

# PURECIRCLE LIMITED

(Incorporated in Bermuda)  
Registration No : 40431

## FINANCIAL REPORT *for the financial period from 01 January 2008 to 30 June 2008*

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# PURECIRCLE LIMITED

(Incorporated in Bermuda)

Registration No : 40431

## DIRECTORS' REPORT

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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2008 to 30 June 2008.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of the rest of the Group are the production and distribution of natural healthy food and beverages ingredients. There have been no significant changes in the nature of these activities during the financial period.

### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The financial results and the financial position of the Group and of the Company for the financial period are shown in the annexed financial statements.

### RESULTS AND DIVIDENDS

During the period under review, PureCircle Group's turnover of USD19 million. The PureCircle Group's profit for the period after taxation and minority interest was USD1 million. This gives earnings per share of US cents 0.82.

The Group ended the period with net assets of USD82million and cash balances of USD44 million.

The Directors do not recommend payment of a dividend in respect of the period under review.

### DIRECTORS AND THEIR INTERESTS

The interests (all of which are beneficial interests save as otherwise stated) of the Directors and of the persons connected with them as at 30 June 2008 are as follows:-

Director	Number of Shares
Paul Selway-Swift <sup>1</sup>	128,571
Magomet Malsagov <sup>2</sup>	14,813,176
Peter Robert Milsted <sup>2</sup>	1,160,000
Aslan Tomov <sup>2</sup>	4,401,096
Olivier Phillipe Marie Maes <sup>3</sup>	640,000
John Robert Slosar <sup>4</sup>	1,418,702
William Mitchell <sup>2</sup>	120,000

<sup>1</sup> Family interest held indirectly by Paul Selway-Swift and his wife.

<sup>2</sup> Held directly.

<sup>3</sup> Family interest held indirectly by Olivier Maes and his wife.

<sup>4</sup> Family interest held directly by his wife.

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## DIRECTORS' REPORT

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### CHANGES TO DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS AFTER 30 JUNE 2008

On 1 July 2008, the Company entered into strategic partnerships with Olam Wilmar Investment Holdings ("OWIH"), an investment vehicle owned by Wilmar International Limited ("Wilmar") and Olam International Limited. OWIH purchased 26,544,609 shares (20% of the issued capital) in the Company, of which 23,728,155 were purchased from Asian Investment Partners Limited and Artur and Aslan Tomov and 2,818,454 from PrimePartners Asia Merchant Capital Holdings Limited.

In view of the nature of the transaction, the lock-in arrangement relating to Aslan Tomov's shareholdings was waived by PureCircle's broker. Through the transaction, Asian Investment Partners Limited and Artur and Aslan Tomov have disposed off substantially all their shareholdings in PureCircle and their combined holding is now below 1% of the Company's issued capital. PrimePartners Asia Merchant Capital Holdings Limited has also ceased to be a substantial shareholder in the Company.

### SUBSTANTIAL INTERESTS

At 30 June 2008, the Company had been notified of the following interests of 3% or more in its ordinary shares.

<b>Beneficial Shareholder</b>	<b>Interest in Issued Shares</b>	<b>Interest (%)</b>
Magomet Malsagov	14,813,176	11.2%
Half Moon Bay Enterprises Ltd	13,355,692	10.1%
Asian Investment Management Services Ltd	10,500,000	7.9%
Artur Tomov	10,314,033	7.8%
PrimePartners Asia Merchant Capital Holdings Ltd	5,800,141	4.4%
Swire Beverages Holdings Ltd	5,800,000	4.4%
James Finlay International Holding Ltd	5,800,000	4.4%
Varuzhan Abelyan	5,567,982	4.2%
Tugan Tomov	4,805,652	3.6%
Aslan Tomov	4,401,096	3.3%

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group at

# **PURECIRCLE LIMITED**

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## **DIRECTORS' REPORT**

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the end of the period and of the results of the Group and of the Company for the period in preparing those financial statements, the directors are required to: -

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with International Financial Reporting Standards. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The directors are responsible for information contained in the directors' report and other information contained in the accounts.

## **PAYMENT OF CREDITORS**

It is the policy of the Group in respect of all its creditors, where it is reasonably practicable, to settle the payment with those creditors according to the terms formally agreed with them.

The creditors' payment periods for the Group throughout the financial year under review range from 0 to 60 days.

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## **DIRECTORS' REPORT**

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### **AUDITORS**

The auditors, Messrs. Horwath, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to shareholder at the forthcoming Annual General Meeting.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 14 OCTOBER 2008**

**Magomet Malsagov**  
*Chief Executive Officer*

**William Mitchell**  
*Chief Financial Officer*

# **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PURECIRCLE LIMITED**

(Incorporated in Bermuda)

Registration No : 40431

## **Report on the Financial Statements**

We have audited the financial statements of PureCircle Limited, which comprise the Balance Sheets as at 30 June 2008 of the Group and of the Company, and the Income Statement, Statement Of Changes In Equity and Cash Flow Statement of the Group for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 65.

### *Director's Responsibility for the Financial Statements*

The directors of the Group are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors and managers, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PURECIRCLE LIMITED**

(Incorporated in Bermuda)  
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*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as of 30 June 2008 and of its financial performance and cash flows for the financial period then ended.

**Horwath**

Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur

14 October 2008

# PURECIRCLE LIMITED

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## BALANCE SHEETS AT 30 JUNE 2008

		THE GROUP		THE COMPANY	
		30.06.2008	31.12.2007	30.06.2008	31.12.2007
		USD'000	USD'000	USD'000	USD'000
	NOTE				
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	6	-	-	18,080	17,985
Investment in an associate	7	141	157	-	-
Intangible assets	8	8,200	7,789	-	-
Property, plant and equipment	9	32,947	26,725	-	-
Prepaid land lease payments	10	2,285	1,457	-	-
		<u>43,573</u>	<u>36,128</u>	<u>18,080</u>	<u>17,985</u>
<b>CURRENT ASSETS</b>					
Inventories	11	9,583	12,509	-	-
Trade receivables	12	7,430	3,410	-	-
Other receivables, deposits and prepayments	13	7,658	8,275	-	4,951
Amount owing by a subsidiary	14	-	-	1,250	10,312
Amount owing by related parties	15	1,433	2,137	28,869	-
Short-term deposits with licensed banks	17	13,563	31,543	8,502	31,543
Cash and bank balances	18	30,891	12,722	19,003	3,221
		<u>70,558</u>	<u>70,596</u>	<u>57,624</u>	<u>50,027</u>
<b>TOTAL ASSETS</b>		<u>114,131</u>	<u>106,724</u>	<u>75,704</u>	<u>68,012</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	19	13,272	13,029	13,272	13,029
Share premium	20	64,104	55,697	64,104	55,697
Treasury shares	21	*	*	*	*
Foreign exchange translation reserve	22	2,251	909	-	-
Share option reserve	23	480	-	480	-
Retained profit/(Accumulated loss)		1,490	422	(2,215)	(1,143)
		<u>81,597</u>	<u>70,057</u>	<u>75,641</u>	<u>67,583</u>
<b>SHAREHOLDERS' EQUITY</b>		<u>81,597</u>	<u>70,057</u>	<u>75,641</u>	<u>67,583</u>
<b>MINORITY INTERESTS</b>		<u>1,383</u>	<u>11,613</u>	<u>-</u>	<u>-</u>
		<u>82,980</u>	<u>81,670</u>	<u>75,641</u>	<u>67,583</u>
<b>TOTAL EQUITY</b>		<u>82,980</u>	<u>81,670</u>	<u>75,641</u>	<u>67,583</u>

Note:

\* - Represents less than USD1.00

Approved and authorised for issue by the board of directors on 14 October 2008.

