



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

**Unaudited Financial Statement for the Financial Year Ended 31 December 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- Fourth Quarter 2016 ("Q4 2016") and Financial Year Ended 31 December 2016 ("FY 2016")**

|  | Group                  |                       |          | Group                  |                       |         |
|--|------------------------|-----------------------|----------|------------------------|-----------------------|---------|
|  | Q4 2016<br>(Unaudited) | Q4 2015<br>(Restated) | Change   | FY 2016<br>(Unaudited) | FY 2015<br>(Restated) | Change  |
|  | US\$'000               | US\$'000              | %        | US\$'000               | US\$'000              | %       |
| <b>Revenue</b>                                     | 441,350                | 213,422               | 106.8    | 1,010,310              | 994,712               | 1.6     |
| Cost of sales                                      | (418,653)              | (205,258)             | 104.0    | (959,368)              | (932,536)             | 2.9     |
| <b>Gross profit</b>                                | 22,697                 | 8,164                 | 178.0    | 50,942                 | 62,176                | (18.1)  |
| Other income                                       | 120,506                | 5,568                 | 2,064.3  | 122,129                | 6,088                 | 1,906.1 |
| Selling expenses                                   | (8,526)                | (3,451)               | 147.1    | (17,622)               | (14,000)              | 25.9    |
| Administrative expenses                            | (13,659)               | (2,333)               | 485.5    | (33,261)               | (13,894)              | 139.4   |
| Administrative expenses - non-recurring            | (14,340)               | (2,599)               | 451.8    | (21,787)               | (6,802)               | 220.3   |
| <b>Operating profit</b>                            | 106,678                | 5,349                 | 1,894.4  | 100,401                | 33,568                | 199.1   |
| Finance income                                     | 987                    | 185                   | 433.5    | 1,735                  | 635                   | 173.2   |
| Finance costs                                      | (7,926)                | (5,379)               | 47.4     | (28,442)               | (24,126)              | 17.9    |
| Share of profit of associates                      | 1,581                  | -                     | n/m      | 1,581                  | -                     | n/m     |
| <b>Profit before taxation</b>                      | 101,320                | 155                   | 65,267.7 | 75,275                 | 10,077                | 647.0   |
| Income tax expense                                 | (3,123)                | (1,744)               | 79.1     | (3,333)                | (5,390)               | (38.2)  |
| <b>Profit/(loss) for the financial period/year</b> | 98,197                 | (1,589)               | n/m      | 71,942                 | 4,687                 | 1,434.9 |
| <b>Profit/(Loss) attributable to:</b>              |                        |                       |          |                        |                       |         |
| Owners of the Company                              | 101,113                | 2,290                 | 4,315.4  | 74,380                 | 6,805                 | 993.0   |
| Non-controlling interest                           | (2,916)                | (3,879)               | (24.8)   | (2,438)                | (2,118)               | 15.1    |
|  | 98,197                 | (1,589)               | n/m      | 71,942                 | 4,687                 | 1,434.9 |
| <b>Earnings per share ("EPS") (refer item 6):</b>  |                        |                       |          |                        |                       |         |
| Basic and diluted EPS in US cents                  | 6.46                   | 0.48                  | 1,256.1  | 8.49                   | 1.56                  | 443.7   |
| Adjusted EPS in US cents                           | 6.34                   | 0.14                  | 4,315.4  | 4.66                   | 0.43                  | 993.0   |

n/m - not meaningful

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

Consolidated Statement of Comprehensive Income - Fourth Quarter 2016 ("Q4 2016") and Financial Year Ended 31 December 2016 ("FY 2016")

|   | Group                  |                       |        | Group                  |                       |         |
|---|------------------------|-----------------------|--------|------------------------|-----------------------|---------|
|   | Q4 2016<br>(Unaudited) | Q4 2015<br>(Restated) | Change | FY 2016<br>(Unaudited) | FY 2015<br>(Restated) | Change  |
|   | US\$'000               | US\$'000              | %      | US\$'000               | US\$'000              | %       |
| <b>Profit/(Loss) for the financial period/year</b>                              | 98,197                 | (1,589)               | n/m    | 71,942                 | 4,687                 | 1,434.9 |
| <b>Other comprehensive income/(loss)</b>  |                        |                       |        |                        |                       |         |
| <i>Items that may be reclassified subsequently to profit and loss</i>           |                        |                       |        |                        |                       |         |
| Exchange differences on translation of foreign operations                       | (28,173)               | 11,943                | n/m    | (20,756)               | (38,558)              | (46.2)  |
| Cash flow hedges - losses arising during the period (net of tax)                | -                      | (2,189)               | n/m    | -                      | (2,189)               | n/m     |
| Recognised in the profit and loss accounts on occurrence of hedged transactions | (11)                   | -                     | n/m    | 2,189                  | 511                   | 328.4   |
| <i>Items that will not be reclassified subsequently to profit and loss</i>      |                        |                       |        |                        |                       |         |
| Share of associates' other comprehensive income                                 | (2,783)                | -                     | n/m    | (2,783)                | -                     | n/m     |
| Actuarial (loss)/gain on retirement benefit obligation (net of tax)             | (965)                  | 440                   | n/m    | (965)                  | 440                   | n/m     |
| <b>Other comprehensive (loss)/income for the financial period/year</b>          | (31,932)               | 10,194                | n/m    | (22,315)               | (39,796)              | (43.9)  |
| <b>Total comprehensive income/(loss) for the financial period/year</b>          | 66,265                 | 8,605                 | 670.1  | 49,627                 | (35,109)              | n/m     |
| <b>Total comprehensive income/(loss) attributable to:</b>                       |                        |                       |        |                        |                       |         |
| Owners of the Company   | 70,574                 | 7,307                 | 865.8  | 52,541                 | (23,215)              | n/m     |
| Non-controlling interests   | (4,309)                | 1,298                 | n/m    | (2,914)                | (11,894)              | (75.5)  |
|   | 66,265                 | 8,605                 | 670.1  | 49,627                 | (35,109)              | n/m     |

