

HALCYON AGRI

HALCYON AGRI CORPORATION LIMITED
(Company Registration No.: 200504595D)

Unaudited Financial Statement for the First Quarter Ended 31 March 2013

Halcyon Agri Corporation Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 1 February 2013. The initial public offering of the Company (the "IPO") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor" or "PPCF").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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About us

Halcyon Agri Corporation Limited and its subsidiaries (the "Group") operate in the midstream of the natural rubber supply chain, specialising in the processing and merchandising of natural rubber. Headquartered in Singapore, where its risk management and merchandising operations are located, the Group owns and operates two rubber processing facilities, HMK1 and HMK2, in Palembang. The Group's products, namely SIR20, SIR20-VK and SIR20-Compound, are exported to a global customer base, including many of the top 20 international tyre manufacturers.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income for the First Quarter Ended 31 March 2013 ("Q1 2013") and 31 March 2012 ("Q1 2012")

	Group		
	Q1 2013 (Unaudited)	Q1 2012 (Unaudited)	Change
	US\$'000	US\$'000	%
Revenue	50,111	52,124	(3.9)
Cost of sales	(46,076)	(49,018)	(6.0)
Gross profit	4,035	3,106	29.9
Other income	-	-	n/m
Selling expenses	(309)	(337)	(8.3)
Administrative expenses	(1,512)	(904)	67.3
Operating profit	2,214	1,865	18.7
Finance income	13	8	62.5
Finance costs	(468)	(515)	(9.1)
Profit before taxation	1,759	1,358	29.5
Income tax expense	(238)	(163)	46.0
Profit for the financial period	1,521	1,195	27.3
Profit attributable to:			
Owners of the company	1,532	1,004	52.6
Non-controlling interest	(11)	191	n/m
	1,521	1,195	27.3
Other comprehensive income			
Exchange differences on translation of foreign operations	(63)	(143)	(55.9)
Total comprehensive income for the financial period	1,458	1,052	38.6
Total comprehensive income attributable to:			
Owners of the Company	1,469	861	70.6
Non-controlling interests	(11)	191	n/m
	1,458	1,052	38.6
Earnings before interest,tax,depreciation and amortisation	2,463	2,056	19.8
Earnings per share("EPS")(refer item 6):			
Basic and diluted EPS in US cents	0.56	816	n/m
Adjusted EPS in US cents	0.53	0.35	51.4

n/m - not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit for the financial period has been arrived at after crediting (charging) the following:			
	Group		
	Q1 2013 (Unaudited)	Q1 2012 (Unaudited)	Change
	US\$'000	US\$'000	%
Cost of inventories recognised as an expense ⁽¹⁾	(46,076)	(49,018)	(6.0)
Employee benefits expenses	(1,804)	(1,327)	35.9
Management fees	(97)	(253)	(61.7)
Depreciation	(249)	(191)	30.4
Initial public offering ("IPO") expenses	(283)	-	n/m
Professional fees	(170)	(18)	844.4
Foreign exchange gain (loss)	27	(26)	n/m

n/m - not meaningful

⁽¹⁾ Included in cost of inventories recognised as expense is the cost of raw materials amounting to US\$43.9 million (Q1 2012: US\$47.5 million)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year

Consolidated Statements of Financial Position as at 31 March 2013 and 31 December 2012.

