

HALCYON AGRI

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

Unaudited Full Year Financial Statement and Dividend Announcement for the Financial Year Ended 31 December 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.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

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. The Group is headquartered in Singapore, where its risk management and merchandising operations are located, with key operating assets located in Indonesia and Malaysia.

In Indonesia, the Group owns and operates two natural rubber processing factories in Palembang, the capital of South Sumatra Province, and the PT Golden Energi factory in the neighbouring Jambi Province.

In Malaysia, the Group owns and operates two natural rubber processing factories (also known as Hevea KB) in Ipoh and 7,100 hectares of Sultanate land to be cultivated as natural rubber plantations in Kelantan.

The Group's products are exported to a global customer base, including a substantial number 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 Fourth Quarter Ended 31 December 2013 ("Q4 2013") and 31 December 2012 ("Q4 2012") and for the Financial Year Ended 31 December 2013 ("FY 2013") and 31 December 2012 ("FY 2012")

	Group			Group		
	Q4 2013 (Unaudited)	Q4 2012 (Unaudited)	Change	FY 2013 (Unaudited)	FY 2012 (Audited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	53,524	44,426	20.5	204,970	222,009	(7.7)
Cost of sales	(49,262)	(40,168)	22.6	(184,722)	(202,049)	(8.6)
Gross profit	4,262	4,258	0.1	20,248	19,960	1.4
Other income	6	(77)	n/m	6	23	(72.6)
Selling expenses	(358)	(440)	(18.6)	(1,389)	(1,512)	(8.1)
Administrative expenses	(1,646)	(1,945)	(15.4)	(6,735)	(4,913)	37.1
Operating profit	2,264	1,796	26.1	12,130	13,558	(10.5)
Finance income	172	14	1,128.6	207	37	459.5
Finance costs	(357)	(632)	(43.5)	(1,650)	(2,126)	(22.4)
Profit before taxation	2,079	1,178	76.5	10,687	11,469	(6.8)
Income tax expense	(653)	(366)	78.4	(1,576)	(1,419)	11.1
Profit for the financial period/year	1,426	812	75.7	9,111	10,050	(9.3)
Profit attributable to:						
Owners of the company	1,352	823	64.3	9,093	9,869	(7.9)
Non-controlling interest	74	(11)	n/m	18	181	(90.1)
	1,426	812	75.6	9,111	10,050	(9.3)
Other comprehensive income						
Exchange differences on translation of foreign operations	(1,123)	(36)	3,019.4	(4,052)	(802)	405.2
Actuarial gain on retirement benefit obligation(net of tax)	80	-	n/m	80	-	n/m
Total comprehensive income for the financial period/year	383	776	(50.6)	5,139	9,248	(44.4)
Total comprehensive income attributable to:						
Owners of the Company	344	787	(56.3)	5,158	9,067	(43.1)
Non-controlling interests	39	(11)	n/m	(19)	181	n/m
	383	776	(50.6)	5,139	9,248	(44.4)
Earnings before interest, tax, depreciation and amortisation	2,525	2,013	25.4	13,141	14,342	(8.4)
Earnings per share("EPS")(refer item 6):						
Basic and diluted EPS in US cents	0.43	669	n/m	2.88	8,024	n/m
Adjusted EPS in US cents	0.37	0.22	64.3	2.46	2.67	(7.9)

n/m - not meaningful

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

Profit for the financial period/ year has been arrived at after crediting (charging) the following:						
	Group			Group		
	Q4 2013 (Unaudited)	Q4 2012 (Unaudited)	Change	FY 2013 (Unaudited)	FY 2012 (Audited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Cost of inventories recognised as an expense ⁽¹⁾	(49,262)	(40,169)	22.6	(184,722)	(202,049)	(8.6)
Employee benefits expenses	(1,751)	(1,461)	19.8	(7,280)	(5,740)	26.8
Management fees	-	(263)	n/m	(288)	(1,026)	(71.9)
Depreciation	(261)	(217)	20.3	(1,011)	(784)	29.0
Non-recurring expenses:						
- Initial public offering ("IPO") expenses	-	(760)	n/m	(334)	(760)	(56.1)
- Acquisitions- related expenses	(205)	-	n/m	(325)	-	n/m
Pre-operation expense for proposed acquisitions	(350)	-	n/m	(350)	-	n/m
Professional fees	(46)	(60)	(23.3)	(663)	(160)	314.4
Foreign exchange gain (loss)	122	41	197.6	(227)	(42)	440.5

n/m - not meaningful

⁽¹⁾ Included in cost of inventories recognised as expense is the cost of raw materials amounting to US\$46.6 million (Q4 2012: US\$38.7 million, FY 2013: US\$175.0 million, FY 2012: US\$194.4 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 December 2013 and 31 December 2012.

