HALCYON AGRI

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

Unaudited Financial Statement for the Third Quarter Ended 30 September 2014

*Halcyon Agri Corporation Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 1 February 2013. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

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About us

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 and Europe. Halcyon Agri's workforce totals approximately 4,000 people and its aggregate natural rubber distribution capacity is approximately 1 million tonnes per annum.

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 Statement of Comprehensive Income for the Third Quarter Ended 30 September 2014 ("Q3 2014") and 30 September 2013

	Group			Group		
	Q3 2014 (Unaudited)	**Q3 2013 (Unaudited)**	**Change**	**9M 2014 (Unaudited)**	**9M 2013 (Unaudited)**	**Change**
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	113,668	47,358	140.0	191,635	151,446	26.5
Cost of sales	(108,339)	(40,827)	165.4	(180,035)	(135,460)	32.9
Gross profit	5,329	6,531	(18.4)	11,600	15,986	(27.4)
Other income	84	-	n/m	124	-	n/m
Selling expenses	(862)	(349)	147.0	(1,694)	(1,031)	64.3
Administrative expenses	(15,257)	(1,920)	694.6	(19,048)	(5,089)	274.3
Operating (loss)/profit	(10,706)	4,262	n/m	(9,018)	9,866	n/m
Finance income	301	10	2,910.0	335	35	857.1
Finance costs	(3,695)	(403)	816.9	(4,420)	(1,293)	241.8
(Loss)/profit before taxation	(14,100)	3,869	n/m	(13,103)	8,608	n/m
Income tax expense	(2,501)	(353)	608.5	(2,560)	(925)	176.8
(Loss)/profit for the financial period	(16,601)	3,516	n/m	(15,663)	7,683	n/m
(Loss)/profit attributable to:						
Owners of the company	(12,223)	3,545	n/m	(11,249)	7,739	n/m
Non-controlling interest	(4,378)	(29)	14,996.6	(4,414)	(56)	7,782.1
	(16,601)	3,516	n/m	(15,663)	7,683	n/m
Other comprehensive loss						
Items that may be reclassified subsequently to profit and loss						
Exchange differences on translation of foreign operations	(12,657)	(2,462)	414.1	(11,295)	(2,927)	285.9
Total comprehensive (loss)/ income for the financial period	(29,258)	1,054	n/m	(26,958)	4,756	n/m
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(19,665)	1,083	n/m	(17,329)	4,812	n/m
Non-controlling interests	(9,593)	(29)	32,979.2	(9,629)	(56)	17,094.6
	(29,258)	1,054	n/m	(26,958)	4,756	n/m
(Loss)/earnings before interest,tax, depreciation and amortisation ("EBITDA")	(9,061)	4,507	n/m	(6,412)	10,616	n/m
Adjusted EBITDA [1]	3,962	4,607	(14.0)	6,749	11,070	(39.0)
(Loss)/earnings per share("EPS") (refer item 6):						
Basic and diluted EPS in US cents	(2.96)	1.17	n/m	(2.84)	2.56	n/m
Adjusted EPS in US cents	(2.90)	0.84	n/m	(2.67)	1.84	n/m

n/m - not meaningful

(1) Adjusted EBITDA has been adjusted for non-recurring expenses

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit for the financial period has been arrived at after crediting (charging) the following:						
	Group			Group		
	Q3 2014 (Unaudited)	Q3 2013 (Unaudited)	Change	9M 2014 (Unaudited)	9M 2013 (Unaudited)	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Cost of inventories recognised as an expense [1]	(108,339)	(40,827)	165.4	(180,035)	(135,460)	32.9
Employee benefits expenses	(5,160)	(1,790)	188.3	(9,489)	(5,529)	71.6
Management fees	-	(94)	n/m	-	(288)	n/m
Depreciation	(1,645)	(245)	571.4	(2,606)	(750)	247.4
Non-recurring expenses:						
-Initial public offering ("IPO") expenses	-	-	n/m	-	(334)	n/m
-Acquisitions-related expenses	(13,023)	(100)	n/m	(13,161)	(120)	n/m
Professional fees	(620)	(202)	206.9	(925)	(618)	49.6
Foreign exchange gain(loss)	1,356	(359)	n/m	1,206	(349)	n/m
Finance cost:						
-Working capital loans	(681)	(198)	244.2	(1,160)	(649)	78.8
- Acquisition term loans	(1,824)	(205)	788.5	(2,070)	(644)	221.4
- Medium Term Note ("MTN")	(1,190)	-	n/m	(1,190)	-	n/m

n/m - not meaningful

(1) Included in cost of inventories recognised as expense is the cost of raw materials amounting to US$97.8 million (Q3 2013: US$38.7 million, 9M 2014: US$163.7 million, 9M 2013: US$128.4 million).

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

Consolidated Statements of Financial Position as at 30 September 2014 and 31 December 2013.

