PureCircle®

Annual Report 2017

PURECIRCLE IS THE WORLD'S LEADING PRODUCER AND INNOVATOR OF GREAT-TASTING STEVIA SWEETENERS FOR THE GLOBAL BEVERAGE AND FOOD INDUSTRY.

PureCircle is the only stevia Company with a vertically integrated supply chain to deliver the great-tasting, high-quality stevia ingredients. Our vertical integration allows us to scale responsibly to meet the demands of the global food and beverage industry, with whom we work alongside to deliver custom stevia solutions specific to their needs.

HIGHLIGHTS

$118.9m
in sales

$27.1m
adjusted EBITDA*

$7.2m
net profit

72
granted patents

10 years
as a public listed company

5 billion+
consumers with access to PureCircle stevia products

1,100
employees

60 countries
sales in

13,000
food and beverage products containing stevia accessible around the world

* Adjusted EBITDA is an alternative performance measure which the Directors believe is helpful in understanding the performance of the business. Refer to note 28 – Segmental Reporting (page 99) for definitions of alternative performance measures.

Inside consumer and macro trends

With consumers increasingly following a health and wellness agenda, driven by growing global concerns about obesity and diabetes, as well as government involvement and levies on sugar, many global food and beverage companies have committed to reduce sugar quantities. So, demand for natural-origin, zero-calorie stevia sweeteners and flavours has grown and grown.

PureCircle is dedicated to helping food and beverage companies quickly develop products that retain the great taste that consumers love, whilst reducing sugar content and overall calories.

Driven by growing global concerns about obesity & diabetes

The evolution of great taste

Our stevia experts are dedicated to understanding all parts of the stevia leaf and how they impact taste. This knowledge and drive for the next taste breakthrough has led to the development of a range of products that provide a sugar-like taste and deep calorie reductions, which have allowed the global stevia market to move away from Reb A 97.

We have developed an extensive portfolio of stevia ingredients, and have over 72 granted stevia-related patents and 200 patents pending.

We work alongside our customers as innovation partners to deliver stevia solutions best suited to each unique product – be they off-the-shelf solutions, such as those from the sigma family, or custom formulations – often combining stevia ingredients to get the best results.

With the largest extraction facilities in the world, we can deliver innovative stevia products at a scale that services the demands of the global food and beverage industry.

Over 72 granted stevia-related patents and 200 patents pending

From leaf to product

Industry-defining innovation starts from the ground up – with the cultivation of the stevia plant. In this, no other Company has invested more. Our PureCircle Stevia Agronomy Programme and resultant proprietary stevia leaf varieties, such as StarLeaf stevia, are the source of our many taste breakthroughs.

StarLeaf stevia contains 20% more steviol glycoside content than standard leaf varieties; its extract offers food and beverage developers a plant-based, zero-calorie sugar alternative that delivers more upfront sweetness, no bitter linger and that much sought-after sugar-like taste.

We have been able to maximize the potential of this amazing little leaf by perfecting natural, cross-pollination methods, and scaling responsibly to meet the F&B industry demand for consistently high-quality stevia ingredients. And, as the only stevia Company with a vertically integrated supply chain, we can trace all our stevia ingredients back to the field in which they were grown.

StarLeaf stevia contains 20% more steviol glycoside content than standard leaf varieties

AT A GLANCE

Our market is growing and dynamic fuelled by consumer demand

Our Mission

Our mission is to encourage healthier diets around the world by being the largest grower, supplier and innovator of high-purity, great-tasting stevia sweeteners for the global beverage and food industry.

Investment Case

Our product – high purity stevia – is a force for good in the world.

We help some of the largest global brands in the beverage and food industry, to achieve their goals of reducing sugar and calories without compromising the taste of their products.

What sets us apart is not just what we do, it's how we do it – we are the only stevia producer that has an integrated supply chain.

Our intellectual property is protected through 72 patents granted and 200 patents pending.

We are continually innovating to ensure we always create and deliver the greatest-tasting, most consistent stevia in the world.

Our market is growing and dynamic fuelled by consumer demands, increasing regulation and legislation such as sugar taxes.

We reduce risks to our business through geographic, products and sector diversification.

We have a high calibre Board and management team with extensive relevant, global expertise.

Our Portfolio

The Group is expanding this portfolio into wider complementary speciality natural ingredients that have proven to work well with stevia based natural sweeteners and flavours. This portfolio expansion is on a step by step basis, starting with ingredients that the Company has already begun to use in product formulations with stevia.

PureCircle SWEETENERS

High purity stevia sweeteners to naturally reduce calories.

- SG95 Family
- Reb A Family
- Alpha Family
- Delta
- Zeta Family

PureCircle FLAVORS

Flavour modifiers that offer synergies with stevia sweeteners and clean labelling options.

- NSF Family

PureCircle SIGMA SOLUTIONS

Category Solutions that maximize calorie reduction in specific applications.

- Sigma – Tea
- Sigma – Beverage
- Sigma – Dairy

Our Commitment is to...

...growth
in our business in all regions of the world;

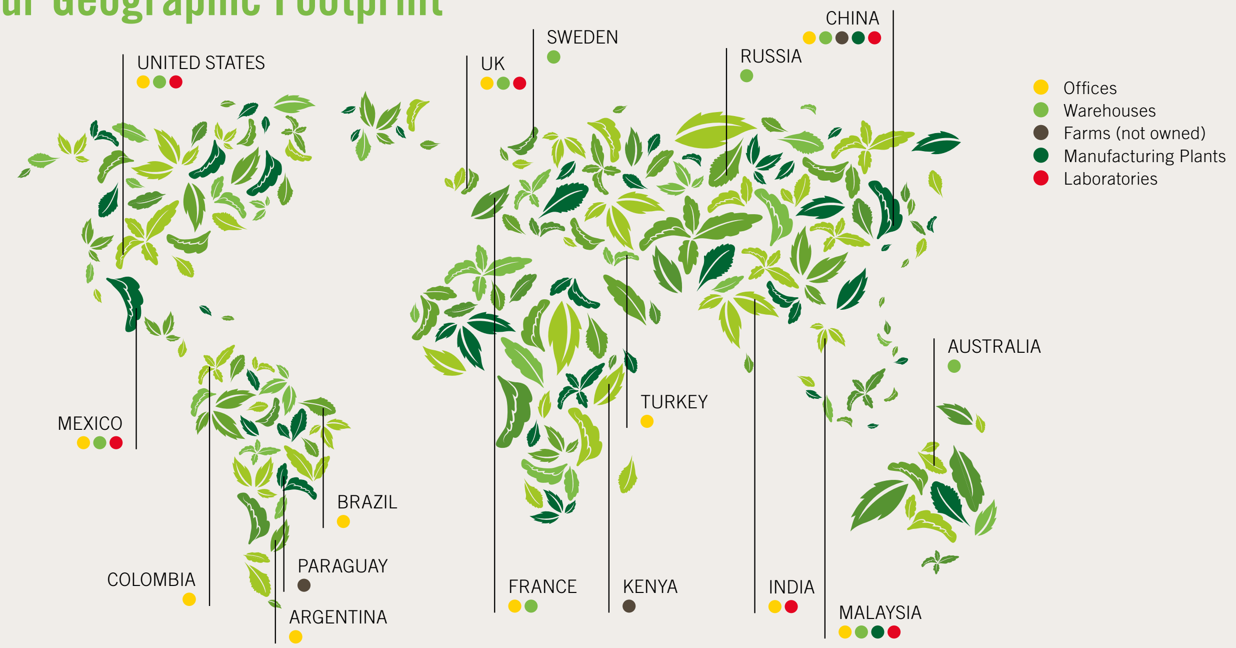
...penetration
of stevia into all major food and beverage categories;

...expansion
of our production capacity to support demand;

...diversification
of leaf supply outside of China; and

...investment
in our people, our systems and our organisation.

Our Geographic Footprint



Our Key Priorities and Challenges

MANAGING GROWTH

It is well known that growth brings new challenges. PureCircle is no different to other companies in this respect. Management's key priority is to ensure successful sustainable execution in everything we do; this touches all activities of our business and will remain our primary challenge for many years to come.

COPING WITH VOLATILITY

We need to ensure that our business has the flexibility, capacity and robustness to cope with global market volatility, in whatever form that takes.

COMPETITION

Our bio-technology heritage gave us first mover advantage in developing the new stevia industry. Our role now is to stay ahead of the competition so as to preserve our leadership position for as long as possible.

10th Anniversary

We have come a long way in ten years

This year, PureCircle Limited celebrates its tenth year as a public listed business, having originally listed on 11 December 2007 on AIM and secured a premium segment of the Official List of the London Stock Exchange in October 2015.

Since 2007, the Group has developed from selling one high purity product to one customer in one market to today selling 25 ingredients to more than 300 customers across more than 75 countries in 2017.

CHAIRMAN'S INTRODUCTION

During the year, we made significant investments in our future including the completion, on time and on budget, of our $42 million refinery expansion in Malaysia.

Paul Selway-Swift
Chairman

Welcome to the PureCircle FY2017 Annual Report. The downturn in sales and overall performance reported herein is a disappointment to Directors as it will be to shareholders.

In May 2016, the US Customs and Border Protection ("CBP") issued a Withhold Release Order ("WRO") which affectively closed the US market, our biggest, to us for a period of 8 months. After a period of intensive forensic investigation, the WRO was lifted in January 2017. The impact of this WRO was significant and its impact continues to be felt. Outside the US we achieved strong double digit growth in all our main markets.

During the year, we made significant investments in our future including the completion, on time and on budget, of our $42 million refinery expansion in Malaysia. This will ensure we have the capacity to deliver our latest products to our customers globally.

The global stevia market continues to grow and we believe that we are better placed than our competitors to deliver to the world's food and beverage companies the low calorie, great tasting natural sweeteners that their consumers demand.

THE BOARD

Peter Lai, after serving 9-years as an Independent Non-Executive Director retired as a Director in March. He will, however, continue to be associated with PureCircle in China where his knowledge will be valuable in his role as Chairman of PureCircle Jiangxi. We are fortunate to have somebody of John Gibney's experience to succeed Peter as Chairman of our Audit Committee. Following an absence of 3-years owing to other business commitments we are delighted to welcome John Slosar back to our Board.

Rakesh Sinha has now completed his first year as Chief Financial Officer and is making a valuable contribution to the Company.

THE PEOPLE

I would like to thank every one of the 1,100 people at PureCircle for their hard work and dedication to the Company in what has been an extremely challenging year due the WRO issued in the US.

LOOKING AHEAD

As we move ahead following the setback from the issue of the WRO in the US the future looks bright and we look forward to reporting strong progress in the future.

Paul Selway-Swift
Chairman

19 September 2017

As we move ahead following the setback from the issue of the WRO in the US the future looks bright and we look forward to reporting strong progress in the future.

OUR MARKET

Global obesity and diabetes epidemics continue to worsen with recent figures estimating that at least 2.8 million people die each year as a result of being overweight or obese.

Meanwhile, the estimated diabetes prevalence for adults between the ages of 20 and 70 worldwide is expected to affect one person in 10 by 2040 – 642 million.

As a result, governments across the world have introduced regulations on the use of sugar in food and beverage products. Currently, eight countries have implemented a sugar tax, in addition to eight US localities and eight island territories. Further, in line with a growing health and wellness agenda, consumers are increasingly seeking products made with natural, sustainable ingredients. Driven by consumer demand, as well as government involvement and levies on sugar, many global food and beverage companies have committed to reduce sugar quantities in their products.

As global demand for natural-origin, zero-calorie stevia sweeteners and flavours has grown and grown, ingredients made from the stevia plant have become an increasingly important tool for food and beverage companies.

Most experts agree that these trends are likely to continue, and in fact, may further accelerate. Continued progress in regulatory approvals for stevia are also driving wider availability. In November 2015, India approved the use of stevia as a food and beverage ingredient – this means that globally more than 5 billion consumers now have access to products using stevia. In early 2016, Brazil approved the use of stevia as an ingredient permitted to be mixed with sugar and China and Indonesia approved the use of stevia-based flavours, opening up significant additional market potential. Importantly, all 40+ steviol glycosides are found safe for food and beverage applications according to US FDA and JECFA, further opening up market potential for our innovation pipeline.

These trends continue to drive increased adoption of stevia by the food and beverage industry across a wider range of food and beverage categories. Mintel data shows that by the end of CY2016 more than 11,000 food and beverage products had been launched in the world containing stevia since 2011, with a 5-year CAGR of 36%. These launches span all regions of the world, across both developed and developing markets. In addition, these launches span a wide range of food and beverage categories, with the strongest growth across beverages, dairy and snacks. Notably, many of these launches have been in high-awareness brands.

The food and beverage products already launched using stevia are estimated to have the potential to support an industry with market size of more than $1 billion when those products are fully rolled out and mature. The pace of adoption to-date, particularly in mainstream products, coupled with consumer concerns about obesity, provide confidence that the stevia market will develop to such a size.

Ingredients made from the stevia plant are becoming an increasingly important tool for food and beverage companies.

Obesity

Worldwide obesity has more than

doubled

since 1980.

In 2014, more than

1.9 billion adults,

18 years and older, were overweight. Of these, over

600 million were obese.

Diabetes

Worldwide diabetes is at:

415 million

and will rise to

642 million by 2040.

By 2040 that is the equivalent of

1 in 10 adults

having diabetes.

Source
www.who.int/mediacentre/factsheets/fs311/en/

www.diabetesatlas.org

The sweetness of three stevia leaves can replace

25%

of the calories in a can of soda

OUR BUSINESS MODEL

Our scalable, vertically integrated model and strong relationships with global customers position us well to identify and capitalise on growth opportunities.

INPUTS

UNIQUE RESOURCES

- Global footprint of farms, warehouses, manufacturing facilities and sales offices
- Financial resources
- Intellectual property and know-how

  – 72 granted patents and >200 pending patent applications worldwide
- Entrepreneurial culture engendered by our experienced management team and shared with our >1,000 employees

STRATEGIC RELATIONSHIPS

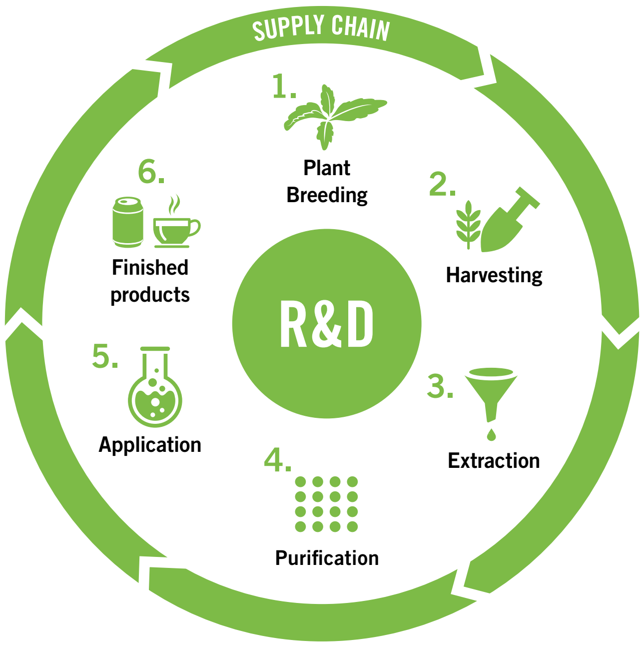
- Farmers
- Other suppliers and partners
- Customers: global F&B and Flavour groups
- Investors

HOW WE CREATE VALUE

We have successfully commercialised a portfolio that includes natural sweeteners, flavours and speciality ingredients based on high purity stevia, and have deep expertise across the value chain, from seedling to sweetener:

RESEARCH & DEVELOPMENT (R&D)

Multidisciplinary approach spanning plant breeding, agronomy, biotechnology, biochemistry, food technology and sensory analysis



COMMERCIALISATION

- Scientific and Regulatory Affairs
- Sales & Marketing

UNDERPINNED BY

Sustainability
Read more from pages 34 to 37

Risk management
Read more from pages 24 to 29

VERTICAL INTEGRATION

1. **Plant Breeding**
Breeding proprietary stevia varieties with higher sweet glycoside content

2. **Harvesting**
Cultivating best sustainability practices and providing training and materials to ensure success with local farmers across four continents

3. **Extraction**
Producing our own extract to ensure quality standards are met

4. **Purification**
Purifying steviol glycosides with an unmatched scale and consistency

5. **Application**
Providing formulation expertise to deliver great-tasting products

6. **Finished products**
Providing our customers with a level of transparency that is superior to any other stevia manufacturer

OUTCOMES

#1
Leadership of high purity stevia market

$118.9M
Revenues

$27.1M
Adjusted EBITDA

25
products in market

INVESTING FOR GROWTH

CONSUMERS
Great tasting products with reduced calories, to support a healthy, sustainable lifestyle

CUSTOMERS
Innovative, natural and sustainable ingredients with compelling benefits and consumer acceptance, supported with proprietary insights, customer training and technical support

FARMERS AND OTHER SUPPLY CHAIN PARTNERS
Sustainable income, training and materials

EMPLOYEES
Challenging development opportunities and appealing career prospects

SOCIETY
Material water, land and carbon footprint savings

REINVESTED BACK INTO INPUTS

Governance
Read more from pages 38 to 59

OUR STRATEGY

Our overall objective is to build a large, long-term, natural ingredients business based on stevia providing sustainable, low-calorie solutions to the world's food and beverage companies and consumers.

Our strategy to achieve this is set out below:

STRATEGIC PRIORITIES	DESCRIPTION	PROGRESS IN 2017
INNOVATION	To focus on innovating and commercialising the best tasting, sustainable stevia solutions by leading innovation. Innovation drives customer adoption and market expansion and brings more cost-effective solutions across more food categories.	• StarLeaf stevia moved into commercial production • Cocoa and vanilla flavour enhancers • Commercial extraction of antioxidants
PARTNERING	To partner with beverage and food customers to deliver the best-tasting stevia solutions specific to their products and help them achieve their goals of reducing sugar/overall calories/cost of ingredients without compromising taste through high-purity stevia solutions.	• 5,000 products now available with our stevia in them • Opened offices in Shanghai and Delhi to provide far greater connectivity with local markets
VERTICALLY INTEGRATED SUPPLY CHAIN	To operate a vertically-integrated supply chain to ensure full transparency and traceability, and consistency of the product.	• Continued investment in our systems and people to ensure PureCircle stevia is the best-tasting, most consistent stevia in the market
SCALABLE CAPACITY	To ensure our production capacity is robust and scaled in order to leverage structural growth in the sweetener and flavour market through geographical diversification and continued investment.	• Completed $42m Malaysian stevia facility • Opened new labs/offices in Shanghai and Delhi • Expanded lab in Winnersh, England

Continued investment in our systems and people to ensure PureCircle stevia is the best-tasting, most consistent stevia in the market.

5,000

products now available with our stevia in them

KEY PERFORMANCE INDICATORS

FINANCIAL KEY PERFORMANCE INDICATORS

Sales (US$m)

$118.9m

(2016: $138.6m)

2017	118.9
2016	138.6
2015	127.3
2014	101.0
2013	70.2

Gross margin* (US$m)

$45.8m

(2016: $57.0m)

2017	45.8
2016	57.0
2015	40.3
2014	36.6
2013	17.8

Gross margin (%)

39%

(2016: 41%)

2017	39%
2016	41%
2015	32%
2014	36%
2013	26%

Adjusted EBITDA* (US$m)

$27.1m

(2016: $34.2m)

2017	27.1
2016	34.2
2015	22.2
2014	22.8
2013	9.1

Net Profit (US$m)

$7.2m

(2016: $14.6m)

2017	7.2
2016	14.6
2015	4.1
2014	2.3
2013	(9.4)

Operating cash flow before working capital (US$m)

$21.8m

(2016: $31.9m)

2017	21.8
2016	31.9
2015	23.8
2014	22.7
2013	6.6

Net Debt* (US$m)

$84.7m

(2016: ($52.9m))

2017	84.7
2016	52.9
2015	45.4
2014	79.9
2013	75.2

Headroom* (US$m)

$76.7m

(2016: $76.3m)

2017	76.7
2016	76.3
2015	88.0
2014	60.0
2013	55.0

* Gross margin, adjusted EBITDA, net debt and headroom are alternative performance measures which the Directors believe are helpful in understanding the performance of the business. Refer to note 28 – Segmental Reporting (page 99) for definitions of non-GAAP measures.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Cumulative global population with access to stevia (billion)

>5bn

2017	>5.0
2016	>5.0
2015	>4.0
2014	>3.5
2013	>3.0

Regulatory clearances

FY17*: US, EU, Australia, New Zealand, Canada

FY16: India, Brazil

FY15: Gulf Cooperation Council (GCC), Pakistan, Bangladesh

FY14: Indonesia, Egypt

FY13: Thailand, Vietnam, South Africa

*Sugar-like tasting stevia molecules (e.g. Reb M, Reb D, and others)

Cumulative new launches with stevia – Mintel data (number of launches)

>13,000

2017	>13,000
2016	>9,700
2015	>6,900
2014	>4,500
2013	>2,000

Products in market (number of products)

25

2017	25
2016	20
2015	17
2014	12
2013	5

Production capacity in revenue equivalent (US$m)

$400–500m

2017	$400–500m
2016	$250–300m
2015	$250–300m
2014	$250–300m
2013	$250–300m

Global stevia leaf harvest (estimated metric tonnes)

>60,000

2017	>60,000
2016	58,000
2015	24,000
2014	14,500
2013	19,400

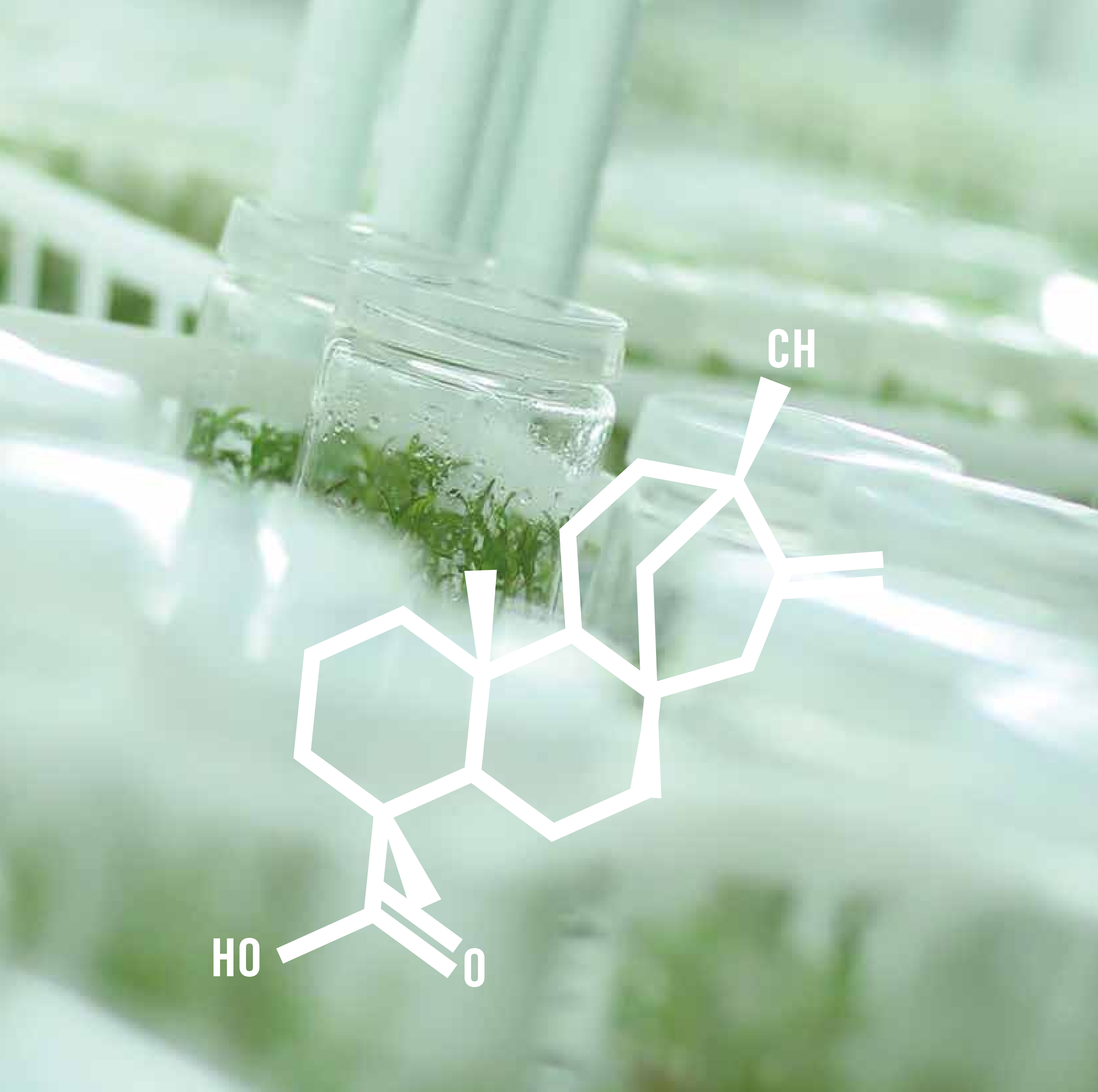
The Group's KPIs link directly back to the Group's strategy which is:

- To operate in large global growth markets of sweeteners and flavours
- To secure and maintain a leading position in our markets
- To operate a highly operationally leveraged business model
- To provide strong returns to our stakeholders from long-term growing revenues

Revenues, regulatory clearances, Mintel data about launches all provide evidence of the growth of our markets and of our position within our markets.

