



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

Unaudited Financial Statement for the Third Quarter Ended 30 September 2016

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 Profit and Loss Accounts- Third Quarter 2016 ("Q3 2016") and 9 Months Ended 30 September 2016 ("9M 2016")

	Group			Group		
	Q3 2016 (Unaudited)	Q3 2015 (Unaudited)	Change	9M 2016 (Unaudited)	9M 2015 (Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	187,111	274,606	(31.9)	568,960	781,290	(27.2)
Cost of sales	(179,935)	(255,494)	(29.6)	(540,715)	(727,278)	(25.7)
Gross profit	7,176	19,112	(62.5)	28,245	54,012	(47.7)
Other income	517	124	316.9	1,623	520	212.1
Selling expenses	(2,834)	(3,877)	(26.9)	(9,096)	(10,549)	(13.8)
Administrative expenses	(5,796)	(4,575)	26.7	(19,602)	(11,561)	69.6
Administrative expenses - non-recurring	(3,239)	(2,656)	22.0	(7,447)	(4,203)	77.2
Operating (loss)/profit	(4,176)	8,128	n/m	(6,277)	28,219	n/m
Finance income	177	24	637.5	748	450	66.2
Finance costs	(6,951)	(6,396)	8.7	(20,516)	(18,747)	9.4
(Loss)/Profit before taxation	(10,950)	1,756	n/m	(26,045)	9,922	n/m
Income tax expense	(1,050)	(1,270)	(17.3)	(210)	(3,646)	(94.2)
(Loss)/Profit for the financial period	(12,000)	486	n/m	(26,255)	6,276	n/m
(Loss)/Profit attributable to:						
Owners of the Company	(12,108)	47	n/m	(26,733)	4,515	n/m
Non-controlling interest	108	439	(75.4)	478	1,761	(72.9)
	(12,000)	486	n/m	(26,255)	6,276	n/m
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(1,843)	10,312	n/m	691	35,051	(98.0)
Adjusted EBITDA (refer item 8)	1,396	12,968	(89.2)	8,138	39,254	(79.3)
Earnings per share ("EPS") (refer item 6):						
Basic and diluted EPS in US cents	(1.64)	0.01	n/m	(4.13)	1.07	n/m

n/m - not meaningful

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 (cont'd)

Consolidated Statement of Comprehensive Income - Third Quarter 2016 ("Q3 2016") and 9 Months Ended 30 September 2016 ("9M 2016")

	Group			Group		
	Q3 2016 (Unaudited)	Q3 2015 (Unaudited)	Change	9M 2016 (Unaudited)	9M 2015 (Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Loss)/Profit for the financial period	(12,000)	486	n/m	(26,255)	6,276	n/m
Other comprehensive income/(loss)						
<i>Items that may be reclassified subsequently to profit and loss</i>						
Exchange differences on translation of foreign operations	1,974	(29,523)	n/m	7,417	(50,501)	n/m
Cash flow hedges - losses arising during the period (net of tax)	-	-	n/m	-	(332)	n/m
Recognised in the profit and loss accounts on occurrence of hedged transactions	76	202	(62.4)	2,200	843	161.0
Other comprehensive income/(loss) for the financial period	2,050	(29,321)	n/m	9,617	(49,990)	n/m
Total comprehensive loss for the financial period	(9,950)	(28,835)	(65.5)	(16,638)	(43,714)	(61.9)
Total comprehensive loss attributable to:						
Owners of the Company	(10,402)	(20,744)	(49.9)	(18,033)	(30,522)	(40.9)
Non-controlling interests	452	(8,091)	n/m	1,395	(13,192)	n/m
	(9,950)	(28,835)	(65.5)	(16,638)	(43,714)	(61.9)

