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

Unaudited Financial Statement for the Second Quarter Ended 30 June 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- Second Quarter 2016 ("Q2 2016") and First Half 2016 ("H1 2016")

	Group			Group		
	Q2 2016 (Unaudited)	Q2 2015 (Unaudited)	Change	H1 2016 (Unaudited)	H1 2015 (Unaudited)	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	198,606	298,320	(33.4)	381,849	506,684	(24.6)
Cost of sales	(189,505)	(277,567)	(31.7)	(360,780)	(471,784)	(23.5)
Gross profit	9,101	20,753	(56.1)	21,069	34,900	(39.6)
Other income	367	130	182.3	1,106	396	179.3
Selling expenses	(3,119)	(3,974)	(21.5)	(6,262)	(6,672)	(6.1)
Administrative expenses	(5,584)	(4,652)	20.0	(13,806)	(6,986)	97.6
Administrative expenses - non-recurring	(2,431)	(944)	157.5	(4,208)	(1,547)	172.0
Operating (loss)/profit	(1,666)	11,313	n/m	(2,101)	20,091	n/m
Finance income	339	241	40.7	571	426	34.0
Finance costs	(6,890)	(6,531)	5.5	(13,565)	(12,351)	9.8
(Loss)/Profit before taxation	(8,217)	5,023	n/m	(15,095)	8,166	n/m
Income tax benefit/(expense)	456	(1,420)	n/m	840	(2,376)	n/m
(Loss)/Profit for the financial period	(7,761)	3,603	n/m	(14,255)	5,790	n/m
(Loss)/Profit attributable to:						
Owners of the Company	(7,993)	3,237	n/m	(14,625)	4,468	n/m
Non-controlling interest	232	366	(36.6)	370	1,322	(72.0)
	(7,761)	3,603	n/m	(14,255)	5,790	n/m
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	654	13,640	(95.2)	2,534	24,739	(89.8)
Adjusted EBITDA (refer item 8)	3,085	14,584	(78.8)	6,742	26,286	(74.4)
Earnings per share ("EPS") (refer item 6):						
Basic and diluted EPS in US cents	(1.33)	0.77	n/m	(2.44)	1.06	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 - Second Quarter 2016 ("Q2 2016") and First Half 2016 ("H1 2016")

	Group			Group		
	Q2 2016 (Unaudited)	**Q2 2015 (Unaudited)**	**Change**	**H1 2016 (Unaudited)**	**H1 2015 (Unaudited)**	**Change**
	US$'000	US$'000	%	US$'000	US$'000	%
(Loss)/Profit for the financial period	(7,761)	3,603	n/m	(14,255)	5,790	n/m
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit and loss						
Exchange differences on translation of foreign operations	(1,441)	(6,424)	(77.6)	5,443	(20,978)	n/m
Cash flow hedges - losses arising during the period (net of tax)	-	(70)	n/m	-	(332)	n/m
Recognised in the profit and loss accounts on occurrence of hedged transactions	187	342	(45.3)	2,124	641	231.4
Other comprehensive (loss)/income for the financial period	(1,254)	(6,152)	(79.6)	7,567	(20,669)	n/m
Total comprehensive loss for the financial period	(9,015)	(2,549)	253.7	(6,688)	(14,879)	(55.1)
Total comprehensive loss attributable to:						
Owners of the Company	(9,271)	(1,266)	632.3	(7,631)	(9,778)	(22.0)
Non-controlling interests	256	(1,283)	n/m	943	(5,101)	n/m
	(9,015)	(2,549)	253.7	(6,688)	(14,879)	(55.1)