	Group		Company	
	31 Mar 13	31 Dec 12	31 Mar 13	31 Dec 12
	Unaudited US\$'000	Audited US\$'000	Unaudited US\$'000	Audited US\$'000
ASSETS				
Non-current assets				
Intangible assets	10,000	10,000	-	-
Property, plant and equipment	12,640	10,922	14	-
Investment in subsidiaries	-	-	16,000	16,000
Deferred charges	189	202	-	-
Deferred tax assets	155	156	-	-
Total non-current assets	22,984	21,280	16,014	16,000
Current assets				
Cash and bank balances	17,861	11,866	4,086	467
Trade receivables	8,006	6,816	-	-
Other receivables	1,631	1,131	24,766	15,956
Derivative financial instruments	3,232	718	-	-
Inventories	22,094	20,298	-	-
Total current assets	52,824	40,829	28,852	16,423
Total assets	75,808	62,109	44,866	32,423
LIABILITIES AND EQUITY				
Current liabilities				
Derivative financial instruments	410	977	-	-
Trade payables	337	1,626	-	-
Other payables	1,105	3,028	7,553	13,532
Loan payables	31,665	28,110	7,703	8,301
Provision for taxation	1,170	982	9	27
Total current liabilities	34,687	34,723	15,265	21,860
Net current assets (liabilities)	18,137	6,106	13,587	(5,437)
Non current liabilities				
Retirement benefit obligations	606	529	-	-
Deferred tax liabilities	587	587	-	-
Total non current liabilities	1,193	1,116	-	-
Net assets	39,928	26,270	29,601	10,563
Capital and reserves				
Share capital	24,700	12,500	24,700	12,500
Capital reserves	143	143	-	-
Accumulated profits (losses)	15,904	14,372	4,901	(1,937)
Foreign currency translation reserves	(989)	(926)	-	-
Equity attributable to owners of the company	39,758	26,089	29,601	10,563
Non-controlling interests	170	181	-	-
Total equity	39,928	26,270	29,601	10,563
Total liabilities and equity	75,808	62,109	44,866	32,423

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31 Mar 2013 (Unaudited)		As at 31 Dec 2012 (Audited)	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
31,665	-	28,110	-

Amount repayable after one year

As at 31 Mar 2013 (Unaudited)		As at 31 Dec 2012 (Audited)	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	-	-	-

Details of any collateral

Working capital loans are secured by corporate guarantees from the Company and by a charge over certain of the Group's inventories and pledged deposits.

Term loans are secured by a charge over certain of the Group's property, plant and equipment.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Cash Flows for the Financial Period Ended 31 March 2013.

	Group	
	Q1 2013 (Unaudited)	Q1 2012 (Unaudited)
	US\$'000	US\$'000
Operating activities:		
Profit before income tax	1,759	1,358
Adjustments for:		
Depreciation expense	249	191
Retirement benefit expense	80	-
Interest income	(13)	(8)
Interest expense	468	515
Fair value gain on open forward commodities contracts and inventories, unrealised	(431)	(1,230)
Operating profit before working capital changes	2,112	826
Trade receivables	(1,190)	(4,175)
Other receivables and deferred charges	(570)	(1,029)
Inventories	(4,447)	(7,719)
Trade payables	(1,289)	1,242
Other payables	(1,996)	(19)
Cash used in operations	(7,380)	(10,874)
Interest received	13	8
Interest paid	(217)	(217)
Tax paid	(53)	(56)
Net cash used in operating activities	(7,637)	(11,139)
Investing activities		
Purchase of property, plant and equipment	(2,025)	(68)
Net cash used in investing activities	(2,025)	(68)
Financing activities		
Proceeds from issuance of shares	12,200	-
Decrease in pledge deposits	-	798
Repayment of term loans	(598)	(1,250)
Interest paid on term loans	(152)	(155)
Net proceeds of working capital loans	4,153	14,953
Net cash from financing activities	15,603	14,346
Net increase in cash and cash equivalents	5,941	3,139
Cash and cash equivalents at beginning of the period	8,857	3,897
Effects of exchange rate changes on the balance of cash held in foreign currencies	54	(43)
Cash and cash equivalents at end of the period	14,852	6,993
Cash and bank balances comprise the following:		
Cash and cash equivalents	14,852	6,993
Fixed deposits - pledged	3,009	3,711
	17,861	10,704

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statements of Changes in Equity as at 31 March 2013 and as at 31 March 2012

Group (Unaudited)	Share capital	Capital reserves	Accumulated profits	Foreign currency translation reserves	Non-controlling interests	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2013	12,500	143	14,372	(926)	181	26,270
Issue of share capital	12,200	-	-	-	-	12,200
Total comprehensive income (loss) for the period	-	-	1,532	(63)	(11)	1,458
Balance at 31 March 2013	24,700	143	15,904	(989)	170	39,928

