

# PureCircle Limited

('PureCircle', 'the Company' or 'the Group')

## RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 ('FY2008')

PureCircle ([www.purecircle.com](http://www.purecircle.com)), the world's leading developer and producer of PureVia™\* Reb-A, the first all-natural sweetener seen as a viable complement to sugar in mainstream food and beverage production ('F&B'), today announces results for financial year ended 30 June 2008 ('FY 2008') and comparatives for the year ended 30 June 2007 ('FY 2007') to reflect the change in year end announced in August 2008\*\*.

### SUMMARY FINANCIALS

12 months ended 30 June (US\$m)	FY 2008	FY 2007
Revenue	33.4	11.0
Operating Profit	5.2	1.4
Net Profit after minority	2.1	0.3
Adjusted net profit***	3.8	0.3
EPS(cents)	1.6	0.2
Adjusted EPS (cents)***	2.9	0.2

### FINANCIAL HIGHLIGHTS

- Sales more than trebled due to a major increase in demand
- Results also benefited from increase in production throughput
- Strong positive operating margins achieved on just 11% refining capacity utilisation
- Robust balance sheet with net assets of US\$82million (2007: US\$15 million)
- Strong cash position of US\$44million (2007: US\$0.5 million) leaves the Group well placed to invest in further growth

### BUSINESS DEVELOPMENTS

- Launch of PureVia™ Reb-A consumer brand by PepsiCo and Whole Earth generating consumer recognition of high purity Reb-A as a mainstream F&B ingredient
- PureCircle awarded exclusive rights to market PureVia™ Reb-A brand across other F&B segments
- PureVia™ Reb-A confirmed as a viable complement to sugar enabling usage in mainstream F&B markets
- Potential market for high purity Reb-A now estimated at significantly more than the US\$1.3 billion market assessment at the time of IPO
- Major new contracts won with some of world's leading F&B brand names including PepsiCo and Whole Earth\*\*\*\* ("Whole Earth")
- Sales pipeline for FY 2009 more than doubled from same time last year
- Significant progress on regulatory approval processes:
  - Joint FAO / WHO Expert Committee on Food Additives (JECFA) approved Reb-A in June 2008
  - Approvals subsequently granted in Switzerland, Australia and New Zealand
  - Approvals expected following September 2007 submission to The European Food Safety Authority (EFSA) and May 2008 strong Generally Recognised As Safe (GRAS) submissions to US Food & Drug Administration
- Initial customer product launches announced
- Expansion of current extraction facility in China underway: on completion will be world's largest capacity crude Stevia extraction complex with capability to process over 30,000 MT pa of dry leaf
- Investments approved and plantation projects underway in Kenya, Paraguay, Thailand and Laos
- Strategic partnerships in place with leading agribusinesses to accelerate development of supply chain

\* PureVia™ is a registered trademark of PepsiCo Inc and Whole Earth Sweetener LLC

\*\* The Company's new financial year runs from 1 July to 30 June. FY 2008 represents the results for the 12 months from 1 July 2007 to 30 June 2008 and is on a pro forma basis for illustrative purposes only. The audited results for the six months ended 30 June 2008 are set out in the Financial Review

\*\*\* Adjusted net profit is calculated by adding back a \$1.2 million foreign exchange loss on the proceeds of the IPO and \$0.48 million in relation to Long-Term Incentive Plan awards in FY 2008

\*\*\*\* Whole Earth Sweetener Company is a wholly owned subsidiary of Merisant Company, the maker of Equal® and Canderel® and a global leader in the manufacture, marketing and distribution of tabletop sweeteners with sales in over 90 countries

Paul Selway-Swift, Chairman of PureCircle, commented:

*“There have been a number of significant developments since the IPO which, collectively, signal a much bigger future for PureCircle than envisaged in December 2007.*

*“We believe that through the combination of our first mover advantage, established supply chain, leading technology, strong market position, strategic partnerships and robust balance sheet, we have the right platform in place from which to take the business to the next stage of its development.*

*“We are excited about the Group’s prospects and I look forward to reporting on further progress.”*

