



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

**Unaudited Financial Statements for the Second Quarter Ended 30 June 2019**

**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 2019 ("Q2 2019") and First Half 2019 ("H1 2019")**

	Group			Group		
	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	512,143	574,127	(10.8)	911,887	1,049,823	(13.1)
Cost of sales	(478,171)	(533,607)	(10.4)	(846,182)	(980,781)	(13.7)
<b>Gross profit</b>	33,972	40,520	(16.2)	65,705	69,042	(4.8)
Other income	7,272	623	1,067.3	8,025	1,064	654.2
Selling expenses	(10,760)	(11,236)	(4.2)	(20,626)	(20,534)	0.4
Administrative expenses	(21,354)	(21,631)	(1.3)	(41,722)	(41,229)	1.2
Administrative expenses - foreign exchange gain/(loss)	1,988	(6,259)	n/m	3,219	(1,693)	n/m
<b>Operating profit</b>	11,118	2,017	451.2	14,601	6,650	119.6
Finance income	1,962	1,145	71.4	3,004	2,461	22.1
Finance costs	(11,320)	(7,653)	47.9	(20,123)	(12,735)	58.0
Share of (loss)/profit of associates	(77)	(1)	7,600.0	(148)	53	n/m
<b>Profit/(Loss) before taxation</b>	1,683	(4,492)	n/m	(2,666)	(3,571)	(25.3)
Income tax expense	(528)	(1,335)	(60.4)	(1,133)	(2,008)	(43.6)
<b>Profit/(Loss) for the period</b>	1,155	(5,827)	n/m	(3,799)	(5,579)	(31.9)
<b>Profit/(Loss) attributable to:</b>						
Owners of the Company	2,279	(4,110)	n/m	(3,422)	(2,853)	19.9
Non-controlling interest	(1,124)	(1,717)	(34.5)	(377)	(2,726)	(86.2)
	1,155	(5,827)	n/m	(3,799)	(5,579)	(31.9)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	19,494	9,500	105.2	30,334	21,316	42.3
<b>Earnings/(Loss) per share ("EPS/LPS") (refer item 6):</b>						
Basic and diluted EPS/(LPS) in US cents	0.14	(0.26)	n/m	(0.21)	(0.18)	19.9
Adjusted EPS/(LPS) in US cents	0.14	(0.26)	n/m	(0.21)	(0.18)	19.9

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 2019 ("Q2 2019") and First Half 2019 ("H1 2019")

	Group			Group		
	Q2 2019 (Unaudited)	Q2 2018 (Unaudited)	Change	H1 2019 (Unaudited)	H1 2018 (Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Profit/(Loss) for the period</b>	1,155	(5,827)	n/m	(3,799)	(5,579)	(31.9)
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit and loss</i>						
Exchange differences on translation of foreign operations	1,073	(25,539)	n/m	5,953	(14,889)	n/m
Net fair value changes on derivative instruments at fair value through other comprehensive income reclassified to profit or loss	78	-	n/m	314	-	n/m
Net fair value gain on equity instruments at fair value through other comprehensive income	1	-	n/m	1	-	n/m
<i>Items that will not be reclassified subsequently to profit and loss</i>						
Actuarial gain on retirement benefit obligation (net of tax)	54	-	n/m	54	-	n/m
<b>Other comprehensive income/(loss) for the period</b>	1,206	(25,539)	n/m	6,322	(14,889)	n/m
<b>Total comprehensive income/(loss) for the period</b>	2,361	(31,366)	n/m	2,523	(20,468)	n/m
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company	3,419	(28,180)	n/m	2,833	(16,577)	n/m
Non-controlling interests	(1,058)	(3,186)	(66.8)	(310)	(3,891)	(92.0)
	2,361	(31,366)	n/m	2,523	(20,468)	n/m

n/m - not meaningful

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

	Group			Group		
	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Amortisation of intangible asset	(145)	(73)	99.0	(280)	(145)	93.3
Depreciation of right-of-use assets	(1,155)	-	n/m	(1,155)	-	n/m
Cost of inventories recognised as an expense	(478,171)	(533,607)	(10.4)	(846,182)	(980,781)	(13.7)
Depreciation:						
-Cost of sales	(5,858)	(5,567)	5.2	(11,410)	(10,804)	5.6
-Selling expenses	(36)	(24)	50.0	(72)	(48)	50.0
-Administrative expenses	(1,247)	(1,720)	(27.5)	(2,919)	(3,520)	(17.1)
	(7,141)	(7,311)	(2.3)	(14,401)	(14,372)	0.2
Employee benefits expenses:						
-Cost of sales	(14,166)	(13,935)	1.7	(27,974)	(26,749)	4.6
-Selling expenses	(1,759)	(1,764)	(0.3)	(3,396)	(3,265)	4.0
-Administrative expenses	(10,274)	(9,751)	5.4	(19,130)	(20,175)	(5.2)
	(26,199)	(25,450)	2.9	(50,500)	(50,189)	0.6
Finance cost:						
-Working capital loans	(6,879)	(4,978)	38.2	(12,145)	(6,909)	75.8
-Term loans	(4,317)	(2,675)	61.4	(7,741)	(5,804)	33.4
-Finance lease obligation	(124)	-	n/m	(237)	(22)	977.3
	(11,320)	(7,653)	47.9	(20,123)	(12,735)	58.0
Foreign exchange gain/(loss):						
-Cost of sales	3,047	(3,088)	n/m	3,246	(2,582)	n/m
-Administrative expenses	1,988	(6,259)	n/m	3,219	(1,693)	n/m
	5,035	(9,347)	n/m	6,465	(4,275)	n/m
Non-recurring expenses:						
-Acquisitions-related expenses	-	(357)	n/m	-	(416)	n/m
	-	(357)	n/m	-	(416)	n/m
Other income:						
-Fair value loss on biological assets	-	(6)	n/m	(13)	(49)	(73.5)
-Reversal of impairment of doubtful debt	7,171	-	n/m	7,171	-	n/m
-Others	101	629	(83.9)	867	1,113	(22.1)
	7,272	623	1,067.3	8,025	1,064	654.2
Professional fees	(1,907)	(1,432)	33.2	(3,026)	(2,672)	13.2

