

**QUARTERLY REPORT FOR
PERIOD ENDED
JUNE 30, 2010**

SINO AGRO FOOD, INC.

**GZ Office: Unit 11, 37/F
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Tianhe District
Guangzhou 510610
China**

Federal ID No.: NV19741004142

CUSIP No.: 829355106

ISSUER'S EQUITY SECURITIES

**100,000,000 Shares of Common Stock authorized, par value \$0.001 per share
53,241,016 Common Shares issued and outstanding
10,000,000 Shares of Preferred Stock authorized, par value \$0.001 per share
No Shares outstanding**

**SINO AGRO FOOD, INC.
 QUARTERLY REPORT
 JUNE 30, 2010**

All information in this Quarterly Report has been compiled to fulfill the disclosure requirements of Rule 15c2-11 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The enumerated items and captions contained herein correspond to the format as set forth in that rule.

Forward-looking Statements

This Quarterly Report contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements represent the Company's expectations or beliefs concerning future events. The words "believe," "expect," "anticipate," "intend," "estimate," "project" and similar expressions are intended to identify forward-looking statements. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including without limitations, the factors described in this Quarterly Report.

Investors are cautioned not to place undue reliance on such forward-looking statements because they speak only of the Company's views as of the statement dates. Although the Company has attempted to list the important factors that presently affect the Company's business and operating results, the Company further cautions investors that other factors may in the future prove to be important in affecting the Company's results of operations. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item I. The exact name of the issuer and its predecessors (if any):

The exact name of the issuer is: **Sino Agro Food, Inc.**

The issuer's exact name of its predecessor in the past five (5) years:

<u>Formerly</u>	<u>Date changed</u>
Sino Agro Food, Inc.	October 2007 (Current name)
A Power Argo Agriculture Development, Inc.	August 2007
Volcanic Gold, Inc.	August 2007

Item II. Shares outstanding:

As of August 1, 2010, there were 53,241,016 shares of the Company's Common Stock issued and outstanding.

Item III. Interim financial statements:

The Company's financial statements for the period ended June 30, 2010 are attached hereto.

Item IV. Management's discussion and analysis or plan of operation:

Forward Looking Statements

Statements made in this Quarterly Report, including without limitation this Management's Discussion and Analysis of Financial Condition and Results of Operations, other than statements of historical information, are forward -looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Private Securities Litigation Reform Act of 1995 is not available to us as a non-reporting issuer. Further, Section 27A(b)(2)(D) of the Securities Act and Section 21E(b)(2)(D) of the Securities Exchange Act expressly state that the safe harbor for forward looking statements does not apply to statements made in connection with an aim for initial public offering at later days to be announced. These forward-looking statements may sometimes be identified by such words as "may", "will", "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative or other variations, or by discussions of strategy that involve risks and uncertainties. We believe it is important to communicate our future expectations to investors. However, these forward-looking statements involve many risks and uncertainties. Our actual results could differ materially from those indicated in such forward-looking statements as a result of certain factors. We are under no duty to update any of the forward-looking statements after the date of this Quarterly Report to conform these statements to actual results. Factors that may cause actual results, our performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include without limitation:

- International, national, and local general economic conditions;
- Our ability to sustain, manage, or forecast growth;
- Our ability to successfully make and integrate acquisitions;
- New product development and introduction;
- Existing government regulations and changes in, or the failure to comply with, government regulating statements;
- Our ability to attract and retain management, and to integrate and maintain technical information and management information systems;
- Our ability to raise capital when needed and on acceptable terms and conditions;
- The intensity of competition; and
- General economic conditions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes, and other financial information included in this report.

Information from Management

We expect our audit reports for the fiscal years ended December 2008 and 2009 to be finalized and issued by our Auditor in the near future. A review of our financials for the twelve months ending June 30, 2010 is currently being carried out with our auditor; however the Audited reports and review will not be complete

prior to the issuance of this Quarterly Report.

Overview

We are an agriculture company aiming at the production of organic produce and high quality dairy products.

Currently we are generating revenues from three divisional businesses as follows:

“The Fishery” means the combination of Capital Award Inc. and SIAF’s China operation. Capital Award is currently engaged in modern fishery project management and consultancy services. We provide consulting and management services to fish farms that are adopting the A Power Technology (“APT”).

“The Dairy” means the combination of Hang Yu Tai Investment Limited and ZhongXingNongMu Co. Ltd. This is a dairy farm operation, including sales of fresh liquid milk, dairy products, fertilizer, livestock feed and cattle since 2006.

“The Plantation” means the combination of Macau Eiji Company Limited and HangSingTai Agriculture Development Co. Ltd. The plantation operations include the growing and processing of HU Plants including sales of fresh and dried HU flowers and value added processed HU Flowers.

“The Beef” means the combination of HangSingTai Agriculture Development Co. Ltd. and SanJiang A Power United Agriculture Co. Ltd. The beef operations are manufacturing and beef cattle farming, which includes the sales of bio-organic fertilizer, livestock feed and beef cattle. We anticipate revenue and sales to be generated starting from this fiscal year ending June 30, 2011.



From Our Dairy operation, we produce and sell Fresh Liquid milk, livestock feed, fertilizer and beef cattle in ratio of 85%, 10%, 4% and 1% of our total dairy’s revenue \$18,084,045 respectively as at end of our fiscal year 2009. Whereas 99% of fresh liquid milk produced in 2009 were sold to the bigger value added dairy products manufacturers of the Country, but we contracted with a value added manufacturer situated within the Fenling District to manufacture a few lines of dairy products in the last quarter of 2009 under our own label of “Green and Natural” that are being sold in two super market chain stores in the Beijing City and their sales are achieving steady flow of demands.

Our marketing plan with the dairy set for 2010 is to maintain the sales up to 90% of our Fresh Liquid Milk production to the value added manufacturers and to keep the balance of 10% for the manufacturing of our “Green and Natural” labeled dairy products to be sold domestically as well as to the oversea markets (i.e. Singapore, Malaysia and middle east countries), with the aim to increase the production and sales of dairy products to utilize up to 25% of our total fresh liquid milk production by year ended 31st December 2013. As the sales of Dairy Products have better profit when compares to the sales of fresh liquid milk, (i.e. almost twice the earnings as in sales of fresh liquid milk), such that, our management is confident that the gradual increase of dairy product sales will increase our overall net earnings eventually. The reason of why we do not intend to increase our dairy product production and sales much quicker is that we are only a small producer with limited marketing resources when compare to some of the bigger dairy product manufacturers of the Country whom we sold our fresh liquid milk to, as such, we don’t want to be seen as their direct competitor in the area of dairy product sales but merely as a diversified marketing plan of the company to generate slightly better profit margin.

Livestock feed manufacturing is an important link in our business operation, the more land that we can develop to plant more raw materials will reduce our manufacturing cost on our Livestock feed and in term lower our fresh liquid milk’s production cost, and, will also govern our rate of growth. It is because our company’s policy is to produce high quality standard organic milk such that we only use raw materials produced from our contracted growers using mostly our developed land and our organic fertilizer to fertilize their crops to ensure of their organic originality. Therefore the availability of the supply of livestock feed in term will determine how many cows that we should have in our dairy which is rather different to the general situation within the dairy industry that are having cows before sourcing for livestock feed. (i.e. In general, a mature cow takes up to 6 tons of livestock feed per year,

so, if we are to maintain the milking of 4,500 cows for 2010, we shall have a minimum of 27,000 tons of livestock feed, and in this respect, our livestock feed holding capacity currently has been established to store up to 40,000 Tons per year.)