Gross margin, gross margin %, adjusted EBITDA, operating cash flow, products in market, our production capacity and information about the global stevia leaf market all provide evidence of our highly operationally leveraged business model and our ability to provide strong returns to our stakeholders.

Net debt and headroom are evidence of our management of key risks to our business, namely funding liquidity.



The stevia plant's leaves contain naturally sweet molecules called steviol glycosides, which can be

200-350 times sweeter than sugar.

CHIEF EXECUTIVE OFFICER'S REVIEW

Our focus is to leverage our first mover advantage, IP and patent protection to deliver the best-tasting stevia in the market.

Magomet Malsagov
Chief Executive Officer

PureCircle has a unique market position – no one knows more about the stevia leaf than PureCircle as demonstrated by our 72 patents and 200 patents pending. It is true that anyone can pick a stevia leaf but our competitive advantage is in what we do with it.

We have moved way beyond the first generation, commoditised product of Reb A and are onto our third and fourth generations of stevia – we are unwavering in our focus on bringing the best-tasting stevia. These new generations of natural-origin stevia products are revolutionising taste.

Our expertise results from our ongoing investment in R&D into all aspects of the stevia plant. Everything we do is about helping our customers achieve their goals of reducing sugar, calories and the cost of ingredients without compromising taste. With our highest purity stevia solutions we work in partnership with our customers to achieve the taste profile they require for their products in their different markets around the globe. We are introducing new tools to help customers formulate with stevia more efficiently and quickly. That will reduce their development costs and accelerate speed to market for their products.

POWERFUL MARKET TRENDS

Powerful market trends continued to gather pace such as the global fight to combat obesity and diabetes through sugar taxes and increased regulation. Continued progress in regulatory approvals for stevia are also driving wider availability – today more than 5 billion customers globally have access to products using stevia.

There are significant opportunities for growth to support the largest food and beverage brands around the world in responding to these drivers and PureCircle is well placed to seize them.

Since 2011, we have sold enough stevia sweeteners to enable a reduction of 3.8 trillion calories from global diets. We are proud to be part of the effort to address the global obesity crisis. More than 600 million people are now estimated to be obese and 415 million estimated to have diabetes; this number is expected to more than double by 2040. Regulatory action to address these public health issues is increasing and this is coupled with consumers actively seeking natural sustainable ingredients instead of using artificial ones.

As the only vertically integrated stevia business, every element of our business is of paramount importance, every element of our business requires continual investment and nurturing. Our focus is to leverage our first mover advantage, IP and patent protection to deliver the best-tasting stevia in the market.

AGRONOMY

In everything we do, we seek to ensure that our growth is scaled in a sustainable way. Today we work with thousands of farmers around the world. By diversifying and expanding our stevia leaf supply across three continents, PureCircle has reduced geopolitical and climate risks ensuring it has the flexibility, capacity and robustness to cope with global market volatility, in whatever form that takes.

We invest in our supply chain – from leaf to product – to enable us to bring ever-improving solutions to our clients, across more food categories.

Powerful market trends continued to gather pace such as the global fight to combat obesity and diabetes through sugar taxes and increased regulation.

CHIEF EXECUTIVE'S OFFICER'S REVIEW CONTINUED

This year we developed our most advanced generation of stevia yet – StarLeaf stevia. This is a product of the Company's long-term investment of $100 million in its PureCircle Stevia Agronomy Program, announced in 2016. StarLeaf stevia contains over 20 times more sugar-like glycoside content than standard stevia leaf varieties and will support developers in achieving deeper levels of calorific reduction in their final products without sacrificing taste. We have now moved to commercially scaling the leaf and thousands of hectares of StarLeaf are being planted.

FARMERS & COMMUNITIES

PureCircle works with thousands of farmers around the world. Our stevia crops are one of the most lucrative crops a farmer can grow – they have multiple harvest cycles per annum, use considerably less land and water and, because of our vertically integrated supply chain and the way we work with co-operatives ensures we have full traceability of our stevia.

PRODUCTION FACILITIES AND LABS

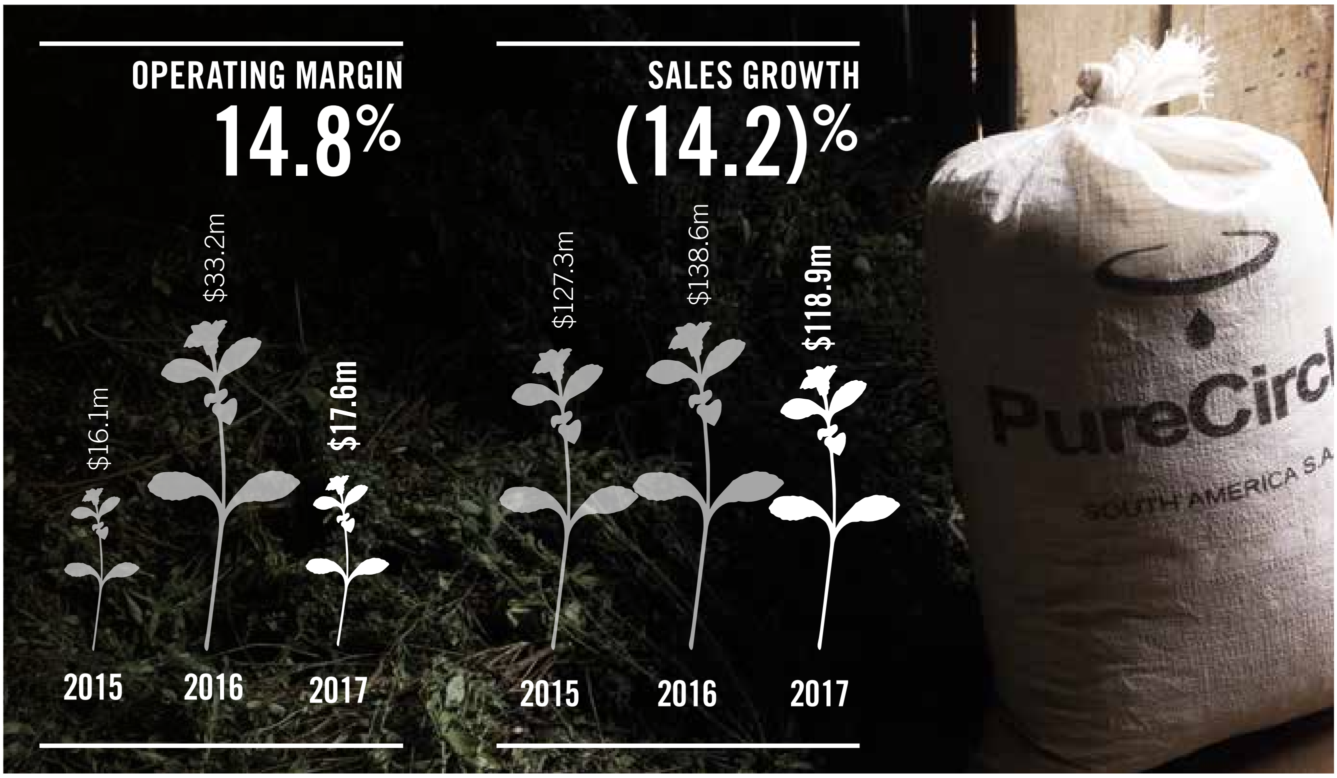
We completed the $42m expansion of our Malaysian plant, effectively doubling capacity. These facilities are now fully operational and focused on delivering our higher margin, stevia solutions. Our state-of-the-art facilities are delivering operating efficiencies and incorporates a dedicated line, specifically designed for the high-purity Zeta family of ingredients – all this will enable us to support our long-term growth ambitions and sustain our market share.

We continued to drive the reach of our business and hence greater connectivity with local markets. We opened two new offices with innovation labs in Shanghai and New Delhi. Laboratory facilities are due to be expanded in the UK, whilst in the coming year our Chicago offices will be moving to larger premises downtown to accommodate our flagship innovation centre and laboratory.

INNOVATION

Stevia has come a long way from the commoditised product of Reb A. Today the third and fourth generation stevia solutions have superb taste profiles and go further to help unlock further demand to help moderate calories naturally. During the year, our continued focus on innovation unveiled both StarLeaf stevia and our new Sigma tools that greatly facilitate our customers' work with stevia.

We also discovered new properties in the stevia leaf - vanilla and cocoa flavour enhancers as well as antioxidants. These new solutions will unlock industries outside of the sweetener market, namely cocoa, vanilla and antioxidant markets. The vanilla and cocoa flavour enhancers will significantly benefit Food & Beverage companies who will be able to use less of the high-cost vanilla and cocoa commodities in their products by using stevia to enhance those flavours. Although it has been known that stevia plants contain antioxidants, our ability to extract them from the leaf is a



major commercial advance and will further support beverage and food companies in providing their customers with health benefits and great-tasting products containing compounds commonly found in 'superfoods' such as fruits, vegetables, nuts and grains.

These products are now in customers' hands for future commercial applications. Our commitment to continued innovation is what will ensure we remain industry leaders and provide our strong diversified customer base with the breadth and depth of applications they require.

SUSTAINABILITY

Stevia is a force for good in the world. Our involvement throughout the supply chain enables us to be a key leader in corporate social responsibility. Because the leaf is 250-400 times sweeter, depending on application, than sugar; a little goes a long way. That means that one fifth of the land provides the same amount of sweetness achieved from other sweeteners made from sugar cane or corn. Less land means less water and less energy. This major impact is not just on the land but also the communities and co-operatives we work with.

Our commitment to corporate social responsibility is embedded in our corporate practices.

OPPORTUNITIES

Mintel data shows that by the end of 2016, more than 11,000 food and beverage products containing stevia had been launched in the world since 2011. These launches span all regions of the world, across both developed and developing markets. The existing products are estimated to have the potential to support a stevia industry with a market size of more than $1 billion when those products are fully rolled out and mature – so, we have only touched the surface, despite our market leading position.

India is an example of the substantial opportunities that exist for PureCircle where stevia was approved for use as a Food & Beverage ingredient in November 2015. This is just one of the markets where there is a significant opportunity to exploit the desire to combat the obesity and diabetes epidemics and the desire for a healthy lifestyle.

In early 2016, Brazil also followed suit and approved the use of stevia as an ingredient permitted to be mixed with sugar, and China and Indonesia approved the use of stevia-based flavours, opening up significant additional market potential.

All these elements open up market potential for PureCircle's innovation pipeline. And the reason why PureCircle will provide the winning solution globally, is because beverage and food companies know that they can partner with PureCircle and achieve uncompromising taste profiles tailored to their individual markets.

We continue to invest in our people, systems, and vertically-integrated supply chain in order that we can achieve our aspirations.

OUTLOOK

Whilst it has been a challenging year, it was not a systemic issue - it was caused by factors beyond the Company's control. Every year, global food and beverage brands launch increasing numbers of products incorporating plant-based stevia. We are market leaders, we have the most advanced technology, and we continue to invest to ensure we consistently deliver the best-tasting stevia. We are moving forwards, stronger, are excited about the year ahead, and look forward to the future with confidence.

Magomet Malsagov
Chief Executive Officer

Stevia is a force for good in the world. Our involvement throughout the supply chain enables us to be a key leader in corporate social responsibility.

PRINCIPAL RISKS AND UNCERTAINTIES

Operating in a relatively new industry, that PureCircle has pioneered, it is critical that the Group identifies, assesses and prioritises its risks. This, along with the development of appropriate mitigating actions, enables the Group to achieve its strategic objectives and protect its reputation.

The Company vision and strategy involves the creation from scratch of a new industry. The development of the Company should there be seen in three parts:

- Phase 1 (2002 to 2008): bio-tech start up
- Phase 2 (2009-2015): scaling up phase
- Phase 3 (2016 onwards): business development with the Group operating with critical mass in more markets

Understanding these phases of development is critical to understanding the dynamics of the Company's risk environment.

The Group has a formal risk management process in place to support the identification and effective management of risks across the business. It is regularly reviewed and updated for changes within the Group, the industry and the wider economy.

RISK MANAGEMENT FRAMEWORK

The Board is ultimately responsible for the establishment and oversight of the Group's Risk Management framework which is summarised below and discussed further within the Corporate Governance Report on pages 38 to 59.

The Internal Audit function was established in FY17, provides independent assurance to Management, and the Audit Committee keeps under review the effectiveness of mechanisms put in place to mitigate risks.

A Group risk register is in place and these are summarised in a matrix which identifies the intensity of the risk: high, medium or low. Each risk is assigned a management owner and the operational process Is overseen by the Group Finance Director.

RISK MONITORING PROCESS

The Board formally reviews the Group risk register at least twice a year. For the year ended 30 June 2017, the risks facing the Group were dominated by the inclusion of PureCircle on the US CBP's WRO list. The Group underwent intensive forensic investigation and was subsequently removed from the list in January 2017. Given this episode, combined with the new industry PureCircle is pioneering, the additional risks of cyber security and CSR were included in our risk register.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are summarised on pages 24 to 27. However, these are not intended to be an exhaustive analysis of all risks currently facing the Group.

Risk	Description	Potential Impact	Key Mitigations
1. MANAGING HEALTH AND SAFETY	PureCircle is in the food ingredient industry and operates a food grade supply chain which includes the world's largest high purity steviol glycosides extraction and refinery plant. PureCircle's manufacturing facilities in China and Malaysia operate using an integrated quality system and maintains high standards expected in the food safety management system namely FSSC 22000, FAMI-QS, SMETA, HACCP and ISO9001. It is also Halal and Kosher certified/ compliant. Health and safety considerations are of utmost importance to the Company.	Loss of reputation, health and safety violations, financial exposure, business interruption	The Group manages its health and safety requirements actively through clearly defined employee safety engagement strategies; safety protocols and standards that are set and monitored regularly by the Quality, Environmental, Healthy and Safety Leadership Team. At the functional level, there is a Safety Committee who oversee operational matters and execute the Group's overall health and strategy in each geographical location. FY17 saw solid progress in PureCircle's Health & Safety environment. Actual Lost Time Injury Index at Group and manufacturing entity levels were within benchmark standards. Entities are in full compliance with initiatives such as training, toolbox completion and root cause analysis. In addition, the closure rate of the Hazard and Operational Studies at the new production line, is significantly above the benchmark best practice.

Risk	Description	Potential Impact	Key Mitigations
2. CYBER SECURITY	IT security threats are becoming evermore advanced and frequent with breaches expanding their reach with more sophisticated methods. PureCircle being in a new, progressive industry is highly vigilant to these threats.	Loss of key, confidential and competitive sensitive data; innovation breakthroughs; systems crash leading to loss of information and/or core data being compromised or corrupted; industrial espionage. Resulting in significant adverse financial, reputational and regulatory impact to the organisation.	The Group has significantly stepped up its initiatives against cyber security threats by deploying a series of preventive, detective and corrective controls which act as (1) deterrent against unauthorised access; (2) monitor and alert the Organisation of any malicious/ unauthorised activity and (3) provide support for post-incident activities, close any potential control gap and prevent future occurrence. As cyber attacks are constantly evolving, the Group's strategy is in the continued investment in next generation preventive, detective and corrective controls with advanced security and responsive features to secure our IT ecosystem. Our investment includes partnering with world class solution providers in this area ensuring each layer of PureCircle's IT landscape is protected.
3. WORKING CAPITAL FUNDING TO SUPPORT GROWTH PLANS	PureCircle fully controls the end-to-end process of its entire supply chain from leaf source to manufacturing; sales; distribution and customer relationship management. PureCircle is in a fast growing business which requires product innovation and investment in technology to stay ahead of competition. The Company needs to fund its working capital from leaf purchase to sales receivables and inventory holding. In view of the Company's growth plans and recent plant expansion, working capital requirements have increased. In addition, PureCircle needs to maintain sufficient liquidity to balance operating requirements with financial obligations and covenants.	Lack of working capital funding would hinder growth/ enable competition to enter into the stevia market, thus eroding PureCircle's competitive advantage.	The Group manages its cash flow through a series of on-going policies which includes continued focus on sales collection from customers, emphasis on excellent operations and sales forecast to ensure timely identification of any potential working capital deficiency and increased control over discretional spending. In September 2017, the Group secured a new syndicated financing facility with HSBC for $200 million.
4. CORPORATE SOCIAL RESPONSIBILITY (CSR)	Allegations of Human Rights violation and Environment abuse might lead to legal actions against PureCircle; damage PureCircle's reputation; penalties including restrictions on operations.	Significant loss of revenue, reputation, customers and trust in the business	PureCircle treats Human Rights and Environment with respect and promotes Corporate Social Responsibility (CSR) and corporate citizenship in all geographic regions whilst actively working with local communities. Post the CBP clearance, PureCircle has not been complacent and has stepped up its whole CSR proactiveness and vigilance. The Company has increased its controlled plantations thereby having greater transparency on the provenance of it's leaf sourcing. The heightened activity runs through the entire supply chain.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Description	Potential Impact	Key Mitigations
5. CONTINUED GROWTH IN THE STEVIA MARKET	PureCircle has pioneered the development of the high purity stevia market and is focused on the further development of the market in terms of product innovation and investment in technology. Additionally, the Group has an operationally leveraged business model in which profitability is sensitive to volumes. The Company's future profitability is sensitive to the continued growth of the stevia market.	Loss of reputation and sales revenue as the Company was unable to fulfil US customers' orders for a greater part of 2016. Risk that future growth targets will not be achieved.	Management mitigates this risk with an active programme of new stevia product innovation to support further adoption of stevia and to enable future food and beverage formulation projects. This is supported by investment in new or expanded innovation labs (e.g. India, China), where customers are able to co-develop solutions. External evidence, such as Mintel Data, shows continued strong growth in F&B product launches using stevia which provides confidence in there being sustainable stevia market growth over the long-term . With the removal of PureCircle from the Withhold Release Order (WRO), sales to the US has now resumed. Recovery of volumes in this market is fully expected.
6. COMPETITION	As pioneers in the development of the stevia market, PureCircle is currently believed to have a majority share of the Global stevia market. As stevia becomes more established as a large volume mainstream F&B ingredient, more competitors may enter the stevia market with the potential to reduce the Company's market share. In addition, the emergence of cheaper alternatives of stevia (artificial, genetically modified variants).	Lower market share, aggressive pricing, deterioration of margins	PureCircle is committed to providing the best tasting stevia for it's customers' applications. Our continued investment in R&D, innovation will maintain and develop our strong working relationships with existing and new customers.
7. MANAGEMENT RELIANCE & TALENT DEVELOPMENT AND RETENTION	Stevia is a relatively new industry, as a consequence the talent pool of management with the skills and experience of working in the stevia market is smaller than that in other more established industries. The Group is reliant upon the performance of highly skilled personnel including its senior management team. There is a risk is that as the Organisation grows, the management talent pool does not grow in tandem with Organisation's requirements.	Slower pace of growth due to lost business opportunities; competitors take advantage as a result and hence financial impact to the business.	Greater management focus on recruitment quality, industry background and internal career development. The Group has ongoing investment in senior management retention programmes for all key managers, including the Group's Long-Term Incentive Programme (LTIP).

Risk	Description	Potential Impact	Key Mitigations
8. CONCENTRATED PRODUCTION CAPACITY	PureCircle is a fast growing Company with production chain covering both extraction and refinery. Ensuring capacity keeps up with increasing customer demand. Given the relatively early stages of the industry, it is inevitable that for a certain period of time, the Group's production capacity will be concentrated into specific facilities. A catastrophic event at either facility would impact the business.	Capacity shortage as extraction and derivative capacity get consumed causing loss of business opportunities, hence hindering growth and profitability.	The Group completed its $42m refinery expansion on FY17 facilitating significant end product capacity increase. The Group has explored alternative manufacturing options including 3rd party toll manufacturing. In FY17, toll manufacturing was successfully trialled.
9. LEAF PROCUREMENT & SOURCING	Dried leaf from the stevia plant is Group's primary raw material and constitutes a significant proportion of the Company's variable costs of production. It follows that the Company's financial performance can be impacted by material changes in the input costs of the stevia leaf. A significant majority of PureCircle's total leaf supply is sourced from China.	Profitability and ability to supply is impacted.	More of PureCircle's leaf is grown with larger commercial agricultural partners who are able to scale supply more quickly than traditional smallholders. This enables less variability in the sourcing, quality and hence price. Diversification of leaf supply continues in locations outside of China, namely Latin America and Africa. In both these locations, leaf yields are increasing. We are actively doing trials in the other locations too. Within China, the leaf is grown in 7 distinct regions across the country thereby mitigating the risk of a natural disaster to 1 or 2 regions.
10. INTELLECTUAL PROPERTY (IP) AND INNOVATION	Innovation is an essential part of PureCircle's success. Protecting the results of R&D and Innovation activity is critical since fast growth of industry, inevitably, attracts new players seeking to fast-track to a market-leading position using the latest innovations in this category. PureCircle remains in a leading position for global stevia-related patent publications. Focusing on IP protection at all levels is needed to ensure all of the Company's IP, whether patentable or not, is protected.	Others may patent innovations made by PureCircle, limiting PureCircle's ability to use its own innovations; PureCircle innovations, patentable or not, may become available to competitors allowing them faster entry to market on such innovations; PureCircle may lose opportunities to license, sell, or transfer technology.	Maintaining robust patent filing strategy and procedures to ensure that patent applications are timely filed in sync with innovations; consistent use of non-disclosure and non-analysis agreements to protect confidentiality and ownership of innovations whether patentable or not; fostering a culture of innovation recognition and protection.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

VIABILITY STATEMENT

The Directors have assessed the viability of the Group in accordance with the requirements of provision C.2.2 of the UK Corporate Governance Code. In assessing its viability, the Directors have considered the Group's prospects and a number of factors that affect the resilience of the Group, including the principal risks.