Group (Unaudited)	Share capital	Capital reserves	Accumulated profits	Foreign currency translation reserves	Non-controlling interests	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2012	12,500	143	4,502	(124)	-	17,021
Total comprehensive income (loss) for the period	-	-	1,004	(143)	191	1,052
Balance at 31 March 2012	12,500	143	5,506	(267)	191	18,073

Company (Unaudited)	Share capital	Capital reserves	Accumulated profit/(losses)	Foreign currency translation reserves	Non-controlling interests	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2013	12,500	-	(1,937)	-	-	10,563
Issue of share capital	12,200	-	-	-	-	12,200
Total comprehensive income for the period	-	-	6,838	-	-	6,838
Balance at 31 March 2013	24,700	-	4,901	-	-	29,601

Company (Unaudited)	Share capital	Capital reserves	Accumulated profit/(losses)	Foreign currency translation reserves	Non-controlling interests	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2012	12,500	-	(582)	-	-	11,918
Total comprehensive income for the period	-	-	7	-	-	7
Balance at 31 March 2012	12,500	-	(575)	-	-	11,925

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	31 March 2013	31 December 2012	31 March 2013	31 December 2012
	Number of	Number of	US\$'000	US\$'000
Issued and paid up	ordinary shares	ordinary shares		
At 1 January	123,000	123,000	12,500	12,500
Effect from Share Split ⁽¹⁾	245,877,000	-	-	-
Issue of share capital ⁽²⁾	44,000,000	-	12,200	-
At 31 March	290,000,000	123,000	24,700	12,500

Notes:

- (1) On 7 January 2013, the Company undertook a share split whereby each of the Company's existing shares on that day was sub-divided into 2,000 ordinary shares ("Share Split"). The number of ordinary shares outstanding after the Share Split is 246,000,000 ordinary shares.
- (2) On 31 January 2013, the Company completed the placement of 61,000,000 shares (which comprised 44,000,000 newly issued shares and 17,000,000 vendor shares) as part of its IPO on the Catalist Board of the SGX-ST at S\$0.36 per share. The total number of ordinary shares outstanding after the IPO is 290,000,000 ordinary shares.

There were no outstanding options, convertibles or treasury shares as at 31 March 2013 and 31 March 2012.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

The Company did not hold any treasury shares as at 31 March 2013 and 31 December 2012. As such, the number of issued shares excluding treasury shares as at 31 March 2013 and 31 December 2012 respectively is as disclosed in Section 1(d)(ii).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The information in Part 1 has not been reviewed or audited by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5, the financial statements have been prepared using the same accounting policies and methods of computation as presented in the audited financial statements for the financial year ended 31 December 2012.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for accounting periods beginning on or after 1 January 2013. The adoption of these new and revised FRS and INT FRS are currently assessed to have no material financial impact on the Group's financial statements for the current financial period reported on.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	Q1 2013	Q1 2012
	Unaudited	Unaudited
Profit attributable to owners of the Company(US\$'000)	1,532	1,004
Basic and diluted earnings per share ("EPS") in US cents ⁽¹⁾	0.56	816
Adjusted EPS in US cents ⁽²⁾	0.53	0.35

Notes:

- (1) The basic and diluted EPS for the periods under review have been computed based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue for the respective periods.
- (2) For comparative purposes, the adjusted EPS for the periods under review have been computed based on the profit attributable to owners of the Company and number of ordinary shares in issue as at 31 March 2013 of 290,000,000 ordinary shares.

The basic and diluted EPS were the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2013 and 31 March 2012.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	31 Mar 13 Unaudited	31 Dec 12 Audited	31 Mar 13 Unaudited	31 Dec 12 Audited
Net asset value per ordinary share based on issued share capital (US cents)	13.77	21,357	10.21	8,588
Number of ordinary shares outstanding	290,000,000	123,000	290,000,000	123,000
Adjusted net asset value per ordinary share based on issued share capital (US cents) ⁽¹⁾	13.77	9.06	10.21	3.64

Note:

(1) For comparative purposes, the adjusted net asset value per ordinary share for the periods under review has been computed based on the Group's and the Company's net asset value and the number of ordinary shares issued as at 31 March 2013.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Income Statement of the Group for Q1 2013 vs Q1 2012

Snapshot

Operating financial statistics		Q1 2013	Q1 2012	Change
Sales volume	tonnes	16,534	13,897	+ 19.0%
Revenue	US\$ million	50.1	52.1	- 3.9%
Revenue per tonne	US\$	3,031	3,751	- 19.2%
Gross profit	US\$ million	4.0	3.1	+ 29.9%
EBITDA - adjusted ⁽¹⁾	US\$ million	2.8	2.1	+ 33.3%
Net Profit - adjusted ⁽¹⁾	US\$ million	1.8	1.2	+ 50.0%

Note:

(1) The results have been adjusted to exclude the one-off IPO expenses of US\$0.3 million.

