



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

Unaudited Financial Statements for the Fourth Quarter and Full Financial Year Ended 31 December 2019

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- Fourth Quarter 2019 ("Q4 2019") and Financial Year Ended 31 December 2019 ("FY 2019")

	Group			Group		
	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Revenue	482,793	538,304	(10.3)	1,907,747	2,141,034	(10.9)
Cost of sales	(468,061)	(521,430)	(10.2)	(1,800,395)	(2,022,591)	(11.0)
Gross profit	14,732	16,874	(12.7)	107,352	118,443	(9.4)
Other income	53,891	5,343	908.6	62,248	6,655	835.4
Selling expenses	(12,736)	(11,177)	13.9	(45,174)	(43,859)	3.0
Administrative expenses	(29,273)	(22,921)	27.7	(90,467)	(82,106)	10.2
Administrative expenses - foreign exchange gain	2,708	1,798	50.6	4,361	5,342	(18.4)
Operating profit/(loss)	29,322	(10,083)	n/m	38,320	4,475	756.3
Finance income	1,800	1,509	19.3	6,069	4,900	23.9
Finance costs	(9,767)	(4,800)	103.5	(40,826)	(26,174)	56.0
Share of loss of associates	(94)	(147)	(36.1)	(252)	(165)	52.7
Profit/(Loss) before taxation	21,261	(13,521)	n/m	3,311	(16,964)	n/m
Income tax (expense)/credit	(4,577)	4,844	n/m	(7,041)	3,551	n/m
Profit/(Loss) for the financial period/year	16,684	(8,677)	n/m	(3,730)	(13,413)	(72.2)
Profit/(Loss) attributable to:						
Owners of the Company	17,372	(7,362)	n/m	(1,633)	(8,484)	(80.8)
Non-controlling interest	(688)	(1,315)	(47.7)	(2,097)	(4,929)	(57.5)
	16,684	(8,677)	n/m	(3,730)	(13,413)	(72.2)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	39,217	(122)	n/m	71,907	36,186	98.7
Earnings/(Loss) per share ("EPS/LPS") (refer item 6):						
Basic and diluted EPS/(LPS) in US cents	1.09	(0.46)	n/m	(0.10)	(0.53)	(80.8)
Adjusted EPS/(LPS) in US cents	1.09	(0.46)	n/m	(0.10)	(0.53)	(80.8)

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 - Fourth Quarter 2019 ("Q4 2019") and Financial Year Ended 31 December 2019 ("FY 2019")

	Group			Group		
	Q4 2019 (Unaudited)	Q4 2018 (Unaudited)	Change	FY 2019 (Unaudited)	FY 2018 (Audited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit/(Loss) for the financial period/year	16,684	(8,677)	n/m	(3,730)	(13,413)	(72.2)
Other comprehensive income						
<i><u>Items that may be reclassified subsequently to profit and loss</u></i>						
Exchange differences on translation of foreign operations	14,491	(2,876)	n/m	7,157	(31,711)	n/m
Net fair value changes on derivative instruments at fair value through other comprehensive income reclassified to profit or loss	-	(315)	n/m	314	(315)	n/m
Net fair value loss on equity instruments at fair value through other comprehensive income	(1)	(4)	(75.0)	(2)	(4)	(50.0)
Realisation of foreign currency translation reserve upon liquidation of a subsidiary	-	-	n/m	-	(5,333)	n/m
<i><u>Items that will not be reclassified subsequently to profit and loss</u></i>						
Net surplus on revaluation of leasehold land	107	-	n/m	107	-	n/m
Actuarial gain on retirement benefit obligation (net of tax)	643	3,132	(79.5)	697	3,132	(77.7)
Other comprehensive income/(loss) for the financial period/year	15,240	(63)	n/m	8,273	(34,231)	n/m
Total comprehensive income/(loss) for the financial period/year	31,924	(8,740)	n/m	4,543	(47,644)	n/m
Total comprehensive income/(loss) attributable to:						
Owners of the Company	31,954	(7,488)	n/m	6,637	(40,766)	n/m
Non-controlling interests	(30)	(1,252)	(97.6)	(2,094)	(6,878)	(69.6)
	31,924	(8,740)	n/m	4,543	(47,644)	n/m

n/m - not meaningful

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

Profit/(Loss) for the period has been arrived at after (charging)/crediting the following:						
	Group			Group		
	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Amortisation:						
-Intangible assets	(219)	(200)	10.0	(839)	(622)	34.9
-Right-of-use assets	(1,606)	-	n/m	(3,463)	-	n/m
	(1,825)	(200)	815.0	(4,302)	(622)	591.6
Cost of inventories recognised as an expense	(468,061)	(521,430)	(10.2)	(1,800,395)	(2,022,591)	(11.0)
Depreciation:						
-Cost of sales	(6,017)	(5,562)	8.2	(23,027)	(21,602)	6.6
-Selling expenses	(36)	(23)	56.5	(144)	(94)	53.2
-Administrative expenses	(1,354)	(1,491)	(9.3)	(5,531)	(6,533)	(15.3)
	(7,407)	(7,076)	4.7	(28,702)	(28,229)	1.7
Employee benefits expenses:						
-Cost of sales	(17,967)	(18,283)	(1.7)	(60,845)	(59,782)	1.8
-Selling expenses	(2,031)	(1,946)	4.4	(7,275)	(7,145)	1.8
-Administrative expenses	(11,077)	(10,818)	2.4	(39,448)	(41,119)	(4.1)
	(31,075)	(31,047)	0.1	(107,568)	(108,046)	(0.4)
Finance cost:						
-Working capital loans	(5,552)	(1,173)	373.3	(24,465)	(13,574)	80.2
-Term loans	(4,093)	(3,627)	12.8	(15,882)	(12,578)	26.3
-Finance lease obligation	(122)	-	n/m	(479)	(22)	2,077.3
	(9,767)	(4,800)	103.5	(40,826)	(26,174)	56.0
Foreign exchange gain/(loss):						
-Cost of sales	1,091	2,759	(60.5)	6,615	1,750	278.0
-Administrative expenses	2,708	1,798	50.6	4,361	5,342	(18.4)
	3,799	4,557	(16.6)	10,976	7,092	54.8
Non-recurring expenses:						
-Acquisitions-related expenses	-	(14)	n/m	-	(460)	n/m
-Restructuring and retrenchment expenses	(3,496)	-	n/m	(3,496)	-	n/m
-Impairment of property, plant and equipment	(257)	-	n/m	(257)	-	n/m
-Allowance for doubtful debt	(2,500)	-	n/m	(2,500)	-	n/m
-Allowance for slow moving inventories	(1,546)	-	n/m	(1,546)	-	n/m
	(7,799)	(14)	55,607.1	(7,799)	(460)	1,595.4
Other income:						
-Fair value gain on investment properties	80	4,515	(98.2)	80	4,515	(98.2)
-Fair value gain on biological assets	52,711	32	164,623	52,698	1	5,269,737
-Reversal of allowance for doubtful debt	-	-	n/m	7,171	-	n/m
-Others	1,100	796	38.1	2,298	2,139	7.4
	53,891	5,343	908.6	62,248	6,655	835.4
Professional fees	(1,751)	(2,942)	(40.5)	(6,158)	(7,301)	(15.7)