**Magomet Malsagov**  
Chief Executive Officer

**William Mitchell**  
Chief Financial Officer

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## BALANCE SHEETS AT 30 JUNE 2008

	NOTE	THE GROUP		THE COMPANY	
		30.06.2008 USD'000	31.12.2007 USD'000	30.06.2008 USD'000	31.12.2007 USD'000
<b>NON-CURRENT LIABILITY</b>					
Long-term borrowings	25	11,890	10,625	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		11,890	10,625	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	27	1,186	778	-	-
Other payables and accruals	28	2,079	1,501	63	429
Short-term borrowings	29	15,608	11,630	-	-
Bank overdraft	30	388	520	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		19,261	14,429	63	429
<b>TOTAL LIABILITIES</b>		<hr/>	<hr/>	<hr/>	<hr/>
		31,151	25,054	63	429
<b>TOTAL EQUITY AND LIABILITIES</b>		<hr/>	<hr/>	<hr/>	<hr/>
		114,131	106,724	75,704	68,012
<b>NET ASSETS PER SHARE (USD)</b>	31	<hr/>	<hr/>		
		0.62	0.54		

Approved and authorised for issue by the board of directors on 14 October 2008.

**Magomet Malsagov**  
Chief Executive Officer

**William Mitchell**  
Chief Financial Officer

# PURECIRCLE LIMITED

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## CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

		THE GROUP	
		FROM 01.01.2008 TO 30.06.2008 USD'000	FROM 23.07.2007 (DATE OF INCORPORATION) TO 31.12.2007 USD'000
	NOTE		
REVENUE	32	19,290	8,898
COST OF SALES		(15,282)	(6,249)
GROSS PROFIT		4,008	2,649
OTHER INCOME		2,937	364
		6,945	3,013
ADMINISTRATIVE EXPENSES		(4,710)	(882)
FINANCE COSTS		(996)	(471)
PROFIT FROM OPERATIONS		1,239	1,660
FOREIGN EXCHANGE LOSS ON ISSUANCE OF SHARES		-	(1,216)
PROFIT BEFORE TAXATION		1,239	444
INCOME TAX EXPENSE	33	-	569
PROFIT AFTER TAXATION		1,239	1,013
ATTRIBUTABLE TO:-			
EQUITY HOLDERS OF THE COMPANY		1,068	422
MINORITY INTERESTS		171	591
		1,239	1,013
EARNINGS PER SHARE (US CENTS)			
- Basic	34	0.82	0.61
- Diluted	34	0.82	-

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## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

	SHARE CAPITAL USD'000	SHARE PREMIUM USD'000	TREASURY SHARES USD'000	SHARE OPTION RESERVE USD'000	FOREIGN CURRENCY TRANSLATION RESERVE USD'000	RETAINED PROFIT USD'000	MINORITY INTERESTS USD'000	TOTAL USD'000
THE GROUP								
Balance at 01.01.2008	13,029	55,697	*	-	909	422	11,613	81,670
New allotment for additional shareholding in subsidiary during the financial period	243	8,287	-	-	-	-	(8,530)	-
Gain from sale of treasury shares ^	-	120	*	-	-	-	-	120
Valuation on share option scheme granted during the period	-	-	-	480	-	-	-	480
Profit for the financial period	-	-	-	-	-	1,068	171	1,239
Exchange difference ^	-	-	-	-	1,342	-	(1,871)	(529)
Balance at 30.06.2008	13,272	64,104	*	480	2,251	1,490	1,383	82,980

*Notes:*

\* - *Represents less than USD1.00*

^ - *Gain/(Loss) not recognised in Income Statement*

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### STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	SHARE OPTION RESERVE	ACCUMULATED LOSS	TOTAL
	USD'000	USD'000	USD'000	USD '000	USD'000	USD'000
THE COMPANY						
Balance at 01.01.2008	13,029	55,697	*	-	(1,143)	67,583
New allotment during the financial period	243	8,287	-	-	-	8,530
Valuation on share option scheme granted during the period	-	-	-	480	-	480
Gain from sale of treasury shares ^	-	120	-	-	-	120
Loss for the financial period	-	-	-	-	(1,072)	(1,072)
Balance at 30.06.2008	13,272	64,104	*	480	(2,215)	75,641

*Notes:*

\* - *Represents less than USD1.00*

^ - *Gain/(Loss) not recognised in Income Statement*

# PURECIRCLE LIMITED

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## CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008 (CONT'D)

		THE GROUP
	FROM 01.01.2008 TO 30.06.2008 USD'000	FROM 23.07.2007 (DATE OF INCORPORATION) TO 31.12.2007 USD'000
NOTE		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial period	1,239	444
Adjustments for:-		
Amortisation of intellectual property rights	-	18
Amortisation of prepaid land lease payments	-	18
Depreciation of property, plant and equipment	1,064	391
Equipment written off	-	40
Interest expense	1,039	381
Interest income	(600)	(127)
Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition	(2,390)	(51)
Unrealised loss on foreign exchange	(266)	981
Share loss of an associate	19	-
Share option reserve	480	-
Operating cashflow before working capital changes	585	2,095
Decrease/(Increase) in inventories	2,926	(1,580)
Increase in trade and other receivables	(3,137)	(6,511)
Increase/(Decrease) in trade and other payables	1,690	(2,154)
<b>NET CASH FROM OPERATIONS</b>	<b>2,064</b>	<b>(8,150)</b>
Interest received	600	127
Interest paid	(1,039)	(381)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,625</b>	<b>(8,404)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of net assets in a subsidiary, net of cash acquired	-	(6,708)
Purchase of intangible assets	(114)	(3,237)
Purchase of leasehold land	(716)	(851)
Purchase of property, plant and equipment	(5,027)	(2,658)
Acquisition of an associate	-	(157)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(5,857)</b>	<b>(13,611)</b>
<b>BALANCE CARRIED FORWARD</b>	<b>(4,232)</b>	<b>(22,015)</b>

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## CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008 (CONT'D)

	FROM 01.01.2008 TO 30.06.2008 USD'000	THE GROUP FROM 23.07.2007 (DATE OF INCORPORATION) TO 31.12. 2007 USD'000
BALANCE BROUGHT FORWARD	(4,232)	(22,015)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	60,920
Admission to AIM market expenses	-	(3,318)
Proceeds from disposal of treasury shares	120	84
Net drawdown of term loans	3,685	3,215
Net movement of hire purchase	36	(54)
Proceeds from issue of shares to minority shareholders	-	5,900
NET CASH FROM FINANCING ACTIVITIES	3,841	66,747
Effects of foreign exchange rate changes on cash and cash equivalents	712	(987)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL PERIOD	43,745	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	36 44,066	43,745

# **PURECIRCLE LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008**

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### **1. GENERAL INFORMATION**

The Company was incorporated and registered as a private limited company in Bermuda, under the Companies (Bermuda) Law 1991 (as amended). The registered office and principal place of business are as follows:-

Registered office : Clarendon House, 2 Church Street,  
Hamilton HM 11, Bermuda.

Principal place of business : Unit 19-03-02, 3rd Floor PNB Damansara  
Lorong Dungun, Damansara Heights,  
50490 Kuala Lumpur  
Malaysia.

The Company changed its financial reporting year end from 31 December to 30 June in order to bring its financial reporting cycle into line with its principal operating activities, particularly its major sales contracts and the buying season for stevia leaf.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 October 2008.

### **2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding whilst the principal activities of the rest of the Group are the production and distribution of natural healthy food and beverages ingredients. There have been no significant changes in the nature of these activities during the financial period.