**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 30 June 2019 and 31 December 2018</b>				
	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 19</b>	<b>31 Dec 18</b>	<b>30 Jun 19</b>	<b>31 Dec 18</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	299,926	300,903	1,039	1,164
Property, plant and equipment	308,022	294,972	3,650	168
Plantation related properties	386,528	370,183	-	-
Biological assets	10,389	10,208	-	-
Investment properties	48,508	46,799	-	-
Deferred tax assets	15,652	15,056	-	-
Deferred charges	548	352	-	-
Other assets	2,430	1,787	-	-
Loan receivables	3,472	3,491	-	-
Investment in an associate	1,110	1,190	-	-
Investment in subsidiaries	-	-	680,010	680,010
Total non-current assets	1,076,585	1,044,941	684,699	681,342
<b>Current assets</b>				
Cash and bank balances	107,694	125,214	232	770
Trade receivables	162,853	146,745	-	-
Loan and other receivables	148,098	146,186	730,964	808,726
Tax receivables	11,535	9,386	-	-
Derivative financial instruments	25,147	44,190	298	670
Inventories	341,719	297,941	-	-
Consumable biological assets	10	17	-	-
Total current assets	797,056	769,679	731,494	810,166
<b>Total assets</b>	<b>1,873,641</b>	<b>1,814,620</b>	<b>1,416,193</b>	<b>1,491,508</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Derivative financial instruments	1,025	1,920	363	670
Trade payables	32,983	34,570	-	-
Other payables	53,356	55,682	86,825	123,150
Loan payables	637,845	520,400	415,750	293,750
Provision for taxation	9,772	12,418	209	1
Operating lease liabilities	2,677	-	955	-
Finance lease obligation	45	42	-	-
Total current liabilities	737,703	625,032	504,102	417,571
<b>Net current assets</b>	<b>59,353</b>	<b>144,647</b>	<b>227,392</b>	<b>392,595</b>
<b>Non-current liabilities</b>				
Loan payables	474,638	391,640	297,042	297,817
Retirement benefit obligations	20,043	19,024	-	-
Deferred tax liabilities	40,370	38,643	386	36
Operating lease liabilities	9,198	-	2,262	-
Finance lease obligation	121	132	-	-
Other payables	4,318	4,263	-	-
Total non current liabilities	548,688	453,702	299,690	297,853
<b>Net assets</b>	<b>587,250</b>	<b>735,886</b>	<b>612,401</b>	<b>776,084</b>
<b>Capital and reserves</b>				
Share capital	603,874	603,874	603,874	603,874
Perpetual securities	-	148,690	-	148,690
Capital reserves	1,617	1,617	-	-
Other reserves	(2,952)	(3,313)	(1,310)	-
Accumulated (losses)/profits	(58,392)	(51,651)	9,837	23,520
Foreign currency translation reserves	13,635	7,749	-	-
Equity attributable to owners of the Company	557,782	706,966	612,401	776,084
Non-controlling interests	29,468	28,920	-	-
Total equity	587,250	735,886	612,401	776,084
<b>Total liabilities and equity</b>	<b>1,873,641</b>	<b>1,814,620</b>	<b>1,416,193</b>	<b>1,491,508</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 30 June 2019 (Unaudited)</b>		<b>As at 31 December 2018 (Audited)</b>	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	136,535	501,310	77,036	443,364
Finance lease	45	-	42	-

**Amount repayable after one year**

	<b>As at 30 June 2019 (Unaudited)</b>		<b>As at 31 December 2018 (Audited)</b>	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Loan payables	87,501	387,137	1,375	390,265
Finance lease	121	-	132	-

**Details of any collateral**

Certain loans are secured by corporate guarantees from the Company or by a charge over certain of the Group's inventories, property, plant and equipment ("PPE") and certain cash and bank balances.

