to service legacy debt more expeditiously. In this respect, we continue to conscientiously pursue a large number of initiatives, all involving protracted steps, some of which are showing good progress.”

<b>Gross profit (USD M)</b>	<b>Q2 '19</b>	<b>Q2 '18</b>	<b>%</b>	<b>6M '19</b>	<b>6M '18</b>
Integrated Cattle Farm (SJAP)	1,2	1,6	-26%	2,3	3,9
Organic Fertilizer (HSA)	0,9	0,9	6%	1,8	1,6
Cattle Farms (MEIJI)	2,4	0,6	325%	3,7	1,0
Plantation	0,3	0,2	73%	0,5	0,3
Seafood & Meat Trading	1,9	2,0	-4%	3,4	3,8
<b>Sale of goods total</b>	<b>6,8</b>	<b>5,3</b>	<b>29%</b>	<b>11,7</b>	<b>10,7</b>
Aquaculture	0,1	0,2	-57%	0,1	0,9
Cattle Farms	-	-	n.a.	-	0,0
Seafood & Meat Trading	-	-	n.a.	-	0,0
<b>Project development total</b>	<b>0,1</b>	<b>0,2</b>	<b>-57%</b>	<b>0,1</b>	<b>0,9</b>
<b>Group total</b>	<b>6,9</b>	<b>5,4</b>	<b>26%</b>	<b>11,9</b>	<b>11,5</b>

## Integrated Cattle Farm (SJAP)

The Company is deemphasizing its Integrated Cattle Farm business segment (SJAP) until (or if) macroeconomics improve for the beef industry in China, with the goal of maintaining self-sufficiency at smaller size, but without any capital requirements. Live cattle prices did not improve in the quarter. Consequently, sales of live cattle and livestock feed declined versus both Q2 2018 and Q1 2019. However, because some district farmers switched from raising cattle to agricultural alternatives, fertilizer sales increased 39% versus Q2 2018 and 158% versus Q1 2019 to USD 1.3 M.

Overall, SJAP is performed as expected, with gross profits of USD 1.2 M in Q2 2019, versus USD 1.6 M in Q2 2018.



## Cattle Operation

Sales volume per product (SJAP live beef cattle)	Q2 '19	Q2 '18	6M '19	6M '18
<b>Beef cattle (#)</b>	<b>565</b>	<b>858</b>	<b>1 657</b>	<b>1 687</b>
- o/w sold externally as live cattle	565	858	1 657	1 687
- o/w sold internally for valued added processing	0	0	0	0
ASP per head (USD)	1 696	1 740	3 322	4 231
Gross profit margin	3%	18%	-97%	17%

Q2 live cattle revenue decreased by 36% to USD 1.0M (1.5), with live cattle sales amounting to 565 head in Q2 2019 versus 858 in Q2 2018. Gross profit decreased by 90% to USD 0M (0.3) equivalent to a margin of 2.7% (17.6%).

## Fertilizer and feed

<b>SJAP fertilizer and animal feed</b>	<b>Q2 '19</b>	<b>Q2 '18</b>	<b>6M '19</b>	<b>6M '18</b>
<b>Organic fertilizer (MT)</b>	<b>8 231</b>	<b>7 790</b>	<b>10 802</b>	<b>11 090</b>
ASP / MT (USD)	190	181	162	146
Gross profit margin	20%	14%	61%	22%
<b>Bulk livestock feed (MT)</b>	<b>1 760</b>	<b>2 668</b>	<b>2 910</b>	<b>6 443</b>
ASP / MT (USD)	180	167	350	183
Gross profit margin	55%	54%	55%	54%
<b>Concentrated livestock feed (MT)</b>	<b>3 860</b>	<b>4 626</b>	<b>7 015</b>	<b>11 220</b>
ASP / MT (USD)	447	437	444	461
Gross profit margin	41%	45%	42%	44%
<b>Total feed volume (MT)</b>	<b>5 620</b>	<b>7 294</b>	<b>17 817</b>	<b>22 310</b>

Q2 fertilizer and feed revenue decreased by 11% to USD 3.3M (3.7). Gross profit decreased by 14% to USD 1.2M (1.4) equivalent to a margin of 36% (38%).