	Group		Company	
	31 Dec 13	31 Dec 12	31 Dec 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	15,537	10,922	168	-
Investment in subsidiaries	-	-	16,000	16,000
Deferred charges	124	202	-	-
Deferred tax assets	197	156	-	-
Other assets	2,054	-	2,054	-
Total non-current assets	27,912	21,280	18,222	16,000
Current assets				
Cash and bank balances	52,688	11,866	22,627	467
Trade receivables	7,347	6,816	-	-
Other receivables	2,549	1,131	43,303	15,956
Derivative financial instruments	903	718	-	-
Inventories	16,409	20,298	-	-
Total current assets	79,896	40,829	65,930	16,423
Total assets	107,808	62,109	84,152	32,423
LIABILITIES AND EQUITY				
Current liabilities				
Derivative financial instruments	789	977	-	-
Trade payables	-	1,626	-	-
Other payables	2,823	3,028	12,511	13,532
Loan payables	21,143	28,110	5,840	8,301
Provision for taxation	1,352	982	40	27
Total current liabilities	26,107	34,723	18,391	21,860
Net current assets (liabilities)	53,789	6,106	47,539	(5,437)
Non current liabilities				
Retirement benefit obligations	648	529	-	-
Deferred tax liabilities	781	587	29	-
Total non current liabilities	1,429	1,116	29	-
Net assets	80,272	26,270	65,732	10,563
Capital and reserves				
Share capital	63,713	12,500	63,713	12,500
Capital reserves	143	143	-	-
Accumulated profits (losses)	21,195	14,372	2,019	(1,937)
Foreign currency translation reserves	(4,941)	(926)	-	-
Equity attributable to owners of the company	80,110	26,089	65,732	10,563
Non-controlling interests	162	181	-	-
Total equity	80,272	26,270	65,732	10,563
Total liabilities and equity	107,808	62,109	84,152	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 December 2013 (Unaudited)		As at 31 December 2012 (Audited)	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
21,143	-	28,110	-

Amount repayable after one year

As at 31 December 2013 (Unaudited)		As at 31 December 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 Fourth Quarter Ended 31 December 2013 ("Q4 2013") and 31 December 2012 ("Q4 2012") and for the Financial Year Ended 31 December 2013 ("FY 2013") and 31 December 2012 ("FY2012")

	Group		Group	
	Q4 2013 (Unaudited)	Q4 2012 (Unaudited)	FY 2013 (Unaudited)	FY 2012 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:				
Profit before income tax	2,079	1,178	10,687	11,469
Adjustments for:				
Depreciation expense	261	217	1,011	784
Retirement benefit expense	155	116	390	329
Interest income	(172)	(14)	(207)	(37)
Interest expense	357	632	1,650	2,126
Fair value loss /(gain) on open forward commodities contracts and inventories, unrealised	1,798	(871)	638	(1,369)
Operating profit before working capital changes	4,478	1,258	14,169	13,302
Trade receivables	(1,708)	(2,449)	(531)	3,795
Other receivables and deferred charges	(783)	550	(1,339)	36
Inventories	10,802	(3,098)	2,877	(5,654)
Trade payables	(135)	1,158	(1,626)	1,593
Other payables	351	748	(176)	(4,346)
Cash from operations	13,005	(1,833)	13,373	8,726
Interest received	172	14	207	37
Interest paid	(196)	(84)	(780)	(1,053)
Tax (paid)/ received	(113)	43	(1,082)	(255)
Net cash from/(used in) operating activities	12,868	(1,860)	11,718	7,455
Investing activities				
Deposit paid for acquisition of CLS assets	-	-	(2,054)	-
Deposit paid in advance for the purchase of property, plant and equipment	1,301	-	-	-
Purchase of property, plant and equipment	(5,274)	(270)	(8,890)	(507)
Net cash used in investing activities	(3,973)	(270)	(10,944)	(507)
Financing activities				
Proceeds from issuance of shares, net of expenses	22,697	-	51,213	-
Decrease in pledge deposits	-	495	-	1,500
Dividend paid	-	-	(2,350)	-
Repayment of term loans	(632)	(1,449)	(2,461)	(5,199)
Interest paid on term loans	(100)	(117)	(521)	(621)
Net proceeds of working capital loans	(7,964)	7,224	(4,506)	2,480
Net cash from/(used in) financing activities	14,001	6,153	41,375	(1,840)
Net increase in cash and cash equivalents	22,895	4,023	42,149	5,108
Cash and cash equivalents at beginning of the period/year	27,524	4,828	8,857	3,897
Effects of exchange rate changes on the balance of cash held in foreign currencies	(743)	7	(1,330)	(147)
Cash and cash equivalents at end of the period/year	49,676	8,858	49,676	8,858
Cash and bank balances comprise the following:				
Cash and cash equivalents	49,676	8,858	49,676	8,858
Fixed deposits - pledged	3,012	3,008	3,012	3,008
	52,688	11,866	52,688	11,866

