HALCYON

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

Unaudited Financial Statement for the Second Quarter Ended 30 June 2018

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 2018 ("Q2 2018") and First Half 2018 ("H1 2018")

	Group			Group		
	Q2 2018 (Unaudited)	Q2 2017 (Restated)	Change	H1 2018 (Unaudited)	H1 2017 (Restated)	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	574,127	573,936	0.0	1,049,823	1,132,232	(7.3)
Cost of sales	(533,607)	(537,514)	(0.7)	(980,781)	(1,051,829)	(6.8)
Gross profit	40,520	36,422	11.3	69,042	80,403	(14.1)
Other income	623	442	41.0	1,064	633	68.1
Selling expenses	(11,236)	(13,476)	(16.6)	(20,534)	(22,182)	(7.4)
Administrative expenses	(21,631)	(19,552)	10.6	(41,229)	(37,685)	9.4
Administrative expenses - foreign exchange (loss)/gain	(6,259)	1,966	n/m	(1,693)	4,117	n/m
Operating profit	2,017	5,802	(65.2)	6,650	25,286	(73.7)
Finance income	1,145	657	74.3	2,461	828	197.2
Finance costs	(7,653)	(6,306)	21.4	(12,735)	(12,935)	(1.5)
Share of (loss)/profit of associates	(1)	5,604	n/m	53	7,401	(99.3)
(Loss)/Profit before taxation	(4,492)	5,757	n/m	(3,571)	20,580	n/m
Income tax expense	(1,335)	(2,424)	(44.9)	(2,008)	(7,837)	(74.4)
(Loss)/Profit for the financial period	(5,827)	3,333	n/m	(5,579)	12,743	n/m
(Loss)/Profit attributable to:						
Owners of the Company	(4,110)	1,557	n/m	(2,853)	12,415	n/m
Non-controlling interest	(1,717)	1,776	n/m	(2,726)	328	n/m
	(5,827)	3,333	n/m	(5,579)	12,743	n/m
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	9,500	12,559	(24.4)	21,316	37,972	(43.9)
(Loss)/Earnings per share ("LPS/EPS") (refer item 6):						
Basic and diluted (LPS)/EPS in US cents	(0.26)	0.10	n/m	(0.18)	0.78	n/m
Adjusted (LPS)/EPS in US cents	(0.26)	0.10	n/m	(0.18)	0.78	n/m

n/m - not meaningful

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

Consolidated Statement of Comprehensive Income - Second Quarter 2018 ("Q2 2018") and First Half 2018 ("H1 2018")

	Group			Group		
	Q2 2018 (Unaudited)	**Q2 2017 (Restated)**	**Change**	**H1 2018 (Unaudited)**	**H1 2017 (Restated)**	**Change**
	US$'000	US$'000	%	US$'000	US$'000	%
(Loss)/Profit for the financial period	(5,827)	3,333	n/m	(5,579)	12,743	n/m
Other comprehensive income						
Items that may be reclassified subsequently to profit and loss						
Exchange differences on translation of foreign operations	(25,539)	11,638	n/m	(14,889)	28,322	n/m
Other comprehensive (loss)/income for the financial period	(25,539)	11,638	n/m	(14,889)	28,322	n/m
Total comprehensive (loss)/income for the financial period	(31,366)	14,971	n/m	(20,468)	41,065	n/m
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(28,180)	12,597	n/m	(16,577)	39,440	n/m
Non-controlling interests	(3,186)	2,374	n/m	(3,891)	1,625	n/m
	(31,366)	14,971	n/m	(20,468)	41,065	n/m

n/m - not meaningful

Note:
Refer item (5) on details of restatement for Q2 2017 and H1 2017.

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

(Loss)/Profit for the financial period has been arrived at after crediting/(charging) the following:						
	Group			Group		
	Q2 2018 (Unaudited)	Q2 2017 (Restated)	Change	H1 2018 (Unaudited)	H1 2017 (Restated)	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Amortisation of intangible asset	(73)	(19)	284.2	(145)	(39)	271.8
Cost of inventories recognised as an expense	(533,607)	(537,514)	(0.7)	(980,781)	(1,051,829)	(6.8)
Depreciation:						
-Cost of sales	(5,567)	(5,103)	9.1	(10,804)	(9,901)	9.1
-Selling expenses	(24)	(25)	(4.0)	(48)	(49)	(2.0)
-Administrative expenses	(1,720)	(1,591)	8.1	(3,520)	(2,713)	29.7
	(7,311)	(6,719)	8.8	(14,372)	(12,663)	13.5
Employee benefits expenses:						
-Cost of sales	(13,935)	(13,290)	4.9	(26,749)	(24,860)	7.6
-Selling expenses	(1,764)	(1,444)	22.2	(3,265)	(2,665)	22.5
-Administrative expenses	(9,751)	(9,074)	7.5	(20,175)	(18,733)	7.7
	(25,450)	(23,808)	6.9	(50,189)	(46,258)	8.5
Finance cost:						
-Working capital loans	(4,978)	(1,713)	190.6	(6,909)	(4,154)	66.3
- Term loans	(2,675)	(2,971)	(10.0)	(5,804)	(5,569)	4.2
-Medium Term Notes ("MTN")	-	(1,609)	n/m	-	(3,182)	n/m
-Finance lease obligation	-	(13)	n/m	(22)	(30)	(26.7)
	(7,653)	(6,306)	21.4	(12,735)	(12,935)	(1.5)
Foreign exchange (loss)/gain:						
-Cost of sales	(3,088)	1,106	n/m	(2,582)	2,366	n/m
-Administrative expenses	(6,259)	1,966	n/m	(1,693)	4,117	n/m
	(9,347)	3,072	n/m	(4,275)	6,483	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)	(129)	(95.3)	(49)	(81)	(39.5)
-Others	629	571	10.2	1,113	714	55.9
	623	442	41.0	1,064	633	68.1
Professional fees	(1,432)	(1,179)	21.5	(2,672)	(1,877)	42.4

n/m - not meaningful

Note:
Refer item (5) on details of restatement for Q2 2017 and H1 2017.

