



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

Unaudited Financial Statement for the First Quarter Ended 31 March 2017

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- First Quarter 2017 ("Q1 2017")

	Group		
	Q1 2017 (Unaudited)	Q1 2016 (Unaudited)	Change
	US\$'000	US\$'000	%
Revenue	558,296	183,243	204.7
Cost of sales	(514,315)	(171,275)	200.3
Gross profit	43,981	11,968	267.5
Other income	191	739	(74.2)
Selling expenses	(8,706)	(3,143)	177.0
Administrative expenses	(15,982)	(8,222)	94.4
Administrative expenses - non-recurring	-	(1,777)	n/m
Operating profit/(loss)	19,484	(435)	n/m
Finance income	171	232	(26.3)
Finance costs	(6,629)	(6,675)	(0.7)
Share of profit of associates	1,797	-	n/m
Profit/(Loss) before taxation	14,823	(6,878)	n/m
Income tax (expense)/benefit	(5,234)	384	n/m
Profit/(Loss) for the financial period	9,589	(6,494)	n/m
Profit/(Loss) attributable to:			
Owners of the Company	11,038	(6,632)	n/m
Non-controlling interest	(1,449)	138	n/m
	9,589	(6,494)	n/m
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	25,413	1,880	1,251.7
Earnings/(Loss) per share ("EPS/LPS") (refer item 6):			
Basic and diluted EPS/(LPS) in US cents	0.69	(1.11)	n/m
Adjusted EPS/(LPS) in US cents	0.69	(0.42)	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 - First Quarter 2017 ("Q1 2017")

	Group		
	Q1 2017 (Unaudited)	Q1 2016 (Unaudited)	Change
	US\$'000	US\$'000	%
Profit/(Loss) for the financial period	9,589	(6,494)	n/m
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations	16,684	6,884	142.4
Recognised in the profit and loss accounts on occurrence of hedged transactions	-	1,937	n/m
Other comprehensive income for the financial period	16,684	8,821	89.1
Total comprehensive income for the financial period	26,273	2,327	1,029.1
Total comprehensive income/(loss) attributable to:			
Owners of the Company	27,022	1,640	1,547.7
Non-controlling interests	(749)	687	n/m
	26,273	2,327	1,029.1

n/m - not meaningful

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

Profit/(loss) for the financial period has been arrived at after crediting/(charging) the following:			
	Group		
	Q1 2017 (Unaudited)	Q1 2016 (Unaudited)	Change
	US\$'000	US\$'000	%
Amortisation of intangible asset	(20)	(18)	9.7
Cost of inventories recognised as an expense	(514,315)	(171,275)	200.3
Depreciation:			
-Cost of sales	(4,798)	(1,860)	158.0
-Selling expenses	(24)	(26)	(7.7)
-Administrative expenses	(1,122)	(411)	173.0
	(5,944)	(2,297)	158.8
Employee benefits expenses:			
-Cost of sales	(11,570)	(4,295)	169.4
-Selling expenses	(1,221)	(977)	25.0
-Administrative expenses	(9,659)	(3,353)	188.1
	(22,450)	(8,625)	160.3
Finance cost:			
-Working capital loans	(2,441)	(2,079)	17.4
- Term loans	(2,598)	(2,990)	(13.1)
-Medium Term Notes ("MTN")	(1,573)	(1,583)	(0.6)
-Finance lease obligation	(17)	(23)	(26.1)
	(6,629)	(6,675)	(0.7)
Foreign exchange gain/(loss):			
-Cost of sales	1,260	1,014	24.3
-Administrative expenses	2,151	(2,031)	n/m
	3,411	(1,017)	n/m
Non-recurring expenses:			
-Acquisitions-related expenses	-	(704)	n/m
-Amortisation of fee incurred for syndicated loan facility	-	(1,073)	n/m
	-	(1,777)	n/m
Other income:			
-Fair value gain on biological assets	48	623	(92.3)
-Others	143	116	23.3
	191	739	(74.2)
Professional fees	(698)	(299)	133.4