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 December 2019 and 31 December 2018				
	Group		Company	
	31 Dec 19 (Unaudited) US\$'000	31 Dec 18 (Audited) US\$'000	31 Dec 19 (Unaudited) US\$'000	31 Dec 18 (Audited) US\$'000
ASSETS				
Non-current assets				
Intangible assets	300,941	300,903	914	1,164
Property, plant and equipment	311,652	294,972	3,320	168
Plantation and biological assets	465,733	380,391	-	-
Investment properties	45,172	46,799	-	-
Deferred tax assets	21,259	15,056	-	-
Deferred charges	433	352	-	-
Other assets	1,618	1,787	-	-
Loan receivables	3,425	3,491	-	-
Investment in an associate	1,035	1,190	-	-
Investment in subsidiaries	-	-	685,671	680,010
Total non-current assets	1,151,268	1,044,941	689,905	681,342
Current assets				
Cash and bank balances	57,905	125,214	369	770
Trade receivables	133,753	146,745	-	-
Loan and other receivables	159,700	146,186	861,924	808,726
Tax receivables	11,696	9,386	-	-
Derivative financial instruments	20,523	44,190	928	670
Inventories	375,394	297,941	-	-
Consumable biological assets	6	17	-	-
	758,977	769,679	863,221	810,166
Assets classified as held for sale	4,820	-	-	-
Total current assets	763,797	769,679	863,221	810,166
Total assets	1,915,065	1,814,620	1,553,126	1,491,508
LIABILITIES AND EQUITY				
Current liabilities				
Derivative financial instruments	10,534	1,920	507	670
Trade payables	38,331	34,570	-	-
Other payables	55,076	55,682	257,991	123,150
Loan payables	611,821	520,400	347,047	293,750
Provision for taxation	6,187	12,418	552	1
Lease liabilities	3,124	42	1,021	-
Total current liabilities	725,073	625,032	607,118	417,571
Net current assets	38,724	144,647	256,103	392,595
Non-current liabilities				
Loan payables	511,912	391,640	342,454	297,817
Retirement benefit obligations	22,541	19,024	-	-
Deferred tax liabilities	48,012	38,643	71	36
Lease liabilities	10,203	132	1,823	-
Other payables	8,228	4,263	-	-
Total non current liabilities	600,896	453,702	344,348	297,853
Net assets	589,096	735,886	601,660	776,084
Capital and reserves				
Share capital	603,874	603,874	603,874	603,874
Perpetual securities	-	148,690	-	148,690
Capital reserves	1,814	1,617	-	-
Other reserves	(2,845)	(3,313)	(1,310)	-
Accumulated (losses)/profits	(56,162)	(51,651)	(904)	23,520
Foreign currency translation reserves	14,904	7,749	-	-
Equity attributable to owners of the Company	561,585	706,966	601,660	776,084
Non-controlling interests	27,511	28,920	-	-
Total equity	589,096	735,886	601,660	776,084
Total liabilities and equity	1,915,065	1,814,620	1,553,126	1,491,508

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 2019 (Unaudited)		As at 31 December 2018 (Audited)	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	121,293	490,528	77,036	443,364
Finance lease	48	-	42	-

Amount repayable after one year

	As at 31 December 2019 (Unaudited)		As at 31 December 2018 (Audited)	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	83,792	428,120	1,375	390,265
Finance lease	98	-	132	-

Details of any collateral

Certain loans are secured by corporate guarantees from the Company or by a charge over certain of the Group's inventories, property, plant and equipment ("PPE") and certain cash and bank balances.