n/m - not meaningful

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

| Profit/(loss) for the financial period/year has been arrived at after crediting/(charging) the following: |                        |                       |         |                        |                       |         |
|---|------------------------|-----------------------|---------|------------------------|-----------------------|---------|
|   | Group                  |                       |         | Group                  |                       |         |
|   | Q4 2016<br>(Unaudited) | Q4 2015<br>(Restated) | Change  | FY 2016<br>(Unaudited) | FY 2015<br>(Restated) | Change  |
|   | US\$'000               | US\$'000              | %       | US\$'000               | US\$'000              | %       |
| Amortisation of intangible asset  | (17)                   | (18)                  | (5.5)   | (70)                   | (53)                  | 32.1    |
| Cost of inventories recognised as an expense  | (418,653)              | (205,258)             | 104.0   | (959,368)              | (932,536)             | 2.9     |
| Depreciation:   |                        |                       |         |                        |                       |         |
| -Cost of sales  | (4,524)                | (1,919)               | 135.7   | (10,166)               | (7,469)               | 36.1    |
| -Selling expenses   | (24)                   | (21)                  | 14.3    | (92)                   | (76)                  | 21.1    |
| -Administrative expenses  | (840)                  | (404)                 | 107.9   | (2,045)                | (1,596)               | 28.1    |
|   | (5,388)                | (2,344)               | 129.9   | (12,303)               | (9,141)               | 34.6    |
| Employee benefits expenses:   |                        |                       |         |                        |                       |         |
| -Cost of sales  | (11,843)               | (3,655)               | 224.0   | (24,718)               | (15,552)              | 58.9    |
| -Selling expenses   | (1,182)                | (1,067)               | 10.8    | (4,427)                | (3,725)               | 18.8    |
| -Administrative expenses  | (8,734)                | (4,241)               | 105.9   | (18,619)               | (13,851)              | 34.4    |
|   | (21,759)               | (8,963)               | 142.8   | (47,764)               | (33,128)              | 44.2    |
| Finance cost:   |                        |                       |         |                        |                       |         |
| -Working capital loans  | (2,747)                | (1,076)               | 155.3   | (8,703)                | (5,875)               | 48.1    |
| -Acquisition term loans   | (3,557)                | (2,658)               | 33.8    | (13,156)               | (11,739)              | 12.1    |
| -Medium Term Notes ("MTN") <sup>(1)</sup>   | (1,604)                | (1,602)               | 0.1     | (6,501)                | (6,382)               | 1.9     |
| -Finance lease  | (18)                   | (43)                  | (58.1)  | (82)                   | (130)                 | (36.9)  |
|   | (7,926)                | (5,379)               | 47.4    | (28,442)               | (24,126)              | 17.9    |
| Foreign exchange (loss)/gain:   |                        |                       |         |                        |                       |         |
| -Cost of sales  | (2,678)                | (3,697)               | (27.6)  | (2,530)                | 1,961                 | n/m     |
| -Administrative expenses  | 2,600                  | 5,002                 | (48.0)  | 573                    | 10,072                | (94.3)  |
|   | (78)                   | 1,305                 | n/m     | (1,957)                | 12,033                | n/m     |
| Non-recurring expenses:   |                        |                       |         |                        |                       |         |
| -Acquisitions-related expenses  | (1,313)                | (245)                 | 435.9   | (4,767)                | (402)                 | 1,085.8 |
| -Expenses incurred on business integration and restructuring  | (2,161)                | -                     | n/m     | (2,161)                | -                     | n/m     |
| -Expense on Consent Solicitation Exercise ("CSE")   | (135)                  | -                     | n/m     | (920)                  | -                     | n/m     |
| -Professional fees incurred for syndicated loan facility  | -                      | (1,300)               | n/m     | -                      | (4,292)               | n/m     |
| -Amortisation of fee incurred for syndicated loan facility  | (8,498)                | (1,054)               | 706.2   | (11,706)               | (2,108)               | 455.3   |
| -Others   | (2,233)                | -                     | n/m     | (2,233)                | -                     | n/m     |
|   | (14,340)               | (2,599)               | 451.8   | (21,787)               | (6,802)               | 220.3   |
| Other income:   |                        |                       |         |                        |                       |         |
| -Fair value gain on investment properties   | 1,717                  | 2,571                 | (33.2)  | 1,717                  | 2,571                 | (33.2)  |
| -Fair value gain on biological assets   | 1,069                  | 2,727                 | (60.8)  | 2,374                  | 2,727                 | (12.9)  |
| -Net bargain purchase on acquisition of subsidiaries  | 116,953                | -                     | n/m     | 116,953                | -                     | n/m     |
| -Others   | 767                    | 270                   | 184.1   | 1,085                  | 790                   | 37.3    |
|   | 120,506                | 5,568                 | 2,064.3 | 122,129                | 6,088                 | 1,906.1 |
| Professional fees   | (1,478)                | (185)                 | 698.9   | (2,476)                | (1,391)               | 78.0    |

n/m - not meaningful

(1) Included in MTN finance cost is amortisation of upfront fee paid in Q4 2016 of US\$150,000 (Q4 2015: US\$150,000) and FY 2016 of US\$601,000 (FY 2015: US\$601,000)

**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**

| <b>Consolidated Statements of Financial Position as at 31 December 2016 and 31 December 2015</b> |                               |                              |                               |                             |
|--|-------------------------------|------------------------------|-------------------------------|-----------------------------|
|  | <b>Group</b>                  |                              | <b>Company</b>                |                             |
|  | <b>31 Dec 16</b>              | <b>31 Dec 15</b>             | <b>31 Dec 16</b>              | <b>31 Dec 15</b>            |
|  | <b>Unaudited<br/>US\$'000</b> | <b>Restated<br/>US\$'000</b> | <b>Unaudited<br/>US\$'000</b> | <b>Audited<br/>US\$'000</b> |
| <b><u>ASSETS</u></b>   |                               |                              |                               |                             |
| <b>Non-current assets</b>  |                               |                              |                               |                             |
| Intangible assets  | 200,496                       | 200,534                      | -                             | -                           |
| Property, plant and equipment  | 244,302                       | 99,489                       | 207                           | 122                         |
| Plantation related properties  | 282,227                       | 35,789                       | -                             | -                           |
| Biological assets  | 6,821                         | 4,054                        | -                             | -                           |
| Investment properties  | 39,791                        | 21,420                       | -                             | -                           |
| Deferred tax assets  | 13,227                        | 3,175                        | -                             | -                           |
| Deferred charges   | 207                           | 146                          | -                             | -                           |
| Other assets   | 259                           | 2                            | -                             | -                           |
| Loan receivables   | 3,209                         | -                            | -                             | -                           |
| Investment in associates   | 189,700                       | -                            | -                             | -                           |
| Investment in subsidiaries   | -                             | -                            | 615,640                       | 168,008                     |
| <b>Total non-current assets</b>  | <b>980,239</b>                | <b>364,609</b>               | <b>615,847</b>                | <b>168,130</b>              |
| <b>Current assets</b>  |                               |                              |                               |                             |
| Cash and bank balances   | 66,625                        | 70,541                       | 430                           | 3,064                       |
| Trade receivables  | 98,066                        | 65,030                       | -                             | -                           |
| Other receivables  | 56,985                        | 27,427                       | 372,056                       | 95,281                      |
| Tax receivables  | 1,767                         | 3,324                        | -                             | -                           |
| Derivative financial instruments   | 30,889                        | 24,250                       | -                             | -                           |
| Inventories  | 319,973                       | 102,875                      | -                             | -                           |
| Loan receivables   | 3,684                         | -                            | -                             | -                           |
| Consumable biological assets   | 134                           | -                            | -                             | -                           |
| <b>Total current assets</b>  | <b>578,123</b>                | <b>293,447</b>               | <b>372,486</b>                | <b>98,345</b>               |
| <b>Total assets</b>  | <b>1,558,362</b>              | <b>658,056</b>               | <b>988,333</b>                | <b>266,475</b>              |
| <b><u>LIABILITIES AND EQUITY</u></b>   |                               |                              |                               |                             |
| <b>Current liabilities</b>   |                               |                              |                               |                             |
| Derivative financial instruments   | 58,786                        | 7,567                        | -                             | -                           |
| Trade payables   | 46,265                        | 11,249                       | -                             | -                           |
| Other payables   | 44,305                        | 18,349                       | 33,776                        | 10,000                      |
| Loan payables  | 244,645                       | 191,874                      | 2,750                         | 2,750                       |
| Provision for taxation   | 4,148                         | 1,553                        | 412                           | 15                          |
| Finance lease  | 497                           | 435                          | 465                           | 435                         |
| <b>Total current liabilities</b>   | <b>398,646</b>                | <b>231,027</b>               | <b>37,403</b>                 | <b>13,200</b>               |
| <b>Net current assets</b>  | <b>179,477</b>                | <b>62,420</b>                | <b>335,083</b>                | <b>85,145</b>               |
| <b>Non current liabilities</b>   |                               |                              |                               |                             |
| Loan payables  | 460,372                       | 270,150                      | 357,654                       | 94,404                      |
| Retirement benefit obligations   | 14,297                        | 10,703                       | -                             | -                           |
| Deferred tax liabilities   | 34,763                        | 20,004                       | 25                            | 25                          |
| Finance lease  | 600                           | 1,046                        | 581                           | 1,046                       |
| Other payables   | 1,850                         | -                            | -                             | -                           |
| <b>Total non current liabilities</b>   | <b>511,882</b>                | <b>301,903</b>               | <b>358,260</b>                | <b>95,475</b>               |
| <b>Net assets</b>  | <b>647,834</b>                | <b>125,126</b>               | <b>592,670</b>                | <b>157,800</b>              |
| <b>Capital and reserves</b>  |                               |                              |                               |                             |
| Share capital  | 603,874                       | 156,551                      | 603,874                       | 156,551                     |
| Capital reserves   | 455                           | 143                          | -                             | -                           |
| Accumulated profits/(losses)   | 74,748                        | 4,363                        | (11,204)                      | 1,249                       |
| Hedging reserve  | -                             | (2,189)                      | -                             | -                           |
| Foreign currency translation reserves  | (78,325)                      | (57,980)                     | -                             | -                           |
| Equity attributable to owners of the Company   | 600,752                       | 100,888                      | 592,670                       | 157,800                     |
| Non-controlling interests  | 47,082                        | 24,238                       | -                             | -                           |
| <b>Total equity</b>  | <b>647,834</b>                | <b>125,126</b>               | <b>592,670</b>                | <b>157,800</b>              |
| <b>Total liabilities and equity</b>  | <b>1,558,362</b>              | <b>658,056</b>               | <b>988,333</b>                | <b>266,475</b>              |