### **3. FINANCIAL INSTRUMENTS**

The Group's activities expose it to a variety of financial risks (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity and cash flow risk, and capital risk management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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### 3. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies

##### (i) Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Ringgit Malaysia and Chinese Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

The following table demonstrates the sensitivity to a reasonably possible change in the Ringgit Malaysia and Chinese Renminbi exchange rate, with all other variables held constant of the Group's profit and the Group's equity:-

	Increase/ decrease in Exchange rate	Effect on profit after taxation USD '000	Effect on Equity USD '000
Ringgit Malaysia	+ 5%	53	894
	- 5%	(53)	(894)
Chinese Renminbi	+ 5%	6	1,379
	- 5%	(6)	(1,379)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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### 3. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (ii) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing deposits, loans and borrowings. The Group's interest rate profile as monitored by management is set out below:-

	THE GROUP			
	Effective Interest Rate %		30.06.2008	31.12.2007
	30.06.2008	31.12.2007	30.06.2008 USD'000	31.12.2007 USD'000
Current account	0.98	1.71	30,192	12,151
Fixed deposits	2.17	4.80	13,563	31,543
Bank overdraft	6.75	6.75	388	520

Of the current account of USD30,192,000 as at 30 June 2008, USD18,586,000 was in transit between fixed deposit account.

##### *Interest rate sensitivity analysis*

At 30 June 2008, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variable held constant, would increase or decrease the Group's profit for the period by approximately USD11,000.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next fiscal year end balance sheet date.

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008**

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### **3. FINANCIAL INSTRUMENTS (CONT'D)**

#### **(a) Financial Risk Management Policies (Cont'd)**

##### **(iii) Credit Risk**

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant. The maximum exposure is the carrying amount as disclosed in Note 12 to the financial statements.

The Group's concentration of credit risk relates to debts owing by a major customer which constituted approximately 21% of its outstanding receivables at the balance sheet date.

The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

##### **(iv) Liquidity and Cash Flow Risks**

Liquidity and cash flow risks arise mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash and the availability of funding through certain committed credit facilities.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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### 3. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

#### (iv) Liquidity and Cash Flow Risks (Cont'd)

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

	Carrying amount USD'000	Total contractual undiscounted cash flow USD'000	Within 1 year or on demand* USD'000	More than 1 year but less than 5 years USD'000	More than 5 years USD'000
The Group					
At 30 June 2008					
Trade and other payables	3,265	3,265	3,265	-	-
Borrowings	27,498	27,498	15,608	11,336	554
Bank overdraft	388	388	388	-	-

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\*Borrowings within 1 year or on demand are drawn down under a revolving facility.

	Carrying amount USD'000	Total contractual undiscounted cash flow USD'000	Within 1 year or on demand USD'000	More than 1 year but less than 2 years USD'000	More than 2 years but less than 5 years USD'000
The Company					
At 30 June 2008					
Other payables and Accruals	63	63	63	-	-

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#### (b) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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### 3. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Capital Risk Management (Cont'd)

The capital structure of the Group consists of debts, which include the borrowings disclosed in Note 25, 29 and 30, cash and bank balances and equity attributable to equity holders of the parent, comprising issued capital, share premium, reserves and retained earnings.

The Group's policy is to maintain a strong capital base by having low gearing. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total equity.

The gearing ratio at the financial year end was as follows:

	30.06.2008 USD '000	31.12.2007 USD '000
Debts (i)	(27,886)	(22,775)
Cash and cash equivalents	44,454	44,265
Net debt	<u>Not applicable</u>	<u>Not applicable</u>
Equity (ii)	<u>81,581</u>	<u>70,057</u>
Net debt to equity ratio	<u>Not applicable</u>	<u>Not applicable</u>

(i) Debts relate to borrowings disclosed in Note 25, 29 and 30 to the financial statements.

(ii) Equity includes all capital and reserves of the Group.

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### 3. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair Value Estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2008.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

### 4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with International Financial Reporting Standards ("IFRS").

The following IFRSs and IASs have been issued and are effective for financial periods beginning on or after 1 January 2009 and will be effective for the Group's financial statements for the financial year ending 30 June 2010:-

IFRS 1	First time adoption of IFRS (Amendment)
IFRS 2	Share-based Payment (Amendment)
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements (Amendment)
IAS 16	Property, Plant and Equipment (Amendment)
IAS 19	Employee Benefits (Amendment)
IAS 20	Government Grants and Disclosure of Government Assistance (Amendment)
IAS 23	Borrowing Costs (Amendment)
IAS 27	Consolidated and Separate Financial Statements (Amendment)
IAS 28	Investments in Associates (Amendment)
IAS 29	Financial Reporting in Hyperinflationary Economies (Amendment)
IAS 31	Interest in Joint Ventures (Amendment)
IAS 32	Financial Instruments: Presentation (Amendment)
IAS 36	Impairment of Assets (Amendment)
IAS 38	Intangible Assets (Amendment)
IAS 39	Financial Instruments: Recognition and Measurement (Amendment)
IAS 40	Investment Property (Amendment)
IAS 41	Agriculture (Amendment)

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### 4. BASIS OF PREPARATION (CONT'D)

IFRS 1, IAS 20, IAS 29, IAS 40 and IAS 41 are not relevant to the Group's operations.

The amendments made to IAS 19, IAS 31, IAS 32, IAS 36, IAS 38 and IAS 39 will not have any material financial effect to the financial statements of the Group when adopted.

IFRS 2 - Share-based Payment (Amendment) clarifies that only service conditions and performance conditions are vesting conditions, and other features of a share-based payment are not vesting conditions. In addition, it specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply this amendment from the financial year ending 30 June 2010 onwards.

IFRS 8 - Operating Segments is effective from 1 January 2009. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131 Disclosures about Segments of an Enterprise and Related Information. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply IFRS 8 from the financial year ending 30 June 2010 onwards.

IAS 1 - Presentation of Financial Statements (Amendment) requires separate presentation of owner and non-owner changes in equity by introducing the statement of comprehensive income. The statement of recognised income and expense will no longer be presented. Whenever there is a restatement or reclassification, an additional balance sheet, as at the beginning of the earliest period presented, will be required to be published. This amendment has removed the inconsistency of current/non-current classification of derivatives. The Group will apply this amendment from the financial year ending 30 June 2010 onwards.

IAS 16 - Property, Plant and Equipment (Amendment) has amended the definition of "recoverable amount" to "the higher of an asset's fair value less costs to sell and its value in use" for consistency with the wordings used in IFRS 5. The Group will apply this amendment from the financial year ending 30 June 2010 onwards.

IAS 23 - Borrowing Cost (Amendment) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Borrowing costs may include interest expense calculated using the effective interest rate method as described in IAS 39. The Group will apply this amendment from the financial year ending 30 June 2010 onwards.

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### 4. BASIS OF PREPARATION (CONT'D)

IAS 27 - Consolidated and Separate Financial Statements (Amendment) clarifies that investments accounted for at cost shall be accounted for in accordance with IFRS 5 when they are classified as held for sale. Whereas, the measurement of those investments that are accounted for in accordance with IAS 39 is not changed when they meet held for sale criteria in IFRS 5. The Group will apply this amendment from the financial year ending 30 June 2010 onwards.

IAS 28 Investments in Associates (Amendment) reaffirms that investor should not allocate impairment loss to any asset that forms part of the carrying amount of the investment in the associate because the investment is the only asset that the investor controls and recognises. Reversal of impairment loss on the investment shall be recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment increases subsequently. The Group will apply this amendment from the financial year ending 30 June 2010 onwards.