<b>(USD M)</b>	<b>Q2 '19</b>	<b>Q2 '18</b>	<b>%</b>	<b>6M '19</b>	<b>6M '18</b>	<b>%</b>
Live cattle	1,0	1,5	-36%	2,7	3,6	-23%
Bulk livestock feed	0,3	0,5	-38%	0,5	1,2	-57%
Concentrated livestock feed	1,7	2,2	-21%	3,1	5,2	-40%
Fertilizer	1,3	1,0	29%	1,7	1,6	8%
<b>Revenue</b>	<b>4,2</b>	<b>5,1</b>	<b>-17%</b>	<b>8,1</b>	<b>11,5</b>	<b>-30%</b>
Live cattle	0,0	0,3	-90%	0,2	0,6	-63%
Bulk livestock feed	0,2	0,3	-36%	0,3	0,6	-56%
Concentrated livestock feed	0,8	1,0	-22%	1,4	2,3	-40%
Fertilizer	0,3	0,1	91%	0,4	0,4	19%
<b>Gross profit</b>	<b>1,2</b>	<b>1,6</b>	<b>-26%</b>	<b>2,3</b>	<b>3,9</b>	<b>-41%</b>
Live cattle	2,7%	17,6%		8,5%	17,5%	
Bulk livestock feed	55,3%	54,1%		55,3%	54,0%	
Concentrated livestock feed	44,6%	44,9%		44,3%	44,3%	
Fertilizer	20,4%	13,8%		24,3%	21,9%	
<b>Gross profit margin</b>	<b>28,7%</b>	<b>31,9%</b>		<b>28,6%</b>	<b>33,9%</b>	

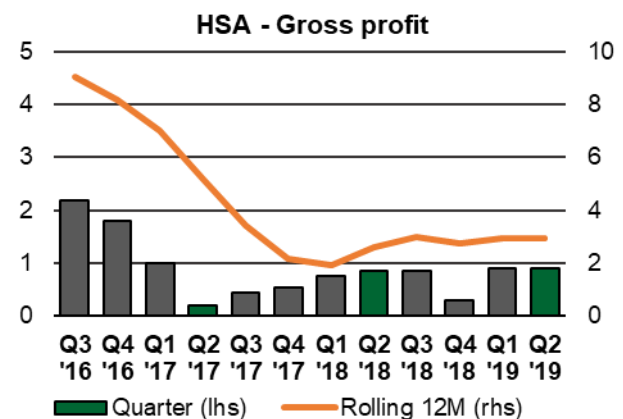
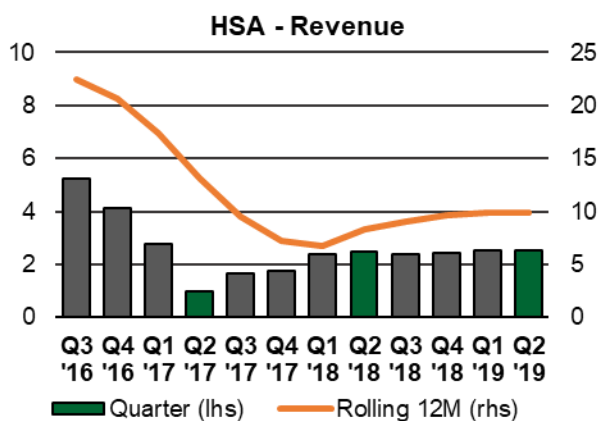
## Organic Fertilizer (HSA)

(USD M)	Q2 '19	Q2 '18	%	6M '19	6M '18	%
Organic fertilizer	0,9	0,9	-6%	1,8	1,9	-10%
Organic mixed fertilizer	1,7	1,6	5%	3,3	2,9	13%
<b>Revenue</b>	<b>2,5</b>	<b>2,5</b>	<b>1%</b>	<b>5,1</b>	<b>4,9</b>	<b>4%</b>
Organic fertilizer	0,2	0,2	20%	0,4	0,3	16%
Organic mixed fertilizer	0,7	0,7	2%	0,9	1,3	-33%
<b>Gross profit</b>	<b>0,9</b>	<b>0,9</b>	<b>6%</b>	<b>1,2</b>	<b>1,6</b>	<b>-23%</b>
Organic fertilizer	22,2%	17,3%		22,0%	17,1%	
Organic mixed fertilizer	42,9%	44,1%		25,8%	43,6%	
<b>Gross profit margin</b>	<b>35,7%</b>	<b>34,2%</b>		<b>24,5%</b>	<b>33,0%</b>	

Revenue at HSA increased by USD .24 M, or 1%, from USD 2.49 M in Q2 2018 to USD 2.52 M in Q2 2019. Gross profits increased by USD .48 M or 5% from USD .85M in Q2 2018 to USD .90 Q2 2019. Gross margins were 36%.

As previously reported, HSA benefited from leasing 10 acres of its land.