15 October 2008

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## **CHAIRMAN'S STATEMENT**

### **Introduction**

There have been a number of major developments which collectively could result in a much bigger market opportunity for PureCircle than was forecast at the time of the IPO in December 2007:

- The global F&B market increasingly shares our view that the future for PureVia™ Reb-A is more as a complementary product to sugar as well as a substitute for synthetic high intensity sweeteners (HISs).
- There has been good progress on achieving regulatory approvals, particularly in the key US and EU markets.
- Stevia is increasingly seen as a major cash crop and strategic commodity. Supply of raw leaf is therefore expected to increase dramatically over the next two to three years as larger plantations seek to benefit commercially from growing Stevia.
- We have tied up agreements with some of the world's largest agribusinesses to accelerate and secure our supply of quality Stevia leaf
- We are reviewing the optimal long-term extraction and refining capacities for the Group in light of the bigger market opportunity

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

### **Results**

In August 2008, the Group announced that it was changing its 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, its primary raw material. As previously announced, the Group has been successful in securing significant new multi-year sales contracts and these, along with our other major sales contracts, now all run on a 1 July to 30 June year.

Revenues for FY 2008 were up by 204% to US\$33.4 million reflecting increasing demand for and production of our portfolio of natural sweeteners. Sales of high purity Reb-A contributed 65% of total revenues.

Operating margins were 16% but, at just 11% refinery utilisation, have the potential to improve as refining throughput increases and the Group reaps the benefits of economies of scale.

The Group has a robust balance sheet with net assets of US\$82 million (2007: US\$15 million) and a strong cash position of US\$44 million (2007: US\$0.5 million).

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

## Sales Contracts

The Group's long-term sales strategy is to operate on a non-exclusive basis and to that end our last exclusive contract expired on 30 June 2008.

I am pleased to report that since 1 July 2008, the Group has started trading a number of multi-year non-exclusive contracts with major F&B companies including PepsiCo, Whole Earth and Cargill.

In addition, PepsiCo and Whole Earth have launched the PureVia™ Reb-A brand to generate and support consumer recognition of high purity Reb-A as a mainstream F&B ingredient. It was therefore a significant development in July 2008 for PureCircle to be granted an exclusive licence to market high purity Reb-A under the PureVia™ brand.

Following these contract wins, our pipeline of committed volumes for FY 2009 is double that of the commitments we had in place for FY2008.

## Regulatory Environment

Following submissions made earlier this year by various F&B product manufacturers to the US Food & Drug Administration ("FDA"), we believe that the FDA clearance on high purity Reb-A is imminent which will confirm its suitability to be used as an ingredient in mainstream F&B products in the US.

Reb-A achieving *Generally Recognised As Safe* ("GRAS") status would substantially alter the landscape for our PureVia™ Reb-A brand in particular and for PureCircle in particular. There would be significantly increased interest and demand for PureVia™ Reb-A from F&B producers in the US and it would, we believe, also expedite regulatory approval in Europe where a separate submission has been made.

Separately, I am pleased to report that regulatory approval was received in Switzerland - the first European country to do so - and Russia. Clearance has been given in Australia and New Zealand.

## Market Development

At the time of the Group's IPO in December 2007, we believed that the potential target market for high purity Reb-A was primarily the existing High Intensity Sweetener ("HIS") market which is estimated to be worth some US\$1.3 billion globally.

It has now become apparent from our existing customers, and through the prospective interest of other multi-national F&B companies, that PureVia™ Reb-A is seen more as a potentially complementary product to sugar as well as a substitute for synthetic HIS products. The significance of this development is that it opens the way for PureVia™ Reb-A to be used across mainstream F&B products and not just in the niche HIS market.

The principal driver for the expansion of the potential market for PureVia™ Reb-A is growing consumer demand for a natural and healthy solution to the global obesity epidemic and other health issues arising from high sugar usage – resulting in high calorific counts - in F&B products. As an all-natural and calorie-free product, PureVia™ Reb-A is seen as providing the solution.

The expansion of the potential market necessitates a review of our operational strategy and future development plans including supply of Stevia leaf and extraction and refining capacity.