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 - Fourth Quarter 2019 ("Q4 2019") and Year Ended 31 December 2019 ("FY 2019")

	Group		Group	
	Q4 2019	Q4 2018	FY 2019	FY 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:				
Profit/(Loss) before taxation	21,261	(13,521)	3,311	(16,964)
Adjustments for:				
Depreciation expense	7,407	7,076	28,702	28,229
Amortisation of intangible assets	219	200	839	622
Amortisation of right-of-use assets	1,606	-	3,463	-
Retirement benefit expense	3,724	2,395	6,570	4,690
Interest income	(1,800)	(1,509)	(6,069)	(4,900)
Interest expense	9,645	4,800	40,347	26,174
Interest on operating lease liabilities	122	-	479	-
Fair value gain on open forward commodities contracts and inventories, unrealised	(1,588)	(6,184)	(7,880)	(54)
Fair value gain on investment properties	(80)	(4,515)	(80)	(4,515)
Fair value gain on biological assets	(52,711)	(32)	(52,698)	(1)
Unrealised foreign exchange (gain)/loss	(2,401)	3,148	(196)	1,730
Impairment of property, plant and equipment	257	-	257	-
(Gain)/Loss on disposal of property, plant and equipment and investment properties	(143)	41	(265)	79
Write off of property, plant and equipment	549	2,644	591	2,781
Provision for retrenchment compensation	342	-	342	-
Allowance for slow moving inventories	1,546	-	1,546	-
Gain on realisation of foreign currency translation reserve upon liquidation of a subsidiary	-	-	-	(5,333)
Allowance for expected credit losses on trade and other receivables	324	585	324	585
Allowance/(Reversal of allowance) for doubtful debt	2,500	-	(4,671)	-
Share of loss of associates	94	147	252	165
Operating cash flows before working capital changes	(9,127)	(4,725)	15,164	33,288
Trade and other receivables	17,727	28,003	8,212	(50,340)
Inventories	(54,580)	13,158	(34,587)	22,453
Trade and other payables	4,855	(4,943)	(3,543)	(29,711)
Cash (used in)/generated from operations	(41,125)	31,493	(14,754)	(24,310)
Interest received	1,125	2,122	2,082	4,371
Interest paid	(5,229)	(7,896)	(25,564)	(18,828)
Tax paid	(52)	(6,254)	(3,381)	(14,165)
Net cash (used in)/generated from operating activities	(45,281)	19,465	(41,617)	(52,932)
Investing activities				
Acquisition of subsidiaries (net of cash acquired)	-	-	-	(109,579)
Payment of capitalised corporate transaction	-	(208)	-	(208)
Proceeds from issuance of shares to non-controlling interests	-	1,000	2,200	1,000
Acquisition of non-controlling interests	-	-	-	(15,260)
Capital expenditure on property, plant and equipment, intangible assets and plantation assets	(23,410)	(24,250)	(68,245)	(78,714)
Proceeds from disposal of property, plant and equipment and investment properties	273	251	523	1,517
Net cash used in investing activities	(23,137)	(23,207)	(65,522)	(201,244)
Financing activities				
Repayment of perpetual securities	-	-	(150,000)	-
Net proceeds/(repayment) of term loans	75,041	(206)	159,779	(15,330)
Net (repayment)/proceeds of working capital loans	(29,257)	11,635	50,141	295,923
Interest paid on term loans	(3,968)	(3,235)	(14,623)	(12,356)
Distribution to perpetual securities holders	-	(3,375)	(3,375)	(6,750)
Dividend paid on ordinary shares	-	-	-	(24,088)
Repayment of obligation under lease arrangements	(966)	-	(3,055)	(582)
Repayment of shareholder loan for newly acquired subsidiaries	-	-	-	(10,306)
Dividend paid to non-controlling interest	-	-	(173)	(354)
Decrease/(Increase) in pledged deposits	-	1,113	(22)	2,288
Net cash generated from financing activities	40,850	5,932	38,672	228,445
Net (decrease)/increase in cash and cash equivalents	(27,568)	2,190	(68,467)	(25,731)
Cash and cash equivalents at beginning of the period	82,353	122,500	122,931	153,372
Effects of exchange rate changes on the balance of cash held in foreign currencies	842	(1,759)	1,163	(4,710)
Cash and cash equivalents at end of the period/year	55,627	122,931	55,627	122,931
Cash and bank balances comprise the following:				
Cash and cash equivalents	55,627	122,931	55,627	122,931
Fixed deposits - pledged	2,278	2,283	2,278	2,283
	57,905	125,214	57,905	125,214