HSA fertilizer	Q2 '19	Q2 '18	6M '19	6M '18
<b>Organic fertilizer (MT)</b>	<b>3 500</b>	<b>3 717</b>	<b>7 018</b>	<b>7 879</b>
ASP / MT (USD)	249	249	250	246
Gross profit margin	22%	19%	22%	18%
<b>Organic mixed fertilizer (MT)</b>	<b>4 111</b>	<b>3 690</b>	<b>8 167</b>	<b>6 790</b>
ASP / MT (USD)	402	426	404	430
- Gross profit margin	43%	44%	43%	44%
<b>Total fertilizer volume (MT)</b>	<b>7 611</b>	<b>7 407</b>	<b>15 185</b>	<b>14 669</b>





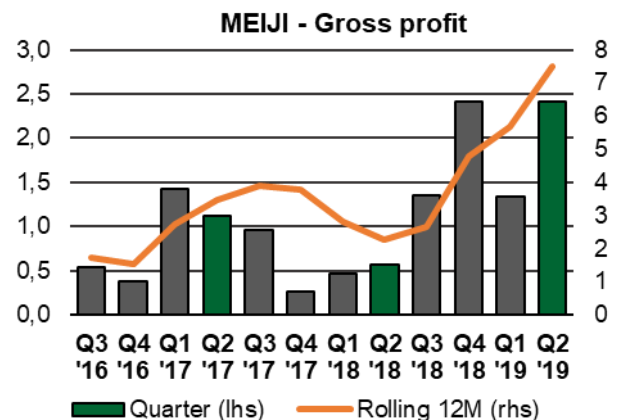
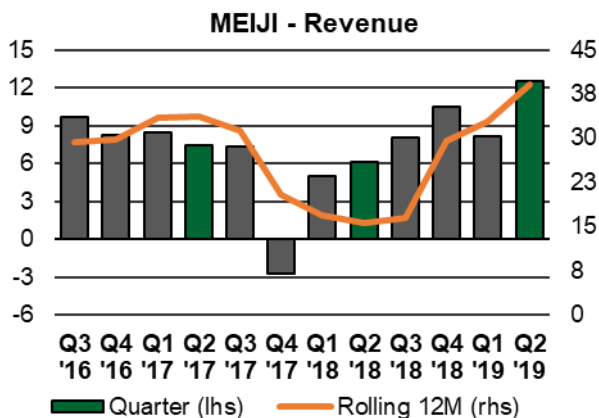
## Cattle Farms (MEIJI)

(USD M)	Q2 '19	Q2 '18	%	6M '19	6M '18	%
Sale of live cattle	12,6	6,1	107%	20,7	11,1	87%
<b>Revenue</b>	<b>12,6</b>	<b>6,1</b>	<b>107%</b>	<b>20,7</b>	<b>11,1</b>	<b>87%</b>
Sale of live cattle	2,41	0,57	325%	3,7	1,0	262%
<b>Gross profit</b>	<b>2,41</b>	<b>0,57</b>	<b>325%</b>	<b>3,7</b>	<b>1,0</b>	<b>262%</b>
Sale of live cattle	19,2%	9,3%		18,1%	9,4%	
<b>Gross profit margin</b>	<b>19,2%</b>	<b>9,3%</b>		<b>18,1%</b>	<b>9,4%</b>	

Revenue for Q2 2019 totaled USD 12.6 M, an increase of USD 6.5 M, or 107% over Q2 2018 (USD 6.1 M). Gross profit for the 2019 first quarter was USD 2.4 M, an increase of 325% over Q2 2018 and 85% over Q1 2019.

Locally bred Asian Yellow Cattle have continued to see increasing demand and to command steadily increasing prices.

Sales volume per product (MEIJI)	Q2 '19	Q2 '18	6M '19	6M '18
<b>Head of beef cattle (#)</b>	<b>3 269</b>	<b>1 799</b>	<b>5 504</b>	<b>3 386</b>
ASP per head (USD)	3 839	3 376	3 763	3 270
- Gross profit margin	19,2%	9,3%	18,1%	9,3%

