



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

Unaudited Financial Statement for the First Quarter Ended 31 March 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An Income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Profit and Loss Accounts- First Quarter 2016 ("Q1 2016")

	Group		
	Q1 2016 (Unaudited)	Q1 2015 (Unaudited)	Change
	US\$'000	US\$'000	%
Revenue	183,243	208,364	(12.1)
Cost of sales	(171,275)	(194,217)	(11.8)
Gross profit	11,968	14,147	(15.4)
Other income	739	266	177.8
Selling expenses	(3,143)	(2,698)	16.5
Administrative expenses	(8,222)	(2,334)	252.3
Administrative expenses - non-recurring	(1,777)	(603)	194.7
Operating (loss)/profit	(435)	8,778	n/m
Finance income	232	185	25.4
Finance costs	(6,675)	(5,820)	14.7
(Loss)/Profit before taxation	(6,878)	3,143	n/m
Income tax benefit/(expense)	384	(956)	n/m
(Loss)/Profit for the financial period	(6,494)	2,187	n/m
(Loss)/Profit attributable to:			
Owners of the Company	(6,632)	1,231	n/m
Non-controlling interest	138	956	(85.6)
	(6,494)	2,187	n/m
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,880	11,099	(83.1)
Adjusted EBITDA (refer item 8)	3,657	11,702	(68.7)
Earnings per share("EPS") (refer item 6):			
Basic and diluted EPS in US cents	(1.105)	0.290	n/m

n/m - not meaningful

1(a)(i) An Income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Consolidated Statement of Comprehensive Income - First Quarter 2016 ("Q1 2016")

	Group		
	Q1 2016 (Unaudited)	Q1 2015 (Unaudited)	Change
	US\$'000	US\$'000	%
(Loss)/Profit for the financial period	(6,494)	2,187	n/m
Other comprehensive income/(loss)			
<i><u>Items that may be reclassified subsequently to profit and loss</u></i>			
Exchange differences on translation of foreign operations	6,884	(14,554)	n/m
Cash flow hedges - losses arising during the period (net of tax)	-	(262)	n/m
Recognised in the profit and loss accounts on occurrence of hedged transactions	1,937	299	547.8
Other comprehensive income/(loss) for the financial period	8,821	(14,517)	n/m
Total comprehensive income/(loss) for the financial period	2,327	(12,330)	n/m
Total comprehensive income/(loss) attributable to:			
Owners of the Company	1,640	(8,512)	n/m
Non-controlling interests	687	(3,818)	n/m
	2,327	(12,330)	n/m

n/m - not meaningful

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

(Loss)/Profit for the financial period has been arrived at after crediting/(charging) the following:			
	Group		
	Q1 2016 (Unaudited)	Q1 2015 (Unaudited)	Change
	US\$'000	US\$'000	%
Amortisation of intangible asset	(18)	-	n/m
Cost of inventories recognised as an expense	(171,275)	(194,217)	(11.8)
Depreciation:			
-Cost of sales	(1,860)	(1,988)	(6.4)
-Selling expenses	(26)	(18)	44.4
-Administrative expenses	(411)	(315)	30.5
	(2,297)	(2,321)	(1.0)
Employee benefits expenses:			
-Cost of sales	(4,295)	(3,650)	17.7
-Selling expenses	(977)	(595)	64.2
-Administrative expenses	(3,353)	(2,605)	28.7
	(8,625)	(6,850)	25.9
Finance cost:			
-Working capital loans	(2,079)	(1,175)	77.0
- Acquisition term loans	(2,990)	(2,949)	1.4
-Medium Term Notes ("MTN") ⁽¹⁾	(1,583)	(1,665)	(4.9)
-Finance lease	(23)	(31)	(25.8)
	(6,675)	(5,820)	14.7
Foreign exchange gain/(loss):			
-Cost of sales	1,014	3,449	(70.6)
-Administrative expenses	(2,031)	2,365	n/m
	(1,017)	5,814	n/m
Non-recurring expenses:			
-Acquisitions-related expenses	(704)	(108)	551.9
-Professional fees incurred for syndicated loan facility	-	(495)	n/m
-Amortisation of fee incurred for syndicated loan facility	(1,073)	-	n/m
	(1,777)	(603)	194.7
Other income:			
-Fair value gain on biological assets	623	-	n/m
-Others	116	266	(56.3)
	739	266	177.8
Professional fees	(299)	(307)	(2.6)