The Table below shows the summarized performance and records of 2009 and their corresponding projections for 2010:

Description	Year 2009 (Actual records)	Year 2010 (Projections)
Land that are producing crops for making of livestock feed (Productive land)	1,000 acres	1,250 acres
Number of milking cows being milked (productive cows)	3,500 heads	5,123 heads
Number of standing by milking cows to replace the non-productive cows	1,250 heads	1,600 heads
Average of productivity / productive cow	6.8 MT /head/ year	7.2 MT / head/ year
Average of fresh milk sales prices	US\$643 / MT	US\$643 / MT
Average of dairy products' sale prices	US\$1,843 / MT	US\$1,563 / MT
Average of sales prices of Livestock feed For internal usage (at cost) For external sales	US\$37 / MT US\$56 / MT	US\$37 / MT US\$56 / MT
Average of revenue generated per productive cows	US\$4,393 / Cow / year	US\$4,630 / cow / year
Average of revenue generated per productive acre	US\$1,809 / acre / year	US\$2,286 / acre / year
Average raw materials cropped for making of livestock feed; Internally used by own cows <u>Externally sales to regional farmers</u> Total crops	24,750 MT 15,840 MT 40,590 MT	35,538 MT 27,545 MT 63,083 MT
Total production of fresh milk	23,905 MT	36,885 MT
Sales components in % and amounts of sales for Fresh Milk Dairy Products Livestock Feed <u>Others (combination of fertilizer and cattle)</u> Total Revenue of sales	US\$15,374,776 (85%) US\$723,519 (4%) US\$1,808,797 (10%) <u>US\$180,880 (1%)</u> US\$18,087,972.	US\$23,716,836 (83%) US\$1,428,725 (5%) US\$2,857,450 (10%) <u>US\$571,490 (2%)</u> US\$28,574,501.
Gross Profit Margins based on sales of Fresh Milk Dairy Products Livestock Feed Others (combination of fertilizer and cattle)	51% 57% 17% 15%	51% 51% 18% 15%

- From our Plantation operation; out of the plantation's land holding, 285 mu (approximately 47 acres) and 252.3 mu (approximately 41.5 acres) were planted with HU Plants in late 2007 and early 2008 respectively. Therefore the planted HU plants reached three years and two years old respectively. There were only 100 mu (equivalent to

16.5 acres) of HU Plants planted in 2009 as we devoted much of our time and effort on the development of the drying and processing facilities last year.

As explained earlier that, a HU Plant normally takes three years to reach maturity which means that:

- Year 1 plants yield only about 10% of green flowers, as compared to the matured plants.
- Year 2 plants yield about 50% of green flowers, as compared to the matured plants.
- Year 3 fully matured plants yield an average of 100,000 to 120,000 green flowers per year per mu (or 600,000 to 720,000 pieces per acre per year) over the next 25 years, the average production life span of a HU plant.

In 2009, we have a total of 179 acres of HU plants Planted and by July 30, 2010 the total planted acres was increased to 187 acres. The table below shows their performances / records and corresponding projection for 2009 and 2010 respectively:

Description	Year 2009 (Actual records)	Year 2010 (Projection)
New Planting	88 acres	10 acres
Year 1 plants	42 acres	88 acres
Year 2 plants	47 acres	42 acres
Year 3 and above plants	0 acre	47 acres
Total land planted with HU Flowers	179 acres	187 acres
Total Harvests of fresh flowers	16,740,000 pieces	52,272,000 pieces
Average of weight per piece of flower	250 gram	270 gram
Conversion rate of fresh flowers to Dried flowers	8.16 Kg. (of flowers) to 1 Kg. of (dried flowers).	8 Kg. (of fresh flowers) to 1 Kg. of (Dried Flowers)
Averaged sales price of fresh flowers	US\$0.103 / piece	US\$0.103 / piece
Averaged sales price of dried flowers	US\$5,605 / MT	US\$6,785 / MT
Average sales price of value added flowers	No sales	US\$0.35 / piece
Revenue and % of sales from sales of :		
Fresh Flowers	US\$172,832. (10%)	US\$308,389 (5%)
Dried Flowers	US\$2,586,796 (90%)	US\$10,772,427 (90%)
Value added flowers	0%	US\$914,760 (5%)
Gross Profit % of sales of	72%	66%

We anticipate Year 2010 to be a good year, and our plantation expects a total harvest of no less than 50 million pieces of green flowers, out of which, we intend to process up to 5% of our total harvest into value added HU Flowers Products (i.e. pickled, salted and / or oil brined and vinegar added products etc.).

It is because the shelve-life of the fresh green flowers is short such that they must be sold and used within three days from day of harvest, such that, the fresh green flowers are dried quickly and stored to be sold right through the winter until July of next year (when the new season begins) with limited sales for the fresh flowers.

Their corresponding conversion rate from fresh to dried flowers is normally at an average of 8 Kg of fresh flowers to 1 Kg. of dried flowers with the moisture content of the dried product at an average of 15 to 20%. The fresh green flowers, on an average, are weighing out between 250 to 300 grams per flower subjecting to seasonal variations and maturity of the plants. We did not have enough drying facilities in 2009 to dry all of our harvested flowers such that majority of the drying in 2008 and 2009 were contracted to regional processors with a small portion that was done by our newly installed drying facilities. However this 2010 season we are confident that we shall be able to dry up to 90% of the projected 50 million pieces of fresh green flowers harvested in 2010.

The demands on the dried flowers are extremely high such that we have regular wholesalers waiting to collect our dried flowers soon after we have them dried without us having to deliver them. Therefore, up to now we do not need to build big holding facilities to store our dried flowers however we intend to do so later on in 2010 to ensure that we shall capture part of the higher wholesale prices available during the winter months.

From the Fishery operation; in 2010, we shall have built our first fish farm on or before the end of September 2010, and through its service contract of US\$3.5 million to develop a APM fish farm of 500 Tons of annual

production capacity, we are projecting to gross anywhere up to US\$2 million in gross profit resulting from the sales of plants and equipment, consulting services, designs and engineering services, training of personnel, and related supervising and installation services etc. In this respect, we shall perform a lot better than in 2009, and also expecting that once when other regional fish farmers have a chance to visit the said fish farm, it is very likely that, further contracts will be generated before the end of year 2010.

We are also anticipating that, fish sales of the said farm will commence within July 2010 whereby in the interim, we intend to take up equity interest in the Sino Joint Venture Company that will be the owner and operator of the said farm such that we shall gain further income from the sales of fish of the said farm.

Our planned business strategy is the combination mentioned below;

- * Firstly, incomes will be generated from the referred services contracted to APM fish farm developers.
- * Secondly, incomes will be generated through sales of fish and fish products of the APM Fish Farms.
- * Thirdly, incomes will be generated via a marketing net work that will be developed by us to market all of the APM fish farms' fish and fish products under our designed labels and brands.

Subsequent events:

On January 15th, 2010, we executed a service and consulting contract with a group of Chinese businessmen to build a Fish Farm in the City of Enping, Guangdong Province, the PRC using the APT RAS. There is an option in the aforesaid Agreement for the Company to take up to 20% equity interest in a newly formed sino-foreign joint venture company for the purposes of development, operation and ownership of the fish farm, with a further option for the Company to take up more equity interest in the new entity at a later time.

The farm in Enping is being designed to have a production capacity of 500 metric tons of fish per year. We shall provide services amounting to about U.S.\$3.5 million, includes the APT sub-license fees of U.S.\$400,000, supply part of the plant and equipment up to U.S.\$2,500,000, supervision and consultancy in the building of the farm structure, the grow out tanks and related installation, training of workers and other associated professional services amounting to US\$600,000. The Chinese businessmen are funding this capital development amount.