For FY 2009, PureCircle has successfully secured its own Stevia leaf supply through its strong network of farmers in China. Looking forward, we are taking a proactive role in ratcheting up production and supply through the development of plantations in Africa and elsewhere.

Longer-term, Stevia is already being recognised globally as an important strategic commodity and we expect that Stevia production will be undertaken on an industrial scale by the world's leading agribusinesses. This will secure volume supply and also will lessen the dependence on any one country.

Securing our own Stevia leaf supply was also a prerequisite for setting high industry standards in what was, and remains, a pioneering industry. Further work remains in improving the quality of our leaf in order to secure a higher ratio of high purity Reb-A extract and the development of new plantations will be key in this regard.

The Group announced a strategic partnership with OWIH, a joint venture between Wilmar International and Olam International, two leading agribusiness groups, both listed on the Singapore Stock Exchange. The partnership will accelerate the development of world Stevia leaf production. As part of the agreement, OWIH became a significant shareholder in the Group.

The review will also consider the optimal extraction and refining capabilities required over and above those announced at the time of the IPO.

We will give further updates on this area as and when appropriate decisions have been made.

### **Board & Management**

The Board's strength in depth was augmented during the period with the appointments of William Mitchell as Finance Director and Peter Lai, as a non executive Director and Chairman of the Audit Committee. William brings with him valuable financial expertise in the F&B industry whilst Peter has over twenty years in international financial services.

Following the announcement of the strategic partnership with OWIH, we have subsequently announced the appointment of Sunny George Verghese, Group Managing Director and Chief Executive Officer of Olam International as a non-executive Director.

The Group is fortunate to be led by Chief Executive Magomet Malsagov whose Chief Executive's Review looks in detail at the developments during the period.

### **People**

I would like to thank all the Group's employees for their hard work and dedication during the year.

### **Outlook**

There have been a number of significant developments since the IPO which, collectively, signal a much bigger future for PureCircle than envisaged in December 2007.

We believe that through the combination of our first mover advantage, established supply chain, leading technology, strong market position, strategic partnerships and robust balance sheet, we have the right platform in place from which to take the business to the next stage of its development.

We are excited about the Group's prospects and I look forward to reporting on further progress.

**Paul Selway-Swift**  
**Chairman**

**15 October 2008**

## CHIEF EXECUTIVE'S REVIEW

### Introduction

The last twelve months has been an exciting period for PureCircle. Following the Group's successful debut on the London Stock Exchange by way of admission to AiM in December 2007, we have seen industry interest in and demand for PureVia™ Reb-A increase substantially following the realisation that its potential lies more in its suitability as a complementary product to sugar.

This development is hugely exciting for PureCircle. It places PureVia™ Reb-A in the mainstream of F&B production which, in turn, puts the Group in the middle of a significantly larger marketplace than the original US\$1.3 billion market identified at the time of our IPO.

This also has significant ramifications for the Group, not least the need for us to scale up to meet the additional demand that we now expect from a diverse range of multi-national F&B producers.

Therefore, we are reviewing the Group's strategy to ensure that the Group's supply chain is scaled-up sufficiently to allow PureCircle to secure and keep market leading long-term contracts with blue-chip F&B customers.

### Market Review

#### *i. Clear market need for PureVia™ Reb-A*

The global need to combat obesity and related issues such as diabetes is well documented. World Health Organisation and other research is clear that consumers need, and are actively seeking, to reduce the calorific content of their mainstream food and beverages. Despite this sugar remains the second largest food ingredient worldwide, after water, with global consumption of over 160 million MT, representing a market of over US\$50 billion.

The challenge for F&B companies has been to source an ingredient that has the same taste profile as sugar with the natural and healthy lifestyle characteristics that the market demands. Synthetic or chemical high intensity sweeteners fail the natural and healthy requirement, which is why they will remain a niche market.

PureVia™ Reb-A is a natural and healthy ingredient and is well positioned to meet the mainstream consumer requirements for a complementary ingredient to sugar. This is not just the view of PureCircle, but is what we are being told by our existing customers and by the growing list of major F&B companies with which we are in discussions.