	Group		Company	
	30 Sep 14	31 Dec 13	30 Sep 14	31 Dec 13
ASSETS	Unaudited US$'000	Audited US$'000	Unaudited US$'000	Audited US$'000
Non-current assets				
Intangible assets	193,936	10,000	-	-
Property, plant and equipment	159,398	15,537	146	168
Investment properties	20,935	-	-	-
Investment in subsidiaries	-	-	104,297	16,000
Deferred charges	187	124	-	-
Deferred tax assets	545	197	-	-
Other assets	48	2,054	-	2,054
Biological assets	549	-	-	-
Total non-current assets	375,598	27,912	104,443	18,222
Current assets				
Cash and bank balances	117,583	52,688	31,918	22,627
Trade receivables	67,458	7,347	-	-
Other receivables	26,047	2,592	79,237	43,345
Derivative financial instruments	15,485	903	-	-
Inventories	82,557	16,409	-	-
Total current assets	309,130	79,939	111,155	65,972
Total assets	**684,728**	**107,851**	**215,598**	**84,194**
LIABILITIES AND EQUITY				
Current liabilities				
Derivative financial instruments	3,305	789	-	-
Trade payables	11,147	-	-	-
Other payables	62,453	2,866	1,602	12,553
Loan payables	70,454	21,143	6,617	5,840
Provision for taxation	2,331	1,352	6	40
Finance lease	402	-	397	-
Total current liabilities	150,092	26,150	8,622	18,433
Net current assets	159,038	53,789	102,533	47,539
Non current liabilities				
Loan payables	342,282	-	108,282	-
Retirement benefit obligations	5,197	648	-	-
Deferred tax liabilities	18,549	781	29	29
Finance lease	1,655	-	1,585	-
Total non current liabilities	367,683	1,429	109,896	29
Net assets	166,953	80,272	97,080	65,732
Capital and reserves				
Share capital	92,993	63,713	92,993	63,713
Capital reserves	143	143	-	-
Accumulated profits	6,794	21,195	4,087	2,019
Foreign currency translation reserves	(11,021)	(4,941)	-	-
Equity attributable to owners of the company	88,909	80,110	97,080	65,732
Non-controlling interests	78,044	162	-	-
Total equity	**166,953**	**80,272**	**97,080**	**65,732**
Total liabilities and equity	**684,728**	**107,851**	**215,598**	**84,194**

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

	As at 30 Sep 2014 (Unaudited)		As at 31 Dec 2013 (Audited)	
	Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
Loan payables	70,454	-	21,143	-
Finance lease	402	-	-	-

Amount repayable after one year

	As at 30 Sep 2014 (Unaudited)		As at 31 Dec 2013 (Audited)	
	Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
Loan payables	247,062	95,220	-	-
Finance lease	1,655	-	-	-

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 property, plant and equipment, inventories, trade receivables and pledged deposits.

Term loans are secured by a charge over certain of the Group's property, plant and equipment and pledged over certain subsidiaries' ordinary shares owned by the Group.

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 for the Financial Period Ended 30 September 2014

	Group		Group	
	Q3 2014 (Unaudited)	Q3 2013 (Unaudited)	9M 2014 (Unaudited)	9M 2013 (Unaudited)
	US$'000	US$'000	US$'000	US$'000
Operating activities:				
(Loss)/ profit before taxation	(14,100)	3,869	(13,103)	8,608
Adjustments for:				
Depreciation expense	1,645	245	2,606	750
Retirement benefit expense	256	76	399	235
Interest income	(301)	(10)	(335)	(35)
Interest expense	3,695	403	4,420	1,293
Fair value loss on open forward commodities contracts and inventories, unrealised	(1,771)	(1,735)	(1,871)	(1,160)
Operating (loss) /profit before working capital changes	(10,576)	2,848	(7,884)	9,691
Trade receivables	(349)	3,977	1,982	1,178
Other receivables and deferred charges	(5,047)	545	(7,071)	(557)
Inventories	19,716	(7,282)	7,278	(7,925)
Trade payables	(1,689)	(24)	709	(1,491)
Other payables	5,231	591	4,553	(528)
Cash from/ (used in) operations	7,286	655	(433)	368
Interest received	301	10	335	35
Interest paid	(674)	(175)	(1,107)	(584)
Tax paid	(1,677)	(448)	(2,374)	(969)
Net cash from/ (used in) operating activities	5,236	42	(3,579)	(1,150)
Investing activities				
Deposit paid for acquisition of CLS assets	-	-	-	(2,054)
Deposit paid in advance for the purchase of property, plant and equipment	-	(185)	-	(1,301)
Acquisition of subsidiaries (net cash acquired)	(278,983)	-	(307,227)	-
Purchase of property, plant and equipment	(3,245)	(1,112)	(8,981)	(3,615)
Capital expenditure in relation to plantation	(268)	-	(824)	-
Net cash used in investing activities	(282,496)	(1,297)	(317,032)	(6,970)
Financing activities				
(Increase)/Decrease in pledged deposits	(253)	-	987	-
Net proceeds from issuance of shares	14,485	-	14,485	28,516
Dividend paid	-	-	(3,152)	(2,350)
Capital contribution from non-controlling interest	60,202	-	60,202	-
Net proceeds from issuance of Medium Term Notes("MTN")	97,323	-	97,323	-
Proceeds received from acquisition term loans	234,000	-	234,000	-
Repayment of acquisition term loans	(669)	(622)	(1,970)	(1,829)
Interest paid on acquisition term loans	(1,070)	(129)	(1,361)	(421)
Net proceeds/ (repayments) of working capital loans	(30,366)	4,194	(7,224)	3,458
Proceeds received under finance lease arrangement	-	-	2,251	-
Repayment of obligation under finance lease arrangement	(96)	-	(194)	-
Net cash from financing activities	373,556	3,443	395,347	27,374
Net increase in cash and cash equivalents	96,296	2,188	74,736	19,254
Cash and cash equivalents at beginning of the period	28,205	25,820	49,677	8,857
Effects of exchange rate changes on the balance of cash held in foreign currencies	(8,942)	(484)	(8,854)	(587)
Cash and cash equivalents at end of the period	**115,559**	**27,524**	**115,559**	**27,524**
Cash and bank balances comprise the following:				
Cash and cash equivalents	115,559	27,524	115,559	27,524
Fixed deposits - pledged	2,024	3,010	2,024	3,010
	117,583	30,534	117,583	30,534

