



## CHINA CORN OIL

### ANNUAL RESULTS: EXCELLENT PERFORMANCE IN FY 2008

Exceptional, forecast-beating FY 2008 results.

- Revenue growth: +45.7%
- Net income (before goodwill) strong growth: +57.1%
- Strategy focused on generating cash flow and investment financing

2009 outlook

- First Quarter 2009: Strong increase in own brand sales volume: +100%
- Full year 2009 target: Significant gross margin improvement
- Proposed payment of a dividend on fiscal 2009 earnings

(Zouping - China – April 30, 2009) — CHINA CORN OIL S.A., China's largest producer and exporter of edible corn oil, today announced its financial results for the fiscal year 2008, ended December 31, 2008.

Just after celebrating the first anniversary of its listing on NYSE Alternext, China Corn Oil has reported an exceptional performance for 2008, higher than the forecasts announced at the time of its IPO on March 25, 2008. China Corn Oil achieved revenue growth of around 46% (38.2% on a like-for-like exchange rate) and net income growth of 57.1%, compared with its IPO targets of respectively +22% and +15.7% on a like-for-like exchange rate.

(in € millions)	Fiscal Year 2008(1)	Fiscal Year 2007(2)	<i>Change</i>
Revenue	94.0	64.5	+45.7%
Gross profit	10.5	6.7	+56.7%
<i>Gross margin</i>	<i>11.2%</i>	<i>10.4%</i>	<i>+0.8 pt</i>
Operating Income	9.4	6.1	+54.1%
<i>Operating margin</i>	<i>10.0%</i>	<i>9.4%</i>	<i>0.6 pt</i>
Net income (before goodwill)	8.8	5.6	+57.1%

(1) Exchange rate: 10.2 RMB/€ - (2) Exchange rate: 10.77 RMB/€

*The 2008 financial statements have been audited by Lux-Audit Revision SARL, a Luxembourg audit firm and a member of the international Grant Thornton audit services network.*

## 2008: Leadership position reinforced on a booming domestic market

For China Corn Oil, 2008 has been a pivotal year during which the company substantially increased its production capacity to meet strong demand, and boosted its market share with its own brand product on the domestic market.

China Corn Oil, undisputed corn oil market leader and accounts for over 40% of total Chinese production, focused In 2008 on a two-pronged development strategy:

- To plan for and capitalize on the emergence of new consumer trends, the company doubled its nominal refining capacity last October and raised it from 100,000 tons to 200,000 tons. It also increased its bottling capacity by 250% in order to increase the number of bottles sold under its own brand name.
- As the only significant-sized Chinese producer to benefit from a own brand name, in 2008, China Corn Oil started to deploy its brand marketing strategy based on:
  - A strong media and promotional plan for its "Longevity Flower" brand by way of successful regional and national advertising campaigns. 50% of the advertising spend was deployed between April and October, in the run up to country's major national festivities. Strong consumer recognition of a well-known television personality was used as a major feature of the campaign.
  - Priority focus on product slotting with major national and regional retail chains at a time when the number of retail chains grew by 40% in 2008. It is worthwhile noting, for example, that "Longevity Flower" is now slotted in 39 out of the 150 Carrefour supermarkets in the country.
  - As a result of this increased territorial sales coverage, China Corn Oil now addresses the entire Chinese market via a regional network of 65 major distributor/wholesalers and 21 regional and national hypermarket and supermarket chains.



### **Business growth underpinned by a significant own brand sale increase**

For FY 2008, China Corn Oil's sales amounted to €94.0m and rose by 45.7% (38.2% on a like-for-like exchange rate), compared with full-year 2007. This performance was achieved in a difficult economic climate. The corn oil price, the main component of revenue, plummeted from an average price of 12,000 RMB/t during the first half-year to around 7,000 RMB/t in the second half-year 2008.

The group's business growth was essentially due to a 128% increase in export sales and a 97% rise in oil bottled volumes and sold under the company's "Longevity Flower" brand.

As announced at the time of the IPO, own brand sales continue to grow significantly and currently represent 22% of sales, compared with 15% in 2007.

Growth in 2008 was also driven by an expanded sales force, and especially by the arrival of a new Marketing Director who helped to continue the group's development and brand deployment in other important regions in the center of the country.

China Corn Oil currently has 482 employees, of whom 30% are involved in product sales.

### **Second half-year focused on generating cash flow and financing investments**

During 2008, China Corn Oil's gross margin increased by 56.7% and amounted to €10.5 million. Expressed as a percentage of sales, gross margin improved from 10.4% in 2007 to 11.2% in 2008.

For the first half-year, with a positive price impact, the gross margin rate rose to over 13%, compared with the second half-year when a 40% fall in prices led to a gross margin slide, to 8.8%. This phenomenon is due to the 1 month time lag between raw materials purchases and finished product sales. Nevertheless, during this second half-year and during an exceptional economic environment, China Corn Oil managed to maintain a high gross margin rate of around 9%.

Operating income amounted to €9.4 million and was up by 54.1% on 2007, with operating margin of 10.0%, versus 9.4% in 2007. Net income before goodwill increased by 57.1% and reached €8.8 million.

During the second half-year, the company funded its investments entirely from its own resources for total amount of €19.7m. At year end, the company was totally debt free with a positive cash situation of €3.6m, whereas at the end of the first half-year 2008, net debt amounted to €17.0m.

The company also showed a net reduction in its working capital requirements, down from €8.7m in 2007 to €3.7m in 2008. This improvement was due to a 30% reduction in inventory levels, tighter selection of the most creditworthy clients and very favorable supplier payment terms, in the light of easier market conditions during second half-year.

