



## **Halcyon Agri Corporation Limited**

(Company Registration No. 200504595D)  
Incorporated in the Republic of Singapore

Financial Statements  
For the Second Half 2022 (“H2 2022”) and  
Financial Year ended 31 December 2022  
 (“FY2022”)

# Halcyon Agri Corporation Limited and its Subsidiaries

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## Halcyon Agri Corporation Limited and its Subsidiaries

### PART A: FINANCIAL STATEMENTS

#### A1: Consolidated Income Statement

For the Second Half 2022 and Financial Year ended 31 December 2022

	Note in	Group			Group		
		H2 2022	H2 2021	Change	FY 2022	FY 2021	Change
		Unaudited US\$'000	Unaudited US\$'000	%	Unaudited US\$'000	Audited US\$'000	%
<b>Revenue</b>		1,401,427	1,307,739	7.2	2,692,830	2,459,821	9.5
Cost of sales		(1,316,561)	(1,217,956)	8.1	(2,522,018)	(2,296,948)	9.8
<b>Gross profit</b>		84,866	89,783	(5.5)	170,812	162,873	4.9
Other income	4	15,894	13,190	20.5	26,559	21,421	24.0
Selling expenses		(38,536)	(30,132)	27.9	(65,964)	(57,639)	14.4
General and administrative expenses		(50,222)	(45,588)	10.2	(93,623)	(89,788)	4.3
General and administrative expenses – foreign exchange gain/(loss)		2,409	30	7,930.0	3,269	(800)	n/m
<b>Operating profit</b>		14,411	27,283	(47.2)	41,053	36,067	13.8
Finance income		3,567	2,991	19.3	6,075	6,377	(4.7)
Finance costs	5	(22,338)	(13,780)	62.1	(39,084)	(25,893)	50.9
Share of loss of associates		(578)	(389)	48.6	(922)	(204)	352.0
(Loss)/Profit before tax	6	(4,938)	16,105	n/m	7,122	16,347	(56.4)
Income tax (expense)/credit	7	(13,434)	738	n/m	(21,193)	701	n/m
<b>(Loss)/Profit for the financial period/year</b>		<b>(18,372)</b>	<b>16,843</b>	<b>n/m</b>	<b>(14,071)</b>	<b>17,048</b>	<b>n/m</b>
<b>(Loss)/Profit attributable to:</b>							
Owners of the Company		(19,010)	10,795	n/m	(17,968)	11,554	n/m
Non-controlling interests		638	6,048	(89.5)	3,897	5,494	(29.1)
		<b>(18,372)</b>	<b>16,843</b>	<b>n/m</b>	<b>(14,071)</b>	<b>17,048</b>	<b>n/m</b>
<b>Earnings before interest, tax, depreciation and amortisation (“EBITDA”) *</b>		<b>36,099</b>	<b>46,311</b>	<b>(22.1)</b>	<b>67,439</b>	<b>64,178</b>	<b>5.1</b>
<b>(Loss)/earning per share (“LPS”)/ (“EPS”):</b>							
Basic and diluted (US cents per share)	8	(1.43)	0.44	n/m	(1.60)	0.25	n/m

n/m – not meaningful

\* EBITDA of the Group has been computed by using operating profit adjusted for depreciation and amortisation, non-recurring expenses, fair value gain on investment properties, and gain or losses on disposal of non-current assets.

## Halcyon Agri Corporation Limited and its Subsidiaries

### A2: Consolidated Statement of Comprehensive Income For the Second Half 2022 and Financial Year ended 31 December 2022

	Group			Group		
	H2 2022 Unaudited US\$'000	H2 2021 Unaudited US\$'000	Change %	FY 2022 Unaudited US\$'000	FY 2021 Audited US\$'000	Change %
<b>(Loss)/Profit for the financial period/year</b>	(18,372)	16,843	n/m	(14,071)	17,048	n/m
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translation of foreign operations	(3,609)	(17,209)	(79.0)	(43,751)	(34,390)	27.2
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Actuarial gain on retirement benefit obligation (net of tax)	3,005	889	238.0	3,005	889	238.0
<b>Other comprehensive loss for the financial period/year net of tax</b>	(604)	(16,320)	(96.3)	(40,746)	(33,501)	21.6
<b>Total comprehensive (loss)/income for the financial period/year net of tax</b>	(18,976)	523	n/m	(54,817)	(16,453)	233.2
<b>Attributable to:</b>						
- Owners of the Company	(18,821)	(4,842)	288.7	(57,059)	(20,546)	177.7
- Non-controlling interests	(155)	5,365	n/m	2,242	4,093	(45.2)
<b>Total comprehensive (loss)/income for the financial period/year net of tax</b>	(18,976)	523	n/m	(54,817)	(16,453)	233.2

*n/m – not meaningful*

## Halcyon Agri Corporation Limited and its Subsidiaries

### A3: Statements of Financial Position

As at 31 December 2022 and 31 December 2021

	Note in Part C	Group		Company	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		Unaudited US\$'000	Audited US\$'000	Unaudited US\$'000	Audited US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	9	299,123	299,113	166	416
Property, plant and equipment	10	230,425	268,160	3,155	1,166
Plantation and biological assets	14	538,121	530,671	–	–
Investment properties	11	40,668	42,169	–	–
Deferred tax assets	13	20,511	24,226	–	–
Deferred charges		982	496	–	–
Other assets		161	1,232	–	–
Debt instruments carried at fair value through profit and loss	16	–	2,417	–	–
Loans and other receivables	15	3,252	51,147	–	–
Investment in subsidiaries	12	–	–	1,068,347	1,133,074
Investment in associates	12	7,004	9,187	5,546	7,718
<b>Total non-current assets</b>		<b>1,140,247</b>	<b>1,228,818</b>	<b>1,077,214</b>	<b>1,142,374</b>
<b>Current assets</b>					
Cash and bank balances		118,682	33,396	3,417	391
Trade receivables		137,663	165,059	–	–
Loans and other receivables	15	154,946	104,699	499,405	408,504
Tax receivables		6,966	4,144	–	–
Derivative financial instruments		39,862	23,317	3,012	3,976
Debt instruments carried at fair value through profit and loss	16	2,392	–	–	–
Inventories	17	410,705	496,976	–	–
Consumable biological assets		78	83	–	–
		871,294	827,674	505,834	412,871
Assets classified as held for sale	18	5,632	6,417	–	–
<b>Total current assets</b>		<b>876,926</b>	<b>834,091</b>	<b>505,834</b>	<b>412,871</b>
<b>Total assets</b>		<b>2,017,173</b>	<b>2,062,909</b>	<b>1,583,048</b>	<b>1,555,245</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Derivative financial instruments		1,315	2,647	2,702	4,300
Trade payables		36,455	57,449	–	–
Other payables		91,122	96,510	20,381	76,589
Loan payables	19	714,048	634,191	476,113	329,800
Provision for taxation		11,153	4,485	820	442
Lease liabilities		2,418	3,286	978	698
<b>Total current liabilities</b>		<b>856,511</b>	<b>798,568</b>	<b>500,994</b>	<b>411,829</b>
<b>Net current assets</b>		<b>20,415</b>	<b>35,523</b>	<b>4,840</b>	<b>1,042</b>

## Halcyon Agri Corporation Limited and its Subsidiaries

### A3: Statements of Financial Position As at 31 December 2022 and 31 December 2021

	Note in Part C	Group		Company	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		Unaudited US\$'000	Audited US\$'000	Unaudited US\$'000	Audited US\$'000
<b>Non-current liabilities</b>					
Loan payables	19	419,317	452,727	260,400	282,000
Retirement benefit obligations		16,542	22,338	–	–
Deferred tax liabilities	13	48,061	47,156	452	354
Lease liabilities		7,725	7,641	1,834	44
Other payables		8,985	10,329	21,220	33,010
Total non-current liabilities		500,630	540,191	283,906	315,408
<b>Net assets</b>		660,032	724,150	798,148	828,008
<b>Capital and reserves</b>					
Share capital	21	603,874	603,874	603,874	603,874
Perpetual securities	22	192,640	192,640	192,640	192,640
Capital reserve		2,898	2,740	–	–
Other reserves		(1,517)	(1,517)	(1,310)	(1,310)
(Accumulated losses)/Retained Earnings		(135,712)	(112,979)	2,944	32,804
Foreign currency translation reserve		(32,349)	9,691	–	–
<b>Equity attributable to owners of the Company</b>		629,834	694,449	798,148	828,008
Non-controlling interests		30,198	29,701	–	–
Total equity		660,032	724,150	798,148	828,008
<b>Total liabilities and equity</b>		2,017,173	2,062,909	1,583,048	1,555,245

