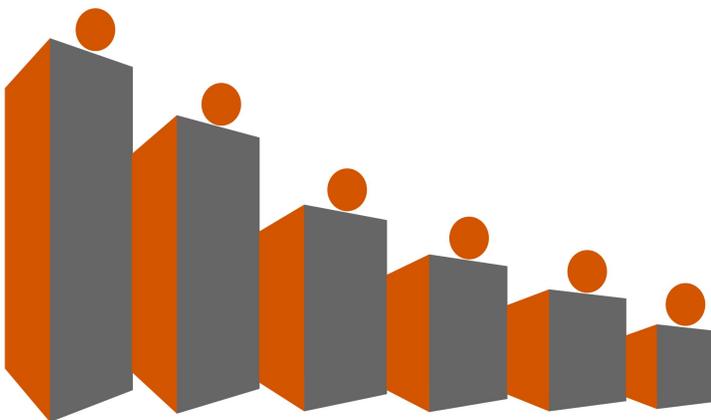


Sino Agro Food, Inc. Reports Q2 2018 Results

16 August 2018 | News

First quarter gross profits totaled USD 5.4M for Q2 compared to USD 6.5M during Q2 2017 and USD 6.1M during Q1 2018.



Sino Agro Food, Inc., a specialized investment company focused on protein food including seafood and cattle announces results for the quarter ending June 30, 2018.

Financials

Revenue from the sale of goods decreased USD 14.8M, or 31%, to USD 32.9M for the quarter ended June 30, 2018 when compared on a year over year basis ("YoY"). When compared to Q1 2018 ("QoQ"), revenue from the sale of goods during Q2 2018 increased USD 1.5M or 5%. Revenue from project development was USD 1.1M, compared to no revenue during Q2 2017.

First quarter gross profits totaled USD 5.4M for Q2 compared to USD 6.5M during Q2 2017 and USD 6.1M during Q1 2018.

Fully diluted earnings per share were USD .02 in the second quarter, the same as Q2 2017 (YoY) and versus USD .17 QoQ.

Other Key Points

- SIAF's income from its full 36.6% equity investment in Tri-way ("TW") increased from USD 1.3M in Q2 2017 to USD 1.6M in Q2 2018.
- Capital expenditure is being restricted to shorter-term, positive profile returns for Tri-Way's aquafarms. In part, Tri-way's positive cash flow is being used to fund projects to stimulate growing production.
- As of June 30 2018, the Company had net working capital of USD 170.6M, a decrease of USD 2.3M YoY.
- Stockholders' equity increased YoY by USD 13.6M to USD 625.9M.
- The Company reiterates its dividend policy announced last quarter; that is:

For 2018: USD 0.05/share to be declared and payable during Q4 2018, ex-dividend and payment dates to be determined and

publicized as soon as arrangements are finalized

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

Solomon Lee, Chief Executive Officer of Sino Agro Food, commented, "We were pleased that, despite our strategy to restrict capital expenditures, we reported a leveling out or slight increase in revenues on a sequential basis at the Organic Fertilizer business segment, (HSA), Cattle Farms (MEIJI), Plantation (JHST) and Seafood & Meat Trading. SJAP continued to face near-term headwinds due to external factors that have impacted our strategic plans, but still demonstrated sustainability.

"Over the past several months we have reorganized SJAP, the Integrated Cattle Farm, to better withstand the price volatility that we have witnessed in the cattle and livestock market. As expected, sustained pricing pressure from foreign imports continued to affect sales of both live cattle and livestock feed in the second quarter; however, we were pleased to report a net operating profit at SJAP. The beef market in China undeniably presents a major opportunity, and, fueled by a steadily growing middle-class and rising incomes, beef and lamb consumption continues to grow steadily. We are confident that, supported by both our organizational structure and our work with government officials, we can restructure the business model to overcome the challenges brought about by the loosening of restrictions on beef imports. We expect that, over the medium to long-term, SJAP will be a major revenue driver for the Company.

"In the meantime, we have made solid progress positioning our other segments for growth. In particular, we are pleased to have started planting 15 acres for Immortal Vegetables at JHST to advance our entry into the herbal tea market, which, if successful, should prove to be a lucrative source of revenue growth for the Company. To further diversify our product mix, we are also producing aromatic oils and passion fruit juice through this segment. Again, we are encouraged by these initiatives and believe our willingness to adapt to changing market conditions and implement growth strategies will drive our growth going forward. Moreover, at HSA our organic fertilizer segment, we are ramping production following the completion of the retrofitting of the production plant. This has led to steadily increasing revenues throughout the first half of 2018 and we expect this ramp to continue to contribute to sales growth throughout the remainder of the year.

"Furthermore, the seafood and meat trading business continued to demonstrate positively trending results on both a year-over-year and sequential basis. This segment is well positioned to leverage trends in the market as a result of our transition toward higher quality, and higher margin, products. China is short of seafood supply with demand increasing each year, as is reflected in our results."

Mr. Lee concluded, "While our top-line performance is not as strong as it has been in the past, several of our segments performed well and we have identified the factors restricting growth at SJAP and Capital Award. Tri-way, our investee aquaculture operation, continues to hold promise as a future growth driver, while management remains committed to securing additional financing.

"The Company underwent a major overhaul in 2017, shedding some businesses which had become unprofitable, rationalizing others, and introducing more stringent capital standards throughout. The first half of 2018 represents a transition to a smaller Sino Agro Food, but one with better-defined opportunities. We were left with some obligations befitting our former, larger size. We are working through these, and are confident enough about overall prospects to have announced a USD 0.05 per share dividend projected to be paid in the fourth quarter once all the regulatory requirements are met."