ASSESSMENT OF PROSPECTS

The context for the assessment of prospects

The Group's market, strategy and business model are each central to an understanding of its prospects.

The nature of the Group's activities is long-term and its market and business model are both seen as open ended. The core strategy of the Company remains in place and is fine-tuned to ensure it anticipates industry evolvement and maintains customer centricity.

The core matters relevant to assessing the Group's prospects include:

- Stevia is a global mass volume natural sweetener; since initial regulatory approvals the stevia market has grown steadily and is close to tipping point / reaching critical mass. All indications are, given the concern at the continued growth in the levels of global obesity and diabetes, that it will experience considerable growth for the next few decades.
- Successful participation in the stevia market requires scale to be feasible (including scale in leaf supply, extraction, refining and customer service support).
- The Group has a large invested balance sheet, representing successful investment in a vertically integrated supply chain, from leaf to end customer service on a global presence.
- Our business model is highly operationally leveraged.

Key to viability is sustainable critical mass.

ASSESSMENT OF SUSTAINABLE CRITICAL MASS

The Group achieved breakeven net profits in FY14 and since then net profits have grown strongly. In FY17, despite the US CBP significantly impacting the year, the Group has remained profitable.

Future viability is dependent upon continued growth in the stevia market and the Group continuing to secure a reasonable share of that growing market. This is considered entirely reasonable as the stevia market is expected to grow. It is currently estimated at about $200-300m in B2B sales, representing under 1 million tonnes of sugar equivalent, against global sweetener consumption in excess of 200 million tonnes of sugar equivalent. Further Mintel and other 3rd party data continues to show strong growth in food and beverage products using stevia.

PureCircle currently has a market share in excess of 50%. The long-term viability assessment is based on the Group being one of four large producers in the long-term, therefore, at present there is considerable market share upside to the viability assessment.

THE ASSESSMENT PROCESS AND KEY ASSUMPTIONS

The Group's prospects are assessed primarily through its strategic planning process. This includes the maintenance of a rolling 5-year plan which is reviewed annually by management led by the CEO with extensive COO and CFO involvement.

Detailed financial forecasts are prepared for a rolling 5-year period. The current year operating budget is reviewed and updated monthly, with updates beyond the current year re-forecasted at the half year mark, adjusting for significant events e.g. CBP, new product launches, innovation, market and customer developments. The cash forecast is reviewed weekly and a rolling 18-month cash forecast has been implemented.

KEY ASSUMPTIONS OF THE BASE STRATEGIC PLAN

Principal assumptions in the base strategic plan include:

- Continued growth in stevia market.
- Continued growth in the Group's sales revenues, reflecting growth in the overall market and recovery in the US market.
- Expanded refinery capacity, completed in March 2017, ensures that the Group has adequate existing capacity within which to manage strong sales growth.
- Fixed costs: it is assumed that the Group's non-variable factory and SG&A overhead cost base will be managed to a rate of increase below the rate of sales growth.
- The Group will maintain its highly operationally leveraged business model.
- Working capital assumptions are that inventory levels will reduce as a percentage of sales.

The base plan assumes that positive base operating cash flow on a sustainable basis has been achieved and will continue as sales grow until further capacity expansion is required.

ASSESSMENT OF VIABILITY

Although the strategic plan represents the Directors' best estimates of the future prospects of the business they have also tested the potential impact on the Group of a number of scenarios over and above those included in the plan.

These scenarios which are based on aspects of the principal risks represent severe but possible circumstances that the Group could experience.

The Directors consider that in the downside scenarios the Group can continue to operate profitably and within its cash and funding headroom by:

- Scaling back on stevia leaf purchases. Stevia leaf are the Group's principal variable cost and cash outflow. The Group has the ability to cut back purchases in line with reduced demand; or
- Running down inventories: for example in scenarios where there is either reduced demand for stevia or reduced supply of stevia leaf. The Group has historically maintained inventory levels equivalent to more than 6 months cost of sales. This provides management with considerable flexibility on managing stevia procurement in scenarios of uncertain demand.

VIABILITY STATEMENT

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five year period ended 30 June 2022.

GOING CONCERN STATEMENT

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review. The financial position of the Group, its cash flows and liquidity position are described within the Business Performance Review on
pages 30 to 33. In addition, note 4 – Financial risk management (pages 71 to 74) to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

In making the assessment of the Group's ability to manage its future cash requirements, the Directors have considered the Company and Group budgets and the cash flow forecast for the period to 30 September 2018. It should be noted that the new $200m HSBC facility was excluded in any stress testing. The stressed review included a more conservative cash flow scenario with lower revenues, lower profitability margin, higher collection days, cutting back on total leaf volume purchases and other more discretionary investments, so as to mitigate pressures on liquidity. This resulted in our current cash balances reducing over time but maintaining sufficient liquidity throughout the period.

After reviewing all the above considerations, the Directors have a reasonable expectation that management has sufficient flexibility in adverse circumstances to maintain adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Our PureCircle Insights Group provides hundreds of global food and drink manufacturers access to proprietary research that can help answer top consumer-driven questions such as:

"How does adding stevia impact purchase intent?"

"What are current stevia trends in the marketplace?"

In 2016, close to 3,000 stevia products were launched globally

Asia Pacific	998
Europe	704
North America	563
Latin America	593
Middle East & Africa	92
Total	2949

FINANCIAL REVIEW

Rakesh Sinha
Chief Financial Officer

$17.1m cash generated from operations

$200m new HSBC finance facility

Improved portfolio mix with higher Value Added products

HIGHLIGHTS FOR THE YEAR

- Sales revenue $118.9m, significantly impacted by lack of access to the US market for 8-months due to the CBP action
- $7.2m profit
- Operating cash flow of $17.1m
- Company growth excluding North America +8%
- EMEA growth +28%
- Gross margins held up well at 38.5% as we recover post-CBP volumes
- Operating profit 14.8%
- Exceptional Items relating to CBP amounted to $5.3m
- Continued success in increasing the sales mix of Value Added Products
- Maintained investment in future with completion of Refinery Expansion
- $200m new finance facility agreed with HSBC enabling a strong, stable financial platform to fund future growth
- Strong innovation pipeline
- Market prospects continue to strengthen with PureCircle well positioned to capture long-term market expansion

DIVERSIFIED REVENUE STREAMS

Revenue Mix by Product Category

Value Added	23%
Flavour	30%
Breakthrough	2%
Custom Blend	1%
Low Purity	2%
Basic ingredients	42%

Revenue Mix by Geographic Region

EMEA	44%
Latin America	26%
Asia	12%
South Asia	2%
North America	16%

FINANCIAL REVIEW CONTINUED

The Group's FY17 financial year covers the year from 1 July 2016 to 30 June 2017. FY16 comparatives are for the year from 1 July 2015 to 30 June 2016.

Set out below is an extract from the audited FY17 financial statement. The complete financial statements and its accompanying notes are on pages 65 to 100.

	FY17 USD'000	FY16 USD'000	% + / (-)
Trading			
Revenue	118,911	138,641	(14%)
Cost of sales	(73,099)	(80,797)	(10%)
Gross margin*	45,812	57,844	(21%)
Gross margin %	39%	42%	
Other income	480	328	46%
Administrative expenses	(28,670)	(24,947)	15%
Operating profit*	17,622	33,225	(47%)
Main Market Listing costs	–	(1,808)	(100%)
Other expenses	(5,874)	(8,396)	(30%)
Foreign exchange gain/(loss)	782	1,358	(42%)
Finance costs	(4,956)	(5,315)	(7%)
Share of loss of joint venture	83	(1,169)	107%
Taxation	(433)	(3,295)	(87%)
Profit for the financial year	7,224	14,600	(51%)
Earnings Per Share (US$ cents per share)	4.16	8.49	(49%)
Fully diluted Earnings Per Share (US$ cents per share)	4.13	8.37	(49%)
Operating cash flow before working capital changes	21,812	31,870	(32%)
Working capital changes	(4,707)	(12,860)	(63%)
Operating cash flow after working capital changes	17,105	19,010	(10%)
Net debt and funding headroom			
Gross debt	117,735	113,929	3%
Gross cash	(32,996)	(61,002)	(46%)
Net debt	84,739	52,927	60%
Funding headroom	76,743	76,271	1%
Adjusted EBITDA*	27,141	34,212	(21%)

* Gross margin, operating profit and Adjusted EBITDA are alternative performance measures which the Directors believe are helpful in understanding the performance of the business. Refer to note 28 – Segmental reporting (page 99) for definitions of non-GAAP measures.

$200m New Finance facility agreed with HSBC enabling a strong, stable financial platform to fund future growth

Sales

FY17 sales decreased by $19.7m (-14%) to $118.9m. Outside of the US, +8% growth was achieved primarily driven by Europe.

Gross Margin

FY17 gross profit fell by $12.0m to $45.8m, driven by increased manufacturing costs due to lower volume throughput, higher third party manufacturing costs and higher logistics costs all stemming from the disruption to our US market sales. FY17 gross margin was 39% (FY16: 42%).

Operating Profit

FY17 Operating profit decreased by $15.6m to $17.6m primarily due to lower volumes and gross margin.

Other expenses

Principally comprise of expenses relating to the CBP issue, write-offs and reduced staff STIP & LTIP.

Finance costs

In FY17 finance costs of $5.0m (FY16 $5.3m) was consistent with previous period.

Net profit after tax

The Group recorded a $7.2m net profit in FY17 (FY16: $14.6m).

Financing and funding headroom

The Group ended FY17 with net debt of US$84.7m (FY16 US$52.9m) and cash and facility headroom of US$76.7m (FY16 US$76.3m). The Group has secured a new $200m finance facility in September 2017 from HSBC to fund future growth.

Earnings Per Share

The Group recorded an Earnings Per Share of $4.13 (2016: EPS of $8.37) in 2017, on a fully diluted basis. The diluted weighted average number of shares in issue was 175,076,000 (2016: 174,345,000).

Operating cash flow before working capital

The Group generated $21.8 million of Operating cash flow before working capital in 2017, $10.0 million lower than 2016, offset by an improvement in working capital of $8.2m.

Adjusted EBITDA

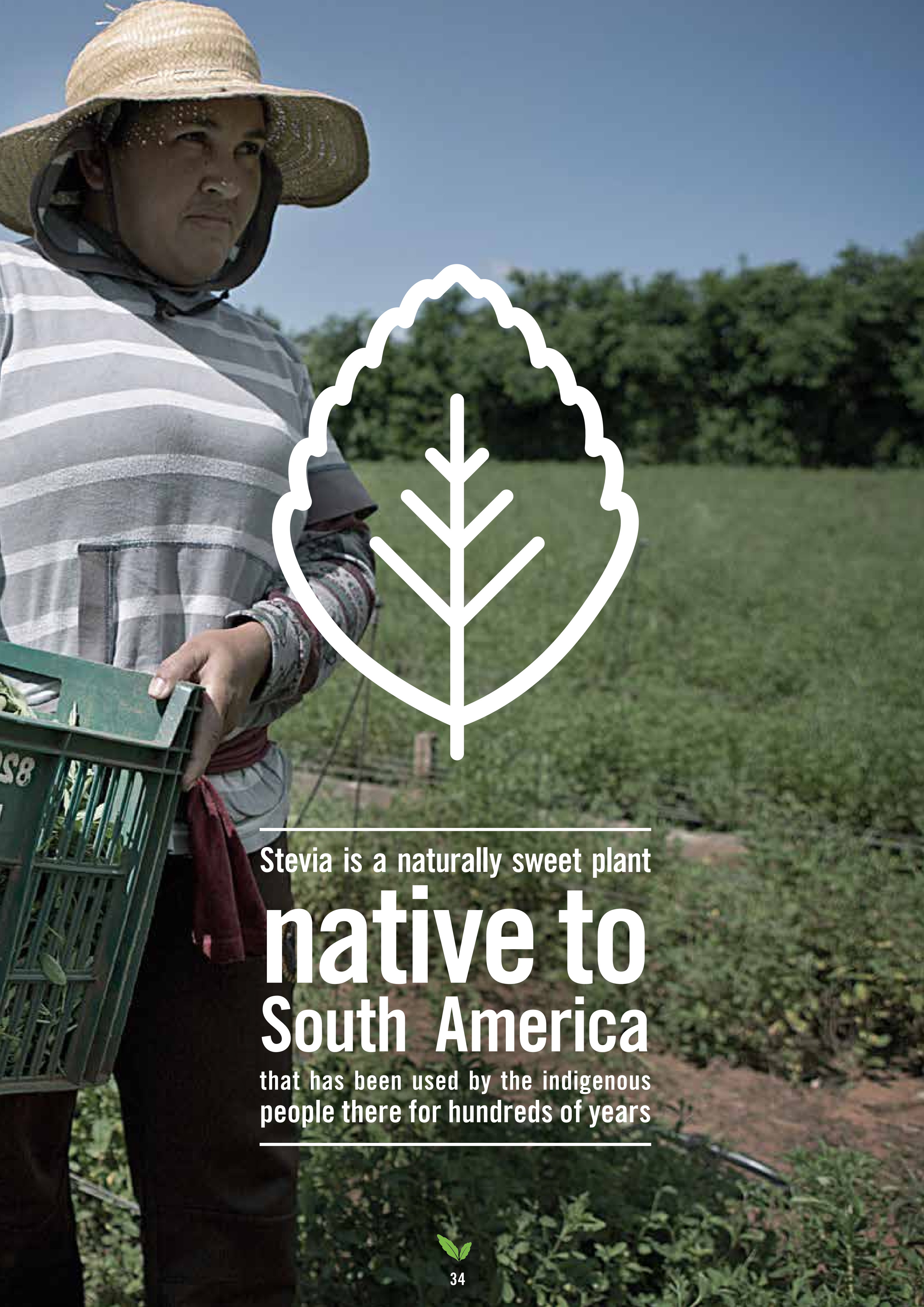
Adjusted EBITDA is defined as EBITDA with other expenses (principally the charge of the Group's LTIP scheme, short-term incentive scheme, exceptional items, foreign exchange and share of gain/(loss) in joint venture) added back.

Net debt

Net debt of $84.7 million (2016: $52.9 million) has increased due to the investment in the expanded factory facility and decreased profitability.

Taxation

The tax charge of $0.4 million was 5.6% of profit before tax (2016: 18.4%). The effective tax rate for the year was lower than prior year mainly attributed by the commencement of the first tax holiday year in one of our subsidiaries, PureCircle Trading (PCT). PCT was granted a 10-year corporate income tax exemption. In addition, tax was also saved from a subsidiary, PureCircle Sdn Bhd (PCSB) where it entered the final year of its 10-year tax holiday in FY17.



Stevia is a naturally sweet plant

native to South America

that has been used by the indigenous people there for hundreds of years

CORPORATE SOCIAL RESPONSIBILITY

PureCircle makes a major impact among the many communities in which it operates around the world.

POSITIVELY IMPACTING – THE ENVIRONMENT

The mighty stevia leaf is up to 350 times sweeter than sugar, so a little goes a long way. Only one fifth of the land is needed to provide the same amount of sweetness as you would with other natural sweeteners made from sugar cane or corn – less land means less water and less energy.

As a result, this leaf uses 88% less water than other natural sweeteners. It lowers its carbon footprint by 12% when being compared to cane sugar, 48% when being compare to beet sugar, and by 82% when being compare to high fructose corn syrup.

Sustainability has been integrated directly into our business from the outset – from the seed to the farmers to our sweeteners and flavours. It is our involvement throughout the supply chain that enables us to be a key leader in corporate social responsibility.

Stevia has a small footprint but a big impact.

POSITIVELY IMPACTING – PUBLIC HEALTH

PureCircle is also playing a major role in ensuring greater taste and health benefits.

Since 2011, we have provided enough stevia to eliminate 3.8 trillion calories from global diets.

We partner with our customers, and together work hard to reduce the impact that the food and beverage industry has on both the environment and the global calorific intake. We do this by developing the highest-purity stevia and applying our proprietary know-how to enable our customers to provide consumers with the tastes they love… but with far fewer calories.

POSITIVELY IMPACTING – COMMUNITIES

PureCircle contracts directly with all its leaf suppliers. Included in our contracts is a Supplier Code of Conduct, which includes clauses which include strict requirements relate to farmer health and safety, appropriate business practices, fair labour practices and sustainable agriculture.

We are committed to a sustainable, fair market agricultural policy that supports thousands within farming communities around the globe. We train small-scale stevia farmers throughout the world on issues including food security, waste reduction, biodiversity, irrigation systems and more for greater yield and low impact farming. We also work to provide access to loans to our farming partners when possible.

PureCircle makes a major impact among the many communities in which it operates around the world – the social well-being of these communities is something that we are fully committed to. And, we are proud of the many benefits that our partnership with these communities brings such as education and access to healthcare.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

PASSIONATE ABOUT – TOTAL TRACEABILITY

We believe that traceability equals transparency. Our tracking begins from the seed and carries through to harvesting right through to the end customer. From the seedling, every crop is tracked and given a unique batch number assigned linked to the specific farmer. At extraction each batch number is verified and the extraction and purification processes are recorded and assigned numbers in the tracking software system.

Once converted into finished goods, new unique numbers will be assigned if the batch is blended with any other batch and this is recorded. The stevia leaf extract can then be sent for more extraction and purification and once purified, the finished PureCircle products are then assigned an ingredient number and carefully sealed. Thus PureCircle is able to provide traceability – and transparency – from farmer to customer.

Our supply chain is regularly audited by our key customers and an independent 3rd party organisation.

PASSIONATE ABOUT – OUR PEOPLE

PureCircle is constantly investing in its most valuable asset – it's team! We want to attract and retain the industry's top talent. Our employees embody the entrepreneurial spirit which has been a part of our Company from the very beginning. In order to have the best ideas, we strive to maintain a diverse team which reflects the global landscape we work in. We believe in creating a workplace experience which cultivates career growth and provides unparalleled education experiences. We've created a culture that empowers our people to make an impact at any level of the organisation, while building meaningful relationships inside and outside of our Company.

PureCircle is able to provide exceptional traceability – and transparency – from farmer to customer.

This leaf uses 88% less water

than other natural sweeteners

CASE STUDY

Governance in action

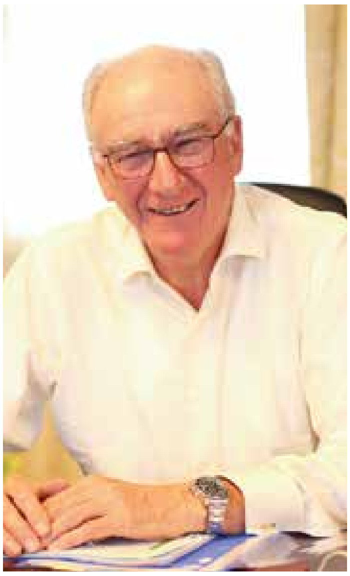
In June 2017, the Board visited the Group's stevia extraction facility, stevia nursery and plantation sites located in Jiangxi, China. The Board recognises that site visits are important to maintain an up-to-date knowledge of the Company and its operations.

The Group's extraction facility (PureCircle China) is located in Jiangxi; it operates an integrated quality system and maintains the high standards expected in the food industry (CGMP, ISO 9000, GMP, HACCP, FSSC 22000 etc). PureCircle China's management team briefed the Board on the production process flow, which was followed by a tour of the extraction facility. In this facility, a new natural gas boiler that can deliver increased steam supply had been installed to enhance production capabilities, and a new leaf warehouse was built during the year, which can store an additional 5,000MT of stevia leaf.

The Board then visited the stevia nursery located within PureCircle China and stevia plantations located nearby, where they were briefed on the progress of stevia new varieties, research and development projects, and also the new stevia variety husbandry.

During their site visit to Jiangxi, the Board also held the scheduled June Board meeting and met with the PureCircle China management team.

CHAIRMAN'S GOVERNANCE OVERVIEW



Paul Selway-Swift
Chairman

An effective governance framework is vital to ensuring PureCircle remains successful and sustainable. Your Board is committed to high standards of corporate governance and has a vital role in setting the tone for how we do business as a Company.

BACKGROUND TO GOVERNANCE IN PURECIRCLE

At PureCircle we have ambitious long-term plans to build a large sustainable global business and "doing things properly" is a major part of our philosophy. In support of those plans, my role as Chairman, supported by my Board colleagues, is to set the tone for how we do business as a Company.

Our intention is to build a "blue chip" Company that over time is recognised as a true leader in its field and recognised as making a real sustainable contribution to help address some of the food related epidemics confronting the world today. Our intention is to build a business incorporating high standards of governance, aligned fully with principles of sustainability and good social behaviour. We see governance as supporting our intentions to remain highly competitive leaders in everything we do, particularly by promoting clear policies and systems across the business. In particular we plan to retain the nimble, fast decision making and strong innovation and development culture that has always been at the core of PureCircle and which has served us so well this far.

Within this as a Company we are prepared to accept market risk, but have no appetite for risks that might impact the health and safety of our employees or might impact our standing as a valued supplier partner to our customers. At PureCircle governance is not just confined to the boardroom. It is an integral part of the way we manage our business and control our activities every day.

Across all areas the Board should be able to contribute to key decisions and provide challenge to management in a meaningful and timely way.

One of the key principles of good Corporate Governance is that the Chief Executive should run the business while the Chairman runs the Board in a way that enables it to best discharge its duties. At PureCircle we have that principle firmly in place.

Overall I am pleased to report that your Company has complied in full with the 2016 UK Corporate Governance Code with the exception of the composition of the Nomination Committee. The Board considers that the current composition is most appropriate for the Company's current requirements.

In FY17 much of the Board activity has focused on:

- Board succession planning and recruitment
- Further building our risk assessment and management processes into the day to day operations of PureCircle
- Board effectiveness

BOARD SUCCESSION PLANNING AND RECRUITMENT

During FY2017 we consolidated our FY2016 position where we strengthened the Board considerably with a series of appointments that individually and collectively have brought relevant industry expertise, global business leadership experience as well as a wide range of specific functional skills.

Rakesh Sinha joined PureCircle in April 2016 and succeeded William Mitchell as CFO in July 2016 following his retirement from the Board.

In March 2017, Peter Lai retired from the Board as Audit Committee Chairman. John Gibney, appointed Non-Executive Director in April 2016, replaced Peter Lai as Audit Committee Chairman in March 2017.

I would like to take this opportunity to thank the outgoing Directors for their contribution to the Board.

As mentioned in the Nominations Committee report, John Slosar has re-joined the Board on 1 July 2017. We welcome John back since stepping down from the PureCircle Board on 18 March 2014 (first appointed on 26 Sept 2007) due to other business commitments.