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

|               | <b>As at 31 December 2016<br/>(Unaudited)</b> |                       | <b>As at 31 December 2015<br/>(Audited)</b> |                       |
|---------------|---|-----------------------|---|-----------------------|
|               | Secured<br>US\$'000                           | Unsecured<br>US\$'000 | Secured<br>US\$'000                         | Unsecured<br>US\$'000 |
| Loan payables | 141,246                                       | 103,399               | 191,874                                     | -                     |
| Finance lease | 497   | -                     | 435   | -                     |

**Amount repayable after one year**

|               | <b>As at 31 December 2016<br/>(Unaudited)</b> |                       | <b>As at 31 December 2015<br/>(Audited)</b> |                       |
|---------------|---|-----------------------|---|-----------------------|
|               | Secured<br>US\$'000                           | Unsecured<br>US\$'000 | Secured<br>US\$'000                         | Unsecured<br>US\$'000 |
| Loan payables | 7,914   | 452,458               | 185,370                                     | 84,780                |
| Finance lease | 600   | -                     | 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.

Term loans are secured by corporate guarantees from a subsidiary of the Company and by a charge over certain of the Group's property, plant and equipment and movable securities.

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- Fourth Quarter 2016 ("Q4 2016") and Financial Year Ended 31 December 2016 ("FY 2016")**

|  | Group                  |                       | Group                  |                       |
|--|------------------------|-----------------------|------------------------|-----------------------|
|  | Q4 2016<br>(Unaudited) | Q4 2015<br>(Restated) | FY 2016<br>(Unaudited) | FY 2015<br>(Restated) |
|  | US\$'000               | US\$'000              | US\$'000               | US\$'000              |
| <b>Operating activities:</b>   |                        |                       |                        |                       |
| Profit before taxation   | 101,320                | 155                   | 75,275                 | 10,077                |
| Adjustments for:   |                        |                       |                        |                       |
| Depreciation expense   | 5,388                  | 2,344                 | 12,303                 | 9,141                 |
| Amortisation of intangible asset   | 17                     | 18                    | 70                     | 53                    |
| Retirement benefit expense   | 1,124                  | 756                   | 2,390                  | 1,991                 |
| Interest income  | (987)                  | (185)                 | (1,735)                | (635)                 |
| Interest expense   | 7,926                  | 5,379                 | 28,442                 | 24,126                |
| Fair value gain on open forward commodities contracts and inventories, unrealised            | (11,986)               | (6,292)               | (11,598)               | (12,514)              |
| Fair value gain on investment properties   | (1,717)                | (2,571)               | (1,717)                | (2,571)               |
| Fair value gain on biological assets   | (1,069)                | (2,727)               | (2,374)                | (2,727)               |
| Net bargain purchase on acquisition of subsidiaries  | (116,953)              | -                     | (116,953)              | -                     |
| Unrealised foreign exchange gain   | (1,671)                | (1,718)               | 356                    | (7,662)               |
| Amortisation fee for syndicated loan facility  | 8,498                  | 1,054                 | 11,706                 | 2,108                 |
| Amortisation fee for term loan   | 42                     | -                     | 42                     | -                     |
| Loss on disposal of property, plant and equipment and investment properties                  | 256                    | -                     | 256                    | -                     |
| Write off of property, plant and equipment   | 161                    | -                     | 161                    | -                     |
| Loss on disposal of other investment   | -                      | -                     | -                      | 13                    |
| Share of profit of associates  | (1,581)                | -                     | (1,581)                | -                     |
| Operating cash flows before working capital changes  | (11,232)               | (3,787)               | (4,957)                | 21,400                |
| Trade and other receivables  | 28,523                 | 11,859                | 44,067                 | 22,129                |
| Inventories  | (100,689)              | (4,482)               | (81,574)               | 1,142                 |
| Trade and other payables   | 9,407                  | 759                   | 425                    | (19,722)              |
| Cash (used in)/generated from operations   | (73,991)               | 4,349                 | (42,039)               | 24,949                |
| Interest received  | 987                    | 185                   | 1,735                  | 635                   |
| Interest paid  | (3,255)                | (1,195)               | (9,297)                | (5,614)               |
| Tax (paid)/received  | (743)                  | 563                   | (13)                   | (1,149)               |
| Net cash (used in)/generated from operating activities                                       | (77,002)               | 3,902                 | (49,614)               | 18,821                |
| <b>Investing activities</b>  |                        |                       |                        |                       |
| Acquisition of subsidiaries (net of cash acquired)   | 53,090                 | -                     | 53,090                 | (1,860)               |
| Payment of deferred cash settlement in relation to previous year acquisition of subsidiaries | -                      | -                     | -                      | (14,621)              |
| Capital expenditure on property, plant and equipment and plantation assets                   | (11,021)               | (1,917)               | (16,060)               | (10,825)              |
| Proceeds from disposal of property, plant and equipment and investment properties            | 746                    | 69                    | 746                    | 69                    |
| Proceed from disposal of other investment  | -                      | -                     | -                      | 34                    |
| Net cash generated from/(used in) investing activities                                       | 42,815                 | (1,848)               | 37,776                 | (27,203)              |
| <b>Financing activities</b>  |                        |                       |                        |                       |
| Net (repayment)/proceed from syndicated loan facility - term loan                            | (158,355)              | (5,635)               | (176,730)              | 165,585               |
| Net (repayment)/proceed of syndicated loan facility - working capital loan                   | (178,000)              | 16,500                | (183,000)              | 176,580               |
| Repayment of syndicated bridge facility  | -                      | -                     | -                      | (271,800)             |
| Net proceed/(repayment) of other term loans  | 270,803                | -                     | 270,803                | (4,561)               |
| Net proceed/(repayment) of other working capital loans                                       | 119,021                | 3,405                 | 118,588                | (39,782)              |
| Interest paid on term loans and syndicated facility  | (2,841)                | (2,749)               | (12,440)               | (12,694)              |
| Interest paid on Medium Term Notes ("MTN")   | -                      | -                     | (5,838)                | (5,927)               |
| Interest paid in advance to Trust Account - MTN  | -                      | -                     | (3,040)                | -                     |
| Repayment of obligation under finance lease arrangement                                      | (121)                  | (104)                 | (444)                  | (405)                 |
| Share issuance expense   | (309)                  | (153)                 | (309)                  | (153)                 |
| Dividend paid to non-controlling interest  | (14)                   | -                     | (180)                  | (143)                 |
| Decrease in pledged deposits   | -                      | -                     | -                      | 1,675                 |
| Net cash generated from financing activities   | 50,184                 | 11,264                | 7,410                  | 8,375                 |
| Net increase/(decrease) in cash and cash equivalents   | 15,997                 | 13,318                | (4,428)                | (7)                   |
| Cash and cash equivalents at beginning of the period   | 48,981                 | 57,177                | 70,541                 | 75,781                |
| Effects of exchange rate changes on the balance of cash held in foreign currencies           | 1,647                  | 46                    | 512                    | (5,233)               |
| <b>Cash and cash equivalents at end of the period</b>  | <b>66,625</b>          | <b>70,541</b>         | <b>66,625</b>          | <b>70,541</b>         |
| <b>Cash and bank balances comprise the following:</b>  |                        |                       |                        |                       |
| Cash and cash equivalents  | 66,625                 | 70,541                | 66,625                 | 70,541                |
| Fixed deposits - pledged   | -                      | -                     | -                      | -                     |
|  | 66,625                 | 70,541                | 66,625                 | 70,541                |

