



HALCYON AGRI

Acquisition of SMR factories of Chip Lam Seng

3 June 2013

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Key facts: Acquisition of Chip Lam Seng SMR factories

Halcyon Agri has agreed to acquire the Chip Lam Seng (“CLS”) SMR factories for MYR63m / US\$21m

CLS is a well-established midstream natural rubber producer located in Ipoh, Malaysia

Two factories with combined annual production capacity of approximately 180,000 tonnes

Producer of TSR20 (SMR20) and other premium grades of rubber

Transaction expected to complete in Q4 2013

Strategic rationale

1

Establishes Halcyon Agri's presence in Malaysia, one of the world's most important rubber producing markets

2

Rare opportunity to acquire ownership of modern, sizeable factories

3

Establishes Halcyon Agri as a scale producer of natural rubber; amongst the larger producers worldwide

4

Combination of Malaysian-origin and Indonesian-origin rubber brings risk diversification benefits

5

Many opportunities for Halcyon Agri to add value to improve returns from the CLS assets

6

Opens opportunities to explore margin accretive activities such as establishment of upstream investments

Operational benefits

Expands capacity

- CLS **more than doubles** Halcyon Agri's production capacity
- Together with existing expansion, lifts total production capacity to in excess of 300,000 tonnes
- CLS provides access to the SMR market



Optimise sales & margins

- SMR typically attracts a premium over SIR
- CLS has capability to produce various higher grades of rubber that attract significant price premiums
- Cost advantage in serving the China market

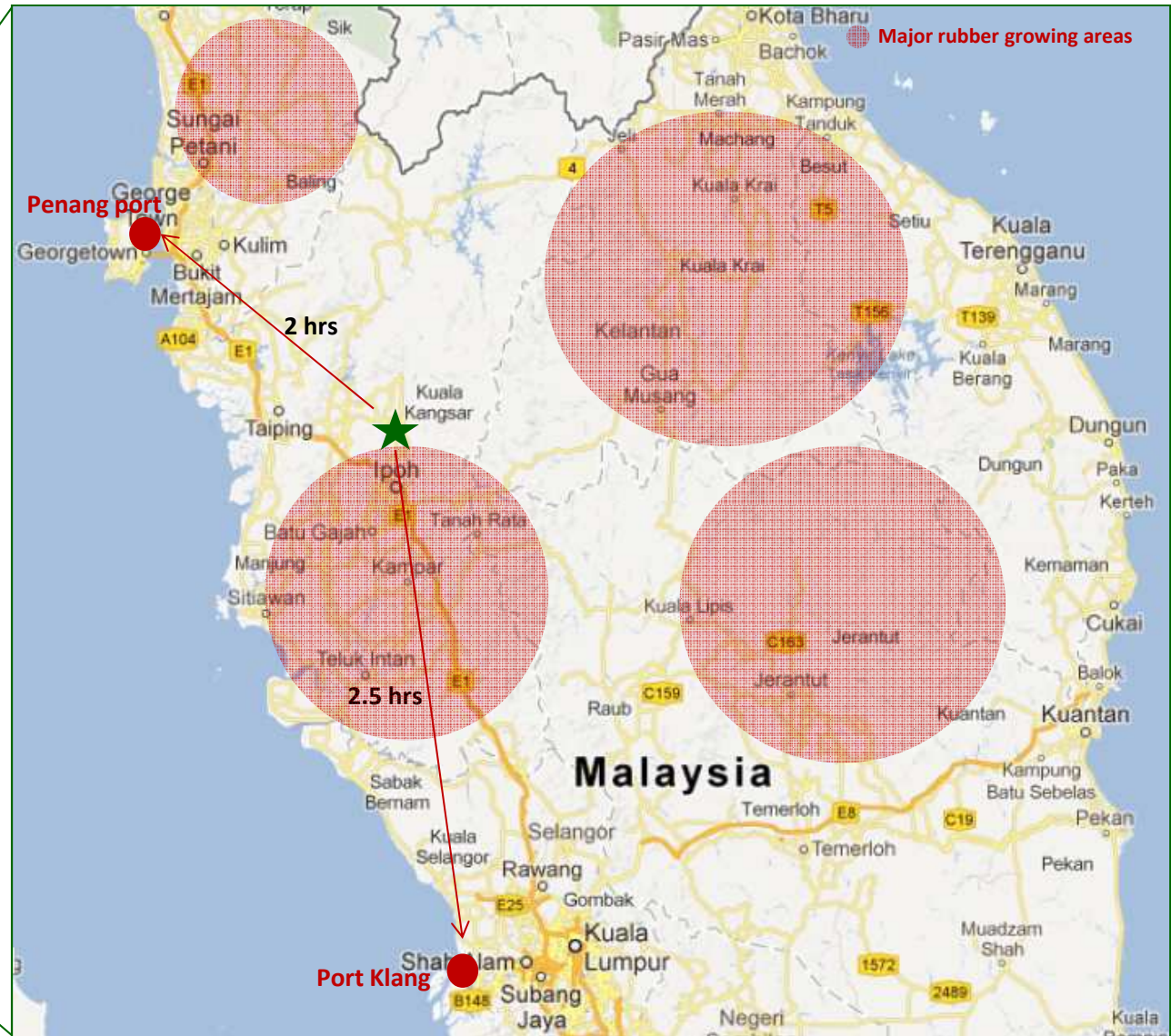
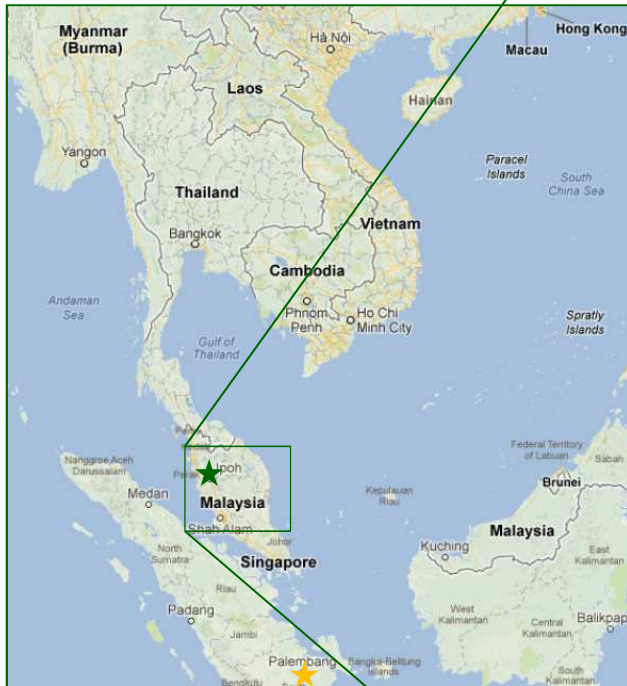