The Company started 2009 with a very solid and healthy financial structure.

## Excellent Outlook

Corn oil prices appear to be returning to normal levels in 2009 and are varying within the 7,500 to 8,000 RMB/t range. Accordingly, for the first quarter of 2009, the company's own brand sales volumes have risen strongly by 100% in volume terms and 60% in value terms, compared with the first quarter of 2008.

These excellent results are due to increased distributor inventory levels and the production capacity increase in 2008, allied with sustained and strong demand.

For Fiscal Year 2009, China Corn Oil will focus on accelerating the development of its own "Longevity Flower" brand in order to rapidly impose it as the nation's benchmark product. In this aspect, the company benefits from a shortage of major production capacity on the part of its competitors and actually provides 50% of corn oil supplies for its closest rival, as the latter does not possess its own refining facilities.

Mr. Wang, Chief Executive Officer, stated "Consequently, China Corn Oil forecasts significant gross margin growth for Fiscal Year 2009. The Board of Directors has also approved in principle the payment of a dividend on fiscal 2009 earnings, to be paid on 2010"

It is worthwhile noting that while, until now, the company has been benefiting from corporate income tax exemption due to its Wholly Owned Foreign Enterprise (WOFE) status it will however be liable for corporate income tax at the rate of 12.5% in 2009, 2010 and 2011.

In the current economic environment, China Corn Oil is maintaining its targets announced at the time of the IPO, i.e. to double sales between 2007 and 2010 and to sell 50% of its total production volume under its own Longevity Flower brand.

The consolidated financial statements, as well as the FY 2008 auditor's report, are available on the company's website: [www.chinacornoil.com](http://www.chinacornoil.com).

ISIN Code: LU 0340126951 – Alternext stock code: ALCOO

Please note that

- China Corn Oil's IPO has not been the subject of an information prospectus endorsed by the AMF (France).  
- Paragraph 3 of Article 211-4 of the French Market Regulator's General Rules (Règlement Général de l'Autorité des Marchés Financiers) states that: "[...] direct or indirect distribution to the public of financial instruments acquired in this manner shall only be conducted in accordance with the conditions laid down in Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 à L. 621-8-3 of the French Monetary and Financial Code (Code monétaire et financier)". The French Market Regulator (Autorité des Marchés Financiers) detailed the rules relative to private placements on Alternext in a press release issued on October 15, 2007

### About China Corn Oil:

China Corn Oil is the largest specialist producer and exporter of edible corn oil in China that is the world's second largest producer after the USA. Based in Shandong province, China Corn oil is located within the very heart of China's main corn production region. This location provides the Company with a genuine strategic advantage in terms of proximity to its suppliers and to the port of Qingdao, China's second largest port after Shanghai. China Corn Oil's current development strategy focuses on raising its production capacity as it currently supplies over 40% of all edible corn oil sold on China's domestic market, and has a widely known own brand: "Longevity Flower". In fact, China Corn Oil is the only Chinese producer to benefit from a high profile brand name.

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CHINA CORN OIL  
Statement of Income

(in € million)	FY 2008(1)	FY 2007 (2)
<b>Revenue</b>	<b>94.0</b>	<b>64.5</b>
Raw materials	80.0	54.9
<b>Total direct costs</b>	<b>(83.5)</b>	<b>57.8</b>
<b>Gross income</b>	<b>10.5</b>	<b>6.7</b>
Other operating income	1.5	1.2
Sales and distribution expense	(1.4)	(1.3)
General & administration expense	(0.7)	(0.5)
Asset impairment	(0.5)	-
<b>Operating income</b>	<b>9.4</b>	<b>6.1</b>
Other financial income and expense	(0.6)	(0.4)
<b>Net financial income</b>	<b>8.8</b>	<b>5.7</b>
Corporate income tax	-	0.1
<b>Net income before goodwill</b>	<b>8.8</b>	<b>5.6</b>

(1) based on an exchange rate of: 10.20 RMB/€

(2) based on an exchange rate of: 10.77 RMB/€

## Balance Sheet (in € million)

<b>ASSETS</b>	<b>Dec. 31, 2008</b>	<b>Dec. 31, 2007</b>
Non current intangible assets	-	-
Non current tangible assets	24.3	5.4
Other non current assets	-	-
<b>Non current Assets</b>	<b>24.3</b>	<b>5.4</b>
Inventories	5.7	7.0
Trade receivables	1.0	0.6
Other receivables	1.6	3.9
Other current assets	-	-
Securities & investments	-	-
Cash	3.6	1.2
Total Cash and cash equivalents	-	1.2
<b>Total current assets</b>	<b>11.9</b>	<b>12.7</b>
<b>TOTAL ASSETS</b>	<b>36.2</b>	<b>18.1</b>

<b>LIABILITIES</b>		
<b>Group shareholders' equity</b>	31.7	15.2
Minority interests	-	-
<b>Total shareholders' equity</b>	<b>31.7</b>	<b>15.2</b>
Provisions	-	-
Non current financial debt	-	-
Other Non current liabilities	-	-
<b>Non current liabilities</b>	-	-
Trade payables	2.4	1.2
Current financial debt	-	-
Other current liabilities	2.1	1.7
<b>Total current liabilities</b>	<b>4.5</b>	<b>2.9</b>
<b>TOTAL LIABILITIES</b>	<b>36.2</b>	<b>18.1</b>

(1) based on an exchange rate of: 9.50 RMB/€

(2) based on an exchange rate of: 10.77 RMB/€