**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 2019 ("Q2 2019") and First Half 2019 ("H1 2019")

	Group		Group	
	Q2 2019	Q2 2018	H1 2019	H1 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities:</b>				
<b>Profit/(loss) before taxation</b>	1,683	(4,492)	(2,666)	(3,571)
Adjustments for:				
Depreciation expense	7,141	7,311	14,401	14,372
Amortisation of intangible assets	145	73	280	145
Depreciation of right-of-use assets	1,155	-	1,155	-
Retirement benefit expense	752	731	1,910	1,526
Interest income	(1,962)	(1,145)	(3,004)	(2,461)
Interest expense	11,196	7,653	19,886	12,735
Interest on operating lease liabilities	124	-	237	-
Fair value loss/(gain) on open forward commodities contracts and inventories, unrealised	2,447	(899)	(10,104)	679
Fair value loss on biological assets	-	6	13	49
Unrealised foreign exchange gain	(1,071)	(2,869)	(1,014)	(5,494)
(Gain)/Loss on disposal of property, plant and equipment and investment properties	(65)	99	(111)	149
Write off of property, plant and equipment	-	-	8	-
Reversal of impairment of doubtful debt	(7,171)	-	(7,171)	-
Share of loss/(profit) of associates	77	1	148	(53)
Operating cash flows before working capital changes	14,451	6,469	13,968	18,076
Trade and other receivables	(7,894)	(9,495)	(7,617)	(64,409)
Inventories	31,216	42,997	(13,026)	(11,741)
Trade and other payables	(3,610)	(29,650)	(5,447)	(27,855)
Cash generated from/(used in) operations	34,163	10,321	(12,122)	(85,929)
Interest received	372	1,286	657	1,767
Interest paid	(8,467)	(3,631)	(13,031)	(5,848)
Tax paid	(795)	(2,456)	(3,600)	(4,689)
Net cash generated from/(used in) operating activities	25,273	5,520	(28,096)	(94,699)
<b>Investing activities</b>				
Acquisition of subsidiaries (net of cash acquired)	-	(57,066)	-	(109,579)
Proceeds from issuance of shares to non-controlling interests	-	-	2,200	-
Acquisition of non-controlling interests	-	-	-	(15,260)
Capital expenditure on property, plant and equipment, intangible assets and plantation assets	(15,659)	(20,702)	(30,406)	(35,480)
Proceeds from disposal of property, plant and equipment and investment properties	61	1,094	119	1,181
Net cash used in investing activities	(15,598)	(76,674)	(28,087)	(159,138)
<b>Financing activities</b>				
Repayment of perpetual securities	(150,000)	-	(150,000)	-
Net proceeds/(repayment) of term loans	68,835	(11,013)	89,849	(14,437)
Net (repayment)/proceeds of working capital loans	(5,697)	83,358	108,874	288,111
Interest paid on term loans	(3,388)	(3,065)	(6,804)	(5,791)
Distribution to perpetual securities holders	(3,375)	(3,375)	(3,375)	(3,375)
Dividend paid on ordinary shares	-	(24,088)	-	(24,088)
Repayment of obligation under finance lease arrangement	(12)	-	(19)	(582)
Repayment of obligation under operating lease arrangement	(1,285)	-	(1,285)	-
Repayment of shareholder loan for newly acquired subsidiaries	-	(10,306)	-	(10,306)
Dividend paid to non-controlling interest	-	(354)	-	(354)
Decrease in pledged deposits	-	807	-	773
Net cash (used in)/generated from financing activities	(94,922)	31,964	37,240	229,951
Net decrease in cash and cash equivalents	(85,247)	(39,190)	(18,943)	(23,886)
Cash and cash equivalents at beginning of the period	189,602	168,420	122,931	153,372
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,066	3,091	1,433	2,835
<b>Cash and cash equivalents at end of the period</b>	<b>105,421</b>	<b>132,321</b>	<b>105,421</b>	<b>132,321</b>
<b>Cash and bank balances comprise the following:</b>				
Cash and cash equivalents	105,421	132,321	105,421	132,321
Fixed deposits - pledged	2,273	3,819	2,273	3,819
	107,694	136,140	107,694	136,140

**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 2019 and 30 June 2018

	Attributable to owners of the Company						Non-controlling interests	Total	
	Share capital US\$'000	Perpetual securities US\$'000	Capital reserves US\$'000	Other reserves US\$'000	Accumulated (losses)/profits US\$'000	Foreign currency translation reserves US\$'000	Total equity attributable to owners of the Company US\$'000	US\$'000	
<b>Group (Unaudited)</b>									
Balance at 1 April 2019	603,874	-	1,617	(3,030)	(60,165)	12,628	554,924	30,511	585,435
<b>Total comprehensive income for the period</b>									
Profit/(loss) for the period	-	-	-	-	2,279	-	2,279	(1,124)	1,155
Other comprehensive income	-	-	-	78	55	1,007	1,140	66	1,206
Total	-	-	-	78	2,334	1,007	3,419	(1,058)	2,361
<b>Transactions with owners, recognised directly in equity</b>									
Distribution to perpetual securities holders	-	-	-	-	(561)	-	(561)	-	(561)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	15	15
Total	-	-	-	-	(561)	-	(561)	15	(546)
Balance at 30 June 2019	603,874	-	1,617	(2,952)	(58,392)	13,635	557,782	29,468	587,250
<b>Group (Unaudited)</b>									
Balance at 1 April 2018	603,874	148,690	711	-	(13,122)	53,018	793,171	35,066	828,237
<b>Total comprehensive loss for the period</b>									
Loss for the period	-	-	-	-	(4,110)	-	(4,110)	(1,717)	(5,827)
Other comprehensive loss	-	-	-	-	-	(24,070)	(24,070)	(1,469)	(25,539)
Total	-	-	-	-	(4,110)	(24,070)	(28,180)	(3,186)	(31,366)
<b>Transactions with owners, recognised directly in equity</b>									
Dividends on ordinary shares	-	-	-	-	(24,088)	-	(24,088)	-	(24,088)
Distribution to perpetual securities holders	-	-	-	-	(3,375)	-	(3,375)	-	(3,375)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	258	258
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(354)	(354)
Total	-	-	-	-	-	-	-	(97)	(97)
Balance at 30 June 2018	603,874	148,690	711	-	(17,232)	28,948	764,991	31,783	796,774
<b>Company (Unaudited)</b>									
Balance at 1 April 2019	603,874	-	-	(1,310)	16,402	-	618,966	-	618,966
<b>Total comprehensive loss for the period</b>									
Loss for the period	-	-	-	-	(6,004)	-	(6,004)	-	(6,004)
Total	-	-	-	-	(6,004)	-	(6,004)	-	(6,004)
<b>Transactions with owners, recognised directly in equity</b>									
Distribution to perpetual securities holders	-	-	-	-	(561)	-	(561)	-	(561)
Total	-	-	-	-	(561)	-	(561)	-	(561)
Balance at 30 June 2019	603,874	-	-	(1,310)	9,837	-	612,401	-	612,401
<b>Company (Unaudited)</b>									
Balance at 1 April 2018	603,874	148,690	-	-	59,325	-	811,889	-	811,889
<b>Total comprehensive loss for the period</b>									
Loss for the period	-	-	-	-	(3,656)	-	(3,656)	-	(3,656)
Total	-	-	-	-	(3,656)	-	(3,656)	-	(3,656)
<b>Transactions with owners, recognised directly in equity</b>									
Dividend on ordinary shares	-	-	-	-	(24,088)	-	(24,088)	-	(24,088)
Distribution to perpetual securities holders	-	-	-	-	(3,375)	-	(3,375)	-	(3,375)
Total	-	-	-	-	(27,463)	-	(27,463)	-	(27,463)
Balance at 30 June 2018	603,874	148,690	-	-	28,206	-	780,770	-	780,770