n/m - not meaningful

(1) Included in MTN finance cost is amortisation of upfront fee paid in Q1 2016 of US\$150,000 (Q1 2015: US\$150,000)

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

Consolidated Statements of Financial Position as at 31 March 2016 and 31 December 2015				
	Group		Company	
	31 Mar 16	31 Dec 15	31 Mar 16	31 Dec 15
	Unaudited US\$'000	Restated US\$'000	Unaudited US\$'000	Audited US\$'000
ASSETS				
Non-current assets				
Intangible assets	200,516	200,534	-	-
Property, plant and equipment	101,970	99,489	105	122
Plantation related properties	39,546	35,789	-	-
Biological assets	5,399	4,054	-	-
Investment properties	21,913	21,420	-	-
Deferred tax assets	3,556	3,175	351	-
Deferred charges	197	146	-	-
Other assets	2	2	-	-
Investment in subsidiaries	-	-	168,008	168,008
Total non-current assets	373,099	364,609	168,464	168,130
Current assets				
Cash and bank balances	71,492	70,541	421	3,064
Trade receivables	55,312	65,030	-	-
Other receivables	23,601	27,427	96,780	95,281
Tax receivables	4,381	3,324	-	-
Derivative financial instruments	12,192	24,250	-	-
Inventories	119,589	102,875	-	-
Total current assets	286,567	293,447	97,201	98,345
Total assets	659,666	658,056	265,665	266,475
LIABILITIES AND EQUITY				
Current liabilities				
Derivative financial instruments	12,651	7,567	-	-
Trade payables	9,738	11,249	-	-
Other payables	12,852	18,349	11,005	10,000
Loan payables	196,294	191,874	2,750	2,750
Provision for taxation	1,436	1,553	(1)	15
Finance lease	443	435	443	435
Total current liabilities	233,414	231,027	14,197	13,200
Net current assets	53,153	62,420	83,004	85,145
Non current liabilities				
Loan payables	265,536	270,150	98,579	94,404
Retirement benefit obligations	11,359	10,703	-	-
Deferred tax liabilities	20,971	20,004	25	25
Finance lease	933	1,046	933	1,046
Total non current liabilities	298,799	301,903	99,537	95,475
Net assets	127,453	125,126	151,931	157,800
Capital and reserves				
Share capital	156,551	156,551	156,551	156,551
Capital reserves	143	143	-	-
Accumulated (losses)/profits	(2,269)	4,363	(4,620)	1,249
Hedging reserve	(252)	(2,189)	-	-
Foreign currency translation reserves	(51,645)	(57,980)	-	-
Equity attributable to owners of the Company	102,528	100,888	151,931	157,800
Non-controlling interests	24,925	24,238	-	-
Total equity	127,453	125,126	151,931	157,800
Total liabilities and equity	659,666	658,056	265,665	266,475

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

	As at 31 March 2016 (Unaudited)		As at 31 December 2015 (Restated)	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	196,294	-	191,874	-
Finance lease	443	-	435	-

Amount repayable after one year

	As at 31 March 2016 (Unaudited)		As at 31 December 2015 (Restated)	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	175,894	89,642	185,370	84,780
Finance lease	933	-	1,046	-

Details of any collateral

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

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

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

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Cash Flows- First Quarter 2016 ("Q1 2016")