In addition to the above, the following IFRSs and IASs have been issued and are effective for financial periods beginning on or after 1 July 2009 and will be effective for the Group's financial statements for the financial year ending 30 June 2010:-

IFRS 3	Business Combination (Revised)
IFRS 5	Non-current Assets held for Sale and Discontinued Operations (Amendment)
IAS 27	Consolidated and Separate Financial Statements (Amendment)
IAS 28	Investments in Associates (Amendment)
IAS 31	Interest in Joint Ventures (Amendment)
IAS 39	Financial Instruments: Recognition and Measurement (Amendment)

The amendments made to IFRS 5 and IAS 39 is not relevant to the Group's operations.

IFRS 3 - Business Combination (Revised) requires the purchase method of accounting to be applied to business combinations but will introduce some changes to existing accounting treatment. The Group will apply this amendment from the financial year ending 30 June 2010 onwards.

IAS 27 - Consolidated and Separate Financial Statements (Amendment) / IAS 28 Investments in Associates (Amendment) / IAS 31 Interest in Joint Ventures (Amendment) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Such transactions will no longer result in goodwill or gains or losses. Where control is lost, any remaining interest in the entity is re-measured to fair value and a gain or loss recognised in the income statement. The Group will apply this amendment from the financial year ending 30 June 2010 onwards.

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### 4. BASIS OF PREPARATION (CONT'D)

The following IC Interpretations have been issued and are effective for the current financial period on or after 1 January 2008 but are not relevant to the Group's operations:-

IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The following IC Interpretations have been issued and are effective for financial periods beginning on or after the effective date but are not relevant to the Group's operations:-

		Effective date
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16	Hedges of Net Investment in a Foreign Operation	1 October 2008

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

##### (i) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Critical Accounting Estimates And Judgements (Cont'd)

##### (ii) *Impairment of Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### (iii) *Intellectual Property Rights and Product Development*

The useful lives of the intellectual property rights and product development of PureCircle Sdn. Bhd. ("PCSB") are estimated to be indefinite because based on the analysis of all of the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for PCSB. In addition, the estimation of the useful lives is based on the internal technical evaluation. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to obsolesces, economic, technical and legal or other limits on the use of the intangible assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

The useful lives of the intellectual property rights of Ganzhou Julong High-Tech Food Industry Co., Ltd ("GJH") is amortised over a period of 20 years.

##### (iv) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Critical Accounting Estimates And Judgements (Cont'd)

##### (v) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

##### (vi) *Fair value estimates for certain financial assets and liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

##### (vii) *Share-based payments*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in Note 23.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Financial assets

- Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amount due according to the original terms of the receivables.

- Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### (c) Financial liabilities

- Payables

Liabilities for trade and other payables, including amounts owing to associates and related parties, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

- Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at fair value of the consideration received, net of directly attributable transaction cost incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the loans and borrowings using the effective interest method.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Functional and Foreign Currency

##### (i) *Functional and Presentation Currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates.

The functional and presentation currency of the Company is United States Dollar ("USD"). The consolidated financial statements are presented in United States Dollars ("USD") which is the parent's presentation currency.

##### (ii) *Transactions and Balances*

Transactions of the Company in foreign currency are converted into USD at the approximate rates of exchange ruling at the transaction dates.

Transactions in foreign currency are measured in the respective functional currencies of the Group's entities and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

##### (iii) *Foreign Operations*

The results and financial position of the subsidiaries engaged in foreign operations are translated into the presentation currency as follows:-

- (a) assets and liabilities, including goodwill and fair value adjustments arising on the acquisition of foreign operations, for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Functional and Foreign Currency (Cont'd)

- (b) income statement of foreign operations, including revenue and expenses, are translated at the average exchange rates for the year; and
- (c) all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve;
- (d) on disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale of the foreign operation.

#### (e) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up from 1 January 2008 to 30 June 2008.

A subsidiary is defined as a company in which the Group has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

#### (g) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

#### (h) Intangibles Assets

Intangibles assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are either finite or indefinite.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Intangibles Assets (Cont'd)

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at every balance sheet date. Intangible assets with indefinite useful lives are not amortised.

All intangible assets are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

#### (i) Intellectual Property Rights

Intellectual property rights of PureCircle Sdn. Bhd. ("PCSB") comprise the patents, technological process, micro-organisms and all intellectual and industrial property rights in connection therewith on the production of natural enzymatically enhanced sweetener, pharmaceutical products and chemical derivatives of bio-organic and physiologically active compounds.

The useful life of the intellectual property rights of PCSB is considered to be indefinite because based on the analysis of all of the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intellectual property rights are stated at cost less impairment losses. They are not amortised but tested for impairment annually or more frequently when indicators of impairment are identified.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Intangibles Assets (Cont'd)

##### (i) Intellectual Property Rights (Cont'd)

The intellectual property of Ganzhou Julong High-tech Food Industry Co., Ltd ("GJH") consists of the acquisition costs of the patents, technological process, micro-organisms and all intellectual and industrial property rights in connection therewith on the production of natural enzymatically enhanced sweetener, pharmaceutical products and chemical derivatives of bio-organic and physiologically active compounds. The acquisition cost is capitalised as an intangible asset as it is able to generate future economic benefits to GJH.

Prior to 1 January 2008, the intellectual property of GJH is amortised on a straight-line basis over the period of 20 years during which its economic benefits are expected to be consumed. Following the acquisition of GJH, the intellectual property is now applied across the whole Group. In consequence, the effective useful life of the intellectual property rights will become indefinite. Accordingly, the accounting policy has been changed.

The change in the useful life assessment from finite to indefinite is made on a prospective basis. The net carrying amount as at 1 January 2008 of USD3,234,000 ceased to amortise. Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for period ended 31 December 2007. The change has no impact on the Company's financial statements.

##### (ii) Product Development

All research costs are recognised in the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalized as intangible asset and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resource to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation or amortisation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation or amortisation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	5%
Extraction and refinery plants	2% - 20%
Office equipment, furniture and fittings and motor vehicles	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long-term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken specifically to finance the purchase of the assets, net of interest income on the temporary investment of those borrowings

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Impairment of Assets

The carrying values of assets, other than those to which IAS 36 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

#### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (I) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

Where the Company purchases any of its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is shown as a deduction from equity attributable to shareholders of the Company until the shares are cancelled or reissued. Gain or loss from cancellation or subsequent reissue is taken as a movement in equity.

#### (o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### (p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdraft and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (q) Employee Benefits

##### (i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

##### (ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### (r) Related Parties

For the purpose of these financial statements, a related party is considered to be related if:-

- (a) directly, or indirectly through one or more intermediaries, the party:-
  - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (ii) has an interest in the entity that gives it significant influence over the entity; or
  - (iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venturer;
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) Related Parties (Cont'd)

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

#### (s) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions. Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

#### (t) Revenue Recognition

##### (i) *Sale of Goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery of goods to the port of loading and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

##### (ii) *Interest Income*

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

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#### 6. INVESTMENT IN SUBSIDIARIES

	Company	
	30.06.2008 USD'000	31.12.2007 USD'000
At 1 January	17,985	-
Acquisition during the financial period	95	17,985
At 30 June/31 December	<u>18,080</u>	<u>17,985</u>

Details of the subsidiaries are as follows:-

Name of Company	County of Incorporation	Effective Equity Interest		Principal Activities
		2008	2007	
PureCircle Sdn. Bhd.	Malaysia	100%	100%	Production and distribution of natural healthy food and beverages ingredients.
Ganzhou Julong High-Tech Food Industry Co. Ltd.*	The People's Republic of China ("The PRC")	95%	55%	Manufacturing, marketing and sale of Stevioside and Stevia products.
PureCircle S.A.	Switzerland	100%	-	Sales and marketing of food and beverages ingredients.