The species of fish intended to be grown in the Farm will be the "Sleepy Cod", which is a Chinese species in demand in the local market. It commands average wholesale price of US\$27.00 (live fish) per kilogram (recorded on June 21, 2010).

The latest development schedule are as follows::

- Construction of the farm building was commenced since July 15, 2010;
- Construction of the grow out tanks was commenced from August 1, 2010;
- Targeted completion of construction of farm building and tanks on or before September 30, 2010; and
- First Income from sales of fish is aiming at on or before July 1, 2011.

The table below shows our assumption, derivation and related projection for revenues generated in 2010 and 2011 of our fishery operation:

Description	Year 2010 (Partly recorded)	Year 2011 (Projection)
Revenue to generated from		
1. Service and supply contracts to build A Power Modular Fish Farms (APFF)	1 APFF	4 APFF
Unit contracted price of an APFF	US\$3,500,000.	US\$3,500,000
Projected revenue generated from Service and Supply contracts	US\$3,500,000	US\$14,000,000
2.		

ales of Fish of the APFFs		
Productivity / APFF	250 MT / year / APFF	250 MT / APFF / year
Total Productivities	0 MT (construction)	250 MT (from 2010's APFF)
Average of sales price of fish	US\$25,000 / MT	US\$25,000 / MT
Projected Revenue generated from sales of fish	0	US\$6,250,000.
Gross Margin in % of sales based on		
Service and supply contracts	65% of sales	65% of sales
Sales of fish	60% of sales	60% of sales

From the Beef operation; Although up to June 30, 2010 Sanjiang A Power, (our beef operation company), was still in developing stage, but subsequently as at July 31, 2010 it has sold 2,500 tons of organic fertilizer and 2,000 tons of Livestock feed which was on target within Sanjiang A Power's business plan. The Huangyuan district where Sanjiang A Power's operation is situated, has experienced the worst rainy season of the past 1,000 years whereby 2,000 Mu out of our total 7,000 Mu raw material crops planted for this season has been rain affected, such that we are expecting that there will be a reduction of livestock feed being manufactured from our targeted 30,000 tons to 20,000 tons in 2010.

However, the interesting part of our agriculture business is that, no sooner than we started to worry about our targeted performance of 2010 due to the said rainy affect, the sky opened with another opportunity that our organic fertilizer found an alternative market in the Hunan Province that will potentially increase our fertilizer's gross profit by 2 times (from RMB500/ton to RMB1,000/ ton). In this respect, there is market niche for a specific combined fertilizer, (our organic fertilizer added with higher content of potash), in Hunan Province. Within close proximity of Huangyuan District, there is a potash mine producing potash at the lowest cost in the Country, where we shall source potash from to produce the said combined fertilizer at a very comparable price to give us the referred extra profit.

As at July 31, 2010 we completed the construction of our first 6 beef cattle houses that will house up to 120 heads of cattle for fattening purposes to serve as our demonstration units. These houses were built in accordance with the latest modern designs provided by the Agriculture Department's research and development department specially to suit cattle growing conditions at regional districts of the Qinghai Province and they are environmental friendly. We intend to build a total of 29 cattle houses in our property within 2010 aiming at a total out-put of 5,000 heads of cattle per year at our property based on the growth period of 6 months per head (meaning that the maximum housing facility will be at 2,500 heads at a six months interval). As such by 2012, we will need to have enough external breeders to help rear the extra 5,000 heads of beef cattle projected for 2010's Operation.

Our strategy plan for the fattening of beef cattle operation is that, within year 2011, fattening operation within its own property will be leased out to the regional farmers on following terms and conditions:

- Our cattle houses (23 of them) will be leased out to the regional farmers who will have the option to lease up to 4 houses at a time, such that they will supply their own young cattle for fattening and they will manage their respective operations.
- We will provide all associated in-house facilities and services (i.e. veterinary service, utilities, laboratory analysis, ration and nutrient formulated mixing machines, etc.) and supply the livestock feed ("the Farmers' cost") and marketing of their grown up beef cattle.
- The breeders will grant us the first option to buy all grown up cattle stocks from them and in the event that they decide to sell to other buyers, such sales will be conducted through our account so that the Farmers' cost will be deducted from the proceeds of sales.

By Year 2012 Operation, similar concept will be adopted with the external breeders. However, the selected external breeders must build their cattle houses in accordance with our designs and guidelines and manage the grow-out operation under our designed management system to be qualified. We plan to grant financial assistance to the qualified breeders, if necessary.

Therefore our Beef operation's revenues will be generated from the following activities:

- Manufacturing and sales of organic and combined fertilizer.
- Manufacturing and sales of Livestock feed.
- Farm services provided to the breeders.
- Marketing and sales of beef cattle.

Table below shows our assumption, derivation and projections for 2010 and 2011 of the Beef Operation:

Description	Year 2010 (partly recorded)	Year 2011 (Projection)
Production of		
Bio-organic Fertilizer	10,000 MT	20,000 MT
Livestock Feed	30,000 MT	60,000 MT
Beef Cattle	250 heads	5,000 heads
Enzyme	0	3,687 Kg.
Sale components in % of total sales		
Bio-organic Fertilizer	31%	14%
Livestock Feed	59%	28%
Beef Cattle	10%	47%
Enzyme	0%	11%
Average of sales prices		
Bio-organic Fertilizer	US\$125 / MT	US\$125 / MT
Livestock Feed	US\$80 / MT	US\$80 / MT
Beef Cattle	US\$1,622 / head	US\$1,622 / MT
Enzyme	0	US\$3,678 / MT
Sales Revenue components in US\$		
Bio-organic Fertilizer	US\$1,253,687.	US\$2,500,000.
Livestock Feed	US\$2,389,381.	US\$4,800,000
Beef Cattle	US\$405,605.	US\$8,110,000
Enzyme	0	<u>US\$1,843,638</u>
Total Revenue	US\$4,048,673	US\$17,253,658
Gross Margins based % on sales of		
Bio-organic Fertilizer	59%	59%
Livestock Feed	31%	31%
Beef Cattle	8%	8%
Enzyme	0%	65%
Other Incomes (based on Government grants and subsidies;	US\$884,956	US\$1,769,912
Provisional Capital Expenditures on Operational assets;		
Purchase of additional land (based on 6 acres)	US\$0	US\$720,000
Renovation and refurbished of cattle houses	US\$309,735	US\$1,187,316.
Construction and renovation of fertilizer factory	US\$1,050,000	US\$0
Construction and renovation of livestock feed manufacturing factory	US\$590,000	US\$472,000.
Construction of Enzyme manufacturing factory	US\$0	US\$750,000.

Associated plants and equipment	US\$630,985.	US\$721,239.
New corporate office	US\$201,493.	US\$464,602.
<u>Capital development funds employed in 2009</u>	<u>US\$2,156,962.</u>	<u>US\$0</u>
Total Capital expenditures	<u>US\$4,938,815</u>	<u>US\$4,315,157</u>
Expected financings on the capital expenditures;		
1. Registered Capital (in 2009)	US\$1,400,000.	0
2. Additional Capital funded in 2010	US\$756,962.	0
3. Additional Capital to be funded in 2010	US\$1,843,038.	0
4. Proceeds from long term loan debts (based on Agriculture Bank loan at 1% interest, 30 years tenure and secured against our Huanyuan Property of our project)	US\$0 US\$2,378,181.	US\$6,500,000 US\$6,202,511.
5. Net Earnings	<u>US\$19,067.</u>	<u>US\$312,579.</u>
6. <u>Depreciation and amortization</u>	<u>US\$4,554,210</u>	<u>US\$13,015,090.</u>
Total funding in In-flow		

Results of Operations

Consolidated Results of Operations

(A) Fiscal 2009 Compared to Fiscal 2008

Revenues

Revenues increased by \$5,536,371 or 34.19% to \$21,725,839 for the year ended December 31, 2009 from \$16,189,467 for the year ended December 31, 2008. The increase was primarily due to higher fresh liquid milk prices and higher productivity of cows as they became more mature in the dairy's operation. And in the Plantation operation, there were higher yield from the HU Plants when majority of them are reaching two years old (as explained in our overview above)

The following chart illustrates the changes by category from the year-ended December 31, 2009 to December 31, 2008.