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 2019 and 31 December 2018

	Attributable to owners of the Company					Foreign currency translation reserves US\$'000	Total equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total US\$'000
	Share capital US\$'000	Perpetual securities US\$'000	Capital reserves US\$'000	Other reserves US\$'000	Accumulated (losses)/profits US\$'000				
Group (Unaudited)									
Balance at 1 January 2019	603,874	148,690	1,617	(3,313)	(51,651)	7,749	706,966	28,920	735,886
Total comprehensive (loss)/income for the year									
Loss for the year	-	-	-	-	(1,633)	-	(1,633)	(2,097)	(3,730)
Other comprehensive income	-	-	-	421	694	7,155	8,270	3	8,273
Total	-	-	-	421	(939)	7,155	6,637	(2,094)	4,543
Transactions with owners, recognised directly in equity									
Distribution to perpetual securities holders	-	-	-	-	(3,375)	-	(3,375)	-	(3,375)
Reclassification of perpetual securities to loan payables	-	(148,690)	-	(1,310)	-	-	(150,000)	-	(150,000)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	15	15
Statutory reserve fund	-	-	197	-	(197)	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(173)	(173)
Total	-	(148,690)	197	(1,310)	(3,572)	-	(153,375)	(158)	(153,533)
Changes in ownership interests in subsidiaries									
Issuance of shares of a subsidiary to non-controlling interests	-	-	-	1,357	-	-	1,357	843	2,200
Total	-	-	-	1,357	-	-	1,357	843	2,200
Balance at 31 December 2019	603,874	-	1,814	(2,845)	(56,162)	14,904	561,585	27,511	589,096
Group (Audited)									
Balance at 1 January 2018	603,874	148,690	711	-	(6,258)	42,672	789,689	42,910	832,599
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	(8,484)	-	(8,484)	(4,929)	(13,413)
Other comprehensive income	-	-	-	(315)	2,956	(34,923)	(32,282)	(1,949)	(34,231)
Total	-	-	-	(315)	(5,528)	(34,923)	(40,766)	(6,878)	(47,644)
Transactions with owners, recognised directly in equity									
Dividends on ordinary shares	-	-	-	-	(24,088)	-	(24,088)	-	(24,088)
Distribution to perpetual securities holders	-	-	-	-	(6,750)	-	(6,750)	-	(6,750)
Statutory reserve fund	-	-	906	-	(906)	-	-	-	-
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	258	258
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(354)	(354)
Total	-	-	906	-	(31,744)	-	(30,838)	(96)	(30,934)
Changes in ownership interests in subsidiaries									
Issuance of shares of a subsidiary to non-controlling interests	-	-	-	877	-	-	877	123	1,000
Acquisition of non-controlling interests without a change in control	-	-	-	-	(8,121)	-	(8,121)	(7,139)	(15,260)
Total	-	-	-	877	(8,121)	-	(7,244)	(7,016)	(14,260)
Others									
Capitalisation of corporate transaction expenses	-	-	-	(208)	-	-	(208)	-	(208)
Fair value changes on put option	-	-	-	(3,667)	-	-	(3,667)	-	(3,667)
Total	-	-	-	(3,875)	-	-	(3,875)	-	(3,875)
Balance at 31 December 2018	603,874	148,690	1,617	(3,313)	(51,651)	7,749	706,966	28,920	735,886
Company (Unaudited)									
Balance at 1 January 2019	603,874	148,690	-	-	23,520	-	776,084	-	776,084
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	(21,049)	-	(21,049)	-	(21,049)
Total	-	-	-	-	(21,049)	-	(21,049)	-	(21,049)
Transactions with owners, recognised directly in equity									
Distribution to perpetual securities holders	-	-	-	-	(3,375)	-	(3,375)	-	(3,375)
Reclassification of perpetual securities to loan payables	-	(148,690)	-	(1,310)	-	-	(150,000)	-	(150,000)
Total	-	(148,690)	-	(1,310)	(3,375)	-	(153,375)	-	(153,375)
Balance at 31 December 2019	603,874	-	-	(1,310)	(904)	-	601,660	-	601,660
Company (Audited)									
Balance at 1 January 2018	603,874	148,690	-	-	62,604	-	815,168	-	815,168
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	(8,246)	-	(8,246)	-	(8,246)
Total	-	-	-	-	(8,246)	-	(8,246)	-	(8,246)
Transactions with owners, recognised directly in equity									
Dividends on ordinary shares	-	-	-	-	(24,088)	-	(24,088)	-	(24,088)
Distribution to perpetual securities holders	-	-	-	-	(6,750)	-	(6,750)	-	(6,750)
Total	-	-	-	-	(30,838)	-	(30,838)	-	(30,838)
Balance at 31 December 2018	603,874	148,690	-	-	23,520	-	776,084	-	776,084

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 30 September 2019 and 31 December 2019	<u>1,595,011,941</u>	<u>603,874</u>

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 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 2019 and 31 December 2018. As such, the number of issued shares excluding treasury shares as at 31 December 2019 and 31 December 2018 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 Section 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 2018.

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 and Interpretations of Financial Reporting Standards which became effective for accounting periods beginning on or after 1 January 2019.

SFRS(I) 16 Leases

The Group has on 1 January 2019 adopted SFRS(I) 16 Leases, which is effective for annual period beginning on or after 1 January 2019.

The Group has adopted the new standard on 1 January 2019 by applying SFRS(I)16 retrospectively with the right-of-use assets recognised (included in PPE) at the date of initial application (1 January 2019) at an amount equal to the lease liability, using the Group's current incremental borrowing rates.

In addition, the Group elected the following practical expedients:

- (i) to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- (ii) to apply single discount rate to a portfolio of leases with reasonably similar characteristics

The impact of adopting SFRS(I) 16 is as follows:

	Group
	Increase/(Decrease)
	US\$'000
Profit or loss (FY 2019)	
Administrative expenses - rental expenses	(3,077)
Administrative expenses - amortisation of right-of-use assets	3,463
Finance expenses on lease liabilities	479
Statement of financial position	
Non-current assets - Right-of-use assets	12,915
Non-current liabilities - Operating lease liabilities	10,105
Current liabilities - Operating lease liabilities	3,076

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 2019 (Unaudited)	Q4 2018 (Unaudited)	FY 2019 (Unaudited)	FY 2018 (Audited)
Profit/(Loss) attributable to owners of the Company (US\$'000)	17,372	(7,362)	(1,633)	(8,484)
Basic and diluted profit/(loss) per share ("EPS/LPS") in US cents ⁽¹⁾	1.09	(0.46)	(0.10)	(0.53)
Adjusted EPS/(LPS) in US cents ⁽²⁾	1.09	(0.46)	(0.10)	(0.53)
Adjusted EPS/(LPS) in SGD cents ⁽³⁾	1.48	(0.63)	(0.14)	(0.72)

Notes:

- (1) The basic and diluted EPS/(LPS) 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/(LPS) 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 2019 of 1,595,011,941 ordinary shares.
- (3) Translated at the average exchange rates for each respective period.

The basic and diluted EPS/(LPS) for Q4 2019, Q4 2018, FY 2019 and FY 2018 were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2019 and 31 December 2018.