\* - Held through PureCircle Sdn. Bhd. During the financial period, the Group acquired additional 40% equity interest in Ganzhou Julong High Tech Food Co. Ltd. for a total consideration of USD8,530,655. The consideration was satisfied by way of the Company's issuance of 2,437,330 new ordinary shares of USD0.10 each at an issue price of USD3.50 per ordinary share.

During the financial period, the Group acquired 100% equity interest in PureCircle SA for a total consideration of USD95,402.

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### 7. INVESTMENT IN AN ASSOCIATE

	THE GROUP	
	30.06.2008 USD'000	31.12.2007 USD'000
As 1 January	157	-
Acquisition during the financial period	-	157
Share of post-acquisition reserves	(19)	-
Exchange differences	3	-
	<hr/>	<hr/>
	141	157

Details of the associate are as follows:-

Name	County of Incorporation	Effective Equity Interest		Principal Activities
		2008	2007	
SDF Limited	Hong Kong	30%	30%	Investment holding
SDF (China) Limited	The People's Republic of China ("The PRC")	30%	-	Plantation of stevia leaves

The group's share of the results of its principal associates, all which are unlisted, and its aggregated assets and liabilities, are as follow:

	Asset USD'000	Liabilities USD'000	Revenue USD'000	Loss USD'000
SDF Limited	140	150	-	19

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### 8. INTANGIBLE ASSETS

<b>The Group</b>	Intellectual Property Rights USD'000	Product Development USD'000	Total USD'000
Cost:			
Balance at beginning of period	7,417	918	8,335
Additions during the financial period	92	22	114
Foreign exchange translation difference	289	21	310
At 30.06.2008	<u>7,798</u>	<u>961</u>	<u>8,759</u>
Accumulated amortization:			
Balance at beginning of period	(546)	-	(546)
Foreign exchange translation difference	(13)	-	(13)
At 30.06.2008	<u>(559)</u>	<u>-</u>	<u>(559)</u>
Net carrying amount At 30.06.2008	<u>7,239</u>	<u>961</u>	<u>8,200</u>
At 31.12.2007	<u>6,871</u>	<u>918</u>	<u>7,789</u>

Intellectual property rights comprise the patents, technology process, micro-organisms and all intellectual and industrial property rights in connection therewith on the production of natural enzymatically enhanced sweetener, pharmaceutical products and chemical derivatives of bio-organic and physiologically active compounds.

#### (a) Key assumptions for value-in-use calculations

The recoverable amount of a cash generating unit ("CGU") is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for each of the CGU's value-in-use calculations are:

##### (i) Growth rate

The average growth rate used is based on the planned capacity and forecasted demands.

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### 8. INTANGIBLE ASSETS (CONT'D)

(ii) **Gross margin**

The budgeted gross margin used is based on the average selling prices and the fixed and variable costs achieved in the year immediately before the budgeted year, adjusted for market conditions and economic conditions and internal resource efficiency.

(iii) **Discount rate**

The discount rates used ranged between 10% and 25% which approximate the CGUs' average cost of funds and risk factor.

(b) **Sensitivity to changes in assumptions**

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the intangible assets to be materially higher than its recoverable amount.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

### 9. PROPERTY, PLANT AND EQUIPMENT

	AT 01.01.2008 USD'000	ADDITIONS USD'000	TRANSFER USD'000	WRITTEN OFF USD'000	DEPRECIATION CHARGE USD'000	EXCHANGE FLUCTUATION Difference USD'000	AT 30.06.2008 USD'000
THE GROUP							
NET BOOK VALUE							
Freehold land	524	-	-	-	-	6	530
Buildings	91	-	-	-	(21)	6	76
Extraction and refinery plants	24,336	1,895	232	-	(895)	596	26,164
Office equipment, furniture and fittings and motor vehicles	983	272	-	-	(148)	36	1,143
Capital work-in- progress	791	4,382	(232)	-	-	93	5,034
	26,725	6,549	-	-	(1,064)	737	32,947

	AT COST USD'000	ACCUMULATED DEPRECIATION USD'000	NET BOOK VALUE USD'000
AT 30.06.2008			
Freehold land	530	-	530
Building	109	(33)	76
Extraction and refinery plants	30,320	(4,156)	26,164
Office equipment, furniture and fittings and motor vehicles	1,762	(619)	1,143
Capital work-in-progress	5,034	-	5,034
	37,755	(4,808)	32,947

	ACQUISITION Of SUBSIDIARIES USD'000	ADDITIONS USD'000	TRANSFER USD'000	WRITTEN OFF USD'000	DEPRECIATION CHARGE USD'000	EXCHANGE FLUCTUATION Difference USD'000	AT 31.12.2007 USD'000
THE GROUP							
NET BOOK VALUE							
Freehold land	507	-	-	-	-	17	524
Buildings	92	-	-	-	(2)	1	91
Extraction and refinery plants	22,036	2,012	5	(40)	(327)	650	24,336
Office equipment furniture and fittings and motor vehicles	1,008	11	-	-	(62)	26	983
Capital work-in- progress	98	635	(5)	-	-	63	791
	23,741	2,658	-	(40)	(391)	757	26,725

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

### 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

AT 31.12.2007	AT COST USD'000	ACCUMULATED DEPRECIATION USD'000	NET BOOK VALUE USD'000
Freehold land	524	-	524
Building	103	(12)	91
Extraction and refinery plants	27,501	(3,165)	24,336
Office equipment, furniture and fittings and motor vehicles	1,442	(459)	983
Capital work-in-progress	791	-	791
	<u>30,361</u>	<u>(3,636)</u>	<u>26,725</u>

The carrying values of plant and equipment charged to financial institutions to secure banking facilities granted to the Group are as follows:-

	THE GROUP	
	30.06.2008 USD'000	31.12.2007 USD'000
Freehold land	530	523
Extraction and refinery plants	20,544	19,138
	<u>21,074</u>	<u>19,661</u>

The carrying values of plant and equipment acquired under hire purchase terms are as follows:-

	THE GROUP	
	30.06.2008 USD'000	31.12.2007 USD'000
Extraction and refinery plants	60	76
Motor vehicles	327	265
	<u>387</u>	<u>341</u>

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#### 10. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
At beginning of financial period	1,457	-
Arising from acquisition of a subsidiary	-	603
Additions for the financial period	716	851
Amortisation for the financial period	-	(18)
Effect of foreign exchange translation	112	21
At end of financial period	<u>2,285</u>	<u>1,457</u>

The prepaid land lease payments represent the Group's right to use the land for 20 years. Accordingly, the amortisation of the prepaid land lease payments is on a straight line basis over 20 years. The prepaid land lease payments have been pledged as security for banking facilities granted to the Group.

#### 11. INVENTORIES

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
AT COST:-		
Raw materials	3,191	8,716
Work-in-progress	4,790	2,381
Finished goods	1,602	1,412
	<u>9,583</u>	<u>12,509</u>

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### 12. TRADE RECEIVABLES

The Group's normal trade credit term range from 15 to 45 days. Other credit terms are assessed and approved on case-by-case basis.