Halcyon Agri Corporation Limited and its Subsidiaries

**A4: Statements of Changes in Equity  
For the Financial Year ended 31 December 2022**

	Attributable to owners of the Company						Non-controlling interests	Total equity	
	Share capital US\$'000	Perpetual securities US\$'000	Capital reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Total equity attributable to owners of the Company US\$'000	US\$'000	
<b>Group (Unaudited)</b>									
<b>At 1 January 2022</b>	603,874	192,640	2,740	(1,517)	(112,979)	9,691	694,449	29,701	724,150
(Loss)/Profit for the year	–	–	–	–	(17,968)	–	(17,968)	3,897	(14,071)
Other comprehensive income	–	–	–	–	2,949	(42,040)	(39,091)	(1,655)	(40,746)
<b>Total comprehensive (loss)/income for the year</b>	–	–	–	–	(15,019)	(42,040)	(57,059)	2,242	(54,817)
<u>Contributions by and distributions to owners</u>									
Distribution to perpetual securities holders	–	–	–	–	(7,600)	–	(7,600)	–	(7,600)
Statutory reserve fund	–	–	158	–	(158)	–	–	–	–
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	(1,544)	(1,544)
<b>Total contributions by and distributions to owner</b>	–	–	158	–	(7,758)	–	(7,600)	(1,544)	(9,144)
<u>Changes in ownership interests in subsidiaries</u>									
Transaction with non-controlling interests of a subsidiary	–	–	–	–	44	–	44	(201)	(157)
<b>Total changes in ownership interests in subsidiaries</b>	–	–	–	–	44	–	44	(201)	(157)
<b>At 31 December 2022</b>	603,874	192,640	2,898	(1,517)	(135,712)	(32,349)	629,834	30,198	660,032

Halcyon Agri Corporation Limited and its Subsidiaries

**A4: Statements of Changes in Equity  
For the Financial Year ended 31 December 2022**

	Attributable to owners of the Company						Non-controlling interests	Total equity	
	Share capital US\$'000	Perpetual securities US\$'000	Capital reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Total equity attributable to owners of the Company US\$'000	US\$'000	US\$'000
<b>Group (Audited)</b>									
<b>At 1 January 2021</b>	603,874	192,640	2,420	717	(114,753)	42,809	727,707	21,398	749,105
Profit for the year	–	–	–	–	11,554	–	11,554	5,494	17,048
Other comprehensive income	–	–	–	–	850	(32,950)	(32,100)	(1,401)	(33,501)
<b>Total comprehensive (loss)/income for the year</b>	–	–	–	–	12,404	(32,950)	(20,546)	4,093	(16,453)
<u>Contributions by and distributions to owners</u>									
Distribution to perpetual securities holder	–	–	–	–	(7,600)	–	(7,600)	–	(7,600)
Statutory reserve fund	–	–	320	–	(320)	–	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(209)	(209)
<b>Total contributions by and distributions to owner</b>	–	–	320	–	(7,920)	–	(7,600)	(209)	(7,809)
<u>Changes in ownership interests in subsidiaries</u>									
Deemed disposal of a subsidiary due to dilution of interest	–	–	–	(2,234)	2,045	–	(189)	(336)	(525)
Transaction with non-controlling interest of a subsidiary	–	–	–	–	(4,755)	–	(4,755)	4,755	–
Disposal of a subsidiary	–	–	–	–	–	(168)	(168)	–	(168)
<b>Total changes in ownership interests in subsidiaries</b>	–	–	–	(2,234)	(2,710)	(168)	(5,112)	4,419	(693)
<b>At 31 December 2021</b>	603,874	192,640	2,740	(1,517)	(112,979)	9,691	694,449	29,701	724,150

**Halcyon Agri Corporation Limited and its Subsidiaries**

**A4: Statements of Changes in Equity**

**For the Financial Year ended 31 December 2022 and 31 December 2021**

	Share capital US\$'000	Perpetual securities US\$'000	Other reserves US\$'000	(Accumulated losses)/ Retained Earnings US\$'000	Total equity US\$'000
<b>Company (Unaudited)</b>					
<b>At 1 January 2022</b>	603,874	192,640	(1,310)	32,804	828,008
Loss for the year representing total comprehensive income for the year	–	–	–	(22,260)	(22,260)
<u>Contributions by and distributions to owners</u>					
Distribution to perpetual securities holders	–	–	–	(7,600)	(7,600)
<b>Total transactions with owners in their capacity as owners</b>	–	–	–	(7,600)	(7,600)
<b>At 31 December 2022</b>	603,874	192,640	(1,310)	2,944	798,148
<b>Company (Audited)</b>					
<b>At 1 January 2021</b>	603,874	192,640	(1,310)	(18,373)	776,831
Profit for the year representing total comprehensive income for the year	–	–	–	58,777	58,777
<u>Contributions by and distributions to owners</u>					
Distribution to perpetual securities holders	–	–	–	(7,600)	(7,600)
<b>Total transactions with owners in their capacity as owners</b>	–	–	–	(7,600)	(7,600)
<b>At 31 December 2021</b>	603,874	192,640	(1,310)	32,804	828,008

## Halcyon Agri Corporation Limited and its Subsidiaries

### A5: Consolidated Cash Flow Statement For the Second Half 2022 and Financial Year ended 31 December 2022

	Note in Part C	Group		Group	
		H2 2022	H2 2021	FY 2022	FY 2021
		Unaudited US\$'000	Unaudited US\$'000	Unaudited US\$'000	Audited US\$'000
<b>Operating activities</b>					
(Loss)/Profit before tax		(4,938)	16,105	7,122	16,347
Adjustments for:					
Depreciation expense	6	12,673	14,788	25,982	29,554
Amortisation of intangible assets	6	539	376	1,015	785
Amortisation of right-of-use assets	6	1,791	1,610	3,003	3,120
Retirement benefit expense		(525)	1,229	1,552	3,705
Interest income		(3,567)	(2,991)	(6,075)	(6,377)
Interest expense	5	22,095	13,506	38,628	25,365
Interest on operating lease liabilities	5	243	274	456	528
Fair value loss/(gain) on open forward commodities contracts and inventories, unrealised		9,286	(14,470)	2,785	(13,911)
Fair value gain on investment properties	4	(1,518)	(1,651)	(1,518)	(1,651)
Fair value gain on biological assets	4	(7,665)	(6,777)	(7,665)	(6,777)
Fair value loss on assets classified as held for sale		210	–	210	–
Unrealised foreign exchange loss/(gain)		3,399	(1,084)	5,170	(1,007)
Gain on disposal and dilution of interest in an associate	4	(357)	–	(357)	–
Gain on disposal of other assets	4	(53)	–	(53)	–
Gain on disposal of property, plant and equipment, plantation and investment properties	4	(4,783)	(1,021)	(15,311)	(1,029)
Write off of property, plant and equipment	6	3	135	44	137
Impairment losses on financial assets	6	126	1,243	111	1,445
Gain on disposal of subsidiaries	4	–	(167)	–	(7,763)
Reversal of allowance for doubtful debts		–	(1,837)	–	(1,837)
Share of loss of associates		578	389	922	204
<b>Operating cash flows before changes in working capital</b>		27,537	19,657	56,021	40,838
Trade and other receivables		24,062	21,362	16,418	(14,474)
Inventories		88,297	(89,152)	43,930	(100,520)
Trade and other payables		(53,977)	24,376	(51,178)	41,402
<b>Cash generated from/ (used in) operations</b>		85,919	(23,757)	65,191	(32,754)
Interest received		946	279	946	837
Tax paid		(1,932)	(832)	(4,734)	(1,639)
<b>Net cash generated from/ (used in) operating activities</b>		84,933	(24,310)	61,403	(33,556)