RISK ASSESSMENT AND MANAGEMENT

Your Board is clear on the value and importance of assessing and managing risk in everything we do. During FY17 we have made considerable additional progress in formalising and articulating our appetite and assessment of risk and of embedding this into how we do business in PureCircle on an every-day basis.

Our Audit Committee Chairman John Gibney goes into risk in more detail in his Chairman's report following on pages 48 to 50.

PureCircle is an entrepreneurial business creating a new industry from scratch. As a Board we would like you as shareholders to be clear that we are prepared to accept industry, market and business risk because we believe that, over time the rewards that will flow from taking those risks will be substantial.

At this stage in our development this higher than average risk appetite extends across many of the business activities, whether it is leaf buying, inventory management, foreign exchange hedging, or production capacity expansion to name but a few.

However we have no appetite for any risks to the health and safety of our employees and stakeholders. Nor do we have any appetite for any risk that threatens our reputation or the long-term sustainability of our business.

BOARD'S EFFECTIVENESS

The Board reviewed the Board effectiveness based on a survey where all members participated. The Board agreed that it is of the right size with an appropriate combination of Executive and Non-Executive Directors and members have the appropriate balance of skills, experience, independence and knowledge of the Company. The present Board and its committees operate effectively and that all Non-Executive Directors are independent.

There has been more focus on strategy and the Board sets time aside specifically focusing solely on strategy.

MEETINGS WITH SHAREHOLDERS

We stay in touch with our shareholders through face to face meetings and conference calls.

REMUNERATION

Our remuneration policy is matched to our strategy. Central to this is the creation of significant sustainable value for our shareholders.

Linked to this our Executives will only receive above average rewards for corresponding performance. Our strategic objective is to build a very large sustainable global business. We consider that the primary benchmark for assessing progress towards this goal is sustainable sales growth. Over time we also see adjusted EBITDA as becoming relevant, to ensure that profitability is taken into full account.

During FY17 we have undertaken a full review of our Remuneration programme. The detail findings of this review are covered in Chris Pratt's report as Chairman of the Remuneration Committee on pages 51 to 57.

HEALTH AND SAFETY

PureCircle employs more than a thousand people in our supply chain and operations spread across four continents. The health and safety of each and all our employees is an important priority for the Company and your Board. In that context I am pleased to report that overall safety, health and environment cases improved. Despite this we have continued to put additional investment into staff training on health and safety, particularly linked to the capacity expansion at our production facilities in Malaysia and China.

DIVERSITY

PureCircle is committed to employment on a fully diverse basis. Operating across the regions that we do, at PureCircle we have diverse staffing levels in terms of nationality, language and religion, it is the source of some disappointment to the Board that to date we do not have sufficient gender diversity. Specifically gender diversification is a key requirement in the terms of reference when we search for new Directors and Senior Management. We do not have sufficient gender diversity at Board level despite considerable efforts. At senior management level, however, there is significant gender diversity in several areas.

FURTHER INFORMATION

Over the following pages we describe our corporate governance framework in more detail and we include examples of how our governance works in practice.

BOARD OF DIRECTORS

Key to Committees

- Nomination
- Audit
- Remuneration
- Disclosure
- Treasury

C Committee Chair

Paul Selway-Swift C C

Non-Executive Chairman

Appointed: 10 Nov 2007

Mr Selway-Swift worked with the HSBC Group for 30 years. He was a Director of The Hongkong & Shanghai Banking Corporation from 1992 to 1996 and of HSBC Investment Bank plc from 1996 to 1998.

Magomet Malsagov

Chief Executive Officer

Appointed: 26 Sept 2007

Mr Malsagov has held the position of Chief Executive Officer since founding the business in 2002. He is responsible for the executive management of the Group and also has the responsibility to recommend and to implement the Group's strategic objectives.

Rakesh Sinha

Chief Financial Officer

Appointed: 6 Jul 2016

Mr Sinha is a qualified Chartered Accountant and has 25-years of broad commercial experience. He joined from Unilever Plc, where across his 17 year career he held a number of senior finance and strategic roles in both developed and emerging markets, including Finance Director of the Australiasian Ice-cream business, CFO of Unilever Taiwan & Hong Kong and most recently as Chief Financial Officer of Unilever Food Solutions (Latin America, South and Eastern Europe). Prior to joining Unilever, Mr Sinha worked for BHP.

Mr Sinha graduated in Chemical Engineering from the University of Leeds, UK and holds an MBA from Erasmus University, Rotterdam School of Management, Netherlands.

Christopher Pratt C

Senior Independent Non-Executive Director

Appointed: 18 Mar 2014

Mr Pratt was formerly the Chairman of Swire Pacific Limited, John Swire & Sons (H.K.) Limited, Cathay Pacific Airways Limited, Hong Kong Aircraft Engineering Company Limited and Swire Properties Limited. He was also a Director of The Hongkong and Shanghai Banking Corporation Limited and Air China Limited. He joined the Swire Group in 1978 and has worked with the Group in Hong Kong, China, Australia and Papua New Guinea. Mr Pratt received a CBE (Commander of the Order of the British Empire) in 2000.

Guy Wollaert
Independent
Non-Executive Director

Appointed: 10 Jul 2015

Guy Wollaert stepped down as a Senior Vice President and Chief Technical and Innovation Officer of The Coca-Cola Company after a 23 year career. Mr Wollaert previously served as General Manager of the Global Juice Center, where he was responsible for leading various functions including business development and supply chain for its global juice and juice drink operations.

Mitch Adamek
Independent
Non-Executive Director

Appointed: 10 Jul 2015

Mr Adamek retired from PepsiCo Inc. in 2011 after a 22 years career in both a procurement and human resources role. His last role at PepsiCo was as Chief Procurement Officer. Prior to PepsiCo Inc., he spent six years in human resources leadership positions at USG Corporation. Mr. Adamek is currently a Non-Executive Director of Wayne Farms LLC and the Chairman of Compensation Committee.

John Gibney
Independent
Non-Executive Director

Appointed: 11 Apr 2016

Mr Gibney retired as Chief Financial Officer of Britvic plc in April 2016 after a 17 year career. As Chief Financial Officer, he was responsible for a broad portfolio including finance, IT, legal, estates, risk management, procurement and corporate responsibility. Prior to joining Britvic, Mr. Gibney spent 10 years with Bass plc where he held various finance and management roles. Mr Gibney, is a UK qualified Chartered Accountant.

NEWLY APPOINTED

John Slosar
Independent
Non-Executive Director

Appointed: 1 Jul 2017

Mr Slosar, is Chairman of Cathay Pacific Airways Limited, John Swire & Sons (H.K.) Limited, Swire Pacific Limited, Swire Properties Limited and Hong Kong Aircraft Engineering Company Limited. He is also a Director of The Hongkong and Shanghai Banking Corporation Limited and Air China Limited. He joined the Swire Group in 1980 and has worked with the Swire Group in Hong Kong, the United States and Thailand. He is a graduate of both Columbia University and Cambridge University.

RETIRED

Peter Lai
Independent
Non-Executive Director

Appointed: 2 Jun 2008, Retired: 7 Mar 2017

William Mitchell
Chief Financial Officer

Appointed: 2 Jun 2008, Retired: 6 Jul 2016

BOARD ACTIVITY

Description of key discussion of Board activity during the year:

BOARD ACTIVITY

Strategy and Funding

- Spent half-day off-site meeting and two discussions to review strategy and business development activities
- Reviewed the Group's performance versus budgets and targets
- Considered the Group's Going Concern and Viability Statements as disclosed in the Annual Report 2017; debt funding arrangements and gearing levels

Governance, stakeholders and shareholders

- Reviewed feedbacks from institutional shareholders on half yearly basis
- Regular dialogues/meetings with major shareholders
- Reviewed developments in corporate governance and received legal and regulatory updates;e.g.. the Market Abuse Regulations and the impact on the Group
- Discussed the outcome of the Board evaluation and effectiveness review
- Reviewed the performance and approved the remunerations of senior members of the Group's management team, including the Chief Executive and Chief Financial Officer
- Reviewed and approved the adjustment to the annual fees for Non-Executive Directors
- Considered the Market Abuse Regulations and approved an updated Share Dealing Code

Internal control and risk management

- Reviewed the Group's business procedures and controls
- Regular CBP issue updates and review of internal processes relating to supply chain processes
- Discussed emerging risks such as cyber security and the level of exposure for the Group
- Reviewed the Group's risk register and the effectiveness of the systems of internal control and risk management

Leadership and people

- Reviewed the performance of the Board, its Committees and individual Directors
- Discussed the composition of the Board and its Committees, including succession planning and diversity
- Considered and approved the appointment of a new Non-Executive Director and new Audit Committee Chairman

Financial performance

- Considered the financial performance of the business, reviewed and approved budget for FY17 and key performance targets
- Approved the Group's full year and half year results and its corresponding market announcements
- Maintained oversight of financial position of the Group and financial reporting process, including policies and procedures

BOARD COMPOSITION AND ROLES

During the year under review, the Board comprised of a Non-Executive Chairman, two Executive Directors and five Independent Non-Executive Directors.

Their key responsibilities are as set out in the table below:

Chief Executive

Magomet Malsagov

Responsible for the day-to-day management of the business, developing the Group's strategic direction for consideration and approval by the Board and implementing the agreed strategy.

Chief Financial Officer

Rakesh Sinha

Supports the Chief Executive in developing and implementing strategy, and is responsible for finance and IT, including financial planning and reporting, group treasury and investor relations.

Non-Executive Directors

Paul Selway-Swift [1,3]
Christopher Pratt [2,3]
Mitch Adamek [3]
John Gibney [3]
Guy Wollaert [3]
Peter Lai Hock Meng (retired) [3]

1 Chairman – In addition to this, the Chairman is responsible for leading the Board, its effectiveness and governance. Ensures effective communication with shareholders.

2 Senior Independent Director – In addition to this, the Senior Independent Director provides a sounding board for the Chairman and to serve as an intermediary for other Directors.

3 Constructively challenge and help develop proposals on strategy. Scrutinise the performance of management in meeting agreed goals and objectives within the framework of risk and control agreed by Board and monitor the reporting of performance.

BOARD MEETINGS

The Board meets regularly to in order to effectively discharged its duties. Board meetings are held in person or by teleconference. During FY2017, there were 5 scheduled Board meetings. In June 2017, the Board meeting was held in Jiangxi, China and further details can be found on page 38. In addition to the formal Board meetings, the Board maintains an open dialogue throughout the year and contact by telephone and email occurs whenever necessary.

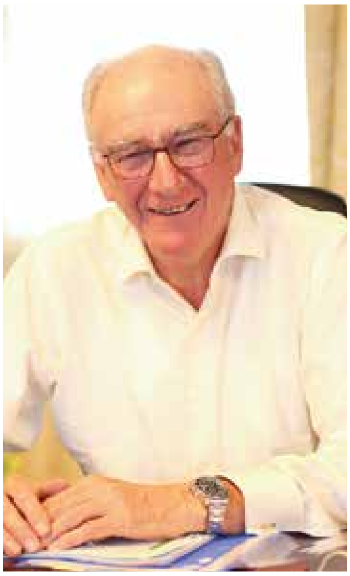
The table below details the attendance at Board and Committee meetings of each Directors during the 12 months period to 30 June 2017.

BOARD AND COMMITTEE MEETING ATTENDANCE

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Paul Selway-Swift	5/5		2/2	3/3
Magomet Malsagov	5/5		2/2	
Rakesh Sinha	5/5			
Christopher Pratt	4/5	3/3	2/2	2/3
Mitch Adamek	5/5	3/3		3/3
Peter Lai Hock Meng[1]	3/3	2/2		
Guy Wollaert	5/5			
John Gibney	5/5	3/3		
William Mitchell[2]	Nil			

Note
1 Peter Lai Hock Meng stepped down from the Board on 7 March 2017.
2 William Mitchell retired from the Board on 6 July 2016.

NOMINATION COMMITTEE REPORT



Paul Selway-Swift
Chairman of the Nomination Committee

COMMITTEE MEMBERS

- Paul Selway-Swift (Chairman)
- Magomet Malsagov
- Christopher Pratt

BACKGROUND TO THE NOMINATION COMMITTEE

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for identifying and nominating candidates to fill Board vacancies; evaluating the structure and composition of the Board with regard to the balance of skills, board diversity, knowledge and experience and making recommendations accordingly; giving full consideration to succession planning; and reviewing the leadership of the Group. The UK Corporate Governance Code provides that a Nomination Committee should comprise a majority of members who are independent Non-Executive Directors. I chair the Nomination Committee and its other members are the Group CEO, Magomet Malsagov and Christopher Pratt. The Nomination Committee meets no less than once a year.

Appointments to the Nomination Committee are made by the Board, are made for a period of three years, which may be extended for further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

PRINCIPAL ACTIVITIES IN FY2017 – APPOINTMENT OF NEW DIRECTORS

In FY2017 we have appointed one Non-Executive Director and one executive Director to cover retirements.

Rakesh Sinha was appointed CFO and executive Director on 6 July 2016 replacing William Mitchell, who retired after 8-years of service.

Peter Lai Hock Meng, retired having served 9-years as Director and Audit Committee Chairman; John Gibney was appointed Chairman of the Audit Committee to replace Peter in March 2017.

Subsequent to the year end, John Slosar was appointed Independent Non-Executive Director on 1 July 2017. We welcome John back since stepping down the PC Board on 18 March 2014 (first appointed on 26 Sept 2007) due to other business commitments.

Guy Wollaert, previously not considered as independent by the Board when first appointed on 10 July 2015 (as TCCC is one of PureCircle's key customer with material business relationship with the Group and Guy was SVP And Chief Technical and Innovation Officer of TCCC before stepping down in 2015). The UK Corporate Governance Code's provision on independence requires 3 years "cooling off" period in assessing a Director's independence (provision B.1.1), however, the Board has considered Guy to be independent effective 1 July 2017 after a 2.5 years "cool-off" period due to his independence in judgement.

The Committee believes we now have a well balanced Board with an appropriate mix of skills and experience.

For each appointment the Nomination Committee has hired external search firms operating on a global mandate specified by the Nomination Committee. Each search gave rise to initial long lists of possible candidates which was then reviewed and narrowed down to short lists, all of whom were then interviewed personally by the Nomination Committee, before appointment recommendations were made to the full Board.

I am delighted that the appointments made during FY17 will serve the Company well. Our Non-Executives all bring huge beverage industry expertise. In addition they each bring deep specific functional experience that, taken together, provides Board leadership to help challenge management across all aspects of our business from Research and Development, through Marketing, Supply Chain, Procurement, Finance and Human Resources. Plus their USA and Europe regional experience complements the already strong Board Asia heritage.

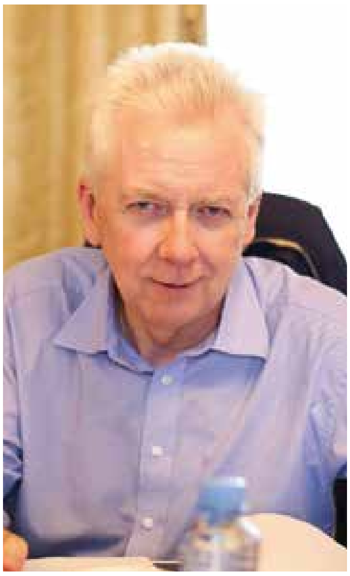
KEY CHALLENGES

The Group is committed to diversity. We are a genuinely multi- cultural multi-national business. We have eight languages spoken as a first language across our 1,100 employees; we operate in 12 different geographies and time zones. Maintaining a strong diverse culture is a core foundation of our business.

The Nomination Committee is committed to increasing the proportion of female Directors and Senior management within PureCircle. Each of the searches conducted in FY2017 had terms of reference specifically requiring the inclusion of a high number of female candidates in the search process. It is with regret that despite this we were not yet able to make appropriate female Board appointments. This remains a key priority for the Board.

Paul Selway-Swift
Chairman, Nomination Committee

AUDIT COMMITTEE REPORT



John Gibney
Chairman of the Audit Committee

Welcome to my first Audit Committee report. I am delighted to have been appointed as Audit Committee Chair of PureCircle, succeeding Peter Lai.

COMMITTEE MEMBERS

- John Gibney (Chairman)
- Mitch Adamek
- Christopher Pratt
- Peter Lai (retired March 2017)

This report sets out:

- The role, composition, activities and responsibilities of the Audit Committee;
- A summary of the meetings of the Audit Committee during the year;
- The significant issues related to the financial statements;
- The Committee's oversight of the Group's Risk Management and internal control systems; and
- The role and effectiveness of the internal audit processes.

The committee met four times during the year and invited the Company's Chairman, Chief Executive Officer, Chief Financial Officer, and Head of Internal Audit to attend the meetings along with the external audit partner. As Audit Chairman, I have also held meetings with external and internal audit.

ROLE OF THE COMMITTEE

The Committee's primary role is to assist the Board in providing effective governance over the appropriateness of the Group's financial reporting, risk management and internal control systems. It reviews the appropriateness of the financial results for the full year, half year and the interim management statements, including applicable accounting policies, key judgement areas and going concern assumptions. The Committee also reviews the Annual Report and Accounts taken as a whole to ensure they are fair, balanced and understandable and provide the necessary information for Shareholders to assess the Company's performance, business model and strategy. The Audit committee also reviews and monitors the extent of non-audit work undertaken by the Group's external auditors, advising on the appointment of such external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process and reviewing the effectiveness of the Group's internal review and control functions.

COMMITTEE COMPOSITION

The UK Corporate Governance Code, as it applies to the Company, recommends that an audit committee should comprise at least three members who are independent Non-Executive Directors and that at least one member should have recent and relevant financial experience. The Board is satisfied that I meet this requirement, having served as Chief Financial Officer of Britvic PLC for 17 years until April 2016.

Appointments to the Audit Committee are made by the Board, on the recommendation of the Nomination Committee. Appointments to the Audit Committee are for a period of up to three years and may be extended for no more than two further periods of up to three years, provided the Director who appointment is being considered still meets the criteria for membership.

MEMBERSHIP CHANGES IN FY17

Peter Lai Hock Meng retired as Chairman of the Audit Committee in March 2017 after nine years of service as a Non-Executive Director. As Chairman of the Audit Committee I would like to express my thanks to Peter for his service and his support to me during the transition in the past year.

SPECIFIC AREAS OF FOCUS DURING THE YEAR

- The recoverability of debtors and the treatment of goods returns relating to the CBP issue.
- Accounting for Intangible assets and goodwill; capitalisation of development costs; impairment of goodwill and intangible assets.
- The assessment of liquidity and going concern; review of banking covenants.

Key Focus Area	Actions during the year
Recoverability of debtors and the treatment of goods returns relating to the impoundment of shipments by US Customs and Border Protection (CBP).	The Audit Committee was informed that revenue of $14m had been recognised for shipments that were either detained or on the water bound for the US in the prior year. The length of duration of the investigation was uncertain. Ultimately, CBP clearance was received at the end of January 2017. This meant that a number of orders were subsequently cancelled by customers due to postponement/cancellation of innovation product launches. A full review of the accounting treatment of all of these orders, subsequent cash collections, returned consignments for which credit notes were issued (in excess of half of the original invoiced amounts), and returned inventory valuation, was carried out by management. This extensive exercise was reviewed by the Audit Committee which was satisfied that the appropriate accounting treatment had been applied.
Accounting for Intangible Assets and Goodwill The Group balance sheet includes Intangible assets and goodwill. The recognition of intangible assets, the consideration of their useful lives and performing impairment assessments is inherently judgemental.	The Committee reviewed reports from management regarding the intangible assets recognised during the period and challenged the amounts capitalised and whether such amounts were in line with the Group's accounting policies. The Committee also considered management's assessment of the value in use of the intangible assets, noting that a consistent methodology was applied year on year based on a discounted cash flow model underpinned by the Group's business plan. The Committee received a report from management on carrying values, and this was discussed with the Group's auditors, alongside the work PricewaterhouseCoopers (PwC) performed over the annual impairment assessment for indefinite lived assets and goodwill. The Committee noted the auditor's comments on the key assumptions used on the model and the headroom above carrying value available in several downside scenarios. Based on the above, the Committee was comfortable with the amounts recognised during the year and supported management's judgement not to record any impairment in intangible assets in the financial statements.
Liquidity and going concern. Due to the significant period of non-access to the Group's key US market, combined with capital commitments to complete the new refinery expansion, the Group's liquidity was under strain.	During the year, management conducted frequent stress test scenarios to ensure the Company's financial viability along with identifying mitigating actions to ensure the business remained a going concern for the coming 12-months. The committee reviewed the reasonableness of cash flow projections, growth projections, and the feasibility of the mitigating actions presented including the increased level of cash collections projected, to assess the ongoing financial viability of the business, and to consider any potential breach of relevant banking covenants. Management consistently delivered on the mitigating actions and as a result, adhered to all banking covenants. The Group has subsequently agreed a $200m term loan and revolving credit facility with HSBC which has now received approval by Malaysia's financial regulatory body. This will further strengthen the Group's liquidity position.

RISK MANAGEMENT

The Group operates a risk management process which reports to the Committee quarterly and works under the day to day supervision of the CFO.

Risks are categorised by type of risk (e.g. market, reputational, business, sustainability, etc), by their potential impact on the Group's financial position and condition and by an assessment of the likelihood of their occurrence. Proposed management plans to manage the risks are kept under review by the Committee, summarised in the Group's risk register.

The Committee receives and discusses on a quarterly basis:

- the Group's risk register, including significant emerging risks and how exposures have changed during the period; and
- summary reports and progress against agreed actions from management on managing the risks identified.

AUDIT COMMITTEE REPORT CONTINUED

INTERNAL AUDIT

Historically, given the young nature and small size of the business, it has not been considered necessary for PureCircle to employ an internal audit function. However, as we have grown and expanded our operations internationally with increased complexity, the Company's first Head of Internal Audit, Ms. Lee-Ann Loo joined on 1st November, 2016. She joined from USG Boral, having trained as a Chartered Accountant with KPMG. Based in Kuala Lumpur, Lee-Ann's scope of work covers all our operations and whilst she reports directly to me to ensure independence, her day to day activities is managed through the Group CFO to ensure she receives ongoing support and development.

Lee-Ann's first major piece of work was to review our Leaf procurement contracts in China, which was presented to the Audit Committee in June. A full Internal Audit programme has been developed for the next 18 months, covering areas such as Procurement, Accounts Payable, Fixed Asset, Inventory Management and Payroll in the PCSB entity.

EFFECTIVENESS

Assisted by the Committee the Board has reviewed the effectiveness of the Group's systems of risk management and internal control in place throughout the year and up to the date of this report. The review considered investments made in systems and management during the year. No weaknesses or control failures significant to the Group were identified. Where areas for improvement have been identified, new procedures have been introduced to strengthen the controls and will themselves be subject to regular review as part of the ongoing assurance process.

WHISTLEBLOWING POLICY

During FY16 the Group introduced a specific policy which allows employees to report concerns in confidence and anonymously if preferred about suspected impropriety or wrongdoing. During FY17 there was no whistleblowing incidents reported. Further work is underway to introduce the availability of a hotline, in all countries.