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 December 2013 and as at 31 December 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 October 2013	41,016	143	19,763	(3,853)	123	57,192
Issue of share capital	22,697	-	-	-	-	22,697
Total comprehensive income (loss) for the period	-	-	1,432	(1,088)	39	383
Balance at 31 December 2013	63,713	143	21,195	(4,941)	162	80,272

Group (Audited)	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 October 2012	12,500	143	13,549	(890)	192	25,494
Issue of share capital	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	823	(36)	(11)	776
Balance at 31 December 2012	12,500	143	14,372	(926)	181	26,270

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 October 2013	41,016	-	2,307	-	-	43,323
Issue of share capital	22,697	-	-	-	-	22,697
Total comprehensive loss for the period	-	-	(288)	-	-	(288)
Balance at 31 December 2013	63,713	-	2,019	-	-	65,732

Company (Audited)	Share capital	Capital reserves	Accumulated losses	Foreign currency translation reserves	Non-controlling interests	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 October 2012	12,500	-	(942)	-	-	11,558
Issue of share capital	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(995)	-	-	(995)
Balance at 31 December 2012	12,500	-	(1,937)	-	-	10,563

Consolidated Statements of Changes in Equity as at 31 December 2013 and as at 31 December 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	51,213	-	-	-	-	51,213
Total comprehensive income (loss) for the year	-	-	9,173	(4,015)	(19)	5,139
Dividend paid	-	-	(2,350)	-	-	(2,350)
Balance at 31 December 2013	63,713	143	21,195	(4,941)	162	80,272

Group (Audited)	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	4,503	(124)	-	17,022
Total comprehensive income (loss) for the year	-	-	9,869	(802)	181	9,248
Balance at 31 December 2012	12,500	143	14,372	(926)	181	26,270

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	51,213	-	-	-	-	51,213
Total comprehensive income for the year	-	-	6,306	-	-	6,306
Dividend paid	-	-	(2,350)	-	-	(2,350)
Balance at 31 December 2013	63,713	-	2,019	-	-	65,732

Company (Audited)	Share capital	Capital reserves	Accumulated 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 loss for the year	-	-	(1,355)	-	-	(1,355)
Balance at 31 December 2012	12,500	-	(1,937)	-	-	10,563

1(d)(ii) Details of any changes in the company's share capital arising from rights 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, 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.

Issued and paid up	Number of ordinary shares	US\$'000
At 1 October	330,000,000	41,016
Issue of share capital ⁽¹⁾	40,000,000	22,697
At 31 December 2013	<u>370,000,000</u>	<u>63,713</u>

Note (1):

The Company had completed the General Mandate Placement (as defined herein) on 22 November 2013 and the Credence Placement II (as defined herein) on 23 December 2013, which raised net proceeds amounting to an aggregate of US\$22,697,000.

There were no outstanding options, convertibles or treasury shares as at 31 December 2013 and 31 December 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 December 2013 and 31 December 2012. As such, the number of issued shares excluding treasury shares as at 31 December 2013 and 31 December 2012 were 370,000,000 shares and 123,000 shares respectively.

1(d)(iv) A statement showing all sales, transfers, disposals, 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 figures have 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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	Q4 2013	Q4 2012	FY 2013	FY 2012
	Unaudited	Unaudited	Unaudited	Audited
Profit attributable to owners of the Company (US\$'000)	1,352	823	9,093	9,869
Basic and diluted earnings per share ("EPS") in US cents ⁽¹⁾	0.43	669	2.88	8,024
Adjusted EPS in US cents ⁽²⁾	0.37	0.22	2.46	2.67
Adjusted EPS in SGD cents ⁽³⁾	0.46	0.27	3.08	3.33

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 December 2013 of 370,000,000 ordinary shares.
- (3) Translated at the average exchange rates for each respective periods.