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

Consolidated Statements of Changes in Equity as at 30 September 2014 and as at 30 September 2013

Group (Unaudited)	Share capital US$ '000	Capital reserves US$ '000	Accumulated profits (losses) US$ '000	Foreign currency translation reserves US$ '000	Non-controlling interests US$ '000	Total US$ '000
Balance at 1 July 2014	78,508	143	19,017	(3,579)	302	94,391
Total comprehensive income/(loss) for the period						
Loss for the period	-	-	(12,223)	-	(4,378)	(16,601)
Other comprehensive loss	-	-	-	(7,442)	(5,215)	(12,657)
Total	-	-	(12,223)	(7,442)	(9,593)	(29,258)
Transactions with owners, recognised directly in equity						
Issue of share capital	14,485	-	-	-	-	14,485
Dividend paid	-	-	-	-	-	-
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	27,133	27,133
Capital contribution from non-controlling interest	-	-	-	-	60,202	60,202
Total	14,485	-	-	-	87,335	101,820
Balance at 30 September 2014	92,993	143	6,794	(11,021)	78,044	166,953

Group (Unaudited)	Share capital US$ '000	Capital reserves US$ '000	Accumulated profits (losses) US$ '000	Foreign currency translation reserves US$ '000	Non-controlling interests US$ '000	Total US$ '000
Balance at 1 July 2013	41,016	143	16,218	(1,391)	152	56,138
Total comprehensive income/(loss) for the period						
Profit/(loss) for the period	-	-	3,545	-	(29)	3,516
Other comprehensive income/(loss)	-		-	(2,462)		(2,462)
Total	-	-	3,545	(2,462)	(29)	1,054
Transactions with owners, recognised directly in equity						
Issue of share capital	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total	-	-	-	-	-	-
Balance at 30 September 2013	41,016	143	19,763	(3,853)	123	57,192

Company (Unaudited)	Share capital US$ '000	Capital reserves US$ '000	Accumulated profits (losses) US$ '000	Foreign currency translation reserves US$ '000	Non-controlling interests US$ '000	Total US$ '000
Balance at 1 July 2014	78,508	-	3,656	-	-	82,164
Total comprehensive income for the period						
Profit for the period	-	-	431	-	-	431
Total	-	-	431	-	-	431
Transactions with owners, recognised directly in equity						
Issue of share capital	14,485	-	-	-	-	14,485
Dividend paid	-	-	-	-	-	-
Total	14,485	-	-	-	-	14,485
Balance at 30 September 2014	92,993	-	4,087	-	-	97,080

Company (Unaudited)	Share capital US$ '000	Capital reserves US$ '000	Accumulated profits (losses) US$ '000	Foreign currency translation reserves US$ '000	Non-controlling interests US$ '000	Total US$ '000
Balance at 1 July 2013	41,016	-	2,435	-	-	43,451
Total comprehensive loss for the period						
Loss for the period	-	-	(128)	-	-	(128)
Total	-	-	(128)	-	-	(128)
Transactions with owners, recognised directly in equity						
Issue of share capital	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total	-	-	-	-	-	-
Balance at 30 September 2013	41,016	-	2,307	-	-	43,323

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.