n/m - not meaningful

1(a)(ii) Notes to Consolidated Profit and Loss Accounts

(Loss)/Profit for the financial period has been arrived at after crediting/(charging) the following:						
	Group			Group		
	Q3 2016	Q3 2015	Change	9M 2016	9M 2015	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Amortisation of intangible asset	(18)	(35)	(48.6)	(53)	(35)	51.4
Cost of inventories recognised as an expense	(179,935)	(255,494)	(29.6)	(540,715)	(727,278)	(25.7)
Depreciation:						
-Cost of sales	(1,907)	(1,767)	7.9	(5,642)	(5,550)	1.7
-Selling expenses	(22)	(19)	15.8	(68)	(55)	23.6
-Administrative expenses	(386)	(363)	6.3	(1,205)	(1,192)	1.1
	(2,315)	(2,149)	7.7	(6,915)	(6,797)	1.7
Employee benefits expenses:						
-Cost of sales	(4,027)	(3,846)	4.7	(12,875)	(11,897)	8.2
-Selling expenses	(1,074)	(1,076)	(0.2)	(3,245)	(2,658)	22.1
-Administrative expenses	(3,356)	(3,504)	(4.2)	(9,885)	(9,610)	2.9
	(8,457)	(8,426)	0.4	(26,005)	(24,165)	7.6
Finance cost:						
-Working capital loans	(1,800)	(1,958)	(8.0)	(5,956)	(4,799)	24.1
- Acquisition term loans	(3,462)	(2,807)	23.3	(9,599)	(9,081)	5.7
-Medium Term Notes ("MTN") ⁽¹⁾	(1,670)	(1,604)	4.1	(4,897)	(4,780)	2.4
-Finance lease	(19)	(27)	(29.6)	(64)	(87)	(26.4)
	(6,951)	(6,396)	8.7	(20,516)	(18,747)	9.4
Foreign exchange (loss)/gain:						
-Cost of sales	(577)	1,393	n/m	148	5,658	(97.4)
-Administrative expenses	21	1,478	(98.6)	(2,027)	5,070	n/m
	(556)	2,871	n/m	(1,879)	10,728	n/m
Non-recurring expenses:						
-Acquisitions-related expenses	(2,160)	(14)	15,327.1	(3,454)	(157)	2,099.9
-Expense on Consent Solicitation Exercise ("CSE")	(18)	-	n/m	(785)	-	n/m
-Professional fees incurred for syndicated loan facility	-	(1,588)	n/m	-	(2,992)	n/m
-Amortisation of fee incurred for syndicated loan facility	(1,061)	(1,054)	0.7	(3,208)	(1,054)	204.4
	(3,239)	(2,656)	22.0	(7,447)	(4,203)	77.2
Other income:						
-Fair value gain on biological assets	431	-	n/m	1,305	-	n/m
-Others	86	124	(30.6)	318	520	(38.8)
	517	124	316.9	1,623	520	212.1
Professional fees	(380)	(467)	(18.6)	(998)	(1,206)	(17.2)

n/m - not meaningful

(1) Included in MTN finance cost is amortisation of upfront fee paid in Q3 2016 of US\$150,000 (Q3 2015: US\$150,000) and 9M 2016 of US\$451,000 (9M 2015: US\$451,000)

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

Consolidated Statements of Financial Position as at 30 September 2016 and 31 December 2015				
	Group		Company	
	30 Sep 16	31 Dec 15	30 Sep 16	31 Dec 15
	Unaudited US\$'000	Restated US\$'000	Unaudited US\$'000	Audited US\$'000
ASSETS				
Non-current assets				
Intangible assets	200,481	200,534	-	-
Property, plant and equipment	99,779	99,489	212	122
Plantation related properties	38,492	35,789	-	-
Biological assets	6,169	4,054	-	-
Investment properties	22,241	21,420	-	-
Deferred tax assets	3,574	3,175	351	-
Deferred charges	191	146	-	-
Other assets	2	2	-	-
Investment in subsidiaries	230,598	-	398,606	168,008
Total non-current assets	601,527	364,609	399,169	168,130
Current assets				
Cash and bank balances	48,981	70,541	37	3,064
Trade receivables	59,109	65,030	-	-
Other receivables	25,403	27,427	104,232	95,281
Tax receivables	2,725	3,324	-	-
Derivative financial instruments	8,360	24,250	-	-
Inventories	102,917	102,875	-	-
Total current assets	247,495	293,447	104,269	98,345
Total assets	849,022	658,056	503,438	266,475
LIABILITIES AND EQUITY				
Current liabilities				
Derivative financial instruments	6,830	7,567	-	-
Trade payables	6,583	11,249	-	-
Other payables	13,437	18,349	23,531	10,000
Loan payables	199,449	191,874	2,750	2,750
Provision for taxation	3,124	1,553	-	15
Finance lease	458	435	458	435
Total current liabilities	229,881	231,027	26,739	13,200
Net current assets	17,614	62,420	77,530	85,145
Non current liabilities				
Loan payables	246,585	270,150	97,204	94,404
Retirement benefit obligations	12,108	10,703	-	-
Deferred tax liabilities	20,828	20,004	25	25
Finance lease	700	1,046	700	1,046
Total non current liabilities	280,221	301,903	97,929	95,475
Net assets	338,920	125,126	378,770	157,800
Capital and reserves				
Share capital	387,149	156,551	387,149	156,551
Capital reserves	143	143	-	-
Accumulated (losses)/profits	(22,370)	4,363	(8,379)	1,249
Hedging reserve	11	(2,189)	-	-
Foreign currency translation reserves	(51,480)	(57,980)	-	-
Equity attributable to owners of the Company	313,453	100,888	378,770	157,800
Non-controlling interests	25,467	24,238	-	-
Total equity	338,920	125,126	378,770	157,800
Total liabilities and equity	849,022	658,056	503,438	266,475

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

	As at 30 September 2016 (Unaudited)		As at 31 December 2015 (Audited)	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	199,449	-	191,874	-
Finance lease	458	-	435	-

Amount repayable after one year

	As at 30 September 2016 (Unaudited)		As at 31 December 2015 (Audited)	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	156,943	89,642	185,370	84,780
Finance lease	700	-	1,046	-

Details of any collateral

Working capital loans are secured by corporate guarantees from the Company and by a charge over some of the Group's inventories, trade receivables and certain cash and bank balances.