BRIBERY AND CORRUPTION POLICY

The Board has a zero-tolerance policy for bribery and corruption of any sort. The Group has rolled out a briefing and awareness programme highlighting potential areas of vulnerability. New employees are required to complete an online training module when they join.

COMMITTEE EFFECTIVENESS

Feedback from the annual performance evaluation of the Board and its Committees, which was conducted internally this year is described earlier on page 41 of the Annual Report. This confirmed that the Audit Committee continued to be effective in fulfilling its duties.

EXTERNAL AUDITORS

PricewaterhouseCoopers (PwC) UK LLP, took over from PwC Malaysia in FY16. The Audit Committee assesses annually the qualification, expertise, resources, and independence of the auditor and the effectiveness of the audit process. The Audit Committee is responsible for recommending the appointment, re-appointment or removal of the external auditors. The Audit Committee also approves the terms of engagement and remuneration of the external auditors and monitors their independence.

AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

To help safeguard the auditors' objectivity and independence, the Company operates a non-audit services policy which sets out the circumstances and financial limits within which the Group auditor may be permitted to provide certain non-audit services (such as tax and other services). The Group policy is in line with Main Market best practice and is for non-audit services to be restricted to below 50% of the audit fee.

In FY17 PwC UK LLP provided non-audit services amounting to US$0.1 million. These principally relate to fees associated with briefings on developments in international tax.

The remuneration of the auditors was set at US$0.6m along with further non-audit assurance fees of US$0.1m for the review of the interim announcement.

The non-audit fees of $0.1m relating to briefings on developments in International tax amount to 6% of the Group audit fee and accordingly we are comfortable that the integrity of compliance to the independence policy has not been breached.

EFFECTIVENESS OF THE EXTERNAL AUDIT

PwC reported in depth to the Committee on the scope and outcome of the annual audit. Their reports included accounting matters, governance and control, and accounting developments.

The Committee considers a number of aspects in relation to the performance of the external auditors, including the full year audit and interim review, their independence and objectivity, their remuneration and reappointment. The Audit Committee held independent meetings with the external auditors during the year and as Audit Chair, I met with PwC on a number of occasions outside of the Audit Committee.

The Audit Committee reviewed, discussed, challenged and agreed the approach to PwC's audit plan, including their assessment of the financial reporting risk profile of the Group. The Committee were taken through the Audit findings of PwC at both the full year audit and interim review. The Audit Committee had a full and open discussion with PwC regarding their audit work, and questioned and challenged their findings. As a result of these discussions, the Audit Committee is satisfied with the independence of the external auditor, the approach taken to the audit, the quality of the audit work and the audit findings.

FAIR, BALANCED AND UNDERSTANDABLE

The Committee has an additional Committee meeting ahead of the formal year-end review to assess the fairness, balance, and understandability of the Group's Annual Report.

Considering the preparation process, the information provided by the management, and the opinion of the Executives and the external auditor, the Committee could confirm and recommend to the Board that the FY2017 Annual Report is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's performance, business model and strategy.

John Gibney

Chairman, Audit Committee

REMUNERATION COMMITTEE REPORT

Christopher Pratt
Chairman of the Remuneration Committee

On behalf of the Board I am pleased to present the Remuneration Committee Report for Fiscal Year 2017. Other members of the Committee are Paul Selway-Swift and Mitch Adamek. The Remuneration Committee met three times in FY2017.

COMMITTEE MEMBERS

- Christopher Pratt (Chairman)
- Paul Selway-Swift
- Mitch Adamek

KEY POLICIES OF REMUNERATION COMMITTEE

Fiscal Year 2017 was a challenging one for PureCircle as the Company worked to remove the Withhold Release Order imposed by the US Customs and Border Patrol (US CBP). This Order largely closed the important US market for eight months and put considerable stress on the Company's finances and staff. The hitherto consistent sales growth was interrupted which undermined the structure of the Company's reward system. It was paramount to retain key staff despite the faltering overall sales.

PureCircle is a decentralised organization with over 1,100 employees located in multiple countries around the world. It is a field-to-table Company; we source stevia from several continents, extract & refine it, and sell our finished products to food and beverage companies in all major international markets. Our work force reflects this global and operational diversity.

The Remuneration Committee seeks to set reward policies that recognise local differences but ensure that all employees, regardless of task or location, are aligned to the Company's overall strategic plan. Despite the difficult year the Remuneration Committee further refined its policies in this regard.

OVERALL PHILOSOPHY FOR REMUNERATION

Remuneration at PureCircle is driven by this key principle of alignment. Individual rewards must support overall corporate objectives such that:

- The structure of reward reflects an individual's ability to effect Company performance.
- An individual's total reward depends on Company growth, the achievement of business unit KPIs, and individual performance and effort.

For Executive and Senior management, our policy is to pay adequate base salaries and benefits, typically at or below median for the local market, and to offer an additional annual performance-based cash bonus, and a longer-term share grant scheme. If the financial performance of the Company achieves plan then remuneration over three years will be in the top quartile of comparative companies.

For middle and junior management, factory and agriculture employees, base pay and benefits are set with reference to the local market and are supplemented by an annual cash bonus that is linked to Company growth, and to both business unit and individual performance.

REMUNERATION COMMITTEE REPORT CONTINUED

KEY ACTIVITIES IN FY2017

• Senior Leadership Team

The departure of several senior leaders from the organization in early 2016 prompted a review of the structure of the Senior Leadership Team (SLT), reporting lines and rewards. Despite the geographical challenge the SLT now meets regularly to ensure that the research, agricultural and production activities of the Company are aligned to, and supportive of, the strategic and sales goals of the Company.

Given the difficult circumstances of 2017 the Remuneration Committee approved a one-time discretionary LTIP award for each SLT member (excluding the CEO) of 100,000 shares with 50% of the award based on retention until FY2020 and 50% based on FY20 Company performance targets.

The recent decision to move certain senior executives from Kuala Lumpur to Chicago will see the award of standard expatriate benefits to those concerned.

• A Return to Growth

PureCircle has an operationally leveraged business model such that net margins increase with sales growth. Historically the Company's incentive plans were explicitly linked to sales growth. In FY16 and FY17 profit and cash targets were included in the plans. Due to the sales setback from the US CBP enquiry we have decided to place additional emphasis on incremental sales and margin growth. For FY18 onwards the Company has introduced enhanced commission levels for the Sales and Marketing teams with a new bonus programme to be derived from sales growth for Operational and Corporate employees.

The share-grant long-term incentive plan will continue to be the key retention tool for senior management but the number of executives in the plan will continue to reduce: approximately 55 recipients in FY18 down from over 100 five years ago and 73 in FY17. This progressive reduction is intended to reflect more accurately the number of managers who can really make a difference to the performance of the Company. Further details of the FY18 incentive schemes are provided later in this report.

• New 10-year LTIP plan

The Group's existing LTIP was introduced in May 2008. This plan allowed the Group to grant up to 10% of its issued share capital in the form of nil cost options to management over a ten-year period to May 2018. At the date of this report the Company has granted options that have subsequently vested equal to 4.4% of the issued share capital. The Company has recently reviewed the rules governing the LTIP and will be recommending a new ten year plan for shareholder approval at the 2017 AGM.

• Salary Review

During FY17 the Remuneration Committee reviewed the salaries of the two Executive Directors with reference to individual and Company performance. Accordingly the CEO base salary was increased by 3.6% and CFO base salary was increased by 4.6% effective 1 July 2016. More detail on full remuneration for Executive Directors is given in the Summary of FY17 Executive Director Remuneration Table in this report.

• FY17 Incentive Programs

Long-Term Incentive Plan ("LTIP") The Committee approved a conditional award of 1,448,778 share grants to management, subject to Revenue and adjusted EBITDA performance conditions. In March 2017, when the full impact of the US CBP WRO order became clear the Committee reduced the sales and earnings conditions of the LTIP to reflect circumstances beyond management control. However, the award still lapsed as the revised conditions were not met.

Short-Term Incentive Plan ("STIP") The STIP for FY17 was designed to reward Company, business unit, and personal performance, with more senior individuals having a higher weighting on Company versus personal achievement. In March 2017, when the impact of the US CBP WRO order became clear the Committee made downwards adjustments to the performance conditions. However the revised conditions were not met. Subsequently, for largely retention purposes, the Committee approved a discretionary STIP award of $1.0m for Management and employees, to be distributed according to personal performance. The Committee considers this appropriate in the circumstances.

Incentive programmes will necessarily change as the Company evolves and matures. The Remuneration Committee will ensure that investors and other stakeholders are kept aware fully aware of any such changes and the reasons for them.

Christopher Pratt
Chairman, Remuneration Committee

REMUNERATION POLICY

FY17 Executive Director Remuneration

The Executive Directors' remuneration packages comprises:

a) Annual salary. This reflects the experience and performance of the individual and is referenced to market.

b) Annual incentive payment. An Executive Director may be awarded an annual bonus depending on the performance of the Company and other specified internal targets.

c) Share-grants under the Long-Term Incentive Plan.

Summary of FY17 Executive Director Remuneration:

	Magomet Malsagov **CEO**	**Rakesh Sinha** **CFO**
FY17 **Annual Base Salary**	$580,000 (increased 3.6% from FY16)	$340,000 (increased 4.6% from FY16)
FY17 **Short-Term Incentive Plan**	45% of base salary at target or 67.5% of base salary at stretch 60% based on Company (Revenue & adjusted EBITDA) results 40% based on personal results FY17 Result: Nil	40% of base salary at target or 60% of base salary at stretch 50% based on Company (Revenue & adjusted EBITDA) results 20% based on business unit results 30% based on personal results FY17 Result: Nil
FY17 **Long-Term Incentive Plan**	Provisional award equal to 130% of base salary. (Nil value as conditions not met)	Provisional award equal to 100% of base salary. (Nil value as conditions not met)
One-Off Awards	N/A	100,000 share grant (at nil price) with 50% vesting 33% at the end of each year from FY18 – FY20, and 50% based on FY20 Company performance
Pension	10% of base salary	10% of base salary
Benefits	Medical Life Assurance Car Benefit	Medical Life Assurance Car Benefit Expatriate Benefits

REMUNERATION COMMITTEE REPORT CONTINUED

Details on FY17 Short-Term Incentive Plan

	Threshold	Target	Stretch
	50% of target	100% of target	150% of target
Company Revenue Targets	$145.0m (revised to $130m)[1]	$150.0m (revised to $135m)[1]	$170m (revised to $145m)[1]
Adjusted EBITDA Targets[2]	$40.0m	$37.7m	$45.3m

None of the Company metrics met original or adjusted threshold in FY17.

Details on FY17 Long-Term Incentive Plan

	Threshold	Target	Stretch
% of LTIP provisional awards achieved	25% of provisional award	100% of provisional award	200% of provisional award
FY17 Revenue Targets	$150m (revised to $135m)[1]	$165m (revised to $150m)[1]	$180m[2]
FY17 Adjusted EBITDA Targets[2]	$47.25m	$50m	$52.75m

Original or adjusted performance conditions were not met therefore the award lapsed.

Notes:

[1] Targets were raised at Remuneration Committee meeting in March 2017
[2] These targets were revised and removed at Remuneration Committee meeting in March 2017

REMUNERATION PHILOSOPHY

The principles governing our remuneration structure are:

- **Alignment:** to create an identity of interest tie between employees, executives and shareholders.
- **Pay for Performance:** remuneration will reflect personal achievement and influence on the Company's results.
- **Market Competitiveness:** we will be competitive in markets and sectors where we do business and will become an employer of choice.
- **Affordability:** by definition remuneration must reflect the Company's ability to pay and thus be sustainable.
- **Fairness, Transparency, and Simplicity:** remuneration principles will be transparent and easy to communicate and understand.

Summary of Remuneration Programs Going Forward

	Program Summary
Annual Base Salary	Base Salary is reviewed each year and reflects market and individual performance. At senior levels, salary will be slightly below market rate with focus on performance-based elements of pay.
Commission Plan	Employees directly involved in the Sales or Marketing are eligible for the Commission. The sales team can earn up to 4% of incremental revenue (within average sales price expectations) to be distributed amongst team members as cash bonus at year-end. Individual awards will vary based on individual performance, team size, location, relative seniority, and salary. For those in more central roles that support sales activities globally, individual payment is linked to incremental revenue, team size, seniority and salary. Payments in this plan may vary between 0 and 300% of individual base salary.
Bonus Plan	Employees in Operations or Corporate roles are eligible for a bonus scheme directly linked to the incremental revenue success of the Commission Plan. Employees' bonus targets are adjusted based on Commission Plan results as well as Business Unit and Functional results. Payments in this plan may vary between 2.5% and 67.5% of individual base salary.
Long-Term Incentive Plan	Senior Management and Executives are eligible to join the Long-Term Incentive Plan (LTIP). This annual plan aligns senior level employees to long-term, sustainable Company performance by awarding shares provided certain Company financial targets and/or retention conditions are met. Actual final award of shares can fluctuate between 0% and 200% of the initial provisional award based on results.
One-Off Awards	Under the Long-Term Incentive Plan (LTIP) and in accordance with the Rules of the LTIP, awards may be made on a one-off basis in exceptional circumstances. Most commonly on joining the Company.
Pension	An appropriate pension provision may be granted either as a contribution to a qualified plan or as a cash allowance of up to 10% of base salary.
Benefits	Benefits such as medical and life insurance, Company car, club membership and, if applicable, relocation assistance may be paid.

Summary of FY18 Executive Director's Remuneration

	Magomet Malsagov CEO	Rakesh Sinha CFO
FY18 Annual Base Salary	$580,000 w.e.f. 1 July 2017*	$340,000 w.e.f. 1 July 2017*
FY18 Bonus Plan	Based on Commission Plan result adjustment to bonus target (45% of base salary). Will vary between 11.3% of base salary (.25x of bonus target) and 67.5% of base salary max (1.5x of bonus target).	Based on Commission Plan & Functional result adjustment to bonus target (40% of base salary). Will vary between 10% of base salary (.25x of bonus target) and 60% of base salary max (1.5x of bonus target).
FY18 Long-Term Incentive Plan	Retention based award equal to 130% of base salary.	Retention award equal to 100% of base salary.
Pension	10% of base salary	10% of base salary
Benefits	Medical Life Assurance Car Benefit	Medical Life Assurance Car Benefit Expatriate Benefits

*Unchanged from FY17.

REMUNERATION COMMITTEE REPORT CONTINUED

REMUNERATION TABLE

The aggregate amount of emoluments received by the Directors of the Company during the financial year 2017 were:

	2017 USD'000	2016 USD'000
Remuneration		
Executive Directors		
Magomet Malsagov	565	613
William Mitchell (retired w.e.f 6 July 2016)	6	385
Rakesh Sinha (appointed w.e.f 6 July 2016)	377	–
Non-Executive Directors		
Paul Selway-Swift	168	156
Olivier Maes (retired w.e.f 1 March 2016)	–	80
Peter Lai Hock Meng (retired w.e.f 7 March 2017)	51	124
Christopher Pratt	85	78
Guy Wollaert	60	63
Mitch Adamek	60	63
John Gibney (appointed w.e.f 11 April 2016)	65	16
Share-based payment expense		
Executive Directors		
Magomet Malsagov	57	47
William Mitchell (retired w.e.f 6 July 2016)	–	130
Rakesh Sinha (appointed w.e.f 6 July 2016)	33	–
	1,527	1,755

Directors' interests in share options / share awards

Directors' interests in share options / share awards of the Company as at 30 June 2017 were:

	1 July 2016	Granted	Exercised	Lapsed	30 June 2017	Exercise price	Date from which exercisable/issued	Note
Magomet Malsagov	107,456	–	(107,456)	–	–	Nil	30 Jun 2016	1
	106,714	–	–	–	106,714	Nil	1 Jul 2017	2
	164,442	–	–	(164,442)	–	Nil	30 Jun 2018	3
	–	208,507	–	–	208,507	Nil	30 Jun 2019	4
	378,612	208,507	(107,456)	(164,442)	315,221			
William Mitchell	94,439	–	(94,439)	–	–	Nil	30 Jun 2016	1
	44,000	–	(44,000)	–	–	Nil	30 Sept 2016	2
	138,439	–	(138,439)	–	–			
Rakesh Sinha	40,000	–	(13,333)	–	26,667	Nil		5
	–	93,084	–	–	93,084	Nil	30 Jun 2019	4
	–	100,000	–	–	100,000	Nil		6
	40,000	193,084	(13,333)	–	219,751			

Share awards or options to Executive Directors are awarded by the Remuneration Committee under the Company's Long-Term Incentive Plan. The following notes provide details of each option or award noted above:

1. The awards granted can only be exercised if certain sales targets are satisfied.

   If the sales are below the lower band then the awards shall not vest and shall lapse at the end of the awards' life. If sales are at the lower band then the awards shall be exercisable at 100% of the grant. If sales are at budget, then the awards shall be exercisable at 200% of the grant. If the Group's sales are between the lower band and budget the corresponding percentage of the awards above 100% and up to 200% shall vest.

   In July 2016, all of these awards had vested and 1,394,172 shares in aggregate (including employees) were issued. These shares vest at 105% as sales were between the lower and budget bands.

2. This discretionary time-based award was granted on 7 July 2015. In July 2017, this award had vested and 476,524 shares in aggregate (including employees) were issued.

   Whereas, William Mitchell's awards vested in full upon his retirement and shares were issued on 30 September 2016.

3. The awards granted only become exercisable if certain Group Sales Turnover and adjusted EBITDA targets (performance condition) are satisfied.

   In September 2016, this award had lapsed due to performance conditions not met.

4. The awards granted only become exercisable if certain Group Sales Turnover and adjusted EBITDA targets (performance condition) are satisfied.

   Subsequent to the FY2017 financial year-end and prior to the signing of the audited accounts, this award had lapsed due to performance conditions not met.

5. This joining award was granted on 23 May 2016 and may vest equally on employment anniversary over the next 3 years. The first tranche had vested and 13,333 shares were issued on 25 April 2017.

6. This one-off discretionary award was granted on 20 January 2017 to members of the Senior Leadership Team of the Group where 50% of the awards will vest equally at the end of each financial year 2018, 2019 and 2020, while the balance 50% of the awards will vest if certain sales target is satisfied before financial year 2020.

The Company's Remuneration Committee is responsible for administering the Long-Term Incentive Plan ('LTIP') approved by the Board in June 2008. The LTIP is a 10-year discretionary benefit offered by the Company to eligible employees, including the Executive Directors. The principal terms of the LTIP include:

- A restriction on the Company issuing (or granting rights to issue) more than 10% of its issued ordinary share capital under the LTIP (and any other employee share plan) in any ten calendar year period; and
- Lapsed awards (due to unmet performance conditions) do not count in calculating the total number of awards or options issued under the LTIP.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is engaged principally in the business of investment holding whilst the principal activities of the rest of the Group are the production, marketing and distribution of natural sweeteners and flavours. There have been no significant changes in the nature of these activities during the financial year.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

RESULTS AND DIVIDENDS

PureCircle Group's turnover for the financial year ended 30 June 2017 was USD119 million (2016: USD139 million). The PureCircle Group's profit attributable to the owners of the Company was USD7 million (2016: USD15 million), equivalent to earnings per share of USD4.16 cents (2016: USD8.49 cents).

The Group ended the year with net assets of USD208 million (2016: USD204 million), total assets of USD362 million (2016: USD346 million) gross cash balances of USD33 million (2016: USD61 million) and total borrowings of USD118 million (2016: USD114 million).

The Directors do not recommend payment of a dividend in respect of the year ended 30 June 2017.

DIRECTORS

The Directors in office since the last date of the Report are:

- Paul Selway-Swift
- Magomet Malsagov
- Guy Wollaert
- Mitchel Adamek
- John Gibney
- Christopher Pratt
- Rakesh Sinha (appointed w.e.f 6 July 2016)
- John Slosar (appointed w.e.f 1 July 2017)
- Peter Lai Hock Meng (resigned w.e.f 7 March 2017)
- William Mitchell (retired w.e.f 6 July 2016)

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 2017 are as follows:

	Number of ordinary share of USD0.10 each			
Company	**At 1.7.2016**	**Bought/Options exercised**	**Sold/Transfer**	**At 30.6.2017**
Paul Selway-Swift [1]	210,800	–	–	210,800
Magomet Malsagov [2]	15,035,432	107,456	–	15,142,888
Christopher Pratt [3]	695,696	–	–	695,696
Peter Lai Hock Meng [1]	216,360	–	–	216,360
William Mitchell [4]	1,098,960	–	–	1,098,960
Rakesh Sinha	–	38,333	–	38,333
Guy Wollaert	–	26,200	–	26,200
John Gibney [5]	–	20,000	–	20,000

	Number of share awards over ordinary share of USD0.10 each				
Company	**At 1.7.2016**	**Award**	**Exercised**	**Lapsed**	**At 30.6.2017**
Magomet Malsagov[1]	378,612	208,507	(107,456)	(164,442)	315,221
William Mitchell[1]	138,439	–	(138,439)	–	–
Rakesh Sinha[1]	40,000	193,084	(13,333)	–	219,751

[1] Held directly.

[2] 15,121,588 held directly and 21,300 held indirectly by his wife

[3] 695,696 held indirectly by The CDP 2014 Trust.

[4] 1,093,490 held directly and 5,470 held indirectly by his wife.

[5] 10,000 held directly and 10,000 held indirectly by his wife.

SIGNIFICANT SHAREHOLDERS

At 30 June 2017, the Company had been notified of the following interests of 3% or more in its ordinary shares.

Beneficial Shareholders	Interest in issued shares	Interest
Wang Tak Company Limited	48,814,296	28.1%
Olam International Limited	30,544,609	17.6%
Magomet Malsagov	15,142,888	8.7%
Halfmoon Bay Capital Limited	13,268,734	7.6%
Asian Investment Management Services Limited	9,559,314	5.5%

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have been appointed as external auditors for the financial year ending 30 June 2017.

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRS"), and the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Parent Company and of the results of the profit or loss of the Group and Parent Company for that period. In preparing these 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 IFRS and applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the Group and Parent Company Financial Statements respectively; and

(d) prepare the Group and Parent Company financial statements on the going concern basis unless it is inappropriate to assume that the Group and Parent Company 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 Group and Parent Company and to enable them to ensure that the financial statements comply with IFRS and UK Accounting Standards including FRS 101. The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom and Bermuda governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Governance Report, confirm that to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets and liabilities, financial position and profit of the Group; and
- the Strategic Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 September 2017.

Magomet Malsagov
Chief Executive Officer

Rakesh Sinha
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

to the members of PureCircle Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- PureCircle Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2017 and of the Group's profit, the Company's loss and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB);
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Annual Report, which comprise: the Group and Company statements of financial position as at 30 June 2017; the Group and Company statements of comprehensive income, the Group and Company statements of cash flows, and the Group and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

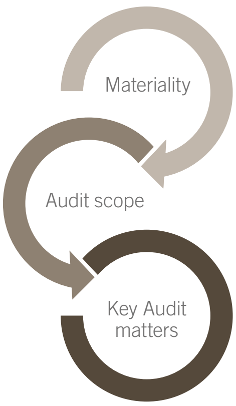
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- $1,189,000 (2016: $1,384,000) - Group financial statements
- Based on 1% of Revenue.
- $1,919,900 (2016: $2,006,550) - Company financial statements
- Based on 1% of total assets

- We have identified the following components for a full scope Audit; PureCircle Limited, PureCircle (Jiangxi) Co Ltd, PureCircle USA Inc, PureCircle (UK) Ltd, PureCircle Mexico, PureCircle (S.E.A) Sdn Bhd and PureCircle Sdn Bhd.
- The following components were subjected to the audit of specified procedures; PureCircle South America Sociedad Anonima, PureCircle Kenya Limited and PureCircle China Agricultural Development Co Ltd, PureCircle Trading Sdn Bhd, PureCircle (Shanghai) Co Ltd.
- Taken together, the locations and functions where we performed our audit work accounted for 100% of revenue and approximately 98% of absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant locations and functions).