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			Group		
	Q2 2016 (Unaudited)	Q2 2015 (Unaudited)	Change	H1 2016 (Unaudited)	H1 2015 (Unaudited)	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Amortisation of intangible asset	(17)	-	n/m	(35)	-	n/m
Cost of inventories recognised as an expense	(189,505)	(277,567)	(31.7)	(360,780)	(471,784)	(23.5)
Depreciation:						
-Cost of sales	(1,875)	(1,795)	4.5	(3,735)	(3,783)	(1.3)
-Selling expenses	(20)	(18)	11.1	(46)	(36)	27.8
-Administrative expenses	(408)	(514)	(20.6)	(819)	(829)	(1.2)
	(2,303)	(2,327)	(1.0)	(4,600)	(4,648)	(1.0)
Employee benefits expenses:						
-Cost of sales	(4,553)	(4,401)	3.5	(8,848)	(8,051)	9.9
-Selling expenses	(1,194)	(987)	21.0	(2,171)	(1,582)	37.2
-Administrative expenses	(3,176)	(3,501)	(9.3)	(6,529)	(6,106)	6.9
	(8,923)	(8,889)	0.4	(17,548)	(15,739)	11.5
Finance cost:						
-Working capital loans	(2,077)	(1,666)	24.7	(4,156)	(2,841)	46.3
- Acquisition term loans	(3,147)	(3,325)	(5.4)	(6,137)	(6,274)	(2.2)
-Medium Term Notes ("MTN")(1)	(1,644)	(1,511)	8.8	(3,227)	(3,176)	1.6
-Finance lease	(22)	(29)	(24.1)	(45)	(60)	(25.0)
	(6,890)	(6,531)	5.5	(13,565)	(12,351)	9.8
Foreign exchange gain/(loss):						
-Cost of sales	(289)	816	n/m	725	4,265	(83.0)
-Administrative expenses	(17)	1,227	n/m	(2,048)	3,592	n/m
	(306)	2,043	n/m	(1,323)	7,857	n/m
Non-recurring expenses:						
-Acquisitions-related expenses	(590)	(35)	1,585.7	(1,294)	(143)	804.9
-Expense on Consent Solicitation Exercise ("CSE")	(767)	-	n/m	(767)	-	n/m
-Professional fees incurred for syndicated loan facility	-	(909)	n/m	-	(1,404)	n/m
-Amortisation of fee incurred for syndicated loan facility	(1,074)	-	n/m	(2,147)	-	n/m
	(2,431)	(944)	157.5	(4,208)	(1,547)	172.0
Other income:						
-Fair value gain on biological assets	251	-	n/m	874	-	n/m
-Others	116	130	(10.8)	232	396	(41.4)
	367	130	182.6	1,106	396	179.3
Professional fees	(319)	(432)	(26.2)	(618)	(739)	(16.4)

n/m - not meaningful

(1) Included in MTN finance cost is amortisation of upfront fee paid in Q2 2016 of US$150,000 (Q2 2015: US$150,000) and H1 2016 of US$300,000 (H1 2015: US$300,000)

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 30 June 2016 and 31 December 2015				
	Group		Company	
	30 Jun 16	31 Dec 15	30 Jun 16	31 Dec 15
ASSETS	Unaudited US$'000	Restated US$'000	Unaudited US$'000	Audited US$'000
Non-current assets				
Intangible assets	200,499	200,534	-	-
Property, plant and equipment	100,146	99,489	148	122
Plantation related properties	38,672	35,789	-	-
Biological assets	5,647	4,054	-	-
Investment properties	21,932	21,420	-	-
Deferred tax assets	3,543	3,175	351	-
Deferred charges	193	146	-	-
Other assets	2	2	-	-
Investment in subsidiaries	-	-	168,008	168,008
Total non-current assets	370,634	364,609	168,507	168,130
Current assets				
Cash and bank balances	66,691	70,541	276	3,064
Trade receivables	59,199	65,030	-	-
Other receivables	20,660	27,427	99,131	95,281
Tax receivables	3,429	3,324	-	-
Derivative financial instruments	14,076	24,250	-	-
Inventories	99,777	102,875	-	-
Total current assets	263,832	293,447	99,407	98,345
Total assets	634,466	658,056	267,914	266,475
LIABILITIES AND EQUITY				
Current liabilities				
Derivative financial instruments	916	7,567	-	-
Trade payables	5,706	11,249	-	-
Other payables	13,141	18,349	15,325	10,000
Loan payables	204,483	191,874	2,750	2,750
Provision for taxation	2,002	1,553	-	15
Finance lease	450	435	450	435
Total current liabilities	226,698	231,027	18,525	13,200
Net current assets	37,134	62,420	80,882	85,145
Non current liabilities				
Loan payables	256,510	270,150	98,341	94,404
Retirement benefit obligations	11,626	10,703	-	-
Deferred tax liabilities	20,543	20,004	25	25
Finance lease	817	1,046	817	1,046
Total non current liabilities	289,496	301,903	99,183	95,475
Net assets	118,272	125,126	150,206	157,800
Capital and reserves				
Share capital	156,551	156,551	156,551	156,551
Capital reserves	143	143	-	-
Accumulated (losses)/profits	(10,262)	4,363	(6,345)	1,249
Hedging reserve	(65)	(2,189)	-	-
Foreign currency translation reserves	(53,110)	(57,980)	-	-
Equity attributable to owners of the Company	93,257	100,888	150,206	157,800
Non-controlling interests	25,015	24,238	-	-
Total equity	118,272	125,126	150,206	157,800
Total liabilities and equity	634,466	658,056	267,914	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 30 June 2016 (Unaudited)		**As at 31 December 2015 (Restated)**	
	Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
Loan payables	204,483	-	191,874	-
Finance lease	450	-	435	-

