

Regulatory Story

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Company [PureCircle Limited](#)
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PureCircle Limited ('PureCircle' or 'the Company')

RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009 ('FY 2009')

PureCircle (www.purecircle.com), the world's leading producer of Natural High Intensity Sweeteners, including Reb A, today announces results for financial year ended 30 June 2009 ('FY 2009'). All comparatives shown are for the Pro-Forma twelve months to 30 June 2008 (FY 2008). Results for the Company's last audited financial period covering just the six months to 30 June 2008 are set out in the group financial review section that follows and the full annual report.

FY 2009, as expected, was a transformational year for both the Natural High Intensity Sweetener (NHIS) market and for the Company. We start FY 2010 with a robust platform in place to continue to lead the future growth of the industry.

SUMMARY FINANCIALS for the year ended 30 June 2009 (Pro-Forma comparatives for FY 2008)

	FY 2009	FY 2008
	\$m	\$m
Revenues	60.0	34.1
Gross Profit	25.6	9.1
Gross Profit %	42.6%	26.8%
Net Profit attributable to shareholders	11.2	2.1
Net Operating Cash Flow after capital expenditure	(63.9)	(38.8)
Net (Debt)/Cash	(47.5)	16.6
Net Assets	95.2	81.7

FINANCIAL HIGHLIGHTS

- Sales of 266 tonnes of Reb A (FY 2008: 115 tonnes), an increase of 131%
- Sales of \$60 million (FY 2008: \$34 million), an increase of 76%
- Net profit of \$11 million (FY2008: \$2.1 million), an increase of 428%
- Net debt \$48 million (FY 2008: net cash of \$17 million)
- Net assets of \$95 million (FY 2008: \$82 million)

BUSINESS DEVELOPMENTS

- Clear establishment of a Natural High Intensity Sweetener ("NHIS") market, the first step in the development of the long term US \$10 billion complementary-with-sugar market.
- Regulatory clearances during the year in USA, Switzerland, Russia and Australia. In essence only the EU and Canada of major markets still to clear. France's clearance in September 2009 supports our opinion that remaining clearances will follow within 2 years
- All product launches are outperforming their categories: albeit so far just niche products and small volumes
- Step change achieved in the planned diversification of our customer base
- Global sales and marketing organisation established
- Stevia extract capacity quadrupled; believed to be over 50% of the total industry capacity
- Major \$35m factory expansion commissioned within 21 months of project starting
- Leaf supply diversified: leaf now being grown on three continents for PureCircle
- Group executive management team strengthened with key international hires; all drawn from relevant F&B multinationals
- Transformational year of investment: over \$63m invested in operating assets. As planned, the investments made have taken Group into net debt position
- New 5 year banking facilities negotiated May 2009 provide significant funding headroom
- Strong opening leaf inventories will reduce the FY 2010 working capital inventory requirements
- Strong opportunities sales pipeline in all geographies
- September 2009 French clearance suggests European momentum increasing
- Significant roll-out of new launches and new categories not expected until calendar 2010
- Strong growth prospects over the next 3-5 years; the pace of shorter term sales depends on the rate of new product launches to market.

Paul Selway - Swift, Chairman of PureCircle, commented:

This was a transformational year for the Natural High Intensity Sweetener (NHIS) market and for PureCircle.

We have established PureCircle as the world's leading supplier of NHIS ingredients, including Reb A. We have world class supply chain infrastructure in place, a global sales organisation established and an excellent international management team leading the business.

Importantly over the past year nearly all major global Food & Beverage companies have engaged with us on how best to exploit the potential of NHIS ingredients for their businesses. Their strong enthusiasm to develop NHIS is underpinned by a growing understanding of just how environmentally and socially sustainable a crop stevia is and the opportunities it offers to both consumers and rural supplier communities.

In the medium term we are confident that this will be a major new global industry. PureCircle is the undisputed market leader and we are ideally placed for significant long term growth.

In the short term volume take-up depends on the speed of our customers getting new products to market. These launches will inevitably be tougher to programme against the current economic backdrop. Sales growth may therefore be volatile. We are hard at work supporting our customers on the development of larger volume products that will trigger use of Reb A in mass market products. We expect the world's F&B companies to increase the rate of launches using Reb A during calendar 2010 and 2011. Growing concerns about the levels of consumer obesity, about the safety of artificial sweeteners and the unpredictability of sugar prices can only support and encourage the development of the NHIS market in which PureCircle intends to remain the leader.

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CHAIRMAN'S STATEMENT

Introduction

This was a transformational year both for the Natural High Intensity Sweetener (NHIS) market and for PureCircle.

Regulatory: In September 2009 France cleared Rebaudioside A 97% to join previous clearances in Switzerland, Australia, USA and Russia. We believe that the remaining key market clearances, including Europe, should follow within two years.

Market development: Since FDA clearance there has been a succession of product launches nationally across the USA. All these new products are out-performing their categories, albeit the brands are relatively small at this stage. We end FY 2009 with a NHIS market clearly established and we are leading it.

Customer base: We have made progress in building a quality diversified customer base. We ended FY 2008 selling Reb A to just one customer: in contrast we ended FY 2009 with meaningful discussions with over 100 across all regions and major F&B categories.

Sales organisation: Over the year we have moved from a single location sales force in Kuala Lumpur to a global operation selling from eight countries across five continents.

Supply chain scale: We have consolidated and accelerated our global supply chain leadership. We have completed the expansion to 4,000 tonnes capacity of our stevia extraction facility at PureCircle Jiangxi in southern China.