As well as looking to address the growing health concerns of consumers, F&B producers globally are urgently reviewing their product formulations in light of the sharp increase in commodity prices over the last two years. The rise in sugar prices is a considerable and growing cost concern for food companies around the world.

#### *ii. Clear milestones that show growing and accelerating market momentum*

We see the market for PureVia™ Reb-A developing rapidly into a major global mainstream food ingredient industry. The principal milestones for this development are:

- Regulatory approval in the major markets for the use of high purity Reb-A as an ingredient;
- Product launches by the major F&B companies with PureVia™ Reb-A in their formulation; and
- Consumer acceptance and then pull through demand for formulations with PureVia™ Reb-A as an ingredient.

There has been significant progress towards each of these milestones since our IPO in December 2007. On the question of regulatory clearances:

- Joint FAO / WHO Expert Committee on Food Additives (JECFA) concluded that Reb-A is safe and allocated permanent Acceptable Daily Intake ('ADI') of 0-4 mg / kg body weight in June 2008
- Approvals were subsequently granted in Switzerland, Australia and New Zealand
- Approvals expected following September 2007 submission to The European Food Safety Authority (EFSA) and May 2008 strong Generally Recognised As Safe (GRAS) submissions to US Food & Drug Administration
- Clearance in the US is expected imminently and in the EU soon after

Announcements of product launches have been made by a number of major F&B businesses, including PepsiCo Inc, Whole Earth and Cargill. Increased launch activity is expected over the next three to six months.

Inevitably consumer acceptance and pull through demand for high purity Reb-A has to lag product trials and launches. However the establishment by Pepsi and Whole Earth of the PureVia™ Reb-A brand is a clear sign of growing and accelerating momentum.

### *iii. Emerging competition further validates the market*

Another sign of the growing market is the clearer emergence of competitors. PureCircle welcomes competition as it provides further validation of the scale of the opportunity and provides additional investment resources to accelerate overall market growth.

Whilst we welcome competition, we remain determined to stay well ahead of it. Our recent contract award successes suggest we are going in the right direction.

### **Contract Awards**

After two years of selling high purity Reb-A under an exclusive contract to Cargill, since 1 July 2008 PureCircle has been free to supply and distribute product on a non exclusive basis.

Since then we have started trading under a number of material contracts on a multi-year or "evergreen" basis. These include prestigious consumer brand companies such as PepsiCo Inc and Whole Earth. We have also agreed a contract extension with Cargill for two years through to 30 June 2010. Taken together the new contracts mean that our committed volumes for FY 2009 are already double the figure at the beginning of FY 2008.

We are in discussions with an increasing number of international F&B companies and expect to be able to announce significant new contract wins in the coming months.

### **Review of Operations**

PureCircle is a business-to-business company centred on the delivery of the highest quality high purity Reb-A under the PureVia™ brand to the world's leading F&B producers. This strategy in turn is underpinned by: the sourcing of raw Stevia leaf; the extraction of crude Stevia; the refining of high-purity Reb-A; and, a highly innovative, R&D-based formulation support service.

The Group currently sources its Stevia leaf from China, which accounts for over 80% of global leaf supply and is the location of our 1,000 MT extraction plant. The crude extract is then shipped to Malaysia - where the Group's state-of-the-art refining plant and innovative R&D capabilities are located - for processing into high-purity Reb-A for shipping under the PureVia™ brand to customers around the world.

During the period, we made significant progress on developing our production capabilities and global supply chain.

### *i. Leaf Sourcing & Supply*

The establishment of a secure and reliable supply of Stevia leaf is a major priority for the Group. With the majority of the world's Stevia leaf harvest currently dependant upon small-scale farmers in China, Stevia leaf supply and prices can be volatile and the quality can vary significantly.