**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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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
<b>Issued and paid-up</b>		
At 31 March 2019 and 30 June 2019	<u>1,595,011,941</u>	<u>603,874</u>

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2019 and 30 June 2018.

**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 2019 and 31 December 2018. As such, the number of issued shares excluding treasury shares as at 30 June 2019 and 31 December 2018 were 1,595,011,941 shares.

**1(d)(iv) A statement showing all sales, transfers, 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.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable. There were no subsidiary holdings 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 Section 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 2018.

**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 and Interpretations of Financial Reporting Standards which became effective for accounting periods beginning on or after 1 January 2019.

SFRS(I) 16 Leases

The Group has on 1 January 2019 adopted SFRS(I) 16 Leases, which is effective for annual period beginning on or after 1 January 2019.

The Group has adopted the new standard on 1 January 2019 by applying SFRS(I)16 retrospectively with the right-of-use assets recognised (included in Property, Plant and Equipment) at the date of initial application (1 January 2019) at an amount equal to the lease liability, using the Group's current incremental borrowing rates.

In addition, the Group elected the following practical expedients:

- (i) to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- (ii) to apply single discount rate to a portfolio of leases with reasonably similar characteristics

The impact of adopting SFRS(I) 16 are as follows:

	<b>Group</b>
	<b>Increase/(Decrease)</b>
	<b>US\$'000</b>
<b>Profit or loss (H1 2019)</b>	
Administrative expenses - rental expenses	(1,282)
Administrative expenses - depreciation of right-of-use assets	1,155
Finance expenses on lease liabilities	237
<b>Statement of financial position</b>	
Non-current assets - Right-of-use assets	11,768
Non-current liabilities - Operating lease liabilities	9,198
Current liabilities - Operating lease liabilities	2,677

**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 2019 (Unaudited)	Q2 2018 (Unaudited)	H1 2019 (Unaudited)	H1 2018 (Unaudited)
Profit/(Loss) attributable to owners of the Company (US\$'000)	2,279	(4,110)	(3,422)	(2,853)
Basic and diluted earnings/(loss) per share ("EPS/LPS") in US cents <sup>(1)</sup>	0.14	(0.26)	(0.21)	(0.18)
Adjusted EPS/(LPS) in US cents <sup>(2)</sup>	0.14	(0.26)	(0.21)	(0.18)
Adjusted EPS/(LPS) in SGD cents <sup>(3)</sup>	0.20	(0.35)	(0.29)	(0.24)

**Notes:**

- (1) The basic and diluted EPS/(LPS) 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/(LPS) 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 30 June 2019 of 1,595,011,941 ordinary shares.
- (3) Translated at the average exchange rates for each respective period.

The basic and diluted EPS/(LPS) for Q2 2019 and Q2 2018 were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2019 and 30 June 2018.

**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 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Net asset value per ordinary share based on issued share capital (US cents)	36.82	46.14	38.39	48.66
Net asset value per ordinary share based on issued share capital (SGD cents) <sup>(1)</sup>	49.81	62.97	51.94	66.41
Number of ordinary shares outstanding	1,595,011,941	1,595,011,941	1,595,011,941	1,595,011,941