Diversified stevia leaf supply: From a single country source supply in FY 2008, we finish FY 2009 with stevia leaf being grown for us in seven countries across three continents and in so doing we support a network of small independent farmers across the world.

Each of these developments is reviewed below and in greater detail in the Chief Executive's review.

Results

Revenues for FY 2009 were up by 76% to \$60m, principally Reb A sales where volumes increased over 150 tonnes. We were pleased to welcome PepsiCo and Merisant as new clients.

Operating margins improved to 20% even though our overall capacity utilisation was only about 30%. We have plenty of room for growth and the potential to improve margins further as growth drives economies of scale.

The Company invested over \$65m in capital expenditure and working capital to support the business transformation.

The Group has a robust balance sheet with net assets of \$94m (FY 2008: \$82m). PureCircle ends FY 2009 with net debt of [\$48m]. We have headroom of over \$50m on our long term banking facilities which were increased and extended in May 2009.

While the Company is growing its business the Board deems working capital to be a priority. The Board will therefore not be recommending the payment of a dividend. This policy will be reviewed in the future in light of the Group's progress and funding requirements.

Regulatory

Regulatory clearances are no longer a material barrier to the development of the NHIS market or the continued growth of PureCircle. The highly influential WHO and FDA clearances were achieved. With USA, Switzerland, Japan and key Asian and South American countries and Australia and New Zealand all approved, it is just the EU and Canada outstanding of the major markets. Indications are that these will also secure regulatory clearances within a couple of years. The September 2009 French clearance is evidence of the regulatory momentum.

Market development

Major beverage and table top companies have been swift to launch products, particularly in the important USA market. All products launched have been well received by the consumer and are outperforming their respective categories. These are still early days but the successes to date confirm

that a Natural High Intensity Sweetener market has undoubtedly been established.

Importantly over the past year nearly all major global Food & Beverage companies have engaged with us on how best to exploit the potential of NHIS ingredients for their businesses. Their strong enthusiasm to develop NHIS is underpinned by a growing understanding of just how environmentally and socially sustainable a crop stevia is and the opportunities it offers to both consumers and rural supplier communities.

Consumer support for NHIS is growing. Tailored research we have undertaken in FY 2009 shows clearly the strong widespread support among key consumer groups, notably mothers, for a Natural lower calorie sweetener solution. Enthusiasm for the concept is supported by strong commitments to purchase once natural lower calorie sweetened products are available at retail at sustainable affordable prices.

We are clear that such a proposition can be delivered and that this strong consumer demand will underpin the development of a major NHIS industry.

The question now is how fast will it take off?

In the medium term we are confident that this will be a major new global industry. PureCircle is the undisputed market leader and we are ideally placed for significant long term growth.

In the short term volume take-up depends on the speed of our customers getting new products to market. These launches will inevitably be tougher to programme against the current economic backdrop. Sales growth may therefore be volatile. We are hard at work supporting our customers on the development of larger volume products that will trigger use of Reb A in mass market products. We expect the world's F&B companies to increase the rate of launches using Reb A during calendar 2010 and 2011. Growing concerns about the levels of consumer obesity, about the safety of artificial sweeteners and the unpredictability of sugar prices can only support and encourage the development of the NHIS market in which PureCircle intends to remain the leader.

Customer base

Our sales strategy is to secure a highly diversified customer base across all F&B categories internationally. We made significant progress towards this goal in FY 2009. From one Reb A customer at the start of the year we ended in discussions with more than 100 spread across all F&B categories. We are doing this from eight countries in five continents.

We were pleased to welcome Pepsi and Merisant as new clients in FY 2009. Many other household names are in discussions with us and we look forward to establishing strong relationships with them all in the future.

Supply chain & technology

When the NHIS market really takes off scale and reliability of supply will be essential. A year ago there were questions about our ability to scale up successfully and about whether we could access sufficient global stevia leaf supply.

The rapid expansion of our extraction factory in Jiangxi, completed in just 21 months, confirms that we can scale at pace. And our diversification of stevia leaf growing across continents has given confidence that leaf supply can indeed keep pace with increasing demand.

At the same time, in supporting the small farming communities we are making a positive impact on local economies.

Our supply chain is not only the largest in the industry but it is the only technologically integrated supply chain in the industry. As customers get more involved with NHIS ingredients there is growing understanding of the importance of the integrated approach. Put simply, we can offer clients a breadth and depth of stevia-based solutions and a consistency of quality and delivery that competitors cannot. We shall continue to invest heavily to keep our technology ahead of the industry.

Board & Management

The management team has been strengthened by the recruitment of Dorn Wenninger and Arne Lugeon to the Group Executive team and by the creation of a global sales and marketing organisation. We are indebted to the leadership of Chief Executive Magomet Malsagov whose Review looks in detail at the developments during the period.

Outlook

FY 2009 has been a transformational year for the NHIS market and particularly for PureCircle. A global NHIS market has clearly been established and we have achieved clear leadership. The next 18 to 24 months will give greater clarity on how fast the large long term market will grow.

We believe that PureCircle is well placed to lead the development of the NHIS industry and that our robust integrated business platform will ensure that we continue to secure the majority share of market.

I look forward to reporting on further progress

Paul Selway-Swift

Chairman

23 September 2009

CHIEF EXECUTIVE'S REVIEW

This has been a transformational year for the PureCircle Group of Companies.