n/m - not meaningful

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 31 March 2017 and 31 December 2016				
	Group		Company	
	31 Mar 17	31 Dec 16	31 Mar 17	31 Dec 16
	Unaudited US\$'000	Audited US\$'000	Unaudited US\$'000	Audited US\$'000
<u>ASSETS</u>				
Non-current assets				
Intangible assets	200,475	200,496	-	-
Property, plant and equipment	245,494	244,826	194	207
Plantation related properties	295,679	281,703	-	-
Biological assets	6,951	6,821	-	-
Investment properties	40,474	39,791	-	-
Deferred tax assets	13,099	13,227	179	-
Deferred charges	248	207	-	-
Other assets	175	259	-	-
Loan receivables	3,283	3,209	-	-
Investment in associates	196,797	189,700	-	-
Investment in subsidiaries	-	-	615,640	615,640
Total non-current assets	1,002,675	980,239	616,013	615,847
Current assets				
Cash and bank balances	65,564	66,625	25	430
Trade receivables	172,521	98,066	-	-
Loan and other receivables	72,541	60,669	399,956	372,056
Tax receivables	2,024	1,767	-	-
Derivative financial instruments	58,180	30,889	-	-
Inventories	398,372	319,973	-	-
Consumable biological assets	182	134	-	-
Total current assets	769,384	578,123	399,981	372,486
Total assets	1,772,059	1,558,362	1,015,994	988,333
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Derivative financial instruments	21,033	58,786	-	-
Trade payables	83,478	46,265	-	-
Other payables	63,834	44,305	37,614	33,776
Loan payables	379,605	244,645	2,750	2,750
Provision for taxation	6,807	4,148	412	412
Finance lease obligation	479	497	473	465
Total current liabilities	555,236	398,646	41,249	37,403
Net current assets	214,148	179,477	358,732	335,083
Non current liabilities				
Loan payables	489,305	460,372	386,416	357,654
Retirement benefit obligations	14,816	14,297	-	-
Deferred tax liabilities	36,303	34,763	-	25
Finance lease obligation	461	600	461	581
Other payables	1,831	1,850	-	-
Total non current liabilities	542,716	511,882	386,877	358,260
Net assets	674,107	647,834	587,868	592,670
Capital and reserves				
Share capital	603,874	603,874	603,874	603,874
Capital reserves	455	455	-	-
Accumulated profits/(losses)	85,786	74,748	(16,006)	(11,204)
Hedging reserve	-	-	-	-
Foreign currency translation reserves	(62,341)	(78,325)	-	-
Equity attributable to owners of the Company	627,774	600,752	587,868	592,670
Non-controlling interests	46,333	47,082	-	-
Total equity	674,107	647,834	587,868	592,670
Total liabilities and equity	1,772,059	1,558,362	1,015,994	988,333

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 March 2017 (Unaudited)		As at 31 December 2016 (Audited)	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	194,150	185,455	141,246	103,399
Finance lease	479	-	497	-

Amount repayable after one year

	As at 31 March 2017 (Unaudited)		As at 31 December 2016 (Audited)	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	7,001	482,304	7,914	452,458
Finance lease	461	-	600	-

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, property, plant and equipment, certain cash and bank balances and trade receivables.

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

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- First Quarter 2017 ("Q1 2017")