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 2019 (Unaudited)	31 December 2018 (Audited)	31 December 2019 (Unaudited)	31 December 2018 (Audited)
Net asset value per ordinary share based on issued share capital (US cents)	36.93	46.14	37.72	48.66
Net asset value per ordinary share based on issued share capital (SGD cents) ⁽¹⁾	49.76	62.97	50.82	66.41
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 Q4 2019 VS Q4 2018 AND FY 2019 VS FY 2018

Overview

Snapshot

Operating financial statistics

		Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Total sales volume	tonnes	333,028	377,239	-11.7%	1,279,201	1,432,335	-10.7%
Revenue	US\$ million	482.8	538.3	-10.3%	1,907.7	2,141.0	-10.9%
Revenue per tonne	US\$	1,450	1,427	1.6%	1,491	1,495	-0.2%
Gross profit	US\$ million	14.7	16.9	-12.7%	107.4	118.4	-9.4%
EBITDA	US\$ million	39.2	(0.1)	n/m	71.9	36.2	98.7%
Net profit/(loss)	US\$ million	16.7	(8.7)	n/m	(3.7)	(13.4)	-72.2%

n/m - not meaningful

Revenue

Q4 2019 vs Q4 2018

Revenue decreased by US\$55.5 million or 10.3%, from US\$538.3 million in Q4 2018 to US\$482.8 million in Q4 2019 due to the decrease in sales volume by 44,211 tonnes or 11.7% from 377,239 tonnes in Q4 2018 to 333,028 tonnes in Q4 2019, driven by weaker demand across the board on the back of slumping vehicles and Original Equipment Manufacturer (OEM) sales.

FY 2019 vs FY 2018

Revenue decreased by US\$233.3 million or 10.9%, from US\$2,141.0 million in FY 2018 to US\$1,907.7 million in FY 2019 due to the decrease in sales volume by 153,134 tonnes or 10.7% from 1,432,335 tonnes in FY 2018 to 1,279,201 tonnes in FY 2019 for the reasons as explained above.

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.

Q4 2019 vs Q4 2018

Cost of sales decreased by US\$53.3 million or 10.2%, from US\$521.4 million in Q4 2018 to US\$468.1 million in Q4 2019 in line with the decrease in volume.

FY 2019 vs FY 2018

Cost of sales decreased by US\$222.2 million or 11.0%, from US\$2,022.6 million in FY 2018 to US\$1,800.4 million in FY 2019 in line with the decrease in volume.

Gross profit

	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Gross profit (US\$ million)	14.7	16.9	-12.7%	107.4	118.4	-9.4%
Sales volume (tonnes)	333,028	377,239	-11.7%	1,279,201	1,432,335	-10.7%
Gross profit per tonne (US\$)	44	45	-1.1%	84	83	1.5%

Q4 2019 vs Q4 2018

Gross profit decreased by US\$2.2 million or 12.7% from US\$16.9 million in Q4 2018 to US\$14.7 million in Q4 2019 mainly due to lower sales volume of 333,028 tonnes in Q4 2019 compared to 377,239 tonnes in Q4 2018. While gross profit per tonne remained relatively unchanged, the reduction in volume has resulted in lower factory utilisation, accordingly causing lower absorption of cost.

FY 2019 vs FY 2018

Gross profit decreased by US\$11.0 million or 9.4% from US\$118.4 million in FY 2018 to US\$107.4 million in FY 2019 mainly due to lower sales volume of 1,279,201 tonnes in FY 2019 compared to 1,432,335 tonnes in FY 2018 caused by weak demand during the year.

Profit/(Loss) before tax

Q4 2019 vs Q4 2018

Profit before tax in Q4 2019 was US\$21.3 million, in contrast to US\$13.5 million loss before tax recorded in the previous corresponding quarter, mainly due to fair value gain of biological assets arising from the reclassification of Cameroon rubber plantation from bearer plant. The improvement in accessibility spurred by new transportation infrastructure near our Cameroonian plantations has rendered selling harvested rubber trees to key markets to be commercially viable. The changes in circumstances and the decision to construct a sawmill factory has resulted in this change of classification, and accordingly, the rubber trees have been accounted for as a biological asset in accordance to SFRS(I) 1- 41. The increase in profit is however offset by:

- (i) increase in the finance costs from US\$4.8 million in Q4 2018 to US\$9.8 million in Q4 2019, in line with higher utilisation of banking facilities following the redemption of perpetual securities;
- (ii) decrease in gross profit by US\$2.2 million due to reasons aforementioned;
- (iii) restructuring and retrenchment expenses of US\$3.5 million;
- (iv) allowance for doubtful debt of US\$2.5 million; and
- (v) allowance for slow moving inventories of US\$1.5 million.

FY 2019 vs FY 2018

The Group reported a profit before tax of US\$3.3 million, as compared to US\$17.0 million loss before tax in FY2018. The improvement of US\$20.3 million is primarily driven by the recognition of fair value gain on biological assets as mentioned above, as well as recognition of other income pertaining to the reversal of allowance for doubtful receivables. These items were set off by:

- (i) decrease in gross profit of US\$11.0 million caused by year-on-year reduction of sales volume induced by weakening demand;
- (ii) increase in finance costs by US\$14.6 million, primarily due to the higher loan utilisation following the redemption of perpetual securities in April 2019;
- (iii) restructuring and retrenchment expenses of US\$3.5 million;

- (iv) allowance for doubtful debt of US\$2.5 million; and
- (v) allowance for slow moving inventories of US\$1.5 million.

Profit/(Loss) after tax

Q4 2019 vs Q4 2018

Profit after tax in Q4 2019 was US\$16.7 million, compared to US\$8.7 million in Q4 2018. The tax expense is the result of recognition of additional deferred tax liabilities during the year.

FY 2019 vs FY 2018

Loss after tax in FY 2019 was US\$3.7 million, compared to US\$13.4 million in FY 2018. The tax expense is the result of recognition of additional deferred tax liabilities during the year, partially offset by lower taxation charges in 2018 as a result of reversal of provision of past years' taxation as a result of a tax clearance from IRAS.