Category	2009	2008	Difference
Fishery	\$ 726,702	\$ 562,497	\$ 164,205
Dairy	18,084,045	14,388,014	3,696,031
Plantation	2,915,091	1,238,956	1,676,135
Beef	0	0	0
Totals	\$ 21,725,839	\$ 16,189,467	\$ 5,536,371

Cost of Goods Sold

Cost of goods sold increased by \$1,437,783 or 18.09% to \$9,385,442 for the year ended December 31, 2009 from \$7,947,659 for the year ended December 31, 2008. The increase primarily due to increase of sale's revenue and reduction on direct production cost as our operations are gradually moving into the efficient economical scale of operation.

The following chart illustrates the changes by category from the year-ended December 31, 2009 to December 31, 2008.

Category	2009	2008	Difference
Fishery	\$ 0	\$ 0	\$ 0
Dairy	8,578,651	7,553,002	1,025,649
Plantation	806,790	394,656	412,134
Beef	0	0	0
Totals	\$ 9,385,442	\$ 7,947,659	\$ 1,437,783

The gross profit by category is as follows:

Category	Years-ended December 31,	
	2009	2008
Fishery	726,702 (100%)	562,497 (100%)
Dairy	9,505,394 (52.56%)	6,835,012 (47.5%)
Plantation	2,108,301 (72.32%)	844,300 (68.15%)
Beef	0	0

Depreciation and Amortization

Depreciation and amortization increased by \$254,093 or 42.76% to \$848,251 for the year ended December 31, 2009 from \$594,158 for the year ended December 31, 2008. The increase was primarily due to full year amortized sum of \$364,319 being charged on the “Live stock feed manufacturing” technology instead of 3 months of amortized sum of \$91,080 being charged on the said technology in year ended December 31, 2008.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (excluding depreciation and amortization) decreased by \$158,083 or 6% to \$2,473,482 for the year ended December 31, 2009 from \$2,631,565 for the year ended December 31, 2008. The decrease was primarily due to better control on the overall expenses of the corporate sector to \$648,362 during year ended December 31, 2009 from \$808,472 in year ended December 31, 2008.

Category	2009	2008	Difference
Office and corporate expenses	\$ 648,362	\$ 880,472	\$ -232,110
Wages and Salaries	\$ 1,018,757	\$ 1,008,487	\$ 10,270
Office Rentals	\$ 87,936	\$ 63,320	\$ 24,616
Traveling and related lodging	\$ 74,827	\$ 84,769	\$ -9,942
Motor vehicles and local transportation	\$ 20,646	\$ 20,160	\$ 486
Entertainments and meals	\$ 151,090	\$ 147,298	\$ 3,792
Financial charges and expenses	\$ 471,864	\$ 426,609	\$ 45,255
Sub-total	2,473,482	2,631,565	-158,083
Depreciation and amortization	\$ 848,251	\$ 594,158	\$ 254,093
Total	\$ 3,321,733	\$ 3,225,723	\$ 96,010

Other Income

Other income decreased by \$3,666,508 or 100% to \$16 for the year ended December 31, 2009 from \$3,666,524 for the year ended December 31, 2008. The decrease was primarily due to an extra-ordinary gain from sales of investment assets of \$3,604,441 for year ended December 31, 2008, whereas there was no extra-ordinary gain for the year ended December 31, 2009.

Impairment Loss (Good will)

Good Will Impairment Loss decreased by \$293,403 or 100% to \$0 for the year ended December 31, 2009 from \$293,403 for the year ended December 31, 2008. The decrease was primarily due to the increase of earnings to \$1,460,910 of the Plantation in year ended December 2009 from earnings of \$288,827 in year ended December 31, 2008, that effectively ceased further good will impairment losses on the Plantation in year ended December 31, 2009.

Income Taxes

There was no income tax payable in year ended December 31, 2008 and 2009.

Cash provided by operating activities totaled \$3,193,732 for the year ended December 31, 2009. This compares with cash provided by in operating activities of \$7,052,074 for the year ended December 31, 2008. The decrease in cash flows from operations primarily resulted from following activities:

There was debt derived from the disposal of unconsolidated equity investee of \$(3,604,441) in 2008 whereas there was no such event in 2009, and, changes in operating liabilities to \$(5,292,953) in 2009 from operating assets of \$1,941,291 in 2008.

Cash used in investing activities totaled \$2,272,530 for the year ended December 31, 2009. This compares with cash used in investing activities of \$6,342,792 for the year ended December 31, 2008. The decrease in cash flows from investing activities primarily resulted from there was proceeds of US\$4,405,000 from disposal of unconsolidated equity investee in 2008 whereas there was no such event in 2009.

Cash used in financing activities totaled \$449 for the year ended December 31, 2009. This compares with cash provided by in financing activities of \$447,498 for the year ended December 31, 2008. The decrease in cash flows from financing activities primarily resulted from there was no repayments of short term debt in 2009 compares to the repayments of short term debt of US\$2,275,812) in 2008.

Off Balance Sheet Arrangements

At December 31, 2009, we had no off balance sheet arrangements or guarantees of third party obligations.

OTHER SIGNICICANT TRANSACTIONS THAT AFFECT CASH/LIQUIDITY:

Seasonal Factors Affecting our Operations

In China, winter season is from mid-November to mid-March. The Chinese lunar year holiday falls during this period in February each year. During the Chinese lunar holiday, Chinese workers take a 30-day holiday (although the Government's official holiday period is for 10 days). The months of March and April are the times for ground preparation and seedling for the new season.

These seasonal factors have certain influences on our overall operations explained as follows:

- **The Dairy** - We are able to produce a stable quantity of fresh liquid milk year round as our cows are on a rotational system where we maintain a number of "stand-by" cows to ensure consistent fresh liquid milk production. The raw materials for our livestock feed manufacturing sector are harvested and stored during September each year and sales occur primarily from October through December, which creates a large increase in sales revenue during the last quarter of the year. (i.e. livestock feed revenue was US\$7,204,995 for the three months ended December 31, 2009 compared to livestock feed revenue of US\$3,685,058 for the three months ended September 30, 2009).

- **The Plantation** - The HU flowers' harvesting season is from July to the end of October. During this time, the bulk of our freshly harvested flowers are dried and stored. Although the dried flowers are sold year round, the bulk of sales are from November to June each year. In general, we sell the dried flowers at their highest prices from April through June. During 2009, we did not have enough dried flowers to store

and sell throughout the entire year and our harvest was sold by the end of December. However, we expect our 2010 harvest to be more than three times the volume of our 2009 harvest (i.e. we expect 50 million pieces of fresh flowers in 2010 compared to approximately 16.5 million in 2009) and our target is to store enough dried flowers during 2010 to smooth our annual sales through the year, rather than experiencing the bulk of our sales during the fourth quarter, as in 2009.