	Group	
	Q1 2017	Q1 2016
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Operating activities:		
Profit/(loss) before taxation	14,823	(6,878)
Adjustments for:		
Depreciation expense	5,944	2,297
Amortisation of intangible asset	20	18
Retirement benefit expense	530	452
Interest income	(171)	(232)
Interest expense	6,629	6,675
Fair value gain on open forward commodities contracts and inventories, unrealised	(5,053)	(4,035)
Fair value gain on biological assets	(48)	(623)
Unrealised foreign exchange loss	-	2,031
Amortisation fee for syndicated loan facility	-	1,073
Gain on disposal of property, plant and equipment and investment properties	(82)	-
Write off of property, plant and equipment	47	-
Share of profit of associates	(1,797)	-
Operating cash flows before working capital changes	20,842	778
Trade and other receivables	(83,869)	14,577
Inventories	(134,728)	8,264
Trade and other payables	49,781	(6,305)
Cash (used in)/generated from operations	(147,974)	17,314
Interest received	171	232
Interest paid	(1,840)	(2,039)
Tax paid	(1,106)	(111)
Net cash (used in)/generated from operating activities	(150,749)	15,396
Investing activities		
Acquisition of subsidiaries (net of cash acquired)	-	-
Option fee received from proposed disposal of an associate	5,403	-
Capital expenditure on property, plant and equipment and plantation assets	(10,857)	(1,940)
Proceeds from disposal of property, plant and equipment and investment properties	82	-
Net cash used in investing activities	(5,372)	(1,940)
Financing activities		
Net repayment of syndicated loan facility - term loan	-	(5,880)
Net repayment of syndicated loan facility - working capital loan	-	(3,000)
Net proceed of term loans	26,966	-
Net proceed of working capital loans	133,793	2,768
Interest paid on term loans and syndicated facility	(2,077)	(2,991)
Interest paid on Medium Term Notes ("MTN")	(2,908)	(2,890)
Repayment of obligation under finance lease arrangement	(157)	(106)
Increase in pledged deposits	(4,445)	-
Net cash generated/(used in) from financing activities	151,172	(12,099)
Net (decrease)/increase in cash and cash equivalents	(4,949)	1,357
Cash and cash equivalents at beginning of the period	66,625	70,541
Effects of exchange rate changes on the balance of cash held in foreign currencies	(557)	(406)
Cash and cash equivalents at end of the period	61,119	71,492
Cash and bank balances comprise the following:		
Cash and cash equivalents	61,119	71,492
Fixed deposits - pledged	4,445	-
	65,564	71,492

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

Consolidated Statements of Changes in Equity as at 31 March 2017 and 31 March 2016

Group (Unaudited)	Share capital	Capital reserves	Accumulated profits/(losses)	Foreign currency translation reserves	Hedging reserve	Non-controlling interests	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2017	603,874	455	74,748	(78,325)	-	47,082	647,834
Total comprehensive income/(loss) for the period							
Profit/(Loss) for the period	-	-	11,038	-	-	(1,449)	9,589
Other comprehensive income	-	-	-	15,984	-	700	16,684
Total	-	-	11,038	15,984	-	(749)	26,273
Balance at 31 March 2017	603,874	455	85,786	(62,341)	-	46,333	674,107
Group (Unaudited)							
Balance at 1 January 2016	156,551	143	4,363	(57,980)	(2,189)	24,238	125,126
Total comprehensive income/(loss) for the period							
(Loss)/Profit for the period	-	-	(6,632)	-	-	138	(6,494)
Other comprehensive income	-	-	-	6,335	1,937	549	8,821
Total	-	-	(6,632)	6,335	1,937	687	2,327
Balance at 31 March 2016	156,551	143	(2,269)	(51,645)	(252)	24,925	127,453
Company (Unaudited)							
Balance at 1 January 2017	603,874	-	(11,204)	-	-	-	592,670
Total comprehensive loss for the period							
Loss for the period	-	-	(4,802)	-	-	-	(4,802)
Total	-	-	(4,802)	-	-	-	(4,802)
Balance at 31 March 2017	603,874	-	(16,006)	-	-	-	587,868
Company (Unaudited)							
Balance at 1 January 2016	156,551	-	1,249	-	-	-	157,800
Total comprehensive loss for the period							
Loss for the period	-	-	(5,869)	-	-	-	(5,869)
Total	-	-	(5,869)	-	-	-	(5,869)
Balance at 31 March 2016	156,551	-	(4,620)	-	-	-	151,931

- 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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 31 December 2016 and 31 March 2017	<u>1,595,011,941</u>	<u>603,874</u>

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 March 2017 and 31 March 2016.

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

The Company did not hold any treasury shares as at 31 March 2017 and 31 December 2016. As such, the number of issued shares excluding treasury shares as at 31 March 2017 and 31 December 2016 were 1,595,011,941 shares.

- 1(d)(iv) A statement showing all sales, transfers, 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.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable. There were no subsidiary holdings 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 2016.

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 2017. The adoption of these new and revised FRS and INT FRS are 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	
	Q1 2017	Q1 2016
	Unaudited	Unaudited
Profit/(Loss) attributable to owners of the Company (US\$'000)	11,038	(6,632)
Basic and diluted earnings/(loss) per share ("EPS/LPS") in US cents ⁽¹⁾	0.69	(1.11)
Adjusted EPS/(LPS) in US cents ⁽²⁾	0.69	(0.42)
Adjusted EPS/(LPS) in SGD cents ⁽³⁾	0.97	(0.58)

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/(LPS) for the periods under review have been computed based on the profit/(loss) attributable to owners of the Company and number of ordinary shares in issue as at 31 March 2017 of 1,595,011,941 ordinary shares.
- (3) Translated at the average exchange rates for each respective period.