**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 2019 VS Q2 2018 AND H1 2019 VS H1 2018

### Overview

#### Snapshot

#### Operating financial statistics

		Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Total sales volume	tonnes	334,136	374,216	-10.7%	612,490	680,716	-10.0%
Revenue	US\$ million	512.1	574.1	-10.8%	911.9	1,049.8	-13.1%
Revenue per tonne	US\$	1,533	1,534	-0.1%	1,489	1,542	-3.5%
Gross profit	US\$ million	34.0	40.5	-16.2%	65.7	69.0	-4.8%
EBITDA	US\$ million	19.5	9.5	105.2%	30.3	21.3	42.3%
Net profit/(loss)	US\$ million	1.2	(5.8)	n/m	(3.8)	(5.6)	-31.9%

n/m - not meaningful

### Revenue

#### *Q2 2019 vs Q2 2018*

Revenue decreased by US\$62.0 million or 10.8%, from US\$574.1 million in Q2 2018 to US\$512.1 million in Q2 2019 due to the decrease in sales volume by 40,080 tonnes or 10.7% from 374,216 tonnes in Q2 2018 to 334,136 tonnes in Q2 2019. The Group continues to focus on margin than volume under existing market sentiment coupled with the extended period of raw material tightness in Indonesia and Thailand. Average revenue per tonne has remained flat at US\$1,534 for Q2 2018 and US\$1,533 for Q2 2019, in line with the natural rubber market price during these periods.

#### *H1 2019 vs H1 2018*

Revenue decreased by US\$137.9 million or 13.1%, from US\$1,049.8 million in H1 2018 to US\$911.9 million in H1 2019 due to the decrease in sales volume by 68,226 tonnes or 10.0% from 680,716 tonnes in H1 2018 to 612,490 tonnes in H1 2019 as explained above. Average revenue per tonne has also decreased from US\$1,542 in H1 2018 to US\$1,489 in H1 2019 in line with the movement of natural rubber market price during these periods.

### 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.

#### *Q2 2019 vs Q2 2018*

Cost of sales decreased by US\$55.4 million or 10.4%, from US\$533.6 million in Q2 2018 to US\$478.2 million in Q2 2019, due to the decrease in volume.

### *H1 2019 vs H1 2018*

Cost of sales decreased by US\$134.6 million or 13.7%, from US\$980.8 million in H1 2018 to US\$846.2 million in H1 2019, due to the decrease in volume and lower natural rubber market price.

### **Gross profit**

	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Gross profit (US\$ million)	34.0	40.5	-16.2%	65.7	69.0	-4.8%
Sales volume (tonnes)	334,136	374,216	-10.7%	612,490	680,716	-10.0%
Gross profit per tonne (US\$)	102	108	-6.1%	107	101	5.8%

### *Q2 2019 vs Q2 2018*

Gross profit decreased by US\$6.5 million or 16.2% from US\$40.5 million in Q2 2018 to US\$34.0 million in Q2 2019 mainly due to lower gross profit per tonne of US\$102 (Q2 2018: US\$108) and lower sales volume of 334,136 tonnes in Q2 2019 compared to 374,216 tonnes in Q2 2018. This is mainly due to extended period of shortage of raw materials which restrict supply of raw materials to our factories.

### *H1 2019 vs H1 2018*

Gross profit decreased by US\$3.3 million or 4.8% from US\$69.0 million in H1 2018 to US\$65.7 million in H1 2019 mainly due to lower sales volume of 612,490 tonnes in H1 2019 compared to 680,716 tonnes in H1 2018, partially offset by higher gross profit per tonne of US\$107 in H1 2019 compared to US\$101 in H1 2018. This is in line with the sales effort which is targeted towards securing better margin than volume.

### **Profit/(Loss) before tax**

#### *Q2 2019 vs Q2 2018*

Profit before tax in Q2 2019 was US\$1.7 million, an improvement of US\$6.2 million from loss before tax of US\$4.5 million in Q2 2018.

#### *H1 2019 vs H1 2018*

Loss before tax in H1 2019 was US\$2.7 million, an improvement of US\$0.9 million from US\$3.6 million in H1 2018

The decrease in loss before tax for both periods mentioned above was mainly due to:

- (i) foreign exchange gain in Q2 2019 and H1 2019 of US\$2.0 million and US\$3.2 million respectively (Q2 2018 and H1 2018: foreign exchange loss of US\$6.3 million and US\$1.7 million respectively); and
- (ii) reversal of a provision for doubtful receivables no longer required in Q2 2019 recorded as other income.

The decrease in loss before tax was partially offset by lower gross profit as mentioned above as a result of volume reduction and higher finance cost.

### **Profit/(Loss) after tax**

#### *Q2 2019 vs Q2 2018*

Profit after tax in Q2 2019 was US\$1.1 million, compared to loss after tax of US\$5.8 million in Q2 2018 as a result of lower taxation charges from reversal of provision of past years' taxation subsequent to tax clearance from IRAS.

## H1 2019 vs H1 2018

Loss after tax in H1 2019 was US\$3.8 million, compared to US\$5.6 million in H1 2018 as a result of lower taxation charges from reversal of provision of past years' taxation subsequent to tax clearance from IRAS.

## REVIEW OF THE FINANCIAL POSITION OF THE GROUP AS AT 30 JUNE 2019 VS 31 DECEMBER 2018

### Non-current assets

Non-current assets increased by US\$31.7 million or 3.0% from 31 December 2018 (US\$1,044.9 million) to 30 June 2019 (US\$1,076.6 million), mainly due to the following factors:

- (i) recognition of US\$11.8 million in right-of-use assets pursuant to the adoption of SFRS(I) 16 with effect from 1 Jan 2019 (please refer to Section 5);
- (ii) US\$30.4 million additional investment in PPE and plantation related properties as part of the planned capital expenditure; and
- (iii) net foreign exchange difference arising from the translation of foreign currency denominated PPE, plantation related properties and investment properties of US\$4.0 million.