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

Consolidated Statements of Financial Position as at 30 June 2018 and 31 December 2017

	Group		Company	
	30 Jun 18	31 Dec 17	30 Jun 18	31 Dec 17
ASSETS	(Unaudited) US$'000	(Restated) US$'000	(Unaudited) US$'000	(Audited) US$'000
Non-current assets				
Intangible assets	299,552	200,416	-	-
Property, plant and equipment	301,738	244,929	1,215	1,025
Plantation related properties	347,023	328,164	-	-
Biological assets	9,575	8,861	-	-
Investment properties	43,524	25,256	-	-
Deferred tax assets	14,890	14,346	-	-
Deferred charges	352	531	-	-
Other assets	1,877	1,793	-	-
Loan receivables	3,567	3,641	-	-
Investment in an associate	1,386	-	-	-
Investment in subsidiaries	-	-	679,761	600,824
Total non-current assets	1,023,484	827,937	680,976	601,849
Current assets				
Cash and bank balances	136,140	152,229	1,316	706
Trade receivables	173,038	121,689	-	-
Loan and other receivables	135,885	111,058	818,711	671,089
Tax receivables	6,919	2,175	-	-
Derivative financial instruments	52,526	22,885	-	-
Inventories	335,434	305,347	-	-
Consumable biological assets	-	49	-	-
	839,942	715,432	820,027	671,795
Assets of disposal group classified as held for sale	-	89,384	-	-
Total current assets	839,942	804,816	820,027	671,795
Total assets	1,863,426	1,632,753	1,501,003	1,273,644
LIABILITIES AND EQUITY				
Current liabilities				
Derivative financial instruments	8,229	145	-	-
Trade payables	38,023	38,757	-	-
Other payables	56,739	60,443	285,386	155,335
Loan payables	513,705	207,551	136,250	2,750
Provision for taxation	18,341	21,040	-	412
Finance lease obligation	-	496	-	496
	635,037	328,432	421,636	158,993
Liabilities of disposal group classified as held for sale	-	16,463	-	-
Total current liabilities	635,037	344,895	421,636	158,993
Net current assets	204,905	459,921	398,391	512,802
Non-current liabilities				
Loan payables	395,355	402,960	298,592	299,367
Retirement benefit obligations	22,629	19,024	-	-
Deferred tax liabilities	38,753	30,782	-	25
Finance lease obligation	-	86	-	86
Other payables	1,777	1,843	-	-
Total non current liabilities	458,514	454,695	298,592	299,478
Net assets	769,875	833,163	780,775	815,173
Capital and reserves				
Share capital	603,874	603,874	603,874	603,874
Perpetual securities	148,690	148,690	148,690	148,690
Capital reserves	711	711	-	-
Accumulated (losses)/profits	(44,131)	(5,694)	28,211	62,609
Foreign currency translation reserves	28,948	42,672	-	-
Equity attributable to owners of the Company	738,092	790,253	780,775	815,173
Non-controlling interests	31,783	42,910	-	-
Total equity	769,875	833,163	780,775	815,173
Total liabilities and equity	1,863,426	1,632,753	1,501,003	1,273,644

Note:
Refer item (5) on details of restatement for balance as at 31 December 2017.

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

Amount repayable in one year or less, or on demand

	As at 30 June 2018 (Unaudited)		As at 31 December 2017 (Audited)	
	Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
Loan payables	202,991	310,714	33,672	173,879
Finance lease	-	-	496	-

Amount repayable after one year

	As at 30 June 2018 (Unaudited)		As at 31 December 2017 (Audited)	
	Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
Loan payables	2,750	392,605	3,215	399,745
Finance lease	-	-	86	-

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.

The finance leases which are secured by the lessor’s title to the leased assets have been fully repaid during Q1 2018.

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 2018 ("Q2 2018") and First Half 2018 ("H1 2018")