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

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

| <b>Group (Unaudited)</b>  | Share capital<br>US\$ '000 | Capital reserves<br>US\$ '000 | Accumulated profits/<br>(losses)<br>US\$ '000 | Foreign<br>currency<br>translation<br>reserves<br>US\$ '000 | Hedging<br>reserve<br>US\$ '000 | Non-<br>controlling<br>interests<br>US\$ '000 | Total<br>US\$ '000 |
|---|----------------------------|-------------------------------|---|---|---------------------------------|---|--------------------|
| Balance at 1 January 2016 (As restated)   | 156,551                    | 143                           | 4,363   | (57,980)  | (2,189)                         | 24,238  | 125,126            |
| <b>Total comprehensive income/(loss) for the year</b>   |                            |                               |   |   |                                 |   |                    |
| Profit/(Loss) for the year  | -                          | -                             | 74,380  | -   | -                               | (2,438)                                       | 71,942             |
| Other comprehensive income/(loss)   | -                          | -                             | (3,683)                                       | (20,345)  | 2,189                           | (476)   | (22,315)           |
| Total   | -                          | -                             | 70,697  | (20,345)  | 2,189                           | (2,914)                                       | 49,627             |
| <b>Transactions with owners, recognised directly in equity</b>  |                            |                               |   |   |                                 |   |                    |
| Dividend paid to non-controlling interest   | -                          | -                             | -   | -   | -                               | (180)   | (180)              |
| Statutory reserve fund  | -                          | 312                           | (312)   | -   | -                               | -   | -                  |
| Non-controlling interests arising from acquisition of subsidiaries  | -                          | -                             | -   | -   | -                               | 25,938  | 25,938             |
| Issuance of Company's shares (net of share issuance cost)   | 447,323                    | -                             | -   | -   | -                               | -   | 447,323            |
| Total   | 447,323                    | 312                           | (312)   | -   | -                               | 25,758  | 473,081            |
| Balance at 31 December 2016   | 603,874                    | 455                           | 74,748  | (78,325)  | -                               | 47,082  | 647,834            |
| <b>Group (Restated)</b>   |                            |                               |   |   |                                 |   |                    |
| Balance at 1 January 2015   | 92,993                     | 143                           | 8,290   | (16,830)  | (511)                           | 76,446  | 160,531            |
| <b>Total comprehensive income/(loss) for the year</b>   |                            |                               |   |   |                                 |   |                    |
| Profit/(Loss) for the year  | -                          | -                             | 6,805   | -   | -                               | (2,118)                                       | 4,687              |
| Other comprehensive income/(loss)   | -                          | -                             | 515   | (28,857)  | (1,678)                         | (9,776)                                       | (39,796)           |
| Total   | -                          | -                             | 7,320   | (28,857)  | (1,678)                         | (11,894)                                      | (35,109)           |
| <b>Transactions with owners, recognised directly in equity</b>  |                            |                               |   |   |                                 |   |                    |
| Dividend paid to non-controlling interest   | -                          | -                             | -   | -   | -                               | (143)   | (143)              |
| Effect of acquisition of non-controlling interest via issuance of Company's shares (net of share issuance cost) | 63,558                     | -                             | (11,247)                                      | (12,293)  | -                               | (40,171)                                      | (153)              |
| Total   | 63,558                     | -                             | (11,247)                                      | (12,293)  | -                               | (40,314)                                      | (296)              |
| Balance at 31 December 2015 (As restated)   | 156,551                    | 143                           | 4,363   | (57,980)  | (2,189)                         | 24,238  | 125,126            |
| <b>Company (Unaudited)</b>  |                            |                               |   |   |                                 |   |                    |
| Balance at 1 January 2016   | 156,551                    | -                             | 1,249   | -   | -                               | -   | 157,800            |
| <b>Total comprehensive loss for the year</b>  |                            |                               |   |   |                                 |   |                    |
| Loss for the year   | -                          | -                             | (12,453)                                      | -   | -                               | -   | (12,453)           |
| Total   | -                          | -                             | (12,453)                                      | -   | -                               | -   | (12,453)           |
| <b>Transactions with owners, recognised directly in equity</b>  |                            |                               |   |   |                                 |   |                    |
| Issuance of share capital (net of share issuance cost)  | 447,323                    | -                             | -   | -   | -                               | -   | 447,323            |
| Total   | 447,323                    | -                             | -   | -   | -                               | -   | 447,323            |
| Balance at 31 December 2016   | 603,874                    | -                             | (11,204)                                      | -   | -                               | -   | 592,670            |
| <b>Company (Audited)</b>  |                            |                               |   |   |                                 |   |                    |
| Balance at 1 January 2015   | 92,993                     | -                             | 4,176   | -   | -                               | -   | 97,169             |
| <b>Total comprehensive loss for the year</b>  |                            |                               |   |   |                                 |   |                    |
| Loss for the year   | -                          | -                             | (2,927)                                       | -   | -                               | -   | (2,927)            |
| Total   | -                          | -                             | (2,927)                                       | -   | -                               | -   | (2,927)            |
| <b>Transactions with owners, recognised directly in equity</b>  |                            |                               |   |   |                                 |   |                    |
| Issue of share capital (net of share issuance cost)   | 63,558                     | -                             | -   | -   | -                               | -   | 63,558             |
| Total   | 63,558                     | -                             | -   | -   | -                               | -   | 63,558             |
| Balance at 31 December 2015   | 156,551                    | -                             | 1,249   | -   | -                               | -   | 157,800            |

- 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.**

|                           | <b>Number of<br/>ordinary shares</b> | <b>US\$'000</b> |
|---------------------------|--------------------------------------|-----------------|
| <b>Issued and paid up</b> |                                      |                 |
| At 30 September 2016      | 1,019,036,884                        | 387,149         |
| Issue of share capital    | 575,975,057                          | 216,725         |
| At 31 December 2016       | <u>1,595,011,941</u>                 | <u>603,874</u>  |

During the financial period reported on, the Company has allotted and issued a total of 575,975,057 new fully paid-up ordinary shares in the capital of the Company. 295,975,057 new shares were issued as consideration for 317,132,501 ordinary shares in the capital of GMG Global Ltd ("GMG") acquired pursuant to the general offer made by the Company ("VGO") whereas 280,000,000 new shares were issued to satisfy the purchase consideration of S\$210,000,000 for the natural rubber assets of Sinochem International Corporation ("Sinochem").