REVIEW OF THE FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2019 VS 31 DECEMBER 2018

Non-current assets

Non-current assets increased by US\$106.4 million or 10.2% from 31 December 2018 (US\$1,044.9 million) to 31 December 2019 (US\$1,151.3 million), mainly due to the following factors:

- (i) recognition of US\$12.9 million in right-of-use assets pursuant to the adoption of SFRS(I) 16 with effect from 1 Jan 2019 (please refer to Section 5);
- (ii) recognition of fair value gain on biological assets of US\$52.7 million; and
- (iii) US\$68.2 million additional investment in PPE and plantation related properties as part of the planned capital expenditure.

The increase in non-current assets was partially offset by depreciation and amortisation expense of US\$33.0 million.

Current assets

Current assets decreased by US\$5.9 million or 0.8% from 31 December 2018 (US\$769.7 million) to 31 December 2019 (US\$763.8 million) mainly due to decrease in:

- (i) cash and bank balances of US\$67.3 million mainly due to repayment of perpetual securities and finance costs, partially offset by proceeds from loan drawn; and
- (ii) derivative financial instruments of US\$23.7 million, mainly due to lower valuation gain on open sales contracts as at 31 December 2019.

The decrease in current assets was partially offset by increase in inventories of US\$77.5 million due to higher inventory volume and value.

Investment properties (previously classified in non-current assets) of US\$4.8 million has been classified as assets held for sale.

Current liabilities

Current liabilities increased by US\$100.1 million or 16.0% during the period from 31 December 2018 (US\$625.0 million) to 31 December 2019 (US\$725.1 million), mainly due to increase in:

- (i) net loan drawdown of US\$91.4 million;

- (ii) derivative financial instruments of US\$8.6 million; and
- (iii) increase in operating lease liabilities of US\$3.1 million as a result of adoption of SFRS(I) 16 (please refer to Section 5).

The breakdown of the current loan payables are as follows:

(US\$ million)	31 December 2019	31 December 2018
Working capital loans	572.6	519.1
Term loans	39.2	1.3
Total	611.8	520.4

* Please refer to group funding structure section for further explanation.

Non-current liabilities

Non-current liabilities increased by US\$147.1 million or 32.4% from 31 December 2018 (US\$453.7 million) to 31 December 2019 (US\$600.8 million), mainly due to increase in:

- (i) loan payables of US\$120.3 million due to net drawdown of new loan;
- (ii) deferred tax liabilities of US\$9.4 million mainly arising from the fair value gain of biological assets; and
- (iii) operating lease liabilities of US\$10.1 million as a result of adoption of SFRS(I) 16 (please refer to Section 5).

Equity

The Group's equity decreased by US\$146.8 million, from US\$735.9 million as at 31 December 2018 to US\$589.1 million as at 31 December 2019, following the redemption of the perpetual securities of US\$148.7 million and net loss incurred for the year of US\$3.7 million.

Group funding structure

The table below summarises the funding structure of the Group:

(US\$ million)	Balance at 31-Dec-19	Balance at 30-Sep-19	Balance at 30-Jun-19	Balance at 31-Mar-19
Working capital employed ⁽¹⁾	594.9	600.2	636.9	659.3
Working capital loans	572.6	599.2	630.9	636.4
% Efficiency of Working Capital Funding	96.3%	99.8%	99.1%	96.5%
Operational long term assets ⁽²⁾	1,017.1	942.5	954.0	943.4
Other borrowings	551.1	473.4	481.6	561.7
% Fixed Asset Gearing	54.2%	50.2%	50.5%	59.5%
Cash and cash equivalents ⁽³⁾	55.6	38.9	60.3	133.0
Non-core assets ⁽⁴⁾	45.2	48.5	48.5	48.0
Total equity	589.1	557.3	587.2	585.4

Note 1: Working capital employed for the Group are defined as the sum of operational trade and other receivables, net derivative assets, cash and cash equivalents, pledged deposits, inventories, assets held for sale, netted off against trade and other payables.

Note 2: Operational long term assets of the Group are defined as intangible assets, PPE, plantation and biological assets, and other non-current assets and right-of-use assets, net off against non-current liabilities.

Note 3: Cash and cash equivalents adjusted to working capital employed.

Note 4: Non-core assets mainly made up of investment properties.

REVIEW OF THE STATEMENT OF CASH FLOWS OF THE GROUP FOR Q4 2019 VS Q4 2018 AND FY 2019 VS FY 2018

The following table sets out a summary of cash flows for Q4 2019, Q4 2018, FY 2019 and FY 2018

(US\$ million)	Q4 2019	Q4 2018	FY 2019	FY 2018
Net cash (used in)/generated from operating activities, before working capital changes	(13.3)	(16.8)	(11.8)	4.6
Changes in working capital	(32.0)	36.3	(29.9)	(57.6)
Net cash (used in)/generated from operating activities	(45.3)	19.5	(41.7)	(53.0)
Net cash used in investing activities	(23.1)	(23.2)	(65.5)	(201.2)
Net cash generated from financing activities	40.8	5.9	38.7	228.4
Net (decrease)/increase in cash and cash equivalents	(27.6)	2.2	(68.5)	(25.8)
Cash and cash equivalents at the beginning of the period	82.4	122.5	122.9	153.4
Effect of exchange rate changes on the balance of cash held in foreign currencies	0.8	(1.8)	1.2	(4.7)
Cash and cash equivalents at the end of the period/year	55.6	122.9	55.6	122.9

Q4 2019

The Group's cash and cash equivalents decreased by US\$27.6 million during Q4 2019. It recorded a net cash used in operating activities of US\$45.3 million during Q4 2019 mainly due to increase in inventory held.

Net cash used in investing activities of US\$23.1 million was mainly due to capital expenditure on PPE and plantation related assets.

Net cash generated from financing activities was US\$40.8 million, mainly due to net proceeds from new term loans, offset by repayment of working capital loans and payment of interest.