	Group		Group	
	Q2 2018 (Unaudited) US$'000	Q2 2017 (Restated) US$'000	H1 2018 (Unaudited) US$'000	H1 2017 (Restated) US$'000
Operating activities:				
(Loss)/Profit before taxation	(4,492)	5,757	(3,571)	20,580
Adjustments for:				
Depreciation expense	7,311	6,719	14,372	12,663
Amortisation of intangible asset	73	19	145	39
Retirement benefit expense	731	634	1,526	1,164
Interest income	(1,145)	(657)	(2,461)	(828)
Interest expense	7,653	6,306	12,735	12,935
Fair value (gain)/loss on open forward commodities contracts and inventories, unrealised	(899)	33,707	679	28,654
Fair value loss on biological assets	6	129	49	81
Unrealised foreign exchange gain	(2,869)	-	(5,494)	-
Loss/(Gain) on disposal of property, plant and equipment and investment properties and write off of property, plant and equipment	99	19	149	(16)
Share of profit of associates	1	(5,604)	(53)	(7,401)
Operating cash flows before working capital changes	6,469	47,029	18,076	67,871
Trade and other receivables	(9,495)	24,405	(64,409)	(59,464)
Inventories	42,997	13,252	(11,741)	(121,476)
Trade and other payables	(29,650)	(36,956)	(27,855)	12,825
Cash generated from/(used in) operations	10,321	47,730	(85,929)	(100,244)
Interest received	1,286	657	1,767	828
Interest paid	(3,631)	(2,301)	(5,848)	(4,141)
Tax paid	(2,456)	(496)	(4,689)	(1,602)
Net cash (used in)/generated from operating activities	5,520	45,590	(94,699)	(105,159)
Investing activities				
Acquisition of subsidiaries (net of cash acquired)	(57,066)	-	(109,579)	-
Acquisition of non-controlling interests	-	(1,250)	(15,260)	(1,250)
Option fee received from proposed disposal of an associate	-	-	-	5,403
Capital expenditure on property, plant and equipment and plantation assets	(20,702)	(13,739)	(35,480)	(24,596)
Proceeds from disposal of property, plant and equipment and investment properties	1,094	22	1,181	104
Net cash used in investing activities	(76,674)	(14,967)	(159,138)	(20,339)
Financing activities				
Net proceed from issuance of perpetual securities	-	148,690	-	148,690
Net (repayment)/proceeds of term loans	(11,013)	(3,357)	(14,437)	23,609
Net proceeds/(repayment) of working capital loans	83,358	(3,968)	288,111	129,825
Interest paid on term loans	(3,065)	(2,754)	(5,791)	(4,831)
Interest paid on Medium Term Notes ("MTN")	-	-	-	(2,908)
Dividend distributed to perpetual securities holders	(3,375)	-	(3,375)	
Dividend paid on ordinary shares	(24,088)	-	(24,088)	-
Repayment of obligation under finance lease arrangement	-	(123)	(582)	(280)
Repayment of shareholder loan for newly acquired subsdiaries	(10,306)	-	(10,306)	-
Dividend paid to non-controlling interest	(354)	(183)	(354)	(183)
Decrease/(increase) in pledged deposits	807	-	773	(4,445)
Net cash generated from financing activities	31,964	138,305	229,951	289,477
Net (decrease)/increase in cash and cash equivalents	(39,190)	168,928	(23,886)	163,979
Cash and cash equivalents at beginning of the period	168,420	61,119	153,372	66,625
Effects of exchange rate changes on the balance of cash held in foreign currencies	3,091	1,408	2,835	851
Cash and cash equivalents at end of the period	**132,321**	**231,455**	**132,321**	**231,455**
Cash and bank balances comprise the following:				
Cash and cash equivalents	132,321	231,455	132,321	231,455
Fixed deposits - pledged	3,819	4,554	3,819	4,554
	136,140	236,009	136,140	236,009

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 2018 and 30 June 2017

	Attributable to owners of the Company						Non-controlling interests	Total
Group (Unaudited)	Share capital US$'000	Perpetual securities US$'000	Capital reserves US$'000	Accumulated profits/ (losses) US$'000	Foreign currency translation reserves US$'000	Total equity attributable to owners of the Company US$'000	US$'000	US$'000
Balance at 1 April 2018	603,874	148,690	711	(12,558)	53,018	793,735	35,066	828,801
Total comprehensive loss for the period								
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)
Transactions with owners, recognised directly in equity								
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	-	-	-	(27,463)	-	(27,463)	(97)	(27,560)
Balance at 30 June 2018	603,874	148,690	711	(44,131)	28,948	738,092	31,783	769,875
Group (Unaudited)								
Balance at 1 April 2017, as restated	603,874	-	455	(22,421)	15,984	597,892	46,333	644,225
Total comprehensive income for the period								
Profit for the period	-	-	-	1,557	-	1,557	1,776	3,333
Other comprehensive income	-	-	-	-	11,040	11,040	598	11,638
Total	-	-	-	1,557	11,040	12,597	2,374	14,971
Transactions with owners, recognised directly in equity								
Issuance of perpetual securities, net of transaction costs	-	148,690	-	-	-	148,690	-	148,690
Dividend paid to non-controlling interest	-	-	-	-	-	-	(183)	(183)
Total	-	148,690	-	-	-	148,690	(183)	148,507
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control	-	-	-	(832)	-	(832)	(418)	(1,250)
Effect of additional investment in a subsidiary	-	-	-	(515)	-	(515)	515	-
Total	-	-	-	(1,347)	-	(1,347)	97	(1,250)
Balance at 30 June 2017	603,874	148,690	455	(22,211)	27,024	757,832	48,621	806,453
Company (Unaudited)								
Balance at 1 April 2018	603,874	148,690	-	59,330	-	811,894	-	811,894
Total comprehensive loss for the period								
Loss for the period	-	-	-	(3,656)	-	(3,656)	-	(3,656)
Total	-	-	-	(3,656)	-	(3,656)	-	(3,656)
Transactions with owners, recognised directly in equity						-		
Dividends 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	-	28,211	-	780,775	-	780,775
Company (Unaudited)								
Balance at 1 April 2017	603,874	-	-	(16,006)	-	587,868	-	587,868
Total comprehensive loss for the period								
Loss for the period	-	-	-	(4,462)	-	(4,462)	-	(4,462)
Total	-	-	-	(4,462)	-	(4,462)	-	(4,462)
Transactions with owners, recognised directly in equity								
Issuance of perpetual securities, net of transaction costs	-	148,690	-	-	-	148,690	-	148,690
Total	-	148,690	-	-	-	148,690	-	148,690
Balance at 30 June 2017	603,874	148,690	-	(20,468)	-	732,096	-	732,096

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
Issued and paid-up		
At 31 March 2018 and 30 June 2018	1,595,011,941	603,874

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2018 and 30 June 2017.

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 2018 and 31 December 2017. As such, the number of issued shares excluding treasury shares as at 30 June 2018 and 31 December 2017 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 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 2017.

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 2018.

(a) Convergence with International Financial Reporting Standards ("IFRS")

The Group has on 1 January 2018 adopted a new financial reporting framework identical to the IFRS, i.e. Singapore Financial Reporting Standards (International) ("SFRS(I)").

(i) Exemption for cumulative translation differences
On transition to the new financial reporting framework, the Group has elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the Group has reclassified an amount of US$77,448,000 of foreign currency translation reserve to the opening retained earnings balance as at 1 January 2017.

(ii) Deferred tax on unremitted foreign sourced income
With the adoption of SFRS(I) by the Group from 1 January 2018, the Group is no longer able to apply the Recommended Accounting Practice 8 exemption of not providing deferred tax liability for unremitted foreign sourced income which it has no intention of remitting into Singapore. Consequently, the Group has recognised deferred tax liabilities of US$4,668,000 and US$3,947,000 as at 31 December 2017 and 31 December 2016 respectively, on the Group's unremitted foreign sourced income.