There were no other outstanding options, convertibles or treasury shares as at 31 December 2016 and 31 December 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 December 2016 and 31 December 2015. As such, the number of issued shares excluding treasury shares as at 31 December 2016 and 31 December 2015 were 1,595,011,941 shares and 600,092,000 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 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.

**(a) 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:

|  | <b>Group</b>       |                            |
|--|--------------------|----------------------------|
|  | <b>31 Dec 2015</b> | <b>31 Dec 2015</b>         |
|  | <b>Restated</b>    | <b>As initially stated</b> |
|  | <b>US\$’000</b>    | <b>US\$’000</b>            |
| <b>Statement of financial position</b> |                    |                            |
| 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)                   |

(b) Treatment of rubber plantation at different locations

The Group owns rubber plantations in different geographical areas as a result of the GMG acquisition. As at 31 December 2016, the Group adopted different accounting treatment for rubber trees of its existing plantation in Malaysia and the newly acquired plantations in Cameroon and Ivory Coast, Africa.

*Under FRS 41, plants cultivated to produce agricultural produce and has more than a remote likelihood that the entity will also harvest and sell the plant as agricultural produce (i.e. in the context of rubber, it would be lumber), other than as incidental scrap sales, are not bearer plants. The rubber trees are stated at fair value less estimated costs to sell.*

Classification of rubber trees (as bearer plant or non-bearer plant) depends on the business plan for the respective rubber plantations, pertinent facts and circumstances surrounding the trees and plantation, and relevant local market or industry considerations. Rubber trees are not considered bearer plant when there is a commercial viable plan to sell the rubber tree as lumber to an established market.

Management has assessed that there is an established rubberwood lumber market for rubber trees plantation in Malaysia but not for the African plantations due to the geographical location and various local considerations.

Hence, the rubber trees in Malaysia plantation are accounted as biological asset within the scope of FRS 41 and are stated at fair value less estimated costs to sell, whereas the rubber trees in African plantations are accounted as bearer plant which is measured under FRS 16 at accumulated cost (before maturity) and using cost model (after maturity).

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

|   | Group                |                     | Group                |                     |
|---|----------------------|---------------------|----------------------|---------------------|
|   | Q4 2016<br>Unaudited | Q4 2015<br>Restated | FY 2016<br>Unaudited | FY 2015<br>Restated |
| Profit attributable to owners of the Company (US\$'000)                 | 101,113              | 2,290               | 74,380               | 6,805               |
| Basic and diluted earnings per share ("EPS") in US cents <sup>(1)</sup> | 6.46                 | 0.48                | 8.49                 | 1.56                |
| Adjusted EPS in US cents <sup>(2)</sup>                                 | 6.34                 | 0.14                | 4.66                 | 0.43                |
| Adjusted EPS in SGD cents <sup>(3)</sup>                                | 9.02                 | 0.20                | 6.45                 | 0.59                |

Notes:

- (1) The basic and diluted EPS for the periods under review have been computed based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue for the respective periods.
- (2) For comparative purposes, the adjusted EPS for the periods under review have been computed based on the profit attributable to owners of the Company and number of ordinary shares in issue as at 31 December 2016 of 1,595,011,941 ordinary shares.
- (3) Translated at the average exchange rates for each respective period.

The basic and diluted EPS for Q4 2016, Q4 2015, FY 2016 and FY 2015 were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2016 and 31 December 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                       |                             |
|---|-------------------------------|------------------------------|-------------------------------|-----------------------------|
|   | 31 December 2016<br>Unaudited | 31 December 2015<br>Restated | 31 December 2016<br>Unaudited | 31 December 2015<br>Audited |
| Net asset value per ordinary share based on issued share capital (US cents)                 | 40.62                         | 20.85                        | 37.16                         | 26.30                       |
| Net asset value per ordinary share based on issued share capital (SGD cents) <sup>(1)</sup> | 58.74                         | 29.48                        | 53.74                         | 37.18                       |
| Number of ordinary shares outstanding   | 1,595,011,941                 | 600,092,000                  | 1,595,011,941                 | 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 Q4 2016 VS Q4 2015 AND FY 2016 VS FY 2015

### Snapshot

#### Operating financial statistics

|                                      |              | Q4 2016 | Q4 2015 | Change | FY 2016 | FY 2015 | Change  |
|--------------------------------------|--------------|---------|---------|--------|---------|---------|---------|
| Total sales volume                   | tonnes       | 306,227 | 156,988 | 95.1%  | 739,210 | 667,800 | 10.7%   |
| Revenue                              | US\$ million | 441.4   | 213.4   | 106.8% | 1,010.3 | 994.7   | 1.6%    |
| Revenue per tonne                    | US\$         | 1,441   | 1,359   | 6.0%   | 1,367   | 1,490   | -8.2%   |
| Gross profit                         | US\$ million | 22.7    | 8.2     | 178.0% | 50.9    | 62.2    | -18.1%  |
| EBITDA                               | US\$ million | (4.5)   | 7.7     | n/m    | (3.8)   | 42.8    | n/m     |
| EBITDA - adjusted <sup>(1)</sup>     | US\$ million | 8.2     | 7.7     | 5.6%   | 16.3    | 47.0    | -65.3%  |
| Net profit                           | US\$ million | 98.2    | (1.6)   | n/m    | 71.9    | 4.7     | 1434.9% |
| Net profit - adjusted <sup>(1)</sup> | US\$ million | 111.2   | (0.9)   | n/m    | 92.4    | 9.6     | 866.9%  |

n/m - not meaningful

#### Note:

- (1) The results have been adjusted to exclude the non-recurring expenses of US\$14.3 million in Q4 2016 (Q4 2015: US\$2.6 million, FY 2016: US\$21.8 million and FY 2015: US\$6.8 million), fair value gain on investment properties, net of tax of US\$1.3 million (Q4 2015: US\$1.9 million, FY 2016: US\$1.3 million and FY 2015: US\$1.9 million).

Q4 2016 is the first quarter in which we consolidated the (i) a full quarter results of the natural rubber processing facilities and trading business acquired from Sinochem on 3 October 2016 (the "NR Assets acquisition") and (ii) financials results of GMG upon the close of the VGO exercise on 11 November 2016 ("GMG acquisition"). As such, each item in the income statement for Q4 2016 has shown a significant movement as compared to Q4 2015.

### Revenue

#### *Q4 2016 vs Q4 2015*

Revenue increased by US\$228.0 million or 106.8%, from US\$213.4 million in Q4 2015 to US\$441.4 million in Q4 2016 mainly due to the following reasons:

- increase in revenue per tonne from US\$1,359 (Q4 2015) to US\$1,441 (Q4 2016), in-line with the movement of the market price for natural rubber during these periods; and
- higher sales volumes from 156,988 tonnes in Q4 2015 to 306,227 tonnes in Q4 2016. The higher sales volume was mainly contributed by GMG and NR Assets, following the acquisitions completed in Q4 2016.

#### *FY 2016 vs FY 2015*

Revenue increased by US\$15.6 million or 1.6%, from US\$994.7 million in FY 2015 to US\$1,010.3 million in FY 2016 mainly due to the following reasons:

- higher sales volumes from 667,800 tonnes in FY 2015 to 739,210 tonnes in FY 2016 (as explained above); and
- offset by the decrease in revenue per tonne from US\$1,490 (FY 2015) to US\$1,367 (FY 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).

### *Q4 2016 vs Q4 2015*

Cost of sales increased by US\$213.4 million or 104.0%, from US\$205.3 million in Q4 2015 to US\$418.7 million in Q4 2016, due to the increase in sales volume (due to the completion of NR Assets acquisition and GMG acquisition) and price of raw materials.