There were no potentially dilutive ordinary shares in issue as at 31 December 2013 and 31 December 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 December 2013 Unaudited	31 December 2012 Audited	31 December 2013 Unaudited	31 December 2012 Audited
Net asset value per ordinary share based on issued share capital (US cents)	21.70	21,357.72	17.77	8,587.80
Number of ordinary shares outstanding	370,000,000	123,000	370,000,000	123,000
Adjusted net asset value per ordinary share based on issued share capital (US cents) ⁽¹⁾	21.70	7.10	17.77	2.85

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 December 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 Q4 2013 vs Q4 2012 and FY 2013 vs FY 2012

Operating financial statistics

		Q4 2013	Q4 2012	Change	FY 2013	FY 2012	Change
Sales volume	tonnes	23,286	15,356	51.6%	79,108	67,046	18.0%
Revenue	US\$ million	53.5	44.4	20.5%	205.0	222.0	-7.7%
Revenue per tonne	US\$	2,299	2,893	-20.5%	2,591	3,311	-21.8%
Gross profit	US\$ million	4.3	4.3	0.1%	20.2	20.0	1.4%
EBITDA - adjusted ⁽¹⁾	US\$ million	3.1	2.8	11.1%	14.2	15.1	-6.3%
Net Profit - adjusted ⁽¹⁾	US\$ million	2.0	1.6	26.0%	10.1	10.8	-6.4%

Note:

- (1) The results have been adjusted to exclude the non-recurring expenses and the pre-operation expenses for Group's proposed acquisitions during FY 2013, totaling US\$0.6 million in Q4 2013 (Q4 2012: US\$0.8 million) and US\$1.0 million in FY 2013 (FY 2012: US\$0.8 million).

Revenue

	Q4 2013		Q4 2012		FY 2013		FY 2012	
	US\$ million	As a % of total revenue	US\$ million	As a % of total revenue	US\$ million	As a % of total revenue	US\$ million	As a % of total revenue
Sales of our products	55.5	103.7%	43.6	98.1%	205.5	100.3%	219.5	98.9%
Other revenue ⁽¹⁾	(2.0)	-3.7%	0.8	1.8%	(0.5)	-0.3%	2.5	1.1%
Total revenue	53.5	100.0%	44.4	100.0%	205.0	100.0%	222.0	100.0%

Sales volume of our products (tonnes)	23,286	15,356	79,108	67,046
Revenue per tonne (US\$)	2,299	2,893	2,591	3,311

Note:

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

Q4 2013 vs Q4 2012

Revenue increased by US\$9.1 million or 20.5%, from US\$44.4 million in Q4 2012 to US\$53.5 million in Q4 2013 mainly due to increase in sales volume from 15,356 tonnes in Q4 2012 to 23,286 tonnes in Q4 2013. This increase was partially offset by lower average selling prices in Q4 2013, whereby revenue per tonne decreased from US\$2,893 in Q4 2012 to US\$2,299 in Q4 2013.

FY 2013 vs FY 2012

Revenue decreased by US\$17.0 million or 7.7%, from US\$222.0 million in FY 2012 to US\$205.0 million in FY 2013 mainly due to lower average selling prices in FY 2013, whereby revenue per tonne decreased from US\$3,311 in FY 2012 to US\$2,591 in FY 2013. This decrease was partially offset by a 18.0% increase in sales volume from 67,046 tonnes in FY 2012 to 79,108 tonnes in FY 2013.

Cost of sales

Cost of sales comprises the cost of procuring and processing raw materials into Natural Rubber for export. Cost of sales accounted for 92.1%, 90.5%, 90.1% and 91.0% of revenue in Q4 2013, Q4 2012, FY 2013 and FY 2012, respectively. The breakdown is shown below:

	Q4 2013		Q4 2012		FY 2013		FY 2012	
	US\$ million	As a % of total cost of sales	US\$ million	As a % of total cost of sales	US\$ million	As a % of total cost of sales	US\$ million	As a % of total cost of sales
Raw materials	(46.6)	94.5%	(38.7)	96.3%	(175.0)	94.7%	(194.4)	96.2%
Processing cost	(2.7)	5.5%	(1.5)	3.7%	(9.7)	5.3%	(7.6)	3.8%
Total cost of sales	(49.3)	100.0%	(40.2)	100.0%	(184.7)	100.0%	(202.0)	100.0%

Q4 2013 vs Q4 2012

Cost of sales increased by US\$9.1 million or 22.6%, from US\$40.2 million in Q4 2012 to US\$49.3 million in Q4 2013, mainly due to increase in sales volume by 7,930 tonnes, partially offset by lower raw material costs whereby cost of raw materials per tonne decreased from US\$2,520 in Q4 2012 to US\$2,001 in Q4 2013.