The increase in non-current assets was partially offset by depreciation expense of US\$15.5 million and decrease in goodwill of US\$1.0 million subsequent to the finalisation of Purchase Price Allocations for previous acquisitions.

### Current assets

Current assets increased by US\$27.3 million or 3.6% from 31 December 2018 (US\$769.7 million) to 30 June 2019 (US\$797.0 million) mainly due to increase in:

- (i) inventories of US\$43.8 million due to higher valuation which is in line with increase in rubber price since 31 December 2018; and
- (ii) trade receivables of US\$16.1 million due to high sales volume at end of June 2019, as compared to end of December 2018.

The increase in current assets was partially offset by decrease in:

- (i) derivative financial instruments of US\$19.0 million, mainly due to lower valuation gain on open sales contracts as at 30 June 2019; and
- (ii) cash and bank balances of US\$ 17.5 million mainly due to repayment of loan.

### Current liabilities

Current liabilities increased by US\$112.7 million or 18.0% during the period from 31 December 2018 (US\$625.0 million) to 30 June 2019 (US\$737.7 million), mainly due to net additional loan drawdown of US\$117.4 million.

The breakdown of the current loan payables are as follows:

<b>(US\$ million)</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Working capital loans	630.9	519.1
Term loans	6.9	1.3
<b>Total</b>	<b>637.8</b>	<b>520.4</b>

\* Please refer to group funding structure section for further explanation.

## **Non-current liabilities**

Non-current liabilities increased by US\$95.0 million or 20.9% from 31 December 2018 (US\$453.7 million) to 30 June 2019 (US\$548.7 million), mainly due to:

- (i) net increase in loan payables of US\$83.0 million due to drawdown of new loan; and
- (ii) increase in operating lease liabilities of US\$9.2 million as a result of adoption of SFRS(I) 16 (please refer to Section 5).

## **Equity**

The Group's equity decreased by US\$148.6 million, from US\$735.9 million as at 31 December 2018 to US\$587.3 million as at 30 June 2019, following the redemption of the perpetual securities and net loss incurred for the period. The decrease is offset by the foreign translation difference during the period.

## **Group funding structure**

The table below summarises the funding structure of the Group:

<b>(US\$ million)</b>	<b>Balance at 30-Jun-19</b>	<b>Balance at 31-Mar-19</b>	<b>Balance at 31-Dec-18</b>	<b>Balance at 30-Sep-18</b>
Working capital employed <sup>(1)</sup>	636.9	659.3	539.4	513.8
Working capital loans	630.9	636.4	520.4	507.4
<b>% Efficiency of Working Capital Funding</b>	<b>99.1%</b>	<b>96.5%</b>	<b>96.5%</b>	<b>98.8%</b>
Operational long term assets <sup>(2)</sup>	954.0	943.4	938.7	923.6
Other borrowings	481.6	561.7	391.6	394.2
<b>% Fixed Asset Gearing</b>	<b>50.5%</b>	<b>59.5%</b>	<b>41.7%</b>	<b>42.7%</b>
Cash and cash equivalents <sup>(3)</sup>	60.3	133.0	122.9	122.5
Non-core assets <sup>(4)</sup>	48.5	48.0	46.8	93.2
<b>Total equity (excluding Perpetual Securities)</b>	<b>587.2</b>	<b>585.4</b>	<b>587.2</b>	<b>602.7</b>
Perpetual Securities	-	-	148.7	148.7
<b>Total equity (including Perpetual Securities)</b>	<b>587.2</b>	<b>585.4</b>	<b>735.9</b>	<b>751.4</b>

Note 1: Working capital employed for the Group are defined as the sum of operational trade and other receivables, net derivative assets, cash and cash equivalents, pledged deposits, inventories, netted off against trade and other payables. In Dec-18, loan receivable from third party has been reclassified from non-core assets.

Note 2: Operational long term assets of the Group are defined as intangible assets, property, plant and equipment, plantation and biological assets, and other non-current assets and right-of-use assets, net off against non-current liabilities.

Note 3: Cash and cash equivalents adjusted to working capital employed.

Note 4: Non-core assets includes loan receivable from third party and investment properties.

## REVIEW OF THE STATEMENT OF CASH FLOWS OF THE GROUP FOR Q2 2019 VS Q2 2018 AND H1 2019 VS H1 2018

The following table sets out a summary of cash flows for Q2 2019, Q2 2018, H1 2019 and H1 2018

(US\$ million)	Q2 2019	Q2 2018	H1 2019	H1 2018
Net cash generated from/(used in) operating activities, before working capital changes	5.6	1.7	(2.0)	9.3
Changes in working capital	19.7	3.8	(26.0)	(104.0)
Net cash generated from/(used) in operating activities	25.3	5.5	(28.0)	(94.7)
Net cash used in investing activities	(15.6)	(76.7)	(28.1)	(159.1)
Net cash (used in)/generated from financing activities	(95.0)	32.0	37.2	229.9
Net decrease in cash and cash equivalents	(85.3)	(39.2)	(18.9)	(23.9)
Cash and cash equivalents at the beginning of the period	189.6	168.4	122.9	153.4
Effect of exchange rate changes on the balance of cash held in foreign currencies	1.1	3.1	1.4	2.8
<b>Cash and cash equivalents at the end of the period</b>	<b>105.4</b>	<b>132.3</b>	<b>105.4</b>	<b>132.3</b>

### Q2 2019

The Group's cash and cash equivalents decreased by US\$85.3 million during Q2 2019. It recorded a net cash generated from operating activities of US\$25.3 million during Q2 2019 mainly due to realisation of inventory held for delivery to customers.