## Halcyon Agri Corporation Limited and its Subsidiaries

### A5: Consolidated Cash Flow Statement For the Second Half 2022 and Financial Year ended 31 December 2022

	Group		Group	
	H2 2022	H2 2021	FY 2022	FY 2021
	Unaudited US\$'000	Unaudited US\$'000	Unaudited US\$'000	Audited US\$'000
<b>Investing activities</b>				
Proceeds from disposal of a subsidiary	–	600	–	600
Proceeds from disposal of interest in an associate	1,615	–	1,615	–
Proceeds from disposal of other assets	1,200	–	1,200	–
Acquisition of remaining interests in a subsidiary	(157)	–	(157)	–
Capital expenditure on property, plant and equipment, and intangible assets	(6,687)	(3,902)	(10,101)	(7,855)
Capital expenditure on plantation and biological assets	(11,297)	(11,140)	(16,236)	(20,252)
Proceeds from disposal of property, plant and equipment and investment properties	11,423	6,834	29,032	7,374
Interest received from loan to a third party	–	826	–	1,420
<b>Net cash (used in) /generated from investing activities</b>	<b>(3,903)</b>	<b>(6,782)</b>	<b>5,353</b>	<b>(18,713)</b>
<b>Financing activities</b>				
Net proceeds of borrowings	12,683	51,593	67,823	85,054
Repayment of obligation under lease arrangements	(2,226)	(2,341)	(3,512)	(3,614)
Interest paid	(18,696)	(15,002)	(36,133)	(32,466)
Dividend paid to non-controlling interests	(191)	(209)	(191)	(209)
Decrease in pledged deposits	–	244	–	1,831
Dividend paid to perpetual securities holders	(3,800)	(3,800)	(7,600)	(7,600)
Guarantee fee paid in relation to issuance of perpetual securities	–	–	–	(1,200)
<b>Net cash (used in)/generated from financing activities</b>	<b>(12,230)</b>	<b>30,485</b>	<b>20,387</b>	<b>41,796</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>68,800</b>	<b>(607)</b>	<b>87,143</b>	<b>(10,473)</b>
Cash and cash equivalents at the beginning of period/year	49,919	34,512	33,396	43,892
Effect of exchange rate changes on the balance of cash held in foreign currencies	(37)	(509)	(1,857)	(23)
<b>Cash and cash equivalents at the end of period/year</b>	<b>118,682</b>	<b>33,396</b>	<b>118,682</b>	<b>33,396</b>
<b>Cash and bank balances comprise the following:</b>				
Cash and cash equivalents	118,682	33,396	118,682	33,396

## PART B: REVIEW OF THE PERFORMANCE OF THE GROUP AND MARKET OUTLOOK

### B1: Review of Performance of the Group

#### REVIEW OF THE INCOME STATEMENT OF THE GROUP FOR H2 2022 VS H2 2021

##### Performance by segment

		CMCP Group		CMCI Group		HRC Group		Group	
		H2 2022	H2 2021	H2 2022	H2 2021	H2 2022	H2 2021	H2 2022	H2 2021
Sales volume	tonnes	17,660	13,649	181,384	162,611	639,588	549,341	795,655	682,945
	US\$								
Total revenue	Million	30.7	25.0	411.2	384.3	1,028.7	969.6	1,401.4	1,307.7
	US\$								
Gross profit	Million	4.4	5.0	46.0	35.2	34.8	49.8	84.9	89.8
Operating	US\$								
(loss)/profit*	Million	(8.4)	4.1	25.8	16.7	4.8	16.3	14.4	27.3

\* Segmental operating profits figures mentioned herein excluded management fees.

##### Group

The Group registered a sales volume of 795,655 tonnes in H2 2022, 112,710 tonnes higher than H2 2021, amid uncertain economic backdrop, which reflects the demand of the Group products. Buoyed by the volume growth, the Group's revenue increased from US\$1,307.7 million in H2 2021, to US\$1,401.4 million in H2 2022. H2 2022 gross profit decreased slightly from US\$89.8 million in H2 2021, to US\$84.9 million in H2 2022, as the decline in market prices coupled with high raw material costs has compressed the margins. Operating profit decreased from US\$27.3 million in H2 2021 to US\$14.4 million in H2 2022 due to margin compression as above-mentioned, as well as additional non-recurring expenses in H2 2022 (Note 6).

##### CMC Plantations (CMCP)

During H2 2022, CMCP recorded fair value uplift of US\$7.7 million on its biological assets, as compared to US\$6.8 million in H2 2021, which reflects an improved value of the investment in the plantations as a result of continued investment in nurturing them. In H2 2022, sales volume increased by 29.4% as expected, following the increased yield from a maturing plantation profile (H2 2022: 17,660 mT vs H2 2021: 13,649 mT). Excluding non-recurring expenses, operating profit in H2 2022 would be US\$3.8 million v.s. H2 2021: US\$3.9 million (further details can be found in Note 6).

##### CMC International (CMCI)

Sales volume increased from 162,611 mT in H1 2021 to 181,384 mT in H2 2022. Revenue increased by US\$26.9 million or 7.0% from US\$384.3 million in H2 2021 to US\$411.2 million in H2 2022 hiven by higher sales volume. Gross profit increased US\$10.8 million or 30.7% from H2 2021, testament to the effective supply chain management strategies adopted to offset the impact on high freight costs caused by global supply chain situation . As a result, operating profits surged to US\$25.8 million in H2 2022, from US\$16.7 million in H2 2021.

##### Halcyon Rubber Company (HRC)

On the back of 16.4% increase in sales volume, HRC Group's revenue increased from US\$969.6 million in H2 2021 to US\$1,028.7 million in H2 2022. However, the processing margins in H2 2022 were affected by scarcity-driven compression as well as declining market prices. Hence, gross profit and operating profit trended lower in H2 2022.

**PART B: REVIEW OF PERFORMANCE OF THE GROUP AND MARKET OUTLOOK (CONT'D)**  
**B1: Review of Performance of the Group (cont'd)**

**Operating and financial statistics**

		H2 2022	H2 2021	Change	FY2022	FY2021	Change
Total sales volume	tonnes	795,655	682,945	16.5%	1,436,012	1,313,193	9.4%
Revenue	US\$ Million	1,401.4	1,307.7	7.2%	2,692.8	2,459.8	9.5%
Revenue per tonne	US\$	1,761	1,915	(8.0%)	1,875	1,873	0.1%
Gross profit	US\$ Million	84.9	89.8	(5.5%)	170.8	162.9	4.8%
EBITDA	US\$ Million	36.1	46.3	(22.0%)	67.4	64.2	5.0%
Net (loss)/profit	US\$ Million	(18.4)	16.8	n/m	(14.1)	17.0	n/m

**Revenue**

*H2 2022 vs H2 2021*

Revenue increased by US\$93.7 million or 7.2%, from US\$1,307.7 million in H2 2021 to US\$1,401.4 million in H2 2022 mainly due to an increase in sales volume by 112,710 tonnes or 16.5% from 682,945 tonnes in H2 2021 to 795,655 tonnes in H2 2022.

*FY 2022 vs FY 2021*

Revenue increased by US\$233.0 million or 9.5%, from US\$2,459.8 million in FY 2021 to US\$2,692.8 million in FY 2022, mainly due to the increase in sales volume by 122,819 tonnes or 9.4% from 1,313,193 tonnes in FY 2021 to 1,436,012 tonnes in FY 2022.

**Cost of sales**

Cost of sales comprises plantation costs, cost of procuring and processing raw materials into finished goods, and other incidental costs relating to transportation.

*H2 2022 vs H2 2021*

Cost of sales increased by US\$98.6 million or 8.1%, from US\$1,217.9 million in H2 2021 to US\$1,316.5 million in H2 2022. This is mainly driven by the increase in sales volume.

*FY 2022 vs FY 2021*

Cost of sales increased by US\$225.1 million or 9.8%, from US\$2,296.9 million in FY 2021 to US\$2,522.0 million in FY 2022 in line with the increase in revenue by 9.5%. Cost of sales per tonne increased from US\$1,749 per tonne in FY 2021 to US\$1,756 per tonne in FY 2022.