FY 2013 vs FY 2012

Cost of sales decreased by US\$17.3 million or 8.6%, from US\$202.0 million in FY 2012 to US\$184.7 million in FY 2013, mainly due to lower raw material costs in FY 2013 (US\$175.0 million) as compared to FY 2012 (US\$194.4 million). This decrease was partially offset by the increase in sales volume of 12,062 tonnes from FY 2012 to FY 2013.

Gross profit

The gross material profit per tonne information is shown below:

	Q4 2013	Q4 2012	FY 2013	FY 2012
Total revenue (US\$ million)	53.5	44.4	205.0	222.0
Cost of raw materials (US\$ million)	(46.6)	(38.7)	(175.0)	(194.4)
Gross material profit (US\$ million)	6.9	5.7	30.0	27.6
Processing costs (US\$ million)	(2.7)	(1.5)	(9.7)	(7.6)
Gross profit (US\$ million) ⁽¹⁾	4.3	4.3	20.2	20.0
Sales volume of our products (tonnes)	23,286	15,356	79,108	67,046
Gross material profit (US\$ per tonne)	297	373	379	412
Gross profit (US\$ per tonne)	183	277	256	298

(1) Figures do not add up due to rounding

Q4 2013 vs Q4 2012

Despite the decrease in gross material profit per tonne in Q4 2013 vs Q4 2012, the Group's gross profit in Q4 2013 is fairly unchanged at US\$4.3 million. This is mainly due to increase in the sales volume from 15,356 tonnes in Q4 2012 to 23,286 tonnes in Q4 2013. The decrease in gross material profit per tonne in Q4 2013 is mainly due to shipment delays from Q3 2013, inhibiting the Group from making opportunistic spot sales in Q4 2013.

FY 2013 vs FY 2012

The Group's gross profit increased by US\$0.2 million or 1.4% from US\$20.0 million in FY 2012 to US\$20.2 million in FY 2013, even though the sales volume has increased by 18.0%. This is mainly due to lower gross material profit per tonne in FY 2013 (US\$379) as compared to FY 2012 (US\$412). The lower gross material profit per tonne in FY 2013 is due to factors such as unseasonal rains and flooding (in Q2 2013) and shipment delays (as explained above).

Profit before tax

Q4 2013 vs Q4 2012

Profit before tax in Q4 2013 was US\$2.1 million, an increase of US\$0.9 million or 76.5% from the profit before tax in Q4 2012 of US\$1.2 million. Adding back non-recurring expenses and pre-operation costs for proposed acquisitions totalling US\$0.6 million in Q4 2013, profit before taxation in Q4 2013 would have been US\$2.7 million.

The increase in profit before tax was mainly due to an increase in sales volume from 15,356 tonnes in Q4 2012 to 23,286 tonnes in Q4 2013, and the decrease in the administrative expenses of US\$0.3 million or 15.4% from Q4 2012. The decrease in the administrative expenses is mainly due to lower non-recurring expenses and pre-operation costs for proposed acquisitions in Q4 2013 (US\$0.6 million) as compared to Q4 2012 (US\$0.8 million).

FY 2013 vs FY 2012

Profit before tax in FY 2013 was US\$10.7 million, a decrease of US\$0.8 million or 6.8% from the profit before tax in FY 2012 of US\$11.5 million. The decrease was mainly due to the decrease in gross profit in FY 2013 as outlined above. The decrease was also due to increase in the administrative expenses of US\$1.8 million in FY 2013. This increase reflects the scaling up of the Group's business as its expansion plans are implemented.

Profit after tax

Q4 2013 vs Q4 2012

Profit after tax in Q4 2013 was US\$1.4 million, an increase of US\$0.6 million or 75.7% over the corresponding figure in Q4 2012 of US\$0.8 million. Adding back non-recurring expenses and pre-operation costs for proposed acquisitions totalling US\$0.6 million in Q4 2013 (Q4 2012: US\$0.8 million), profit after taxation in Q4 2013 would have been US\$2.0 million (Q4 2012: US\$1.6 million).

FY 2013 vs FY 2012

Profit after tax in FY 2013 was US\$9.1 million, a decrease of US\$0.9 million or 9.3% over the corresponding figure in FY 2012 of US\$10.0 million. Adding back non-recurring expenses and pre-operation costs for proposed acquisitions totalling US\$1.0 million in Q4 2013 (Q4 2012: US\$0.8 million), profit after taxation in FY 2013 would have been US\$10.1 million (FY 2012: US\$10.8 million).