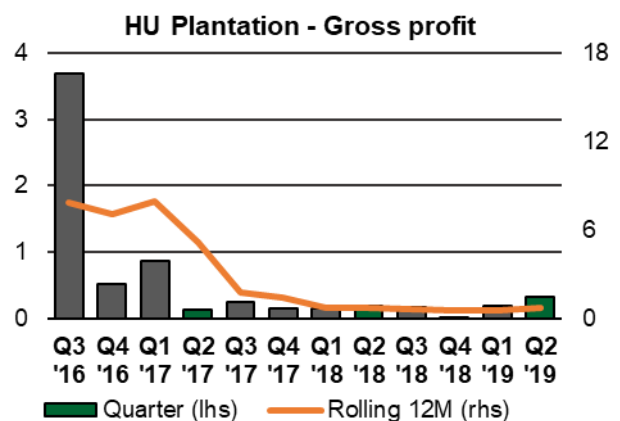
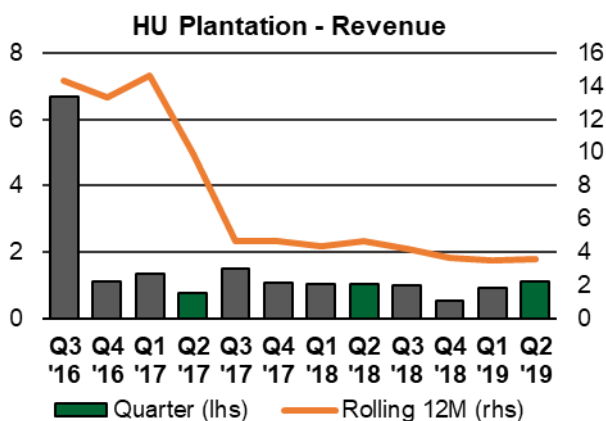


## HU Plantation (JHST)

(USD M)	Q2 '19	Q2 '18	%	6M '19	6M '18	%
Immortal vegetables	0,1	0,1	17%	0,1	0,1	17%
Vegetable products	1,0	0,8	21%	1,9	1,9	2%
<b>Revenue</b>	<b>1,1</b>	<b>1,0</b>	<b>6%</b>	<b>2,0</b>	<b>2,1</b>	<b>-4%</b>
Immortal vegetables	0,0	0,0	-9%	0,0	0,0	-9%
Vegetable products	0,3	0,2	91%	0,5	0,3	58%
<b>Gross profit</b>	<b>0,3</b>	<b>0,2</b>	<b>73%</b>	<b>0,5</b>	<b>0,3</b>	<b>51%</b>
Immortal vegetables	20,0%	25,6%		20,0%	25,6%	
Vegetable products	29,6%	18,8%		25,7%	16,6%	
<b>Gross profit margin</b>	<b>28,9%</b>	<b>17,7%</b>		<b>25,5%</b>	<b>16,3%</b>	

Revenue at JHST increased by USD .18 M, or 21% from USD .85 M in Q2 2018 to USD 1.03 M in Q2 2019. Gross profits totaled USD .32 M in Q2 2019, an increase of 76% over Q2 2018.

The plantation is slowly recovering from the damages of Typhoon Mangut in late 2018. There was no production of HU flowers during the quarter, but the volume of fresh vegetables increased by 142 metric tons with slightly higher prices. The Company expects further recovery in the seasonally better third and fourth quarters, assuming continued restoration of a healthier underlying growing environment.

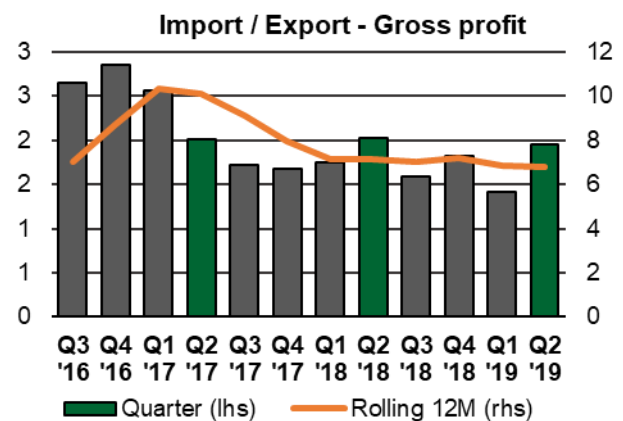
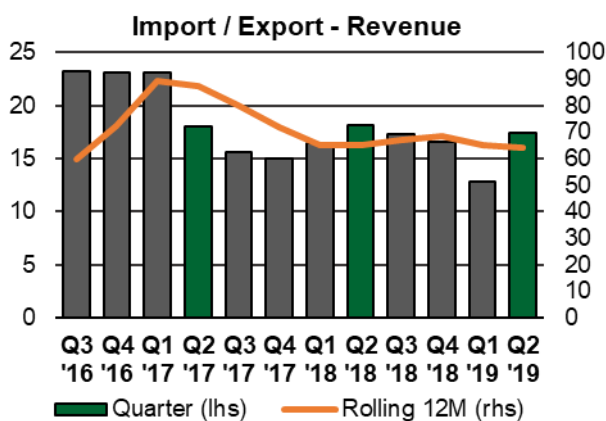