The impact of convergence with SFRS(I) are as follows:

	Group	
	31 Dec 2017 Increase/(Decrease) US$'000	**1 Jan 2017 Increase/(Decrease) US$'000**
Statement of financial position		
Deferred tax liabilities	4,668	3,947
Accumulated losses	(82,116)	(81,395)
Foreign currency translation reserves	77,448	77,448

	Group	
	Q2 2017 Increase/(Decrease) US$'000	**H1 2017 Increase/(Decrease) US$'000**
Profit or loss		
Deferred tax expense	180	360

(b) <u>Adoption of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*</u>

The Group has performed a detailed analysis of the impact of adoption of SFRS(I) 9 and SFRS(I) 15, and assessed the impact to be immaterial. As such, there is no restatements to the Group's prior period's financial statements upon the adoption of SFRS(I) 9 and SFRS(I) 15.

(c) <u>Prior year adjustment in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*</u>

In 2017, the Group had classified the processing business in Thailand (Teck Bee Hang Co., Ltd and its subsidiaries ("TBH Group") as an asset held for sale, following the Group's strategic review. The decision was made at that time on the basis of the poor financial performance of TBH Group and also, unfavourable market environment in Thailand.

Subsequent to 2017, positive changes have been made to TBH's business and operations leading to improvement in TBH's financial performance in H1 2018. As part of the Group's continuous reassessment of its key business segments, it now determines that TBH fits into the Group's latest business strategy and initial plan to dispose/discontinue the operations of TBH has changed significantly and an immediate sale is unlikely. As such, the Group decided to reclassify TBH Group out from discontinued operations to continuing operations.

Accordingly, the comparative figures in the income statement and cash flow statements for Q2 2017 and H1 2017 have been re-presented to reflect TBH Group as continuing operations in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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 2018 (Unaudited)	**Q2 2017 (Restated)**	**H1 2018 (Unaudited)**	**H1 2017 (Restated)**
(Loss)/Profit attributable to owners of the Company (US$'000)	(4,110)	1,557	(2,853)	12,415
Basic and diluted (loss)/earnings per share ("(LPS)/EPS") in US cents (1)	(0.26)	0.10	(0.18)	0.78
Adjusted (LPS)/EPS in US cents (2)	(0.26)	0.10	(0.18)	0.78
Adjusted (LPS)/EPS in SGD cents (3)	(0.35)	0.14	(0.24)	1.09

Notes:

(1) The basic and diluted (LPS)/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 (LPS)/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 30 June 2018 of 1,595,011,941 ordinary shares.

(3) Translated at the average exchange rates for each respective period.

The basic and diluted (LPS)/EPS for Q2 2018 and Q2 2017 were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2018 and 30 June 2017.

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 2018 (Unaudited)	31 December 2017 (Restated)	30 June 2018 (Unaudited)	31 December 2017 (Restated)
Net asset value per ordinary share based on issued share capital (US cents)	48.27	52.24	48.95	51.11
Net asset value per ordinary share based on issued share capital (SGD cents) (1)	65.76	69.82	66.69	68.31
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 2018 VS Q2 2017 AND H1 2018 VS H1 2017

Overview

Snapshot

Operating financial statistics

		Q2 2018	Q2 2017 (Restated)	Change	H1 2018	H1 2017 (Restated)	Change
Total sales volume	tonnes	374,216	294,907	26.9%	680,716	581,041	17.2%
Revenue	US$ million	574.1	573.9	0.0%	1,049.8	1,132.2	-7.3%
Revenue per tonne	US$	1,534	1,946	-21.2%	1,542	1,949	-20.9%
Gross profit	US$ million	40.5	36.4	11.3%	69.0	80.4	-14.1%
EBITDA	US$ million	9.5	12.6	-24.4%	21.3	38.0	-43.9%
Net (loss)/profit	US$ million	(5.8)	3.3	n/m	(5.6)	12.7	n/m

n/m - not meaningful

Q2 2018 and H1 2018 included the results of our newly acquired or incorporated assets and subsidiaries, namely Corrie MacColl Group, PT Pulau Bintan Djaya ("PT PBD"), PT Sumber Djantin ("PTSD") and PT Sumber Alam ("PTSA").

Revenue

Q2 2018 vs Q2 2017

Revenue increased only marginally by US$0.2 million, from US$573.9 million in Q2 2017 to US$574.1 million in Q2 2018 despite the sales volume increasing significantly from 294,907 tonnes in Q2 2017 to 374,216 tonnes in Q2 2018. This marginal increase in revenue is due to lower revenue per tonne from US$1,946 in Q2 2017 to US$1,534 in Q2 2018, in line with the movement of natural rubber market price during these periods.

H1 2018 vs H1 2017

Revenue decreased by US$82.4 million or 7.3%, from US$1,132.2 million in H1 2017 to US$1,049.8 million in H1 2018 mainly due to the decrease in revenue per tonne from US$1,949 (H1 2017) to US$1,542 (H1 2018), which was in line with the movement of the natural rubber market price during these periods; which was partially offset by higher sales volumes from 581,041 tonnes in H1 2017 to 680,716 tonnes in H1 2018. The increased volume was mainly contributed by additional volume from the newly acquired or incorporated subsidiaries.

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 2018 vs Q2 2017

Costs of sales decreased by US$3.9 million or 0.7%, from US$537.5 million in Q2 2017 to US$533.6 million in Q2 2018, due to the decrease in the price of raw materials which was in line with the decrease in the market price for natural rubber, offset by increase in volume.

H1 2018 vs H1 2017

Costs of sales decreased by US$71.0 million or 6.8%, from US$1,051.8 million in H1 2017 to US$980.8 million in H1 2018, due to the decrease in the price of raw materials which was in line with the decrease in the market price of natural rubber, offset by increase in volume.