Review of the Financial Position of the Group

Non-current assets

Increase in property, plant and equipment as at 31 December 2013 (US\$15.5 million) of US\$4.6 million from 31 December 2012 (US\$10.9 million) was mainly due to the addition of plant and machinery and assets under construction during FY 2013 of US\$8.9 million, partially offset by a depreciation charge of US\$1.0 million and foreign currencies translation of US\$3.3 million.

The other assets of US\$2.1 million as at 31 December 2013 (2012: Nil) relate to the deposit paid for the proposed acquisition of Hevea KB (previously known as Chip Lam Seng Sdn. Bhd. (“CLS”)) assets which was announced on 3 June 2013.

Current assets

Current assets increased by US\$39.0 million or 95.7% from US\$40.8 million as at 31 December 2012 to US\$79.9 million as at 31 December 2013, due to the following:

- Increase in cash and bank balances of US\$40.8 million, mainly as a result of the IPO and the Placements net proceeds less amounts utilised up to 31 December 2013. The increase is partially offset by the dividend paid on 22 May 2013 of US\$2.4 million, repayment of term loan and its associated interest of US\$3.0 million and other operating expenses;
- Increase in other receivables of US\$1.4 million, mainly due the deposit placed for trading account, value-added tax receivables and deposit paid in advance for plant and machinery in relation to the expansion of two rubber processing facilities, HMK1 and HMK2;
- Increase in trade receivables of US\$0.5 million, mainly due to the higher export volume towards the end of December 2013 as compared to towards the end of 31 December 2012, partially offset by the lower average selling price in FY 2013;
- Decrease in inventories of US\$3.9 million, due to lower average purchase price in December 2013 as compared to December 2012.

Current liabilities

The decrease in current loan payables as at 31 December 2013 of US\$7.0 million was mainly due to lower utilisation of working capital loan balances of US\$4.5 million (31 December 2013: US\$15.3 million; 31 December 2012: US\$19.8 million) and the decrease in term loan balances of US\$2.5 million (31 December 2013: US\$5.8 million; 31 December 2012: US\$8.3 million) as a result of scheduled amortisation.

The decrease in trade and other payables of US\$1.8 million was mainly due to more timely payment of trade payables as at 31 December 2013 compared to 31 December 2012 and payment of IPO expenses accrued as at 31 December 2012 in FY 2013.

Equity

The Group's equity increased by US\$54.0 million from US\$26.3 million as at 31 December 2012 to US\$80.3 million as at 31 December 2013, mainly due to the increase in the Company's share capital of US\$51.2 million in FY 2013 and the Group's FY 2013 net profit. The increase was partially offset by a US\$2.4 million dividend payment in FY 2013.

Working capital

As at 31 December 2013, net working capital amounted to US\$23.3 million (31 December 2012: US\$17.6 million), as set out below:

(US\$ million)	31 December 2013	31 December 2012
Cash and bank balances	14.9 ⁽¹⁾	11.9
Trade receivables	7.3	6.8
Inventories	16.4	20.3
Less: Trade payables	-	(1.6)
Less: Working capital loans	(15.3)	(19.8)
Net working capital	23.3	17.6

Note:

- (1) The remaining net proceeds from the Placements amounting to US\$37.8 million has been excluded from the above cash and bank balances as at 31 December 2013, as these funds will only be applied solely for strategic purposes, such as acquisitions and investments.

Review of the Cash Flow Statement of the Group

The following table sets out a summary of cash flows for Q4 2013, Q4 2012, FY 2013 and FY 2012:

	Q4 2013	Q4 2012	FY 2013	FY 2012
(US\$ million)				
Net cash from operating activities, before working capital changes	4.4	1.2	12.5	12.1
Changes in working capital	8.5	(3.1)	(0.8)	(4.6)
Net cash from/(used in) operating activities	12.9	(1.9)	11.7	7.5
Net cash used in investing activities	(4.0)	(0.3)	(10.9)	(0.5)
Net cash from/(used in) financing activities	14.0	6.2	41.4	(1.8)
Net increase in cash and cash equivalents	22.9	4.0	42.1	5.1
Cash and cash equivalents at the beginning of the period	27.5	4.8	8.9	3.9
Effect of exchange rate changes on the balance of cash held in foreign currencies	(0.7)	0.1	(1.3)	(0.1)
Cash and cash equivalents at the end of the period	49.7	8.9	49.7	8.9

Q4 2013 vs Q4 2012

The Group's cash and cash equivalents increased by US\$22.9 million during Q4 2013. We recorded net cash inflow from operating activities of US\$12.9 million.