	Group	
	Q1 2016 (Unaudited)	Q1 2015 (Unaudited)
	US\$'000	US\$'000
Operating activities:		
(Loss)/Profit before taxation	(6,878)	3,143
Adjustments for:		
Depreciation expense	2,297	2,321
Amortisation of intangible asset	18	-
Retirement benefit expense	452	368
Interest income	(232)	(185)
Interest expense	6,675	5,820
Fair value gain on open forward commodities contracts and inventories, unrealised	(4,035)	(3,441)
Fair value gain on biological assets	(623)	-
Unrealised foreign exchange loss/(gain)	2,031	(3,794)
Amortisation fee for syndicated loan facility	1,073	-
Operating cash flows before working capital changes	778	4,232
Trade and other receivables	14,577	11,008
Inventories	8,264	(21,427)
Trade and other payables	(6,305)	(17,660)
Cash generated from/(used in) operations	17,314	(23,847)
Interest received	232	185
Interest paid	(2,039)	(837)
Tax paid	(111)	(1,488)
Net cash generated from/(used in) operating activities	15,396	(25,987)
Investing activities		
Deposit paid for acquisition of subsidiaries	-	(124)
Acquisition of subsidiaries (net of cash acquired)	-	(7,497)
Capital expenditure on property, plant and equipment and plantation assets	(1,940)	(2,871)
Net cash used in investing activities	(1,940)	(10,492)
Financing activities		
Repayment of syndicated loan facility - term loan	(5,880)	-
Net repayment of syndicated loan facility - working capital loan	(3,000)	-
Proceeds from syndicated bridge facility	-	12,000
Repayment of other term loans	-	(544)
Net proceeds from other working capital loans	2,768	9,678
Interest paid on term loans and syndicated facility	(2,991)	(2,228)
Interest paid on Medium Term Notes ("MTN")	(2,890)	(3,095)
Repayment of obligation under finance lease arrangement	(106)	(98)
Decrease in pledged deposits	-	506
Net cash (used in)/generated from financing activities	(12,098)	16,219
Net increase/(decrease) in cash and cash equivalents	1,357	(20,260)
Cash and cash equivalents at beginning of the period	70,541	75,782
Effects of exchange rate changes on the balance of cash held in foreign currencies	(406)	(2,063)
Cash and cash equivalents at end of the period	71,492	53,459
Cash and bank balances comprise the following:		
Cash and cash equivalents	71,492	53,459
Fixed deposits - pledged	-	1,168
	71,492	54,627

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

Consolidated Statements of Changes in Equity as at 31 March 2016 and 31 March 2015

Group (Unaudited)	Share capital US\$ '000	Capital reserves US\$ '000	Accumulated profits/ (losses) US\$ '000	Foreign currency translation reserves US\$ '000	Hedging reserve US\$ '000	Non- controlling interests US\$ '000	Total US\$ '000
Balance at 1 January 2016 (As previously stated)	156,551	143	6,025	(58,116)	(2,189)	24,238	126,652
Effect of adopting FRS41 (Refer item 5)	-	-	(1,662)	136	-	-	(1,526)
Balance at 1 January 2016 (As restated)	156,551	143	4,363	(57,980)	(2,189)	24,238	125,126
Total comprehensive income/(loss) for the period							
(Loss)/Profit for the period	-	-	(6,632)	-	-	138	(6,494)
Other comprehensive income	-	-	-	6,335	1,937	549	8,821
Total	-	-	(6,632)	6,335	1,937	687	2,327
Balance at 31 March 2016	156,551	143	(2,269)	(51,645)	(252)	24,925	127,453
Group (Unaudited)							
Balance at 1 January 2015	92,993	143	8,290	(16,830)	(511)	76,446	160,531
Total comprehensive income/(loss) for the period							
Profit for the period	-	-	1,231	-	-	956	2,187
Other comprehensive loss	-	-	-	(9,780)	37	(4,774)	(14,517)
Total	-	-	1,231	(9,780)	37	(3,818)	(12,330)
Balance at 31 March 2015	92,993	143	9,521	(26,610)	(474)	72,628	148,201
Company (Unaudited)							
Balance at 1 January 2016	156,551	-	1,249	-	-	-	157,800
Total comprehensive loss for the period							
Loss for the period	-	-	(5,869)	-	-	-	(5,869)
Total	-	-	(5,869)	-	-	-	(5,869)
Balance at 31 March 2016	156,551	-	(4,620)	-	-	-	151,931
Company (Unaudited)							
Balance at 1 January 2015	92,993	-	4,176	-	-	-	97,169
Total comprehensive income for the period							
Profit for the period	-	-	1,499	-	-	-	1,499
Total	-	-	1,499	-	-	-	1,499
Balance at 31 March 2015	92,993	-	5,675	-	-	-	98,668