Amount repayable after one year

	As at 30 June 2016 (Unaudited)		**As at 31 December 2015 (Restated)**	
	Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
Loan payables	166,418	90,092	185,370	84,780
Finance lease	817	-	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- Second Quarter 2016 ("Q2 2016") and First Half 2016 ("H1 2016")

	Group		Group	
	Q2 2016 (Unaudited)	Q2 2015 (Unaudited)	H1 2016 (Unaudited)	H1 2015 (Unaudited)
	US$'000	US$'000	US$'000	US$'000
Operating activities:				
(Loss)/Profit before taxation	(8,217)	5,023	(15,095)	8,166
Adjustments for:				
Depreciation expense	2,303	2,327	4,600	4,648
Amortisation of intangible asset	17	-	35	-
Retirement benefit expense	408	491	860	859
Interest income	(339)	(241)	(571)	(426)
Interest expense	6,890	6,531	13,565	12,351
Fair value gain on open forward commodities contracts and inventories, unrealised	(2,460)	(8,398)	(6,495)	(11,839)
Fair value gain on biological assets	(251)	-	(874)	-
Unrealised foreign exchange loss/(gain)	17	-	2,048	(3,794)
Amortisation fee for syndicated loan facility	1,074	-	2,147	-
Operating cash flows before working capital changes	(558)	5,733	220	9,965
Trade and other receivables	1,127	417	15,704	11,427
Inventories	8,494	2,964	16,758	(18,463)
Trade and other payables	(5,076)	(5,847)	(11,382)	(23,376)
Cash generated from/(used in) operations	3,987	3,267	21,300	(20,447)
Interest received	339	241	571	426
Interest paid	(2,160)	(1,577)	(4,199)	(2,414)
Tax receipt/(paid)	568	525	457	(963)
Net cash generated from/(used in) operating activities	2,734	2,456	18,129	(23,398)
Investing activities				
Acquisition of subsidiaries (net of cash acquired)	-	(8,984)	-	(16,481)
Capital expenditure on property, plant and equipment and plantation assets	(1,509)	(2,913)	(3,449)	(5,908)
Net cash used in investing activities	(1,509)	(11,897)	(3,449)	(22,389)
Financing activities				
Net (repayment)/proceed from syndicated loan facility - term loan	(6,125)	176,855	(12,005)	176,855
Net proceed of syndicated loan facility - working capital loan	11,500	183,580	8,500	183,580
Repayment of syndicated bridge facility	-	(271,800)	-	(271,800)
Net repayment of other term loans	-	(4,016)	-	(4,561)
Net repayment of other working capital loans	(7,591)	(67,890)	(4,824)	(46,212)
Interest paid on term loans and syndicated facility	(3,147)	(4,963)	(6,137)	(7,192)
Interest paid on Medium Term Notes ("MTN")	-	-	(2,889)	(3,225)
Repayment of obligation under finance lease arrangement	(108)	(100)	(214)	(198)
Dividend paid to non-controlling interest	(166)	-	(166)	-
Decrease in pledged deposits	-	1,168	-	1,674
Net cash (used in)/generated from financing activities	(5,637)	12,834	(17,735)	28,921
Net (decrease)/increase in cash and cash equivalents	(4,412)	3,393	(3,055)	(16,866)
Cash and cash equivalents at beginning of the period	71,492	53,459	70,541	75,782
Effects of exchange rate changes on the balance of cash held in foreign currencies	(389)	(765)	(795)	(2,829)
Cash and cash equivalents at end of the period	**66,691**	**56,087**	**66,691**	**56,087**
Cash and bank balances comprise the following:				
Cash and cash equivalents	66,691	56,087	66,691	56,087
Fixed deposits - pledged	-	-	-	-
	66,691	56,087	66,691	56,087