The trade receivables that are less than three months past due are not considered impaired. As of 30 June 2008, trade receivables of USD68,000 (2007: USD 58,000) were past due not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing of these trade receivables is as follows:-

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Up to 3 months	35	29
3 to 6 months	33	29
	<hr/>	<hr/>
	68	58
	<hr/>	<hr/>

The foreign currency exposure profile of the trade receivables at the balance sheet date was as follows:-

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Chinese Renminbi	567	773
Ringgit Malaysia	36	286
	<hr/>	<hr/>

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#### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Other receivables, deposits and prepayments	7,682	8,299
Allowance for doubtful debts	(24)	(24)
	<hr/>	<hr/>
	7,658	8,275
	<hr/>	<hr/>

The foreign currency exposure profile of the other receivables, deposits and prepayments at the balance sheet date was as follows:-

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Chinese Renminbi	4,691	2,639
Ringgit Malaysia	1,697	3,234
Sterling Pound	121	551
	<hr/>	<hr/>

Included in other receivables are the following major balances:-

- (a) USD3.2 million advances to suppliers/agents for the purchase of stevia leaves; and
- (b) USD0.97 million which represents the deferred amount payable by a director in respect of shares sold to him.

#### 14. AMOUNT OWING BY A SUBSIDIARY

The amount owing is unsecured, interest-free and is repayable on demand. The amount owing is to be settled in cash.

#### 15. AMOUNT OWING BY RELATED PARTIES

The amount owing is unsecured, interest-free and is repayable on demand. The amount owing is to be settled in cash.

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### 16. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	30.06.2008 USD'000	31.12.2007 USD'000	30.06.2008 USD'000	31.12.2007 USD'000
Trade receivables	7,430	3,410	-	-
Other receivables, deposits and prepayments	7,658	8,275	-	4,951
Less: Prepayments	-	(372)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Trade and other receivables	15,088	11,313	-	4,951
Amount owing by a subsidiary	-	-	1,250	10,312
Amount owing by related parties	1,433	2,137	28,869	-
Fixed deposits with licensed bank	13,563	31,543	8,502	31,543
Cash and bank balances	30,891	12,722	19,003	3,221
	<hr/>	<hr/>	<hr/>	<hr/>
	60,975	57,715	57,624	50,027
	<hr/>	<hr/>	<hr/>	<hr/>

### 17. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The weighted average interest of the fixed deposits at the balance sheet date was 2.17% per annum. The fixed deposits have weighted maturity period of 13 days.

The foreign currency exposure profile of fixed deposits with licensed banks at balance sheet date was as follows:-

	THE GROUP/THE COMPANY	
	30.06.2008 USD'000	31.12.2007 USD'000
Sterling Pound	-	29,037
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### 18. CASH AND BANK BALANCES

The foreign currency exposure profile of the cash and bank balances at the balance sheet date was as follows:-

	THE GROUP		THE COMPANY	
	30.06.2008 USD'000	31.12.2007 USD'000	30.06.2008 USD'000	31.12.2007 USD'000
Chinese Renminbi	10,315	7,788	-	-
Ringgit Malaysia	53	80	3	-
Sterling Pound	301	2,380	301	1,892
Swiss Franc	168	-	-	-

### 19. SHARE CAPITAL

The movements in the authorised and paid-up share capital are as follows:-

	Par Value USD	THE COMPANY 30.06.2008	
		NUMBER OF SHARES '000	USD'000
AUTHORISED			
At 1 January 2008	0.10	250,000	25,000
Movement during the financial period	0.10	-	-
At 30 June 2008		250,000	25,000

  

	Par Value USD	THE COMPANY 31.12.2007	
		NUMBER OF SHARES '000	USD'000
AUTHORISED			
At 23 July 2007 (date of incorporation)	1.00	10	10
Increase during the financial period	1.00	24,990	24,990
At 31 December 2007		25,000	25,000
Sub-division of the par value of ordinary shares of USD1.00 to USD0.10 each	0.10	250,000	25,000

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### 19. SHARE CAPITAL (CONT'D)

		THE COMPANY 30.06.2008	
	Par Value USD	NUMBER OF SHARES	USD
ISSUED AND FULLY PAID-UP			
At 1 January 2008	0.10	130,285,714	13,028,571
Issuance of shares for additional shareholding in a subsidiary	0.10	2,437,330	243,733
At 30 June 2008	0.10	132,723,044	13,272,304

		THE COMPANY 31.12.2007	
	Par Value USD	NUMBER OF SHARES	USD
ISSUED AND FULLY PAID-UP			
At 23 July 2007 (date of incorporation)	1.00	10,000	10,000
Sub-division of par value from USD1.00 to USD0.10 per share	-	90,000	-
	0.10	100,000	10,000
Issuance of shares pursuant to the:			
- issue during the financial period	0.10	15,303,030	1,530,303
- acquisition of a subsidiary	0.10	100,696,970	10,069,697
Cancellation on purchasing of own shares	0.10	(100,000)	(10,000)
		116,000,000	11,600,000
Public issue	0.10	14,285,714	1,428,571
At 31 December 2007	0.10	130,285,714	13,028,571

During the financial period, the Company increased its issued and paid-up ordinary share capital from USD13,028,571 to USD13,272,304 by way of the issuance of 2,437,330 ordinary shares of USD0.10 each at an issue price of USD3.50 per ordinary share being consideration paid in exchange of additional 40% shareholding in Ganzhou Julong High-Tech Food Industry Co. Ltd.

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### 19. SHARE CAPITAL (CONT'D)

All new shares issued during the financial period rank pari passu in all respects with the existing shares of the Company.

### 20. SHARE PREMIUM

	THE GROUP/ THE COMPANY	
	30.06.2008	31.12.2007
	USD'000	USD'000
At beginning of financial period	55,697	-
Premium arising from:		
- issue of shares to fund the acquisition of subsidiaries and working capital purposes	8,287	9,390
- issue of shares pursuant to admission to AIM market	-	48,571
Gain from sale of treasury shares	120	1,054
Admission to AIM market expenses	-	(3,318)
	<hr/>	<hr/>
At end of financial period	64,104	55,697
	<hr/>	<hr/>

### 21. TREASURY SHARES

During the financial period, the Company sold 120,000 treasury shares to a director of the Company for a total cash consideration of USD120,000.

At 30 June 2008, the Company held a total of 940,000 treasury shares.

### 22. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of the foreign subsidiaries.

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### 23. SHARE-BASED PAYMENTS PLANS

The expense recognised for employee services received during the year is shown in the following table:

	THE GROUP/THE COMPANY	
	30.06.2008	31.12.2007
	USD'000	USD'000
Expense arising from equity-settled share-based payment transactions	480	-

During the financial period, the Company implemented the Long-Term Incentive Plan (LTIP), the principal terms include a restriction on the Company issuing (or granting rights to issue) more than 10 per cent of its issued ordinary share capital under the Plan (and any other employee share plan) in any ten calendar year period. Awards may be linked to performance conditions. It is currently intended that, other than in exceptional circumstances, such as senior recruitment, all awards will be subject to performance conditions and that, initially, the performance conditions will be linked principally to Company share price. However, in the future the Plan also allows for internal target measures to be used where such measures are themselves drivers of shareholder value

LTIP recognises the fast growth and changing nature of the Company and the need to recruit and retain executives in very different employment markets around the world. Accordingly, LTIP allows for the Remuneration Committee to exercise significant discretion in exceptional cases where the Committee considers executives will bring particular value to shareholders. The fair value of share options granted is estimated at the date of the grant using a Black-Scholes simulation model, taking into account the terms and conditions upon which the options were granted.