In China farmers typically farm an area equivalent to 1/15 of a hectare and produce between 200 – 300 kilos of dry Stevia leaf per year. We are currently sourcing leaf from over 50,000 farmers. Sourcing enough leaf to feed our 1,000 MT, being expanded to 4,000 MT, Stevia extraction plant is a major logistical exercise. We achieve this by having in place the industry's leading network of agents and by working closely with communities to promote Stevia as an important cash crop.

Nevertheless the current supply model exposes the Group to some risks and is not sustainable in the long term given the projected market growth. The industry needs to move Stevia supply to a more industrial scale model and we are helping to lead that transition.

Encouragingly, Stevia is increasingly being recognised as an important commodity crop and is attracting research and investment from many of the world's largest agribusinesses. It is clear that commercial scale plantations will be developed in many countries that provide the basic essential of reliable daily sunshine. Discussions with plantation partners suggest global Stevia leaf supply will expand rapidly and may exceed two million MT within 4-5 years: this represents an increase of at least fifty times the FY 2008 industry harvest.

Whilst we are progressing plans for plantation development in other countries, our immediate focus must be on improving the reliability of leaf supply from China which, accounting today for over 80% of world Stevia production, will remain an important supplier of raw leaf for at least the next three to five years.

In China, we are advancing plans to establish scaleable production which will enable better resource management, investment in R&D and fewer points of collection. PureCircle is developing high quality seedling cultures for farmers to plant and supplying fertilisers and technical advice.

We expect total China leaf supply to be 45,000 MT for the FY 2009 harvest, cropped in late calendar 2008. This compares to an estimated 15,000 MT for the FY 2008 China harvest, cropped in late calendar 2007. We have already secured about 40% of the FY 2009 total market supply, which is substantially sufficient for our FY 2009 supply needs. We expect total China leaf supply to treble again by the time of the FY 2010 harvest, cropped in late calendar 2009, again sufficient for our projected needs.

With raw leaf accounting for some 70% of our production cost base, we are also taking action to improve significantly the quality of the leaf supply. With our existing technologies, higher-quality leaf will enable us to almost double the amount of high purity Reb-A refined from each tonne of raw leaf. This will be a major long-term opportunity for PureCircle.

Outside China, we are both investigating and, progressing opportunities with our joint venture partners for the development of large-scale plantations initially in Kenya, and a number of other countries including Thailand, Laos and Paraguay. Early indications are that it will be possible to produce three or four crops per annum in some of these countries whereas, in China, being further north of the tropics, output is limited to either one and two harvests per year.

Following these actions and the quality standards we are putting in place, we believe that by FY 2012, PureCircle will have substantially de-risked its Stevia leaf supply. The Group will then be able to rely on the most consistent and highest quality leaf on a year-round basis. Until then, we are confident that we have secured supply to meet our requirements, but that quality and pricing will retain some of the volatility one expects of an emerging market.

### *ii. Extraction*

Following the acquisition of a further 40% in May 2007, the Group now owns 95% of Ganzhou Julong High-Tech Food Industry Company Limited ("GJF"), our 1,000 MT extraction plant in Ganzhou in south-eastern China.

Full control of GJF has enabled us to fully integrate the extraction plant and its management into the PureCircle group. The plant is currently running at a rate of over 750 MT per annum and a range of improved processes post acquisition are already yielding benefits.

GJF is already the largest such extraction plant in the world and we are currently undertaking a major expansion plan which will take capacity up to 4,000 MT per annum. The expansion is well underway and fully on target for completion by the first quarter of 2009.

As part of our strategic partnership with Swire, we have earmarked US\$15 million for the construction of a 3,000 MT extraction plant in Kenya. Feasibility studies and project planning for this plant are underway.

These existing extraction plans will provide capacity of 7,000 MT per annum and are fully catered for in our cash flow planning.

### *iii. Refining*

The Group's refinery, located just outside Kuala Lumpur, Malaysia has a capacity of 1,000 MT of end product high purity Reb-A, the largest such facility in the world. Work is starting on expanding the refinery's capacity to 2,000 MT.

The refining process is highly complex and provides a major barrier to entry. That PureCircle's refinery is the only one in the world capable of consistently producing the highest quality high purity Reb-A, in commercially viable volumes, is a result of over thirty years of R&D and resulting proprietary IP. Furthermore, the Group has registered a range of production patents reinforcing its refining leadership position.