- Financing (Group and parent).
- Accounting for Intangible Assets and Goodwill (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Financing	
Refer to page 49 (Audit Committee Report), pages 93 and 94 (note 21 – Borrowings) and page 100 (note 30 – Events after the reporting period). As at 30 June 2017, the Group had $117.7 million of short-term and long-term borrowings. Two of these debt agreements contain financial and non-financial covenant clauses which, in case of breach, results in creditors obtaining the right to claim early repayment. In September, the Group agreed a new $200 million syndicated loan facility with HSBC to replace and consolidate existing loan facilities. The new facility also contains financial and non-financial covenants. Management's assessment of compliance with existing debt covenants did not identify any breaches during the year ending 30 June 2017. Management's assessment to support the use of the Going Concern basis of accounting also included consideration of whether the Group is forecast to be in compliance with the loan covenants attached to the new HSBC facility for the next 12 months. No breaches were identified by management in their forecast.	We obtained and reviewed every debt agreement to understand its terms and conditions and agreed the inputs to the model, including maturity dates, the level of facilities available to the Group and loan covenant definitions including the new HSBC facility. There were no exceptions noted from our testing. In order to test the model, we challenged and evaluated the future cash flow forecasts for the Group and the process by which they were drawn up and tested the accuracy of the underlying calculations. We found that management has followed a clear process for drawing up the future cash flow forecasts, which was subject to oversight and challenge by the Directors and which was consistent with Board approved budgets, which reflect current market conditions. As part of our testing we challenged the key assumptions as follows: • the revenue and profit assumptions by comparing them to historical results and the current order book; • the appropriateness of assumptions made regarding the collection period for accounts receivable by comparing to the Group's current debtor days and track record; • the appropriateness of key inputs in the model such as leaf prices and forecast purchase volumes by comparing to current prices for leaf, production forecast and sales pipeline data; and • the appropriateness of potential mitigating activities included in management's assessments, including deferring purchases and liquidating inventory, to identify if these mitigating activities were fully within the control of management and realistic through comparing to track record and current market prices for inventory on hand. We found the above assumptions to be consistent and in line with our expectations. We re-performed management's calculations and satisfied ourselves that no breaches of debt covenants had occurred as at 30 June 2017 or were forecast to occur for the next 12 months.
Accounting for Intangible Assets and Goodwill	
Impairment of goodwill and intangibles with indefinite useful lives Refer to page 49 (Audit Committee Report), page 81 (Critical accounting estimates and judgements) and page 84 (note 8 – intangible assets). The Group undertakes significant research and development activities and has capitalised both indefinite lived ($10.6m) and definite lived ($36.1m) intangible assets. In addition goodwill of $1.8m continues to be recognised. The inappropriate recognition of research and development costs that do not meet the definition of intangible assets is a risk. Such assets, once capitalised and considered indefinite, must also be tested for impairment annually. Intangible assets with a finite life are subject to amortisation over their expected useful lives. Identifying and applying an amortisation policy is judgemental as it should reflect how the asset is consumed through the activities of the Group together with identifying the trigger point for commencing the amortisation of the development costs.	**Capitalisation and asset lives and amortisation** We evaluated the appropriateness of capitalisation policies, performed tests of details on costs capitalised and assessed the requirements of capitalisation under IAS 38. There were no exceptions noted from our testing. Our detailed testing on the application of the asset life review identified no issues. In performing these procedures, we challenged the judgements made by management including: • the nature of underlying costs capitalised; • the appropriateness of asset lives applied in the calculation of amortisation; and • the appropriateness of when amortisation commenced. No exceptions were noted from our testing.

INDEPENDENT AUDITORS' REPORT CONTINUED

to the members of PureCircle Limited

Key audit matter	How our audit addressed the key audit matter
Accounting for Intangible Assets and Goodwill (continued)	
Impairment of goodwill and intangibles with indefinite useful lives	**Impairment of goodwill and intangibles with indefinite useful lives**
Goodwill and intangible asset valuation is also a judgemental and complex area as it depends on the future financial performance of the cash generating unit ('CGU') and future market performance. In particular, there is uncertainty in the stevia market due to the increasing number of products and applications being developed and accepted by customers. As such, the key judgemental areas are the short-term revenue and margin growth rates, terminal growth rates and the discount rate.	We tested management's identification of the CGU, considering business changes that would prompt a change to the classification of CGUs. In order to test the impairment assessment model, we challenged and evaluated the future cash flow forecasts for the identified CGU and the process by which they were drawn up and tested the accuracy of the underlying calculations. We found that management has followed a clear process for drawing up the future cash flow forecasts, which was subject to oversight and challenge by the Directors and which was consistent with Board approved budgets, which reflect current market conditions. As part of our testing we challenged the key assumptions as follows: • The short-term revenue and profit assumptions and how management has incorporated the impact of the recent market changes, by comparing them to historical results and the current order book, agreeing the short-term growth rate to specialist third party published reports and considering the impact already observed within the market; • Terminal growth rates in the forecasts by comparing them to historical results, economic and industry forecasts; and • The discount rates by assessing the cost of capital assumption for comparable organisations. We found the above assumptions to be consistent and in line with our expectations.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of entities covering non-trading legal entities, centralised functions, two processing facilities, regional sales offices and research and development facilities.

In establishing the overall approach to the Group audit, we considered the type of work that needed to be performed at the operating units by us, as the Group engagement team, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the extent of audit work needed at those operating units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

The Group's operating units vary significantly in size and we identified 7 operating units that, in our view, required an audit of their complete financial information, due to their size or risk characteristics. Specific audit procedures over certain balances and transactions were performed at a further 5 operating units, to give appropriate coverage of all material balances at the Group level. In doing so we conducted work in 6 countries and, in addition to our work at the centralised function in Malaysia, the Group audit team visited reporting locations in Malaysia and China. Further, specific audit procedures over central functions and areas of significant judgement, including taxation, treasury and impairment, were performed by the Group audit team centrally. Together, the operating units subject to audit procedures and centralised testing accounted for 100% of Group revenues and 98% of absolute Group profit before tax.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	$1,189,000 (2016: $1,384,000).	$1,919,900 (2016: $2,006,550).
How we determined it	1% of Revenue.	1% of total assets.
Rationale for benchmark applied	PureCircle Limited is a fast-growing Company. Revenue is a key indicator for the Group, and for users of the accounts, and we therefore consider this to be the most appropriate benchmark.	The Company is an investment holding Company with no trading/manufacturing activities.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $100,000 and $1,105,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $118,000 (Group audit) (2016: $138,000) and $191,900 (Company audit) (2016: $200,650) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern equivalent to that required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

INDEPENDENT AUDITORS' REPORT CONTINUED

to the members of PureCircle Limited

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on pages 28 and 29 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on pages 28 and 29 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group (required under the Listing Rules) and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 50, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 50 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 59, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

18 September 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

		Group	
	Note	2017 USD'000	2016 USD'000
ASSETS			
Non-current assets			
Intangible assets	8	54,710	48,547
Property, plant and equipment	9	90,627	65,662
Prepaid land lease payments	10	2,439	2,537
Deferred tax assets	11	7,200	7,388
Trade receivables	13	279	523
Other receivables, deposits and prepayments	14	935	885
		156,190	125,542
Current assets			
Inventories	12	106,007	84,604
Trade receivables	13	58,019	62,743
Other receivables, deposits and prepayments	14	8,720	11,654
Tax recoverable		109	259
Restricted cash	16	252	255
Cash and cash equivalents	16	32,744	60,747
		205,851	220,262
TOTAL ASSETS		362,041	345,804
EQUITY AND LIABILITIES			
Equity			
Share capital	17	17,371	17,211
Share premium	18	222,284	214,723
Foreign exchange translation reserve	19	(22,531)	(17,501)
Share-based payment reserve	20	3,719	9,776
Accumulated losses		(13,195)	(20,419)
TOTAL EQUITY		207,648	203,790
NON-CURRENT LIABILITIES			
Long-term borrowings	21	39,000	84,885
Other payables and accruals	23	567	1,245
		39,567	86,130
CURRENT LIABILITIES			
Short-term borrowings	21	78,735	29,044
Trade payables	22	11,055	5,543
Other payables and accruals	23	24,637	19,977
Income tax liabilities		399	1,320
		114,826	55,884
TOTAL LIABILITIES		154,393	142,014
TOTAL EQUITY AND LIABILITIES		362,041	345,804

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2017

	Note	Group 2017 USD'000	Group 2016 USD'000
Revenue		118,911	138,641
Cost of sales		(73,099)	(80,797)
Gross profit		45,812	57,844
Administrative expenses		(31,253)	(32,695)
Other income		1,199	1,594
Other expenses		(3,291)	(2,456)
Finance income		63	92
Finance costs		(4,956)	(5,315)
Share of gain/(loss) in joint venture		83	(1,169)
Profit before taxation	25	7,657	17,895
Taxation	24	(433)	(3,295)
Profit for the financial year		7,224	14,600
Other comprehensive income (net of tax):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(5,030)	(6,510)
Share of other comprehensive income of joint venture		–	(1)
Total comprehensive income for the financial year (net of tax)		2,194	8,089
Profit for the financial year			
Attributable to:			
Owners of the Company		7,224	14,600
Non-controlling interest		–	–
		7,224	14,600
Total comprehensive income			
Attributable to:			
Owners of the Company		2,194	8,089
Non-controlling interest		–	–
		2,194	8,089
Earnings per share (US cents)			
– Basic	26	4.16	8.49
– Diluted	26	4.13	8.37

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2017

	Attributable to owners of the Company							
	Share capital USD'000	Share premium USD'000	Foreign exchange translation reserve USD'000	Share-based payment reserve USD'000	Accumulated losses USD'000	Sub-total USD'000	Non-controlling interest USD'000	Total equity USD'000
Group								
Balance at 01.07.2016	17,211	214,723	(17,501)	9,776	(20,419)	203,790	–	203,790
Profit for the financial year	–	–	–	–	7,224	7,224	–	7,224
Other comprehensive income	–	–	–	–	–	–	–	–
Exchange difference arising on translation of foreign operations	–	–	(5,030)	–	–	(5,030)	–	(5,030)
Total comprehensive income for the financial year	–	–	(5,030)	–	7,224	2,194	–	2,194
Transactions with owners:								
Share awards scheme compensation expense for the financial year	–	–	–	1,664	–	1,664	–	1,664
Exercise of share awards	160	7,561	–	(7,721)	–	–	–	–
	160	7,561	–	(6,057)	–	1,664	–	1,664
Balance at 30.06.2017	17,371	222,284	(22,531)	3,719	(13,195)	207,648	–	207,648

	Attributable to owners of the Company							
	Share capital USD'000	Share premium USD'000	Foreign exchange translation reserve USD'000	Share-based payment reserve USD'000	Accumulated losses USD'000	Sub-total USD'000	Non-controlling interests USD'000	Total equity USD'000
Group								
Balance at 01.07.2015	17,006	208,310	(10,990)	11,185	(35,019)	190,492	–	190,492
Profit for the financial year	–	–	–	–	14,600	14,600	–	14,600
Other comprehensive income	–	–	–	–	–	–	–	–
Exchange difference arising on translation of foreign operations	–	–	(6,511)	–	–	(6,511)	–	(6,511)
Total comprehensive income for the financial year	–	–	(6,511)	–	14,600	8,089	–	8,089
Transactions with owners:								
Share awards scheme compensation expense for the financial year	–	–	–	5,209	–	5,209	–	5,209
Exercise of share awards	205	6,413	–	(6,618)	–	–	–	–
	205	6,413	–	(1,409)	–	5,209	–	5,209
Balance at 30.06.2016	17,211	214,723	(17,501)	9,776	(20,419)	203,790	–	203,790

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2017

	Note	Group 2017 USD'000	Group 2016 USD'000
Cash flows from operating activities			
Profit before taxation		7,657	17,895
Adjustments for:			
Amortisation of prepaid land lease payments		102	135
Amortisation of deferred income		(77)	(96)
Amortisation of intangible assets		289	77
Depreciation of property, plant and equipment		7,220	5,557
Interest expense		4,956	5,315
Interest income		(63)	(92)
Loss on disposal of property, plant and equipment		98	75
Share-based payment expense		1,664	5,209
Intangible assets written off		131	–
Inventories written off/(written back)		179	(68)
Unrealised foreign exchange gain		(1,628)	(3,261)
Share of (gain)/loss in joint venture		(83)	1,169
Bad debts written-off		–	(45)
Property, plant and equipment write-off		2	–
Provision for doubtful debts		1,365	–
Operating cash flow before working capital changes		21,812	31,870
Increase in inventories		(21,582)	(22,424)
Decrease/(Increase) in trade and other receivables		4,543	(2,528)
Increase in trade and other payables		12,332	12,092
Net cash from operations		17,105	19,010
Interest received		63	92
Interest paid		(5,654)	(5,315)
Tax paid		(1,186)	(688)
Net cash generated from operating activities		10,328	13,099

	Note	Group 2017 USD'000	Group 2016 USD'000
Cash flows from investing activities			
Increase in investment in joint venture	7	(520)	(274)
Addition of intangible assets	8	(8,471)	(8,865)
Purchase of property, plant and equipment	9	(35,945)	(15,404)
Proceeds from disposal of property, plant and equipment		1,080	113
Net cash used in investing activities		(43,856)	(24,430)
Cash flows from financing activities			
Drawdown of borrowings		129,815	111,456
Repayment of borrowings		(121,162)	(101,443)
Repayment of hire purchase		–	(27)
Decrease in restricted cash		3	4,840
Net cash generated from financing activities		8,656	14,826
Net (decrease)/increase in cash and cash equivalents		(24,872)	3,495
Effects of foreign exchange rate changes on cash and cash equivalents		(3,131)	(1,929)
Cash and cash equivalents at beginning of the financial year		60,747	59,181
Cash and cash equivalents at end of the financial year	16	32,744	60,747

The annexed notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

1 GENERAL INFORMATION

The Company was incorporated and registered as a private limited Company in Bermuda, under the Companies (Bermuda) Law 1981. The registered office and principal place of business are as follows:

Registered office:	Principal place of business:
Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.	Level 12, West Wing, Rohas PureCircle No. 9, Jalan P. Ramlee 50250 Kuala Lumpur, Malaysia

The Company's shares are publicly traded on the Main Market of the London Stock Exchange.

In the financial statements, "Company" refers to PureCircle Ltd. and "Group" refers to PureCircle Ltd and its subsidiaries.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 18 September 2017.

2 PRINCIPAL ACTIVITIES

The Company is engaged principally in the business of investment holding whilst the principal activities of the rest of the Group are the production, marketing and distribution of natural ingredient including sweeteners and flavours.

There have been no significant changes in the nature of these activities during the financial year. The principal activities of the subsidiaries and joint venture are set out in Consolidated level Note 7 and Company level Note 3 to the financial statements.

3 BASIS OF PREPARATION

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") Interpretations. The financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

The Group has, at the date of these financial statements, sufficient existing financing available for its estimated requirements for at least the next 12 months. After reviewing the Group's annual budget, plans and the new $200m financing facility arranged with HSBC in September 2017, the Directors consider that the Group has adequate resources to continue operating and that it is therefore appropriate to continue to adopt the going concern basis of accounting in preparing the consolidated financial information. The HSBC facility constitutes a $100m term loan and a $100m revolving credit facility ('RCF'). The loan replaces our existing five facilities which are with four banks. The term loan refinances existing loans, with four years to maturity. The RCF has a tenure of three years and provides additional headroom for working capital to fund growth.

(a) The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and Company's financial year beginning on or after 1 July 2016 are as follows:

- Amendments to IFRS 11 "Joint Arrangements" Accounting for acquisition of interests in joint operations
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to IFRS 10 and IAS 28 "Investment Entities"
- Amendment to IAS 1 "Presentation of Financial Statements – Disclosure Initiative"
- Annual Improvements to IFRSs 2012 – 2014 cycle

The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

(b) Standards, amendments and interpretations that have been issued and are applicable to the Group but are not yet effective:

The Group will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on 1 July 2018

- IFRS 15 "Revenue from Contracts with Customers" - An entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  Transfer of control is not the same as transfer of risks and rewards as currently considered for revenue recognition. A Company would recognise revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer).

  The Group is currently assessing the impact to its financial statements.

- IFRS 9 "Financial Instruments" will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 retains but simplifies the mixed measurement model in IAS 39 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the IAS 39 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  The Group is currently assessing the impact to its financial statements.

(ii) Financial year beginning on 1 July 2019

- IFRS 16 "Leases" supersedes IAS 17 "Leases" and the related interpretations.

  Under IFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  IFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). IFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in IAS 16 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, IFRS 16 retains most of the requirements in IAS 17. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

  The Group is currently assessing the impact to its financial statements.

4 FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risks including foreign currency risk, interest rate 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.

(a) Financial risk management policies

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk when the Company and its subsidiaries enter into transactions that are not denominated in their functional currencies. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group manages its foreign exchange exposure by taking advantage of any natural offsets of the Group's foreign exchange revenue and expenses and from time to time enters into foreign exchange forward contracts for a portion of the remaining exposure relating to these forecast transactions when deemed appropriate.

The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in foreign currencies exchange rates, with all other variables held constant of the Group's result:

	Changes in exchange rate	Effect on profit/loss after taxation USD'000
2017		
Ringgit Malaysia against United States Dollar	10%	2,355
Chinese Renminbi against United States Dollar	10%	12
Pound Sterling against United States Dollar	10%	4,321
Euro against United States Dollar	10%	144
Mexican Peso against United States Dollar	10%	2,755

	Changes in exchange rate	Effect on profit/loss after taxation USD'000
2016		
Ringgit Malaysia against United States Dollar	10%	1,805
Chinese Renminbi against United States Dollar	10%	10
Pound Sterling against United States Dollar	10%	1,512
Euro against United States Dollar	10%	211
Mexican Peso against United States Dollar	10%	1,018

The above represents favourable effects on the results of the Group should the respective currencies strengthen against the functional currencies of the entities within the Group, whilst weakening of the above currencies would have an equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

4 FINANCIAL RISK MANAGEMENT CONTINUED

(a) Financial risk management policies continued

(i) Foreign currency risk continued

The foreign currency exposure profile represents the carrying amounts arising from currencies other than the functional currency of the respective entities in the Group. The foreign currency exposure profile of the Group at the reporting date was as follows:

	2017					2016				
	United States Dollar USD USD'000	Ringgit Malaysia MYR USD'000	Chinese Renminbi RMB USD'000	Euro EUR USD'000	Pound Sterling GBP USD'000	United States Dollar USD USD'000	Ringgit Malaysia MYR USD'000	Chinese Renminbi RMB USD'000	Euro EUR USD'000	Pound Sterling GBP USD'000
Group										
Cash and cash equivalents	11,427	15	27	394	287	12,060	58	10	818	107
Trade receivables	34,567	–	–	4,321	–	26,001	–	–	6,222	–
Trade payables	284	–	–	1	–	37	–	–	–	–
Other receivables, deposits and prepayments	8,911	421	–	1,374	933	2,138	1,029	–	371	27
Other payables and accruals	439	40	–	1,127	400	109	2,231	186	1,499	240
Borrowings	37,185	–	–	–	–	9,744	–	–	–	–

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from interest-bearing borrowings at floating rates. The Group's interest rate profile is set out below:

	2017	2016	2017	2016
	Effective interest rate (%)	Effective interest rate (%)	USD'000	USD'000
Term loans	4.67	4.30	117,735	113,929

Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group actively reviews its debt portfolio to mitigate the impact of interest risk. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculation purposes.

As at balance sheet date, if interest rates on borrowings are 1% higher/lower for a year with all other variables held constant post-tax profit for the financial year would be USD1,177,000 lower/higher (2016: post-tax profit for the financial year would be USD1,140,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowing.

(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, the payment profile of the customers and credit exposure are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant. The Group also establishes an allowance account for impairment that represents its estimate of losses in respect of trade and other receivables. The Group's maximum exposure is the carrying amount as disclosed in Notes 13 and 14 to the financial statements.

At 30 June 2017, 2 customers (2016: 2) comprised more than 30% of total receivables and 13 customers (2016: 7) comprised 75% of total receivables. See Note 13 for ageing of trade receivables that are past due but not impaired.

The Group's and the Company's cash and cash equivalents are placed with creditworthy financial institutions and the risks arising thereof are minimised in view of the financial strength of these financial institutions.

(iv) Liquidity and cash flow risks

Liquidity and cash flow risks arise mainly from general funding and business activities. The Group's cash flow is reviewed regularly to ensure commitments are settled when they fall due.

Cash flow forecasting is performed both in the operating entities and on a Group consolidated basis. The Group monitors rolling forecasts of its liquidity requirements including projected sales revenues, inventory and capital expenditure requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or financial covenants on any of its borrowing facilities. The Group invest surplus cash into financial interest bearing accounts and money market deposits.

The following tables detail the remaining contractual maturities at the reporting date of the Group'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 reporting date) and the earliest date the Group 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 2 years USD'000	More than 2 years but less than 5 years USD'000	More than 5 years USD'000
Group						
At 30 June 2017						
Financial liabilities:						
Trade and other payables	36,113	36,113	36,113	–	–	–
Borrowings	117,735	127,683	85,654	15,132	26,987	–
At 30 June 2016						
Financial liabilities:						
Trade and other payables	26,542	26,542	26,542	–	–	–
Borrowings	113,929	124,405	33,327	32,540	58,538	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

4 FINANCIAL RISK MANAGEMENT CONTINUED

(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.

The capital structure of the Group consists of debts, which include the borrowings disclosed in Note 16, cash and cash equivalents 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 to moderate 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:

	Group	
	2017 USD'000	**2016 USD'000**
Borrowings (i)	117,735	113,929
Less: Gross cash (ii)	(32,996)	(61,002)
Net borrowings (iii)	84,739	52,927
Equity (iv)	207,648	203,790
Net borrowings to equity ratio	41%	26%

(i) Borrowings are disclosed in Note 21 to the financial statements.

(ii) Gross cash includes restricted cash and cash and cash equivalents disclosed in Note 16 to the financial statements.

(iii) Net borrowings are calculated as total borrowings including current and non-current borrowings are in the consolidated statement of financial position less gross cash.

(iv) Equity includes all capital and reserves of the Group attributable to the equity holders of the Company.

(c) Fair value estimation

Fair value is defined as the amount at which the assets/liabilities 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 fair value measurement hierarchy for assets/liabilities stated in the balance sheet is as follows:

- Level 1: Quoted price (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There are no significant fair value estimates at level 2 or 3 made for the financial instruments measured at fair value for the Group as at the reporting date.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(a) Financial assets – loans and 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 amounts due according to the original terms of the receivables.