	30.06.2008		31.12.2007	
	Weighted average price per share	Options '000	Weighted average price per share	Options '000
At beginning of period	-	-	-	-
Granted	3.56	978	-	-
Exercised	3.51	(120)	-	-
At end of period	3.57	858	-	-

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#### 24. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	THE GROUP		THE COMPANY	
	30.06.2008 USD'000	31.12.2007 USD'000	30.06.2008 USD'000	31.12.2007 USD'000
Trade payables	1,186	778	-	-
Other payables and accruals	2,079	1,501	63	429
Total borrowings	27,886	22,775	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	31,151	25,054	63	429
	<hr/>	<hr/>	<hr/>	<hr/>

#### 25. LONG-TERM BORROWINGS

	THE GROUP	
	30.06.2008 USD'000	31.12.2007 USD'000
Lease and hire purchase payables	247	216
Term loans (Note 37)	11,643	10,409
	<hr/>	<hr/>
	11,890	10,625
	<hr/>	<hr/>

The foreign currency exposure profile of the short-term borrowings at the balance sheet date was as follows:-

	THE GROUP	
	30.06.2008 USD'000	31.12.2007 USD'000
Chinese Renminbi	4,376	4,107
Ringgit Malaysia	7,514	6,518
	<hr/>	<hr/>

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### 26. DEFERRED TAX LIABILITIES

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
At beginning of financial period	-	-
Arising from the acquisition of subsidiaries	-	561
Recognised in the income statement (Note 33)	-	(561)
	<hr/>	<hr/>
At end of financial period	-	-

### 27. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 0 to 60 days.

The foreign currency exposure profile of the trade payables at the balance sheet date was as follows:-

	THE GROUP	
	30.06.2008	31.12.2007
	USD '000	USD '000
Chinese Renminbi	1,044	212
Ringgit Malaysia	142	564
	<hr/>	<hr/>

### 28. OTHER PAYABLES AND ACCRUALS

The foreign currency exposure profile of the other payables and accruals at the balance sheet date was as follows:-

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Chinese Renminbi	1,322	718
Pounds Sterling	53	186
Ringgit Malaysia	377	307
	<hr/>	<hr/>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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#### 29. SHORT-TERM BORROWINGS

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Bills payable	11,808	7,496
Lease and hire purchase payables	65	61
Term loans (Note 37)	3,735	4,073
	<u>15,608</u>	<u>11,630</u>

The foreign currency exposure profile of the short-term borrowings at the balance sheet date was as follows:-

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Chinese Renminbi	2,024	2,464
Ringgit Malaysia	13,584	9,166
	<u>15,608</u>	<u>11,630</u>

#### 30. BANK OVERDRAFT

The bank overdraft bore an effective interest rate of 6.75% (2007: 6.75%) per annum at the balance sheet date and is secured by way of:-

- (i) a fixed and floating charge over present and future assets and the freehold property of a subsidiary; and
- (ii) the joint and several guarantee of certain directors.

The foreign currency exposure profile of the short-term borrowings at the balance sheet date was as follows:-

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Ringgit Malaysia	<u>388</u>	<u>520</u>

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### 31. NET ASSETS PER SHARE

The net assets per share is calculated based on the net assets value at the balance sheet date of USD81,597,000 (2007: USD70,057,000) divided by the number of ordinary shares in issue (excluding the treasury shares held by the Company) at the balance sheet date of 131,783,044 (2007: 129,225,714).

### 32. REVENUE

Revenue represents the invoiced value of services rendered less returns and trade discounts.

### 33. INCOME TAX EXPENSE

	THE GROUP	
	01.01.2008 To 30.06.2008 USD'000	23.7.2007 to 31.12.2007 USD'000
Current tax	-	8
- foreign tax		
Deferred tax (Note 26):	-	561
	<hr/>	<hr/>
	-	569
	<hr/>	<hr/>

The Company was granted a tax assurance certificate dated 18 August 2007 under the Exempted Undertakings Tax Protection Act 1966 pursuant to which it is exempted from any Bermuda taxes (other than local property taxes) until 28 March 2016.

The subsidiary, PCSB, has been granted the Bio-Nexus Status by the Malaysian Biotechnology Corporation Sdn Bhd in which PCSB is entitled to a 100% income tax exemption for a period of 10 years on its income commencing from the date of commercial operation. Upon the expiry of the 10-year incentive period, PCSB will be entitled to a concessionary tax rate of 20% on income derived from qualifying activities for a further period of 10 years.

The other subsidiary, GJH, has also been granted a 100% exemption on corporate tax from 1 January to 31 December 2008 and 50% exemption on corporate tax from 1 January 2009 to 31 December 2011.

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### 33. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	THE GROUP	
	6 MONTHS TO 30.06.2008 USD'000	FROM 23.07.2007 (DATE OF INCORPORATION) TO 31.12.2007 USD'000
Profit before taxation	1,239	444
Tax at the statutory tax rates in the respective countries	(277)	(676)
Tax effects of:-		
Non-deductible expenses	283	(2,436)
Non-taxable income	83	2,912
Deferred tax assets not recognised during the financial period	(89)	-
Utilisation of deferred tax assets	-	208
Overprovision of deferred tax	-	561
Income tax expense	-	569

### 34. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (excluding the treasury shares) during the year as disclosed in Note 21 to the financial statements:-

	The Group 30.06.2008	The Group 31.12.2007
Profit attributable to equity holders of the Company (USD'000)	1,068	422
Weighted average number of ordinary shares in issue (thousands)	129,915	69,663
Basic earnings per share (US Cents)	0.82	0.61

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### 34. EARNINGS PER SHARE (CONT'D)

The fully diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares that would have been in issued had all the options been exercised:-

	The Group 30.06.2008	The Group 31.12.2007
Profit attributable to equity holders of the Company (USD'000)	1,068	-
Weighted average number of ordinary shares in issue (thousands)	130,320	-
Fully diluted earnings per share (US Cents)	0.82	-

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### 35. ACQUISITION OF A SUBSIDIARY, NET OF CASH ACQUIRED

- (a) During the financial period, the Group acquired additional 40% equity interest in Ganzhou Julong High-Tech Food Industry Co. Ltd. for a total consideration of USD8,530,655. The consideration was satisfied by way of the Company's issuance of 2,437,330 new ordinary shares of USD0.10 each at an issue price of USD3.50 per ordinary share. The additional acquisition brings a total of 95% equity interest in the subsidiary.
- (b) During the financial period, the Group acquired 100% equity interest in PureCircle SA for a total consideration of USD95,402 for cash.

During the previous financial year, the Company acquired 100% equity interest in PureCircle Sdn. Bhd for a total consideration of USD17,985,000. The purchase consideration was satisfied by way of the following:-

- (i) cash consideration of USD7.915 million for the acquisition of 7,651,515 ordinary shares of RM1.00 each representing 13.19% equity interest in PCSB, and
- (ii) the remaining 86.81% equity interest in PCSB for a consideration of USD10,069,697 settled via share swap arrangement, whereby 50,348,485 ordinary shares of RM1.00 each in PCSB were swapped for 100,696,970 ordinary shares of USD0.10 each in the Company at par on the basis of 2 new ordinary shares in the Company for every 1 ordinary share held in PCSB.

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### 35. ACQUISITION OF A SUBSIDIARY, NET OF CASH ACQUIRED (CONT'D)

The details of net assets acquired and cash flow arising from the acquisition of a subsidiary are as follows:-

	THE GROUP	
	31.12.2007	31.12.2007
	USD'000	USD'000
	FAIR VALUE	CARRYING AMOUNT
Non-current assets	28,746	28,746
Current assets	19,537	19,537
Current liabilities	(24,564)	(24,564)
Non-current liability	(561)	(561)
Minority interests	(5,122)	(5,122)
Fair value of net assets acquired	18,036	18,036
Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition	(51)	
Total cost of acquisition	17,985 *	
Satisfied by the issuance of ordinary shares	(10,070)	
Satisfied in cash	7,915	
Less: Cash and cash equivalents of subsidiary acquired	(1,207)	
Net cash outflow from acquisition of subsidiary	6,708	

Note\*Includes related costs of USD135,000.