Issued and paid up	Number of ordinary shares	US$'000
At 1 July 2014	396,000,000	78,508
Issue of share capital	25,000,000	14,485
At 30 September 2014	421,000,000	92,993

The remaining purchase consideration for the acquisition of New Continent Enterprises (Private) Limited ("NCE" or "NCE Group") amounting to approximately S$28.51 million which shall be paid in cash may, at the option of the NCE vendors to be communicated no less than thirty (30) days prior to the payment date, be paid for (in full) by the allotment and issuance to the NCE vendors (or their nominee) of such Shares (the "NCE Consideration Shares"), credited as fully paid at the issue prices and payment dates indicated below:

Payment Date	Issue Price
31 March 2015	S$1.50
30 June 2015	S$1.80

Based on the assumption that the remaining consideration as set out above are paid in NCE Consideration Shares, the number of shares that may be issued is 9,162,798.

Please also refer to the preference shares issued by subsidiary of the Company, Halcyon Rubber Company Pte. Ltd. ("HRC") to Angsana Capital Ltd. ("ACL") as detailed under paragraph 13 below.

Save as disclosed above, there were no other outstanding options, convertibles or treasury shares as at 30 September 2014. There were no outstanding options, convertibles or treasury shares as at 30 September 2013.

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

The Company did not hold any treasury shares as at 30 September 2014 and 31 December 2013. As such, the number of issued shares excluding treasury shares as at 30 September 2014 and 31 December 2013 were 421,000,000 shares and 370,000,000 shares respectively.

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

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

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

The figures have not been reviewed or audited by the Company's auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5, the financial statements have been prepared using the same accounting policies and methods of computation as presented in the audited financial statements for the financial year ended 31 December 2013.

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 2014. The adoption of these new and revised FRS and INT FRS are currently assessed to have no material financial impact on the Group's financial statements for the current financial period reported on.

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

	Group		**Group**	
	Q3 2014 Unaudited	**Q3 2013 Unaudited**	**9M 2014 Unaudited**	**9M 2013 Unaudited**
(Loss) / Profit attributable to owners of the Company (US$'000)	(12,223)	3,545	(11,249)	7,739
Basic and diluted (loss) / earnings per share ("EPS") in US cents (1)	(2.96)	1.17	(2.84)	2.56
Adjusted EPS in US cents (2)	(2.90)	0.84	(2.67)	1.84
Adjusted EPS in SGD cents (3)	(3.65)	1.06	(3.36)	2.31

Notes:
(1) The basic and diluted EPS for the periods under review have been computed based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue for the respective periods.
(2) For comparative purposes, the adjusted EPS for the periods under review have been computed based on the (loss)/profit attributable to owners of the Company and number of ordinary shares in issue as at 30 September 2014 of 421,000,000 ordinary shares.
(3) Translated at the average exchange rates for each respective periods.

The basic and diluted loss per share for Q3 2014 and 9M 2014 were the same as the potential ordinary shares are anti-dilutive as the effect of the share conversions would be to decrease the loss per share.

There were no potentially dilutive ordinary shares in issue as at 30 September 2013.

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

	Group		**Company**	
	30 September 2014 Unaudited	**31 December 2013 Audited**	**30 September 2014 Unaudited**	**31 December 2013 Audited**
Net asset value per ordinary share based on issued share capital (US cents)	39.66	0.22	23.06	0.18
Number of ordinary shares outstanding	421,000,000	370,000,000	421,000,000	370,000,000
Adjusted net asset value per ordinary share based on issued share capital (US cents) (1)	39.66	0.19	23.06	0.16

Note:
(1) For comparative purposes, the adjusted net asset value per ordinary share for the periods under review has been computed based on the Group's and the Company's net asset value and the number of ordinary shares issued as at 30 September 2014 of 421,000,000 shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Income Statement of the Group for Q3 2014 vs Q3 2013 and 9M 2014 vs 9M 2013

Snapshot

Operating financial statistics

		Q3 2014	Q3 2013	Change	9M 2014	9M 2013	Change
Sales volume	tonnes	66,650	19,362	244.2%	105,147	55,822	88.4%
Revenue	US$ million	113.7	47.4	140.0%	191.6	151.4	26.5%
Revenue per tonne	US$	1,705	2,446	-30.3%	1,823	2,713	-32.8%
Gross profit	US$ million	5.3	6.5	-18.4%	11.6	16.0	-27.4%
EBITDA - adjusted (1)	US$ million	4.0	4.6	-14.0%	6.7	11.1	-39.0%
Net (loss) / Profit - adjusted (1)	US$ million	(3.6)	3.6	-198.8%	(2.5)	8.1	-130.7%

Note:

(1) The results have been adjusted to exclude the non-recurring expenses of US$13.0 million in Q3 2014 (Q3 2013: US$0.1 million), and US$13.1 million in 9M 2014 (9M 2013: US$0.5 million).