Revenue

Revenue decreased by US\$2.0 million or 3.9%, from US\$52.1 million in Q1 2012 to US\$50.1 million in Q1 2013 mainly due to lower average selling prices in Q1 2013, whereby revenue per tonne decreased from US\$3,751 in Q1 2012 to US\$3,031 in Q1 2013. This decrease was partially offset by a 19.0% increase in sales volume from 13,897 tonnes in Q1 2012 to 16,534 tonnes in Q1 2013.

Revenue breakdown, sales volume and revenue per tonne information are set out below:

	Q1 2013		Q1 2012	
	US\$ million	As a % of total revenue	US\$ million	As a % of total revenue
Sales of our products	49.6	99.0	50.0	96.0
Other revenues ⁽¹⁾	0.5	1.0	2.1	4.0
Total revenue	50.1	100.0	52.1	100.0
Sales volume of our products (tonnes)		16,534		13,897
Revenue per tonne (US\$)		3,031		3,751

Note:

(1) Comprises physical rubber hedging revenue and revenue from the unrealised fair value gain/(loss) in open forward commodity contracts.

Cost of sales

Cost of sales comprises the cost of raw materials and the cost of processing raw materials into Natural Rubber for export. Cost of sales accounted for 91.9% and 94.0% of revenue in Q1 2013 and Q1 2012, respectively. The breakdown is shown below:

	Q1 2013		Q1 2012	
	US\$ million	As a % of total cost of sales	US\$ million	As a % of total cost of sales
Raw materials	43.9	95.2	47.5	96.9
Processing costs	2.2	4.8	1.5	3.1
Total cost of sales	46.1	100.0	49.0	100.0

Cost of sales decreased by US\$2.9 million or 6.0%, from US\$49.0 million in Q1 2012 to US\$46.1 million in Q1 2013, mainly due to lower raw material costs in Q1 2013 (US\$43.9 million) as compared to Q1 2012 (US\$47.5 million).

Gross profit

Gross profit increased by US\$0.9 million or 29.9% from US\$3.1 million in Q1 2012 to US\$4.0 million in Q1 2013. The increase in gross profit is mainly due to increase in gross material profit per tonne from US\$331.0 in Q1 2012 to US\$375.0 in Q1 2013, as a result of more effective raw material procurement. Increased sales volumes in Q1 2013 as compared to Q1 2012 also contributed to the increase in gross profit. The gross material profit per tonne information is shown below:

	Q1 2013	Q1 2012
Total revenue (US\$ million)	50.1	52.1
Cost of raw materials (US\$ million)	(43.9)	(47.5)
Gross material profit (US\$ million)	6.2	4.6
Sales volume of our products (tonnes)	16,534	13,897
Gross material profit (US\$ per tonne)	375.0	331.0

Profit before tax

Profit before tax in Q1 2013 was US\$1.8 million, an increase of US\$0.4 million or 29.5% from the profit before tax in Q1 2012 of US\$1.4 million. The increase was mainly due to an increase in gross profit, partially offset by an increase in general and administration expenses of US\$0.6 million from Q1 2012 compared to Q1 2013.

Administrative expenses increased by US\$0.6 million or 67.3% from US\$0.9 million in Q1 2012 to US\$1.5 million in Q1 2013, mainly due to one-off IPO expenses incurred in Q1 2013 of US\$0.3 million and an increase in professional fees of US\$0.2 million.

Adding back one-off IPO expenses of US\$0.3 million in Q1 2013, profit before taxation in Q1 2013 would have been US\$2.1 million, which is an increase of US\$0.7 million or 50.0% from Q1 2012 profit before taxation of US\$1.4 million in Q1 2012.