We have led the development of a new global industry.

We started the year as industry leaders. During FY 2009 we changed all aspects of our business and organisation with the sole aim of accelerating our leadership of the industry. We end the year, as planned, at the forefront of the market and the preferred Natural High Intensity Sweetener ("NHIS") supplier of choice for the major Food & Beverage ("F&B") companies.

The scale of our ambition is significant. To achieve our goals we will undoubtedly face many challenges. Some will be daunting. But we are determined to resolve each of them successfully.

In so doing we aim to provide long term quality service to our clients, fair and sustainable earnings to our supplier communities, major value for our shareholders, stimulating careers for our people and to be socially and environmentally responsible in the communities in which we operate.

1. Sales & Marketing**1.1 Global sales & marketing organisation established**

- We have created a global sales and marketing organisation.
- We now operate from seven offices across five continents including Chicago (USA), Geneva (Switzerland), Sydney (Australia), Kuala Lumpur (Malaysia), Moscow (Russia), Buenos Aires (Argentina), Asuncion (Paraguay) and Guangzhou (China).
- We have recruited top management talent from the best F&B companies including Tate & Lyle, Nestle, Kraft, Wrigleys, Nutrasweet, Firmenich, O'Driscolls
- We have hired 20 new sales and marketing managers to secure and then service clients in all countries
- In the USA :
 - o We have established full national coverage with regional sales in all relevant areas.
 - o We have put in place a full service team with applications specialists, dedicated customer service and logistics as well as marketing
 - o We started the year working with an outsourced warehouse and customer service provider. Now all these key activities are being brought in-house to improve the quality and strengthen our control of service.
- We have put in place quality distributor relations to cover Japan, Eastern Europe and China

1.2 Aiming to be supplier of choice

Our policy is for PureCircle to be the supplier of choice for the Global F&B industry. We will establish our USA model of full service offer in each region including application capabilities, local inventories and logistics and tailored regional marketing support.

1.3 Marketing

- *Launch of PureCircle USA:* We undertook a successful launch of our USA business in November 2008 getting the PureCircle story to over 50 influential specialist trade journals
- *Ground breaking consumer research:* We recruited a senior marketing executive from Kraft to head up our USA marketing. In just five months he has commissioned and delivered a groundbreaking consumer research project. This has generated hugely positive reaction from our clients who recognise it as insightful, helpful to their propositions and thought leading for industry.
- *Overhauled website:* We have completely overhauled our corporate website and introduced another website with technical information for application teams
- *The industry perspective:* We have established close relationships with key industry news media, particularly internet and trade journals. Through this we are recognised as the thought leaders for the emerging stevia industry and the people to turn to for comment and perspective when this is breaking industry news.
- We are actively leading the development of our wider industry.
 - o We were keynote speakers at, and principal sponsors of, the stevia world conference in Shanghai in May 2009.
 - o We are actively participating in the European Stevia Association (EUSTAS)
 - o We have made important contributions to the dialogue with the sugar industry, including speaking at a global sugar conference
 - o We held a major webinar on the technical applications and uses of stevia and Rebaudioside A. This attracted a record audience for any F&B ingredient webinar.
 - o We have established a partnership with Cerilliant and are working closely with the United States Pharmacopeia (USP) to help determine and set independent industry standards and quality testing

1.4 Application partnerships

- We have established an important Partnership with Firmenich, the world's second largest flavor company, to promote stevia-based sweetener applications across all F&B categories. With Firmenich we are
 - o Developing ranges of category specific product solutions
 - o Making joint client presentations and developing projects

We expect to report some innovative client launches resulting from our collaboration during calendar year 2010

Beyond our strong partnership with Firmenich we remain flexible and able to work with other application formulators. We are building with these companies a growing pipeline of potential product launches and category specialisations for 2010 and beyond.

1.5 Sales pipeline

- Our long-term sales policy is to have a highly diversified customer base.
- We have transformed our sales pipeline in the last twelve months. A year ago we had just one Rebaudioside A client, now we have 25 clients, albeit most are for small trial samples at this stage, and are actively engaged with over a hundred potential clients in the USA alone.
- We have substantive discussions with brands and businesses that are leaders across all F&B categories. These include:
 - o Beverage : Carbonated Soft Drinks, powdered drinks, iced tea, hydration and energy drinks
 - o Dairy: Yogurt, ice-creams, milk shakes
 - o Confectionary: Gums, candies, chocolates
 - o Cereal : Across the range
 - o Sauces: Across the range
 - o Other food: Biscuits, cakes, soups and others

1.6 Customer feedback

- The customer feedback we are getting is consistent:
 - o We have a clear leadership position
 - o We are credible as a long term supplier partner
 - o Our recruited expertise is the highest quality in the industry
 - o Our scale and security of supply is significantly ahead of the competition
 - o The investments we are making now to research beyond Reb A is recognised as demonstrating PureCircle's commitment for the long term
- The challenge will be to deliver consistently high-quality service to our expanding client base

1.7 Looking forward

- Long term we expect deep momentum to grow. We expect wide take-up across all F&B categories and all regions.
- The planning and launch lead times for F&B products are such that it will be calendar years 2010 and 2011 before material new launches occur
- We have much work to do to grow the world class customer service and application support facilities that our clients rightly will expect as this industry develops.