Term loans are secured by corporate guarantees from the Company and by a charge over certain of the Group's property, plant and equipment, other receivables and pledges over ordinary shares held by the Group in certain subsidiaries.

Finance leases are secured by the lessor's title to the leased assets.

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- Third Quarter 2016 ("Q3 2016") and 9 Months Ended 30 September 2016 ("9M 2016")

	Group		Group	
	Q3 2016	Q3 2015	9M 2016	9M 2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:				
(Loss)/Profit before taxation	(10,950)	1,756	(26,045)	9,922
Adjustments for:				
Depreciation expense	2,315	2,149	6,915	6,797
Amortisation of intangible asset	18	35	53	35
Retirement benefit expense	406	376	1,266	1,235
Interest income	(177)	(24)	(748)	(450)
Interest expense	6,951	6,396	20,516	18,747
Fair value loss/(gain) on open forward commodities contracts and inventories, unrealised	6,883	5,617	388	(6,222)
Fair value gain on biological assets	(431)	-	(1,305)	-
Unrealised foreign exchange (gain)/loss	(21)	(2,150)	2,027	(5,944)
Amortisation fee for syndicated loan facility	1,061	1,054	3,208	1,054
Loss on disposal of other investment	-	13	-	13
Operating cash flows before working capital changes	6,055	15,222	6,275	25,187
Trade and other receivables	(160)	(1,157)	15,544	10,270
Inventories	2,357	24,087	19,115	5,624
Trade and other payables	2,400	2,895	(8,982)	(20,481)
Cash generated from operations	10,652	41,047	31,952	20,600
Interest received	177	24	748	450
Interest paid	(1,843)	(2,005)	(6,042)	(4,419)
Tax receipt/(paid)	273	(748)	730	(1,712)
Net cash generated from operating activities	9,259	38,318	27,388	14,919
Investing activities				
Acquisition of subsidiaries (net of cash acquired)	-	-	-	(16,481)
Capital expenditure on property, plant and equipment and plantation assets	(1,590)	(3,000)	(5,039)	(8,908)
Proceed from disposal of other investment	-	34	-	34
Net cash used in investing activities	(1,590)	(2,966)	(5,039)	(25,355)
Financing activities				
Net (repayment)/proceed from syndicated loan facility - term loan	(6,370)	(5,635)	(18,375)	171,220
Net (repayment)/proceed of syndicated loan facility - working capital loan	(13,500)	(23,500)	(5,000)	160,080
Repayment of syndicated bridge facility	-	-	-	(271,800)
Net repayment of other term loans	-	-	-	(4,561)
Net proceed/(repayment) of other working capital loans	4,391	3,025	(433)	(43,187)
Interest paid on term loans and syndicated facility	(3,462)	(2,754)	(9,599)	(9,945)
Interest paid on Medium Term Notes ("MTN")	(2,949)	(2,702)	(5,838)	(5,927)
Interest paid in advance to Trust Account - MTN	(3,040)	-	(3,040)	-
Repayment of obligation under finance lease arrangement	(109)	(103)	(323)	(301)
Dividend paid to non-controlling interest	-	(143)	(166)	(143)
Decrease in pledged deposits	-	-	-	1,674
Net cash used in financing activities	(25,039)	(31,812)	(42,774)	(2,890)
Net (decrease)/increase in cash and cash equivalents	(17,370)	3,540	(20,425)	(13,326)
Cash and cash equivalents at beginning of the period	66,691	56,087	70,541	75,782
Effects of exchange rate changes on the balance of cash held in foreign currencies	(340)	(2,450)	(1,135)	(5,279)
Cash and cash equivalents at end of the period	48,981	57,177	48,981	57,177
Cash and bank balances comprise the following:				
Cash and cash equivalents	48,981	57,177	48,981	57,177
Fixed deposits - pledged	-	-	-	-
	48,981	57,177	48,981	57,177

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 30 September 2016 and 30 September 2015

Group (Unaudited)	Share capital US\$'000	Capital reserves US\$'000	Accumulated (losses)/ profits US\$'000	Foreign currency translation reserves US\$'000	Hedging reserve US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance at 1 July 2016	156,551	143	(10,262)	(53,110)	(65)	25,015	118,272
Total comprehensive loss for the period							
(Loss)/Profit for the period	-	-	(12,108)	-	-	108	(12,000)
Other comprehensive income	-	-	-	1,630	76	344	2,050
Total	-	-	(12,108)	1,630	76	452	(9,950)
Transactions with owners, recognised directly in equity							
Issuance of Company's shares (net of share issuance cost)	230,598	-	-	-	-	-	230,598
Total	230,598	-	-	-	-	-	230,598
Balance at 30 September 2016	387,149	143	(22,370)	(51,480)	11	25,467	338,920