(b) Financial liabilities

(i) Payables

Liabilities for trade and other payables and accruals, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(ii) 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 profit or loss over the period of the loans and borrowings using the effective interest method.

(c) Foreign currency translation

(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 entities operate.

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

(ii) Transactions and balances

Transactions of the Group's entities 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 reporting date are translated at the rates ruling as of that date. Exchange differences arising from the translation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

(iii) Foreign operations

The results and financial position of the subsidiaries 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 statement of financial position presented are translated at the closing rate at the reporting date; and

(b) income and expenses for each profit or loss are translated at the average exchange rates for the financial year; and

(c) all resulting exchange differences are recognised as a separate component of equity; and

(d) on disposal, accumulated translation differences are recognised in the profit or loss as part of the gain or loss on sale of the foreign operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. 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 profit or loss.

Inter-Company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Joint ventures

The Group's interest in a joint venture is accounted for in the financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group recognise the further losses to the extent of its incurred obligations.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Goodwill on consolidation

Goodwill that arises upon acquisition of subsidiaries is included in intangible assets. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment. Impairment losses on goodwill are recognised immediately in the profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent year. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Acquisition of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transaction.

(f) Investments in joint ventures

Investments in joint ventures are stated at cost in the statement of financial position 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 joint ventures, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the profit or loss.

(g) Intangible assets (other than goodwill)

Intangible 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 with finite useful lives are carried at cost less any accumulated amortisation and any accumulated impairment losses.

(i) Intellectual property

The intellectual property consists of the internal investment and external acquisition costs of the patents, trademarks, technological processes and all intellectual and industrial property rights ("intellectual property rights") in connection therewith on the production of natural sweeteners, 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 the Group.

The useful life of these intellectual property rights, other than patented development costs is considered to be indefinite based on the Directors' annual reassessment of the useful life; 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. The intellectual property rights are assessed to have an indefinite useful life because the Group's natural sweeteners and flavours are expected to become mass volume ingredients in all foods and beverage categories. Similar to the sugar market, there is no expected end to the useful life of the natural sweeteners and flavours such as stevia. Accordingly, the Directors believe the useful life for intellectual property rights is indefinite. The Directors will continue to reassess the basis of that useful life of the intellectual property rights on an annual basis.

Patented development costs are subject to estimated useful life of no more than 20 years and amortised starting from the financial year when the product is first viable for commercial use.

(ii) Development costs

All research costs are recognised in the profit or loss as incurred.

Development costs consist of expenditure incurred on product development and leaf development projects.

Expenditure incurred on these projects are capitalised as intangible assets only when the Group can demonstrate the technical feasibility of completing the intangible assets 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 developments. Expenditures which do not meet these criteria are recognised in the profit or loss when incurred.

Product development costs are amortised on a straight line basis over their estimated useful life of no more than 20 years starting from the financial year when the product are first viable for commercial use.

Leaf development costs are only amortised when stevia plant demonstrates capability of producing high yielding strains of stevia leaf at reasonable consistency on a volume production basis. As at 30 June 2017, these development projects remain on-going as the development targets have not been fully met and no amortisation has been charged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(h) Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation 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	2% – 5%
Extraction and refinery plant	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 reporting date.

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 profit or loss 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 reporting 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.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials is determined based 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 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.

(k) 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 applicable tax rates that have been enacted or substantively enacted at the reporting date in each of the jurisdictions in which the Group operates.

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 be applicable in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in the profit or loss, 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 reporting 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.

(l) 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.

(m) Restricted cash

Restricted cash comprise cash balances held in an account solely for the purpose of utilising trade finance facility and credit card facility provided by a licensed financial institution.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, short-term deposits with licensed banks with maturities of three month or less, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude restricted cash.

(o) 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 profit or loss 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. The Group has no defined benefit plan.

(p) Share-based payment

The Group operates a long-term incentive programme which is an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share awards) of the Company. The fair value of the employee services received in exchange for the grant of the share awards is recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the shares granted excluding the impact of any non-market vesting conditions and the number of shares expected to vest. Non-market vesting conditions are included in assumptions about the number of share awards that are expected to become exercisable.

When the share awards are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the share awards are exercised.

(q) Provisions

A provision is recognised if, as a result of past event, the Group has a present legal and constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(r) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownerships are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges.

The corresponding rental obligations, net of finance charges, are included as borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Plant and equipment acquired under a finance lease is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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.

(s) Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (i.e. the Chief Executive Officer ("CEO")). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(t) Revenue recognition

(i) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of sales taxes, returns and trade discounts. The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

In practice, this means that sales of stevia products are recognised once the contractual terms, typically Free On Board or Ex-Works, have been met and the stevia product has been delivered to a specified location (usually the carrier of the port of departure) or leaves the refinery.

(ii) Interest income

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

(u) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(w) Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

6 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) Goodwill and other assets carrying values

(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 5-year period including a terminal value as required by IAS 36 "Impairment of Assets". The key assumptions used in the CGU's value-in-use computation are:

(i) Growth rate
The average sales growth rate used is based on planned capacity and forecasted demands. The short to medium-term growth rates used are not more than 31% per annum (2016: 25%). The long-term growth rate used is 2% (2016: 2%) per annum, based on sweetener industry's long-term growth rate ranging from 2% to 4% (2016: 2% to 4%) per annum.

(ii) Gross margin
Changes in selling price and direct costs are based on past results and expectations of future changes in the market.

(iii) Discount rate
The discount rate used is 10% per annum.

(b) Sensitivity to changes in assumptions

The Directors believes that a reasonable change in any of the above key assumptions would not cause the carrying value of the intangible assets to be impaired.

(ii) Indefinite useful life of intellectual property rights

The intellectual property rights are assessed to have indefinite useful lives because over the long-term , the Group's natural sweeteners and flavours are expected to become mass volume ingredients in all foods and beverage categories. Similar to the sugar market, there is no expected end to the useful life of the natural sweeteners and flavours such as stevia. Accordingly, the Directors believe the useful life for intellectual property rights is indefinite. The Directors will continue to reassess the basis of the useful life of the intellectual property rights on an annual basis.

(iii) Useful life of product development costs

The product development cost is amortised on a straight line basis over their estimated useful life of no more than 20 years starting from the financial year when the product are first viable which consistent with useful life of intellectual property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

7 INVESTMENT IN JOINT VENTURE

Details of joint venture are as follows:

		Effective Equity Interest		
Name of Company	**Country of Incorporation**	**2017**	**2016**	**Principal Activities**
NP Sweet AS ("NPS")	Denmark	50%	50%	Production, marketing and distribution of natural sweeteners.

	Group	
	2017 USD'000	**2016 USD'000**
At 1 July	(1,096)	(200)
Share of gain/(loss)	83	(1,169)
Additional investment	520	274
Exchange differences	–	(1)
At 30 June	(493)	(1,096)
Analysed as follows:		
Other payables (non-current)	(493)	(1,096)
At 30 June	(493)	(1,096)

Set out below are the summarised financial information for the joint venture which is accounted for using the equity method:

Summarised statement of financial position

	2017 USD'000	**2016 USD'000**
Current		
Cash and cash equivalents	738	34
Other current assets (excluding cash)	3,183	5,911
Total current assets	3,921	5,945
Financial liabilities (excluding trade payables)	–	(404)
Other current liabilities (including trade payables)	(4,016)	(6,020)
Total current liabilities	(4,016)	(6,424)
Non-current		
Assets	9	555
Net (liabilities) / assets	(86)	76

Summarised statement of comprehensive income

	2017 USD'000	2016 USD'000
Revenue	3,493	3,562
Depreciation and amortisation	–	–
Interest expense	(7)	(7)
Loss before taxation	(683)	(664)
Income tax	(519)	–
Loss after taxation	(1,202)	(664)
Other comprehensive loss	–	(2)
Total comprehensive loss	(1,202)	(666)

Reconciliation of summarised financial information

	2017 USD'000	2016 USD'000
Opening net assets – 1 July	76	194
Loss for the year	(1,202)	(664)
Other comprehensive loss	–	(2)
Additional investment	1,040	548
Closing net (liabilities)/assets – 30 June	(86)	76
Interest in joint venture	50%	50%
Share of net (liabilities)/assets	(43)	38
Goodwill	–	–
Cumulative unrealised loss	(450)	(1,134)
Carrying value	(493)	(1,096)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

8 INTANGIBLE ASSETS

Group	Intellectual property rights USD'000	Development costs USD'000	Goodwill USD'000	Total USD'000
Cost				
At 1 July 2016	13,573	34,012	1,806	49,391
Additions	1,029	7,442	–	8,471
Transfer	–	–	–	–
Write-off	(17)	(114)	–	(131)
Foreign exchange translation difference	(411)	(1,516)	–	(1,927)
At 30 June 2017	14,174	39,824	1,806	55,804
Accumulated amortisation				
At 1 July 2016	398	446	–	844
Charge for the financial year	4	285	–	289
Foreign exchange translation difference	(24)	(15)	–	(39)
At 30 June 2017	378	716	–	1,094
Net carrying amount				
At 30 June 2017	13,796	39,108	1,806	54,710

Group	Intellectual property rights USD'000	Development costs USD'000	Goodwill USD'000	Total USD'000
Cost				
At 1 July 2015	13,963	22,836	1,806	38,605
Additions	422	8,443	–	8,865
Transfer	–	4,055	–	4,055
Foreign exchange translation difference	(812)	(1,322)	–	(2,134)
At 30 June 2016	13,573	34,012	1,806	49,391
Accumulated amortisation				
At 1 July 2015	418	397	–	815
Charge for the financial year	6	71	–	77
Foreign exchange translation difference	(26)	(22)	–	(48)
At 30 June 2016	398	446	–	844
Net carrying amount				
At 30 June 2016	13,175	33,566	1,806	48,547

Intellectual property rights comprise the patents, trade mark technology process and all intellectual and industrial property rights in connection therewith on the production of natural sweetener related products and derivatives of bio-organic and physiologically active compounds.

As at 30 June 2017, the carrying value of indefinite life intangible assets is USD10,434,329 (2016: USD10,613,032). The change in value was due to foreign currency translation differences.

Goodwill is allocated to the Group's single CGU identified according to its only operating segment. See Note 6(i) for key assumptions used in the value-in-use calculations.

9 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land USD'000	Buildings USD'000	Extraction and refinery plants USD'000	Office equipment, furniture and fittings and motor vehicles USD'000	Capital work-in-progress USD'000	Total USD'000
Cost						
At 1 July 2016	1,535	19,380	58,449	8,217	14,210	101,791
Additions	4	96	3,977	1,366	31,200	36,643
Disposals/write-offs	–	(294)	(694)	(630)	–	(1,618)
Transfer	–	–	41,490	1,392	(42,882)	–
Foreign exchange translation reserve	(132)	(390)	(2,061)	(236)	(732)	(3,551)
At 30 June 2017	1,407	18,792	101,161	10,109	1,796	133,265
Accumulated depreciation						
At 1 July 2016	–	5,082	26,915	4,132	–	36,129
Charge for the financial year	–	1,020	4,784	1,416	–	7,220
Disposals/write-offs	–	(193)	(183)	(62)	–	(438)
Transfer	–	–	–	–	–	–
Foreign exchange translation reserve	–	(144)	(102)	(27)	–	(273)
At 30 June 2017	–	5,765	31,414	5,459	–	42,638
Net carrying amount						
At 30 June 2017	1,407	13,027	69,747	4,650	1,796	90,627

Group	Freehold land USD'000	Buildings USD'000	Extraction and refinery plants USD'000	Office equipment, furniture and fittings and motor vehicles USD'000	Capital work-in-progress USD'000	Total USD'000
Cost						
At 1 July 2015	1,615	20,608	60,303	7,186	4,976	94,688
Additions	–	61	1,213	1,096	13,034	15,404
Disposals/write-offs	–	–	(1,783)	(476)	–	(2,259)
Transfer	–	(24)	2,605	863	(3,444)	–
Foreign exchange translation reserve	(80)	(1,265)	(3,889)	(452)	(356)	(6,042)
At 30 June 2016	1,535	19,380	58,449	8,217	14,210	101,791
Accumulated depreciation						
At 1 July 2015	–	4,417	26,868	3,679	–	34,964
Charge for the financial year	–	1,034	3,461	1,062	–	5,557
Disposals/write-offs	–	–	(1,666)	(405)	–	(2,071)
Foreign exchange translation reserve	–	(369)	(1,748)	(204)	–	(2,321)
At 30 June 2016	–	5,082	26,915	4,132	–	36,129
Net carrying amount						
At 30 June 2016	1,535	14,298	31,534	4,085	14,210	65,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

9 PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

	Group	
	2017 USD'000	2016 USD'000
Freehold land	940	1,000
Buildings	10,876	11,599
Extraction and refinery plants	58,112	31,413
Office equipment, furniture and fittings	2,167	2,106
Capital work-in-progress	–	13,944
	72,095	60,062

10 PREPAID LAND LEASE PAYMENTS

	Group	
	2017 USD'000	2016 USD'000
At 1 July	2,537	2,914
Additions	75	–
Amortisation for the financial year	(102)	(135)
Foreign exchange translation reserve	(71)	(242)
At 30 June	2,439	2,537
Cost	3,601	3,526
Accumulated amortisation	(1,031)	(929)
Foreign exchange translation reserve	(131)	(60)
At 30 June	2,439	2,537

The prepaid land lease payments have been pledged as security for banking facilities granted to the Group.

11 DEFERRED TAX

	Group	
	2017 USD'000	2016 USD'000
Deferred tax assets		
At 1 July	8,990	9,429
Credit/(Charge) to profit or loss (Note 24)	1,647	(125)
Foreign exchange translation reserve	(173)	(314)
At 30 June	10,464	8,990
Deferred tax liabilities		
At 1 July	1,602	529
Charge to profit or loss (Note 24)	1,662	1,073
Foreign exchange translation reserve	–	–
At 30 June	3,264	1,602
Represented by:		
Deferred tax assets		
Tax losses	10,331	8,850
Others	133	140
	10,464	8,990
Offsetting	(3,264)	(1,602)
	7,200	7,388
Deferred tax liabilities		
Property, plant and equipment	3,264	1,602
Offsetting	(3,264)	(1,602)
	–	–

Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future tax profit is probable based on projections and forecasts prepared by management and taking into consideration the expiry dates of carry forward losses. The Group did not recognise deferred tax assets of USD2,089,718 (2016: USD74,000) in respect of losses amounting to USD13,249,620 (2016: USD598,000) that can be carried forward against future taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

11 DEFERRED TAX CONTINUED

	Group	
	2017 USD'000	2016 USD'000
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	3,481	140
Deferred tax assets to be recovered after more than 12 months	6,983	8,850
	10,464	8,990
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months	(3,264)	–
Deferred tax liabilities to be settled after more than 12 months	–	(1,602)
	(3,264)	(1,602)

An analysis of tax losses with expiry dates for which deferred tax assets have been recognised is as follows:

	Group	
	2017 USD'000	2016 USD'000
FY2018	70	70
FY2021	208	208
FY2024 to FY2037	6,969	4,834
Indefinite	3,084	3,738
Total	10,331	8,850

12 INVENTORIES

	Group	
	2017 USD'000	2016 USD'000
Raw materials	8,663	11,422
Work-in-progress	61,127	41,785
Finished goods	36,217	31,397
	106,007	84,604

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to USD45 million (2016: USD49 million). There is no provision for obsolete inventories recognised during the year (2016: Nil).

The carrying value of inventories charged to financial institution to secure banking facilities granted to the Group is USD13,276,296 (2016: USD4,517,392).

13 TRADE RECEIVABLES

	Group	
	2017 USD'000	**2016 USD'000**
Non-current		
Third party trade receivables	279	523
Current		
Third party trade receivables	55,681	57,627
Less: Provision for impairment	(301)	–
	55,380	57,627
Joint venture	3,703	5,116
Less: Provision for impairment	(1,064)	–
	2,639	5,116
	58,019	62,743

The Group's normal trade credit terms range from 30 to 60 days (2016: 30 to 60 days). Terms for joint venture are 30 to 45 days (2016: 30 to 45 days) after consumption or onward sales of products. Other credit terms are assessed on a case-by-case basis and are determined by reference to past default exposure.

In line with all businesses, management reviews the credit terms and collectability of all balances on an on-going basis and exercises judgement in assessing the recoverability of amounts due.

As of 30 June 2017, trade receivables amounting to USD6,081,000 (2016: USD5,776,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of the trade receivables that are past due but not impaired is as follows:

	Group	
	2017 USD'000	**2016 USD'000**
Past due but not impaired:		
Up to 3 months	1,550	3,828
3 to 6 months	1,831	553
6 to 12 months	2,091	1,112
12 months and above	609	283
	6,081	5,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2017 USD'000	**2016 USD'000**
Non-current		
Other receivables	935	885
Current		
Other receivables	4,075	5,592
Prepayments	3,680	5,448
Deposits	965	614
As at 30 June	8,720	11,654

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. These amounts are not past due.

15 FINANCIAL INSTRUMENTS BY CATEGORY

		Group	
	Note	**2017 USD'000**	**2016 USD'000**
Financial assets			
Trade receivables	13	58,298	63,266
Other receivables and deposits (excluding prepayments)	14	5,975	7,091
Cash and cash equivalents	16	32,996	61,002
		97,269	131,359
Financial liabilities			
Borrowings	21	117,735	113,929
Trade payables	22	11,055	5,543
Other payables and accruals (excluding deferred income)	23	25,058	20,999
		153,848	140,471

16 CASH AND CASH EQUIVALENTS

	Group	
	2017 USD'000	**2016 USD'000**
Short-term deposits with licensed banks	–	32,047
Cash at bank and on hand	32,996	28,955
Deposits, cash and bank balances	32,996	61,002
Restricted cash	(252)	(255)
Cash and cash equivalents	32,744	60,747

Cash deposits of USD252,000 (2016: USD255,000) are pledged as security for banking facilities.

The weighted average interest rates of the short-term deposits at the reporting date was nil (2016: 0.38%) per annum. The short-term deposits have weighted maturity period of nil (2016: 40 days).

17 SHARE CAPITAL

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

		Group			
		2017		2016	
	Par value USD	**Number of shares ('000)**	**USD ('000)**	**Number of shares ('000)**	**USD ('000)**
Authorised					
At 1 July/30 June	0.10	250,000	25,000	250,000	25,000
Issued and fully paid-up					
At 1 July	0.10	172,112	17,211	170,062	17,006
Exercise of share awards	0.10	1,587	160	2,050	205
At 30 June	0.10	173,699	17,371	172,112	17,211

18 SHARE PREMIUM

	Group	
	2017 USD'000	**2016 USD'000**
At 1 July	214,723	208,310
Exercise of share awards	7,561	6,413
At 30 June	222,284	214,723

19 FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of the foreign operations into the Group's presentation currency of USD.

During financial year end 2017, the fluctuations are due to MYR and RMB weakening against USD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

20 SHARE-BASED PAYMENT RESERVE

The expense arising from equity-settled share-based payment transaction recognised for employee services received during the year is as shown below:

	Group	
	2017 USD'000	2016 USD'000
Expense arising from equity-settled share-based payment transactions	1,664	5,209

Reconciliation of movement in share-based payment reserve:

	Group	
	2017 USD'000	2016 USD'000
At 1 July	9,776	11,185
Share awards scheme compensation expense	1,664	5,209
	11,440	16,394
Transfer to share capital and share premium upon exercise of share awards	(7,721)	(6,618)
At 30 June	3,719	9,776

The Company maintains a Long-Term Incentive Plan ("LTIP"), the principal terms include a restriction on the Company issuing (or granting rights to issue) no more than 10% of its issued ordinary share capital under the LTIP (and any other employee share plan) in any ten calendar year period. It is currently intended that, other than in exceptional circumstances, such as senior executive recruitment, all awards will be subject to performance conditions and that, the performance conditions will be linked principally to the Group's sales growth. The awards are conditional on employment service requirements.

The LTIP recognises the fast growth and changing nature of the Company and the need to recruit and retain executives in different employment markets around the world. Accordingly, the 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 awards granted is estimated at the date of the grant, taking into account the terms and conditions upon which the LTIPs were granted.

	Group	
	2017 Number of LTIPs ('000)	2016 Number of LTIPs ('000)
At 1 July	2,310	3,912
Granted	2,296	1,881
Exercised	(1,561)	(2,050)
Lapsed	(1,552)	(1,433)
At 30 June	1,493	2,310

Details of share awards granted that are outstanding as at 30 June 2017 are as follows:

	Number of LTIPs Outstanding '000	Weighted average fair value at grant date (Sterling pound)	Exercise price per share	Vesting requirements
Grant-vest				
Award 3				
4 July 2014 – 27 July 2017	92	5.78	Nil	Three years' service
Award 4				
7 July 2015 – 1 July 2017	476	3.95	Nil	Sales target and three years' service
Award 5				
22 September 2015 – 22 September 2018	49	4.05	Nil	Sales target and three years' service
Award 6				
4 March 2016 – 30 August 2018	8	3.46	Nil	Three years' service
Award 7				
23 May 2016 – 25 April 2019	27	3.83	Nil	Three years' service
Award 9				
20 January 2017 – 30 September 2020	800	2.86	Nil	Sales target and three years' service
Award 10				
13 March 2017 – 31 March 2020	41	3.00	Nil	Sales target and three years' service
Total	1,493			

The number of exercisable share awards as at the reporting date was 89,000 (2016: Nil). The average share price at the time of exercise was GBP5.70 (2016: Nil) per share.

21 BORROWINGS

	Group	
	2017 USD'000	**2016 USD'000**
Current portion:		
– Term loans (a)	78,735	29,044
Non-current portion:		
– Term loans (a)	39,000	84,885
	117,735	113,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

21 BORROWINGS CONTINUED

(a) Term loans

The term loans bore a weighted average effective interest rate of 4.67% (2016: 4.30%) per annum at the reporting date. These term loans bear floating rates (base rate plus a margin as imposed by respective lenders) that fluctuate because of changes in market interest rates.

	Group	
	2017 USD'000	**2016 USD'000**
Current portion:		
Secured:		
– Term loan 2	–	306
– Term loan 3	1,799	542
– Term loan 4	11,181	4,460
– Term loan 5	24,523	23,736
– Term loan 6	30,015	–
– Term loan 7	11,217	–
Total current portion	78,735	29,044
Non-current portion:		
Secured:		
– Term loan 3	4,757	2,092
– Term loan 4	34,243	53,766
– Term loan 6	–	29,027
Total non-current portion	39,000	84,885
	117,735	113,929

Term loans 2 to 4 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) corporate guarantee by the Company; and

(iii) legal charge over landed property of a subsidiary.

Term loan 5 is secured as follows:

(i) a legal charge over certain assets of a subsidiary; and

(ii) a legal charge over the prepaid land lease payments of a subsidiary.

Term loans 6 is working capital financing secured via receivable balances.

Term loan 7 is secured as follows:

(i) a fixed and floating charge over present and future assets; and

(ii) corporate guarantee by the Company.

Term loan 3 and term loan 7 require minimum ratios of adjusted EBITDA to net borrowings and interest cover to be maintained. The Group is in full compliance with all of our borrowing covenants as at 30 June 2017.

After the year end, the Group agreed a new USD200 million syndicated loan facility with HSBC to replace and consolidate existing financing arrangements. Refer to note 30 for more details.