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 June 2016 and 30 June 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 April 2016	156,551	143	(2,269)	(51,645)	(252)	24,925	127,453
Total comprehensive loss for the period							
(Loss)/Profit for the period	-	-	(7,993)	-	-	232	(7,761)
Other comprehensive (loss)/income	-	-	-	(1,465)	187	24	(1,254)
Total	-	-	(7,993)	(1,465)	187	256	(9,015)
Transactions with owners, recognised directly in equity							
Dividend paid to non-controlling interest	-	-	-	-	-	(166)	(166)
Balance at 30 June 2016	156,551	143	(10,262)	(53,110)	(65)	25,015	118,272
Group (Unaudited)							
Balance at 1 April 2015	92,993	143	9,521	(26,610)	(474)	72,628	148,201
Total comprehensive income/(loss) for the period							
Profit for the period	-	-	3,237	-	-	366	3,603
Other comprehensive loss	-	-	-	(4,775)	272	(1,649)	(6,152)
Total	-	-	3,237	(4,775)	272	(1,283)	(2,549)
Balance at 30 June 2015	92,993	143	12,758	(31,385)	(202)	71,345	145,652
Company (Unaudited)							
Balance at 1 April 2016	156,551	-	(4,620)	-	-	-	151,931
Total comprehensive loss for the period							
Loss for the period	-	-	(1,725)	-	-	-	(1,725)
Total	-	-	(1,725)	-	-	-	(1,725)
Balance at 30 June 2016	156,551	-	(6,345)	-	-	-	150,206
Company (Unaudited)							
Balance at 1 April 2015	92,993	-	5,675	-	-	-	98,668
Total comprehensive income for the period							
Loss for the period	-	-	(2,227)	-	-	-	(2,227)
Total	-	-	(2,227)	-	-	-	(2,227)
Balance at 30 June 2015	92,993	-	3,448	-	-	-	96,441

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 March 2016 and 30 June 2016	600,092,000	156,551

There were no other outstanding options, convertibles or treasury shares as at 30 June 2016 and 30 June 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 30 June 2016 and 31 December 2015. As such, the number of issued shares excluding treasury shares as at 30 June 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 12 August 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.

<u>Amendments to FRS 16 and FRS 41 Agriculture – Bearer Plants</u>
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 Restated US$'000	**31 Dec 2015 As initially stated US$'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		Group	
	Q2 2016	**Q2 2015**	**H1 2016**	**H1 2015**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
(Loss)/Profit attributable to owners of the Company (US$'000)	(7,993)	3,237	(14,625)	4,468
Basic and diluted (loss)/earnings per share ("LPS/EPS") in US cents (1)	(1.33)	0.77	(2.44)	1.06

Note:

(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 Q2 2016, Q2 2015, H1 2016 and H1 2015 were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2016 and 30 June 2015.

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 June 2016	**31 December 2015**	**30 June 2016**	**31 December 2015**
	Unaudited	**Restated**	**Unaudited**	**Audited**
Net asset value per ordinary share based on issued share capital (US cents)	19.71	20.85	25.03	26.30
Net asset value per ordinary share based on issued share capital (SGD cents) (1)	26.59	29.48	33.77	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 Q2 2016 VS Q2 2015 AND H1 2016 VS H1 2015

Snapshot

Operating financial statistics

		Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Total sales volume	tonnes	151,609	192,813	-21.4%	301,813	326,979	-7.7%
Revenue	US$ million	198.6	298.3	-33.4%	381.8	506.7	-24.6%
Revenue per tonne	US$	1,310	1,547	-15.3%	1,265	1,550	-18.4%
Gross profit	US$ million	9.1	20.8	-56.1%	21.1	34.9	-39.6%
EBITDA - adjusted (1)	US$ million	3.1	14.6	-78.8%	6.7	26.3	-74.4%
Net (loss)/profit - adjusted (1)	US$ million	(5.3)	4.5	n/m	(10.0)	7.3	n/m

n/m - not meaningful

Note:

(1) The results have been adjusted to exclude the non-recurring expenses of US$2.4 million in Q2 2016 (Q2 2015: US$0.9 million, H1 2016: US$4.2 million and H1 2015: US$1.5 million).