Group (Unaudited)	Share capital US\$'000	Capital reserves US\$'000	Accumulated (losses)/ profits US\$'000	Foreign currency translation reserves US\$'000	Hedging reserve US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance at 1 July 2015	92,993	143	12,758	(31,385)	(202)	71,345	145,652
Total comprehensive income/(loss) for the period							
Profit for the period	-	-	47	-	-	439	486
Other comprehensive loss	-	-	-	(20,993)	202	(8,530)	(29,321)
Total	-	-	47	(20,993)	202	(8,091)	(28,835)
Transactions with owners, recognised directly in equity							
Dividend paid to non-controlling interest	-	-	-	-	-	(143)	(143)
Total	-	-	-	-	-	(143)	(143)
Balance at 30 September 2015	92,993	143	12,805	(52,378)	-	63,111	116,674

Company (Unaudited)	Share capital US\$'000	Capital reserves US\$'000	Accumulated (losses)/ profits US\$'000	Foreign currency translation reserves US\$'000	Hedging reserve US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance at 1 July 2016	156,551	-	(6,345)	-	-	-	150,206
Total comprehensive loss for the period							
Loss for the period	-	-	(2,034)	-	-	-	(2,034)
Total	-	-	(2,034)	-	-	-	(2,034)
Transactions with owners, recognised directly in equity							
Issuance of share capital (net of share issuance cost)	230,598	-	-	-	-	-	230,598
Total	230,598	-	-	-	-	-	230,598
Balance at 30 September 2016	387,149	-	(8,379)	-	-	-	378,770

Company (Unaudited)	Share capital US\$'000	Capital reserves US\$'000	Accumulated (losses)/ profits US\$'000	Foreign currency translation reserves US\$'000	Hedging reserve US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance at 1 July 2015	92,993	-	3,448	-	-	-	96,441
Total comprehensive income for the period							
Loss for the period	-	-	(1,081)	-	-	-	(1,081)
Total	-	-	(1,081)	-	-	-	(1,081)
Balance at 30 September 2015	92,993	-	2,367	-	-	-	95,360

- 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.**

	Number of ordinary shares	US\$’000
Issued and paid up		
At 30 June 2016	600,092,000	156,551
Issue of share capital	418,944,884	230,598
At 30 September 2016	<u>1,019,036,884</u>	<u>387,149</u>

The Company has allotted and issued 418,944,884 new fully paid-up ordinary shares in the capital of the Company as consideration for 448,887,135 ordinary shares in the capital of GMG Global Ltd (“GMG”) acquired pursuant to the general offer made by the Company.

There were no other outstanding options, convertibles or treasury shares as at 30 September 2016 and 30 September 2015.

- 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 30 September 2016 and 31 December 2015. As such, the number of issued shares excluding treasury shares as at 30 September 2016 and 31 December 2015 were 1,019,036,884 shares and 600,092,000 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 2015.

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 2016.

(a) Amendments to FRS 16 and FRS 41 Agriculture – Bearer Plants

The amendments changed the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 41. Instead, FRS 16 will apply. After initial recognition, bearer plants will be measured under FRS 16 at accumulated cost (before maturity) and using either the cost or revaluation model (after maturity).

The amendments also require that produce that grows on bearer plants will remain in the scope of FRS 41 measured at fair value less costs to sell. For government grants related to bearer plants, FRS 20 Accounting Government Grants and Disclosure of Government Assistance will apply. The Group has accounted for the oil palm plantations as bearer plants and applied the amendments retrospectively.

The effects of the amendments are as follows:

	Group	
	31 Dec 2015	31 Dec 2015
	Restated	As initially stated
	US\$’000	US\$’000
Statement of financial position		
Plantation related properties	35,789	35,491
Biological assets	4,054	6,360
Deferred tax liabilities	20,004	20,486
Accumulated profits	4,363	6,025
Foreign currency translation reserves	(57,980)	(58,116)

(b) Non-consolidation of GMG

On 23 August 2016, the Company had launched a voluntary general offer (“VGO”) for the entire issued and paid-up capital of GMG Global Ltd (“GMG”), which was open for acceptance from 9 September 2016 onwards. As at 30 September 2016, the Company held an aggregate of 58.6% of the issued and paid-up share capital of GMG. In view of the ongoing VGO exercise, the investment in GMG is carried at cost in the consolidated statement of financial position and GMG results are not included in the consolidated income statement for Q3 2016. GMG’s results and financial position will be consolidated into the Group’s results and financial position once the Company obtained management control of GMG.

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	
	Q3 2016	Q3 2015	9M 2016	9M 2015
	Unaudited	Unaudited	Unaudited	Unaudited
(Loss)/Profit attributable to owners of the Company (US\$'000)	(12,108)	47	(26,733)	4,515
Basic and diluted (loss)/earnings per share ("LPS/EPS") in US cents ⁽¹⁾	(1.64)	0.01	(4.13)	1.07
Adjusted (LPS)/EPS in US cents ⁽²⁾	(1.19)	0.00	(2.62)	0.00
Adjusted (LPS)/EPS in SGD cents ⁽³⁾	(1.61)	0.01	(3.59)	0.01

Notes:

- (1) The basic and diluted EPS/(LPS) for the periods under review have been computed based on the profit/(loss) 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 (loss)/profit attributable to owners of the Company and number of ordinary shares in issue as at 30 September 2016 of 1,019,036,884 ordinary shares.
- (3) Translated at the average exchange rates for each respective period.

