



Sino Agro Food Inc. Reports Q2 2016 Results

Revenue Increases 37% to USD 124.3M

Gross Profit Increases 37% with Stabilized Gross Margin of 24.1%

Earnings Per Share Increase 61% to USD .82

August 9, 2016

GUANGZHOU, China-- Sino Agro Food, Inc. (OTCQX: SIAF | OSE: SIAF-ME)

The Company is pleased to announce the following quarterly results ending June 30, 2016:

(USD M, except per share and margin data)	Q2 '16	Q2 '15	%
Revenue	124.3	90.9	37
Gross Profit	30.0	21.9	37
Gross Profit Margin	24.1%	24.1%	
Net Income attributable to SIAF	18.8	9.3	102
Earnings Per Share (USD) - fully diluted	0.82	0.51	61
Diluted weighted average number of shares (M)	23.6	18.1	30

Key Points

Summary Financials

- Revenue for the quarter ending June 30, 2016 increased by 37% (y-o-y) to USD 124.3M (90.9). Record high revenue from the sale of goods increased by 28% (y-o-y) to USD 105.0M (82.0), while revenue from project development and management fees increased by 118% to USD 19.3M (8.8). As compared to Q1 2016, revenue increased 73%, comprised of a 78% increase in sale of goods and a 52% increase in product development and management fees.
- Gross profit of USD 30.0M also increased 37% (y-o-y), with a sequential increase of 59% over Q1 2016.
- G&A expenses decreased by 33% (y-o-y), in Q2 2016 to USD 3.6M, or 2.9% of revenue versus USD 5.4M, or 5.9% of revenue in Q2 2015. Compared to Q1 2016, the decrease in G&A expense was USD 1.0M or 22%, equal to 2.9% of revenue versus 6.35%. Cost improvement was due to a decrease in office and corporate expenses, primarily for overseas professional services.
- As of June 30 2016, the Company had net working capital of USD 332.5M (274.7). The ratio of current assets to current liabilities stood at 10.4 to 1 (7.1 to 1).
- Stockholders' equity increased by 20% (y-o-y) to USD 515.6M (431.1) or USD 21.81 per share, based on the weighted average number of fully diluted outstanding shares in the quarter, an increase of USD .96 per share versus Q1, 2016.

Reestablishing Growth in Core Businesses

Improvements in overall revenue and gross profits stemmed mainly from solid sales performance in the following areas: value added processing of imported beef, concentrated livestock feed, aquaculture of finfish, new vegetable products, and trading of imported beef.

Recognizing that market conditions fluctuate for the protein food industry, this quarter's results present a solid baseline performance going forward, given the current mix of strong sales, stabilizing gross margins, and corporate level cost control.

- **Integrated Cattle (SJAP):** The Company continued to emphasize value added imported beef production while transitioning its herd of live cattle to premium lines. Q2 value added processing increased to 2,943 metric tons versus 2,177 in Q1 2016 and 1,822 in Q2 2015, resulting in a 58% (y-o-y) increase in gross profit to USD 6.6M. Gross profits for concentrated livestock feed increased 90% (y-o-y) to USD 1.8M driven by recognition of its quality and effectiveness by regional farmers. These areas supported an overall segment gross profit gain of USD 1.5M, or 17% on 6% higher revenue, overcoming a USD 1.8M decrease from the sale of live cattle. Live cattle sales prices were lower than the year earlier period, but recovered to 28 RMB/Kg, off their lows since the first quarter.
- **Aquaculture (CA):** Revenue from the sale of goods increased by 51% (y-o-y) to USD 28.9M (19.1), generating a 35% (y-o-y) gain in gross profit to USD 6.1M (4.5). Q2 seafood harvest volume grew 393% to 4,723 metric tons (1,202). The steep increase is explained by the harvest of 3,426 metric tons of mixed finfish, mainly highly demanded perch species and higher quality carp species. These are purchased when close to harvest size for final grow-out in RAS tanks. Compared to earthen open dam ponds, this aquaculture method improves taste and texture of the fish meat in a cost effective way. Mixed finfish generated revenue of USD 14.3M, almost 50% of total aquaculture sale of goods. The market recognized the superior quality and safety standards of RAS open dams and APM indoor systems. The average sales price of mixed finfish amounted to USD 3.80/kg and delivered 22% gross margins, a gross margin equal to eels and slightly higher than sleepy cod and prawns in the quarter. A grow-out period of only one to two months results in a high annual turnover of fish biomass, providing very satisfactory profitability on the investment made into RAS tanks and supporting facilities. The Company expects to maintain or increase production volume for these species throughout the year.
- **Seafood and Meat Trading:** Revenue increased by 153% (y-o-y) to USD 19.7M (7.8) with import volume growing to 1,518 metric tons (490). Gross margins averaged 11.5% creating a 161% (y-o-y) gain in gross profit to USD 2.6M (.9). Higher value crayfish and seafood were imported, as new supply channels began to come online. Sales of imported beef increased 233% (y-o-y) to USD 14.4M (4.3) as a result of the revolving Trade Credit Facility for the Shanghai Distribution Center.