Profit after tax

Profit after tax in Q1 2013 was US\$1.5 million, an increase of US\$0.3 million or 27.3% over the corresponding figure in Q1 2012 of US\$1.2 million.

Adding back one-off IPO expenses of US\$0.3 million in Q1 2013, profit after taxation in Q1 2013 would have been US\$1.8 million, which is an increase of US\$0.6 million or 50.0% over profit after taxation of US\$1.2 million in Q1 2012.

Review of the Financial Position of the Group

Non-current assets

Increase in property, plant and equipment as at 31 March 2013 (US\$12.6 million) of US\$1.7 million from 31 December 2012 (US\$10.9 million) was mainly due to the addition of plant and machineries and assets under construction during Q1 2013 of US\$2.0 million, partially offset by a depreciation charge of US\$0.2 million.

Current assets

Current assets increased by US\$12.0 million or 29.4% from US\$40.8 million as at 31 December 2012 to US\$52.8 million as at 31 March 2013, due to the following:

- Increase in cash and bank balances of US\$6.0 million, as a result of IPO proceeds less amounts utilised up to 31 March 2013;
- Increase in derivative financial assets of US\$2.5 million, mainly due to higher revaluation of outstanding fixed price sales contracts as at 31 March 2013 as compared to 31 December 2012; and
- Increase in inventories and trade and other receivables of US\$1.8 million and US\$1.7 million respectively, in line with the increase in production volumes.

Current liabilities

The increase in current loan payables in Q1 2013 of US\$3.6 million is mainly due to increased working capital loan balances of US\$4.2 million (31 March 2013: US\$24.0 million; 31 December 2012: US\$19.8 million) in line with increased production volumes, partially offset by a decrease in term loan balances of US\$0.6 million (31 March 2013: US\$7.7 million; 31 December 2012: US\$8.3 million) as a result of scheduled amortization.

The decrease in trade and other payables of US\$3.2 million is mainly due to more timely payment of trade payables as at 31 March 2013 compared to 31 December 2012 and payment of IPO expenses accrued as at 31 December 2012 in Q1 2013.

Equity

The Group's equity increased by US\$13.7 million from US\$26.3 million as at 31 December 2012 to US\$39.9 million as at 31 March 2013, mainly due to the increase in the Company's share capital of US\$12.2 million pursuant to the Company's IPO on the Catalist Board of the SGX-ST on 1 February 2013 and Q1 2013 net profit.

Working capital

As at 31 March 2013, net working capital amounted to US\$23.7 million (31 December 2012: US\$17.6 million), as set out below:

(US\$ million)	31 Mar 13	31 Dec 12
Cash and bank balances	17.9	11.9
Trade receivables	8.0	6.8
Inventories	22.1	20.3
Less: Trade payables	(0.3)	(1.6)
Less: Working capital loans	(24.0)	(19.8)
Net working capital	23.7	17.6

Review of the Cash Flow Statement of the Group

The following table sets out a summary of cash flows for Q1 2013 and Q1 2012:

(US\$ million)	Q1 2013	Q1 2012
Net cash from operating activities, before working capital changes	1.9	0.6
Changes in working capital	(9.5)	(11.7)
Net cash used in operating activities	(7.6)	(11.1)
Net cash used in investing activities	(2.0)	(0.1)
Net cash from financing activities	15.6	14.3
Net increase in cash and cash equivalents	6.0	3.1
Cash and cash equivalents at the beginning of the period	8.9	3.9
Effect of exchange rate changes on the balance of cash held in foreign currencies	0.1	-
Cash and cash equivalents at the end of the period	15.0	7.0

The Group's cash and cash equivalents increased by US\$8.0 million during Q1 2013, from US\$7.0 million in Q1 2012 to US\$15.0 million in Q1 2013, mainly due to net cash generated from financing activities of US\$15.6 million, partially offset by net cash used in operating activities of US\$7.6 million and net cash used in investing activities of US\$2.0 million.