The basic and diluted LPS for Q3 2016, Q3 2015, 9M 2016 and 9M 2015 were the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2016 and 30 September 2015.

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	
	30 September 2016 Unaudited	31 December 2015 Audited	30 September 2016 Unaudited	31 December 2015 Audited
Net asset value per ordinary share based on issued share capital (US cents)	33.26	20.85	37.17	26.30
Net asset value per ordinary share based on issued share capital (SGD cents) ⁽¹⁾	45.18	29.48	50.49	37.18
Number of ordinary shares outstanding	1,019,037,388	600,092,000	1,019,037,388	600,092,000

Note:

(1) Translated at the closing exchange rates for each respective period.

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 Q3 2016 VS Q3 2015 AND 9M 2016 VS 9M 2015

Snapshot

Operating financial statistics

		Q3 2016	Q3 2015	Change	9M 2016	9M 2015	Change
Total sales volume	tonnes	131,170	183,833	-28.6%	432,983	510,812	-15.2%
Revenue	US\$ million	187.1	274.6	-31.9%	569.0	781.3	-27.2%
Revenue per tonne	US\$	1,426	1,494	-4.5%	1,314	1,530	-14.1%
Gross profit	US\$ million	7.2	19.1	-62.5%	28.2	54.0	-47.7%
EBITDA - adjusted ⁽¹⁾	US\$ million	1.4	13.0	-89.2%	8.1	39.3	-79.3%
Net (loss)/profit - adjusted ⁽¹⁾	US\$ million	(8.8)	3.1	n/m	(18.8)	10.5	n/m

n/m - not meaningful

Note:

- (1) The results have been adjusted to exclude the non-recurring expenses of US\$3.2 million in Q3 2016 (Q3 2015: US\$2.7 million, 9M 2016: US\$7.4 million and 9M 2015: US\$4.2 million).

Revenue

Q3 2016 vs Q3 2015

Revenue decreased by US\$87.5 million or 31.9%, from US\$274.6 million in Q3 2015 to US\$187.1 million in Q3 2016 due to lower selling prices and lower sales volumes from 183,833 tonnes in Q3 2015 to 131,170 tonnes in Q3 2016.

Sales volume for the Processing division decreased from 107,100 tonnes in Q3 2015 to 85,265 tonnes in Q3 2016. The decrease was mainly due to the implementation of the Agreed Export Tonnage Scheme ("AETS"), a self-imposed restriction on natural rubber exports by the Governments of Thailand, Indonesia, Malaysia and Vietnam, from 1 March 2016. Distribution division sales volumes also decreased, falling from 104,499 tonnes in Q3 2015 to 62,189 tonnes in Q3 2016. The decrease in sales volume of the Distribution division was mainly due to lower sales volume from NCE, arising as a result of our ongoing streamlining of the customer base, including preparation for incoming customers from the Sinochem natural rubber distribution business.

Selling prices declined as a result of the decrease in the market price for natural rubber; revenue per tonne decreased from US\$1,494 in Q3 2015 to US\$1,426 in Q3 2016.

9M 2016 vs 9M 2015

Revenue decreased by US\$212.3 million or 27.2%, from US\$781.3 million in 9M 2015 to US\$569.0 million in 9M 2016 due to lower selling prices and lower sales volumes from 510,812 tonnes in 9M 2015 to 432,983 tonnes in 9M 2016 (as explained above). Selling prices declined as a result of the decrease in the market price for natural rubber; revenue per tonne decreased from US\$1,530 in 9M 2015 to US\$1,314 in 9M 2016.

Cost of sales

Cost of sales comprises the cost of procuring and processing raw materials into finished goods, and other incidental costs to transport the goods to customers (for sales not on FOB basis).

Q3 2016 vs Q3 2015 and 9M 2016 vs 9M 2015

Cost of sales decreased by US\$75.6 million (9M 2016: US\$186.6 million) or 29.6% (9M 2016: 25.7%), from US\$255.5 million in Q3 2015 (9M 2015: US\$727.3 million) to US\$179.9 million in Q3 2016 (9M 2016: US\$540.7 million), due to the decrease in the price of raw materials and sales volume.

Gross Profit

	Q3 2016	Q3 2015	Change	9M 2016	9M 2015	Change
Gross profit (US\$ million)	7.2	19.1	-62.5%	28.2	54.0	-47.7%
Sales volume (tonnes)	131,170	183,833	-28.6%	432,983	510,812	-15.2%
Gross profit per tonne (US\$)	55	104	-47.4%	65	106	-38.3%

Q3 2016 vs Q3 2015 and 9M 2016 vs 9M 2015

Gross profit decreased by US\$11.9 million (9M 2016: US\$25.8 million) or 62.5% (9M 2016: 47.7%) from US\$19.1 million in Q3 2015 (9M 2015: US\$54.0 million) to US\$7.2 million in Q3 2016 (9M 2016: US\$28.2 million) mainly due to margin compression in the Processing division as a result of low rubber prices. The Distribution division's gross profit per tonne in Q3 2016 also decreased from US\$59 per tonne in Q3 2015 to US\$31 per tonne in Q3 2016 due to a temporary mismatch between purchases and sales in the Latex division.