## SIAF Corporate (Import / Export)

(USD M)	Q2 '19	Q2 '18	%	6M '19	6M '18	%
Seafood	8,4	9,5	-12%	12,2	18,3	-34%
Beef & mutton	9,1	8,7	5%	18,1	16,3	11%
<b>Revenue</b>	<b>17,5</b>	<b>18,2</b>	<b>-4%</b>	<b>30,3</b>	<b>34,6</b>	<b>-13%</b>
Seafood	0,9	1,1	-12%	1,4	2,0	-31%
Beef & mutton	1,0	1,0	6%	2,0	1,8	12%
<b>Gross profit</b>	<b>1,9</b>	<b>2,0</b>	<b>-4%</b>	<b>3,4</b>	<b>3,8</b>	<b>-11%</b>
Seafood	11,1%	11,1%		11,1%	10,7%	
Beef & mutton	11,2%	11,1%		11,2%	11,1%	
<b>Gross profit margin</b>	<b>11,2%</b>	<b>11,1%</b>		<b>11,1%</b>	<b>10,9%</b>	

Revenue from Seafood and Meat Trading decreased USD .7 M, or 4% from USD 18.42 M in Q1 2019 to USD 17.5 M in Q2 2019. However, revenue increased substantially from the previous quarter which was impacted by transportation disruptions due to Chinese New Year, Gross profits were USD 1.9 M in Q2 2019 , representing gross margins of 11%.

Traded volume per product (SIAF)	Q2 '19	Q2 '18	6M '19	6M '18
<b>Mixed seafood (MT)</b>	<b>427</b>	<b>524</b>	<b>558</b>	<b>1 027</b>
ASP / kg (USD)	20	18	22	18
Gross profit margin	11%	11%	11%	11%
<b>Beef &amp; lamb (MT)</b>	<b>507</b>	<b>460</b>	<b>996</b>	<b>773</b>
ASP / kg (USD)	18	19	18	21
Gross profit margin	11%	11%	11%	11%
<b>Total volume traded</b>	<b>934</b>	<b>984</b>	<b>1 554</b>	<b>1 800</b>

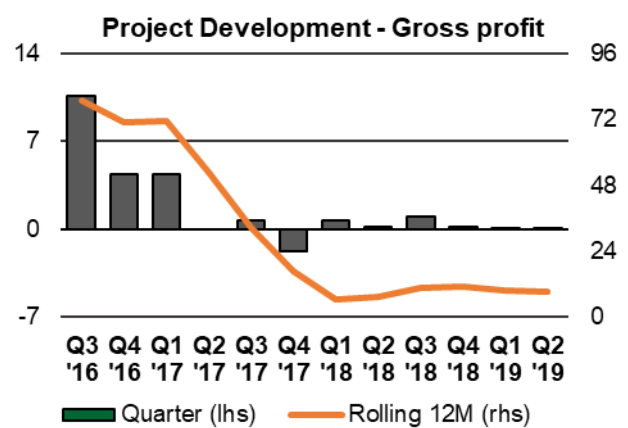
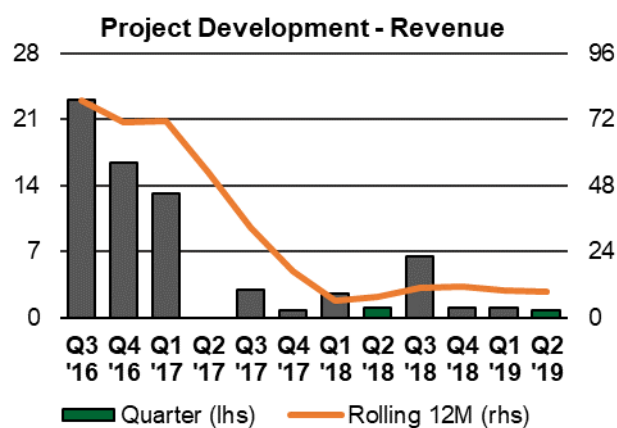


## Aquaculture Project Development

(USD M)	Q2 '19	Q2 '18	%	6M '19	6M '18	%
Revenue	0,7	1,1	-31%	3,5	13,2	-73%
Gross profit	0,1	0,2	-57%	0,9	4,4	-80%
Gross profit margin	10,7%	17,1%		24,6%	33,4%	

Revenue from project development totaled USD .73 M in Q2 2019, a decrease of 31 % from Q2 2018. Gross profit decreased to USD 73 K.