FY 2019

The Group's cash and cash equivalents decreased by US\$68.5 million during FY 2019. It recorded a net cash used in operating activities of US\$41.7 million during FY 2019 mainly due to increase in inventory held.

Net cash used in investing activities of US\$65.5 million was mainly due to capital expenditure on PPE and plantation related assets and offset by the proceeds from issuance of shares to non-controlling interest.

Net cash generated from financing activities was US\$38.7 million, mainly due to net proceeds from loans, offset by repayment of perpetual securities and payment of interest.

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

SICOM TSR20 1st position opened at the beginning of Q4 2019 at US\$1,252 and rallied to a high of US\$1,485 early December 2019 before closing for the year at US\$1,451. In January, the futures markets resumed their uptrend to peak at USD1,524 on 13 January 2020. Later in the month, rubber futures corrected sharply in response to fear surrounding the COVID-19 during the Chinese New Year period, to a low of US\$1,272 on 3 February 2020. Since then, they have recovered to US\$1,350 levels at the time of writing.

As the market continues to gyrate, we expect to be able to shield our physical prices from this heightened volatility, at least to a degree. HeveaConnect, the digital marketplace that we have developed in conjunction with our venture partners, offers price discovery for high-quality natural rubber and allows us to interact with our customers on an outright and discreet basis.

The impact of COVID-19 on the natural rubber sector remains unclear.

Most tyre majors responded to the 2019 slowdown in the automotive sector by throttling back purchases and reducing inventory positions. While OEM demand may still be weak, we do not foresee any significant reduction in “driven miles”, which is the ultimate demand driver for replacement tyre sales, which account for 85% of total global tyre sales annually. Given the logistical difficulties faced by PRC tyre factories currently, we note a shift in capacity utilisation towards non-PRC domiciled tyre factories. Interestingly, this confirms a trend over the past years, as most new tyre factories were built outside of China.

On the concentrated (liquid) latex side, our expectation is that the demand for examination and medical gloves will grow. Natural latex gloves offer superior protection against water-borne pathogens than nitrile latex gloves, so the COVID-19 outbreak is likely to underscore demand. There is a limited number of concentrated latex origins, which are poised to enjoy good demand in the future.

Looking ahead, and overlaying both macro and micro views, we guide as follows:

1. Halcyon Rubber Company (HRC) is expecting to see an increase in volume and a stabilisation in margins, provided that the COVID-19 induced mobility freeze thaws in the course of March or April 2020.
2. Corrie MacColl and our overseas distribution entities are positioned to supply a wide range of rubbers from diverse origins, deliberately stocked to specific consumer demands. Our customers in Europe and the US are increasingly relying on us to provide them with prompt supplies at short notice.
3. Across the group, we continue to augment our value proposition by leveraging our logistics assets wherever possible: certified laboratories at origin and destination, and strategically located warehouses and latex-tank facilities.
4. Halcyon operates at the cutting edge of the natural rubber industry: HeveaConnect has developed a mobile application for customers to place bids, negotiate and confirm purchases, and our Indonesian factories are deeply engaged in the topic of industrial automation with the implementation of the Siemens Mindsphere open cloud platform.
5. We have completed our asset buy-and-build program, and have shifted our main focus to integrating our global franchise. In order to bring sustainable positive change to the

world of natural rubber, Halcyon needs to deliver strong free cash flows, based on robust margins and a lean operating structure. Our 2020 business plan includes:

- a. A headcount review in our plantations and factories, with an objective to balance cost efficiency with an ongoing ability to respond to growing demand. In 2019, we have rationalised our manpower structure, resulting in a global headcount reduction of 5%.
- b. Consolidation of offices and overheads in the Corrie MacColl distribution units.
- c. Increasing capacity utilisation in our processing factories with an aim to achieve 70%.
- d. Reduce debt levels and cost of borrowings, divest non-core assets and increase cash levels.
- e. Working with our industry partners to reduce volatility and recover margin. We are committed to Living Wage and Fair Trade, and we engage with an increasingly wide global audience, through the Global Platform for Sustainable Natural Rubber (“GPSNR”) and its member organisations. From time to time, we step out of the box, for instance when we launched [BOUNCE](#).

Finally, a few thoughts on the supply of natural rubber:

1. Leaf blight and white root diseases challenge Indonesia and parts of Southern Thailand. Our observation is that output in these traditional origins has fallen by 15%. In aggregate, Indonesia and Southern Thailand should produce 5 million metric tonnes of natural rubber annually, so a supply drop of 750,000 metric tonnes for 2020 is to be expected, as compared to 2019.
2. The extreme Indian Ocean Dipole observed in 2019 has brought extreme drought to many parts of Thailand and Indochina. These origins are about to stop tapping as the trees defoliate and enter the seasonal wintering season. We expect the dry weather to prolong wintering and thus limit supply. The affected regions should produce 4.5 million metric tonnes annually, which suggests that a one-month delay in onset of the rainy season might account for a supply drop of 300,000 metric tonnes or more.

In view of the above factors, and in consideration of the ongoing disincentive for farmers to tap, a direct result of the persistent low-price environment, the International Tripartite Rubber Council has warned of a supply deficit of up to 1 million metric tonnes for 2020, which equates to a reduction in output of up to 7% year-on-year.

In spite of the COVID-19 disruption to global business, Halcyon expects to be profitable in 2020 and deliver strong operational and financial performance. In our analysis, the supply concerns outweigh demand worries, and we are at the beginning of a cyclical recovery of our sector.

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 and the reason(s) for the decision

The Company recorded a net loss and consequently no dividend has been declared or recommended for the current financial year.

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 38 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.

On 1 January 2018, the Group has streamlined its operating structure into four key segments comprises **Corrie MacColl Group, HRC Group, SINRIO Group** and **Corporate Segment**.