Gross profit

	Q2 2018	Q2 2017 (Restated)	Change	H1 2018	H1 2017 (Restated)	Change
Gross profit (US$ million)	40.5	36.4	11.3%	69.0	80.4	-14.1%
Sales volume (tonnes)	374,216	294,907	26.9%	680,716	581,041	17.2%
Gross profit per tonne (US$)	108	124	-12.3%	101	138	-26.7%

Q2 2018 vs Q2 2017

Gross profit increased by US$4.1 million or 11.3% from US$36.4 million in Q2 2017 to US$40.5 million in Q2 2018 mainly due to higher sales volume from 294,907 tonnes in Q2 2017 to 374,216 tonnes in Q2 2018, offset by lower gross profit per tonne of US$108 (Q2 2017: US$124). Lower gross profit per tonne in Q2 2018 was mainly due to margin compression in the Global Tyre Majors segment as a result of low rubber prices, which restricts the supply of raw materials to our factories.

H1 2018 vs H1 2017

Gross profit decreased by US$11.4 million or 14.1% from US$80.4 million in H1 2017 to US$69.0 million in H1 2018 mainly due to lower gross profit per tonne of US$101 (H1 2017: US$ 138). Higher gross profit in H1 2017 was mainly due to a rally in rubber prices in January and February 2017, which enabled the Global Tyre Majors segment to capture strong processing margins. Sales in China also generated higher margins during the price rally. This, however, did not recur in 2018. As the rubber price continued at lower level this year, this had affected our gross profit in H1 2018.

(Loss)/Profit before tax

Q2 2018 vs Q2 2017

Loss before tax in Q2 2018 was US$4.5 million, a decrease of US$10.3 million from profit before tax of US$5.8 million in Q2 2017.

H1 2018 vs H1 2017

Loss before tax in H1 2018 was US$3.6 million, a decrease of US$24.2 million from profit before tax of US$20.6 million.

The decrease in profit before tax for both the periods mentioned above was mainly due to the decrease in gross profit, non-recurrence of share of profit of associate (disposed in Q4 2017), the additional operating expenses from the newly acquired and incorporated subsidiaries and unrealised foreign exchange loss arising from strengthening of US Dollar against local currencies (mainly Indonesian Rupiah, Euro and Thai Baht).

(Loss)/Profit after tax

Q2 2018 vs Q2 2017

Loss after tax in Q2 2018 was US$5.8 million, compared to profit after tax of US$3.3 million in Q2 2017. The tax expense in Q2 2018 of US$1.3 million was from our profitable segments.

H1 2018 vs H1 2017

Loss after tax in H1 2018 was US$5.6 million, compared to profit after tax of US$12.7 million in H1 2017. The tax expense in H1 2018 of US$2.0 million was from our profitable segments.

Reclassification of discontinued operation to continuing operation

As explained in Section 5(c), TBH Group has been reclassified from discontinued operations to continuing operations in 2018, which resulted to restatement of comparative figures in the income statement and cash flow statements. Accordingly, TBH Group's assets and liabilities have also been included in respective assets and liabilities line item in the Group balance sheet.

As at 31 December 2017, the balance sheet of TBH Group was classified as separate assets and liabilities item on the Group balance sheet are broken down as follows:

	31 Dec 17 Unaudited US$'000
ASSETS	
Investment in associate	1,348
Property, plant and equipment	27,187
Investment properties	16,656
Cash and bank balances	5,832
Other working capital assets	38,361
Total assets	89,384
LIABILITIES	
Working capital liabilities	8,969
Deferred tax liabilities	7,494
Total liabilities	16,463
Net assets	72,921

REVIEW OF THE FINANCIAL POSITION OF THE GROUP AS AT 30 JUNE 2018 VS 31 DECEMBER 2017

Non-current assets

Non-current assets increased by US$195.6 million or 23.6% from 31 December 2017 (US$827.9 million) to 30 June 2018 (US$1,023.5 million), mainly due to the following factors:

(i) additions of US$99.1 million in intangible assets mainly related to the provisional goodwill arising from the acquisition of Corrie MacColl (US$27.2 million), the acquisition of an 80% equity stake in PT PBD (US$14.1 million) and the acquisition of PTSD and PTSA (US$55.9 million);

(ii) US$35.5 million additional investment in PPE and plantation related properties as part of the planned capital expenditure;

(iii) US$41.1 million increase in PPE and investment properties due to acquisition of Corrie MacColl (US$2.1 million), PT PBD (US$7.0 million) and PTSD and PTSA (US$32.0 million); and

(iv) US$42.2 million of PPE and investment properties belonging to TBH being reclassified from assets of disposal group classified as held for sale.

The increase in non-current assets was partially offset by:

(i) depreciation expense of US$14.4 million; and

(ii) foreign exchange difference arising from the translation of PPE and plantation related properties in an aggregate of US$9.3 million as a result of the weakening of respective local currencies in Indonesia, China, Thailand and Africa, against the US Dollar.

Current assets

Current assets increased by US$35.1 million or 4.4% from 31 December 2017 (US$804.8 million) to 30 June 2018 (US$839.9 million) mainly due to:

(i) increase in trade and other receivables of US$76.2 million, and inventories of US$30.1 million from the new acquisitions; and

(ii) increase in derivative financial instruments of US$29.6 million mainly due to higher valuation gain on open sales contracts as at 30 June 2018.

The increase in current assets was partially offset by:

(i) decrease in cash and bank balances of US$16.1 million; and

(ii) reclassification of assets of disposal group classified as held for sale to non-current assets.

Current liabilities

Current liabilities increased by US$290.1 million or 84.1% from 31 December 2017 (US$344.9 million) to 30 June 2018 (US$635.0 million), mainly due to:

(i) increase in loan payables of US$306.1 million, for the acquisition activities as well as for working capital purposes, especially for the newly acquired subsidiaries; and

(ii) increase in derivative financial instruments of US$8.1 million mainly due to higher valuation loss on open purchase contracts.