### *FY 2016 vs FY 2015*

Cost of sales increased by US\$26.9 million or 2.9%, from US\$932.5 million in FY 2015 to US\$959.4 million in FY 2016, mainly due to the increase in sales volume, offset by decrease in average purchase price of raw materials in FY2016 vs FY2015.

## **Gross Profit**

|                               | Q4 2016 | Q4 2015 | Change | FY 2016 | FY 2015 | Change |
|-------------------------------|---------|---------|--------|---------|---------|--------|
| Gross profit (US\$ million)   | 22.7    | 8.2     | 178.0% | 50.9    | 62.2    | -18.1% |
| Sales volume (tonnes)         | 306,227 | 156,988 | 95.1%  | 739,210 | 667,800 | 10.7%  |
| Gross profit per tonne (US\$) | 74      | 52      | 42.5%  | 69      | 93      | -26.0% |

### *Q4 2016 vs Q4 2015*

Gross profit increased by US\$14.5 million or 178.0% from US\$8.2 million in Q4 2015 to US\$22.7 million in Q4 2016 mainly due to improvement of margins from our Processing division and Distribution division. The increase in gross profit is also contributed by the NR Asset's and GMG's business during Q4 2016.

### *FY 2016 vs FY 2015*

Gross profit decreased by US\$11.3 million or 18.1% from US\$62.2 million in FY 2015 to US\$50.9 million in FY 2016 mainly due to margin compression in the Processing division, because of low rubber prices and reduction of export volume from March 2016 to August 2016 due to Agreed Export Tonnage Scheme, a self-imposed restriction on natural rubber exports implemented by the Governments of Thailand, Indonesia, Malaysia and Vietnam. The decrease in gross profit is offset by the additional gross profit contributed by the NR Asset's and GMG's business during Q4 2016.

## **Profit before tax**

### *Q4 2016 vs Q4 2015*

Profit before tax in Q4 2016 was US\$101.3 million, an increase of US\$101.1 million from US\$0.2 million in Q4 2015.

The increase in profit before tax was mainly due to the recognition of a gain of US\$116.9 million on bargain purchase of the NR Assets and GMG, offset by the increase in the non-recurring administrative expenses of US\$11.7 million. The increase in non-recurring administrative expenses is mainly attributable to the write-off of a fee of US\$7.8 million incurred as a result of the full repayment of syndicated loan facility in Q4 2016.

The increase in gross profit, operating expenses, share of profit of associates and finance costs are mainly contributed by the NR Assets and GMG following the completion acquisitions in Q4 2016.

#### *FY 2016 vs FY 2015*

Profit before tax in FY 2016 was US\$75.3 million, an increase of US\$65.2 million from the profit before tax in FY 2015 of US\$10.1 million.

The increase in profit before tax was mainly due to a gain on bargain purchase of the NR Assets and GMG amounting to US\$116.9 million, offset by (i) the decrease in gross profit of US\$11.3 million, (ii) increase in non-recurring administrative expenses of US\$15.0 million, (iii) increase in other operating expenses of US\$23.0 million and (iv) finance costs of US\$4.3 million.

#### **Profit after tax**

#### *Q4 2016 vs Q4 2015*

Profit after tax in Q4 2016 was US\$98.2 million, an increase of US\$99.8 million from the loss after tax in Q4 2015 of US\$1.6 million.

#### *FY 2016 vs FY 2015*

Profit after tax in FY 2016 was US\$71.9 million, an increase of US\$67.2 million from the profit after tax in FY 2015 of US\$4.7 million.

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

Following the completion of NR Assets acquisition and GMG acquisition in Q4 2016, the Group's balance sheet as at 31 December 2016 has therefore included the assets and liabilities of these acquired businesses. As such, each item on the consolidated balance sheet as at 31 December 2016 has shown a significant movement as compared to the consolidated balance sheet as at 31 December 2015.

#### **Non-current assets**

The increase in non-current assets as at 31 December 2016 (US\$980.2 million) of US\$615.6 million or 168.8% from 31 December 2015 (US\$364.6 million) was mainly due to the following:

- (i) increase of US\$391.3 million in property, plant and equipment and plantation related properties mainly contributed by the NR Asset acquisition (US\$61.6 million) and GMG acquisition (US\$341.2 million). In addition, the Group incurred capital expenditure of US\$15.2 million on property, plant and equipment and plantation related assets. This was offset by depreciation expense of US\$12.3 million and foreign exchange difference in an aggregate of US\$14.2 million for property, plant and equipment, and plantation related assets in Indonesia, Malaysia, China, Thailand and Africa, as a result of weakening of respective local currencies against US Dollar,
- (ii) increase of US\$2.8 million in biological assets due to fair value gain and additional plantation works,
- (iii) increase of US\$18.4 million in investment properties due to fair value gain of US\$1.7 million and the additional investment properties arising from acquisition of NR Assets and GMG of US\$1.8 million and US\$15.7 million, respectively, and
- (iv) increase in investment in associates of US\$189.7 million and loan receivable of US\$3.2 million, arising from GMG acquisition.

### **Current assets**

Current assets increased by US\$284.7 million or 97.0% from 31 December 2015 (US\$293.4 million) to 31 December 2016 (US\$578.1 million) mainly due to the inclusion of working capital assets of the newly acquired subsidiaries.

### **Current liabilities**

Current liabilities increased by US\$167.6 million or 72.6% from 31 December 2015 (US\$231.0 million) to 31 December 2016 (US\$398.6 million), mainly due to the inclusion of working capital liabilities of the newly acquired subsidiaries.

The breakdown of the current loan payables are as follows:

| <b>(US\$ million)</b> | <b>31 December 2016</b> | <b>31 December 2015</b> |
|-----------------------|-------------------------|-------------------------|
| Working capital loans | 234.2                   | 166.9                   |
| Term loans            | 10.4                    | 25.0                    |
| <b>Total</b>          | <b>244.6</b>            | <b>191.9</b>            |

The increase in working capital loan balances of US\$67.3 million was mainly due to higher utilisation as a result of expanded operations of the Group and inclusion of working capital loan of the newly acquired subsidiaries. The decrease in term loan was due to repayment made during the period.

### **Non-current liabilities**

Non-current liabilities increased by US\$210.0 million or 69.6% from 31 December 2015 (US\$301.9 million) to 31 December 2016 (US\$511.9 million), mainly due to inclusion of term loans of the newly acquired subsidiaries.

### **Equity**

The Group's equity increased by US\$522.7 million from US\$125.1 million as at 31 December 2015 to US\$647.8 million as at 31 December 2016, attributable to the issuance of share capital of US\$336.3 million for acquisition of GMG and US\$111.0 million for the acquisition of NR Assets, and the Group's FY 2016 net profit. This is offset by the foreign currency translation losses arising during the year as a result of weakening of respective local currencies against US Dollar.