Since Q3 2019, the operating structure has been further streamlined and the Company is consolidating its global tyre-maker processing and supply platform, under the **HRC Group**, in view of the recent developments in natural rubber market, as well as convergence in quality requirement at consumers’ end. Following which, the key segments of the Group comprises the following:

- **Corrie MacColl Group** – This business segment includes our plantation and processing business in Cameroon and Malaysia and our distribution business under the brand name of Centrotech, Wurfbain, Corrie MacColl, Alan L. Grant, Momentum Technologies and Kelvin Terminals.
- **HRC Group** – This business segment includes our processing factories in Indonesia, China, Malaysia, Thailand and Ivory Coast, and distribution business in Singapore and China, whose customers are predominantly top-tier global tyre makers.
- **Corporate Segment** – covers group strategic management, corporate finance, group administration and legal matters, treasury, and taxation.

Segmental performance is continuously monitored to optimise the allocation of resources between segments.

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

Segment Information - Fourth Quarter 2019 ("Q4 2019") and Fourth Quarter 2018 ("Q4 2018")

(US\$'000)	Corrie MacColl Group		HRC Group		Corporate		Elimination		Consolidated	
	Q4 2019	Q4 2018	Q4 2019	Q4 2018 (Restated)	Q4 2019	Q4 2018	Q4 2019	Q4 2018 (Restated)	Q4 2019	Q4 2018
Revenue to third party	145,143	157,294	337,591	381,010	59	-	-	-	482,793	538,304
Inter-segment revenue	57	(46)	19,150	12,291	3,501	7,200	(22,708)	(19,445)	-	-
Total revenue	145,200	157,248	356,741	393,301	3,560	7,200	(22,708)	(19,445)	482,793	538,304
Gross profit	1,244	9,724	13,428	7,159	3,561	7,200	(3,501)	(7,209)	14,732	16,874
Operating profit/(loss)	41,855	(361)	(11,661)	(13,276)	(1,043)	3,612	171	(58)	29,322	(10,083)
Finance income									1,800	1,509
Finance costs									(9,767)	(4,800)
Share of loss of associates									(94)	(147)
Profit/(Loss) before taxation									21,261	(13,521)
Income tax (expense)/credit									(4,577)	4,844
Profit/(Loss) for the financial period									16,684	(8,677)
Total sales volume (tonnes)	94,820	100,302	252,549	285,901	-	-	(14,341)	(8,964)	333,028	377,239
Gross profit per tonne (US\$)	13	97	53	25	-	-	-	-	44	45
Other information:										
Management fee expense/(income)	-	-	3,372	7,198	(3,372)	(7,198)	-	-	-	-
Depreciation expenses (include right-of-use assets)	2,949	1,715	5,747	5,344	317	17	-	-	9,013	7,076
Capital expenditure	19,824	20,334	3,335	3,914	251	9	-	-	23,410	24,257

15. Segmental information – Additional information for Full Year Announcement

Geographical information

Sales of natural rubber	FY 2019 (US\$ million)	FY 2018 (US\$ million)
Singapore	27.1	49.1
Asia (excluding Singapore and China)	562.7	621.2
China	507.3	539.0
USA/Canada	396.2	392.8
Europe	374.2	491.2
Others	40.3	47.7
Total	1,907.8	2,141.0

The table above shows the Group's revenue by geographical locations (based on the origin of the customers' ultimate parent company).

The Group's segment assets (non-current assets including intangible assets, property, plant and equipment, investment properties, plantation related properties, biological assets, other assets, deferred charges, loan receivable and investment in associate) by geographical location are presented below:

Non-current assets	31 Dec 2019 (US\$ million)	31 Dec 2018 (US\$ million)
Asia	584.8	581.2
Africa	500.7	410.6
Europe	28.8	26.2
Others	15.7	11.9
Total	1,130.0	1,029.9

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

Corrie MacColl Group

Corrie MacColl's contribution towards the Group operating profit has increased significantly as compared to previous year, mainly driven by the recognition of fair value gain on biological assets, as well as the recovery of social charges in Cameroon.

The above was set off by lower contribution margins generated from operations, mainly driven by lower unit margins, as the extended period of wintering in Thailand and Vietnam has resulted in the spike of input cost for latex, and remain elevated for the rest of the year – causing margin erosion in our distribution business. This is further aggravated by an overall slowdown in regional markets caused by uncertainty surrounding Brexit as well as the US-China trade war that lingered throughout the year, resulting our customers to be more cautious in their procurement.

HRC Group

Contribution by HRC Group towards the Group's operating profit has improved as compared to previous year, as its operating loss narrowed year-on-year. During the year, HRC Group recalibrated its selling strategy and has effectively captured premiums which are reflected in the improvement of unit margin, in spite of lower sales volume, caused by overall market slowdown as well as the raw material scarcity induced by outbreak of tree diseases. Operating profit adjusted for management fee is US\$8.0 million.

17. Breakdown of sales and profit/(loss) after tax in the first half and second half of the financial year

	Group		
	FY 2019 (Unaudited)	FY 2018 (Audited)	Increase/ (Decrease)
	US\$'000	US\$'000	%
(a) Sales reported for first half year	911,887	1,049,823	-13.1%
(b) Loss after tax before deducting non-controlling interests reported for first half year	(3,799)	(5,579)	-31.9%
(c) Sales reported for second half year	995,860	1,091,211	-8.7%
(d) Profit/(Loss) after tax before deducting non-controlling interests reported for second half year	69	(7,834)	n/m

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

	FY 2019 (Unaudited) S\$'000	FY 2018 (Audited) S\$'000
Declared and paid during the financial year:		
-Final exempt (one-tier) dividend for 2019 and 2018: NIL per share	-	-
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
-Final exempt (one-tier) dividend for 2019 and 2018: NIL per share	-	-

19. 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.

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(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the 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 Director and CEO

Singapore,
26 February 2020