22 TRADE PAYABLES

The normal trade credit terms granted to the Group range from 0 to 90 days (2016: 0 to 90 days).

23 OTHER PAYABLES AND ACCRUALS

	Group	
	2017 USD'000	**2016 USD'000**
Non-current		
Other payables	494	1,096
Deferred income	73	149
	567	1,245
Current		
Other payables	17,685	11,962
Deferred income	73	74
Accruals	6,879	7,941
	24,637	19,977

Deferred income as at the reporting date represents a form of regional government financial assistance for the purchase of high technology plant equipment. The deferred income will be amortised over the useful life of 20 years.

24 TAXATION

	Group	
	2017 USD'000	**2016 USD'000**
Current tax:		
Current tax on profits for the year	(319)	(2,124)
(Under)/ Over provision in respect of prior years	(99)	27
	(418)	(2,097)
Deferred tax:		
Origination and reversal of temporary differences	(15)	(1,198)
	(433)	(3,295)

The Company was granted a tax assurance certificate dated 1 February 2012 under the Exempted Undertakings Tax Protection Act, 1966 pursuant to which it is exempted from any Bermuda taxes (other than local property taxes) until 31 March 2035.

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 first statutory income commencing in year of assessment (YA) 2008. 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 subsidiary, PCT has been granted the Principal Hub Status by the Malaysian Investment Development Authority in which PCT is entitled to a 100% income tax exemption for a period of 10 years on its statutory income commencing from YA 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

24 TAXATION CONTINUED

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

	Group	
	2017 USD'000	2016 USD'000
Profit before taxation	7,657	17,895
Tax at the applicable tax rates in the respective countries	815	6,542
Tax effects of:		
Non-deductible expenses	1,559	251
Non-taxable income	(4,130)	(4,039)
Under provision of taxation	99	756
Tax losses not recognised	2,090	–
Previously unrecognised tax losses	–	(215)
Income tax expense	433	3,295

25 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Included in the profit from ordinary activities before taxation are the following charges and credits:

	Group	
	2017 USD'000	2016 USD'000
Charges:		
Depreciation and amortisation	7,611	5,769
Directors' remuneration	1,866	1,578
Share-based payment expense	1,664	5,209
Interest expenses	4,956	5,315
Cost of inventories expensed	44,980	49,440
Wages and salaries	17,305	14,881
Defined contribution retirement plan	1,656	1,841
Operating lease	672	625
Credits:		
Amortisation of deferred income	77	96
Interest income	63	92

26 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue:

	Group	
	2017	**2016**
Earnings attributable to equity holders of the Company (USD'000)	7,224	14,600
Weighted average number of ordinary shares in issue ('000)	173,584	172,035
Impact of share awards outstanding ('000)	1,493	2,310
Diluted weighted average number of ordinary shares ('000)	175,077	174,345
Basic profit per share (US Cents)	4.16	8.49
Diluted profit per share (US Cents)	4.13	8.37

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

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

(i) its subsidiaries and joint venture; and

(ii) the Directors who are the key management personnel

(b) In addition to the information detailed elsewhere in the financial statements, details of the Group's transactions and balances with related parties during the financial year are set out below:

(i) Related party

	Group	
	2017 USD'000	**2016 USD'000**
Gross sales of goods to joint venture	927	5,304

(ii) Key management personnel compensation

Key management personnel are executive Directors of the Company. The compensation paid or payable to key management for employee services is shown as below:

	Group	
	2017 USD'000	**2016 USD'000**
Remuneration	948	998
Share-based payment expense	90	177
	1,038	1,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

28 SEGMENTAL REPORTING

Management determines the Group's operating segments based on the criteria used by the Chief Executive Officer (CEO) for making strategic decisions. Management considers the Group to be a single operating segment whose activities are the production, marketing and distribution of natural sweeteners and flavours.

From a geographical perspective, the Group is a multinational with operations located on all continents, but managed as one unified global organisation. The Group's markets and its supply chain are based in the Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific.

	2017 USD'000	2016 USD'000
Trading		
Revenue*	118,911	138,641
Cost of sales	(73,099)	(80,797)
Gross margin	45,812	57,844
Gross margin %	38.5%	41.7%
Other income***	480	328
Administrative expenses***	(28,670)	(24,947)
Operating profit	17,622	33,225
Main Market Listing costs	–	(1,808)
Other expenses***	(5,874)	(8,396)
Foreign exchange gain	782	1,358
Finance costs	(4,956)	(5,315)
Share of gain/(loss) in joint venture	83	(1,169)
Taxation	(433)	(3,295)
Earnings for the financial year	7,224	14,600
Adjusted EBITDA	27,141	34,212
Reconciliation of earnings to adjusted EBITDA:		
Earnings for the financial year	7,224	14,600
Depreciation and amortisation	7,658	5,769
Finance costs	4,956	5,315
Taxation	433	3,295
Share-based payment expense	1,583	5,233
Exceptional items**	5,287	–
Operating profit	27,141	34,212
Gross cash	32,996	61,002
Gross borrowings	117,735	113,929
Net borrowings	84,739	52,927
Gross cash	32,996	61,002
Unutilised facilities	43,747	15,269
Headroom	76,743	76,271
Earnings per share (US cents)		
– Basic	4.16	8.49
– Diluted	4.13	8.37

* Under segmental reporting, revenues of approximately USD77 million (2016: USD70 million) are derived from 5 external customers. These revenues are attributable to the Americas customers.

** Exceptional items of USD5.3 million have been recorded in the period directly relating to the impact of the Withhold Release Order in the period.

The main components of the exceptional costs are as follows:

	2017 USD'000
Incremental production costs	1,413
Gross margin impact of credit notes issued	2,917
Others	957
Total exceptional items	5,287

*** Other income in the table above excludes foreign exchange gains which are reported separately, and includes financial income of $63k. $2.8m of costs associated with the Group's LTIP scheme and bonus scheme have been reclassed from administrative expenses to other expenses.

Geographical information

	Asia USD'000	Europe* USD'000	Americas USD'000	Goodwill USD'000	Total USD'000
30 June 2017					
External revenue	16,170	52,086	50,655	–	118,911
Non-current assets	139,750	1,483	13,151	1,806	156,190
30 June 2016					
External revenue	18,105	32,207	88,329	–	138,641
Non-current assets	112,452	1,454	9,830	1,806	125,542

Basis of attributing sales by geographical region is based on location of sales.

The primary performance indicators used by the Group are revenues, gross margin %, adjusted EBITDA, net cash from operations, gross cash and borrowings. Management consider these alternative performance measures helpful in understanding the performance of the business.

Adjusted EBITDA is defined as EBITDA with other expenses (principally the charge of the Group's LTIP scheme, short-term incentive scheme, exceptional items, foreign exchange and share of gain/(loss) in joint venture) added back.

The net assets per share is calculated based on the net assets book value at the reporting date of USD207,600,000 (2016: USD203,700,000) divided by the number of ordinary shares in issue at the reporting date of 173,699,000 (2016: 172,112,000).

The entity is domiciled in Bermuda. The entity's non-current assets are located in countries other than Bermuda. There is no revenue from Bermuda.

* The Europe segment includes results and sales to the Group's European joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

29 COMMITMENTS

(a) Capital commitments

Capital expenditure at the reporting date is as follows:

	Group	
	2017 USD'000	**2016 USD'000**
Authorised capital expenditure contracted for		
– Property, plant and equipment	475	24,109
Authorised capital expenditure not contracted for	6,485	12,232

(b) Operating lease commitments

The Group also leases corporate office under non-cancellable operating lease agreements. The lease expenditure charged to the profit or loss during the year is disclosed in Note 25.

The future aggregate minimum lease payments under non-cancellable operating lease is as follows:

	Group	
	2017 USD'000	**2016 USD'000**
The present value of operating lease is as follows:		
– No later than 1 year	521	570
– Later than 1 year and no later than 5 years	922	1,257
– More than 5 years	692	982
	2,135	2,809

30 EVENTS AFTER THE REPORTING PERIOD

Events after the period end comprise:

(a) On 10 July 2017, the Group has increased its investment in share capital in PureCircle Natural Ingredient India Private Limited by 940,000 ordinary shares at INR0.01 per share, where 930,600 shares and 9,400 shares are held by PureCircle Limited and PureCircle Trading Sdn. Bhd. respectively.

(b) The Group's existing loan facility with Bank of China amounting to USD24.5 million as at 30 June 2017 was renewed on 11 September 2017 for a further 12 months with a new maturity date of 8 September 2018.

(c) In September 2017, the Group agreed a new USD200 million syndicated loan facility with HSBC, comprising a USD100 million revolving credit facility and a USD100 million term loan which mature in 2020 and 2021 respectively, to replace and consolidate existing financing arrangements.

COMPANY STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

		Company	
	Note	2017 USD'000	2016 USD'000
Assets			
Non-current assets			
Investment in subsidiaries	3	142,008	142,006
Intangible assets		473	1,723
Property, plant and equipment		374	522
		142,855	144,251
Current assets			
Other receivables, deposits and prepayments		934	1,483
Amount owing by subsidiaries		53,174	24,036
Cash and cash equivalents	4	1,631	30,885
		55,739	56,404
Total assets		198,594	200,655
Equity and liabilities			
Equity			
Share capital	5	17,371	17,211
Share premium	6	222,284	214,723
Share-based payment reserve		3,719	9,776
Accumulated losses		(50,569)	(47,888)
Total equity		192,805	193,822
Current liabilities			
Other payables and accruals	7	5,789	6,833
Total liabilities		5,789	6,833
Total equity and liabilities		198,594	200,655

The annexed notes form an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2017

		Company	
	Note	2017 USD'000	2016 USD'000
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Administrative expenses		(2,908)	(8,458)
Other expenses/income		315	(1,887)
Finance income		49	39
Finance costs		(137)	(315)
Loss before taxation	8	(2,681)	(10,621)
Taxation		–	–
Loss for the financial year		(2,681)	(10,621)

The annexed notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2017

	Attributable to owners of the Company				
	Share capital USD'000	Share premium USD'000	Share-based payment reserve USD'000	Accumulated losses USD'000	Total equity USD'000
Company					
Balance at 01 July 2016	17,211	214,723	9,776	(47,888)	193,822
Loss for the financial year	–	–	–	(2,681)	(2,681)
Transactions with owners:					
Share awards scheme compensation expense for the financial year	–	–	1,664	–	1,664
Exercise of share awards	160	7,561	(7,721)	–	–
	160	7,561	(6,057)	–	1,664
Balance at 30 June 2017	17,371	222,284	3,719	(50,569)	192,805
Company					
Balance at 01 July 2015	17,006	208,310	11,185	(37,267)	199,234
Loss for the financial year	–	–	–	(10,621)	(10,621)
Transactions with owners:					
Share awards scheme compensation expense for the financial year	–	–	5,209	–	5,209
Exercise of share awards	205	6,413	(6,618)	–	–
	205	6,413	(1,409)	–	5,209
Balance at 30 July 2016	17,211	214,723	9,776	(47,888)	193,822

The annexed notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2017

	Note	Company 2017 USD'000	2016 USD'000
Cash flows from operating activities			
Loss before taxation		(2,681)	(10,621)
Adjustments for:			
Depreciation of property, plant and equipment		146	154
Interest expense		137	315
Interest income		(49)	(39)
Loss on disposal of property, plant and equipment		–	41
Share-based payment		1,664	5,209
Property, plant and equipment written off		2	–
Unrealised foreign exchange loss		178	–
Operating cash flow before working capital changes		(603)	(4,941)
Decrease/(Increase) in trade and other receivables		411	(1,254)
(Decrease)/Increase in trade and other payables		(1,057)	4,570
Net cash from operations		(1,249)	(1,625)
Interest received		49	39
Net cash used in operating activities		(1,200)	(1,586)
Cash flows from investing activities			
Increase in investment in subsidiaries	3	(2)	(706)
Addition of intangible assets		–	(1,250)
Purchase of property, plant and equipment		–	(81)
Proceeds from disposal of property, plant and equipment		–	23
Net cash used in investing activities		(2)	(2,014)
Cash flows from financing activities			
Decrease/(Increase) in restricted cash		–	4,831
Advances to subsidiaries		(28,015)	(16,408)
Repayment from subsidiaries		–	11,004
Net cash used in financing activities		(28,015)	(573)
Net decrease in cash and cash equivalents		(29,217)	(4,173)
Effects of foreign exchange rate changes on cash and cash equivalents		(37)	–
Cash and cash equivalents at beginning of the financial year		30,885	35,058
Cash and cash equivalents at end of the financial year	4	1,631	30,885

The annexed notes form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') as issued by the Financial Reporting Council. The Company has transitioned for all periods presented.

This transition is not considered to have had an effect on the financial statements. FRS 101 requires the financial statements to be prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), whilst allowing for a number of reduced disclosure exemptions as highlighted below.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Bermuda Companies Act 1981.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, "Share-based payment" (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, "Financial Instruments: Disclosures".
- Paragraphs 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, "Presentation of financial statements" comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1"Presentation of Financial Statements";
  - (ii) paragraph 73(e) of IAS 16 "Property, Plant and Equipment"; and
  - (iii) paragraph 118(e) of IAS 38 "Intangible Assets" (reconciliations between the carrying amount at the beginning and end of the period).
- Paragraph 134–136 (capital management disclosures) of IAS 1, "Presentation of Financial Statements".
- Paragraph 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, "Related Party Disclosures" (key management compensation).
- The requirements in IAS 24, "Related Party Disclosures" to disclose related party transactions entered into between two or more wholly owned members of a Group.

After reviewing the Company's annual budget, plans and financing arrangements for at least the next 12 months, the Directors consider that the Company has adequate resources to continue operating and that it is therefore appropriate to continue to adopt the going concern basis in preparing its financial statements.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(a) Foreign currency translation

Functional and presentation currency

The functional and presentation currency of the Company is United States Dollar (“USD”). The consolidated financial statements are presented in United States Dollar (“USD”) which is the Company’s presentation currency.

(b) Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are stated at cost in the statement of financial position 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 and joint ventures, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the profit or loss.

(c) Intangible assets

Intangible 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 with finite useful lives are carried at cost less any accumulated amortisation and any accumulated impairment losses.

(d) Intellectual property

The intellectual property consists of the internal investment and external acquisition costs of the patents, trademarks, technological processes and all intellectual and industrial property rights (“intellectual property rights”) in connection therewith on the production of natural sweeteners, 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 the Company.

The useful life of these intellectual property rights, other than patented development costs is considered to be indefinite based on the Directors’ annual reassessment of the useful life; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. 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. The intellectual property rights are assessed to have an indefinite useful life because the Company’s natural sweeteners and flavours are expected to become mass volume ingredients in all foods and beverage categories. Similar to the sugar market, there is no expected end to the useful life of the natural sweeteners and flavours such as stevia. Accordingly, the Directors believe the useful life for intellectual property rights is indefinite. The Directors will continue to reassess the basis of that useful life of the intellectual property rights on an annual basis.

Patented development costs are subject to estimated useful life of no more than 20 years and amortised starting from the financial year when the product is first viable for commercial use.

(e) Development costs

All research costs are recognised in the profit or loss as incurred.

Development costs consist of expenditure incurred on product development and leaf development projects.

Expenditure incurred on these projects are capitalised as intangible assets only when the Company can demonstrate the technical feasibility of completing the intangible assets 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 developments. Expenditures which do not meet these criteria are recognised in the profit or loss when incurred.

Product development costs are amortised on a straight line basis over their estimated useful life of no more than 20 years starting from the financial year when the product are first viable for commercial use.

(f) Property, plant and equipment

Property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation 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:

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 reporting date.

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 profit or loss 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 reporting 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.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, short-term deposits with licensed banks with maturities of three month or less, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude restricted cash.

(i) 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 Company.

(ii) Defined contribution plans

The Company's contributions to defined contribution plans are charged to the profit or loss 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. The Group has no defined benefit plan.

(j) Share-based payment

The Company operates a long-term incentive programme which is an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share awards) of the Company. The fair value of the employee services received in exchange for the grant of the share awards is recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the shares granted excluding the impact of any non-market vesting conditions and the number of shares expected to vest. Non-market vesting conditions are included in assumptions about the number of share awards that are expected to become exercisable.

When the share awards are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the share awards are exercised.

The grant by the Company of share awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution in the subsidiary. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(k) Provisions

A provision is recognised if, as a result of past event, the Company has a present legal and constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

2 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 Company'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) Indefinite useful life of intellectual property rights

The intellectual property rights are assessed to have indefinite useful lives because over the long-term , the Company natural sweeteners and flavours are expected to become mass volume ingredients in all foods and beverage categories. Similar to the sugar market, there is no expected end to the useful life of the natural sweeteners and flavours such as stevia. Accordingly, the Directors believe the useful life for intellectual property rights is indefinite. The Directors will continue to reassess the basis of that useful life of the intellectual property rights on an annual basis.

3 INVESTMENT IN SUBSIDIARIES

	Company	
	2017 USD'000	2016 USD'000
Investment in subsidiaries	77,330	77,328
Amount due from subsidiaries	64,678	64,678
At 30 June	142,008	142,006

The advances to subsidiaries are treated as an extension of its investment in subsidiaries.

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2017	Effective Equity Interest 2016	Principal Activities
Held directly by PureCircle Limited "PCL"				
PureCircle Sdn. Bhd. ("PCSB")	Malaysia	100%	100%	Production and distribution of natural sweeteners and flavours.
PureCircle Mexico S.A. de C.V.("PCMEX")*	Mexico	100%	100%	Sales and marketing of natural sweeteners and flavours.
PureCircle S.A. ("PCSA")	Switzerland	100%	100%	Investment holding and sales and marketing of natural sweeteners and flavours.
PureCircle Australia Pty. Ltd. ("PCAU")	Australia	100%	100%	Sales and marketing of natural sweeteners and flavours.
PureCircle USA Holdings Inc. ("PCUSAH")	United States of America ("USA")	100%	100%	Investment holding.
PureCircle (UK) Limited ("PCUK")	England and Wales	100%	100%	Sales and marketing of natural sweeteners and flavours.
PureCircle Kenya Limited ("PCK")	Kenya	100%	100%	Supply and development of stevia agronomy.
PureCircle South America Sociedad Anonima ("PCSAM")	Paraguay	100%	100%	Supply and development of stevia agronomy.
PureCircle (China) Limited ("PCC")	Hong Kong	100%	100%	Investment holding.
PureCircle USA Inc. ("PCUSA")	United States of America ("USA")	100%	100%	Sales and marketing of natural sweeteners and flavours.
PureCircle (S.E.A) Sdn. Bhd. (formerly known as PureCircle Stevia Sdn. Bhd.) ("PCSEA")	Malaysia	100%	100%	Sales and marketing of natural sweeteners and flavours.
PureCircle Trading Sdn. Bhd. ("PCT")	Malaysia	100%	100%	Sales, marketing and distribution of natural sweeteners and flavours.
PureCircle Natural Ingredient India Private Limited ("PCI")**	India	100%	–	Sales and marketing of natural sweeteners and flavours.

During the financial year, PCI is newly incorporated where 99% of its ordinary shares (9,900 shares) are owned by PCL and 1% of its ordinary shares (100 shares) are owned by PCT.

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2017	2016	Principal Activities
Held by PCMEX				
PCM PureCircle De Mexico S.A. de C.V. ("PCMSPV") ***	Mexico	100%	100%	Receivable financing for its immediate holding Company
PureCircle Company LLC ("PCUSSPV")	United States of America ("USA")	100%	100%	Receivable financing for its immediate holding Company
Held by PCUK				
PureCircle Company (UK) Ltd ("PCUKSPV")	England and Wales	100%	100%	Receivable financing for its immediate holding Company
Held by PCSB				
PureCircle (Jiangxi) Co Ltd ("PCJX")	The People's Republic of China ("The PRC")	100%	100%	Supply chain, production and distribution of natural sweeteners and flavours.
PureCircle (Shanghai) Co. Ltd. ("PCSH")	The People's Republic of China ("The PRC")	100%	100%	Sales and marketing of natural sweeteners and flavours.
PureCircle Servicios Mexico S.A. de C.V. ("PCMSA")	Mexico	100%	100%	Dormant
PureCircle Do Brasil Promocao e Marketing Ltda ("PCBR") ****	Brazil	100%	100%	Sales and marketing of natural sweeteners and flavours.
Held by PCC				
PureCircle China Agriculture Development Co. Ltd ("PCAD")	The People's Republic of China ("The PRC")	100%	100%	Supply and development of stevia agronomy.

* 99% held directly by the Company and 1% held through PCUSAH

** 99% held directly by the Company and 1% held through PCT

*** 1% held directly by the Company and 99% held through PCMEX

**** 1% held directly by the Company and 99% held through PCSB

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the financial year ended 30 June 2017 (continued)

4 CASH AND CASH EQUIVALENTS

	Company	
	2017 USD'000	**2016 USD'000**
Short-term deposits with licensed banks	–	28,309
Cash at bank and on hand	1,631	2,576
Cash and cash equivalents	1,631	30,885

5 SHARE CAPITAL

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

		Company 2017		Company 2016	
	Par value USD	**Number of shares ('000)**	**USD ('000)**	**Number of shares ('000)**	**USD ('000)**
Authorised					
At 1 July/30 June	0.10	250,000	25,000	250,000	25,000
Issued and fully paid-up					
At 1 July	0.10	172,112	17,211	170,062	17,006
Exercise of share awards	0.10	1,587	160	2,050	205
At 30 June	0.10	173,699	17,371	172,112	17,211

6 SHARE PREMIUM

	Company	
	2017 USD'000	**2016 USD'000**
At 1 July	214,723	208,310
Exercise of share awards	7,561	6,413
At 30 June	222,284	214,723

7 OTHER PAYABLES AND ACCRUALS

	Company	
	2017 USD'000	2016 USD'000
Current		
Other payables	4,941	6,202
Accruals	848	631
	5,789	6,833

8 LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION

Included in the profit from ordinary activities before taxation are the following charges and credits:

	Company	
	2017 USD'000	2016 USD'000
Charges:		
Depreciation and amortisation	146	154
Directors' remuneration	508	417
Share-based payment expense	469	2,432
Interest expenses	137	315
Wages and salaries	570	879
Defined contribution retirement plan	90	352
Operating lease	–	39
Credits:		
Interest income	49	39

COMPANY INFORMATION

Ticker Symbol

PureCircle Ltd's Ordinary Shares have a Premium Listing on the Main Market of the London Stock Exchange under the symbol: "PURE"

Websites

PureCircle Group operates these websites which are updated regularly to cater for different information needs:

Investors and corporate stakeholders

www.purecircle.com

Health professionals, customers, policy makers, consumers

www.globalsteviainstitute.com

Investor Relations

Requests for further copies of the annual report or other investor relations matters should be addressed to:

ir@purecircle.com

AGM

The Annual General Meeting (AGM) will be held on 1 December 2017, a formal notice of AGM will be sent to shareholders together with the annual report for financial year 2017.

2018 Financial & Corporate Calendar

Half year end	31 December 2017
Half year results	6 March 2018
Financial year end	30 June 2018
Full year results	18 September 2018

Results release date might change. Actual results release date will be published by the Company on its website and on London Stock Exchange's announcement platform.

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