The effects of the acquisition of the subsidiaries on the financial results of the Group at the end of the financial year are as follows:-

	THE GROUP
	31.12.2007
	USD'000
Revenue	8,898
Profit for the financial period	2,156

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#### 36. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Fixed deposits	13,563	31,543
Cash and bank balances	30,891	12,722
Bank overdraft	(388)	(520)
	<hr/>	<hr/>
	44,066	43,745
	<hr/>	<hr/>

Of the current account of USD30,192,000 as at 30 June 2008, USD18,586,000 was in transit between fixed deposit account.

#### 37. TERM LOANS

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Current portion (Note 29):		
- repayable within one year	3,735	4,073
Non-current portion (Note 25):		
- repayable between one and two years	11,146	5,845
- repayable between two and five years	497	4,564
	<hr/>	<hr/>
Total non-current portion	11,643	10,409
	<hr/>	<hr/>
	15,378	14,482
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The term loans bore a weighted average effective interest rate of 7.78% (2007: 7.78%) per annum at the balance sheet date.

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#### 37. TERM LOANS (CONT'D)

Details of the repayment terms of the term loans are as follows:-

Term loans	Number of monthly instalments	Monthly instalments amount	Commencement date of repayment	Amount outstanding
		USD'000		The Group 30.06.2008 USD'000
1	84	175	Apr 05	6,078
2	48	70	Jul 08	2,882
3	1	438	Jan 09	438
4	1	292	Mar 09	292
5	1	438	Mar 09	438
6	1	875	Aug 08	875
7	1	4,375	Jul 09	4,375
				<hr/>
				15,378

The fair values of the term loans approximated their carrying amounts.

Term loan 1 and 2 are secured by way of:-

- (i) a fixed and floating charge over present and future assets and the freehold property of a subsidiary; and
- (ii) the joint and several guarantee of certain directors of the subsidiary.

Term loan 3 is secured by pledges raw materials inventory of a subsidiary.

Term loan 4 is unsecured while term loan 5 is secured by a legal charge over certain assets of the subsidiary.

Term loan 6 is secured as follows:-

- (i) a legal charge over certain assets of the subsidiary; and
- (ii) pledges of raw material inventory of the subsidiary.

Term loan 7 is secured as follows:-

- (i) a legal charge over certain assets of the subsidiary;
- (ii) a legal charge over the prepaid land lease payments of the subsidiary; and
- (iii) pledges of raw materials inventory of the subsidiary.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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### 38. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

The Group and/or the Company have related party relationships with:-

- (i) its subsidiaries as disclosed in Note 6 to the financial statements;
- (ii) the directors who are the key management personnel; and
- (iii) companies in which certain directors are common directors and/or substantial shareholders;

(b) In addition to the information detailed elsewhere in the financial statements, the Group carried out the following transactions with related parties during the financial year:-

(i) Related Parties

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Purchase of stevia extraction business from certain directors of GJH	-	1,487
Purchase of intellectual property rights from the directors of GJH	-	3,114
Sales of treasury shares to a director of the Company	120	1,054
Amount owing by a director in respect of shares sold to him	970	970

(ii) Key Management Personnel

	THE GROUP	
	30.06.2008	31.12.2007
	USD'000	USD'000
Short-term employee benefits	346	103
Share-based payments	480	-

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

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#### 39. SIGNIFICANT RELATED PARTY BALANCES

	THE GROUP	
	30.06.2008 USD'000	31.12.2007 USD'000
Amount owing by directors and/or key management of the GJH as disclosed in Note 15 to the financial statements	1,433	2,137

#### 40. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to United States Dollar equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	THE GROUP	
	30.06.2008	31.12.2007
Chinese Renminbi	0.1459	0.1369
Ringgit Malaysia	0.3062	0.2998

#### 41. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

On 3 April 2008, the Company entered into a Share Swap Agreement with the other shareholders of Ganzhou Julong High-Tech Food Industry Co. Ltd. to acquire the additional 40% shareholding in this subsidiary by issuing a total of 2,437,330 new ordinary shares of USD0.10 each value at USD3.50 each.

#### 42. EVENTS AFTER BALANCE SHEET DATE

- (i) On 1 July 2008, Wilmar International Limited ("Wilmar") and Olam International Limited ("Olam"), through a 50:50 owned investment vehicle Olam Wilmar Investments Holdings Limited ("OWIH"), purchased 26,544,609 shares (20% of the issued capital) in the Company. Of which, 23,728,155 shares were purchased from Asian Investment Partners Limited and Artur and Aslan Tomov and 2,816,454 shares from Prime Partners Asia Merchant Capital Holdings Limited at a price of £2.01 per share.

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### 42. EVENTS AFTER BALANCE SHEET DATE (CONT'D)

- (ii) On completion of the above transaction, Mr. Kuok Khoon Hong, the Chairman and Chief Executive Officer of Wilmar International Ltd, was appointed to the Board as a Non-Executive Director on 19 August 2008 and Mr. Aslan Tomov resigned as an Executive Director of the Company with effective from 7 July 2008.
- (iii) On 13 October 2008, Mr. Sunny Verghese, has been appointed as Non-Executive Director of the Company who replaced Mr. Kuok Khoon Hong whom has resigned on the same day.

### 43. SEGMENTAL REPORTING

- (i) Primary reporting format - business segments

30.06.2008	Investment Holdings USD'000	Natural Sweetener USD'000	Eliminations USD'000	Total USD'000
REVENUE	-	26,578	(7,288)	19,290
RESULT				
Segment profit				2,235
Finance costs				(996)
Profit before taxation				1,239
Income tax expense				-
Profit after taxation				1,239
OTHER INFORMATION				
Segment assets #	75,872	85,167	(46,908)	114,131
Segment liabilities *	133	59,846	(28,828)	31,151
Capital expenditure	-	7,286	-	7,286
Depreciation and amortisation	-	1,064	-	1,064

# - Segment assets comprise total current and non-current assets.

\* - Segment liabilities comprise total current and long-term liabilities.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008

### 43. SEGMENTAL REPORTING (CONT'D)

(ii) Secondary reporting format - geographical segments

31.12.2007	Bermuda USD'000	Malaysia USD'000	The PRC USD'000	Eliminations USD'000	Total USD'000
REVENUE	-	14,749	11,829	(7,288)	19,290
RESULT					
Segment profit					2,235
Finance costs					(996)
Profit before taxation					1,239
Income tax expense					-
Profit after taxation					1,239
OTHER INFORMATION					
Segment assets #	75,872	69,781	38,070	(65,591)	114,131
Segment liabilities *	133	51,892	10,409	(31,286)	31,151
Capital expenditure	-	1,984	5,302	-	7,286
Depreciation and amortisation	-	506	558	-	1,064

# - Segment assets comprise total current and non-current assets.

\* - Segment liabilities comprise total current and long-term liabilities.

### 44. CAPITAL COMMITMENT

Capital expenditure at the balance sheet date is as follows:-

	THE GROUP	
	30.06.2008 USD'000	31.12.2007 USD'000
Approved and contracted for Property, plant and equipment	2,499	2,497
Approved but not contracted for Property, plant and equipment	12,717	-

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 2008**

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### **45. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

#### **(a) Cash And Cash Equivalents And Other Short-Term Receivables/Payables**

The carrying amounts approximated their fair values due to the relatively short-term maturity of these investments.

#### **(b) Long-term Borrowings**

The carrying amounts approximated the fair values of these instruments. The fair values of the long-term borrowings are determined by discounting the relevant cash flows using current interest rates for similar types of instruments at the balance sheet date.

### **46. COMPARATIVE FIGURES**

The comparative figures are in respect of financial period from 23 July 2007 (date of incorporation) to 31 December 2007.

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