Net cash used in investing activities of US\$15.6 million was mainly due to capital expenditure on property, plant and equipment and plantation related assets.

Net cash used in financing activities was US\$95.0 million, mainly due to repayment of perpetual securities (US\$150.0 million) and payment of interest, partially offset by the proceeds from new loans (US\$70.0 million).

### H1 2019

The Group's cash and cash equivalents decreased by US\$18.9 million during H1 2019. It recorded a net cash used in operating activities of US\$28.0 million during H1 2019.

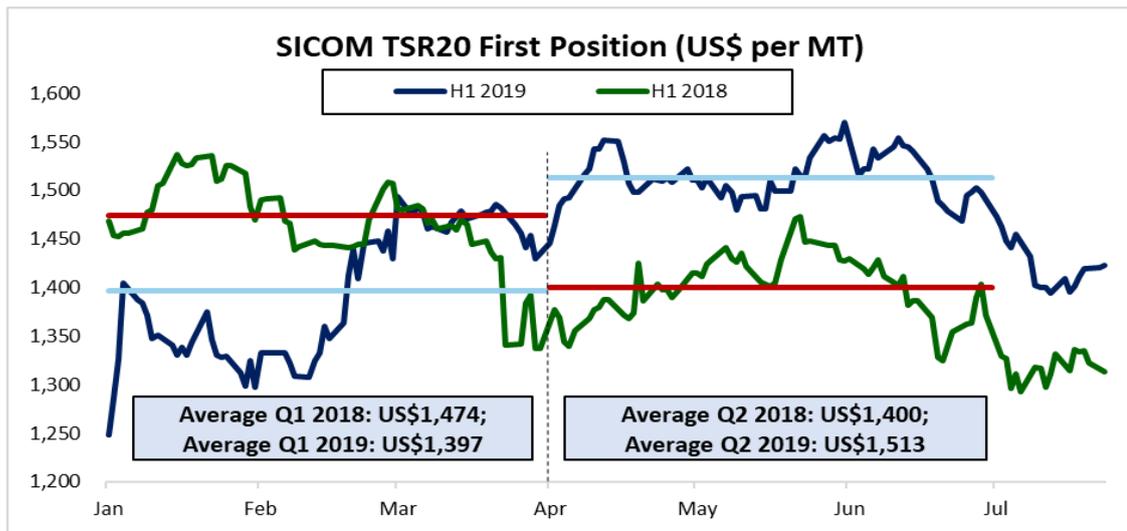
Net cash used in investing activities of US\$28.1 million was mainly due to capital expenditure on property, plant and equipment and plantation related assets and offset by the proceeds from issuance of shares to non-controlling interest.

Net cash generated from financing activities was US\$37.2 million, was mainly due to proceeds from loans, partially offset by repayment of perpetual securities and payment of interest.

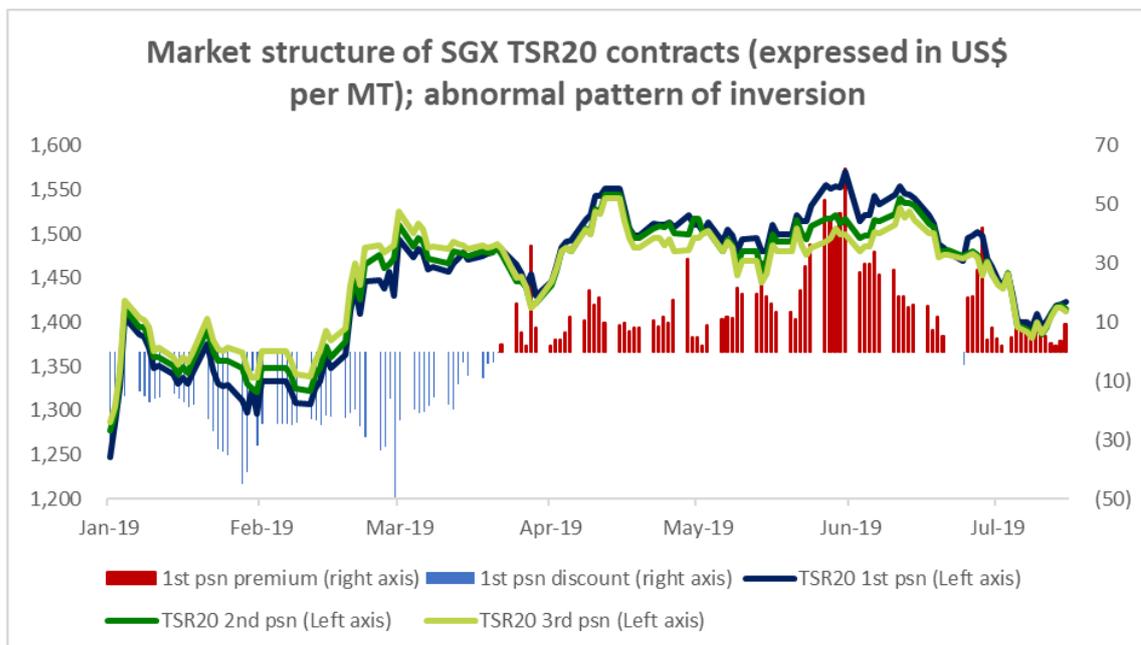
9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

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



Extended wintering in Thailand and Indochina, coupled with an outbreak of leaf blight (*Fusicoccum*) and white root (*Rigidoporus Microporus*) diseases in Indonesia caused prices to rally above US\$1,500 for the most part of Q2 2019. However, the difficulty in procuring raw materials outweighed the modest price gains, which caused gross margins to remain under acute pressure for most of the quarter.