1.8 Overall:

- We started FY 2009 with the industry's leading contract and the highest sales volumes
- We have transformed our sales team from a single office to a global organisation
- We are well on the way to transforming from single customer to highly diversified customer base
- We have confirmed the significance of our unique and globally scaled supply chain
- The challenge going forward will be embedding PureCircle into our clients as the leading NHIS full service supplier

2. Refinery

FY 2009 has been a year of tremendous progress for our refining operations, based at Enstek, near Kuala Lumpur, in Malaysia.

2.1 Refining capacity

- *Run rate:* In the fourth quarter we achieved production equivalent to an annual run rate of 500 tonnes. This is five times the level of just two years ago and confirms that we are scaling at pace.
- *Batch technology scaled:* We completed the scaling of our batch technology. This is vital as future expansion is now based on commercially proven technology. This puts us years ahead of our industry
- *Bottlenecks removed:* With batches scaled, emphasis switched to removing production bottlenecks. In FY 2009 we invested \$8m in capital expenditure to install additional machinery to address this.
- *Recycling investment:* Investment was also made in recycling. This will save over \$1m a year in running costs and importantly will further enhance the sustainability footprint of our refinery activities.

2.2 Refining organisation

- During FY 2009 we have recruited and trained more than 100 people into the refining organisation. At the same time we have introduced extensive new working practices. These deliver better flows of work-in-progress.
- We have reorganised the production shift teams to put more focus on specialist activities
- We have designed and implemented automated loading systems. These eliminate manual intervention and deliver faster flow.
- The factory is certified ISO 22000, ISO 9000, GMP, Halal and Kosher. During FY 2009 we have again passed multiple audits by major international F&B companies to become certified supplier.
- Overall we reduced the production cost per kilo of high purity Reb A in FY 2009 and plans are in place to do so again in FY 2010

2.3 Looking forward

- We have purchased the land adjacent to our refinery at Enstek to allow for expansion of the facility at an appropriate juncture.
- We recognise the service challenges that face our refinery operations moving to a diversified customer base and we are committed to addressing them ahead of the curve

2.4 Overall:

- Our refinery started the year as the largest in the industry both in capacity and actual production run rate
- During FY 2009 we have accelerated our leadership and actually increased the pace of

our own acceleration

- We remain the only NHIS refinery that can produce at scale

3. Stevia Extraction

3.1 Industry leading capacity expansion

- In late April 2009 we commissioned the 3,000 tonne stevia extraction capacity “Line 5” expansion of our PureCircle Jiangxi extraction facility, taking total capacity of stevia extraction to 4000 tonnes per year
- The expansion is physically large in that it comprises a series of buildings and activities altogether covering 20 hectares. These include:
 - A major water treatment and recycling plant that allows us to recycle over 60% of our water directly and ensures that all of the water used is treated and returned in clean form.
 - A state of the art bio-gas facility that takes leaf mulch and converts it into electricity which is supplied directly into the local grid. This is an environmentally sound solution to large scale extraction from leaf and saves money
 - Large new warehouse capacity on site for improved leaf storage and tracking
- Overall our intelligence suggests that the PureCircle Jiangxi site expansion has the leading environmental and sustainability footprint in the NHIS industry
- The “line 5” expansion is a \$35m project of which, in cash terms, \$25m has been invested in this year.
- To meet the expanded capacity we have recruited and trained 300 employees. The project has included building hostels for their accommodation.

3.2 Stronger organisation

- We have implemented a new management structure in PureCircle Jiangxi.
- We have recruited stronger support management for the extract team
- To reflect the changes, we have changed the name of our facility to PureCircle Jiangxi

3.3 Looking forward

- We have designed and implemented a suite of proprietary new technology processes in the Line 5 extract facility. These were only possible due to the synergies we obtain from a virtually integrated production and R&D system using our integrated extraction and refinery production model.
- The new technologies have undoubtedly accelerated our leadership in the stevia extraction industry and will provide significant further synergies with our refinery operations going forward.

3.4 Overall :

- We started the year as the largest and most technologically advanced extract factory in the NHIS industry.
- With major capital investment we have accelerated our leadership significantly
- The proprietary technology advances we have designed will deliver huge benefits in the years to come both from a cost perspective and from production flexibility

- The FY 2009 developments in our extraction business confirm fully the value of our integrated model
- Our pace of expansion at PureCircle Jiangxi confirms that the NHIS industry can scale at the pace needed to meet demand

4. Leaf

4.1 China

- *Stronger new management team:* Since our last report we have resolved the historic management issues in our China leaf business. A new professional organisation has been installed. We have hired and trained 40 people under the leadership of Mr Yan Dong Wei, a highly experienced Chinese agricultural professional
- *Dominant buyer in the 2008 harvest:* In the 2008 Chinese harvest (our FY 2009) we were again the dominant buyer in the market securing well in excess of 60% share of leaf. Importantly we bought all the leaf we needed with no supply issues. With our management team in transition at the time our strategic partners, Wilmar, provided additional logistics and buying resource so that operationally we did not miss a beat.
- *Better placed for 2009 harvest:* Since the 2008 harvest we have invested heavily in improving processes and infrastructure so that we are even better placed for the 2009 (our FY 2010) harvest.
 - We have put in place quality warehousing in key buying regions to better secure leaf at point of purchase
 - We have significantly expanded propagation and cuttings distribution of high quality varieties to areas favourable to our Jiangxi extraction facility
 - We have expanded stevia planting from the traditional three regions to five
 - Co-operation from and with central and local government has increased as recognition of our industry leadership status has grown
 - We have implemented inventory tagging and traceability systems to provide the full traceability throughout our supply chain our major F&B clients demand. Again this is leading the NHIS industry
- **Looking forward:** we will reap major benefits in FY 2010 from steps taken in FY 2009
 - Our improved control in the growing regions, coupled with increased supply of leaf, are already resulting in lower levels of leaf impurities for FY 2010
 - Having controlled warehouses and local QC team in-situ is already delivering better negotiating leverage
 - Our investment in propagation units extends the leaf under our control
 - Our Jiangxi buying operation provides for further momentum in this important region
- **Overall:**
 - We started year as industry leader
 - We have accelerated that leadership both as dominant buyer and as leading advances in leaf technology