**PART B: REVIEW OF PERFORMANCE OF THE GROUP AND MARKET OUTLOOK (CONT'D)**  
**B1: Review of Performance of the Group (cont'd)**

**Gross profit**

	H2 2022	H2 2021	Change	FY2022	FY2021	Change
Gross profit (US\$ Million)	84.9	89.8	(5.5%)	170.8	162.9	4.8%
Sales volume (tonnes)	795,655	682,945	16.5%	1,436,012	1,313,193	9.4%
Gross profit per tonne (US\$)	107	131	(18.3%)	119	124	(4.0%)

*H2 2022 vs H2 2021*

Gross profit decreased by US\$4.9 million or 5.5% from US\$89.8 million in H2 2021 to US\$84.9 million in H2 2022 mainly due to gross profit per tonne decreased 18.3% from US\$131 in H2 2021 to US\$107 in H2 2022, set off by the increase in sales volume of 112,710 tonnes or 16.5% from 682,945 tonnes in H2 2021 to 795,655 tonnes in H2 2022. Unit margins decreased from US\$131 to US\$107 due to margin compression effect.

*FY 2022 vs FY 2021*

Gross profit increased by US\$7.9 million or 4.8% from US\$162.9 million in FY 2021 to US\$170.8 million in FY 2022 mainly driven by a 122,819 tonnes year-on-year increase in sales volume.

**(Loss)/Profit before tax**

*H2 2022 vs H2 2021*

Loss before tax in H2 2022 was US\$4.9 million compared with US\$16.1 million profit before tax recorded in the previous corresponding period, mainly due to the following reasons:

- (i) decrease in gross profit by US\$4.9 million due to the reasons aforementioned;
- (ii) non-recurring expenses recorded in H2 2022 of US\$13.4 million;
- (iii) increase in selling expenses US\$8.4 million due to higher freight costs, as a result of global supply chain situation;
- (iv) higher net finance cost by US\$8.0 million which in line with interest rate hikes.

This was offset by:

- (i) increase in other income by US\$2.7 million;
- (ii) increase in foreign exchange gain by US\$2.4 million.

**PART B: REVIEW OF PERFORMANCE OF THE GROUP AND MARKET OUTLOOK (CONT'D)**  
**B1: Review of Performance of the Group (cont'd)**

*FY 2022 vs FY 2021*

The Group reported a profit before tax of US\$7.1 million, as compared to a profit before tax of US\$16.3 million in FY 2021. The decrease of US\$9.2 million is mainly due to the following reasons:

- (i) increase in selling expenses by US\$8.3 million, in line with the increase in freight costs caused by global supply chain situation;
- (ii) increase in net finance costs by US\$13.5 million, in line with the increase in interest rate;

This was offset by:

- (i) increase in gross profit by US\$7.9 million due to the reasons aforementioned;
- (iii) increase in other income by US\$5.1 million.

**(Loss)/Profit after tax**

*H2 2022 vs H2 2021*

Loss after tax in H2 2022 was US\$18.4 million, compared to a profit after tax of US\$16.8 million in H2 2021 which is in line with the decrease in pre-tax profits of US\$21.0 million and an increase in tax expense of US\$14.2 million, as a result of the changes in the deferred tax position between both periods and current tax expenses in profitable distribution businesses.

*FY 2022 vs FY 2021*

Loss after tax in FY 2022 was US\$14.1 million, compared to a profit after tax of US\$17.0 million in FY 2021 mainly driven by the decrease in profit before tax by US\$9.2 million, and increase in tax expense of US\$21.9 million, which is explained by the reasons mentioned above.

**PART B: REVIEW OF PERFORMANCE OF THE GROUP AND MARKET OUTLOOK (CONT'D)**  
**Review of the Financial Position of the Group AS AT 31 December 2022 VS 31 December 2021**

**Non-current assets**

Non-current assets decreased by US\$88.6 million or 7.2% from 31 December 2021 (US\$1,228.8 million) to 31 December 2022 (US\$1,140.2 million), mainly due to the following factors:

- (i) depreciation and amortisation expense of US\$30.0 million; and
- (ii) foreign currency translation loss of US\$38.9 million due to strengthening of US Dollars against local currencies in relation to property, plant and equipment ("PPE"), and plantation and biological assets.
- (iii) reclassification of non-current loan receivables US\$47.7 million to current assets.

The decrease in non-current assets was partially offset by US\$27.2 million investments in PPE, and plantation and biological assets as part of planned capital expenditure programme.

**Current assets**

Current assets increased by US\$42.8 million or 5.1% from 31 December 2021 (US\$834.1 million) to 31 December 2022 (US\$876.9 million) mainly due to increase in:

- (i) cash and bank balances of US\$85.3 million, mainly driven by cash inflow from operating activities; and
- (ii) loans and other receivables of US\$50.2 million mainly due to reclassification of loan to a third party from non-current assets to current assets of US\$47.7 million;

which was partially offset by a decrease in inventories of US\$86.3 million, driven by declining market. The inventory turnover days as at 31 December 2022 were 66 days, improved from 71 days as at 31 December 2021 as part of working capital management strategy of the Group.

**Current liabilities**

Current liabilities increased by US\$57.9 million or 7.3% during the year from 31 December 2021 (US\$798.6 million) to 31 December 2022 (US\$856.5 million), mainly due to the increase in:

- (i) loan payables of US\$79.8 million, predominantly due to reclassification of current portion of long-term loans US\$37.3 million, and increase in working capital loans;
- (ii) increase in provision for taxation of US\$6.7 million;

which was partially offset by:

- (i) decrease in other payables of US\$5.4 million, mainly due to decrease in the advances received with respect to contracted sales;
- (ii) decrease in trade payables of US\$21.0 million.

**Non-current liabilities**

Non-current liabilities decreased by US\$39.6 million or 7.3% from 31 December 2021 (US\$540.2 million) to 31 December 2022 (US\$500.6 million), mainly due to:

- (i) decrease in loan payables of US\$33.4 million mainly due to the reclassification of current portion of long-term loans;
- (ii) decrease in retirement benefit obligations of US\$5.8 million;
- (iii) decrease in other payables of US\$1.3 million;

which was partially offset by:

- (i) increase in deferred tax payables of US\$0.9 million.

**PART B: REVIEW OF PERFORMANCE OF THE GROUP AND MARKET OUTLOOK (CONT'D)**  
**Review of the Financial Position of the Group AS AT 31 December 2022 VS 31 December 2021**  
**(CONT'D)**

**Equity**

The Group's equity decreased by US\$64.2 million, from US\$724.2 million as at 31 December 2021 to US\$660.0 million as at 31 December 2022, due to the translation loss from foreign operations, distribution to perpetual securities holders, and loss after tax for the year.

**Group funding structure**

The table below summarises the funding structure of the Group:

	<b>Balance at 31 December 2022</b>	<b>Balance at 31 December 2021</b>
	US\$ Million	US\$ Million
Net working capital assets <sup>(1)</sup>	557.1	627.2
Cash and cash equivalents	118.7	33.4
Loan receivables	64.4	63.5
Total net working capital employed	<u>740.2</u>	<u>724.1</u>
Working capital loans	679.1	601.8
<b>% Efficiency of Working Capital Funding</b>	<b>91.8%</b>	<b>83.1%</b>
Operational long-term assets <sup>(2)</sup>	1,022.7	1,055.7
Non-core assets <sup>(3)</sup>	40.7	42.2
Other borrowings	464.4	495.9
<b>% Fixed Asset Gearing</b>	<b>43.7%</b>	<b>45.2%</b>
<b>Total equity</b>	<b><u>660.0</u></b>	<b><u>724.2</u></b>

<sup>(1)</sup> Net working capital assets for the Group are defined as the sum of operational trade and other receivables, net derivative assets, inventories, assets held for sale, net off against trade and other payables.

<sup>(2)</sup> 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.

<sup>(3)</sup> Non-core assets mainly made up of investment properties.

**PART B: REVIEW OF PERFORMANCE OF THE GROUP AND MARKET OUTLOOK (CONT'D)**  
**Review of the Financial Position of the Group AS AT 31 December 2022 VS 31 December 2021**  
**(CONT')**

**Group Cash Flow**

*H2 2022*

The Group's cash and cash equivalents increased by US\$68.8 million during H2 2022.