Under current conditions, working capital at T-W is better deployed to generate continuing revenue from the sale of goods.



## Key figures

USD M (except for share data)	Q2 2019	Q2 2018	%	6M 2019	6M 2018	%
<b><u>Earnings</u></b>						
Revenue	38,6	34,0	14%	67,9	67,7	0%
Gross profit	6,9	5,4	26%	11,9	11,5	3%
EBITDA	6,6	4,5	46%	20,3	14,3	42%
Net income attributable to SIAF	6,6	0,9	633%	7,2	9,1	-21%
<b><u>Share data</u></b>						
Earnings per share (USD) – basic	0,13	0,02	550%	0,1	0,2	-26%
Earnings per share (USD) – fully diluted	0,13	0,02	550%	0,1	0,2	-26%
Weighted average number of shares (million)	50,0	37,6	33%	23,4	23,4	0%
Diluted weighted average number of shares (millions)	50,0	37,6	33%	25,6	25,6	0%
<b><u>Cash flow</u></b>						
Net cash provided by operating activities	19,3	-2,4	-918%	16,9	5	216%
Net cash used in investing activities	-12,5	-3,2	289%	-15,7	-4,4	256%
Net cash provided by (used in) financing activities	-0,1	-	n.a.	-0,1	-	n.a.
<b><u>Financial position*</u></b>						
Total assets	794,4	790,3	1%			
Total liabilities	80,2	71,9	11%			
Total stockholder's equity	714,2	711,2	0%			
Net debt	9,1	10,9	-16%			
Capital employed	723,3	722,2	0%			
<b><u>Ratios</u></b>						
Gross margin (%)	17,8%	16,0%		17,5%	17,0%	
EBITDA margin (%)	17,1%	13,3%		29,9%	21,1%	
Return on capital employed (%)	4,0%	0,0%		2,2%	2,6%	
Total equity ratio (%)	89,9%	90,0%				

\*Closing balance for relevant period

## Consolidated income statement

(USD M)	Q2 2019	Q2 2018	6M 2019	6M 2018
Sale of goods	37,9	32,9	66,1	64,2
Consulting and service income from development contracts	0,7	1,1	1,7	3,5
<b>Total revenue</b>	<b>38,6</b>	<b>34,0</b>	<b>67,9</b>	<b>67,7</b>
Sale of goods	-31,1	-27,7	-54,4	-53,5
Consulting and service income from development contracts	-0,7	-0,9	-1,6	-2,7
<b>Cost of goods sold and services</b>	<b>-31,7</b>	<b>-28,6</b>	<b>-56,0</b>	<b>-56,2</b>
Sale of goods	6,8	5,3	11,7	10,7
Consulting and service income from development contracts	0,1	0,2	0,1	0,9
<b>Total gross profit</b>	<b>6,9</b>	<b>5,4</b>	<b>11,9</b>	<b>11,5</b>
General and administrative expenses	-3,2	-4,1	-7,0	-7,8
<b>Net income from operations</b>	<b>3,7</b>	<b>1,3</b>	<b>4,9</b>	<b>3,7</b>
Government grant	-	0,1	-	0,1
Other income	-	-	-0,4	0,0
Non-operating expenses	-	-3,1	-	-
Interest expense	-0,1	-0,4	-0,1	-0,9
<b>Net income (expenses) before income taxes</b>	<b>3,5</b>	<b>-2,1</b>	<b>4,4</b>	<b>3,0</b>
Share of income from unconsolidated equity investee	3,6	1,6	3,6	5,4
<b>Net income</b>	<b>7,1</b>	<b>-0,5</b>	<b>7,9</b>	<b>8,4</b>
Less: Net (income) loss attributable to the NCI	-0,5	1,4	-0,8	0,7
<b>Net income attributable to SIAF</b>	<b>6,6</b>	<b>0,9</b>	<b>7,2</b>	<b>9,1</b>
Foreign currency translation gain (loss)	-10,8	-20,4	-10,8	1,4
Less: other comprehensive income attributable to the NCI	1,4	-	1,4	-11,3
<b>Comprehensive income attributable to SIAF</b>	<b>-2,8</b>	<b>-19,5</b>	<b>-2,2</b>	<b>-3,8</b>
<b>Earnings per share attributable to SIAF: from continuing and discontinued operations:</b>				
Basic (USD per share)	0,13	0,02	0,14	0,19
Diluted (USD per share)	0,13	0,02	0,14	0,19
<b>Weighted average number of shares outstanding:</b>				
Basic (in million shares)	50,0	37,6	23,4	23,4
Diluted (in million shares)	50,0	37,6	25,6	25,6