### **Expansion Plans**

The expansion plans referred to above were already being implemented before the larger market opportunity became apparent. We are now reviewing whether our production capacity needs to be expanded further and, if so, over what timeframe.

Importantly, with Stevia now recognised as a strategic global commodity crop, major agribusinesses are looking to invest in Stevia plantations. Further, PureCircle already has strategic partners in place with global sourcing networks and extract capabilities. Consequently, in the event that we decide to increase our supply chain capacity, this will not have to be funded wholly from our own resources.

### **Sales & Marketing**

With the significant increase in the size of the Group's addressable market, we have reviewed our sales and marketing strategy.

Led by Sales & Marketing Director, Peter Milsted, our strategic priority is to secure contracts with the leading F&B producers in the United States and Europe which are urgently looking for a solution to the health concerns arising from sugar and chemical sweetener usage in mainstream F&B production. These companies are increasingly aware that PureVia™ Reb-A could provide the solution to falling sales on the back of growing health issues.

As part of that strategy, we are therefore promoting PureVia™ Reb-A as possessing a significant number of qualities that position it as an ideal mainstream food ingredient.

- 100% natural with a high intensity sweetness of about 200 times that of sugar
- Wholly compatible with sugar on a taste profile basis
- A healthy alternative to sugar and artificial sweeteners
- Calorie-free
- Suitable for consumption by diabetics with its low glycemic index
- Highly stable at extreme temperatures making it suitable for cooking, baking and freezing
- PH stable giving long shelf-life and CSD application

In developing our pipeline, we are focused on securing non-exclusive contracts with as broad a range of global F&B companies as possible in order to allow for maximum flexibility in developing our sales pipeline.

We have made excellent progress in establishing close relationships with potential customers and believe that we will be in a position over the coming months to announce a range of new contracts.

### **People & Organisation**

During FY 2008, we have grown from a company of just 70 people based in one country to almost 500 today located in seven countries across four continents.

That we have achieved a trebling in turnover and a strong increase in profit during this period of major change is testimony to the quality of the management team.

As we grow further, this level and pace of change will continue to be the norm. Recruiting and retaining top management, and implementing robust systems, will remain a priority.

### **Prospects**

The past twelve months have been a transformational period for PureCircle. The Group is firmly established as the global leader in a fast-growing market with significant barriers to entry. We have major first-mover advantages. Initially these were in supply chain and technology. Increasingly they are and will be in customer relationships and share of market

With the major contracts in place, our committed sales orders for FY 2009 are already 100% higher than committed volumes for FY 2008. Sales for the first three months of the current year are line with plan.

With a fast growing market, an already well-advanced integrated supply chain and the strategic partners in place to take the Group to the next level of development, PureCircle is well positioned for rapid growth.

**Magomet Malsagov**  
**Chief Executive**

**15 October 2008**

## GROUP FINANCIAL REVIEW

The Group earlier this year changed its 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 which all run on a 1 July to 30 June basis, and the buying season for Stevia leaf, its primary raw material, which starts in July and has lowest inventories at end June.

To assist understanding of the Group's performance, for illustrative purposes only, we are providing Pro-Forma consolidated income statements for the twelve months to 30 June 2008 ("FY 2008") and Pro-Forma consolidated income statement comparatives for the twelve months to 30 June 2007 ("FY 2007").

PureCircle Limited was only incorporated on 23 July 2007 and acquired the PureCircle Sdn Bhd ("PCSB) Group on 30 September 2007. Accordingly the Pro-Forma FY 2008 consolidated income statements covers the results for the PureCircle Limited Group from 1 October 2007 to 30 June 2008 aggregated with the results for the PCSB Group from 1 July 2007 to 30 September 2007. The Pro-Forma FY 2007 consolidated income statements cover the results for the PCSB Group from 1 July 2006 to 30 June 2007. Base data for the FY 2008 and FY 2007 Pro-Forma consolidated income statements described above has been extracted from the audited accounts of:

- PureCircle Limited Group from 1 January to 30 June 2008; and the
- PureCircle Limited Group from 23 July to 31 December 2007; and the
- PCSB Group from 1 January to 31 December 2007; and the
- PCSB Group from 1 January to 31 December 2006.

