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I-3.2 Financial data

Yili has achieved sales revenue of USD xxx billion in H1 2010, increasing by xxx% compared with USDxxx billion in H1 2009. Continuously optimized product mix has contributed to Yili's business growth, especially for its high-end product like Jindian series, low lactose milk and Chang Qing Probiotics Yogurt. In addition, the increasing sales are also promoted by the fact that the company was the sole dairy sponsor for Expo 2010 Shanghai China, an important platform for marketing and Yili has established a Mom & Baby Care Service Center in Expo Site. It's reported that the huge crowd in the World Expo has helped Yili to achieve effective promotion and considerable sales.

Yili's gross profit rate has dropped xxx% to xxx% in H1 2010 from xxx% in H1 2009, mainly driven by increasing price of raw milk. Affected by rise in agriculture product price and severe weather this year, raw milk supply becomes tight, thus driving up price of raw milk. Yili announced that the rising price of raw milk and sugar has exerted enormous pressure on its production cost.

Table I-3.4.1 Supply and production situation of Yili, 2009, tonne

Milk intake	UHT milk output	Yogurt output	Milk beverage output	Ice cream output
xxx	xxx	xxx	xxx	xxx

Source: CCM International

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Inner Mongolia Mengniu Dairy (Group) Co., Ltd. (Mengniu) was founded in 1999 with headquarter in the core of China Dairy Capital Shengle Economic Zone in Helinge'er County of Hohhot. Mengniu is a private dairy producer engaged in the production, sales and development of dairy products. On June 10th, 2004, Mengniu got listed on Hong Kong Stock Exchange.

Mengniu has a total asset of USDxxx billion and 30,000 employees. So far, the company has established over xxx production bases in xxx provinces of China and owns xxx major series of products which are UHT milk, milk beverage, yogurt, ice cream and milk powder. Up to 2010, Mengniu's production capacity of dairy products reaches xxxt/a.

Mengniu strictly controls every link of production and management chains to guarantee that every procedure is under monitoring, which assures the quality and safety of its products. The company is certified by five influential certification systems, namely ISO9001, ISO14001, OHSAS18001, GMP and HACCP.