(Loss)/Profit before tax

Q3 2016 vs Q3 2015

Loss before tax in Q3 2016 was US\$11.0 million, a decrease of US\$12.7 million from the profit before tax in Q3 2015 of US\$1.8 million. The movement in (loss)/profit before tax was mainly due to lower gross profit, an increase in selling and administrative expenses and increase in finance costs.

Other income increased by US\$0.4 million from US\$0.1 million in Q3 2015 to US\$0.5 million in Q3 2016 mainly due to fair value gain on biological assets of US\$0.4 million.

Selling and administrative expenses (excluding non-recurring expenses) amounted to US\$8.6 million in Q3 2016 as compared to US\$8.5 million in Q3 2015. Excluding the foreign exchange effect, the selling and administrative expenses (excluding non-recurring expenses) has decreased from US\$9.9 million in Q3 2015 to US\$8.7 million in Q3 2016, mainly due to cost-cutting measures implemented since the beginning of 2016.

Finance cost increased by US\$0.6 million from US\$6.4 million in Q3 2015 to US\$7.0 million in Q3 2016, mainly due to step-up of term loan interest rates.

9M 2016 vs 9M 2015

Loss before tax in 9M 2016 was US\$26.0 million, a decrease of US\$35.9 million from the profit before tax in 9M 2015 of US\$9.9 million. The movement in (loss)/profit before tax was mainly due to lower gross profit and an increase in selling and administrative expenses (mainly from the non-recurring administrative expenses) and finance costs.

Selling and administrative expenses (excluding non-recurring expenses) amounted to US\$28.7 million in 9M 2016 as compared to US\$22.1 million in 9M 2015. Excluding the foreign exchange effect, the selling and administrative expenses (excluding non-recurring expenses) has decreased from US\$27.2 million in 9M 2015 to US\$26.7 million in 9M 2016.

Finance cost increased by US\$1.8 million from US\$18.7 million in 9M 2015 to US\$20.5 million in 9M 2016, mainly due to step-up of term loan interest rate and higher utilisation of working capital loans.

(Loss)/Profit after tax

Q3 2016 vs Q3 2015

Loss after tax in Q3 2016 was US\$12.0 million, a decrease of US\$12.5 million from the profit after tax in Q3 2015 of US\$0.5 million.

9M 2016 vs 9M 2015

Loss after tax in 9M 2016 was US\$26.3 million, a decrease of US\$32.6 million from the profit after tax in 9M 2015 of US\$6.3 million.

REVIEW OF THE FINANCIAL POSITION OF THE GROUP AS AT 30 SEPTEMBER 2016 VS 31 DECEMBER 2015

Non-current assets

The increase in non-current assets as at 30 September 2016 (US\$601.5 million) of US\$236.9 million or 65.0% from 31 December 2015 (US\$364.6 million) was mainly due to (i) investment in a new subsidiary, GMG of US\$230.6 million, (ii) foreign exchange difference in aggregate of US\$6.4 million for property, plant and equipment, investment properties and plantation related assets in Indonesia and Malaysia as a result of strengthening of Indonesian Rupiah and Malaysian Ringgit against US Dollar, (iii) addition of property, plant and equipment of US\$4.4 million and (iv) increase in biological assets of US\$2.1 million due to fair value gain and additional plantation works. This was offset by depreciation expense of US\$6.9 million.

Current assets

Current assets decreased by US\$45.9 million or 15.7% from 31 December 2015 (US\$293.4 million) to 30 September 2016 (US\$247.5 million), primarily attributable to:

- decrease in cash and bank balance of US\$21.6 million. During 9M 2016, the Group generated operating cash inflow of US\$27.4 million, of which US\$5.0 million was used for capital expenditure on property, plant and equipment, and the remainder used, together with existing cash balances, to service principal and interest payments of US\$42.8 million;
- decrease in trade and other receivables of US\$7.9 million mainly due to repayment from customers and decrease in deposit for syndicated loan facility utilised for principal repayment; and
- decrease in derivative financial instruments of US\$15.9 million mainly due to lower valuation gain on the open sales contracts at 30 September 2016.

Current liabilities

Current liabilities decreased by US\$1.1 million or 0.5% from 31 December 2015 (US\$231.0 million) to 30 September 2016 (US\$229.9 million), mainly due to a decrease in trade and other payables of US\$9.6 million due to repayments made to trade and non-trade suppliers. The decrease was offset by an increase in loan payables mainly due to re-classification of certain non-current term loans to current loan payables (see table below), net off repayment of principal.