Revenue

	Q3 2014		Q3 2013		9M 2014		9M 2013	
	US$ million	As a % of total revenue	US$ million	As a % of total revenue	US$ million	As a % of total revenue	US$ million	As a % of total revenue
Sales of our products	111.6	98.2%	46.0	97.1%	190.3	99.3%	150.0	99.1%
Other revenue (1) (2)	2.1	1.8%	1.4	2.9%	1.3	0.7%	1.4	0.9%
Total revenue	113.7	100.0%	47.4	100.0%	191.6	100.0%	151.4	100.0%
Sales volume of our products (tonnes)		**66,650**		**19,362**		**105,147**		**55,822**
Revenue per tonne (US$)		**1,705**		**2,446**		**1,823**		**2,713**

Notes:

(1) Comprises physical rubber hedging revenue and revenue from the unrealised fair value gain/(loss) in open forward physical contracts and the Group's natural rubber inventories.

(2) This amount includes net gain/(loss) relating to the Group's natural rubber forward contracts of gain US$0.2 million in Q3 2014 (Q3 2013: loss US$0.2 million, 9M 2014: loss US$1.6 million and 9M 2013: loss US$0.8 million) entered as part of the Group's price risk management, due to the mismatch between the Group's committed sales volume and raw material purchase volume.

Q3 2014 vs Q3 2013

Q3 2014 is the first quarter whereby we consolidated the results of Anson Company (Private) Limited ("Anson") following the completion of acquisition on 12 August 2014 ("Anson Acquisition"). Revenue increased by US$66.3 million or 140.0%, from US$47.4 million in Q3 2013 to US$113.7 million in Q3 2014 mainly due to the sales contributed from the Anson's factories of US$71.7 million (sales volume of 43,698 tonnes). The increase was offset by a decrease in the revenue per tonne from US$2,446 to US$1,705, due to the lower average selling price.

9M 2014 vs 9M 2013

Revenue increased by US$40.2 million or 26.5%, from US$151.4 million in 9M 2013 to US$191.6 million in 9M 2014 mainly due to the sales contributed from the Anson's factories of US$71.7 million (sales volume of 43,698 tonnes). The increase was offset by a decrease in the revenue per tonne from US$2,713 to US$1,823 due to the lower average selling price.

Cost of sales

Cost of sales comprises the cost of procuring and processing raw materials into natural rubber for export. Cost of sales accounted for 95.3**%,** 86.2%, 93.9%, and 89.4% of revenue in Q3 2014, Q3 2013, 9M 2014 and 9M 2013, respectively. The breakdown is shown below:

	Q3 2014		**Q3 2013**		**9M 2014**		**9M 2013**	
	US$ million	**As a % of total cost of sales**	**US$ million**	**As a % of total cost of sales**	**US$ million**	**As a % of total cost of sales**	**US$ million**	**As a % of total cost of sales**
Raw materials	(97.8)	90.2%	(38.7)	94.8%	(163.7)	91.0%	(128.4)	94.8%
Processing cost	(10.6)	9.8%	(2.1)	5.2%	(16.3)	9.0%	(7.1)	5.2%
Total cost of sales	(108.4)	**100.0%**	(40.8)	**100.0%**	(180.0)	**100.0%**	(135.5)	**100.0%**

Q3 2014 vs Q3 2013

Cost of sales increased by US$67.6 million or 165.4%, from US$40.8 million in Q3 2013 to US$108.4 million in Q3 2014, mainly due to the increase in our sales volume from 19,362 tonnes in Q3 2013 to 66,650 tonnes in Q3 2014. The increase was offset by lower raw material costs whereby the cost of raw materials per tonne decreased from US$1,999 in Q3 2013 to US$1,466 in Q3 2014.

9M 2014 vs 9M 2013

Cost of sales increased by US$44.5 million or 32.9%, from US$135.5 million in 9M 2013 to US$180.0 million in 9M 2014, mainly due to the increase in our sales volume from 55,822 tonnes in 9M 2013 to 105,147 tonnes in 9M 2014, offset by lower raw material costs whereby the cost of raw materials per tonne decreased from US$2,300 in 9M 2013 to US$1,557 in 9M 2014.

Gross profit

The gross profit per tonne information is shown below:

	Q3 2014	Q3 2013	9M 2014	9M 2013
Total revenue (US$ million)	113.7	47.4	191.6	151.4
Cost of raw materials (US$ million)	(97.8)	(38.7)	(163.7)	(128.4)
Gross material profit (US$ million)	15.9	8.7	27.9	23.0
Processing costs (US$ million)	(10.6)	(2.1)	(16.3)	(7.1)
Gross profit (US$ million)	5.3	6.5 [(a)]	11.6	16.0 [(a)]
Sales volume of our products (tonnes)	66,650	19,362	105,147	55,822
Gross material profit (US$ per tonne)	239	449	265	413
Adjusted gross material profit (US$ per tonne) [(1)]	235	460	280	429

(a) Figures do not add up due to rounding

Note:

(1) The adjusted gross material profit per tonne was calculated by deducting from the gross material profit the effect of the net gain/(loss) on the Group's forward commodity contracts entered as part of the Group's natural rubber price risk management, divided by sales volume.