The Group has recorded a cash inflow from operating activities before working capital changes of US\$27.5 million representing its cash generating capability. Working capital changes realised inflows of US\$58.4 million, driven by faster working capital turnover. Therefore, the Group has generated a net cash from operating activities of US\$84.9 million during H2 2022.

Net cash used in investing activities of US\$3.9 million was mainly due to capital expenditure on PPE and plantation related assets of US\$18.0 million, offset by disposal proceeds as part of the Group's deleveraging efforts that raised US\$14.2 million, comprises:

- (i) non-core assets of US\$11.4 million;
- (ii) interest in an associate of US\$1.6 million;
- (iii) other assets of US\$1.2 million.

Net cash used in financing activities was US\$12.2 million, mainly due to interest paid of US\$18.7 million and distributions paid to perpetual securities holders of US\$3.8 million, offset by net proceeds from working capital loans and term loans of US\$10.5 million.

*FY 2022*

The Group's cash and cash equivalents increased by US\$87.1 million during FY 2022.

The Group has recorded a cash generated from operating activities before working capital changes of US\$56.0 million representing its cash generating capability. Working capital changes realised inflow of US\$9.2 million mainly due to faster working capital turnover. Therefore, the Group has generated a net cash from operating activities of US\$61.4 million.

Net cash generated from investing activities of US\$5.4 million was mainly due to capital expenditure of US\$26.3 million, offset by disposal proceeds as part of the Group's deleveraging efforts that raised US\$31.8 million, comprises:

- (i) non-core assets of US\$29.0 million;
- (ii) interest in an associate of US\$1.6 million;
- (iii) other assets of US\$1.2 million.

Net cash generated from financing activities was US\$20.4 million, mainly due to net proceeds from borrowings of US\$64.3 million to support the group's working capital requirements, offset by interest paid of US\$36.1 million and distributions paid to perpetual securities holders of US\$7.6 million.

## **PART B: REVIEW OF PERFORMANCE OF THE GROUP AND MARKET OUTLOOK (CONT'D)**

### ***B2: The significant trends 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 operating period and the next 12 months***

The International Monetary Fund (“**IMF**”) moderated its 2023 global growth forecast at 2.9 percent, and the Organisation for Economic Cooperation and Development (“**OECD**”) lowered its projection to 2.2 percent.

Despite the downward trajectory of natural rubber prices (SICOM TSR20 1st position) during 2022, the underlying rubber demand remained stable as observed in the order flows from our customers.

Looking ahead into the next 12 months, the global economy will comprise of various key subjects: high interest rates, impending global recession amid inflationary environment and China’s reopening of its economy, all of which would influence the global consumption of natural rubber. As the world population settles itself into the macroeconomic changes, the demand upswing is likely to be observed in the second half of 2023.

The Group remains cautiously optimistic on towards the natural rubber industry prospects, as the supply and demand dynamics remain favourable in the mid-to-long term.

**PART C: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Second Half 2022 and Financial Year ended 31 December 2022**

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**1. Corporate information**

Halcyon Agri Corporation Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore and is listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The registered office of the Company is located at 180 Clemenceau Avenue, #05-02 Haw Par Centre, Singapore 239922.

As at 31 December 2022, the Company is 65.2% owned by Sinochem International (Overseas) Pte. Ltd, a company incorporated and domiciled in Singapore. The penultimate holding company is Sinochem International Corporation Co., Ltd. ("SIC"), which is domiciled in the People's Republic of China and listed on the Shanghai Stock Exchange. SIC is indirectly owned by 中国中化集团公司 (also known as Sinochem Group) ("ultimate holding company"), a state-owned enterprise of the People's Republic of China. Refer to Note 28 for the change of a substantial shareholder.

The principal activity of the Company is investment holding. The main principal activities of the Group are:

- 1) Natural rubber processing
- 2) Natural rubber plantation
- 3) Natural rubber trading and distribution

**2. Basis of preparation**

The financial statements for the Second Half 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last financial statements for the period ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies adopted in the last annual financial statements.

The financial statements are presented in United States Dollar ("USD" or "US\$") and all values in the tables are rounded to the nearest thousand ("US\$'000") unless otherwise indicated.

**2.1 Adoption of new and amended standards and interpretations**

The Group has adopted all applicable SFRS(I) that are mandatory for financial years beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or financial position of the Group.

**PART C: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Second Half 2022 and Financial Year ended 31 December 2022**

**3. Use of estimates and judgements**

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Information about critical judgements in applying accounting policies and the assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 9 – Impairment of goodwill and process know-how
- Note 14 – Classification of rubber trees as bearer plants and non-bearer plants
- Note 14 – Measurement of biological assets
- Note 15 – Recoverability of a loan to a third party

**4. Other income**

	Group		Group	
	H2 2022	H2 2021	FY 2022	FY 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Gain on disposal of subsidiaries	–	167	–	7,763
Gain on disposal and dilution of an interest in an associate	357	–	357	–
Gain on disposal of other assets	53	–	53	–
Gain on disposal of property, plant and equipment, plantation and investment properties	4,783	1,021	15,311	1,029
Fair value gain on investment properties	1,518	1,651	1,518	1,651
Fair value gain on biological assets	7,665	6,777	7,665	6,777
Reversal of allowance for deposit	–	3,156	–	3,156
Government grants	717	355	717	355
Others	801	63	938	690
	<b>15,894</b>	<b>13,190</b>	<b>26,559</b>	<b>21,421</b>

**5. Finance costs**

	Group		Group	
	H2 2022	H2 2021	FY 2022	FY 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expense on:				
- Term loans	13,184	3,537	21,287	8,116
- Working capital loans	8,911	9,969	17,341	17,249
- Lease liabilities	243	274	456	528
Total finance costs	<b>22,338</b>	<b>13,780</b>	<b>39,084</b>	<b>25,893</b>

**PART C: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Second Half 2022 and Financial Year ended 31 December 2022**

**6. (Loss)/Profit before tax**

	<b>Group</b>		<b>Group</b>	
	<b>H2 2022</b>	<b>H2 2021</b>	<b>FY 2022</b>	<b>FY 2021</b>
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/Profit before tax has been arrived at after charging/(crediting):				
Non-recurring expenses/(income):				
Tax settlement arising from prior years	7,724	–	7,724	–
Business rationalisation expenses	4,426	4,192	4,426	4,192
Reversal of doubtful debts	–	(1,837)	–	(1,837)
One-off professional expenses	1,221	555	1,221	766
Reversal of allowance for deposit	–	(3,156)	–	(3,156)
	<u>13,371</u>	<u>(246)</u>	<u>13,371</u>	<u>(35)</u>
Depreciation of property, plant and equipment, plantation and biological assets included in:				
- Cost of sales	10,495	11,119	21,451	22,480
- Selling expenses	18	17	37	33
- Administrative expenses	2,160	3,652	4,494	7,041
	<u>12,673</u>	<u>14,788</u>	<u>25,982</u>	<u>29,554</u>
Foreign exchange (gain)/loss included in:				
- Cost of sales	(236)	(3,574)	(457)	(4,119)
- Administrative expenses	(2,409)	(30)	(3,269)	800
	<u>(2,645)</u>	<u>(3,604)</u>	<u>(3,726)</u>	<u>(3,319)</u>
Amortisation:				
- Intangible assets	539	376	1,015	785
- Right-of-use assets	1,791	1,610	3,003	3,120
	<u>2,330</u>	<u>1,986</u>	<u>4,018</u>	<u>3,905</u>
Employee benefits expenses (including directors' remuneration)				
- Cost of sales	29,961	33,929	58,679	65,361
- Selling expenses	2,907	2,437	5,354	4,597
- Administrative expenses	15,685	19,252	36,962	38,104
	<u>48,553</u>	<u>55,618</u>	<u>100,995</u>	<u>108,062</u>
Professional fees	3,111	3,051	5,599	5,273
Lease expenses on short-term leases and low-value assets	339	666	958	1,243
Write off of property, plant and equipment	3	135	44	137
Impairment losses on financial assets	126	1,243	111	1,445
Inventories recognised as an expense in cost of sales	1,316,561	1,217,956	2,522,018	2,296,948

**PART C: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Second Half 2022 and Financial Year ended 31 December 2022**