● **The Fishery** – As discussed previously, during 2010 we expect to complete the construction of our first APM Fish Farm in China. We were unable to complete the construction sooner due to the following reasons:

- (1) Building costs and imported costs of plants and equipment were at their highest in China during 2008 and the early months of 2009.
- (2) It was not until after the first six months of 2009 that we finalized our investigations and tests to enable the manufacture of parts and components for our fishery plants and equipment. By waiting, we were able to experience substantial cost savings while obtaining durable quality standard components as compared to the imports.
- (3) It was not until recently that we were able to develop a management system that will provide enough security in our farm operation to protect our technology from being pirated.

(B) Half yearly comparison for fiscal year ended December 31st, 2009 and June 30th 2010 presented with Quarterly results, information and analysis.

The following charts illustrate the changes by category of the quarters for fiscal year ended December 31, 2009 to fiscal year ended June 30, 2010.

Revenues

Category				Q1	Q2	Sub-total	Q3	Q4	Total
						1st half			yearly
2009									
	Fishery			413,650	313,052	726,702	-	-	726,702
	Dairy			3,662,403	3,535,515	7,197,918	3,685,058	7,204,996	18,087,972
	Plantation			-	151,537	151,537	931,933	1,827,695	2,911,165
	Beef			-	-	-	-	-	-
	Total fiscal year 2009			4,076,053	4,000,104	8,076,158	4,616,991	9,032,691	21,725,839
2010									
	Fishery			250,000	395,531	645,531			
	Dairy			3,837,683	8,687,057	12,524,740			
	Plantation			-	-	-			
	Beef			-	-	-			
	Total fiscal year 2010			4,087,683	9,082,588	13,170,271			
Difference (2010 / 2009)									
	Fishery			-163,650	82,479	-81,171			
	Dairy			175,280	5,151,542	5,326,822			
	Plantation			-	-151,537	-151,537			
	Beef			-	-	-			
	Total differences			11,630	5,082,484	5,094,114			

Revenues increased by \$5,094,114 or 68% to \$13,170,210 for the 1st half year ended June 30, 2010 from \$8,016,158 for the 1st yearly ended June 30, 2009. The increase was primarily due to an adjustment made to 2009's revenue being carried to this quarter, and there was an increase of sales revenue in the dairy due to the increase number of active milking cows from its 3,500 heads in 2009 to almost 5,500 heads of this quarter, with the average of productivity / cow increased from 23.3 kg / day to 25 kg / day that generated over \$7,233,750 in revenue for the quarter coupled with the quarter's heavy launching of the sales amounting to US\$939,000 from 600 MT sales of dairy products .

Cost of Goods Sold

Category		Q1	Q2	Sub-total	Q3	Q4	Total of
				1st half			year
2009							
	Fishery	-	-	-	-	-	-
	Dairy	1,744,944	1,876,256	3,621,200	1,924,997	3,033,540	8,579,737
	Plantation	-	70,717	70,717	277,214	457,772	805,703
	Beef	-	-	-	-	-	-
	Total fiscal year 2009	1,744,944	1,946,973	3,691,917	2,202,211	3,491,312	9,385,440
2010							
	Fishery	-	105,572	105,572			
	Dairy	1,770,967	3,877,010	5,647,977			
	Plantation	-	-	-			
	Beef	-	-	-			
	Total fiscal year 2010	1,770,967	3,982,582	5,753,549			
Difference (2010 / 2009)							
	Fishery	-	-				
	Dairy	26,023	2,000,754	2,026,777			
	Plantation	-	-70,717	-70,717			
	Beef	-	-	-			
	Total fiscal year 2009	26,023	1,930,037	1,956,060			

Cost of goods sold increased by \$1,956,060 or 52.9% to \$5,753,549 for the 1st half year ended June 30, 2010 from \$3,691,917 for the 1st half year ended June 30, 2009. The increase primarily due to the increase on the Dairy's production cost of fresh milk and dairy products correspondingly to their respective increase of sales.

The gross profit difference is shown as follows:

Category		Q1	Q2	Sub-total	Q3	Q4	Total of
				1st half			year
Gross Profit of 2009 form							
	Fishery	413,650	313,052	726,702	-	-	726,702
	Dairy	1,917,459	1,659,259	3,576,718	1,760,061	4,171,456	9,508,235
	Plantation	-	80,820	80,820	654,719	1,369,923	2,105,462
	Beef	-	-	-	-	-	-
		2,331,109	2,053,131	4,384,240	2,414,780	5,541,379	12,340,399
Gross Profit of 2010 form							
	Fishery	250,000	289,956	539,956			
	Dairy	2,136,715	4,810,046	6,946,761			
	Plantation	-	-	-			
	Beef	-	-	-			
		2,386,715	5,100,002	7,486,717			
Gross Profit differences 2010 / 2009							
	Fishery	-163,650	-23,096	-186,746			
	Dairy	219,256	3,150,787	3,370,043			
	Plantation	-	-80,820	-80,820			
	Beef	-	-	-			
		55,606	3,046,871	3,102,477			

Gross Profit increased by \$3,102,477 or 70.76% to \$7,486,717 for the 1st half year ended June 30, 2010 from \$4,384,240 for the 1st half year ended June 30, 2009. The increase primarily due to the increase on the increase of sales of the Dairy's Fresh Milk and dairy products.

Depreciation and Amortization

Depreciation and amortization decreased by \$5,440 or 1.28% to \$418,683 for the 1st half yearly ended June 30, 2010 from \$424,124 for the 1st half yearly ended June 30, 2009. The decrease was primarily due to the translation of exchange gain.

Selling, General and Administrative Expenses

Category		Q1	Q2	Sub-total	Q3	Q4	Total of year
				1st Half			
2009							
	Office and corporate operation expenses	162,091	165,781	327,872	154,709	162,091	644,672
	Wages and salaries	254,689	256,535	511,224	256,535	256,535	1,024,294
	Office rentals	21,984	21,984	43,968	21,984	21,984	87,936
	Traveling and related lodging	18,707	21,917	40,624	18,657	24,200	83,481
	Motor vehicle and transports	5,162	6,386	11,548	6,942	7,059	25,549
	Entertainment, meals & micellaneous	37,773	33,337	71,110	36,042	31,381	138,533
	Financial Charges & costs	117,079	118,349	235,428	117,063	117,528	470,019
	Depreciation & amortization	212,062	212,062	424,124	212,062	212,065	848,251
		829,547	836,351	1,665,898	823,994	832,843	3,322,735
2010							
	Office and corporate operation expenses	192,289	355,875	548,164			
	Wages and salaries	274,422	533,737	808,159			
	Office rentals	25,502	35,193	60,695			
	Traveling and related lodging	27,367	63,193	90,560			
	Motor vehicle and transports	24,832	40,065	64,897			
	Entertainment, meals & micellaneous	7,638	18,127	25,765			
	Financial Charges & costs	117,083	237,926	355,009			
	Depreciation & amortization	209,335	209,349	418,684			
		878,468	1,493,465	2,371,933			
Difference between (2010 / 2009)							
	Office and corporate operation expenses	30,198	190,094	220,292			
	Wages and salaries	19,733	277,202	296,935			
	Office rentals	3,518	13,209	16,727			
	Traveling and related lodging	8,660	41,276	49,936			
	Motor vehicle and transports	19,670	33,679	53,349			
	Entertainment, meals & micellaneous	-30,135	-15,210	-45,345			
	Financial Charges & costs	4	119,577	119,581			
	Depreciation & amortization	-2,727	-2,713	-5,440			
		48,921	657,114	706,035			

Selling, general and administrative expenses increased by \$706,036 or 42.26% to \$2,371,932 for the 1st half yearly ended June 30, 2010 from \$1,665,896 for the 1st half yearly ended June 30, 2009. The increase was primarily due to the increase in corporate expenses involving additional professionals carrying work in auditing reports, quarterly reporting to Pinksheets, preparation of Form 10 for the submission to SEC and other related works etc.