## Consolidated balance sheet

(USD M)	30-jun 2019	31-mar 2019
Cash and cash equivalents	0,9	0,3
Inventories	55,2	56,4
Costs and estimated earnings in excess of billings on uncompleted contracts	0,3	0,3
Deposits and prepayments	40,7	53,3
Accounts receivable net of allowance for doubtful accounts	105,9	100,9
Other receivables	23,2	31,1
<b>Total current assets</b>	<b>226,2</b>	<b>242,3</b>
Plant and equipment net of accumulated depreciation	243,8	235,5
Construction in progress	11,0	13,2
Land use rights net of accumulated amortization	52,9	54,3
<b>Total plant and equipment</b>	<b>307,8</b>	<b>302,9</b>
Goodwill	0,7	0,7
Investment in unconsolidated equity investee	216,2	209,4
Proprietary technologies net of accumulated amortization	8,6	8,8
Temporary deposits paid to entities for investments in SFJV companies	34,9	34,9
<b>Total other assets</b>	<b>260,4</b>	<b>253,9</b>
<b>TOTAL ASSETS</b>	<b>794,4</b>	<b>799,1</b>
Accounts payable and accrued expenses	9,9	10,4
Billings in excess of costs and estimated earnings on uncompleted contracts	5,4	5,4
Due to a director	0,7	0,3
Other payables	46,5	47,0
Borrowings - Short term bank debts	4,7	4,7
<b>Current liabilities</b>	<b>67,0</b>	<b>67,8</b>
Other payables	7,8	7,8
Borrowings - Long term debts	5,4	5,6
<b>Non-current liabilities</b>	<b>13,1</b>	<b>13,4</b>
<b>TOTAL LIABILITIES</b>	<b>80,2</b>	<b>81,2</b>
Additional paid - in capital	181,5	181,5
Retained earnings	466,0	459,4
Accumulated other comprehensive income	-14,7	-5,3
Treasury stock	-1,3	-1,3
<b>Total SIAF stockholders' equity</b>	<b>631,6</b>	<b>634,4</b>
Non - controlling interest	82,6	83,5
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>714,2</b>	<b>717,9</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>794,4</b>	<b>799,1</b>

## Consolidated statement of cash flows

<b>(USD M)</b>	<b>Q2 2019</b>	<b>Q2 2018</b>	<b>6M 2019</b>	<b>6M 2018</b>
Net income for the period	7,1	0,8	7,9	5,2
<b>Adjustments to reconcile net income from operations to net cash from operations:</b>				
Share of income from unconsolidated equity investee	-3,6	-2,4	-6,0	-5,3
Depreciation	2,5	2,5	5,1	5,3
Amortization	0,4	0,6	1,0	1,1
Inventory written off	-	-	-	3,1
Common stock issued for services	0,1	0,4	0,5	1,4
Loss on restructuring	-	2,4	2,4	-
<b>Cash flow from operating activities before change in wc</b>	<b>6,6</b>	<b>4,4</b>	<b>11,0</b>	<b>10,8</b>
Change in inventories	1,2	-1,8	-0,7	-3,5
of billings on uncompleted contacts	-	-	-	1,0
Change in deposits and prepaid expenses	12,5	-1,4	11,1	4,0
Change in due to a director	0,4	-1,8	-1,4	-0,1
Change in accounts payable and accrued expenses	-0,6	2,1	1,6	3,1
Change in other payables	-0,5	-1,8	-2,4	4,2
Change in accounts receivable	-5,0	0,7	-4,3	-6,1
Change in tax payable	-	-	-	-
Change in billings in excess of	-0,0	0,1	0,0	-
Costs and estimated earnings on uncompleted contracts	-	-	-	-0,1
Change in amount due from unconsolidated equity investee	-3,1	0,0	-3,1	-2,6
Change in other receivables	7,9	-2,8	5,1	-5,4
<b>Change in working capital</b>	<b>12,7</b>	<b>-6,7</b>	<b>6,0</b>	<b>-5,5</b>
<b>Cash flow from operating activities</b>	<b>19,3</b>	<b>-2,4</b>	<b>16,9</b>	<b>5,4</b>
Purchases of property and equipment	-2,7	-3,2	-5,9	-0,0
Payment for construction in progress	-9,7	-	-9,7	-4,3
Receipt from government grant	-	-	-	-
<b>Net cash used in investing activities</b>	<b>-12,5</b>	<b>-3,2</b>	<b>-15,7</b>	<b>-4,4</b>
Repayment of long term debts	-0,1	-	-0,1	-
<b>Net cash (used in) provided by financing activities</b>	<b>-0,1</b>	<b>0,0</b>	<b>-0,1</b>	<b>0,0</b>
Effects on exchange rate changes on cash	-6,2	0,9	-5,2	-0,9
<b>Increase in cash and cash equivalents</b>	<b>0,6</b>	<b>-4,6</b>	<b>-4,0</b>	<b>0,0</b>
Cash and cash equivalents, beginning of period	0,3	5,0	5,0	0,6
Cash and cash equivalents, end of period	0,9	0,3	0,9	0,6