A net cash outflow from investing activities of US\$4.0 million was recorded, mainly attributable to the payment in relation to the purchase of property, plant and equipment.

Net cash generated from financing activities was US\$14.0 million, comprising net proceeds from the General Mandate Placement and the Credence Placement II (as defined herein) of US\$22.7 million, partially offset by net repayment of working capital loans of US\$7.9 million and the term loans and its associated interest expense of US\$0.8 million.

FY 2013 vs FY 2012

The Group's cash and cash equivalents increased by US\$42.1 million during FY 2013. We recorded net cash inflow from operating activities of US\$11.7 million mainly attributable to lower costs of raw material purchases in Q4 2013. Net cash outflow from investing activities was US\$10.9 million, comprising the deposit paid for the acquisition of Hevea KB assets of US\$2.1 million and payment in relation to the purchase of property, plant and equipment of US\$8.8 million.

Net cash generated from financing activities in FY 2013 of US\$41.4 million comprised the net proceeds received in FY 2013 from the issuance of the Company's shares of US\$51.2 million pursuant to the IPO and the Placements (as defined herein), partially offset by net repayment of working capital loans of

US\$4.5 million, dividend paid of US\$2.4 million and repayment of term loans and its associated interest expense of US\$3.0 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 trend 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

2013 saw a marked devaluation of natural rubber. The benchmark SGX-ST TSR 20 futures contract price has decreased from US\$3,065 per tonne in early 2013 to US\$2,265 per tonne at the end of December 2013, mainly due to uncertainty over the global economy. We believe that natural rubber prices will continue to be around the current level at least for the next 12 months.

The FY 2013 results are a testament to our business model and risk management approach, whereby we continue to operate profitably in spite of depressed natural rubber prices. We remain positive on the future strength and prospects of the natural rubber industry and remain committed to produce quality products for our customers.

We delivered 79,108 tonnes of our products in FY 2013, as compared to 67,046 tonnes in FY 2012, representing an increase of 18.0%. As at 31 December 2013, the Group has committed offtake of 61,652 tonnes to be delivered in the financial year ending 31 December 2014 (“FY 2014”), of which 39,678 tonnes are to be delivered in the first half of FY 2014 and 21,974 tonnes to be delivered in the second half of FY 2014. This has since been further increased by 4,768 tonnes, as the Group secured additional offtake from 1 January 2014 to 26 February 2014. This translates to a currently contracted volume of 66,420 tonnes.

The Group has completed the acquisition of Hevea KB assets on 16 January 2014, JFL Agro Pte Ltd on 29 January 2014 and PT Golden Energi on 19 February 2014. With the completion of these acquisitions, the Group’s annual processing capacity has increased to approximately 360,000 tonnes per annum.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes (subject to approval by shareholders at the forthcoming annual general meeting to be convened ("AGM")).

Name of dividend	First and Final Dividend
Dividend type	Cash
Dividend rate	1.0 Singapore cents per share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

(c) Date payable

The date payable for the proposed dividend will be announced at a later date.

(d) Books closure date

The books closure date will be announced at a later date.

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

Not applicable

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.

The Group has obtained a general mandate from shareholders of the Company for interested person transactions at the AGM held on 23 April 2013. During FY 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 year 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\$119,000	S\$360,000
Laveyne Limited ⁽²⁾ (in reference to acquisition of JFL Agro Pte. Ltd.)	S\$13,750,000	-

(1) Halcyon Corporate Services Pte. Ltd. (“HCS”) is a wholly-owned subsidiary of Halcyon Investment Corporation Pte. Ltd. (“HIC”). As at 31 December 2013, HIC owns 27.24% 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.

With effect from 1 October 2013, the Business Services Agreement (“BSA”) between the Company and HCS has been terminated by mutual agreement and the services contemplated under the BSA will be handled by the Company internally.

(2) Laveyne Limited is beneficially owned by Dato’ Lynette Le Mercier, a controlling shareholder of the Company. The IPT transaction has been approved by the shareholders of the Company in an EGM of the Company held on 12 December 2013.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group operates predominantly in the midstream of the natural rubber supply chain, specializing in the processing and merchandising/marketing of processed rubber. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance constitutes the consolidated results of the Group. Accordingly, the Group has only one reporting segment under FRS 108 Operating Segments.

Geographical information

Sales of natural rubber	FY 2013 (US\$ million)	FY 2012 (US\$ million)
USA	53.7	89.3
Asia (excluding Singapore and China)	76.3	79.3
Singapore	61.5	41.4
EU	4.3	8.4
China	9.7	1.1
Total	205.5	219.5

The table above shows the Group's sales of natural rubber by geographical locations (based on the origin of the customers' ultimate parent company). As we are primarily based in Singapore and Indonesia while serving global customers, it would not be possible to allocate costs to geographical regions in a similar manner to revenue and any attempt to match these expenses to revenues in the various geographical regions would therefore not be meaningful.