### **Working capital**

As at 31 December 2016, net working capital amounted to US\$204.2 million, as set out below:

| <b>(US\$ million)</b>                 | <b>31 December 2016</b> | <b>31 December 2015</b> |
|---------------------------------------|-------------------------|-------------------------|
| Cash and bank balances                | 66.6                    | 70.5                    |
| Trade receivables                     | 98.1                    | 65.0                    |
| Inventories                           | 320.0                   | 102.9                   |
| Less: Trade payables                  | (46.3)                  | (11.2)                  |
| Less: Working capital loans (current) | (234.2)                 | (166.9)                 |
| <b>Net working capital</b>            | <b>204.2</b>            | <b>60.3</b>             |

## REVIEW OF THE CASH FLOW STATEMENT OF THE GROUP FOR Q4 2016 VS Q4 2015 AND FY 2016 VS FY 2015

The following table sets out a summary of cash flows for Q4 2016, Q4 2015, FY 2016 and FY 2015:

| <b>(US\$ million)</b>  | <b>Q4 2016</b> | <b>Q4 2015</b> | <b>FY 2016</b> | <b>FY 2015</b> |
|--|----------------|----------------|----------------|----------------|
| Net cash (used in)/generated from operating activities, before working capital changes | (14.2)         | (4.2)          | (12.5)         | 15.3           |
| Changes in working capital   | (62.8)         | 8.1            | (37.1)         | 3.5            |
| Net cash (used in)/generated from operating activities                                 | (77.0)         | 3.9            | (49.6)         | 18.8           |
| Net cash generated from/(used in) investing activities                                 | 42.8           | (1.8)          | 37.8           | (27.2)         |
| Net cash generated from financing activities   | 50.2           | 11.3           | 7.4            | 8.4            |
| Net increase/(decrease) in cash and cash equivalents                                   | 16.0           | 13.3           | (4.4)          | (0.0)          |
| Cash and cash equivalents at the beginning of the period/year                          | 49.0           | 57.2           | 70.5           | 75.8           |
| Effect of exchange rate changes on the balance of cash held in foreign currencies      | 1.6            | 0.0            | 0.5            | (5.2)          |
| <b>Cash and cash equivalents at the end of the period/year</b>                         | <b>66.6</b>    | <b>70.5</b>    | <b>66.6</b>    | <b>70.5</b>    |

### *Q4 2016 vs Q4 2015*

The Group's cash and cash equivalents increased by US\$16.0 million during Q4 2016. It recorded net cash outflow from operating activities of US\$77.0 million during Q4 2016.

Cash inflow from investing activities of US\$42.8 million was mainly due to net cash acquired from acquisition of subsidiaries, offset by capital expenditure on property, plant and equipment and plantation assets.

Net cash inflow from financing activities was US\$50.2 million, mainly due to net proceeds from various loans, offset by payment of associated interest costs.

### *FY 2016 vs FY 2015*

The Group's cash and cash equivalents decreased by US\$4.4 million during FY 2016. It recorded net cash outflow from operating activities of US\$49.6 million during FY 2016.

Cash inflow from investing activities of US\$37.8 million was mainly due to net cash acquired from acquisition of subsidiaries, offset by capital expenditure on property, plant and equipment and plantation assets.

Net cash inflow from financing activities was US\$7.4 million, mainly due to net proceeds from various loans, offset by payment of 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**

In the fourth quarter of 2016, Halcyon Agri successfully completed the acquisitions of GMG Global Ltd and the natural rubber assets of Sinochem International Corporation, thereby establishing itself as a world-leading natural rubber supply chain manager, with assets and networks to provide a full suite of services along the entire natural rubber value chain.

Following three consecutive years of decline, 2016 heralded the recovery of natural rubber prices, referenced to the first position of the TSR20 contract, which primarily occurred in the second half of the year under highly volatile conditions. Prices showed an overall increase of US\$827 for the year, increasing from US\$1,108 per tonne on 1 January 2016 and closing off the year at US\$1,935 per tonne. As at 24 February 2017, the natural rubber price was US\$2,084 per tonne.

This recovery to current price levels brings welcome relief to all levels of the industry, from smallholder farmers to distributors, and rewards those who have invested extensively in natural rubber in the last three years. While prices are now reaching a level which supports the sustainable operation and development of the industry, we expect prices to remain volatile throughout 2017, driven by uncertainty in the world economy and an increasingly unpredictable global political situation.

In 2017, Halcyon Agri will continue the integration of the acquired businesses into our existing platforms as we leverage on the increased scale, scope and reach to drive toward improving margins, while at the same time focusing on being more customer-centric in terms of product offerings and support. As always, we will continue to look for strategic actions and other opportunities to expand our product range and global footprint.

**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 33 natural rubber processing facilities in Indonesia, Malaysia, Thailand, China and Africa, and distributes to an international customer base through its network of warehouses and sales offices in South East Asia, China, the United States of America and Europe.

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 Q4 2016 and FY 2016 was mainly arising from the oil palm and rubber harvest from the Group’s plantation.
- **Processing Segment** – the procurement and processing of raw materials into high quality technically specified rubber (“TSR”) in our 33 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- Fourth Quarter 2016 ("Q4 2016") and Fourth Quarter 2015 ("Q4 2015")**

| (US\$'000)                                    | Plantation   |              | Processing     |                | Distribution   |                | Corporate       |            | Elimination      |                 | Consolidated   |                |
|---|--------------|--------------|----------------|----------------|----------------|----------------|-----------------|------------|------------------|-----------------|----------------|----------------|
|   | Q4 2016      | Q4 2015      | Q4 2016        | Q4 2015        | Q4 2016        | Q4 2015        | Q4 2016         | Q4 2015    | Q4 2016          | Q4 2015         | Q4 2016        | Q4 2015        |
| Revenue to third party                        | 16           | 3            | 237,072        | 97,341         | 204,262        | 116,078        | -               | -          | -                | -               | 441,350        | 213,422        |
| Inter-segment revenue                         | 4,870        | -            | 85,809         | 23,977         | 8,080          | 20,569         | 2,182           | 915        | (100,941)        | (45,461)        | -              | (250)          |
| <b>Total Revenue</b>                          | <b>4,886</b> | <b>3</b>     | <b>322,881</b> | <b>121,318</b> | <b>212,342</b> | <b>136,647</b> | <b>2,182</b>    | <b>915</b> | <b>(100,941)</b> | <b>(45,461)</b> | <b>441,350</b> | <b>213,422</b> |
| <b>Gross profit</b>                           | <b>74</b>    | <b>3</b>     | <b>13,335</b>  | <b>594</b>     | <b>10,382</b>  | <b>7,567</b>   | <b>2,182</b>    | <b>915</b> | <b>(3,277)</b>   | <b>(915)</b>    | <b>22,697</b>  | <b>8,164</b>   |
| <b>Operating profit/(loss)</b>                | <b>151</b>   | <b>2,590</b> | <b>(2,140)</b> | <b>(1,161)</b> | <b>6,248</b>   | <b>3,554</b>   | <b>(11,651)</b> | <b>361</b> | <b>114,070</b>   | <b>5</b>        | <b>106,678</b> | <b>5,349</b>   |
| Finance income                                |              |              |                |                |                |                |                 |            |                  |                 | 987            | 185            |
| Finance cost                                  |              |              |                |                |                |                |                 |            |                  |                 | (7,926)        | (5,379)        |
| Share of profit of associates                 |              |              |                |                |                |                |                 |            |                  |                 | 1,581          | -              |
| <b>Profit before taxation</b>                 |              |              |                |                |                |                |                 |            |                  |                 | <b>101,320</b> | <b>155</b>     |
| Income tax expense                            |              |              |                |                |                |                |                 |            |                  |                 | (3,123)        | (1,744)        |
| <b>Profit/(Loss) for the financial period</b> |              |              |                |                |                |                |                 |            |                  |                 | <b>98,197</b>  | <b>(1,589)</b> |
| Total sales volume (tonnes)                   | 2,886        | -            | 217,979        | 92,557         | 147,913        | 101,007        | -               | -          | (62,551)         | (36,576)        | 306,227        | 156,988        |
| Gross profit per tonne (US\$)                 | 26           | -            | 61             | 6              | 70             | 75             | -               | -          | -                | -               | 74             | 52             |
| Other information:                            |              |              |                |                |                |                |                 |            |                  |                 |                |                |
| Depreciation expenses                         | 1,312        | 24           | 4,010          | 2,250          | 48             | 51             | 18              | 19         | -                | -               | 5,388          | 2,344          |
| Capital expenditure                           | 5,727        | 1,187        | 5,131          | 729            | 150            | -              | 13              | 1          | -                | -               | 11,021         | 1,917          |