## 5-year summary

USD million (except for share data)	2018	2017	2016	2015	2014
<b><u>Earnings</u></b>					
Revenue	141,7	198,2	342,9	429,1	404,3
Gross profit	21,7	19,6	83,9	111,2	129,3
EBITDA	16,6	5,7	102,6	97,3	119,6
Net income attributable to SIAF	17,3	27,5	115,0	65,3	92,1
<b><u>Share data</u></b>					
Earnings per share (USD) – basic	0,46	-0,53	5,46	3,63	5,81
Earnings per share (USD) – fully diluted	0,46	-0,53	5,00	3,59	5,56
Weighted average number of shares (million)	37,3	24,7	21,0	18,0	15,8
Diluted weighted average number of shares (millions)	37,3	24,7	23,2	18,3	16,6
<b><u>Cash flow</u></b>					
Net cash provided by operating activities	20,2	-10,7	92,5	44,6	22,0
Net cash used in investing activities	-13,8	-32,7	-59,2	-13,8	-31,5
Net cash provided by (used in) financing activities	-0,1	5,5	-7,7	-0,1	9,9
<b><u>Financial position*</u></b>					
Total assets	790,6	774,9	765,7	639,5	532,7
Total liabilities	80,0	77,4	61,7	70,6	70,5
Total shareholders equity	710,6	697,6	703,9	568,9	462,2
Net debt (cash)	5,2	11,1	28,5	39,0	24,2
Capital employed	715,8	708,7	732,4	607,9	486,4
<b><u>Ratios</u></b>					
Gross margin (%)	15,3%	9,9%	24,5%	25,9%	32,0%
EBITDA margin (%)	11,7%	2,9%	29,9%	22,7%	29,6%
Return on capital employed (%)	3,1%	2,7%	13,5%	12,2%	23,7%
Total equity ratio (%)	89,9%	90,0%	91,9%	89,0%	86,8%

\*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)	Q2 2019	Q2 2018	6M 2019	6M 2018
Net income from operations	3,7	1,3	4,9	3,7
Depreciation and Amortization	2,9	3,2	6,1	4,8
<b>EBITDA (Non-U.S. GAAP Measure)</b>	<b>6,6</b>	<b>4,5</b>	<b>11,0</b>	<b>8,5</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)	Q2 2019	Q2 2018	6M 2019	6M 2018
<b>Numerator</b>				
Net income	7,1	-0,5	7,9	8,4
Interest Expense	0,1	0,4	0,1	0,9
<b>ROCE Earnings (Non-U.S. GAAP Measure)</b>	<b>7,2</b>	<b>-0,1</b>	<b>8,1</b>	<b>9,3</b>
<b>Denominator</b>				
<b>Capital employed* (Non-U.S. GAAP Measure)</b>	<b>723</b>	<b>722</b>	<b>723</b>	<b>722</b>
<b>ROCE (Non-U.S. GAAP Measure)</b>	<b>4,0%</b>	<b>0,0%</b>	<b>2,2%</b>	<b>2,6%</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.

(USD M)	30-jun 2019	31-mar 2019	
Borrowings - Short term bank debts	4,7	4,7	
Negotiable promissory note	0,0	0,0	
Borrowings - Long term debts	5,4	5,6	
Convertible notes payables	0,0	0,0	
Cash and cash equivalents	-0,9	-0,3	
<b>Net Debt (Non-U.S. GAAP Measure)</b>	<b>9,1</b>	<b>10,0</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 325 employees and revenue of USD 141.7 million in 2018. 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

### **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 provide a written Q & A. on September 2<sup>nd</sup>, 2019. Please submit questions by email to [info@sinoagrofood.com](mailto:info@sinoagrofood.com). These will be organized, answered, and posted, with an accompanying press release. The annual and quarterly reports are published on [sinoagrofood.com](http://sinoagrofood.com).

### The Company

#### Peter Grossman

Investor Relations

+1 (775) 901-0344137

[peter.grossman@sinoagrofood.com](mailto:peter.grossman@sinoagrofood.com)