In addition to the Pro-Forma consolidated income statements for FY 2008 and FY 2007, the Group is presenting the audited consolidated results for the six month period 1 January 2008 to 30 June 2008, together with audited comparatives for the period 23 July 2007 to 31 December 2007.

In a series of transactions since December 2006, the Group has taken control of its Stevia extract production subsidiary Ganzhou Julong High-Tech Food Industry Co ("GJF"). The Group acquired an initial 25% of the shares in GJF in December 2006, a further 30% in July 2007 and a further 40% in May 2008. As at 30 June 2008 the Group owns 95% of GJF, the maximum permitted under relevant China legislation.

This means that at 1 July 2006 GJF was not part of the Group, from May 2007 to July 2007 GJF was an associated company and from July 2007 a subsidiary.

<b>Consolidated Income Statements</b>	Pro-forma	Pro-forma	Audited	Audited
	PCL Group	PCSB Group	PCL Group	PCL Group 23 Jul 2007 (Date of Incorporation) to 31 Dec 2007
	FY 2008	FY 2007	6 Months to 30 Jun 2008	
	US\$000	US\$000	US\$000	US\$000
Revenue	33,379	10,967	19,290	8,898
Cost of Sales	<u>(25,005)</u>	<u>(8,858)</u>	<u>(15,282)</u>	<u>(6,249)</u>
Gross Profit	8,374	2,109	4,008	2,649
Other income	3,551	1,493	2,937	364
Share of (loss) / profit in associated company	(19)	464	0	0
Management and administration expenses	<u>(6,670)</u>	<u>(2,632)</u>	<u>(4,710)</u>	<u>(882)</u>
Operating profit before finance expenses	5,236	1,433	2,235	2,131
Finance expenses	<u>(1,860)</u>	<u>(890)</u>	<u>(996)</u>	<u>(471)</u>
Profit / loss from operations	3,376	543	1,239	1,660
Foreign exchange loss on issuance of shares	<u>(1,216)</u>	<u>0</u>	<u>0</u>	<u>(1,216)</u>
Profit / (loss) before taxation	2,160	543	1,239	444
Taxation	<u>789</u>	<u>(293)</u>	<u>0</u>	<u>569</u>
Net profit after taxation	2,949	250	1,239	1,013
Profit attributable:				
to minority interests	<u>873</u>	<u>0</u>	<u>171</u>	<u>591</u>
to equity holders of the Company	<u>2,076</u>	<u>250</u>	<u>1,068</u>	<u>422</u>
<b>Adjusted net profit attributable: to equity holders of the Company</b>	<u>3,772</u>	<u>250</u>	<u>1,548</u>	<u>1,638</u>
Basic earnings per share (cents)	1.6	0.2	0.82	0.61
Adjusted Earnings Per Share (cents)	2.9	0.2	1.19	2.4

**NOTES:**

The adjusted net profit is after adding back the foreign exchange loss on issuance of shares and the FY 2008 \$480,000 charge for a Long Term Incentive Plan (LTIP)

The pro forma earnings per share is calculated assuming 129.8 million shares were in issue throughout FY 2008 and FY 2007

**PCL Group**  
**Audited Consolidated Balance Sheets at**  
**30 June 2008**

30 JUN 2008  
 USD'000

31 DEC 2007  
 USD'000

ASSETS

NON-CURRENT ASSETS

Investment in an associate	141	157
Intangible assets	8,200	7,789
Property, plant and equipment	32,947	26,725
Prepaid land lease payments	2,285	1,457
	<u>43,573</u>	<u>36,128</u>

CURRENT ASSETS

Inventories	9,583	12,509
Trade receivables	7,430	3,410
Other receivables, deposits and prepayments	7,658	8,275
Amount owing by a subsidiary	-	-
Amount owing by related parties	1,433	2,137
Fixed deposits	13,563	31,543
Cash and bank balances	30,891	12,722
	<u>70,558</u>	<u>70,596</u>