Revenue

Q2 2016 vs Q2 2015

Revenue decreased by US$99.7 million or 33.4%, from US$298.3 million in Q2 2015 to US$198.6 million in Q2 2016 due to lower selling prices and lower sales volumes from 192,813 tonnes in Q2 2015 to 151,609 tonnes in Q2 2016.

Sales volume for the Processing division decreased from 107,406 tonnes in Q2 2015 to 89,781 tonnes in Q2 2016. The decrease was mainly due to the implementation on 1 March 2016 of the Agreed Export Tonnage Scheme ("AETS"), a self-imposed restriction on natural rubber exports by the Governments of Thailand, Indonesia, Malaysia and Vietnam. Distribution sales volumes also decreased, falling from 110,537 tonnes in Q2 2015 to 78,960 tonnes in Q2 2016. This mainly reflects the ongoing alignment and integration of the division's customer base and activities consistent with Halcyon Agri group policies. On a quarter-to-quarter basis, the sales volume in the Distribution division increased by 20%, from 74,983 tonnes in Q1 2016 to 78,960 tonnes in Q2 2016.

Selling prices declined as a result of the decrease in the market price for natural rubber; revenue per tonne decreased from US$1,547 in Q2 2015 to US$1,310 in Q2 2016.

H1 2016 vs H1 2015

Revenue decreased by US$124.9 million or 24.6%, from US$506.7 million in H1 2015 to US$381.8 million in H1 2016 due to lower selling prices and lower sales volumes from 326,979 tonnes in H1 2015 to 301,813 tonnes in H1 2016 (as explained above). Selling prices declined as a result of the decrease in the market price for natural rubber; revenue per tonne decreased from US$1,550 in H1 2015 to US$1,265 in H1 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).

Q2 2016 vs Q2 2015 and H1 2016 vs H1 2015

Cost of sales decreased by US$88.1 million (H1 2016: US$111.0 million) or 31.7% (H1 2016: 23.5%), from US$277.6 million in Q2 2015 (H1 2015: US$471.8 million) to US$189.5 million in Q2 2016 (H1 2016: US$360.8 million), due to the decrease in the price of raw materials and sales volume.

Gross Profit

	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
Gross profit (US$ million)	9.1	20.8	-56.1%	21.1	34.9	-39.6%
Sales volume (tonnes)	151,609	192,813	-21.4%	301,813	326,979	-7.7%
Gross profit per tonne (US$)	60	108	-44.4%	70	107	-34.6%

Q2 2016 vs Q2 2015 and H1 2016 vs H1 2015

Gross profit decreased by US$11.7 million (H1 2016: US$13.8 million) or 56.1% (H1 2016: 39.6%) from US$20.8 million in Q2 2015 (H1 2015: US$34.9 million) to US$9.1 million in Q2 2016 (H1 2016: US$21.1 million) mainly due to margins compression in Processing division as a result of low prices and also, due to implementation of AETS (as explained above). Distribution division's gross profit per tonne in Q2 2016 has also decreased from US$69 per tonne in Q2 2015 to US$25 per tonne in Q2 2016 due to deferral of customer purchases during the period of an artificial spike in the market price.

(Loss)/Profit before tax

Q2 2016 vs Q2 2015

Loss before tax in Q2 2016 was US$8.2 million, a decrease of US$13.2 million from the profit before tax in Q2 2015 of US$5.0 million. The movement in (loss)/profit before tax was mainly due to lower gross profit, an increase in selling and administrative expenses (mainly from the non-recurring administrative expenses) and increase in finance costs.

Other income increased by US$0.3 million from US$0.1 million in Q2 2015 to US$0.4 million in Q2 2016 mainly due to fair value gain on biological assets of US$0.3 million.