Q3 2014 vs Q3 2013

Gross profit decreased by US$1.3 million or 18.4% from US$6.5 million in Q3 2013 to US$5.3 million in Q3 2014. This was mainly due to the 46.8% decrease in gross material profit per tonne from US$449 in Q3 2013 to US$239 in Q3 2014. The increased sales volume partially offset the impact of the lower gross material profit per tonne.

The decrease in gross material profit per tonne in Q3 2014 was mainly due to the restricted supply of raw materials as a result of the depressed natural rubber price which has prevailed since the beginning of 2014. The price of natural rubber (expressed by the first position of the SGX-ST TSR20 futures contract), fell to US$1,387 on 1 October 2014, a 5-year low. As a result, raw material availability continued to tighten.

9M 2014 vs 9M 2013

Gross profit decreased by US$4.4 million or 27.4% from US$16.0 million in 9M 2013 to US$11.6 million in 9M 2014 as a result of the lower gross material profits explained above.

(Loss)/profit before tax

Q3 2014 vs Q3 2013

Loss before tax in Q3 2014 was US$14.1million, a decrease of US$18.0 million from the profit before tax in Q3 2013 of US$3.9 million. The movement in the (loss)/profit before tax was mainly due to lower gross profits explained above and non-recurring expenses incurred in relation to Anson Acquisition.

Selling and administrative expenses increased from US$2.3 million in Q3 2013 to US$16.1 million in Q3 2014, an increase of US$13.8 million or 600%. The higher administrative expenses was mainly due to non-recurring expenses of US$13.0 million, mainly professional fees incurred in relation to the Anson Acquisition.

Depreciation increased by US$1.4 million or 571.4% mainly due to additional depreciation expense on properties, plant and equipment of Anson.

Finance cost increased by US$3.3 million or 816.9% from US$0.4 million in Q3 2013 to US$3.7 million in Q3 2014, mainly due to the interest expense incurred on the acquisition term loan and on the Medium Term Note ("MTN") issued on 31 July 2014, which were utilised to partly finance the Anson Acquisition.

9M 2014 vs 9M 2013
Loss before tax in 9M 2014 was US$13.1 million, a decrease of US$21.7 million from the profit before tax in 9M 2013 of US$8.6 million. The decrease was mainly due to the decrease in gross profit and increase in general and administrative expenses and higher finance cost as outlined above.

(Loss)/profit after tax

Q3 2014 vs Q3 2013
Loss after tax in Q3 2014 was US$16.6 million, a decrease of US$20.1 million from the corresponding figure in Q3 2013 of US$3.5million. The higher income tax expense was mainly due to a tax provision in our subsidiaries in Indonesia.

9M 2014 vs 9M 2013
Loss after tax in 9M 2014 was US$15.7 million, a decrease of US$23.4 million from the profit after tax in 9M 2013 of US$7.7 million.

Review of the Financial Position of the Group

Non-current assets

The increase in non-current assets as at 30 September 2014 (US$375.6 million) of US$347.7 million from 31 December 2013 (US$27.9 million) was mainly due to the following:

- Increase in intangible assets of US$183.9 million, which relates to provisional goodwill arising from the acquisitions of Anson, PT. Hevea GE and NCE Group;
- Increase in property, plant and equipment and biological assets of US$144.4 million, which relates to the completion of our various acquisitions during the financial period, as follows:
    - Chip Lam Seng Sdn. Bhd. US$19.2 million
    - PT. Hevea GE US$4.3 million
    - JFL Agro Pte Ltd ("JFL Agro") US$43.3 million
    - Anson US$74.5 million
    - NCE Group US$0.3 million.
- In addition, the Group also incurred scheduled capital expenditure of US$9.8 million. This increase was partially offset by a depreciation charge of US$2.6 million and exchange difference of US$4.5 million; and

- Increase in investment properties of US$20.9 million arose from the Anson Acquisition.

Current assets

Current assets increased by US$229.2 million or 286.8% from 31 December 2013 (US$79.9 million) to 30 September 2014 (US$309.1 million), mainly due to the inclusion of working capital assets of newly acquired subsidiaries and also, of our increased existing operations.

Current liabilities

Current liabilities increased by US$123.9 million or 472.9% from 31 December 2013 (US$26.2 million) to 30 September 2014 (US$150.1 million), mainly due to the inclusion of working capital liabilities of newly acquired subsidiaries and an increase in our existing operations. The other payables include the remaining consideration payable for the acquisition of NCE Group amounting US$23.4million (payable in 3 equal tranches on 31 December 2014, 31 March 2015 and 30 June 2015) and JFL Agro amounting to US$21.6 million (paid in October 2014).

The breakdown of the current loan payables are as follows:

(US$ million)	**30 September 2014**	**31 December 2013**
Working capital loans	66.6	15.3
Acquisition term loan	3.9	5.8
Total	**70.5**	**21.1**

The increase in working capital loan balances of US$51.3 million was mainly due to higher utilisation as a result of expanded operations of the Group. The decrease in the acquisition term loan was due to repayment made during the financial period.