Other Income

There was no other income for the periods mentioned herein.

Impairment Loss (Good Will)

There was no Good will impairment loss for the periods mentioned herein.

Income Taxes

There was no income tax payable in both of 1st half yearly ended June 30, 2009 and 2010.

Liquidity and Capital Resources

At June 30, 2010, we had unrestricted cash and cash equivalents of \$1,192,307, our working capital as of June 30, 2010 was at \$8,130,900,.

As of June 30, 2010, our total contractual cash obligations were as follows:

Contractual Obligations		Less than 1 year		1-3 years		3-5 years		More than 5 years		Total
Long Term Bank Debts	\$		\$		\$		\$	3,681,885	\$	3,681,885

Cash provided in operating activities totaled \$4,171,938 for the year ended June 30 2010. This compares with cash provided in operating activities of \$3,193,732 for the year ended December 31, 2009. The increase in cash flows from operations primarily resulted from the increase in inventory from \$900,170 at December 31, 2009 to \$2,054,767 as at June 30, 2010 consisting mainly with Dairy Products..

Cash used in investing activities totaled \$3,959,966 for the year ended June 30, 2010. This compares with cash used in investing activities of \$2,272,530 for the year ended December 31, 2009. The increase in cash flows from investing activities primarily resulted from the increase of purchases of property, plants and equipment during the Q2 of 2010.

Cash used in financing activities totaled \$1,792,692 for the year ended June 30m 2010. This compares with cash used in financing activities of \$449,380 for the year ended December 31, 2009. The increase in cash flows from financing activities primarily resulted from the repayment of a short term debt during Q2 2010.

Off Balance Sheet Arrangements

At June 30, 2010, we had no off balance sheet arrangements or guarantees of third party obligations.

OTHER SIGNIFICANT TRANSACTIONS THAT AFFECT CASH/LIQUIDITY:

At June 30, 2010, we had no other significant transactions that may affect our cash / Liquidity other than the seasonal variation effects mentioned earlier in this Chapter.

Use of Estimates and Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those estimates and judgments are based on historical experience, future expectations and other factors and assumptions we believe to be reasonable under the circumstances. We review our estimates and judgments on an ongoing basis and revise them when necessary. Actual results may differ from the original or revised estimates.

A summary of our significant accounting policies is contained in Note 1 of Notes to Consolidated Financial Statements. Our critical accounting policies are where we have made the most difficult, subjective or complex judgments in making estimates, and/or where these estimates can significantly impact our financial results under different assumptions and conditions. Our management has discussed the critical accounting policies described below with our audit committee.

Goodwill, Other Intangible Assets and Impairment of Long-Lived Assets

Goodwill represents the excess purchase price over the fair value of net assets acquired, or net liabilities assumed, in a business combination. In accordance with ASC Topic 350, we perform an annual impairment test of goodwill. We evaluate goodwill as of October 1 each year and more frequently if events or changes in circumstances indicate that goodwill might be impaired. As required by ASC Topic 350, the impairment test is accomplished using a two-step approach. The first step screens for impairment and, when impairment is indicated, a second step is employed to measure the impairment.

Our annual goodwill impairment test was performed as of October 1, 2009. Our fair value as of the annual testing date exceeded our book value and consequently, no impairment was indicated.

Our fair value was determined by weighting the results of two valuation methods: 1) market capitalization based on the average price of our common stock, including a control premium, for a reasonable period of time prior to the evaluation date (generally 15 days) and 2) a discounted cash flow model. The fair value calculated using our average common stock price (including a control premium) was weighted 40% while the value calculated by the discounted cash flow model was weighted 60% in our determination of our overall fair value. While the use of our average common stock price, plus a control premium, may be considered the best evidence of fair value in ASC Topic 350, we believe the declines in our stock price over the past two years, and in the market overall, are not consistently aligned with our financial results or outlook. The discounted cash flow approach allows us to calculate our fair value based on operating performance and meaningful financial metrics.

A key assumption used in the calculation of our fair value using our average common stock price was the consideration of a control premium. We reviewed industry premium data and determined an appropriate control premium for the analysis based on the low end of any premium received in transactions over the past several years.

Significant estimates used in the discounted cash flow model included projections of revenue growth, net income margins, discount rate, and terminal business value. The forecasts of revenue growth and net income margins are based upon our long-term view of the business and are used by senior management and the Board of Directors to evaluate operating performance. The discount rate utilized was estimated using the weighted average cost of capital for our industry. The terminal business value was determined by applying a growth factor to the latest year for which a forecast exists.

Other intangible assets include Land Usage Right of our land obtained under Land Use Certificates are being amortized over the assets' contractual tenures using the straight-line method. We periodically review the contractual tenures of our identifiable intangible assets, taking into consideration any events or circumstances that might result due to any major Government Laws and Regulation changes that may affect their contractual tenures.

During the fourth quarter of 2009, our stock price continued trading above its book value. Based on the continued upward trend of our stock price and positive business and market outlook for the information technology services industry, we did not experience a significant adverse change in our business climate and therefore do not believe a triggering event occurred that would require a detailed test of goodwill for impairment as of December 31, 2009. We will continue to monitor the trend of our stock price and other market indicators to determine whether there is a triggering event that may require us to perform an interim impairment test in the future and record impairment charges to earnings, which could adversely affect our financial results.

Revenue Recognition

We generate services revenue from professional services fees. All services revenue is recorded as the services are provided based on the fair value of each element. Fair value is determined based on the sales price of each element when sold separately. Most AS services revenue consists of fixed monthly fees based upon the specific business process for which the service is being provided, and the related costs are incurred ratably over the contract period. When recovering from an interruption, customers generally are contractually obligated to pay additional fees, which typically cover our incremental costs of supporting customers during recoveries.

License fees result from contracts that permit the customers' right to use our Technologies and Management Systems for the development and operation of their projects. Generally, these contracts are simple arrangements since they provide for the right to develop projects using our technologies and management system calculated in accordance with the number of standard models that will be employed in the projects based on a fixed price per model. Their respective rights are normally set at 55 years. In these instances, license fees are recognized upon the signing of the contract and certain payments are paid in advance, further periodical payment's collections are probable. Revenue is earned and recorded when billed without any attached contingent condition.

Revenues and receivables from sales of goods including but not limited to the sales of farm produces, products, manufacturing products and plants and equipment and parts and component, are recognized upon the signing of contract and / or delivery of goods sold.

We believe that our revenue recognition practices comply with the complex and evolving rules governing revenue recognition. Future interpretations of existing accounting standards, new standards or changes in our business practices could result in changes in our revenue recognition accounting policies that could have a material effect on our financial results.

Accounting for Income Taxes:

In accordance with the Income tax law of China, all primary producers of the agriculture industry are exempted from income tax started from year 2008, as such, there was no income tax paid.

Accounting for treatment of receivables from Government grants and other incentive Compensation

Receivables from Government grants and other incentives compensation derived either from the compensation given by the local regional Government to us for reasons of trades generated between the regional customers and us or for other operational purposes, or, as direct compensation given by the PRC Central Government through any Government Policies applicable to the Agriculture Industry are recognized and recorded as other incomes upon the receipt of the compensation either in kind of cash payments or in kind of work done that add fair values to the assets of the company. And in this instance the fair values of such assets will be subject to depreciation and / or amortization calculated in accordance with the general accounting principle of GAAP.

