

News Release



For immediate release

HALCYON AGRI REPORTS Q1 2016 ADJUSTED EBITDA OF US\$3.7M ON REVENUES OF US\$183.2M

- Total sales volume for Q1 2016 of 150,203 tonnes
- Margins impacted by exceptionally low natural rubber prices resulting in an adjusted net loss of US\$4.7m for Q1 2016
- Supply chain business model buffered the impact of low prices, with a strong contribution from the Group's distribution segment
- Recovery in natural rubber price from March 2016 positive, though markets remain volatile

Singapore, 14 May 2016 Natural rubber supply chain manager Halcyon Agri Corporation Limited ("Halcyon Agri" or the "Group") today announced its results for the first quarter of 2016. Sales volumes were 12% higher than the same period in 2015, however low rubber prices, which fell to levels not seen since 2003, compressed margins and contributed to an overall loss for the quarter.

The Group's processing business delivered a credible performance against the backdrop of challenging market conditions, contributing 52% of the Group's sales in the quarter. Low prices and limited raw material availability reduced the margins of the division, leading it to a small operating loss of US\$0.8 million for Q1 2016. The distribution segment recorded solid results, contributing 48% of the Group's sales and an operating profit of US\$3.4 million for the quarter, demonstrating the benefits of Halcyon Agri's supply chain business model in weathering challenging markets.

Halcyon Agri Executive Chairman and CEO Robert Meyer commented: *"Our industry has endured unsustainably low natural rubber prices over an extended timeframe, reaching indefensibly low levels in Q1 2016. We hope that the recent beginnings of a recovery in the natural rubber price will continue and that market participants can work together to establish a sustainable future"*. During Q1 2016, the market price for natural rubber declined 12% from its close at the end of 2015, reaching a low of \$1,042 per tonne before recovering nearly 30% to end the quarter at \$1,327 per tonne. The price as at 11 May 2016 is \$1,468 per tonne.

On 28 March 2016, Halcyon Agri announced a series of proposed transactions to combine its natural rubber assets with those of Sinochem International Corporation. Since then, steady progress has been made in satisfying the pre-conditions to the transactions, with Halcyon Agri successfully obtaining the requisite waivers and consents from its bondholders and its financing banks. Further announcements on the proposed transactions will be made as and when there are material developments.

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About Halcyon Agri

Halcyon Agri is a natural rubber supply chain manager, supporting the world's growing mobility needs through the origination, production and distribution of natural rubber. The Group owns 14 natural rubber processing facilities in Indonesia and Malaysia and produces sustainable, premium Technically Specified Rubber under its proprietary HEVEAPRO brand. It distributes HEVEAPRO and a range of other natural rubber grades, including latex, to an international customer base through its network of warehouses and sales offices in South East Asia, China, South Africa, the United States and Europe. Halcyon Agri's workforce totals approximately 4,000 people and its aggregate natural rubber distribution capacity is approximately 1 million tonnes per annum.

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