The basic and diluted EPS for Q1 2017 and Q1 2016 were the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2017 and 31 March 2016.

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 March 2017 Unaudited	31 December 2016 Audited	31 March 2017 Unaudited	31 December 2016 Audited
Net asset value per ordinary share based on issued share capital (US cents)	42.26	40.62	36.86	37.16
Net asset value per ordinary share based on issued share capital (SGD cents) ⁽¹⁾	59.21	58.74	51.63	53.74
Number of ordinary shares outstanding	1,595,011,941	1,595,011,941	1,595,011,941	1,595,011,941

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 Q1 2017 VS Q1 2016

Snapshot

Operating financial statistics

		Q1 2017	Q1 2016	Change
Total sales volume	tonnes	286,134	150,203	90.5%
Revenue	US\$ million	558.3	183.2	204.7%
Revenue per tonne	US\$	1,951	1,220	59.9%
Gross profit	US\$ million	44.0	12.0	267.5%
EBITDA	US\$ million	25.4	1.9	1,251.7%
Net profit/(loss)	US\$ million	9.6	(6.5)	n/m

Q1 2017 results included the full quarter results of the new subsidiaries acquired in Q4 2016. As such, each item in the income statement for Q1 2017 has shown a significant movement as compared to Q1 2016.

Revenue

Q1 2017 vs Q1 2016

Revenue increased by US\$375.1 million or 204.7%, from US\$183.2 million in Q1 2016 to US\$558.3 million in Q1 2017 mainly due to the following reasons:

- (i) increase in revenue per tonne from US\$1,220 (Q1 2016) to US\$1,951 (Q1 2017), in-line with the movement of the natural rubber market price during these periods; and
- (ii) higher sales volumes from 150,203 tonnes in Q1 2016 to 286,134 tonnes in Q1 2017, mainly due to contribution from the newly acquired assets and also, increased volume from our existing operations.

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).

Q1 2017 vs Q1 2016

Cost of sales increased by US\$343.0 million or 200.3%, from US\$171.3 million in Q1 2016 to US\$514.3 million in Q1 2017, due to the increase in sales volume and price of raw materials (in line with the increase in the market price for natural rubber).

Gross profit

	Q1 2017	Q1 2016	Change
Gross profit (US\$ million)	44.0	12.0	267.5%
Sales volume (tonnes)	286,134	150,203	90.5%
Gross profit per tonne (US\$)	154	80	92.9%

Q1 2017 vs Q1 2016

Gross profit increased by US\$32.0 million or 267.5% from US\$12.0 million in Q1 2016 to US\$44.0 million in Q1 2017 mainly due to improved margins in the Processing segment, in line with improving natural rubber prices since Q4 2016 and also, higher utilisation of the processing units. The increase in gross profit was also contributed by the operations acquired in Q4 2016.

Profit before tax

Q1 2017 vs Q1 2016

Profit before tax in Q1 2017 was US\$14.8 million, an increase of US\$21.7 million from the loss before tax of US\$6.9 million in Q1 2016.

The increase in profit before tax was mainly due to the increase in gross profit, offset by the increase in selling and administrative expenses of US\$11.5 million.

Profit after tax

Q1 2017 vs Q1 2016

Profit after tax in Q1 2017 was US\$9.6 million, an increase of US\$16.1 million from the loss after tax in Q1 2016 of US\$6.5 million.

REVIEW OF THE FINANCIAL POSITION OF THE GROUP AS AT 31 MARCH 2017 VS 31 DECEMBER 2016

Non-current assets

Non-current assets increased by US\$22.5 million or 2.3% from 31 December 2016 (US\$980.2 million) to 31 March 2017 (US\$1,002.7 million), mainly due to:

- (i) increase of US\$14.6 million in property, plant and equipment and plantation related properties mainly due to capital expenditure of US\$10.9 million and foreign exchange difference in an aggregate of US\$9.8 million, as a result of strengthening of respective local currency in Indonesia, Malaysia, China, Thailand and Africa, against US Dollar. This was offset by depreciation expense of US\$5.9 million, and
- (ii) increase in investment in associates of US\$7.1 million due to share of profit of associate of US\$1.8 million and foreign exchange difference of US\$5.3 million, as a result of strengthening of Euro against US Dollar.