Non-current liabilities

Non-current liabilities increased from US$1.4 million (31 December 2013) to US$367.7 million on 30 September 2014, were mainly due to the following:

- Increase in the non-current loan payables of US$342.3 million, broken down as follows:
  - Issuance of MTN amounting to S$125 million in July 2014 for the acquisition of Anson. The carrying amount of MTN as at 30 September 2014 is US$95.2 million.
  - Proceeds from the syndicated loan with an outstanding balance of US$234.0 million as at September 2014. The syndicated loan will be refinanced with a term loan facility and working capital loan facility in 2015;
  - Receipts of the IE Singapore loan of US$15.8 million for working capital purposes. The carrying amount of this loan as at 30 September 2014 is US$15.8 million of which US$13.1 million is repayable after one year.
- Increase in the retirement benefit obligations of US$4.5 million and deferred tax liabilities of US$17.8 million on the revaluation of the fixed assets arising from the Anson acquisition.

Equity

The Group's equity increased by US$86.7 million from US$80.3 million as at 31 December 2013 to US$167.0 million as at 30 September 2014, mainly due to the increase in the Company's share capital of US$29.3 million in 9M 2014, Anson's existing non-controlling interest of US$27.1 million and US$60.2 million capital contribution from ACL. These increases are offset by the US$3.2 million dividend paid during the 9M 2014, the net losses incurred during 9M 2014 and foreign currency translation difference arising during 9M 2014.

Working capital

As at 30 September 2014, net working capital amounted to US$145.1 million (31 December 2013: US$23.3 million), as set out below:

(US$ million)	**30 September 2014**	**31 December 2013**
Cash and bank balances	72.6[(1)]	14.9[(2)]
Trade receivables	67.5	7.3
Inventories	82.6	16.4
Less: Trade payables	(11.1)	-
Less: Working capital loans (current)	(66.5)	(15.3)
Net working capital	**145.1**	**23.3**

Note:

(1) The amount of approximately US$45.0 million, representing the amount payable to the vendors for the acquisition of JFL Agro and NCE Group, has been excluded from the above cash and bank balances as at 30 September 2014, to reflect the Group's net working capital position.

(2) The remaining net proceeds amounting to US$37.8 million from the placements of Company's shares during financial year ended 31 December 2013 was excluded from the above cash and bank balances as at 31 December 2013, as these funds are allocated solely for strategic purposes, such as acquisitions and investments.

Review of the Cash Flow Statement of the Group

The following table sets out a summary of cash flows for Q3 2014, Q232013, 9M 2014 and 9M 2013:

(US$ million)	Q3 2014	Q3 2013	9M 2014	9M 2013
Net cash (used in)/ from operating activities, before working capital changes	(12.7)	2.2	(11.1)	8.1
Changes in working capital	17.9	(2.1)	7.5	(9.3)
Net cash (used in) /from operating activities	5.2	0.1	(3.6)	(1.2)
Net cash used in investing activities	(282.5)	(1.3)	(317.0)	(7.0)
Net cash from financing activities	373.6	3.4	395.3	27.4
Net increase in cash and cash equivalents	96.3	2.2	74.7	19.2
Cash and cash equivalents at the beginning of the period	28.2	25.8	49.7	8.9
Effect of exchange rate changes on the balance of cash held in foreign currencies	(8.9)	(0.5)	(8.9)	(0.6)
Cash and cash equivalents at the end of the period (1)	**115.6**	**27.5**	**115.6**	**27.5**

Note:
(1) Figures do not add up due to rounding

Q3 2014 vs Q3 2013

The Group's cash and cash equivalents increased by US$96.3 million during Q3 2014. We recorded net cash inflow from operating activities of US$5.2 million during Q3 2014.

A net cash outflow from investing activities of US$282.5 million was recorded, mainly attributable to the consideration paid for the acquisitions of Anson and NCE Group of US$275.9 million, and scheduled capital expenditure of US$3.5 million.

Net cash generated from financing activities was US$373.6 million, comprising mainly the net proceeds from issuance of shares of US$14.5 million, net proceeds from issuance of MTN of US$97.3 million, net proceeds from acquisition term loan of US$234.0 million, and capital contribution from ACL of US$60.2 million. These increases are offset by the repayment of term loans and associated interest expense of US$1.7 million, the decrease in pledged deposits of US$0.2 million and the net repayment of working capital loans of US$30.4 million.

9M 2014 vs 9M 2013

The Group's cash and cash equivalents increased by US$74.7 million during 9M 2014. We recorded net cash outflows from operating activities of US$3.6 million during 9M 2014.

A net cash outflow from investing activities of US$317.0 million was recorded, mainly attributable to the consideration paid for our various acquisitions of US$307.2 million during 9M 2014 and payment in relation to the capital expenditure of US$9.8 million.