**7. Income tax (expense)/credit**

	<b>Group</b>		<b>Group</b>	
	<b>H2 2022</b>	<b>H2 2021</b>	<b>FY 2022</b>	<b>FY 2021</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Consolidated income statement</b>				
<b>Current tax</b>				
Current tax expense	(9,846)	(5,907)	(17,407)	(8,118)
(Under)/over provision in prior years	(202)	3,414	(131)	3,410
<b>Deferred tax</b>				
Tax (expense)/credit relating to the origination and reversal of temporary differences	(3,386)	3,231	(3,655)	5,409
Income tax (expense)/credit recognised in consolidated income statement	<u>(13,434)</u>	<u>738</u>	<u>(21,193)</u>	<u>701</u>

**8. (Loss)/Earnings per share (“LPS”)/ (“EPS”)**

	<b>Group</b>		<b>Group</b>	
	<b>Basic and diluted</b>		<b>Basic and diluted</b>	
	<b>H2 2022</b>	<b>H2 2021</b>	<b>FY 2022</b>	<b>FY 2021</b>
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/Profit for the period/year attributable to owners of the Company	(19,010)	10,795	(17,968)	11,554
Dividend on perpetual securities	(3,800)	(3,800)	(7,600)	(7,600)
Adjusted (loss)/profit attributable to owners of the Company	<u>(22,810)</u>	<u>6,995</u>	<u>(25,568)</u>	<u>3,954</u>
Weighted average number of ordinary shares used to compute earnings per share	1,595,012	1,595,012	1,595,012	1,595,012
Basic and diluted (Loss)/Earnings per share (“LPS”)/ (“EPS”)				
(Loss)/Earnings per share (US Cents)	(1.43)	0.44	(1.60)	0.25
(Loss)/Earnings per share (SGD Cents) <sup>(1)</sup>	<u>(1.99)</u>	<u>0.59</u>	<u>(2.15)</u>	<u>0.33</u>

<sup>(1)</sup> Translated at the average exchange rates for each respective period/year.

**PART C: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Second Half 2022 and Financial Year ended 31 December 2022**

**9. Intangible assets**

***Goodwill***

Goodwill acquired through business combinations have been allocated to following cash-generating units (“CGU”), for impairment testing:

	Group	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
CGU within HRC Group	256,601	256,601
CGU within Corrie MacColl Group	29,778	29,778
	286,379	286,379
Software	1,537	1,246

The goodwill previously allocated to SINRIO Group are now managed on a combined basis with HRC Group, which represents the level at which the recovery of goodwill is monitored. As such, the goodwill of SINRIO Group was combined and reallocated to the HRC Group.

***Impairment testing of goodwill and process know-how with indefinite life***

The above goodwill and process know-how were tested for impairment as at 31 December 2022. No impairment loss was recognised as at 31 December 2022 as the recoverable amounts of the respective CGU to which goodwill and process know-how have been allocated to were in excess of their respective carrying values. The recoverable amount of the CGU has been determined based on value in use calculations using five years cash flow projections from financial budgets approved by management and assumed a terminal growth rate thereafter.

Key assumptions used in the value in use calculations

Cash generating units/intangible assets	Discount rate (pre-tax)	Growth rate
HRC Group:		
- Goodwill	10%	4%
- Process know-how	10%	4%
Corrie MacColl Group:		
- Goodwill	10%	3%

**10. Property, plant and equipment**

As at 31 December 2022, the Group acquired assets amounting to US\$9,721,000 (31 December 2021: US\$7,855,000) and disposed of assets amounting to US\$714,000 (31 December 2021: US\$5,013,000).

**PART C: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Second Half 2022 and Financial Year ended 31 December 2022**

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**11. Investment properties**

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2022 by independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 25.

**12. Investment in subsidiaries/associates**

Hainan Sinochem Rubber Co., Ltd.

In October 2022, the Group's wholly owned subsidiary, Sinochem International Natural Rubber Investment (Overseas) Pte. Ltd. ("SINRIO") completed the acquisition of remaining 0.29% of the issued and paid-up share capital of Hainan Sinochem Rubber Co., Ltd. ("Hainan") for a consideration of US\$157,000.

With the completion of the acquisition, Hainan became a 100% owned subsidiary of the Group through SINRIO.

Agridence Pte. Ltd. (previously known as HeveaConnect Pte. Ltd.)

In July 2022, the Group disposed part of its stake in Agridence to a third party for a cash consideration of US\$1,615,000. At the same time, Agridence issued new shares to another third party as well as its employee share option scheme to raise capital amounting to US\$5,385,000. As a result, the Group's effective shareholding in Agridence has decreased from 49.91% to 29.99%, which resulted gain on disposal and dilution of an interest in an associate of US\$357,000.

**13. Deferred taxes**

The net decrease in deferred taxes of US\$4,620,000 is mainly due to reversal of temporary differences as at 31 December 2022.

**14. Plantation and biological assets**

As at 31 December 2022, the increase of US\$7,450,000 of the Group's plantation and biological assets is mainly due to fair value adjustment of US\$7,665,000, additional cost capitalised of US\$26,911,000, offset by depreciation charges of US\$3,741,000, disposal of US\$1,654,000 and exchange loss of US\$21,537,000.

Interest expense amounting to US\$10,675,000 was capitalised in 2022 (2021: US\$9,312,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.45% - 7.15% (2021: 1.84%-7.15%) per annum, representing the effective interest rate of the relevant borrowings.

**PART C: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Second Half 2022 and Financial Year ended 31 December 2022**

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**14. Plantation and biological assets (cont'd)**

A review of the recoverable amount for the plantation in Cameroon was determined based on the value in use calculation and the discount rate of 13.3% (2021: 13.0%) per annum.

Classification of rubber trees as bearer plants or non-bearer plants

The Group has assessed that there is an established commercial market for end-of-life rubber trees in Malaysia and Cameroon, and it is the Group's business plan to convert the rubber trees into products other than incidental scrap at the end of the rubber production life. As such, the classification of rubber plantations in Malaysia and Cameroon remains the same as preceding year.

Measurement of biological assets

The fair value of biological assets is estimated using the discounted cash flow model ("DCF") by independent professional valuers as at 31 December 2022. This requires an estimate of the expected future cash flows from the biological assets present value and discounted to using a discount rate.

Disposal of plantation land

During the financial year, Tropical Rubber Cote D'ivoire S.A. ("TRCI SA"), a subsidiary of the Group has disposed part of freehold land for a consideration of US\$25,593,000. Gain on disposal of US\$15,090,000 has been recognised in profit or loss.

**15. Loans and other receivables**

Included in loans and other receivables is a loan to a third party amounting to US\$62,389,000 (31 December 2021: US\$59,543,000). This loan is secured by the following:

- (i) borrower's equity interest in a third-party company
- (ii) borrower's receivables and bank balances
- (iii) certain investment properties held by the borrower

In 2020, the loan to a third party was structured with progressive payments for a period up to 31 December 2024, bears an interest at 10%-11% per annum and to be repaid semi-annually.

The principal and interest repayment of US\$15,251,000 was due on 31 December 2022. As at the date of this report, this overdue amount remains unpaid. The borrower is currently in the process of disposing its equity interest, that was pledged for the loan.

Based on the progress of the disposal process, the Group has assessed the underlying value of collaterals for the outstanding loan and has determined that a provision of US\$1,440,000 (2021:US\$1,440,000) expected credit losses ("ECL") is required.

Included in the loans and other receivables is an advance of US\$4,019,000 to a third party which bears an interest of 4.2% per annum, due within a year and secured by the borrower's property, plant and equipment.

**PART C: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Second Half 2022 and Financial Year ended 31 December 2022**

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**16. Debt instruments**

As part of the investment arrangement, the redemption becomes mandatory by November 2023. Thus, the debt instrument was reclassified from non-current assets to current assets.

**17. Inventories**

	<b>Group</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	US\$'000	US\$'000
Inventories carried at cost	26,510	24,433
Inventories carried at fair value	384,195	472,543
	<u>410,705</u>	<u>496,976</u>

The inventories as at 31 December 2022 included fair value loss of US\$11,097,000 (2021: fair value gain of US\$15,474,000).