Selling and administrative expenses (excluding non-recurring expenses) amounted to US$8.7 million in Q2 2016 as compared to US$8.6 million in Q2 2015. Excluding the foreign exchange effect, the selling and administrative expenses (excluding non-recurring expenses) has actually decreased from US$9.9 million in Q2 2015 to US$8.7 million in Q2 2016, mainly due to cost-cutting measures implemented since beginning of 2016.

Finance cost increased by US$0.4 million from US$6.5 million in Q2 2015 to US$6.9 million in Q2 2016, mainly due to higher utilisation of working capital loans.

H1 2016 vs H1 2015

Loss before tax in H1 2016 was US$15.1 million, a decrease of US$23.3 million from the profit before tax in H1 2015 of US$8.2 million. The movement in (loss)/profit before tax was mainly due to lower gross profit and an increase in selling and administrative expenses (mainly from the non-recurring administrative expenses) and finance costs.

Selling and administrative expenses (excluding non-recurring expenses) amounted to US$20.1 million in H1 2016 as compared to US$13.7 million in H1 2015. Excluding the foreign exchange effect, the selling and administrative expenses (excluding non-recurring expenses) has increased from US$17.3 million in H1 2015 to US$18.0 million in H1 2016, mainly due to inclusion of Centrotrade entities' result in Q1 2016 (but not in Q1 2015).

(Loss)/Profit after tax

Q2 2016 vs Q2 2015

Loss after tax in Q2 2016 was US$7.8 million, a decrease of US$11.4 million from the profit after tax in Q2 2015 of US$3.6 million.

H1 2016 vs H1 2015

Loss after tax in H1 2016 was US$14.3 million, a decrease of US$20.1 million from the profit after tax in H1 2015 of US$5.8 million.

REVIEW OF THE FINANCIAL POSITION OF THE GROUP AS AT 30 JUNE 2016 VS 31 DECEMBER 2015

Non-current assets

The increase in non-current assets as at 30 June 2016 (US$370.6 million) of US$6.0 million or 1.7% from 31 December 2015 (US$364.6 million) was mainly due to (i) foreign exchange difference in aggregate of US$5.8 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$2.1 million and (iii) increase in biological assets of US$2.2 million due to fair value gain and additional plantation works. This was offset by depreciation expense of US$4.6 million.

Current assets

Current assets decreased by US$29.6 million or 10.1% from 31 December 2015 (US$293.4 million) to 30 June 2016 (US$263.8 million), primarily attributable to:

- decrease in cash and bank balance of US$3.8 million mainly due to payment for capital expenditure on property, plant and equipment and plantation assets of US$3.4 million and for working capital purposes. Cash flow generated from operating activities are sufficient to cover for the cash flow required under financing activities;
- decrease in trade and other receivables of US$12.6 million mainly due to repayment from customers and decrease in deposit for syndicated loan facility utilised for principal repayment; and

- decrease in derivative financial instruments of US$10.2 million mainly due to lower valuation gain on the open sales contracts that were entered at higher prices compared to market prices at 30 June 2016.

Current liabilities

Current liabilities decreased by US$4.3 million or 1.9% from 31 December 2015 (US$231.0 million) to 30 June 2016 (US$226.7 million), mainly due to a decrease in derivative financial instruments (as a result of lower valuation loss on open purchase contracts) and decrease in trade and other payables of US$10.7 million, mainly due to repayments made to trade and non-trade suppliers. The decrease was offset by an increase in loan payables mainly due to increase in working capital loans and re-classification of certain non-current term loans to current loan payables (see table below).

The breakdown of the current loan payables are as follows:

(US$ million)	30 June 2016	31 December 2015
Working capital loans	172.9	166.9
Term loans	31.6	25.0
Total	**204.5**	**191.9**

Non-current liabilities

Non-current liabilities decreased by US$12.4 million or 4.1% from 31 December 2015 (US$301.9 million) to 30 June 2016 (US$289.5 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$37.6 million as at 30 June 2016.

Equity

The Group's equity decreased by US$6.8 million from US$125.1 million as at 31 December 2015 to US$118.3 million as at 30 June 2016, mainly due to the Group's H1 2016 net loss, offset by foreign currency translation gains arising during the period, as a result of strengthening of Indonesian Rupiah and Malaysian Ringgit against US Dollar.