Outlook and Subsequent Events

Operations

- **Integrated Cattle (SJAP):** Some imported higher priced cuts of deboned beef are being repackaged into market ready vacuum packs for sale in major markets. This segment is experiencing steady growth while further marketing and e-commerce plans are being developed simultaneously. The Company did not slaughter any locally produced meat in the quarter due to spot prices. However, with some easing of pricing pressure caused by the recent spate of heavy imports beginning to subside,

slaughter of locally produced beef is expected to begin in the late third quarter to fill orders, especially for Halal certified meats.

- **Organic Fertilizer (HSA):** The Company plans to stock cattle at HSA beginning in the late third quarter or early fourth quarter. A side attribute to a growing herd is the cost benefit provided to manufacturing fertilizer because more raw material is produced in-house, with less being purchased from outside sources.
- **Plantation (HU):** Weather conditions through the date of this release are similar to 2015. Accordingly, the Company expects similar results for the remainder of 2016.
- **Aquaculture (CA):** The gross profit from sale of goods from only Fish Farm 1 is calculated in the manner typically provided consolidated operations; that is, revenue less cost of goods sold. Gross profit derived from all other fish and prawn farms' operations is based on a standard mark up of between 10 RMB and 25 RMB per kilogram. Once the acquisitions of these farms are completed, both the standard mark-up of Capital Award and the typical farm mark-up will be included.
- **Prawn Farm 3** remains on track to commence commercial scale production during Q4 this year.

Carve-out Exercises

- **Aquaculture:** The Company has been working closely with one of the largest financial institutions in Southeast Asia toward securing debt financing and initiating an IPO exercise for the Tri-way carve-out for the purposes of acquiring farm assets and rights to Fish Farm 1 and Prawn Farms 1, 2, and 3, in addition to the development and acquisition of assets and rights to Prawn Farm 4 and subsequent related future farm developments. The additional time needed to complete this exercise serves both the lending institution's as well as the Company's better interests since a combination of debt financing and pre-IPO funding is anticipated to secure the majority of funding necessary to complete the acquisition, providing adequate security for both parties while accelerating development and improved revenue streams through both project development services and subsequent product sales. The Company anticipates closing on the loan some time within later Q3 or early Q4 2016.
- **Beef and Cattle (SJAP):** The Company has been working closely with well regarded Securities Firms, a CPA firm and a China Law firm, to carve out and list SJAP through the National Equities and Exchange and Quotations Board ("NEEQ"), which operates the National Third Board exchange in China. The following are major milestones categories, with time targets estimated on a best efforts basis:
 1. Complete the acquisition as soon as practical of a Xining based cattle and beef company to expedite and advance SJAP's next expansion in value added processing.
 2. Incorporate internal controls; undertake an internal audit, and complete related other related financial matters including taxation issues in accordance with the rules and regulations of the Security Commission of China and the China Accounting Standards Board, targeting the end of October.
 3. Complete company restructuring of SJAP into a share capital company with arrangements that will allow participation of foreign shareholders, targeting the end of November.
 4. Complete related legal and prospectus work, etc., within the month of December for submission to NEEQ within Q1 of 2017.

CEO Commentary

Summarizing the quarter, Sino Agro Food's Chairman and CEO Solomon Lee comments, "I am very pleased with operations in the second quarter. We are seeing some improvement in the underlying adverse external circumstances particularly evident in the first quarter. More importantly, we have successfully navigated to deliver positive results even when facing challenges.