Current assets

Current assets increased by US\$191.3 million or 33.1% from 31 December 2016 (US\$578.1 million) to 31 March 2017 (US\$769.4 million), mainly due to:

- (i) increase in trade and other receivables of US\$86.3 million. This was mainly due to higher outstanding balances in connection with the higher natural rubber prices in Q1 2017 compared to Q4 2016;
- (ii) increase in inventories of US\$78.4 million, mainly due to increase in raw material prices and also, increase in inventory holding in certain processing units (e.g. Malaysia and the Ivory Coast) in preparation for wintering; and
- (iii) increase in derivative financial instruments of US\$27.3 million mainly due to higher valuation gain on open sales contracts as at 31 March 2017.

Current liabilities

Current liabilities increased by US\$156.6 million or 39.3% from 31 December 2016 (US\$398.6 million) to 31 March 2017 (US\$555.2 million), mainly due to:

- (i) increase in trade and other payables of US\$56.7 million. This was mainly due to higher outstanding balances in connection with the higher natural rubber prices in Q1 2017 compared to Q4 2016, and option fee received from the proposed disposal of SIAT S.A. of €5 million (equivalent to US\$5.4 million), and
- (ii) increase in loan payables of US\$135.0 million due to higher utilisation of working capital loan, in line with higher account receivables and inventories.

The increase was offset by decrease in derivative financial instruments of US\$37.8 million mainly due to lower valuation loss on open purchase contracts.

The breakdown of the current loan payables are as follows:

(US\$ million)	31 March 2017	31 December 2016
Working capital loans	369.2	234.2
Term loans	10.4	10.4
Total	379.6	244.6

Non-current liabilities

Non-current liabilities increased by US\$30.8 million or 6.0% from 31 December 2016 (US\$511.9 million) to 31 March 2017 (US\$542.7 million), mainly due to additional drawdown of a term loan.

Equity

The Group's equity increased by US\$26.3 million from US\$647.8 million as at 31 December 2016 to US\$674.1 million as at 31 March 2017, mainly due to the Group's Q1 2017 net income and foreign currency translation gain arising during the period.

Working capital

As at 31 March 2017, net working capital amounted to US\$183.8 million, as set out below:

(US\$ million)	31 March 2017	31 December 2016
Cash and bank balances	65.6	66.6
Trade receivables	172.5	98.1
Inventories	398.4	320.0
Less: Trade payables	(83.5)	(46.3)
Less: Working capital loans (current)	(369.2)	(234.2)
Net working capital	183.8	204.2

REVIEW OF THE CASH FLOW STATEMENT OF THE GROUP FOR Q1 2017 VS Q1 2016

The following table sets out a summary of cash flows for Q1 2017 and Q1 2016:

(US\$ million)	Q1 2017	Q1 2016
Net cash generated from/(used in) operating activities, before working capital changes	18.1	(1.1)
Changes in working capital	(168.8)	16.5
Net cash (used in)/generated from operating activities	(150.7)	15.4
Net cash used in investing activities	(5.4)	(1.9)
Net cash generated from/(used in) financing activities	151.2	(12.1)
Net (decrease)/ increase in cash and cash equivalents	(4.9)	1.4
Cash and cash equivalents at the beginning of the period	66.6	70.5
Effect of exchange rate changes on the balance of cash held in foreign currencies	(0.6)	(0.4)
Cash and cash equivalents at the end of the period	61.1	71.5

Q1 2017 vs Q1 2016

The Group's cash and cash equivalents decreased by US\$4.9 million during Q1 2017. It recorded net cash outflow from operating activities of US\$150.7 million during Q1 2017.

Cash outflow from investing activities of US\$5.4 million was mainly due to capital expenditure on property, plant and equipment and plantation assets, offset by option fee received from proposed disposal of an associate.

Net cash inflow from financing activities was US\$151.2 million, mainly due to net proceeds from various loans, offset by payment of 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

Q1 2017 was the inaugural quarter of the merged entity post acquisition of GMG Global Ltd and the unlisted natural rubber assets of Sinochem International Corporation Co., Ltd. (together, the "Incoming Assets").