TOTAL ASSETS	<u>114,131</u>	<u>106,724</u>
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EQUITY AND LIABILITIES

EQUITY

Share capital	13,272	13,029
Share premium	64,104	55,697
Treasury shares	*	*
Foreign currency translation reserve	2,251	909
Share option reserve	480	-
Retained profit/(Accumulated loss)	1,490	422
	<u>81,597</u>	<u>70,057</u>

SHAREHOLDERS' EQUITY	<u>81,597</u>	<u>70,057</u>
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MINORITY INTERESTS	<u>1,383</u>	<u>11,613</u>
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TOTAL EQUITY	<u>82,980</u>	<u>81,670</u>
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Note:

\* - Represents less than USD1.00

	30 Jun 2008 USD'000	31 Dec 2007 USD'000
<b>NON-CURRENT LIABILITY</b>		
Long-term borrowings	11,890	10,625
	<hr/>	<hr/>
	11,890	10,625
<b>CURRENT LIABILITIES</b>		
Trade payables	1,186	778
Other payables and accruals	2,079	1,501
Short-term borrowings	15,608	11,630
Bank overdraft	388	520
	<hr/>	<hr/>
	19,261	14,429
<b>TOTAL LIABILITIES</b>	31,151	25,054
	<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>	114,131	106,724
	<hr/>	<hr/>
<b>NET ASSETS PER SHARE (USD)</b>	0.62	0.54
	<hr/>	<hr/>

**PCL Group**  
**Audited Consolidated Cash Flow Statements for the six months**  
**to 30 June 2008**

	From 01.Jan.2008 to 30.Jun.2008 USD'000	From 23.Jul.2007 (Date of Incorporation) to 31.Dec.2007 USD'000
<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)
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 FROM INVESTING ACTIVITIES</b>	<b>(5,857)</b>	<b>(13,611)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>3,841</b>	<b>66,747</b>
Effects of foreign exchange rate changes on cash and cash equivalents	712	(987)
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>43,745</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>44,066</b>	<b>43,745</b>

*\*Cash and cash equivalents include overdraft.*

## **Revenues**

Revenues for FY 2008 were up by 204% to US\$33.4 million reflecting increased production and sales our portfolio of natural sweeteners. Sales of high purity Reb-A, under an exclusive sales contract, contributed 65% of total revenues.

## **Margins**

Gross margins at 25% were improved reflecting the improved utilisation of available production capacity. However, at just 11% utilisation we have significant further capacity in place to meet our projected growth.

## **Other Operating Income**

In FY 2008 the Group earned other operating income of \$3.5 million relating to GJF. Initially the income represented royalty income for Intellectual Property used by GJF. Latterly the income represents negative goodwill on acquisition of shares in GJF. Going forward the Group will not earn "other operating income" from GJF, but instead will enjoy the significant operational benefits of having a consolidated supply chain. I am glad to report that benefits from the increased control are already in line with our expectations.

## **Management & administration expenses**

Management and administration expenses in FY 2008 increased by US\$ 4 million compared to FY 2007. The increase included over US\$3 million investment for growth and \$0.6 million a year of ongoing costs associated with our AiM listing.

## **Operating profit before finance charges**

The strong growth in sales, coupled with stronger margins and the strengthened GJF relationship have all contributed to a significant increase in operating profit. The FY 2008 operating profit before finance charges increased by over 265% from \$1.4 million in FY 2007 to \$5.2 million in FY 2008.

## **Strong balance sheet and net cash**

At 30 June 2008 the Group has gross assets of \$114 million (31 December 2007 \$107 million). Gross cash and deposits balances totaled \$44m (31 December 2007 \$44m).

## **Audited accounts**

The Group's audited accounts for the period ended 30 June 2008 will be posted on [www.purecircle.com](http://www.purecircle.com) today (15 October 2008) and will be physically posted to shareholders in November 2008.

**William Mitchell**  
**Finance Director**

**15 October 2008**