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of ordinary shares	US\$'000
Issued and paid up		
At 31 December 2015 and 31 March 2016	600,092,000	156,551

There were no other outstanding options, convertibles or treasury shares as at 31 March 2016 and 31 March 2015.

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

The Company did not hold any treasury shares as at 31 March 2016 and 31 December 2015. As such, the number of issued shares excluding treasury shares as at 31 March 2016 and 31 December 2015 were 600,092,000 shares.

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited but have been reviewed by the Company's independent auditors in accordance with *Singapore Financial Reporting Standards 34 Interim Financial Reporting*.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Please refer to the independent auditors' review report dated 14 May 2016 appended to this announcement as Appendix A.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5, the financial statements have been prepared using the same accounting policies and methods of computation as presented in the audited financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all applicable new and revised Financial Reporting Standards (“FRS”) and Interpretations of Financial Reporting Standards (“INT FRS”) which became effective for accounting periods beginning on or after 1 January 2016.

Amendments to FRS 16 and FRS 41 Agriculture – Bearer Plants

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

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

The effects of the amendments are as follows:

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

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	Q1 2016	Q1 2015
	Unaudited	Unaudited
(Loss)/Profit attributable to owners of the Company (US\$'000)	(6,632)	1,231
Basic and diluted (loss)/earnings per share ("LPS/EPS") in US cents ⁽¹⁾	(1.105)	0.290

Notes:

- (1) The basic and diluted EPS/(LPS) for the periods under review have been computed based on the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue for the respective periods.

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

The basic and diluted EPS for Q1 2015 were the same. The outstanding consideration shares for the acquisition of New Continent Enterprises (Private) Limited ("NCE Consideration Shares") have not been included in the calculation of diluted earnings per share during Q1 2015 as the NCE Consideration Shares were out-of-the-money.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	Unaudited	Restated	Unaudited	Audited
Net asset value per ordinary share based on issued share capital (US cents)	21.24	20.85	25.32	26.30
Net asset value per ordinary share based on issued share capital (SGD cents) ⁽¹⁾	28.70	29.48	34.21	37.18
Number of ordinary shares outstanding	600,092,000	600,092,000	600,092,000	600,092,000

Note:

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

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

REVIEW OF THE INCOME STATEMENT OF THE GROUP FOR Q1 2016 VS Q1 2015

Snapshot

Operating financial statistics

		Q1 2016	Q1 2015	Change
Total sales volume	tonnes	150,203	134,166	12.0%
Revenue	US\$ million	183.2	208.4	-12.1%
Revenue per tonne	US\$	1,220	1,553	-21.4%
Gross profit	US\$ million	12.0	14.1	-15.4%
EBITDA - adjusted ⁽¹⁾	US\$ million	3.7	11.7	-68.7%
Net (loss)/profit - adjusted ⁽¹⁾	US\$ million	(4.7)	2.8	n/m

n/m - not meaningful

Note:

- (1) The results have been adjusted to exclude the non-recurring expenses of US\$1.8 million in Q1 2016 (Q1 2015: US\$0.6 million).