LONG LIVED ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment evaluations involve fair values and management estimates of useful asset lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management, and this could have a material effect on operating results and financial position. No impairments were identified as of June 30, 2010.

EFFECT OF RECENT ACCOUNTING PRONOUNCEMENTS

In April 2009, the Financial Accounting Standards Board (“FASB”) issued FSP FAS 107-1, *Interim Disclosures about Fair Value of Financial Instruments* (“FSP 107-1”). FSP 107-1 increases the frequency of fair value disclosures from annual only to quarterly, in an effort to provide financial statement users with more timely and transparent information about the effects of current market conditions on financial instruments. FSP 107-1 is effective as of April 1, 2009. The Company is evaluating the impact of this standard but does not expect it to have a material impact on the consolidated financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 141R, *Business Combinations*, (“SFAS 141R”), which changes accounting principles for business acquisitions. SFAS No. 141R requires the recognition of all the assets acquired and liabilities assumed in the transaction based on the acquisition-date fair value. Certain provisions of this standard will, among other things, impact the determination of consideration paid or payable in a business combination and change accounting practices for transaction costs, acquired contingencies, acquisition-related restructuring costs, in-process research and development, indemnification assets, and tax benefits. SFAS No. 141R is effective for business combinations and adjustments to all acquisition-related deferred tax asset and liability balances occurring after December 31, 2008. This standard could have a significant impact on our consolidated financial statements.

In December 2007, the FASB also issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB No. 51 (“SFAS 160”). The objective of SFAS 160 is to improve the relevance, comparability and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective January 1, 2009. The financial statements included in this filing are prepared in accordance with SFAS 160 and all prior period information has been retrospectively adjusted.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (“SFAS 161”). SFAS 161 is intended to help investors better understand how derivative instruments and hedging activities affect an entity’s financial position, financial performance and cash flows through enhanced disclosure requirements. SFAS 161 is effective as of January 1, 2009. We do not expect the adoption of SFAS 161 to have a material impact on the consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position (“FSP”) No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*. FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (“SFAS 142”). FSP 142-3 is intended to improve the consistency between the useful life of an intangible asset determined under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R and other GAAP. FSP 142-3 is effective as of January 1, 2009. We do not expect the adoption of FSP 142-3 to have a material impact on the consolidated financial statements.

Balance Sheet as at Dec. 31, 2008 / 2009 and as at June 30, 2010.

	June 30, 2010	Dec. 31, 2009	Dec. 31, 2008
	\$	\$	\$
<u>Non Current Assets</u>			
Property, plant and equipment	11,547,050	7,564,664	7,367,797
Construction in progress	6,612,150	5,995,939	4,224,253
Land lease prepayment	19,370,682	13,769,496	13,464,781
Intellectual property	7,476,301	7,634,636	7,680,000
Investment New Project (Meiji/Jiangmen HST)	138,931	275,102	119,816
Investment New Project (Sino/APWA)	10,000	10,000	-
Investment New Project (APWA / Sanji)	843,202	242,669	-
Goodwill	12,000,000	12,000,000	14,202,914
Total Non-current Assets	57,998,316	47,492,506	47,059,560
<u>Current Assets</u>			
Trade receivable	10,083,068	16,207,983	11,398,741
Amount due from officer	-	42,882	42
Other receivable	901,287	1,900,360	5,576,234
Deposits and prepayments	7,413,337	9,890,672	5,733,471
Inventory	7,863,422	6,099,411	4,801,967
Other assets	1	1	1
Amount due from director	-	-	799,101
Cash and bank balance	1,192,308	2,333,687	1,730,556
Total Current Assets	27,453,422	36,474,995	30,040,115
Total Assets	85,451,738	83,967,501	77,099,675
<u>Long Term Liabilities</u>			
Long term loan	3,681,885	4,401,002	6,836,223
<u>Current Liabilities</u>			
Amount due to directors	-	133,633	-
Accounts payable and accruals	199,863	1,084,351	1,031,739
Other payable	2,952,694	4,201,894	4,615,587
Amount due to officer	-	-	1,414
Tax payable	-	4,678	4,678
Short term loan	-	2,435,221	0
Total Current Liabilities	3,152,557	7,859,776	5,653,418
Total Liabilities	6,834,442	12,260,777.68	12,489,640.19
Net Assets	78,617,296	71,706,722.95	64,610,034.65
<u>Shareholders Equity</u>			
Common stock	52,944	52,944.00	52,944.00
Additional paid up capital	43,489,213	43,489,213.00	43,489,213.00
Capital surplus	2,520,634	-	-
Capital reserve	-	-	2,202,914.16
Retained profits	18,193,072	10,283,394.64	3,174,089.16
Current profits	1,765,449	6,808,296.19	7,109,327.03
Exchange difference	2,165,377	2,151,290.57	1,871,699.34
Minority	10,430,606	8,921,584.56	6,709,847.96
Total shareholders Equity	78,617,296	71,706,722.95	64,610,034.65
Total Shareholders Equity and Liabilities	85,451,738	83,967,500.64	77,099,674.84

Income Statements of fiscal years ended December 31 2008 / 2009 and June 30, 2010.

	1/2 yearly to June 30, 2010 \$	Year to December 31, 2009 \$	Year to December 31, 2008 \$
Revenue			
Dairy operation (Consolidated)	12,524,741	18,084,046	14,388,014
Fishery	645,531	726,702	562,497
Plantation Operation (Consolidated)	-	2,915,092	1,238,955
Beef cattle operation (Consolidated)	-	-	-
	13,170,272	21,725,839	16,189,467
Cost of sales			
Dairy operation (Consolidated)	5,647,978	8,578,652	7,553,003
Fishery	105,575	-	-
Plantation Operation (Consolidated)	-	806,790	394,656
Beef cattle operation (Consolidated)	-	-	-
	5,753,553	9,385,442	7,947,659
Gross Profits	7,416,718	12,340,397	8,241,807
Other income	14	16	62,084
Discontinued income	-	-	3,604,441
Marketing and selling expenses	-	-	-
Administrative expenses			
Office and corporate expenses	552,164	648,362	880,472
Wages and salaries	808,159	1,018,757	1,008,487
Office rentals	60,694	87,936	63,320
Traveling and related lodging expenses	90,682	74,827	84,769
Motor vehicles and local transportation	64,897	20,646	20,160
Entertainments and meals and miscellaneous	30,454	152,935	155,227
	1,607,050	2,003,463	2,212,435
Depreciation and Amortization	418,684	848,251	594,158
Finance costs	355,009	470,019	419,130
Adjustment to earnings 2009	1,166,253	-	-
Income tax expense	-	-	-
Impairment losses	-	-	293,404
Minority interest	1,005,479	2,210,384	1,279,878
	2,866,831	6,808,296	7,109,327
Earnings per share			
Diluted from continuing of operation	0.06	0.13	0.13
Weighted average number of shares			
Diluted	51,942,636	52,683,579	52,943,579

Statement of Stockholders' Equity as at years ended December 2008 / 2009 and at year ended June 30 2010.