**18. Assets classified as held for sale**

Non-current asset classified as held-for-sale

a) The completion of disposal of certain properties in Indonesia amounting to US\$4,259,000 (2021: US\$4,695,000) was delayed due to the COVID-19 situation locally, and is expected to be concluded in 2023.

b) The Group continued to list certain properties amounting to US\$1,373,000 (2021: US\$1,722,000) in China on a trading exchange in China and sales of which are expected to be completed in 2023.

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**19. Loan payables**

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	US\$'000	US\$'000	US\$'000	US\$'000
Current:				
- Working capital loans	661,298	601,820	454,513	316,000
- Term loans	52,750	32,371	21,600	13,800
	<u>714,048</u>	<u>634,191</u>	<u>476,113</u>	<u>329,800</u>
Non-current:				
- Working capital loans	17,826	-	-	-
- Term loans	401,491	452,727	260,400	282,000
	<u>419,317</u>	<u>452,727</u>	<u>260,400</u>	<u>282,000</u>
Total loan payables	<u>1,133,365</u>	<u>1,086,918</u>	<u>736,513</u>	<u>611,800</u>

	<b>Group</b>			
	<b>31 December 2022</b>		<b>31 December 2021</b>	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less, on demand	<u>69,064</u>	<u>644,984</u>	<u>186,345</u>	<u>447,846</u>
Amount repayable after one year	<u>68,310</u>	<u>351,007</u>	<u>87,127</u>	<u>365,600</u>

**Details of 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, trade receivables and certain cash and bank balances.

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**20. Net asset value**

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net asset value per ordinary share based on issued share capital (US cents)	41.38	45.40	50.04	51.91
Net asset value per ordinary share based on issued share capital (SGD cents) <sup>(1)</sup>	55.64	61.37	67.28	70.17
Number of ordinary shares outstanding (in thousands)	1,595,012	1,595,012	1,595,012	1,595,012

(1) Translated at the closing exchange rates of each respective year.

**21. Share capital**

(i) Issued and paid-up capital

	No. of shares '000	US\$'000
At 31 December 2022 and 31 December 2021	<u>1,595,012</u>	<u>603,874</u>

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

(ii) The Company did not hold any treasury shares as at 31 December 2022 and 31 December 2021. As such, the number of issued shares excluding treasury shares as at 31 December 2022 and 31 December 2021 were 1,595,011,941 shares.

(iii) There were no subsidiary holdings during and as at the end of the current financial year reported on.

**22. Perpetual securities**

The perpetual securities bear distributions rate of 3.8% per annum which are payable semi-annually. Subject to the relevant terms and conditions of the perpetual securities, the Company may elect to defer any scheduled distribution perpetually on the perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred.

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**23. Related party transactions**

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

The Group entities entered into the following transactions with related parties:

	<b>Group</b>	
	<b>12 months ended 31 December 2022</b>	<b>12 months ended 31 December 2021</b>
	US\$'000	US\$'000
Banking facilities covered by letter of comfort from penultimate holding company	500,697	592,600
Fee charged by penultimate holding company for issuance of letter of comfort	667	1,376
Loan facility entered with holding company	–	31,756
Interest charged by holding company	190	97

**24. Segment information**

The Group is a global leader in natural rubber industry, supporting the world's growing mobility needs through the origination, production and distribution of natural rubber. The Group sources its rubber raw materials from all major origins globally, operates 37 natural rubber processing facilities in Indonesia, Malaysia, Thailand, China, Cameroon and Ivory Coast, 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 key segments of the Group comprise the following:

- (a) Corrie MacColl Group – This Group comprises of CMC Plantation (“CMCP Group”) and CMC Distribution (“CMCI Group”). CMCP Group includes plantation and processing platform in Cameroon and Malaysia and CMCI Group is our distribution platform for industrial and non-tyre applications.
- (b) 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.
- (c) 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.

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**24. Segment information (cont'd)**

	CMCP Group		CMCI Group		HRC Group		Corporate		Elimination		Consolidated	
	H2 2022 US\$'000	H2 2021 US\$'000										
Revenue to third party	1,142	1,758	411,236	384,307	989,049	921,674	–	–	–	–	1,401,427	1,307,739
Inter-segment revenue	29,575	23,272	–	–	39,658	47,959	6,975	5,226	(76,208)	(76,457)	–	–
<b>Total revenue</b>	<b>30,717</b>	<b>25,030</b>	<b>411,236</b>	<b>384,307</b>	<b>1,028,707</b>	<b>969,633</b>	<b>6,975</b>	<b>5,226</b>	<b>(76,208)</b>	<b>(76,457)</b>	<b>1,401,427</b>	<b>1,307,739</b>
Gross profit/(loss)	4,374	4,972	45,979	35,218	34,827	49,788	6,975	5,226	(7,289)	(5,421)	84,866	89,783
Operating (loss)/profit	(8,376)	4,064	25,837	16,646	(2,138)	11,078	(814)	60,714	(98)	(65,219)	14,411	27,283
Operating (loss)/profit excluding management fee	(8,376)	4,064	25,871	16,699	4,803	16,250	(7,789)	55,489	(98)	(65,219)	14,411	27,283
Finance income											3,567	2,991
Finance costs											(22,338)	(13,780)
Share of result of associates											(578)	(389)
(Loss)/Profit before tax											(4,938)	16,105
Income tax (expense)/credit											(13,434)	738
(Loss)/Profit for the financial period											(18,372)	16,843
Total sales volume (tonnes)	17,660	13,649	181,384	162,611	639,588	549,341	–	–	(42,977)	(42,656)	795,655	682,945
Gross profit per tonne (US\$)	248	364	253	217	54	91	–	–	–	–	107	131
Other information:												
Management fee expense/(income)	–	–	34	53	6,941	5,172	(6,975)	(5,225)	–	–	–	–
Depreciation expense (include right-of-use assets)	4,023	3,749	1,271	1,571	8,523	10,303	557	576	90	199	14,464	16,398
Capital expenditure	14,969	10,159	167	74	2,792	4,719	56	90	–	–	17,984	15,042

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**24. Segment information (cont'd)**

	CMCP Group		CMCI Group		HRC Group		Corporate		Elimination		Consolidated	
	FY 2022 US\$'000	FY 2021 US\$'000										
Revenue to third party	2,345	2,309	799,815	711,175	1,890,670	1,746,292	–	45	–	–	2,692,830	2,459,821
Inter-segment revenue	48,267	37,368	–	–	84,359	90,603	12,438	10,020	(145,064)	(137,991) A	–	–
Total revenue	50,612	39,677	799,815	711,175	1,975,029	1,836,895	12,438	10,065	(145,064)	(137,991)	2,692,830	2,459,821
Gross profit/(loss)	5,779	3,811	85,219	65,235	80,202	94,077	12,438	10,052	(12,826)	(10,302) B	170,812	162,873
Operating (loss)/profit	(18,125)	(6,551)	45,858	26,710	15,410	14,471	(1,899)	66,656	(191)	(65,219)	41,053	36,067
Operating (loss)/profit excluding management fee	(18,125)	(6,551)	45,937	26,830	27,769	24,299	(14,337)	56,708	(191)	(65,219)	41,053	36,067
Finance income											6,075	6,377
Finance costs											(39,084)	(25,893)
Share of result of associates											(922)	(204)
Profit before tax											7,122	16,347
Income tax (expense)/credit											(21,193)	701
(Loss)/Profit for the financial year											(14,071)	17,048
Total sales volume (tonnes)	27,973	21,907	331,790	311,227	1,154,824	1,057,469	–	–	(78,575)	(77,410)	1,436,012	1,313,193
Gross profit per tonne (US\$)	207	174	257	210	69	89	–	–	–	–	119	124
Other information: Management fee expense/(income)	–	–	79	120	12,359	9,828	(12,438)	(9,948)	–	–	–	–
Depreciation expense (include right-of-use assets)	7,280	7,499	2,197	2,941	18,190	20,862	1,135	1,173	183	199	28,985	32,674
Capital expenditure	20,103	20,305	699	91	5,369	7,487	166	224	–	–	26,337	28,107

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**24. Segment information (cont'd)**