Optimise efficiency

- CLS' factories are modern and efficient, with limited additional investment required
- Significant economies of scale with much greater production volume servicing fixed cost base



Chip Lam Seng: strategically located with excellent infrastructure



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Chip Lam Seng: modern, well designed factories

Factory 1: Completed 2004, Factory 2: Completed 2008

Capable of processing
raw material from a
variety of sources and
in a variety of forms



Products include:
SMR(5, 10, 20), CV,
Latex, Compound,
CV50

Combined annual capacity: 180,000 tonnes

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Multiple opportunities for Halcyon Agri to add value

1

Undertake repairs/maintenance to bring facilities up to Halcyon Agri standards

Investment to clear upkeep backlog/service equipment, establish a lab and undertake repairs

2

Obtain approvals from additional tire manufacturers

Approvals currently held for Hankook, Kumho, Nexen, Goodyear, GT Tyres and other Chinese tire manufacturers

3

Refine raw material sourcing strategy.

Expand raw material procurement network locally and overseas

4

Ramp up production; move towards full capacity utilisation over 2-3 years

Achieve economies of scale from increased production and leverage our fixed cost base

5

Increase proportion of higher grade/higher margin products

With appropriate raw material, factories capable of producing premium grades of natural rubber

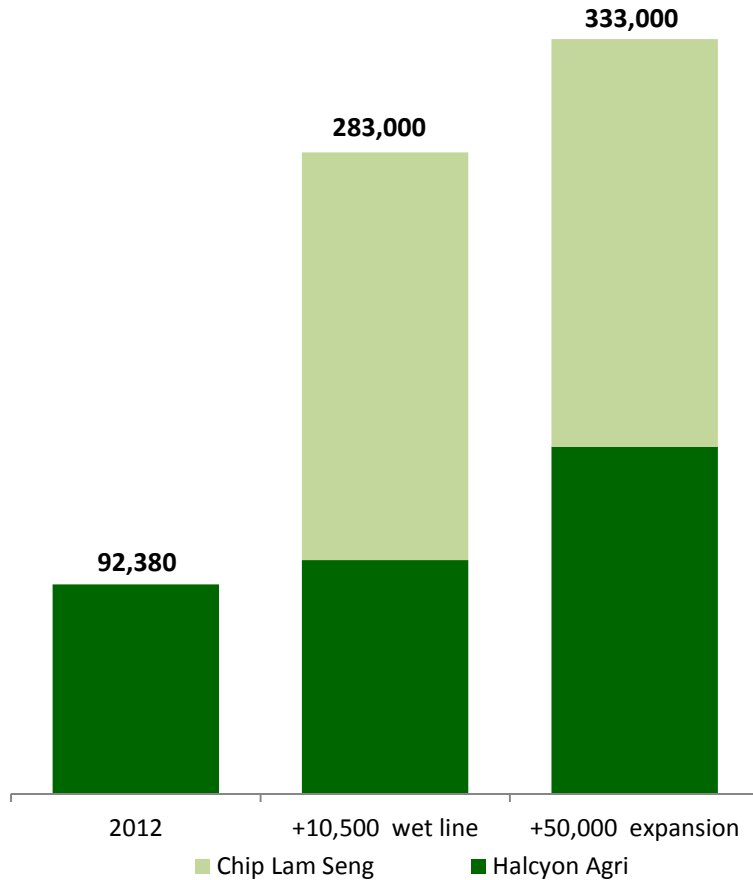
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Apply Halcyon Agri Business Model

Application of Halcyon Agri risk management model and sales and marketing expertise to secure margins

Profile of Halcyon Agri + Chip Lam Seng

Combined production capacity (mT)



CLS production targeted to be <50% of capacity in first full year, rising to c.80% of capacity in 3 years

Margins

- Sustainable margin improvements to be implemented over time through:
 - Improvements in raw material sourcing
 - Increasing the production of premium grades that attract higher pricing/margins
- Significant economies of scale of combined operations

Conclusions

Executing on our stated strategy

Transformational acquisition, more than doubling production capacity

Attractive acquisition terms

Significant opportunities to add value

Secures growth for many years to come