- We are confident that we can buy what we want for FY 2010

4.2 Kenya

- *Growing potential confirmed:* FY 2009 was the first full year of our stevia-growing business based in Kericho, Kenya. During the year we have set up a company organisation from scratch and put in place the firm foundations for accelerated growth from FY 2010 onwards. Critically the year has confirmed that stevia can be grown in Kenya and that good strains of leaf can produce quality yields in line with our requirements.
- *Foundations for growth business put in place:* The important actions completed include:
 - o Successful environmental and plant cultivation accreditation with the appropriate Kenyan governmental authorities (NEMA and KEPHIS)
 - o The creation of a sizeable quality outgrower farmer programme. This includes building a comprehensive information database covering over 7,000 hectares of potential stevia cultivation. Further we have negotiated and implemented a tailored third party micro-finance project for our outgrowers to help with initial working capital needs
 - o 50 direct employees have been recruited and trained to manage the stevia agricultural research and outgrower farmer programme
- *Taken full control of the company to accelerate growth:* We have ambitious plans for stevia in the wider East Africa region and the pace of our growth plans is different from those of James Finlay Ltd, our partner in Kenya. Accordingly on 22 September 2009 we bought out the shares in our Finlay PureCircle Kenya business that we did not already own. The shares were bought at cost.
The Kenya operations will be renamed PureCircle Kenya. We will move to new offices in Kericho and keep full access to the employees, managers and network of outgrowers that we have established in the area.
- *Looking forward:* With progressive roll-outs scheduled over the coming months we plan to receive initial Kenya leaf volumes from late FY 2010. Thereafter we see Kenya stevia expanding rapidly.

4.3 Paraguay

- *Viable operations set up successfully:* FY 2009 was also the first full year of our operations in Paraguay. We have built a new organisation from scratch including the recruitment of 30 employees and the creation of a major outgrower farmer programme. As with Kenya, this has been supported by appropriate database and tailored finance support systems.
- *Proprietary plants performing well:* As part of the Paraguay joint venture we secured ownership rights to certain proprietary stevia leaf strains: (e.g. PC1 and PC4). Commercial scale planting of these high SteviolGlycoside and high Rebaudioside A varieties began in FY 2009.
- *To better manage the growth and control in Paraguay we have bought out our partners:* our plans for stevia expansion in Paraguay and South America are ambitious. To better

manage the pace of growth we have bought out the shares in PureCircle South America that we did not already own. Consideration was \$1.5m in cash, which broadly equated to the share of net assets acquired.

- **Looking forward:** With progressive roll-outs scheduled over the coming months, and with significant acreage available through the outgrower programme, we plan to receive initial Paraguay leaf volumes from late FY 2010. Thereafter we see South America sourced stevia expanding rapidly.

4.4 Leaf – rest of world

- PureCircle is leading the expansion and diversification of leaf supply across the world. Planting of stevia leaf for supply to PureCircle is in progress in Thailand, Vietnam, Indonesia, Colombia and Peru. In addition we are in active discussions with potential leaf suppliers in a further 10 countries across three continents.
- We are setting up a leaf growers association for PureCircle stevia suppliers whose objectives are to:
 - o Spread best practice
 - o Share leaf technologies; and
 - o Generally lead the industry
- To support our expansion we have recruited new management at an executive level, bringing specialist horticulture expertise and are putting in a new support organisation.
- **Looking forward:** In the short term we are investing in propagation, tissue culture and other techniques to accelerate the expansion of quality leaf. We have also kick started a number of longer term leaf projects with focused research experts

4.5 Leaf overall

- **Leaf supply in better balance with demand:** In our annual report a year ago we highlighted a number of potential leaf supply issues. Based on the significant progress we have made and the overall expansion in global leaf supply, one year later we believe that supply is already in better balance with demand.
- **Clear global leadership:** We started FY 2009 as the largest purchaser of leaf in China and were again the dominant buyer in the Chinese 2008 harvest. We end the year as the clear leader in the global development of stevia leaf supply.
- **Foundations in place for significant future benefits:** Our progress in FY 2009 has laid strong foundations for our leaf strategy that will provide significant future benefits. We are leading the diversification of leaf from China and leading the quest for quality improvement. These strategies will improve yields, consistency, costs and working capital in the years to come