Revenue

Q1 2016 vs Q1 2015

Revenue decreased by US\$25.1 million or 12.1%, from US\$208.4 million in Q1 2015 to US\$183.2 million in Q1 2016 due to lower selling prices. The decrease was offset by an increase in sales volumes from 134,166 tonnes in Q1 2015 to 150,203 tonnes in Q1 2016. The additional sales volume in Q1 2016 was mainly contributed by the Processing segment due to higher capacity utilisation. Selling prices declined as a result of the decrease in the market price for natural rubber; revenue per tonne decreased from US\$1,553 in Q1 2015 to US\$1,220 in Q1 2016.

Cost of sales

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

Q1 2016 vs Q1 2015

Cost of sales decreased by US\$22.9 million or 11.8%, from US\$194.2 million in Q1 2015 to US\$171.3 million in Q1 2016, due to the decrease in the price of raw materials and offset by the increase in sales volume.

Gross Profit

	Q1 2016	Q1 2015	Change
Gross profit (US\$ million)	12.0	14.1	-15.4%
Sales volume (tonnes)	150,203	134,166	12.0%
Gross profit per tonne (US\$)	80	105	-24.4%

Q1 2016 vs Q1 2015

Gross profit decreased by US\$2.2 million or 15.4% from US\$14.1 million in Q1 2015 to US\$12.0 million in Q1 2016 mainly due to margins compression in Indonesia as a result of low prices and restricted availability of raw materials during wintering season.

(Loss)/Profit before tax

Q1 2016 vs Q1 2015

Loss before tax in Q1 2016 was US\$6.9 million, a decrease of US\$10.0 million from the profit before tax in Q1 2015 of US\$3.1 million. The movement in (loss)/profit before tax was mainly due to lower gross profit as explained above and an increase in selling and administrative expenses.

Other income increased by US\$0.4 million from US\$0.3 million in Q1 2015 to US\$0.7 million in Q1 2016 mainly due to fair value gain on biological assets of US\$0.6 million.

Selling and administrative expenses (excluding non-recurring expenses) increased from US\$5.0 million in Q1 2015 to US\$11.4 million in Q1 2016, an increase of US\$6.3 million mainly due to a foreign exchange loss on the Singapore Dollar-denominated MTN, incurred due to the strengthening of the Singapore Dollar against the US Dollar (in Q1 2015, there was a foreign exchange gain of US\$2.4 million).

Finance cost increased by US\$0.9 million from US\$5.8 million in Q1 2015 to US\$6.7 million in Q1 2016, mainly due to higher working capital utilisation and interest expense incurred by the Centrottrade entities, which did not form part of the Group's consolidated results in Q1 2015.

(Loss)/Profit after tax

Q1 2016 vs Q1 2015

Loss after tax in Q1 2016 was US\$6.5 million, a decrease of US\$8.7 million from the profit after tax in Q1 2015 of US\$2.2 million.

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

Non-current assets

The increase in non-current assets as at 31 March 2016 (US\$373.0 million) of US\$8.5 million or 2.3% from 31 December 2015 (US\$364.6 million) was mainly due to (i) foreign exchange difference in aggregate of US\$7.8 million for property, plant and equipment, investment properties and plantation related assets in Indonesia and Malaysia as a result of strengthening of Indonesian Rupiah and Malaysian Ringgit against US Dollar, (ii) addition of property, plant and equipment of US\$1.3 million and (iii) increase in biological assets of US\$1.3 million due to fair value gain and additional plantation works. This was offset by depreciation expense of US\$2.3 million.

Current assets

Current assets decreased by US\$6.9 million or 2.3% from 31 December 2015 (US\$293.4 million) to 31 March 2016 (US\$286.6 million), primarily attributable to:

- decrease in trade and other receivables of US\$13.5 million mainly due to repayment from customers and decrease in advances to suppliers; and
- decrease in derivative financial instruments of US\$12.1 million mainly due to lower valuation gain on the open purchase contracts that were entered at lower prices compared to market prices at 31 March 2016.

The decrease in current assets was partially offset by increase in inventories of US\$16.7 million, mainly due to the increase in the natural rubber price in March 2016 as compared to December 2015 and increase in cash and bank balances of US\$1.0 million.