Q2 2019 saw the first position of the SGX TSR20 contract priced at a significant premium to the following two months. Reflecting nearby product tightness, this structure added additional margin pressure on rubber processors to focus on outright physical sales which tend to be two to three months forward.

Halcyon Agri recognises that the difficulty in procuring raw materials and selling finished products with a natural margin, largely stems from inaccurate and misinformed price determination by futures market participants with a speculative agenda. To cure the dichotomy between the real cost of physical production and a futures-market-derived price, Halcyon Agri is focussed on developing a technology investment strategy, which will allow us to bridge the requirements of three essential stakeholder groups: our customers, smallholder-farmers, and NGOs.

By introducing a layer of digitisation at the factory and procurement level, the provenance and production data can be captured and provided to the marketplace in the form of a digital signature, which represents the first step in monetising supply chain data, and a milestone in Halcyon Agri's quest to de-commoditise the industry.

**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 and the reason(s) for the decision**

The Company recorded a net loss and consequently 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 38 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.

On 1 January 2018, the Group has streamlined its operating structure into the following key segments:

- **Corrie MacColl Group** – This business segment includes our plantation and processing business in Cameroon and Malaysia and our distribution business under the brand name of Centrotech, Wurfbain, Corrie MacColl, Alan L. Grant, Momentum Technologies and Kelvin Terminals.
- **HRC Group** – This business segment includes our processing factories in Indonesia and distribution business in Singapore, whose customers are predominantly top-tier global tyre makers.
- **SINRIO Group** – This business segment includes our processing factories in China, Malaysia, Thailand and Ivory Coast, and our distribution business in Singapore and China, whose customers are predominantly tyre makers based in PRC.
- **Corporate Segment** – covers group strategic management, corporate finance, group administration and legal matters, treasury, and taxation.

Segmental performance is continuously monitored to optimise the allocation of resources between segments.

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

**Segment Information - Second Quarter 2019 ("Q2 2019") and Second Quarter 2018 ("Q2 2018")**

(US\$'000)	Corrie MacColl Group		HRC Group		SINRIO Group		Corporate		Elimination		Consolidated	
	Q2 2019	Q2 2018 (Restated)	Q2 2019	Q2 2018 (Restated)	Q2 2019	Q2 2018 (Restated)	Q2 2019	Q2 2018 (Restated)	Q2 2019	Q2 2018 (Restated)	Q2 2019	Q2 2018
Revenue to third party	164,527	168,339	158,867	178,142	188,749	227,646	-	-	-	-	512,143	574,127
Inter-segment revenue	895	472	20,415	11,094	8,939	26,164	3,968	4,762	(34,217)	(42,492)	-	-
<b>Total revenue</b>	<b>165,422</b>	<b>168,811</b>	<b>179,282</b>	<b>189,236</b>	<b>197,688</b>	<b>253,810</b>	<b>3,968</b>	<b>4,762</b>	<b>(34,217)</b>	<b>(42,492)</b>	<b>512,143</b>	<b>574,127</b>
<b>Gross profit</b>	<b>13,950</b>	<b>14,692</b>	<b>7,013</b>	<b>11,967</b>	<b>13,009</b>	<b>13,908</b>	<b>3,968</b>	<b>4,762</b>	<b>(3,968)</b>	<b>(4,809)</b>	<b>33,972</b>	<b>40,520</b>
<b>Operating profit/(loss)</b>	<b>10,827</b>	<b>1,778</b>	<b>19</b>	<b>1,688</b>	<b>865</b>	<b>(2,117)</b>	<b>(593)</b>	<b>668</b>	<b>-</b>	<b>-</b>	<b>11,118</b>	<b>2,017</b>
Finance income											1,962	1,145
Finance costs											(11,320)	(7,653)
Share of loss of associates											(77)	(1)
<b>Profit/(Loss) before taxation</b>											<b>1,683</b>	<b>(4,492)</b>
Income tax expense											(528)	(1,335)
<b>Profit/(Loss) for the financial period</b>											<b>1,155</b>	<b>(5,827)</b>
Total sales volume (tonnes)	102,308	102,597	122,375	128,936	130,619	171,163	-	-	(21,165)	(28,480)	334,136	374,216
Gross profit per tonne (US\$)	136	143	57	93	100	81	-	-	-	-	102	108
Other information:												
Management fee expense/(income)	-	-	2,888	3,080	1,035	1,682	(3,923)	(4,762)	-	-	-	-
Depreciation expenses	2,462	1,700	2,622	2,686	2,798	2,910	414	15	-	-	8,296	7,311
Capital expenditure	13,129	19,003	1,275	386	1,076	1,106	179	208	-	-	15,659	20,702



**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 ended 30 June 2019 to be false or misleading in any material aspect

**By Order of the Board**

Robert Meyer  
Executive Director and CEO

Singapore,  
13 August 2019