



GMG GLOBAL LTD

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GMG registers gross profit of S\$13.6 m for 2Q 2016

- **Gross profit margin improves on higher average selling price between quarters**

<i>Financial Highlights for period ended 30 June (S\$million)</i>	2Q 2016	2Q 2015	Change %	1H 2016	1H 2015	Change %
Revenue	137.1	165.3	(17)	261.3	316.1	(17)
Gross Profit	13.6	17.0	(20)	20.4	34.2	(41)
Share of profit/(loss) of associates	(11.7)	2.0	n.m.	(11.2)	1.5	n.m.
FOREX adjustment gain/(loss)	1.5	(4.0)	n.m.	3.5	(5.8)	n.m.
Net Profit/ (Loss) attributable to shareholders	(13.3)	(9.2)	45	(16.8)	(6.5)	159

n.m. – not meaningful

SINGAPORE – 29 July 2016 – Mainboard-listed **GMG Global Ltd** (“**GMG**” or “**the Group**”), a vertically-integrated producer of natural rubber engaged in the planting, cultivating, tapping, processing, marketing and exporting of natural rubber, today reported its results for the second quarter ended 30 June 2016 (“**2Q 2016**”).

The Group posted revenue of S\$137.1 million, against S\$165.3 million in the same period last year (“**2Q 2015**”) due to lower rubber selling prices and tonnage sold. This was partially offset by favourable exchange translation rate during the reporting period which saw the appreciation of the US Dollar against the Singapore Dollar.

Notably, in 2Q 2016, the Group was able to achieve higher selling prices of S\$1,807/ton, compared to S\$1,650/ton in 1Q 2016, resulting in gross margin improvement to 10.0% from 5.4% between quarters.

Mr Li Xuetao (李雪涛), GMG’s Chief Executive Officer, said, “We have been focusing on increasing our sales premium and we are satisfied to have achieved higher selling prices in the second quarter, compared to the first quarter of this current financial year. We will

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continue to push for more quality certifications from our customers which will enable us to further improve our sales premium, while exercising prudent cost management to protect our margins.”

In spite of challenging market conditions, the Group continued to remain profitable at the gross level, registering a gross profit of S\$13.6 million in 2Q 2016 (2Q 2015: S\$17.0 million).

Further to the Group’s ongoing cost management efforts, administrative expenses were reduced by 8% to S\$10.5 million in 2Q 2016, from S\$11.5 million in 2Q 2015. The Group also benefitted from an other operating gain of S\$0.7 million during the quarter due to fair valuation of consumable biological assets and reversal of stock provision.

SIAT SA, the Group’s 35%-owned associate, registered profit of S\$2.4 million in 2Q 2016 which was 17% higher than the S\$2.0 million recorded in 2Q 2015. However, due to a one-off loss incurred from the sale of SIAT Gabon’s palm oil assets in the second quarter, the Company’s share of loss of associates in 2Q 2016 was S\$11.7 million.

Consequently, the Group posted a net attributable loss of S\$13.3 million in 2Q 2016 versus a net attributable loss of S\$9.2 million for 2Q 2015.

Business Outlook

The Group’s performance is highly dependent on the global economy, natural rubber prices, FOREX fluctuations as well as climate changes. Barring unforeseen circumstances, GMG expects rubber prices for 2016 to be within current levels (ie averaging S\$1,717 per ton in June 2016).

“Besides ongoing efforts to increase sales and improve our productivity, we will also focus on strengthening our risk management so as to effectively manage our exposure to foreign exchange and commodity price risks,” said Mr Li.

On 28 March 2016, Deutsche Bank AG, Singapore Branch had, for and on behalf of Halycon Agri Corporation Limited (the "Offeror") announced that, subject to the fulfilment or waiver of certain pre-conditions, the Offeror will make a voluntary conditional offer (the "Pre-Conditional VGO") for all the issued and paid-up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it.

The Board of Directors of the Company will, in due course, appoint an independent financial adviser to advise the directors who are considered independent for the purposes of the Pre-Conditional VGO (the "Independent Directors"). If and when the Offeror announces a formal offer for the Company (after fulfilment or waiver of the pre-conditions to the Pre-Conditional VGO), a circular containing the advice of the independent financial adviser and the recommendation of the Independent Directors will be despatched to the shareholders of the Company.

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ABOUT GMG GLOBAL LTD

Listed on the Mainboard of the Singapore Exchange, GMG focuses primarily on the production and supply of premium natural rubber to the European, American and Asian markets. Through its various subsidiaries and associates, GMG currently manages more than 78,000 hectares of rubber plantations located across Africa and Asia; and operates 12 rubber processing plants located in Thailand, Indonesia, Cameroon, Gabon and Cote d'Ivoire with a total annual capacity of 527,000 tons. GMG's customers include some of the world's top 10 tyre manufacturers who use the Group's primary tyre-grade rubber to produce tyres for industrial vehicles. With values firmly rooted in sustainability practices and corporate citizenship, we are committed to constant engagement with stakeholders to create mutually beneficial relationships.

GMG is a subsidiary of China's Sinochem International Corporation ("Sinochem International") which is listed on the Shanghai Stock Exchange. Sinochem International is a diversified international conglomerate which specialises in trading, manufacturing and transportation of chemicals (including agricultural and horticultural), plastics, rubber, and metallurgy products. Sinochem International is the top distributor and one of the largest producers of natural rubber in China. *For more information please visit GMG's website at: www.gmg.sg.*

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