In summary, Halcyon Agri has been able to reset the scale, scope and reach of its operating business to almost double the output and thus, market share levels of a year ago. This step-change has required material investments in working capital, which the Group was able to finance through cost efficient short-term revolving banking facilities. The resulting improvement in operating leverage has had a positive effect on return on shareholders equity.

In the course of Q1 2017, the Group was able to make substantial progress in integrating the Incoming Assets and in forming geographical and strategic management, marketing and reporting platforms. This integration activity has resulted in the realisation of certain cost and revenue synergies which have positively impacted the Group's performance.

However, the natural rubber market in Q1 2017 continued to be affected by extreme price volatility, which has had a negative effect on the overall performance, thus eroding the integration benefits to a degree. In particular, the Group's manufacturing assets in Thailand faced material headwinds, leading to sustained losses that, at Group level, dilute the achievements of its Indonesian, Malaysian, African and Chinese production platforms.

Going forward, the Group will continue to tighten operational cost controls, and strategically review and optimise its asset portfolio, in order to bring about sustainable long term growth and consistent supply of this essential industrial raw material. An example of strategic asset rationalisation is the proposed divestment of the Group's minority stake in SIAT S.A., as announced on 23 December 2016.

In terms of external forces, price volatility continues to plague the natural rubber market in spite of solid fundamentals and increasingly tight supply situations across most major origins. Erratic weather patterns as well as several years of underinvestment - due to persistent bearish market conditions - are playing their part to erode the notion of oversupply.

While macro sentiment has been choppy and has therefore certainly contributed to the volatility of 2017 thus far, the Group remains convinced that the rubber products it processes and distributes remain irreplaceable to global mobility, and health and safety needs.

Notwithstanding the above, near- to midterm volatility is likely to remain high, and continues to present the most prominent threat to the sustainability of the upstream supply chain of natural rubber.

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 33 natural rubber processing facilities in Indonesia, Malaysia, Thailand, China and Africa, 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.
- **Processing Segment** – the procurement and processing of raw materials into high quality technically specified rubber ("TSR") in our 33 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 - First Quarter 2017 ("Q1 2017") and First Quarter 2016 ("Q1 2016")

(US\$'000)	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Revenue to third party	22	8	281,287	95,417	276,987	87,818	-	-	-	-	558,296	183,243
Inter-segment revenue	8,216	-	123,008	11,969	4,076	6,958	2,535	2,182	(137,835)	(21,109)	-	-
Total revenue	8,238	8	404,295	107,386	281,063	94,776	2,535	2,182	(137,835)	(21,109)	558,296	183,243
Gross profit	2,804	8	35,503	4,774	5,976	7,186	2,535	2,182	(2,837)	(2,182)	43,981	11,968
Operating profit/(loss)	1,815	490	18,112	(823)	679	3,419	(1,242)	(3,531)	120	10	19,484	(435)
Finance income											171	232
Finance cost											(6,629)	(6,675)
Share of profit of associate											1,797	-
Profit/(Loss) before taxation											14,823	(6,878)
Income tax (expense)/benefit											(5,234)	384
Profit/(Loss) for the financial period											9,589	(6,494)
Total sales volume (tonnes)	4,472	-	204,469	91,766	145,705	74,983	-	-	(68,512)	(16,546)	286,134	150,203
Gross profit per tonne (US\$)	627	-	174	52	41	96	-	-	-	-	154	80
Other information:												
Depreciation expenses	448	80	5,431	2,147	47	52	19	18	-	-	5,944	2,297
Capital expenditure	7,634	752	3,146	1,118	73	70	4	-	-	-	10,857	1,940
	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Segment Assets	384,910	376,282	773,122	795,680	375,062	352,090	1,721,988	1,099,575	(1,483,023)	(1,065,264)	1,772,059	1,558,362
Segment Liabilities	156,771	140,704	599,555	420,792	253,087	229,641	683,458	474,772	(594,919)	(355,381)	1,097,952	910,528

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 first quarter ended 31 March 2017 to be false or misleading in any material aspect.

By Order of the Board

Robert Meyer
Executive Director and CEO

Singapore,
11 May 2017