The breakdown of the current loan payables are as follows:

(US$ million)	30 June 2018	31 December 2017
Working capital loans	512.4	196.6
Term loans	1.3	11.0
Total	**513.7**	**207.6**

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

Non-current liabilities

Non-current liabilities increased by US$3.8 million or 0.8% from 31 December 2017 (US$454.7 million) to 30 June 2018 (US$458.5 million), mainly due to:

(i) increase in deferred tax liabilities by US$8.0 million, and

(ii) increase in provision of retirement benefit obligation of US$3.6 million

as a result of the reclassification of liabilities of disposal group classified as held for sale to continuing operations. The increase in non-current liabilities was offset by decrease in term loans of US$7.6 million.

Equity

The Group's equity decreased by US$63.3 million from US$833.2 million as at 31 December 2017 to US$769.9 million as at 30 June 2018, mainly due to distribution of dividends on ordinary shares and perpetual securities of US$24.1 million and US$3.4 million respectively, the net loss incurred during the period, the decrease in non-controlling interests and foreign currency translation loss during the period.

Group funding structure

Against these lacklustre market conditions, the Group focused on further strengthening its balance sheet. The table below summarises the funding structure of the Group:

(US$ million)	Unaudited 30-Jun-18	Unaudited 31-Mar-18	Restated 31-Dec-17	Restated 30-Sep-17
Working capital employed (1)	536.0	550.4	427.7	463.5
Working capital loans	515.1	422.1	207.6	323.6
% Efficiency of Working Capital Funding	**96.1%**	**76.7%**	**48.5%**	**69.8%**
Operational long term assets (2)	861.3	785.6	718.1	706.0
Term loans	394.0	402.2	403.0	412.7
% Fixed Asset Gearing	**45.7%**	**51.2%**	**56.1%**	**58.5%**
Cash and cash equivalents (3)	132.3	168.4	153.4	107.1
Non-core assets (4)	149.3	148.6	144.5	298.7
Total equity (excluding Perpetual Securities)	**621.2**	**680.1**	**684.5**	**690.4**
Perpetual Securities	148.7	148.7	148.7	148.7
Total equity (including Perpetual Securities)	**769.9**	**828.8**	**833.2**	**839.1**

Note 1: Working capital employed for the Group are defined as the sum of operational trade and other receivables, net derivative assets, pledged deposits and inventories, netted off against trade and other payables.

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

Note 3: Cash and cash equivalents as stated in the cash flow statement.

Note 4: Non-core assets includes loan receivable from third party, certain plantation assets, investment properties, as well as investment in an associate (of Sep-17 only).

Halcyon Agri's treasury operations have developed a stable funding base where the Group maintains full control of cash balances, financing tenors are matched, and fixed assets sustainably financed.

REVIEW OF THE CASH FLOW STATEMENT OF THE GROUP FOR Q2 2018 VS Q2 2017 AND H1 2018 VS H1 2017

The following table sets out a summary of cash flows for Q2 2018, Q2 2017, H1 2018 and H1 2017

(US$ million)	Q2 2018	Q2 2017 (Restated)	H1 2018	H1 2017 (Restated)
Net cash generated from operating activities, before working capital changes	1.7	44.9	9.3	62.9
Changes in working capital	3.8	0.7	(104.0)	(168.1)
Net cash generated from/(used in) operating activities	5.5	45.6	(94.7)	(105.2)
Net cash used in investing activities	(76.7)	(15.0)	(159.1)	(20.3)
Net cash generated from financing activities	32.0	138.3	229.9	289.5
Net (decrease)/increase in cash and cash equivalents	(39.2)	168.9	(23.9)	164.0
Cash and cash equivalents at the beginning of the period	168.4	61.1	153.4	66.6
Effect of exchange rate changes on the balance of cash held in foreign currencies	3.1	1.4	2.8	0.8
Cash and cash equivalents at the end of the period	**132.3**	**231.4**	**132.3**	**231.4**

Q2 2018 vs Q2 2017

The Group's cash and cash equivalents decreased by US$39.2 million during Q2 2018. It recorded a net cash generated from operating activities of US$5.5 million during Q2 2018.

Net cash used in investing activities of US$76.7 million was mainly due to acquisition of PTSD and PTSA, capital expenditure on property, plant and equipment and plantation related assets.

Net cash generated from financing activities was US$32.0 million, mainly due to proceeds from various loans, offset by payment of dividends on ordinary shares, distribution to perpetual securities holders and payment of loan interests.

H1 2018 vs H1 2017

The Group's cash and cash equivalents decreased by US$23.9 million during H1 2018. It recorded a net cash used in operating activities of US$94.7 million during H1 2018.

Net cash used in investing activities of US$159.1 million was mainly due to acquisition of Corrie MacColl, PT PBD, PTSD and PTSA, acquisition of non-controlling interests, and capital expenditure on property, plant and equipment and plantation related assets.