The Group's segment assets (non-current assets including intangible assets, property, plant and equipment and deferred charges) by geographical location are presented below:

Non-current assets	31 Dec 13 (US\$ million)	31 Dec 12 (US\$ million)
Asia (excluding Singapore and China)	15.3	10.9
Singapore	12.4	10.2
Total	27.7	21.1

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

The Group's sales of natural rubber are predominantly with customers based in USA and Asia (excluding China), in which these regions contributed about 93.2% (FY 2012: 95.6%) of the Group's total sales of natural rubber. The increase in sales to Singapore of US\$20.1 million or 48.6% was mainly due to the expansion of our customers base during the year, offset by lower selling price of our products in current year. The decrease in sales to USA of US\$35.6 million or 39.9% was due to lower selling price of our products and sales volume in current year.

16. Breakdown of sales in the first half and second half of the financial year

	Group		
	FY 2013 (Unaudited)	FY 2012 (Unaudited)	Increase/ (Decrease)
	US\$'000	US\$'000	%
(a) Sales reported for first half year	104,088	121,620	-14.4%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	5,603	7,746	-27.7%
(c) Sales reported for second half year	100,882	100,389	0.5%
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	6,527	5,812	12.3%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY 2013 (Unaudited) S\$'000	FY 2012 (Audited) S\$'000
Ordinary-Final (paid)	-	2,900
Ordinary-Final (proposed) ⁽¹⁾	3,960	-
Total	3,960	2,900

Note:

(1) The ordinary final (proposed) dividend is computed based on the number of outstanding shares as at 27 February 2014 of 396,000,000 shares.

18. Use of IPO proceeds

The Company refers to the net proceeds (IPO gross 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 27 February 2014, the status on the use of IPO net proceeds is as follows:

	Allocation (US\$ million)	Accumulated actual utilisation (US\$ million)	Amount yet to be utilised (US\$ million)
Use of IPO net proceeds			
Expansion and upgrading of processing facilities	6.9	6.0	0.9
General working capital ⁽¹⁾	4.2	4.2	-
Total	11.1	10.2	0.9

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.

19. Use of proceeds from the Placements

In FY 2013, the Company has issued and allotted:

- (a) 40,000,000 placement shares at the issue price of S\$0.5175 per share to Credence Capital Fund II (Cayman) Limited (“**Credence**”) which was completed on 24 June 2013, with net proceeds of approximately US\$16.3 million (the “**Credence Placement I**”);
 - (b) 27,500,000 placement shares at the issue price of S\$0.72 per share to 15 placees, which was completed on 22 November 2013, with net proceeds of approximately US\$15.6 million (the “**General Mandate Placement**”); and
 - (c) 12,500,000 placement shares at the issue price of S\$0.72 per share to Credence, which was completed on 23 December 2013, with net proceeds of approximately US\$7.1 million (the “**Credence Placement II**”).
- (collectively, the “**Placements**”)

The details of the utilisation of the net proceeds from the Credence Placement I are shown below:

	Amount (US\$ million)
Net proceeds from Credence Placement I	16.3
Less: Deposit paid for acquisition of Hevea KB assets	(2.1)
Partial consideration paid for acquisition of Hevea KB assets	(14.2)
Balance net proceeds remaining as at 27 February 2014	-

The details of the utilisation of the net proceeds from the General Mandate Placement and the Credence Placement II are shown as below:

	Amount (US\$ million)
Aggregate net proceeds from the General Mandate Placement and the Credence Placement II	22.7
Less: Partial consideration paid for acquisition of JFL Agro Pte Ltd	(6.8)
Consideration paid for acquisition of PT Golden Energi	(7.0)
Payment of professional fees in relation to the above-mentioned acquisitions	(0.6)
Balance net proceeds remaining as at 27 February 2014	8.3

The applications of the Placements' proceeds are in accordance with the intended use of proceeds from the Placements as disclosed to the shareholders of the Company in the Company's announcements dated 15 May 2013 and 6 November 2013, and circular to shareholders dated 27 November 2013. The Company will make periodic announcements on the use of the balance of the net proceeds from the Placements as and when the funds are materially disbursed and/or in the Company's financial results announcements.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

By Order of the Board

Robert Meyer
Executive Chairman and CEO

Singapore,
27 February 2014