5. Sustainability

- **Stevia – a highly efficient and sustainable plant:** Stevia is highly efficient plant; delivering sugar equivalent sweetness naturally for no more than one third or one fifth of the total land and water resources of sugar
- To give a wider perspective, stevia is an efficient crop versus most other comparable

agricultural commodities

- To put this in context, even when a global mass market, stevia will require only a small land usage: indicatively just one million hectares being required.
- *PureCircle: committed to a sustainable production model:* During the year we made further improvements to the sustainability of our production model.
 - o At our Enstek refinery near Kuala Lumpur, we invested some \$3m in recycling capacity
 - o At PureCircle Jiangxi we installed large water recycling and purification capacity and a leaf mulch biogas facility to further improve the environmental footprint of our extraction activities
- *Supporting sustainable rural agricultural communities:* Accelerating levels of urbanisation is a major social and environmental issue around the world. The development of sustainable environmentally efficient cash crops for rural communities is a primary solution to this issue. Stevia offers considerable hope here and PureCircle is leading the way in making the possibility real.
- Our reviews of Kenya and Paraguay earlier highlighted the extensive outgrower programmes we have put in place, supported by tailored micro-finance facilities.
- We are also working with charitable organisations to deliver tailored projects to the communities working with PureCircle. An early example of this is the Amigos de las Americas Community Development project in Paraguay. We are actively looking for suitable equivalent projects to work with our partner communities in Asia and Africa

6. R&D and Process Innovation

- Science, the technology led product opportunities and the process innovations it affords have always underpinned the PureCircle business model.
- Our R&D and process innovation team is led by Varuzhan Abelyan who has researched steviolglycosides for over 30 years. He is acknowledged as one of the leading scientists in the world in this field
- We have made further significant progress during FY 2009, particularly in the delivery of major production synergies in both our extraction and refining operations, making full use of our integrated production model. FY 2009 has again confirmed the advantages we have over the separated extraction and refining models of the competition.
- During FY 2009 we undertook an extensive series of meetings with the R&D teams at major clients, covering over 40 of the top F&B companies. This was an excellent two way exchange of ideas, and provided clarification of the challenges and opportunities for mass adoption of steviolglycoside-based sweeteners.
- The meetings confirm strongly the direction of our strategic R&D plans
- Looking forward:
 - o We are actively increasing the scientific research projects in progress with leading partners across world. Our aim is to stay ahead by working with the best.
 - o We are investing to extend our in-house laboratory capabilities and we are accelerating our application problem solving capabilities working with partner applications laboratories.
 - o We are researching beyond Reb A into the wider uses of the stevia leaf. We see significant synergies between SteviolGlycosides.

- The successful research and development of multiple SteviolGlycoside applications will be a significant feature of the PureCircle business going forward
- We have an active process innovation agenda going forward, focusing on developing further improvements across our integrated production model
- **Overall**
 - We started the year as industry leaders with the largest and most efficient production model, underpinned by the industry's leading R&D team.
 - The significant well grounded science value underpinning our service proposition is now being better appreciated by our growing client base as it becomes more familiar with the practical demands and opportunities of working with Steviolglycosides.
 - We will continue to invest to accelerate our leadership in this key area. We are quite clear that it will provide significant competitive advantages to PureCircle and our clients for many years to come.

7. People & Organisation

- *Transformational change in the organisation:* During FY 2009 PureCircle went a long way towards our goal of creating a multinational company. There are many statistics that make clear the extent of the change in our organisation. These include:
 - Overall headcount increased by more than 80% from 500 to over 900
 - Seven languages are spoken within the Company as a matter of course. They include French, Spanish, Chinese, Malay, Swahili, Russian and English.
- *Senior management organisation implemented:* During FY 2009 we established the global Group Executive team. This comprises seven Executives drawn from five nationalities reporting into the Group CEO
- Our senior manager team has been strengthened and in-filled with over 30 new direct reportees to the Group Executive. Main areas of recruitment have been the new global sales and marketing team and an entirely new leaf buying organisation
- *People are key: we have invested heavily to get the best:* Successful growth is not just about numbers of people, but it is about the Quality of the recruits. We have invested heavily to ensure PureCircle attracts and then retains the best.
 - On the recruitment front during FY 2009 we spent almost \$1m in search fees, principally towards the hiring of our Group Executive and senior sales & marketing teams; but also in strengthening our supply chain organisation
 - We have successfully secured senior management from the top companies. People who joined PureCircle in FY 2009 have come from a blue chip list of the F&B world. Companies include Tate & Lyle, Kraft, Nestle, Firmenich, Tetley Tea, Nutrasweet to name but a few.
 - Our recruitment has secured a wide breadth of skills including ingredient sales, marketing, applications, research, agronomists, plant breeding, engineers, refining, finance, logistics, production line, Human Resources, Information Technology
- *Major progress implementing best management and retention practices:* our ambition is to build a large world class business. Retaining, managing and developing the best management is core to this. During FY 2009 we implemented a suite of initiatives that will provide a strong foundation to support this objective.

- We have designed and implemented Business Unit based delegated authorities and accountability tailored for each key activity and geographic region of the Group
 - We have designed and implemented a suite of key management reports covering:
 - Key Performance Indicators aligned with overall Corporate objectives
 - Daily, weekly, monthly reporting
 - Historic, current and forecasting time horizons
 - Our vision for the organisation and reporting is to secure the best combination of an entrepreneur style flat management structure and pace of decision making together with the best of “blue chip” corporate disciplines
 - We have implemented tailored performance based management systems linked to short and long term incentivisation. A global Short Term Incentivisation (STI) scheme and a Long Term Incentive Plan were up and running across FY 2009 for the first time.
 - The foundations and operating principles for systemic training programmes are in the process of being designed for rapid ongoing implementation. These include Health & safety, “How PureCircle does business” and, most importantly, training to embed a strong customer service culture across the Group
- **Overall**
- FY 2009 was a transformational year for our people and for our organisation. We are building a genuine multinational company, albeit one that is relatively small today
 - We have ambitions to grow into a large multinational and to do so we know we must build on firm foundations
- **Looking forward: much still to do**
- Whilst we made significant progress in FY 2009, the work is not completed by any stretch of the imagination and the challenges ahead are considerable. We are clear on the agenda ahead:
- We need to invest further in skills and resources to stay ahead of the exponential growth in the customer service demands of our growing client base
 - Our information management systems need automating and upgrading
 - We need to invest further in building a strong PureCircle culture to help bind the many different activities and people together effectively. At the heart of our culture is a shared desire to build a true world leader in the fast growth natural sweetener industry, underpinned by excellent customer service in everything we do.