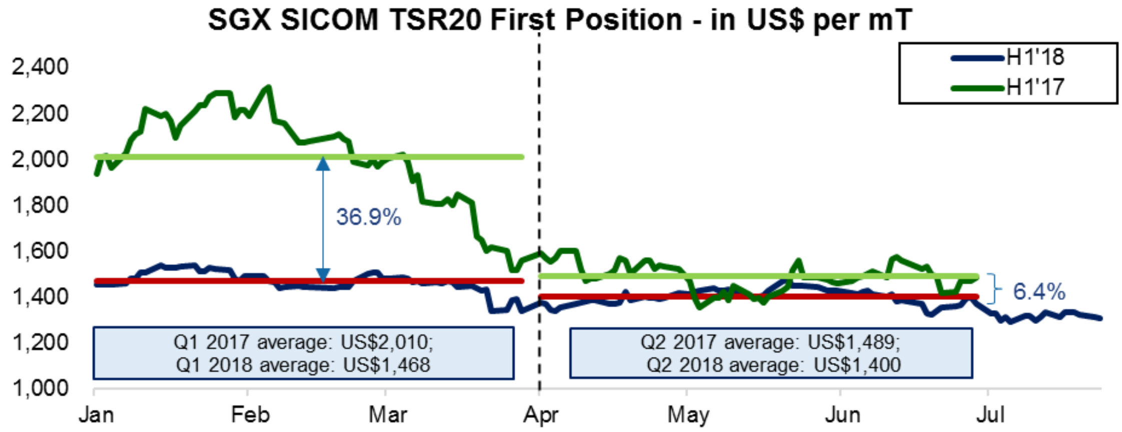
Net cash generated from financing activities was US$229.9 million, mainly due to proceeds from various loans, offset by payment of dividends on ordinary shares, distribution to perpetual securities holders and payment of loan interests.

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.

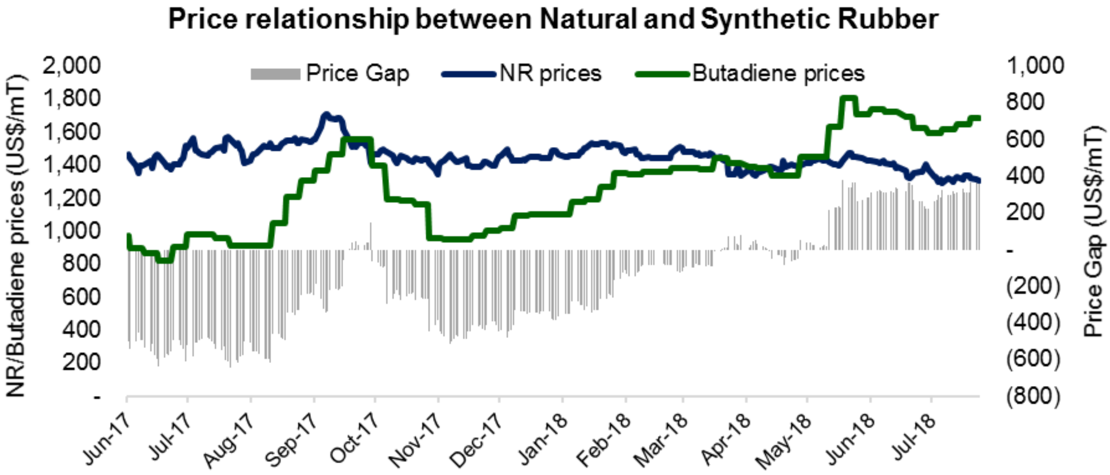
10. A commentary at the date of the announcement of the significant trend and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Market Overview



The SICOM TSR20 first position trended lower during the quarter from an average of US$1,468 in Q1 2018 to US$1,400 in Q2 2018, driven by global macro uncertainties and the misconstrued notion of an oversupplied market arising mainly from the Shanghai Futures Exchange ("SHFE") inventory levels. Raw materials prices followed lower in Thailand and Vietnam, but in Indonesia, the combination of rising incomes, widespread rubber tree root and leaf diseases and low prices have set a price floor above current spot market levels. The expiry of Agreed Export Tonnage Scheme by members of the Tripartite Rubber Council has helped increase volumes marginally.

Market Commentary



The natural rubber market is facing a crisis. Demand levels are healthy and the price differential to synthetic rubber is at record levels in favour of natural rubber. For reasons outlined in greater detail in our report published on www.halcyonagri.com on 7th August 2018 titled "What is wrong with the natural rubber market?", natural rubber prices are not reacting to fundamental recovery drivers at this point.

Halcyon Agri is committed to bringing about positive change to the natural rubber industry. We own and operate plantations in Cameroon, Africa and Kelantan, Malaysia, as well as a wide portfolio of 38 factories distributed across all major producing origins. Our segmented market approach allows us to understand clients and their requirements in all consumer markets and across all relevant applications and uses. As such, we are confident in the fundamental assessment of our future prospects:

(i) We are a major provider of a key industrial product for which there is no viable alternative;

(ii) The demand drivers for natural rubber are inexorably linked to global GDP growth;

(iii) Viable origins to grow rubber are limited to the tropical agricultural belt;

(iv) Given ecological concerns, it is highly unlikely that significant amounts of new land will be made available to this industry; and

(v) Given persistent low price levels, it is highly unlikely that smallholders, who provide 96% of global feedstock, will replace ageing or sick trees with new rubber trees. The current market prices for rubber wood are sufficiently remunerative to finance the switch to a new crop without further investment.

The one thing we cannot be sure of is the time required for these considerations to have the market impact they ultimately will. Distortions such as the red-herring Chinese stockpile, macro sentiment, and other issues have been weighing on the price for longer than we had anticipated, and continue to do so.

In the face of the above, we will continue to exercise all due caution when operating our business; we will continue to optimise internal processes, and use our deep insights into the supply chain to produce solutions that drive efficiency and ultimately, fair and sustainable price outcomes. One such initiative is our digitisation strategy, which will be further elaborated upon in the near future.

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.

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

- **Global Non-Tyre & Specialty Tyre Segment** – This business segment includes our plantation and processing business in Cameroon and our distribution business under the brand name of Centrotrade, Wurfbain, Corrie MacColl, Alan L. Grant, Momentum Technologies and Kelvin Terminals.

- **Global Tyre Majors Segment** – This business segment includes our processing factories in Indonesia and Ivory Coast and distribution business in Singapore, whose customers are predominantly top-tier global tyre makers.