The breakdown of the current loan payables are as follows:

(US\$ million)	30 September 2016	31 December 2015
Working capital loans	164.9	166.9
Term loans	34.5	25.0
Total	199.4	191.9

Non-current liabilities

Non-current liabilities decreased by US\$21.7 million or 7.2% from 31 December 2015 (US\$301.9 million) to 30 September 2016 (US\$280.2 million), mainly due to reclassification of certain non-current term loans to current loan payables as described above. The amount of working capital loans included in non-current loan payables was US\$37.0 million as at 30 September 2016.

Equity

The Group's equity increased by US\$213.8 million from US\$125.1 million as at 31 December 2015 to US\$338.9 million as at 30 September 2016, mainly due to issuance of share capital of US\$230.6 million for acquisition of GMG and foreign currency translation gains arising during the period as a result of strengthening of Indonesian Rupiah and Malaysian Ringgit against US Dollar, offset by the Group's 9M 2016 net loss.

Working capital

As at 30 September 2016, net working capital amounted to US\$39.5 million, as set out below:

(US\$ million)	30 September 2016	31 December 2015
Cash and bank balances	49.0	70.5
Trade receivables	59.1	65.0
Inventories	102.9	102.9
Less: Trade payables	(6.6)	(11.2)
Less: Working capital loans (current)	(164.9)	(166.9)
Net working capital	39.5	60.3

REVIEW OF THE CASH FLOW STATEMENT OF THE GROUP FOR Q3 2016 VS Q3 2015 AND 9M 2016 VS 9M 2015

The following table sets out a summary of cash flows for Q3 2016, Q3 2015, 9M 2016 and 9M 2015:

(US\$ million)	Q3 2016	Q3 2015	9M 2016	9M 2015
Net cash generated from operating activities, before working capital changes	4.6	12.5	1.7	19.5
Changes in working capital	4.6	25.8	25.7	(4.6)
Net cash generated from operating activities	9.2	38.3	27.4	14.9
Net cash used in investing activities	(1.6)	(3.0)	(5.0)	(25.3)
Net cash used in financing activities	(25.0)	(31.8)	(42.8)	(2.9)
Net (decrease)/ increase in cash and cash equivalents	(17.4)	3.5	(20.4)	(13.3)
Cash and cash equivalents at the beginning of the period	66.7	56.1	70.5	75.8
Effect of exchange rate changes on the balance of cash held in foreign currencies	(0.3)	(2.5)	(1.1)	(5.3)
Cash and cash equivalents at the end of the period	49.0	57.2	49.0	57.2

Q3 2016 vs Q3 2015

The Group's cash and cash equivalents decreased by US\$17.4 million during Q3 2016. It recorded net cash inflow from operating activities of US\$9.2 million during Q3 2016.

Cash outflow from investing activities of US\$1.6 million was due to capital expenditure on property, plant and equipment and plantation assets.

Net cash outflow from financing activities was US\$25.0 million, mainly due to repayment of various loans and associated interest costs.

9M 2016 vs 9M 2015

The Group's cash and cash equivalents decreased by US\$20.4 million during 9M 2016. It recorded net cash inflow from operating activities of US\$27.4 million during 9M 2016.

Cash outflow from investing activities of US\$5.0 million was due to capital expenditure on property, plant and equipment and plantation assets.

Net cash outflow from financing activities was US\$42.8 million, mainly due to repayment of various loans and associated interest costs.

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

The Company did not issue any forecast or prospect statement.

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

Halcyon Agri's financial performance for the remainder of 2016 will continue to be impacted by the natural rubber market price environment.

The Group's financial results in the next reporting period and in the next 12 months will also be affected by:

- the consolidation of financial results of the Sinochem natural rubber assets, of which the acquisition was completed on 3 October 2016;
- the consolidation of financial results of GMG Global Ltd, which will be a wholly-owned subsidiary of Halcyon Agri upon completion of the compulsory acquisition as announced on 9 November 2016; and
- integration of the above assets with Halcyon Agri's business and the outcome of a strategic review of the combined business being undertaken over Q4 2016.

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

The Company does not have an IPT Mandate.

14. Segmental information

Halcyon Agri is a global leader in natural rubber, supporting the world’s growing mobility needs through the origination, production and distribution of natural rubber. The Group sources a broad range of grades from all major origins globally, operates 14 natural rubber processing facilities in Indonesia and Malaysia, and distributes to an international customer base through its network of warehouses and sales offices in South East Asia, China, the United States of America and Europe.

The Group’s supply chain model is designed to capture adjacent margins along the natural rubber value chain, as follows:

- **Plantation Segment** – the management of natural rubber estates, both owned by the Group and external third parties, employing latest agronomical models and best ecological practices to achieve world-leading sustainable yields. Revenue in Q3 2016 and 9M 2016 was mainly arising from the oil palm harvest from the Group’s plantation.
- **Processing Segment** – the procurement and processing of raw materials into high quality technically specified rubber (“TSR”) in our 14 processing factories, with a strong focus on Corporate Social Responsibility (“CSR”) and the development of premium grades.
- **Distribution Segment** – the merchandising and distribution of natural rubber and latex from the Group’s own factories as well as selected third party origins and grades.
- **Corporate Segment** – covers group strategic management, corporate finance, group administration and legal matters, treasury, taxation and investment properties.