8. Outlook

Over the medium term we are highly confident that the Natural High Intensity Sweetener market will develop into a truly mass market industry. Our confidence is supported both by ever accelerating macro trends, such as the need to address obesity, by systemic trends in consumer behavior, such as the desire to be in control of their diet, and by the feedback we are getting from the major F&B companies in all regions of the world.

In the short term the NHIS industry is dependent upon getting new products launched into the consumer market. Whilst we see a growing pipeline of such launches, we believe it will be calendar 2010 and 2011 before the real step changes in activity occur.

We are determined to be ready and to have stayed well ahead of the industry as the step changes unfold. I believe we have made excellent progress on all fronts over the past year. Whilst I am clear that

there is a great deal still to do and further challenges to overcome, I look forward to reporting on further successful progress towards our goals in the future.

Magomet Malsagov
Chief Executive Officer

GROUP FINANCIAL REVIEW

The Group's financial year runs from 1 July to 30 June. The Group's Audited results cover the year from 1 July 2008 to 30 June 2009 ("FY 2009"). To assist the better understanding of the Group's performance compared to prior periods, for illustrative purposes only, we are providing Pro-Forma consolidated income statements for the twelve months to 30 June 2008 ("FY 2008") as well as the audited actual results for the six months 1 January to 30 June 2008.

Consolidated Income Statements

	AUDITED FY 2009 USD'000	PRO-FORMA ¹ FY 2008 USD'000 (Restated)	AUDITED FROM 1.1.2008 TO 30.6.2008 USD'000 (Restated)
REVENUE	60,023	34,132	19,674
COST OF SALES	(34,431)	(24,970)	(15,058)
GROSS PROFIT	25,592	9,162	4,616
OTHER INCOME	792	4,486	3,201
	26,384	13,648	7,817
ADMINISTRATIVE EXPENSES	(14,548)	(6,903)	(5,691)
FINANCE COSTS (net of foreign exchange)	(414)	(4,435)	(996)
PROFIT BEFORE TAXATION	11,422	2,310	1,130
INCOME TAX (EXPENSE) / CREDIT	(352)	789	-
PROFIT AFTER TAXATION	11,070	3,099	1,130
ATTRIBUTABLE TO:-			
EQUITY HOLDERS OF THE COMPANY	11,203	2,080	860
MINORITY INTERESTS	(133)	1,019	270
	11,070	3,099	1,130
EARNINGS PER SHARE (US CENTS)			
- Basic	8.49	1.60	0.66
- Diluted	8.42	1.60	0.66

¹The Group adopted US Dollar as its functional currency effective 1 July 2007. Under IAS 21, the comparative audited financial information, i.e. the period to 30 June 2008 has been restated. No material adjustments resulted from the restatement.

Consolidated Balance Sheets	30.06.2009	30.06.2008
	USD'000	USD'000
		(Restated)
ASSETS		
NON-CURRENT ASSETS		
Investment in subsidiaries	-	-
Investment in an associate	48	126
Intangible assets	14,018	7,987
Property, plant and equipment	64,968	31,932
Prepaid land lease payments	2,776	2,265
	<hr/>	<hr/>
	81,810	42,310
CURRENT ASSETS		
Inventories	31,452	9,582
Trade receivables	27,173	7,430
Other receivables, deposits and prepayments	11,020	7,642
Amount owing by a subsidiary	-	-
Amount owing by related parties	-	1,433
Short-term deposits with licensed banks	14,710	13,563
Cash and bank balances	4,210	30,888
	<hr/>	<hr/>
	88,565	70,538
TOTAL ASSETS	<hr/> 170,375	<hr/> 112,848
EQUITY AND LIABILITIES		
EQUITY		
Share capital	13,272	13,272
Share premium	66,353	64,104
Treasury shares (represents less than USD1.00)	*	*
Foreign exchange translation reserve	1,032	1,439
Share option reserve	1,704	480
Retained profit/(Accumulated loss)	12,276	1,073
	<hr/>	<hr/>
SHAREHOLDERS' EQUITY	94,637	80,368
MINORITY INTERESTS	600	1,381
	<hr/>	<hr/>
TOTAL EQUITY	95,237	81,749

Consolidated Balance Sheets (Continued)	30.06.2009 USD'000	30.6.2008 USD'000 (Restated)
NON-CURRENT LIABILITY		
Long-term borrowings	40,008	11,888
	<hr/>	<hr/>
	40,008	11,888
CURRENT LIABILITIES		
Trade payables	2,945	1,186
Other payables and accruals	5,766	2,029
Short-term borrowings	26,419	15,608
Bank overdraft	-	388
	<hr/>	<hr/>
	35,130	19,211
TOTAL LIABILITIES	<hr/>	<hr/>
	75,138	31,099
TOTAL EQUITY AND LIABILITIES	<hr/>	<hr/>
	170,375	112,848
NET ASSETS PER SHARE (USD)	<hr/>	<hr/>
	0.71	0.61