**Segment information - Financial Year Ended 31 December 2016 ("FY 2016") and 31 December 2015 ("FY 2015")**

| (US\$'000)                           | Plantation   |              | Processing     |                | Distribution   |                | Corporate       |              | Elimination      |                  | Consolidated     |                |
|--------------------------------------|--------------|--------------|----------------|----------------|----------------|----------------|-----------------|--------------|------------------|------------------|------------------|----------------|
|                                      | FY 2016      | FY 2015      | FY 2016        | FY 2015        | FY 2016        | FY 2015        | FY 2016         | FY 2015      | FY 2016          | FY 2015          | FY 2016          | FY 2015        |
| Revenue to third party               | 64           | 3            | 535,896        | 463,606        | 474,350        | 531,103        | -               | -            | -                | -                | 1,010,310        | 994,712        |
| Inter-segment revenue                | 4,870        | -            | 127,053        | 92,484         | 22,537         | 53,031         | 8,727           | 3,687        | (163,187)        | (149,202)        | -                | -              |
| <b>Total revenue</b>                 | <b>4,934</b> | <b>3</b>     | <b>662,949</b> | <b>556,090</b> | <b>496,887</b> | <b>584,134</b> | <b>8,727</b>    | <b>3,687</b> | <b>(163,187)</b> | <b>(149,202)</b> | <b>1,010,310</b> | <b>994,712</b> |
| <b>Gross profit</b>                  | <b>122</b>   | <b>3</b>     | <b>30,386</b>  | <b>37,978</b>  | <b>21,529</b>  | <b>24,195</b>  | <b>8,727</b>    | <b>3,687</b> | <b>(9,822)</b>   | <b>(3,687)</b>   | <b>50,942</b>    | <b>62,176</b>  |
| <b>Operating profit/(loss)</b>       | <b>1,005</b> | <b>2,036</b> | <b>(3,611)</b> | <b>20,242</b>  | <b>7,220</b>   | <b>10,840</b>  | <b>(18,292)</b> | <b>505</b>   | <b>114,079</b>   | <b>(55)</b>      | <b>100,401</b>   | <b>33,568</b>  |
| Finance income                       |              |              |                |                |                |                |                 |              |                  |                  | 1,735            | 635            |
| Finance cost                         |              |              |                |                |                |                |                 |              |                  |                  | (28,442)         | (24,126)       |
| Share of profit of associates        |              |              |                |                |                |                |                 |              |                  |                  | 1,581            | -              |
| <b>Profit before taxation</b>        |              |              |                |                |                |                |                 |              |                  |                  | <b>75,275</b>    | <b>10,077</b>  |
| Income tax expense                   |              |              |                |                |                |                |                 |              |                  |                  | (3,333)          | (5,390)        |
| <b>Profit for the financial year</b> |              |              |                |                |                |                |                 |              |                  |                  | <b>71,942</b>    | <b>4,687</b>   |
| Total sales volume (tonnes)          | 2,886        | -            | 484,791        | 382,145        | 364,045        | 392,343        | -               | -            | (112,512)        | (106,688)        | 739,210          | 667,800        |
| Gross profit per tonne (US\$)        | 42           | -            | 63             | 99             | 59             | 62             | -               | -            | -                | -                | 69               | 93             |
| Other information:                   |              |              |                |                |                |                |                 |              |                  |                  |                  |                |
| Depreciation expenses                | 1,454        | 121          | 10,581         | 8,743          | 202            | 199            | 66              | 78           | -                | -                | 12,303           | 9,141          |
| Capital expenditure                  | 7,627        | 3,942        | 7,946          | 6,721          | 333            | 115            | 154             | 47           | -                | -                | 16,060           | 10,825         |
|                                      | Plantation   |              | Processing     |                | Distribution   |                | Corporate       |              | Elimination      |                  | Consolidated     |                |
|                                      | 31-Dec-16    | 31-Dec-15    | 31-Dec-16      | 31-Dec-15      | 31-Dec-16      | 31-Dec-15      | 31-Dec-16       | 31-Dec-15    | 31-Dec-16        | 31-Dec-15        | 31-Dec-16        | 31-Dec-15      |
| Segment Assets                       | 376,282      | 44,312       | 795,680        | 430,424        | 352,090        | 152,134        | 1,099,575       | 343,359      | (1,065,264)      | (312,173)        | 1,558,362        | 658,056        |
| Segment Liabilities                  | 140,704      | 9,381        | 420,792        | 260,374        | 229,641        | 146,164        | 474,772         | 176,863      | (355,381)        | (59,852)         | 910,528          | 532,930        |

**15. Segmental information – Additional information for Full Year Announcement**

***Geographical information***

| <b>Sales of natural rubber</b>       | <b>FY 2016<br/>(US\$'million)</b> | <b>FY 2015<br/>(US\$'million)</b> |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Singapore                            | 189.3                             | 209.1                             |
| Asia (excluding Singapore and China) | 306.1                             | 333.8                             |
| China                                | 179.0                             | 134.3                             |
| USA/Canada                           | 136.3                             | 145.8                             |
| Europe                               | 165.5                             | 158.0                             |
| Others                               | 34.1                              | 13.7                              |
| <b>Total</b>                         | <b>1,010.3</b>                    | <b>994.7</b>                      |

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

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

| <b>Non-current assets</b>             | <b>31 Dec 2016<br/>(US\$'million)</b> | <b>31 Dec 2015<br/>(US\$'million)</b> |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Singapore                             | 21.4                                  | 15.1                                  |
| South East Asia (excluding Singapore) | 512.2                                 | 343.3                                 |
| Africa                                | 375.5                                 | -                                     |
| China                                 | 57.5                                  | -                                     |
| Europe                                | 0.3                                   | 2.9                                   |
| Others                                | 0.1                                   | 0.1                                   |
| <b>Total</b>                          | <b>967.0</b>                          | <b>361.4</b>                          |

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

The changes in revenue and earnings contributed from the Plantation Segment, Processing Segment and Distribution Segment between FY 2015 and FY 2016 were mainly due to the consolidation of the newly acquired subsidiaries (NR Assets and GMG group acquired in Q4 2016).

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

|  | Group                 |                      |                         |
|--|-----------------------|----------------------|-------------------------|
|  | FY2016<br>(Unaudited) | FY2015<br>(Restated) | Increase/<br>(Decrease) |
|  | US\$'000              | US\$'000             | %                       |
| (a) Sales reported for first half year   | 381,849               | 506,684              | -24.6%                  |
| (b) (Loss)/Profit after tax before deducting non-controlling interests reported for first half year  | (14,255)              | 5,790                | n/m                     |
| (c) Sales reported for second half year  | 628,461               | 488,028              | 28.8%                   |
| (d) Profit/(Loss) after tax before deducting non-controlling interests reported for second half year | 86,197                | (1,103)              | n/m                     |

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

|   | FY 2016<br>(Unaudited)<br>S\$'000 | FY 2015<br>(Audited)<br>S\$'000 |
|---|-----------------------------------|---------------------------------|
| <b>Declared and paid during the financial year:</b>                         |                                   |                                 |
| -Final exempt (one-tier) dividend for 2015 and 2014: NIL per share          | -                                 | -                               |
| <b>Proposed but not recognised as a liability as at 31 December:</b>        |                                   |                                 |
| Dividends on ordinary shares, subject to shareholders' approval at the AGM: |                                   |                                 |
| -Final exempt (one-tier) dividend for 2016 and 2015: NIL per share          | -                                 | -                               |

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

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

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

**By Order of the Board**

Robert Meyer  
Executive Director and CEO

Singapore,  
27 February 2017