Net cash generated from financing activities was US$395.3 million, comprising mainly the net proceeds from the issuance of shares of US$14.5 million, net proceeds from issuance of MTN of US$97.3 million, net proceeds from acquisition term loans of US$234.0 million, and capital contribution from ACL of US$60.2 million. These increases are offset by the repayment of term loans and associated interest expense of US$3.3 million, the decrease in pledged deposits of US$1.0 million, the net repayment of working capital loans of US$7.2 million and dividend payment of US$3.2 million.

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

The Company had, in its results announcement for the second quarter ended 30 June 2014 ("**Q2 2014**"), mentioned that *"By integrating the merchandising margin of Anson, our Group will be able to capture the full margin contribution of the additional production, which, coupled with fixed overhead recovery spread over a quadrupled output, will facilitate profitability recovery on a per tonne basis."* As the Anson Acquisition was only completed on 12 August 2014 and hence, the results of Anson were only consolidated with the Group's for part of Q3 2014, the benefits of the full margin contribution of the additional production and the fixed overhead recovery spread over a quadrupled output pursuant to the Anson Acquisition have yet to fully materialise during Q3 2014.

Save as disclosed above, the Company did not issue any further 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

The price for natural rubber (expressed by the first position SGX-ST TSR20 futures contract) declined consistently over the course of Q3 2014, falling to a low of $1,448 towards the end of September 2014. Consistent with prior quarters in 2014, raw material availability continued to be a challenge given the low market price. As a result of these factors, the Group's key operating metric, Gross Material Profit, compressed by US$210 per tonne as compared with Q3 2013. We delivered a total of 66,650 tonnes of natural rubber in Q3 2014, a significant increase over Q3 2013 due to the Anson Acquisition, which completed on 12 August 2014.

Changes in our production and sales volume, selling prices and gross material profit are the major factors affecting our future performance.

Our production and sales volume for the next reporting period and next 12 months are expected to be significantly higher than in previous periods as the full contribution from acquired assets is recorded in each respective period.

Based on the price for natural rubber as at 4 December 2014, the market price is 0.6% higher than at 30 September 2014. Stocks of natural rubber around the world have reduced and production growth in Thailand and Indonesia has slowed significantly and, in the case of Malaysia, declined. Given the ongoing demand growth for motor vehicles and therefore tires and natural rubber, these supply factors should lead to a recovery in the natural rubber price over the next 12 months, however it is not possible to accurately predict the timing or magnitude of such recovery.

Reflecting the challenging market conditions in Q3 2014, gross material profit fell to a low of US$239 per tonne for the quarter, nearly 50% below the gross material profit of US$449 per tonne achieved in Q3 2013 and 35% below the Group's historic quarterly average since 2012 of US$365 per tonne. With a material recovery in the market price for natural rubber, however, the Group is optimistic that gross material profit can return to levels more consistent with the historic average.

As at 30 September 2014, the Group has committed offtake of 256,647 tonnes to be delivered in the remainder of the financial year ending 31 Dec 2014 and 31 Dec 2015. This has been further increased by 132,341 tonnes, as the Group secured additional offtake from 1 Oct 2014 to 3 December 2014.

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.

During Q3 2014, the Group entered into an interested person transaction with ACL in relation to the establishment of the joint investment for the acquisition of Anson. ACL is a company ultimately owned by Mr Robert Meyer, the Executive Chairman and CEO of the Company. The value of the IPT is approximately S$110 million and it has been approved by the shareholders of the Company in an extraordinary general meeting of the Company held on 4 August 2014.

Pursuant to the joint investment with ACL under the subscription and shareholders' agreement dated 11 July 2014 entered into between Angsana, HRC and the Company ("Subscription and Shareholders' Agreement"), HRC had on 7 August 2014 ("Issuance Date"), issued 75,000,000 preference shares to ACL ("HRC Preference Shares") pursuant to the fulfilment of the condition precedents set out in the Subscription and Shareholders' Agreement. The HRC Preference Shares may be purchased in whole but not in part by the Company ("Purchase Offer") at any time from the date falling six (6) months from the Issuance Date for either cash or exchangeable into such number of ordinary shares in the Company ("Shares") computed as the aggregate of the issue amount of the HRC Preference Shares of S$75.00 million ("Issue Amount") and the amount which would result in a 15% internal rate of return per annum on the Issue Amount (taking into account the receipt of any preference dividends) divided by the exchange price which shall be the lower of:

(a) S$1.20 per Share on a fully diluted basis; and

(b) the volume weighted average price of Shares over the five (5) trading days immediately prior to the Purchase Offer,

subject to the terms and conditions of the Subscription and Shareholders' Agreement.

Save as disclosed above, there were no other IPTs which were more than S$100,000 entered into by the Group during the current financial period reported on.

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

We, Robert Meyer and Pascal Demierre, hereby confirm on behalf of the Board of Directors (the "Board") of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the third quarter ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Robert Meyer Executive Chairman and CEO	Pascal Demierre Executive Director

By Order of the Board
Robert Meyer
Executive Chairman and CEO

Singapore,
5 December 2014