	CMCP Group		CMCI Group		HRC Group		Corporate		Elimination		Consolidated	
	31 December 2022	31 December 2021										
	US\$'000											
Segment assets	817,658	892,362	643,732	661,190	1,076,654	1,107,316	1,603,694	1,568,414	(2,124,565)	(2,166,373)	C 2,017,173	2,062,909
Segment liabilities	297,997	631,434	385,945	631,072	644,232	639,925	793,047	731,008	(764,080)	(1,294,680)	D 1,357,141	1,338,759

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A. Inter-segment revenues are eliminated on consolidation.
- B. Management fee is eliminated on consolidation.
- C. Elimination on investment in subsidiaries and intercompany balances.
- D. Elimination on intercompany balance

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**24. Segment information (cont'd)**

***Geographical information***

	<b>FY 2022</b>	<b>FY 2021</b>
<b>Sales of natural rubber</b>	US\$'000	US\$'000
Singapore	40,252	81,245
Asia (excluding Singapore and China)	667,335	687,666
China	996,555	832,072
USA/Canada	312,040	258,644
Europe	583,605	539,329
Others	93,043	60,865
<b>Total</b>	<b>2,692,830</b>	<b>2,459,821</b>

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 associates) by geographical location are presented below:

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Non-current assets</b>	US\$'000	US\$'000
Singapore	24,137	72,348
Asia	508,464	538,329
Africa	549,858	552,203
Europe	25,720	26,618
Others	11,557	15,094
<b>Total</b>	<b>1,119,736</b>	<b>1,204,592</b>

**25. Fair value of assets and liabilities**

(a) ***Fair value hierarchies***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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**25. Fair value of assets and liabilities (cont'd)**

**(b) Assets and liabilities measured at fair value**

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2022			Total US\$'000
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant un- observable inputs (Level 3) US\$'000	
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Derivative financial instruments	–	39,862	–	39,862
<b>Financial assets as at 31 December 2022</b>	<b>–</b>	<b>39,862</b>	<b>–</b>	<b>39,862</b>
<b>Non-financial assets:</b>				
Inventories	–	384,195	–	384,195
Biological assets	–	–	371,369	371,369
Investment properties	–	–	40,668	40,668
<b>Non-financial assets as at 31 December 2022</b>	<b>–</b>	<b>384,195</b>	<b>412,037</b>	<b>796,232</b>
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities:</b>				
Derivative financial instruments	–	1,315	–	1,315
<b>Financial liabilities as at 31 December 2022</b>	<b>–</b>	<b>1,315</b>	<b>–</b>	<b>1,315</b>

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## 25. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Group 2021			Total US\$'000
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant un- observable inputs (Level 3) US\$'000	
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Derivative financial instruments	–	23,317	–	23,317
<b>Financial assets as at 31 December 2021</b>	<b>–</b>	<b>23,317</b>	<b>–</b>	<b>23,317</b>
<b>Non-financial assets:</b>				
Inventories	–	472,543	–	472,543
Biological assets	–	–	360,863	360,863
Investment properties	–	–	42,169	42,169
<b>Non-financial assets as at 31 December 2021</b>	<b>–</b>	<b>472,543</b>	<b>403,032</b>	<b>875,575</b>
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities:</b>				
Derivative financial instruments	–	2,647	–	2,647
<b>Financial liabilities as at 31 December 2021</b>	<b>–</b>	<b>2,647</b>	<b>–</b>	<b>2,647</b>

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## 25. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Company 2022			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant un- observable inputs (Level 3) US\$'000	Total US\$'000
<b>Assets measured at fair value</b>				
<i>Financial assets:</i>				
Derivative financial instruments	–	3,012	–	3,012
<b>Financial assets as at 31 December 2022</b>	<b>–</b>	<b>3,012</b>	<b>–</b>	<b>3,012</b>
<b>Liabilities measured at fair value</b>				
<i>Financial liabilities:</i>				
Derivative financial instruments	–	2,702	–	2,702
<b>Financial liabilities as at 31 December 2022</b>	<b>–</b>	<b>2,702</b>	<b>–</b>	<b>2,702</b>
<b>Company 2021</b>				
Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant un- observable inputs (Level 3) US\$'000	Total US\$'000
<b>Assets measured at fair value</b>				
<i>Financial assets:</i>				
Derivative financial instruments	–	3,976	–	3,976
<b>Financial assets as at 31 December 2021</b>	<b>–</b>	<b>3,976</b>	<b>–</b>	<b>3,976</b>
<b>Liabilities measured at fair value</b>				
<i>Financial liabilities:</i>				
Derivative financial instruments	–	4,300	–	4,300
<b>Financial liabilities as at 31 December 2021</b>	<b>–</b>	<b>4,300</b>	<b>–</b>	<b>4,300</b>

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**25. Fair value of assets and liabilities (cont'd)**

**(c) Level 2 fair value measurements**

The fair value of inventories (except consumables) is calculated using quoted prices in relevant commodity exchanges at the end of the reporting period, making adjustments according to the stage of production of the inventories, port of loading, and grades of products. Where such prices are not available, the Group uses valuation models to determine the fair values based on relevant factors, including trade price quotations, time value and volatility factors underlying the commodities and commodity exchange price quotations and dealer quotations for similar commodities traded in different markets and geographical areas, existing at the end of the reporting period.

The fair value of forward currency contract is calculated using quoted prices (adjusted) offered by the financial institutions at the end of reporting period.

**(d) Level 3 fair value measurements**

**(i) Information about significant unobservable inputs used in Level 3 fair value measurements**

Biological assets

The fair value of the Group's major biological assets has been determined based on valuations by independent professional valuers using the discounted cash flow valuation approach for 31 December 2022. The most significant inputs into the discounted cash flow valuation approach are the average annual yield and discount rate.

Investment properties

The fair value of the Group's investment properties has been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property location, accessibility, topography, facilities and utilities, size and date of transaction.

**(ii) Closing balance in Level 3 assets measured at fair value**

The fair value of the Group's biological assets and investment properties based on significant unobservable inputs (Level 3) as at 31 December 2022 are US\$371,369,000 (31 December 2021: US\$360,863,000) and US\$40,668,000 (31 December 2021: US\$42,169,000) respectively.

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**25. Fair value of assets and liabilities (cont'd)**

(d) **Level 3 fair value measurements (cont'd)**

(iii) *Valuation policies and procedures*

It is the Group's policy to engage external valuation experts to perform the valuation of biological assets and investment properties. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

**26. Commitments**

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements relating to purchase of the property, plant and equipment of US\$1,916,776 (2021: US\$610,629).

**27. Dividends on ordinary shares**

The Group has not paid dividend on ordinary shares as at 31 December 2022 and 31 December 2021.

**28. Event occurring after the reporting period**

Change of a substantial shareholder

Post year end, the ultimate shareholder, Sinochem International Corporation Co., Ltd. ("SIC"), has disposed 36.0% of its share to China Rubber Investment Group Company Limited, a direct wholly-owned subsidiary of China Hainan Rubber Industry Group Co., Ltd. ("Hainan Rubber"). Hainan Rubber will launch MGO for remaining shares in the Group and SIC has irrevocable undertakes that they will continue to maintain its remaining shares in Halcyon of 29.2%. Hainan Rubber will become the largest shareholder subsequent to this transaction and if MGO completes, its shareholdings could range from 36.0% to 70.8%.

## **PART D: OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

### **1. Review**

The consolidated statement of financial position of Halcyon Agri Corporation Limited and its subsidiaries as at 31 December 2022 and the related consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the Second Half and Financial Year ended and certain explanatory notes have not been audited or reviewed.

### **2. 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.

### **3. Dividend**

#### *(a) Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

No dividend has 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.

#### *(e) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision*

No dividend is recommended for period ended 31 December 2022 as the Company deems it appropriate to conserve funds for the Group's business activities and working capital requirement.

### **4. Interested person transactions**

The Company does not have an IPT Mandate.

### **5. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

**6. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder**

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.

**7. Negative confirmation by the Board pursuant to Rule 705(5)**

We, Liu Hongsheng and Li Xuetao, hereby confirm on behalf of the Board 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 Financial Year ended 31 December 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Liu Hongsheng  
Non-Executive Chairman

Li Xuetao  
Executive Director and CEO

**By Order of the Board**

Wong Teck Kow  
Company Secretary

Singapore,  
28 February 2023