The results of the operating segments are reviewed continuously by the Group’s executive team to optimise allocation of resources between the segments. Segmental performance is evaluated based on operating profit or loss which, in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on reasonable basis.

Segment information- Third Quarter 2016 ("Q3 2016") and Third Quarter 2015 ("Q3 2015")

(US\$'000)	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
Revenue to third party	20	-	103,692	128,391	83,399	146,215	-	-	-	-	187,111	274,606
Inter-segment revenue	-	-	11,164	25,457	2,731	15,302	2,182	942	(16,077)	(41,701)	-	-
Total Revenue	20	-	114,856	153,848	86,130	161,517	2,182	942	(16,077)	(41,701)	187,111	274,606
Gross profit ⁽¹⁾	20	-	5,203	12,958	1,953	6,154	2,182	942	(2,182)	(942)	7,176	19,112
Operating (loss)/profit	281	(212)	(1,407)	7,374	(1,348)	2,470	(1,702)	(1,440)	-	(64)	(4,176)	8,128
Finance income											177	24
Finance cost											(6,951)	(6,396)
(Loss)/Profit before taxation											(10,950)	1,756
Income tax expense											(1,050)	(1,270)
(Loss)/Profit for the financial period											(12,000)	486
Total sales volume (tonnes)	-	-	85,265	107,100	62,189	104,499	-	-	(16,284)	(27,766)	131,170	183,833
Gross profit per tonne (US\$)	-	-	61	121	31	59	-	-	-	-	55	104
Other information:												
Depreciation expenses	31	19	2,221	2,055	51	55	12	20	-	-	2,315	2,149
Capital expenditure	584	1,126	856	1,814	67	57	83	3	-	-	1,590	3,000

⁽¹⁾ Under the Processing segment, the cost of sales amounted to US\$109.6 million (Q3 2015: US\$140.9 million), of which the cost of raw materials amounted to US\$96.9 million (Q3 2015: US\$127.6 million) and processing costs amounted to US\$12.7 million (Q3 2015: US\$13.3 million).

Segment information - 9 months of 2016 ("9M 2016") and 9 months of 2015 ("9M 2015")

(US\$'000)	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015
Revenue to third party	48	-	298,824	366,265	270,088	415,025	-	-	-	-	568,960	781,290
Inter-segment revenue	-	-	41,244	68,507	14,456	32,462	6,545	2,772	(62,245)	(103,741)	-	-
Total revenue	48	-	340,068	434,772	284,544	447,487	6,545	2,772	(62,245)	(103,741)	568,960	781,290
Gross profit ⁽¹⁾	48	-	17,050	37,384	11,147	16,628	6,545	2,772	(6,545)	(2,772)	28,245	54,012
Operating (loss)/profit	854	(554)	(1,471)	21,404	971	7,285	(6,641)	144	10	(60)	(6,277)	28,219
Finance income											748	450
Finance cost											(20,516)	(18,747)
(Loss)/Profit before taxation											(26,045)	9,922
Income tax expense											(210)	(3,646)
(Loss)/Profit for the financial period											(26,255)	6,276
Total sales volume (tonnes)	-	-	266,812	289,588	216,132	291,336	-	-	(49,961)	(70,112)	432,983	510,812
Gross profit per tonne (US\$)	-	-	64	129	52	57	-	-	-	-	65	106
Other information:												
Depreciation expenses	142	96	6,571	6,494	154	148	48	59	-	-	6,915	6,797
Capital expenditure	1,900	2,755	2,815	5,992	182	115	142	46	-	-	5,039	8,908
	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
	30 Sep 16	31 Dec 15	30 Sep 16	31 Dec 15	30 Sep 16	31 Dec 15	30 Sep 16	31 Dec 15	30 Sep 16	31 Dec 15	30 Sep 16	31 Dec 15
Segment Assets	49,898	44,312	453,453	430,424	123,935	152,134	567,012	343,359	(345,276)	(312,173)	849,022	658,056
Segment Liabilities	12,671	9,381	294,740	260,374	119,667	146,164	182,756	176,863	(99,732)	(59,852)	510,102	532,930

⁽¹⁾ Under the Processing segment, the cost of sales amounted to US\$323.0 million (9M 2015: US\$397.4 million), of which the cost of raw materials amounted to US\$285.0 million (9M 2015: US\$357.1 million) and processing costs amounted to US\$38.0 million (9M 2015: US\$40.3 million).

15. Undertakings from Directors and executive officers pursuant to Rule 720(1)

The Company confirms that each of its directors and executive officers has provided and has not withdrawn, a duly signed undertaking in the format set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

16. 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 third quarter and nine months ended 30 September 2016 to be false or misleading in any material aspect.

By Order of the Board

Robert Meyer
Executive Chairman and CEO

Singapore,
14 November 2016