Common Stocks at par of US\$0.001 each

Description	Date	Number of shares issued	Nominal amount \$	Additional Paid in capital \$	Retained Earnings \$	Accumulated other comprehensive income \$	Total \$
Balance as at	Dec. 31. 2007	52,943,579	52,944	43,489,213	3,174,089	398,520	47,114,766
Net income of the year as at	Dec. 31. 2008	-	-	-	7,109,327	-	7,109,327
Foreign currency translation gain of the year	2008	-	-	-	-	1,739,846	1,739,846
Balance as at	Dec. 31. 2008	52,943,579	52,944	43,489,213	10,283,416	2,138,366	55,963,939
<u>Issuance of shares to / for</u>							
New shareholders	Oct. 01. 2009	150,000	150	52,500	-	-	52,650
	Nov. 25. 2009	150,000	150	52,500	-	-	52,650
	Dec. 11 & 12 2009	315,000	315	110,250	-	-	110,565
Net Income for the year as at	Dec. 31. 2009	-	-	-	6,808,296	-	6,808,296
Foreign currency translation gain of the year	2009	-	-	-	-	12,925	12,925
Retirement (or cancellation) of shares	Dec. 23. 2009	-875,000	-875	-	-	-	-875
Balance as at	Dec. 31. 2009	52,683,579	52,684	43,704,463	17,091,712	2,151,291	63,000,150
<u>Issuance of shares to / for</u>							
2010							
<u>Settlement of accrued debts</u>	Jan. 01 to 27	1,342,000	13,420	254,980	-	-	268,400
	Feb. 10.	780,000	780	233,220	-	-	234,000
	March. 12 to 19	2,625,000	2,625	653,625	-	-	656,250
	April. 15 to 27	1,055,000	10,550	147,700	-	-	158,250
	May. 13.	800,000	800	159,200	-	-	160,000
	May. 14.	350,000	350	139,650	-	-	140,000
	June. 10.	1,000,000	1,000	199,000	-	-	200,000
	As at June. 30.	7,952,000	29,525	1,787,375	-	-	1,816,900
<u>Employees' compensation</u>	May. 4.	497,059	497	496,562	-	-	497,059
<u>Shares being retired or voided</u>	Jan. 11.	-150,002	-150	-	-	-	-150
	March. 23.	-2,000,000	-2,000	-	-	-	-2,000
	May. 17.	-40,000	-40	-	-	-	-40
	June. 26	-7,000,000	-7,000	-	-	-	-7,000
	As at June. 30	-9,190,002	-9,190	-	-	-	-9,190
Net Income for the year	as at June. 30				3,872,310		3,872,310
Foreign currency translation gain of the year	as at June 30.					14,086.78	14,086.78
Balance as at	June. 30. 2010	51,942,636.00	73,515.64	45,988,400.36	20,964,022.62	2,165,377.35	69,191,315.97

Statement of Cash-flow for fiscal years ended December 31 2008 / 2009 and June 30, 2010.

	As at June 30 2010 \$	As at December 31 2009 \$	As at December 31 2008 \$
Cash flows from operating activities			
Net income for the year	2,866,831	6,808,296	7,109,327
Adjustments to reconcile net income to net cash from operations:			
Impairment loss	-	-	293,404
Depreciation	306,701	820,193	706,912
Profit from disposal of unconsolidated equity investee	-	-	(3,604,441)
Amortisation	111,983	858,196	605,581
Changes in operating assets and liabilities			
Increase in inventory	(2,054,767)	-900,170	-4,572,440
Increase in construction in progress	(176,614)	-391,869	(391,869)
Increase in deposits and prepaid expenses	(488,348)	-	(2,407,013)
Increase in due from directors	-	835,553	(826,867)
Increase in noncontrolling interest	(1,005,479)	1,302,516	1,302,516
(Decrease) increase in accounts payable and accruals	(580,819)	-115,880	(2,310,953)
Decrease in due to directors	-	142,626	-
(Decrease) increase in other payable	97,403	-416,215	4,033,565
(Increase)/ decrease in accounts receivable	5,034,487	-4,809,242	7,844,989
Increase in other receivable	60,560	-940,272	(730,637)
Net cash provided by operating activities	<u>4,171,938</u>	<u>3,193,732</u>	<u>7,052,074</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	(3,959,966)	-1,414,335	(1,983,664)
Acquisition of proprietary technologies	-	-	(8,000,000)
Proceeds from disposal of unconsolidated equity investee	-	-	4,405,000
Acquisition of land use rights	-	-858,195	(764,128)
Net cash used in investing activities	<u>(3,959,966)</u>	<u>-2,272,530</u>	<u>(6,342,792)</u>
Cash flows from financing activities			
Proceeds from issuance of long term debt	-	-2,435,221	2,723,310
Repayment of short term debt	(3,181,149)	-	(2,275,812)
Proceed from shareholders	233,148	-	-
Proceeds from issuance of short term debt	1,155,309	2,435,221	-
Net cash provided by financing activities	<u>(1,792,692)</u>	<u>(449,380)</u>	<u>447,498</u>
Effects on exchange rate changes on cash		131,309	215,262
Increase in cash and cash equivalents	<u>(1,580,720)</u>	<u>603,131</u>	<u>1,372,042</u>
Cash and cash equivalents, beginning of year	<u>2,773,028</u>	<u>1,730,556</u>	<u>358,514</u>
Cash and cash equivalents, end of year	<u><u>1,192,308</u></u>	<u><u>2,333,687</u></u>	<u><u>1,730,556</u></u>
Supplementary disclosures of cash flow information:			
Cash paid for interest	<u>-</u>	<u>470,019</u>	<u>419,130</u>
Cash paid for income taxes	<u>-</u>	<u>-</u>	<u>-</u>

Item V. Legal Proceedings:

The Company is not engaged in any legal proceedings.

Item VI. Default upon senior securities:

None for the period ended June 30, 2010 and through the date of this report.

Item VII. Other Information:**A. Entry into a material definitive agreement.**

None for the period ended June 30, 2010 and through the date of this report.

B. Termination of material definitive agreement:

None for the period ended June 30, 2010 and through the date of this report.

C. Completion of acquisition or disposition of assets, including but not limited to merger

None for the period ended June 30, 2010 and through the date of this report.

D. Creation of a direct financial obligation or an obligation under an off-balance sheet arrangement of an Issuer:

None for the period ended June 30, 2010 and through the date of this report.

E. Triggering events that accelerate or increase a direct financial obligation or an obligation under an off-balance sheet arrangement:

None for the period ended June 30, 2010 and through the date of this report.

F. Costs associated with exit or disposal activities:

None for the period ended June 30, 2010 and through the date of this report.

G. Material Impairments:

None for the period ended June 30, 2010 and through the date of this report.

H. Sales of equity securities:

As per Statement of shareholders equity.

J. Changes in issuer's certifying accountant

None for the period ended June 30, 2010 and through the date of this report.

K. Non-reliance on previously issued financial statements or a related audit report or completed interim review:

None for the period ended June 30, 2010 and through the date of this report.

L. Changes in control of issuer:

None for the period ended June 30, 2010 and through the date of this report.

M. Departure of directors or officers, election of directors, appointment of principal officers:

None for the period ended June 30, 2010 and through the date of this report.

N. Amendments Article of Incorporation or Bylaws; Change in Fiscal Year:

None for the period ended June 30, 2010 and through the date of this report.

O. Amendments to the Issuer's Code of Ethics or Waiver of a provision of the Code of Ethics:

None for the period ended June 30, 2010 and through the date of this report.

Item XIII. Exhibits

None

Item IX. Issuer's Certification:

I, Solomon Lee, Chief Executive Officer of the issuer, certify that:

- a. I have reviewed the Quarterly Report including the financial statements for the period ended June 30, 2010 and the footnotes of Sino Agro Food, Inc.
- b. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
- c. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented.

August 12, 2010

/s/ Solomon Lee

Solomon Lee
Chief Executive Officer