Consolidated Cash Flow Statements

	30.06.2009 USD'000	THE GROUP FROM 1.1.2008 TO 30.06.2008 USD'000 (Restated)
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit for the financial year/period	11,422	1,130
Adjustments for:-		
Amortisation of intellectual property rights	(117)	38
Amortisation of prepaid land lease payments	25	20
Depreciation of property, plant and equipment	2,453	953
Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition	-	(1,971)

Gain on disposal of plant and equipment	(21)	-
Interest expense	3,854	1,039
Interest income	(322)	(600)
Share of loss of an associate	78	19
Share option reserve	1,224	480
Waiver of debts	(319)	-
Operating cash flow before working capital changes	18,277	1,108
(Increase)/Decrease in inventories	(21,862)	4,667
Increase in trade and other receivables	(22,638)	(2,862)
Increase in trade and other payables	4,801	969
NET CASH (FOR)/FROM OPERATIONS	(21,422)	3,882
Interest received	322	600
Interest paid	(3,854)	(1,039)
Tax paid	(352)	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(25,306)	3,443
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of intangible assets	(2,672)	(373)
Acquisition of leasehold land	(514)	(716)
Increase in investment in subsidiaries	(2,965)	-
Acquisition of property, plant and equipment	(32,438)	(6,343)

Consolidated Cash Flow Statements (Continued)

	THE GROUP	
	30.06.2009	FROM 01.01.2008 TO 30.06.2008
	USD'000	USD'000
		(Restated)
NET CASH FOR INVESTING ACTIVITIES	(38,589)	(7,432)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from disposal of treasury shares	1,598	120
Proceeds from issuance of shares to minority interest	1,500	-
Net drawdown of borrowings	35,711	3,685
Net movement of hire purchase	(99)	(35)
NET CASH FROM FINANCING ACTIVITIES	38,710	3,770
Effects of foreign exchange rate changes on cash and cash equivalents	42	538
CASH AND CASH EQUIVALENTS		

AT BEGINNING OF THE FINANCIAL YEAR/PERIOD	44,063	43,744
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	18,920	44,063
	<hr/>	<hr/>
NET (DEBT)/CASH AT END OF FINANCIAL YEAR/PERIOD	(47,507)	(16,567)

Revenues

Revenues for FY 2009 were up 76% to US\$ 60.0million reflecting increased production and sales of our portfolio of natural sweeteners. Sales of high purity Reb A increased in volume terms from 115 to 266 tonnes and contributed just over 80% of total revenue.

In our trading update of 8 July 2009 we announced that sales for FY 2009 would be not less than US\$62million. Our more detailed subsequent reviews of FY 2009 cut-off highlighted that some US\$2million of revenues were more appropriately recognized as FY 2010 transactions and so we have reported the lower value for FY 2009.

Margins

Gross margins of 43% were 16 percentage points higher than 27% achieved in FY 2008, reflecting the improved utilisation of available production capacity. However we have plenty of additional capacity and the potential to improve margins further as growth drives economies of scale.

Other income

In a series of transactions since December 2006 the Group has taken control of its stevia extraction production subsidiary PureCircle Jiangxi ("PCJ"). During FY 2009 the Group increased its holding in PCJ further to 98.05% from 95% at 30 June 2008.

In FY 2008 the Group received other income of US\$4.5million. This represented royalty income for Intellectual Property used by PCJ and negative goodwill on the acquisition of shares in PCJ during FY 2008. There was no equivalent income earned in FY 2009.

The FY 2009 other income represents development grants awarded to PureCircle in a number of countries across the world, principally to support our stevia plantation initiatives.

Management and administration expenses

The Group's selling and management expenses increased by US\$ 7.6million (111%) to US\$ 14.5million. This reflected the major investments made into our global organisation, notably establishing seven offices in five continents and recruiting a quality global sales and marketing organisation. The full year effect of the investments made is estimated at over US\$10 million.

Net profit attributable to shareholders

The Group's net profit attributable to shareholders improved US\$9.1million (428%) to US\$11.2 million from US\$ 2.1million. The strong growth in sales, coupled with stronger margins and increasing benefits of our integrated production model have all contributed to the improvement. The increased profitability is after investing heavily in building our global sales, marketing and supply chain organisation.

Finance costs totalled US\$3.4million, an increase of US\$2.4million over FY 2008 due to the Group's larger stevia leaf purchases and other investments which increased the average debt balances across FY 2009. The finance costs were substantially offset by US\$3million foreign exchange gains.

Cashflow and Balance sheet

During FY 2009 the Group invested US\$64 million in capital expenditure, higher leaf inventories and related working capital to support growth. This transformational level of investment resulted in the

Group moving from net cash of US\$ 17million at 30 June 2008 to net debt of US\$ 47million at 30 June 2009.

The major capital expenditure project was the expansion of extraction capacity at PureCircle Jiangxi. This is a US\$35million project, of which US\$25million cash was expended in FY 2009, with the balance in FY 2010.

At 30 June 2009 the Group has net assets of US\$95million (FY 2008 US\$ 82million)

William Mitchell

Chief Financial Officer

Audited accounts

The Group's audited accounts for financial year ended 30 June 2009 will be posted on www.purecircle.com today (23 September 2009) and will be physically posted to shareholders in November 2009.

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