In Q1 2013, we recorded net cash outflow from operating activities of US\$7.6 million, which was a result of operating profit before working capital changes of US\$2.1 million, less working capital investment of US\$9.5 million (as a result of increased production volumes), net interest paid of US\$0.2 million and tax paid of US\$0.1 million.

Net cash outflow from investing activities in Q1 2013 of US\$2.0 million was for the addition of property, plant and equipment in relation to the expansion and upgrading of our processing facilities.

Net cash generated from financing activities in Q1 2013 of US\$15.6 million was from the net IPO proceeds (gross IPO proceeds minus listing expenses) received from the issuance of Company's shares of US\$12.2 million, drawdown of working capital loans of US\$4.2 million, partially offset by the repayment of term loans and its associated interest expense of US\$0.8 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously issued to the shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The ongoing global economic uncertainty has contributed to the first position of the SGX-ST TSR 20 futures contract to retreat from US\$3,048 per tonne in early January 2013, to US\$2,670 per tonne at the end of March 2013. This represents a decline of 12.4% during the first quarter of the financial year ending 31 December 2013 ("FY2013"), and demonstrates once again that the natural rubber market tends to be volatile. We expect this volatility to continue throughout the rest of FY2013.

Against this uncertain backdrop, the Group was able to increase committed volumes for delivery in FY2013. Delivered volumes in Q1 2013 were 16,534 tonnes, as compared to 13,897 tonnes in Q1 2012. This represents an increase of 19.0%. As at 31 March 2013, the Group had committed offtake of 35,804 tonnes for the remainder of 2013. This has since been further increased by 26,481 tonnes, as the Group secured additional offtake from 1 April 2013 to 10 May 2013. This translates to a currently contracted volume of 78,819 tonnes, a 17.6% increase as compared to 67,046 tonnes sold in FY2012. This volume may increase by 9,374 tonnes if the Group's customers exercised their respective options to increase their offtake.

The Group will continue to enforce its strict risk management policies, and despite the recent slide in natural rubber prices, remains positive with regards to the overall sector fundamentals, as well as the future strength and prospects of the natural rubber industry.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No dividends have been declared or recommended for the current financial period.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect

No dividend has been declared or recommended for the current financial period.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

During Q1 2013, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
Halcyon Corporate Services Pte. Ltd. ⁽¹⁾	S\$120,000 ⁽²⁾	-

(1) Halcyon Corporate Services Pte. Ltd. (“HCS”) is a wholly-owned subsidiary of Halcyon Investment Corporation Pte. Ltd. (“HIC”). HIC owns 34.76% of the Company through Halcyon Agri Resources Pte. Ltd.. Therefore, HCS is an associate and is deemed an interested person pursuant to Chapter 9 of the Catalist Rules.

(2) The Group has obtained a general mandate from shareholders of the Company for interested person transactions at the Annual General Meeting held on 23 April 2013 (the “General Mandate”). As such, this amount has not been incurred under the General Mandate.

14. Use of IPO proceeds

The Company refers to the net proceeds (IPO proceeds minus listing expenses) amounting to S\$13.8 million (equivalent to US\$11.1 million) raised from the IPO on the Catalist Board of the SGX-ST on 1 February 2013.

As at 13 May 2013, the status on the use of IPO proceeds is as follows:

	Allocation (US\$ million)	Accumulated actual utilisation (US\$ million)	Amount yet to be utilised (US\$ million)
Use of IPO proceeds			
Expansion and upgrading of processing facilities	6.9	3.0	3.9
General working capital ⁽¹⁾	4.2	4.2	-
Total	11.1	7.2	3.9

Note:

(1) Amount for general working capital purposes has been utilised for the procurement of raw materials.

The utilisation is in accordance with the intended use of the IPO proceeds and in accordance with the percentage allocated, as stated in the Offer Document, which was registered with the SGX-ST on 24 January 2013.

15. Negative Confirmation by the Board Pursuant to Rule 705(5).

We, Robert Meyer and Pascal Demierre, hereby confirm on behalf of the Board of Directors (the "Board") of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the first quarter ended 31 March 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Robert Meyer
Executive Chairman and CEO

Pascal Demierre
Non-Executive Director

By Order of the Board

Robert Meyer
Executive Chairman and CEO

Singapore,
13 May 2013