Working capital

As at 30 June 2016, net working capital amounted to US$47.1 million, as set out below:

(US$ million)	30 June 2016	31 December 2015
Cash and bank balances	66.7	70.5
Trade receivables	59.2	65.0
Inventories	99.8	102.9
Less: Trade payables	(5.7)	(11.2)
Less: Working capital loans (current)	(172.9)	(166.9)
Net working capital	**47.1**	**60.3**

REVIEW OF THE CASH FLOW STATEMENT OF THE GROUP FOR Q2 2016 VS Q2 2015 AND H1 2016 VS H1 2015

The following table sets out a summary of cash flows for Q2 2016, Q2 2015, H1 2016 and H1 2015:

(US$ million)	**Q2 2016**	**Q2 2015**	**H1 2016**	**H1 2015**
Net cash generated from operating activities, before working capital changes	(1.8)	4.9	(3.0)	7.0
Changes in working capital	4.5	(2.5)	21.1	(30.4)
Net cash generated from/(used in) operating activities	2.7	2.4	18.1	(23.4)
Net cash used in investing activities	(1.5)	(11.9)	(3.4)	(22.4)
Net cash (used in)/generated from financing activities	(5.6)	12.8	(17.7)	28.9
Net (decrease)/ increase in cash and cash equivalents	(4.4)	3.4	(3.0)	(16.9)
Cash and cash equivalents at the beginning of the period	71.5	53.4	70.5	75.8
Effect of exchange rate changes on the balance of cash held in foreign currencies	(0.4)	(0.7)	(0.8)	(2.8)
Cash and cash equivalents at the end of the period	**66.7**	**56.1**	**66.7**	**56.1**

Q2 2016 vs Q2 2015

The Group's cash and cash equivalents decreased by US$4.4 million during Q2 2016. We recorded net cash inflow from operating activities of US$2.7 million during Q2 2016.

Cash outflow from investing activities of US$1.5 million was due to capital expenditure on property, plant and equipment and plantation assets.

Net cash outflow from financing activities was US$5.6 million, mainly due to repayment of various loans and associated interest costs.

H1 2016 vs H1 2015

The Group's cash and cash equivalents decreased by US$3.0 million during H1 2016. We recorded net cash inflow from operating activities of US$18.1 million during H1 2016.

Cash outflow from investing activities of US$3.4 million was due to capital expenditure on property, plant and equipment and plantation assets.

Net cash outflow from financing activities was US$17.7 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 Agreed Export Tonnage Scheme also impact the Group's sales volumes and therefore financial results.

The execution of the transactions with Sinochem International, announced by the Company on 28 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 Q2 2016 and H1 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- Second Quarter 2016 ("Q2 2016") and Second Quarter 2015 ("Q2 2015")

(US$'000)	Plantation Q2 2016	Plantation Q2 2015	Processing Q2 2016	Processing Q2 2015	Distribution Q2 2016	Distribution Q2 2015	Corporate Q2 2016	Corporate Q2 2015	Elimination Q2 2016	Elimination Q2 2015	Consolidated Q2 2016	Consolidated Q2 2015
Revenue to third party	20	-	99,716	137,488	98,870	160,832	-	-	-	-	198,606	298,320
Inter-segment revenue	-	-	18,111	26,057	4,767	9,363	2,182	915	(25,060)	(36,335)	-	-
Total Revenue	**20**	**-**	**117,827**	**163,545**	**103,637**	**170,195**	**2,182**	**915**	**(25,060)**	**(36,335)**	**198,606**	**298,320**
Gross profit [1]	**20**	**-**	**7,074**	**13,101**	**2,007**	**7,652**	**2,182**	**915**	**(2,182)**	**(915)**	**9,101**	**20,753**
Operating (loss)/profit	**83**	**(118)**	**759**	**8,145**	**(1,100)**	**4,579**	**(1,408)**	**(1,299)**	**-**	**6**	**(1,666)**	**11,313**
Finance income											339	241
Finance cost											(6,890)	(6,531)
(Loss)/Profit before taxation											**(8,217)**	**5,023**
Income tax benefit/(expense)											456	(1,420)
(Loss)/Profit for the financial period											**(7,761)**	**3,603**
Total sales volume (tonnes)	-	-	89,781	107,406	78,960	110,537	-	-	(17,131)	(25,130)	151,609	192,813
Gross profit per tonne (US$)	-	-	79	122	25	69	-	-	-	-	60	108
Other information:												
Depreciation expenses	31	33	2,203	2,212	51	61	18	21	-	-	2,303	2,327
Capital expenditure	564	1,311	840	1,555	46	16	59	31	-	-	1,509	2,913