- **PRC Tyre Majors Segment** – This business segment includes our processing factories in China, Malaysia and Thailand, plantation in Malaysia (subsequently reclassified to Corporate segment in Q2 2018) 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 2018 ("Q2 2018") and Second Quarter 2017 ("Q2 2017")

	Global Non-Tyre & Specialty Tyre		Global Tyre Majors		PRC Tyre Majors		Corporate		Elimination		Consolidated	
(US$'000)	**Q2 2018**	**Q2 2017**	**Q2 2018**	**Q2 2017**	**Q2 2018**	**Q2 2017 (Restated)**	**Q2 2018**	**Q2 2017**	**Q2 2018**	**Q2 2017**	**Q2 2018**	**Q2 2017 (Restated)**
Revenue to third party	168,224	115,565	178,436	182,294	227,352	276,077	115	-	-	-	574,127	573,936
Inter-segment revenue	472	507	11,066	104,158	2,485	10,004	4,762	2,535	(18,785)	(117,204)	-	-
Total revenue	**168,696**	**116,072**	**189,502**	**286,452**	**229,837**	**286,081**	**4,877**	**2,535**	**(18,785)**	**(117,204)**	**574,127**	**573,936**
Gross profit	**14,659**	**6,676**	**5,993**	**25,268**	**19,882**	**4,691**	**4,795**	**2,535**	**(4,809)**	**(2,748)**	**40,520**	**36,422**
Operating profit/(loss)	**2,031**	**1,559**	**(7,513)**	**11,900**	**7,084**	**(7,067)**	**415**	**(590)**	**-**	**-**	**2,017**	**5,802**
Finance income											1,145	657
Finance costs											(7,653)	(6,306)
Share of (loss)/profit of associates											(1)	5,604
(Loss)/Profit before taxation											**(4,492)**	**5,757**
Income tax expense											(1,335)	(2,424)
(Loss)/Profit for the financial period											**(5,827)**	**3,333**
Total sales volume (tonnes)	102,597	60,634	129,209	152,242	152,180	145,469	-	-	(9,770)	(63,438)	374,216	294,907
Gross profit per tonne (US$)	143	110	46	166	131	32	-	-	-	-	108	124
Other information:												
Management fee expense/(income)	-	152	3,080	1,696	1,682	900	(4,762)	(2,748)	-	-	-	-
Depreciation expenses	1,623	1,592	3,480	3,054	2,116	2,055	92	18	-	-	7,311	6,719
Capital expenditure	17,305	8,901	999	1,977	493	1,998	1,906	863	-	-	20,702	13,739

** JFL Plantations have been reclassified from PRC Tyre Majors segment to Corporate segment in Q2 2018 and have been reflected retrospectively for Q1 2018.*

Segment Information -First Half 2018 ("H1 2018") and First Half 2017 ("H1 2017")

	Global Non-Tyre & Specialty Tyre		Global Tyre Majors		PRC Tyre Majors		Corporate		Elimination		Consolidated	
(US$'000)	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017 (Restated)**	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017 (Restated)**
Revenue to third party	303,360	219,688	341,486	330,126	404,829	582,418	148	-	-	-	1,049,823	1,132,232
Inter-segment revenue	4,528	8,286	27,038	242,063	5,225	29,714	8,591	5,070	(45,382)	(285,133)	-	-
Total revenue	**307,888**	**227,974**	**368,524**	**572,189**	**410,054**	**612,132**	**8,739**	**5,070**	**(45,382)**	**(285,133)**	**1,049,823**	**1,132,232**
Gross profit	**21,114**	**12,720**	**12,357**	**56,853**	**35,513**	**11,043**	**8,696**	**5,070**	**(8,638)**	**(5,283)**	**69,042**	**80,403**
Operating profit/(loss)	**4,953**	**3,380**	**(10,174)**	**33,543**	**12,772**	**(10,246)**	**(901)**	**(1,391)**	**-**	**-**	**6,650**	**25,286**
Finance income											2,461	828
Finance costs											(12,735)	(12,935)
Share of profit of associates											53	7,401
(Loss)/Profit before taxation											**(3,571)**	**20,580**
Income tax expense											(2,008)	(7,837)
(Loss)/Profit for the financial period											**(5,579)**	**12,743**
Total sales volume (tonnes)	188,588	124,221	250,591	302,955	267,706	309,122	-	-	(26,169)	(155,257)	680,716	581,041
Gross profit per tonne (US$)	112	102	49	188	133	36	-	-	-	-	101	138
Other information:												
Management fee expense/(income)	-	602	5,653	2,881	2,938	1,800	(8,591)	(5,283)	-	-	-	-
Depreciation expenses	3,239	2,824	6,672	5,929	4,281	3,875	180	35	-	-	14,372	12,663
Capital expenditure	28,151	17,305	3,159	3,335	1,341	3,089	2,829	867	-	-	35,480	24,596

	Global Non-Tyre & Specialty Tyre		Global Tyre Majors		PRC Tyre Majors		Corporate		Elimination		Consolidated	
	30-Jun-18	**31-Dec-17**	**30-Jun-18**	**31-Dec-17**	**30-Jun-18**	**31-Dec-17**	**30-Jun-18**	**31-Dec-17**	**30-Jun-18**	**31-Dec-17**	**30-Jun-18**	**31-Dec-17**
Segment Assets	1,043,145	915,516	716,899	661,887	449,392	464,188	1,558,124	1,326,362	(1,904,134)	(1,735,200)	1,863,426	1,632,753
Segment Liabilities	608,802	477,152	632,845	543,782	293,945	402,350	782,377	510,606	(1,224,418)	(1,134,300)	1,093,551	799,590

** JFL Plantations have been reclassified from PRC Tyre Majors segment to Corporate segment in Q2 2018 and have been reflected retrospectively for Q1 2018.*

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

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

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

We, Robert Meyer and Pascal Demierre, hereby confirm on behalf of the Board of Directors (the "Board") of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter and first half ended 30 June 2018 to be false or misleading in any material aspect.

By Order of the Board
Robert Meyer
Executive Director and CEO

Singapore,
13 August 2018