Current liabilities

Current liabilities increased by US\$2.4 million or 1.0% from 31 December 2015 (US\$231.0 million) to 31 March 2016 (US\$233.4 million), mainly due to an increase in derivative financial instruments (as a result of valuation loss on open sales contracts) and re-classification of certain non-current term loans to current loan payables (see table below). The increase was offset by a decrease in trade and other payables of US\$7.0 million, mainly due to repayments made to trade and non-trade suppliers and interest paid on MTN of US\$2.9 million.

The breakdown of the current loan payables are as follows:

(US\$ million)	31 March 2016	31 December 2015
Working capital loans	167.9	166.9
Term loans	28.4	25.0
Total	196.3	191.9

Non-current liabilities

Non-current liabilities decreased by US\$3.1 million or 1.0% from 31 December 2015 (US\$301.9 million) to 31 March 2016 (US\$298.8 million), mainly due to reclassification of certain non-current term loans to current loan payables as described above. The amount of working capital loans included in non-current loan payables was US\$38.2 million as at 31 March 2016.

Equity

The Group's equity increased by US\$2.3 million from US\$125.1 million as at 31 December 2015 to US\$127.4 million as at 31 March 2016, mainly due to the foreign currency translation gains arising during the period, as a result of strengthening of Indonesian Rupiah and Malaysian Ringgit against US Dollar, offset by the Group's Q1 2016 net loss.

Working capital

As at 31 March 2016, net working capital amounted to US\$68.8 million, as set out below:

(US\$ million)	31 March 2016	31 December 2015
Cash and bank balances	71.5	70.5
Trade receivables	55.3	65.0
Inventories	119.6	102.9
Less: Trade payables	(9.7)	(11.2)
Less: Working capital loans (current)	(167.9)	(166.9)
Net working capital	68.8	60.3

REVIEW OF THE CASH FLOW STATEMENT OF THE GROUP FOR Q1 2016 VS Q1 2015

The following table sets out a summary of cash flows for Q1 2016 and Q1 2015:

(US\$ million)	Q1 2016	Q1 2015
Net cash generated from operating activities, before working capital changes	(1.1)	2.1
Changes in working capital	16.5	(28.1)
Net cash generated from/(used in) operating activities	15.4	(26.0)
Net cash used in investing activities	(1.9)	(10.5)
Net cash (used in)/generated from financing activities	(12.1)	16.2
Net increase/(decrease) in cash and cash equivalents	1.4	(20.3)
Cash and cash equivalents at the beginning of the period	70.5	75.8
Effect of exchange rate changes on the balance of cash held in foreign currencies	(0.4)	(2.1)
Cash and cash equivalents at the end of the period	71.5	53.5

Q1 2016 vs Q1 2015

The Group's cash and cash equivalents increased by US\$1.4 million during Q1 2016. We recorded net cash inflow from operating activities of US\$15.4 million during Q1 2016.

Cash outflow from investing activities of US\$1.9 million was due to capital expenditure on property, plant and equipment and plantation assets.

Net cash outflow from financing activities was US\$12.1 million, mainly due to repayment of various loans and associated interest costs.

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

The Company did not issue any forecast or prospect statement.

10. A commentary at the date of the announcement of the significant trend and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Halcyon Agri's financial performance for the remainder of 2016 will continue to be affected by the natural rubber market price environment. The extreme low prices experienced in the first quarter of 2016 and their impact on raw material availability had a significant impact on the profitability of natural rubber producers, from which Halcyon Agri was not immune. While the market price for natural rubber has recovered somewhat from its lows, reaching US\$1,571 on 25 April, it closed at US\$1,468 on 11 May and continues to be volatile. The self-imposed restriction on natural rubber exports by the Governments of Thailand, Indonesia and Malaysia, which Vietnam has also subsequently adopted, while positive for pricing, may also limit the Group's processing export volumes until the end of August 2016, or later if the scheme is extended.