"Within SJAP, transitioning the revenue focus to value added processing has now reestablished a growth curve, overcoming the severe drop in prices for domestic live cattle, while maintaining important relationships. Meanwhile, further acceptance of our livestock feeds is currently driving higher volumes of traditionally high margin products. We are well positioned to add incremental profits by replacing low margin live cattle sales with higher margin sales of premium Wagyu cattle and 550-day grain fed Angus cattle, when the herd transition yields market-size cattle in 2017 and 2018.

"Within the Aquaculture segment, we have shifted product mix to successfully overcome the short supply eel elvers. This quarter, stocking RAS open dams and APM tanks with finfish, purchased when close to harvest size for final grow-out proved successful. We will continue procuring mature finfish for final grow-out as long as this window of opportunity in the Pearl River Delta provides superior profitability to alternatives.

"During the quarter, we saw the Trading segment realize the significant revenue boost we envisioned when we first built the Shanghai Distribution Center, and then procured the credit facility to provide sufficient working capital. We've supplied very high quality imported products in both seafood and beef. As reception continues to broaden, this business shows sustainable growth characteristics for a reliable 10% to 14% margin business.

"The evolution of the trading business is instructive. The fruits of our efforts, including obtaining financing necessary to ultimately accelerate meeting production goals, are now being realized.

"Those efforts were not unlike current efforts to accelerate production at Prawn Farm 3 and Prawn Farm 4, ultimately designed to speed and enhance the value of the aquaculture carve-out. We remain highly confident about closing a debt facility for the Aquaculture (Zhongshan Prawn) Project.

"All our businesses demonstrated solid performance throughout the quarter. Though each was presented with different challenges, each was profitable, each arriving at competitive margins. We believe these margins are sustainable, given our continued operational flexibility and moderately consistent external conditions, let alone some positive signs we are beginning to see. Individually, our businesses are poised for organic growth; collectively, they provide a solid core backdrop to add facilities, seek acquisitions and enhance scale.

2016 Second Quarter Report

For detailed segment operational performance and developments, please take the time to read our latest 10-Q filing, or refer to the interim report posted to the Company website: [2016 Q2 Interim Report](#)

Earnings Call Information

The Company will host an earnings call on Thursday, August 25, 2016 at 10:00 AM EDT/4:00 PM CET to discuss quarterly financial results, with questions and answers. To participate in the conference call please use the following information:

SIAF 2016 Q2 Results Call Information

Date: August 25, 2016

Time: 10:00 AM, EDT/4:00 PM CET

Participant Dialing Instructions:

SE: +46 8 5059 63 06

NO: +47 23 50 05 59

US: + 1 (866) 928-7517

UK: +44 203 139 48 30

CN: +86 400 681 54 21

Conference Pincode

33780765#

The earnings call will also be available over the web.

To access, click the following link: [Sino Agro Q2 2016 Earnings Call](#)

About Sino Agro Food, Inc.

Sino Agro Food develops and operates protein food production facilities in the People's Republic of China. 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. The Company 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 429 million in 2015. Operations are located in the provinces of Guangdong, Qinghai, Hunan, and 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.

News and updates about Sino Agro Food, Inc., including key information, are published on the Company's website (<http://www.sinoagrofood.com>), the Company's Facebook page (<https://www.facebook.com/SinoAgroFoodInc>), and on twitter @SinoAgroFood.

Forward Looking Statements

This release may contain forward-looking statements relating to the business of SIAF and its subsidiary companies. All statements other than historical facts are forward-looking statements, which can be identified by the use of forward-looking terminology such as "believes," "expects" or similar expressions. These statements involve risks and uncertainties that may cause actual results to differ materially from those anticipated, believed, estimated or expected. These risks and uncertainties are described in detail in our filings with the

Securities and Exchange Commission. Forward-looking statements are based on SIAF's current expectations and beliefs concerning future developments and their potential effects on SIAF. There is no assurance that future developments affecting SIAF will be those anticipated by SIAF. SIAF undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

No Offer of Securities

None of the information featured in this press release constitutes an offer or solicitation to purchase or to sell any securities of Sino Agro Food, Inc.

Contacts

Peter Grossman

Investor Relations

+1 (775) 901-0344

info@sinoagrofood.com

Erik Ahl

Nordic Countries

+46 (0) 760 495 885

erik.ahl@sinoagrofood.com