[1] Under the Processing segment, the cost of sales amounted to US$110.7 million (Q2 2015: US$150.4 million), of which the cost of raw materials amounted to US$97.7 million (Q2 2015: US$135.9 million) and processing costs amounted to US$13.0 million (Q2 2015: US$14.5 million).

Segment information - First Half of 2016 ("H1 2016") and First Half of 2015 ("H1 2015")

	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
(US$'000)	**H1 2016**	**H1 2015**	**H1 2016**	**H1 2015**	**H1 2016**	**H1 2015**	**H1 2016**	**H1 2015**	**H1 2016**	**H1 2015**	**H1 2016**	**H1 2015**
Revenue to third party	28	-	195,132	237,874	186,689	268,810	-	-	-	-	381,849	506,684
Inter-segment revenue	-	-	30,080	43,050	11,725	17,160	4,364	1,830	(46,169)	(62,040)	-	-
Total revenue	**28**	**-**	**225,212**	**280,924**	**198,414**	**285,970**	**4,364**	**1,830**	**(46,169)**	**(62,040)**	**381,849**	**506,684**
Gross profit [1]	**28**	**-**	**11,847**	**24,427**	**9,194**	**10,473**	**4,364**	**1,830**	**(4,364)**	**(1,830)**	**21,069**	**34,900**
Operating (loss)/profit	**573**	**(342)**	**(64)**	**14,030**	**2,319**	**4,815**	**(4,939)**	**1,584**	**10**	**4**	**(2,101)**	**20,091**
Finance income											571	426
Finance cost											(13,565)	(12,351)
(Loss)/Profit before taxation											**(15,095)**	**8,166**
Income tax benefit/(expense)											840	(2,376)
(Loss)/Profit for the financial period											**(14,255)**	**5,790**
Total sales volume (tonnes)	-	-	181,547	182,488	153,943	186,837	-	-	(33,677)	(42,346)	301,813	326,979
Gross profit per tonne (US$)	-	-	65	134	60	56	-	-	-	-	70	107
Other information:												
Depreciation expenses	111	77	4,350	4,439	103	93	36	39	-	-	4,600	4,648
Capital expenditure	1,316	1,629	1,959	4,178	116	58	58	43	-	-	3,449	5,908

	Plantation		Processing		Distribution		Corporate		Elimination		Consolidated	
	30-Jun-16	**31-Dec-15**	**30-Jun-16**	**31-Dec-15**	**30-Jun-16**	**31-Dec-15**	**30-Jun-16**	**31-Dec-15**	**30-Jun-16**	**31-Dec-15**	**30-Jun-16**	**31-Dec-15**
Segment Assets	49,436	44,312	443,031	430,424	137,260	152,134	332,360	343,359	(327,621)	(312,173)	634,466	658,056
Segment Liabilities	11,928	9,381	281,107	260,374	130,699	146,164	174,416	176,863	(81,956)	(59,852)	516,194	532,930

[1] Under the Processing segment, the cost of sales amounted to US$213.4 million (H1 2015: US$256.5 million), of which the cost of raw materials amounted to US$188.1 million (H1 2015: US$229.5 million) and processing costs amounted to US$25.3 million (H1 2015: US$27.0 million).

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

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

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

We, Robert Meyer and Pascal Demierre, hereby confirm on behalf of the Board of Directors (the "Board") of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter and first half ended 30 June 2016 to be false or misleading in any material aspect.

By Order of the Board
Robert Meyer
Executive Chairman and CEO

Singapore,
12 August 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 30 June 2016, which comprise the interim condensed consolidated statement of financial position and related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the six-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

12 August 2016