The execution of the proposed transactions with Sinochem International Corporation, as announced by the Company on 28th March 2016, will result in the issuance of new shares of the Company, as well as the consolidation of the incoming assets and businesses, which will affect the Group's financial statements and results for the financial year 2016.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividends have been declared or recommended for the current financial period.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect

No dividend has been declared or recommended for the current financial period.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have an IPT Mandate.

14. Segmental information

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

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

- **Plantation Segment** – the management of natural rubber estates, both owned by the Group and external third parties, employing latest agronomical models and best ecological practices to achieve world-leading sustainable yields. Revenue in Q1 2016 was mainly arising from the oil palm harvest from the Group’s plantation.
- **Processing Segment** – the procurement and processing of raw materials into high quality technically specified rubber (“TSR”) in our 14 processing factories, with a strong focus on Corporate Social Responsibility (“CSR”) and the development of premium grades.
- **Distribution Segment** – the merchandising and distribution of natural rubber and latex from the Group’s own factories as well as selected third party origins and grades.
- **Corporate Segment** – covers group strategic management, corporate finance, group administration and legal matters, treasury, taxation and investment properties.

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

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

Segment information - First Quarter 2016 ("Q1 2016") and First Quarter 2015 ("Q1 2015")

(US\$'000)	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015
Revenue to third party	8	-	95,417	100,386	87,818	107,978	-	-	-	-	183,243	208,364
Inter-segment revenue	-	-	11,969	16,993	6,958	7,797	2,182	915	(21,109)	(25,705)	-	-
Total revenue	8	-	107,386	117,379	94,776	115,775	2,182	915	(21,109)	(25,705)	183,243	208,364
Gross profit ⁽¹⁾	8	-	4,774	11,326	7,186	2,821	2,182	915	(2,182)	(915)	11,968	14,147
Operating profit/(loss)	490	(224)	(823)	5,724	3,419	293	(3,531)	763	10	2,222	(435)	8,778
Finance income											232	185
Finance cost											(6,675)	(5,820)
(Loss)/Profit before taxation											(6,878)	3,143
Income tax benefit/(expense)											384	(956)
(Loss)/Profit for the financial period											(6,494)	2,187
Total sales volume (tonnes)	-	-	91,766	75,082	74,983	76,300	-	-	(16,546)	(17,216)	150,203	134,166
Gross profit per tonne (US\$)	-	-	52	151	96	37	-	-	-	-	80	105
Other information:												
Depreciation expenses	80	45	2,147	2,227	52	32	18	17	-	-	2,297	2,321
Capital expenditure	752	317	1,118	2,500	70	42	-	12	-	-	1,940	2,871
	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
(US\$'000)	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
Segment Assets	49,992	44,312	449,006	430,424	146,432	152,050	342,709	343,359	(328,473)	(312,089)	659,666	658,056
Segment Liabilities	11,321	8,899	284,170	260,374	138,684	218,239	180,856	177,345	(82,818)	(131,927)	532,213	532,930

⁽¹⁾ Under the Processing segment, the cost of sales amounted to US\$102.6 million (Q1 2015: US\$106.0 million), of which the cost of raw materials amounted to US\$90.4 million (Q1 2015: US\$93.6 million) and processing costs amounted to US\$12.2 million (Q1 2015: US\$12.4 million).

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

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

16. Negative Confirmation by the Board Pursuant to Rule 705(5).

We, Robert Meyer and Pascal Demierre, hereby confirm on behalf of the Board of Directors (the "Board") of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

By Order of the Board

Robert Meyer
Executive Chairman and CEO

Singapore,
14 May 2016

Report on Review of Unaudited Interim Condensed Consolidated Financial Statements to the Shareholders of Halcyon Agri Corporation Limited

Introduction

We have reviewed the accompanying unaudited interim condensed consolidated financial statements of Halcyon Agri Corporation Limited and its subsidiaries (“the Group”) as of 31 March 2016, which comprise the interim condensed consolidated balance sheet, interim condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Singapore Financial Reporting Standard 34 *Interim Financial Reporting* (“FRS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FRS 34.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

14 May 2016