PureCircle Limited

(“PureCircle” or the “Company”)

Interim results for the six months ended 31 December 2018

Chicago, Illinois, 11 March 2019 – PureCircle (LSE: PURE), the world's leading producer and innovator of great-tasting stevia sweeteners for the global beverage and food industry, today announces its unaudited interim results for the six month period from 1 July 2018 to 31 December 2018 (“1H FY19”).

HIGHLIGHTS

- Sales declined 5.2% to $50.7m in part due to phasing of some deliveries to customers compared to the prior year. Sales to date in H2 show an improving trend versus the prior year.
- Sales in H1 include meaningful contribution from next generation stevia sweeteners based on Reb M both directly extracted from leaf and via conversion of first generation sweeteners such as Reb A.
- Sales also show some cannibalisation of base business as customers reformulate first generation stevia sweeteners to better tasting Reb M.
- Despite lower sales, gross profit increased by $0.2m to $19.9m due to favorable product mix and positive impact from lower material cost.
- Benefits of the restructuring initiative is resulting in lower SG&A costs and improved operational efficiency leading to improved adjusted EBITDA*.
- As a result, adjusted EBITDA improved 48.7% to $11.6m, driven by higher margins coupled with lower general and administration costs.
- During the period there was a significant inventory write down to net realisable value of $24.2m primarily relating to by-products generated from early generations of stevia leaf. Such by-products will no longer be produced as a result of the switch to next generation Starleaf stevia variety and is classified as an exceptional item.
- Net loss of $22.1m, is wholly driven by inventory write down to net realisable value of $24.2m.
- Net profit for the period excluding exceptional items is $2.9m, an increase of $6.9m versus the prior year.
- Operating cash inflow before working capital changes was $10.5m, an increase of $2.8m compared to 1H FY18.
- Net debt increased to $103.5m due to higher working capital.

SUMMARY OF FINANCIALS

Period ended 31 December (USD'm)	1H FY19	1H FY18	Change
Sales	**50.7**	**53.5**	**-5.2%**
Gross Profit **Gross margin**	**19.9** **39.2%**	**19.7** **36.8%**	**1.0%** **2.4%**
Operating profit*	**11.2**	**3.1**	**>100%**
Adjusted EBITDA*	**11.6**	**7.8**	**48.7%**
Net profit/(loss) for the period excl. exceptional items*	**2.9**	**(4.0)**	**>100%**
Net loss for the financial period	**(22.1)**	**(4.0)**	**>100%**
Earnings/(Loss) Per Share excl. exceptional items (US Cents)*	**1.7**	**(2.3)**	**>100%**
Loss Per Share (fully diluted) (US Cents)	**(12.7)**	**(2.3)**	**>100%**
Net assets*	**200.0**	**212.1**	**-5.7%**
Operating cash flow before working capital changes	**10.5**	**7.7**	**36.4%**
Net cash generated from operating activities	**3.2**	**0.3**	**>100%**
Net debt*	**103.5**	**98.4**	**5.2%**

* Operating profit, adjusted EBITDA, net profit/(loss) for the period excluding exceptional items, earnings/(loss) per share excluding exceptional items and net debt are non-GAAP alternative performance measures and are laid out on page 22 and 23. The full profit and loss account is detailed on page 9.

The unaudited financial statements comprising the statement of comprehensive income and cash flow statements for the six months to 31 December 2018 ("1H FY19") along with the statement of financial position and statement of equity as at 31 December 2018 are set out on pages 9 to 13, together with the unaudited financial statements comparatives of comprehensive income and cash flow statements for the six months to 31 December 2017 ("1H FY18") along with the statement of financial position as at 30 June 2018 and statement of equity as at 31 December 2017.

Commenting on the 1H FY19 trading, the Group CEO Magomet Malsagov said:

"In H1 we continued to successfully implement our new strategy of transforming the business to produce and sell superior tasting natural stevia sweeteners, scaling breakthrough products and commercialising new technologies. Our results include sale of meaningful quantities from next generation stevia sweeteners based on Reb M both directly extracted from leaf and via conversion of first generation stevia sweeteners such as Reb A as customers are switching and reformulating to Reb M due to the superior taste profile. The reformulations have led to some cannibalisation of base business and the results of the first six months should be seen in this context. Over and above new business we anticipate cannibalisation of the base business to continue through calendar year 2019. We expect margins to strengthen as both reformulations and new launches will primarily be based on high margin products. We are pleased with the early wins and positive feedback we are getting about the great taste profile of our next generation stevia Reb M sweeteners.

"Our pipeline of projects with new products continues to grow in both existing and new channels. We are seeking to further capitalise on the superior taste delivery of our new generation products through a significantly expanded go-to-market team. We believe this combination will position PureCircle to successfully execute its new strategy over the next few years".

Sales: Sales of $50.7m decreased 5.2% over 1H FY18 ($53.5m), in part due to sales phasing versus the prior year in addition to some cannibalisation of existing base business where customers are reformulating to the better tasting Reb M. Solid growth continues to be achieved in North America and Asia and reflects the continued positive mix benefit of the growth of Breakthrough products.

Gross margin: Gross profit improved $0.2m to $19.9m. The gross margin percentage of 39.2% was 2.4 percentage points higher than 1H FY18 (36.8%). Our continuous innovation resulted in the growth of our higher margin products such as Breakthrough.

Adjusted EBITDA: Improved by $3.8m versus the prior year.

Net result after tax: The H1 FY19 net result of $22.1m loss was driven by a $24.2m inventory write-down to net realizable value. The write down relates mainly to by-products generated from previous varieties of leaf. With the introduction of better tasting and yielding Starleaf, the commercial value of these by-products been impaired due to their limited production in the future. This one off write down has been classified as an exceptional item. Net profit excluding exceptional items is $2.9m, an increase of $6.9m versus the prior year.

Loss per Share (LPS): The Group recorded a 1st half loss per share of 12.67 cents (1H FY18: LPS of 2.3 cents) in 1H FY19, on a fully diluted basis driven by the write-down of inventories. Excluding the exceptional write down, Earnings Per Share is 1.7 cents.

Operating cash flow before working capital: The Group generated $10.5m of operating cash before working capital in 1H FY19, $2.8m higher than the comparative period in 1H FY18.

Net debt: Net debt of $103.5m (1H FY18: $98.4m) has increased primarily due to working capital requirements, additional research & development costs and fixed assets. Gross Debt has reduced by $8.2m. The Group is highly operationally geared and optimising working capital is a priority. The Group was compliant with bank covenants in the period.

BUSINESS DEVELOPMENTS

Powerful Market Trends

Consumers, health experts and governments have become increasingly concerned about obesity and diabetes, and consumers have become increasingly health and wellness conscious. 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 accelerating. As of 2018, 27 countries have enacted sugar taxes – with over 80% of the countries passing these taxes in the last two years. Several additional major markets are debating a sugar tax law, or using key nutritional labelling as way to encourage lower sugar products on to market.

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.

Strategy Evolution Resulting from Next Generation Stevia Sweeteners

Today when we talk about beverages and foods sweetened with our new generation stevia sweeteners, we are talking about great tasting products – products which taste as good as their full sugar counterparts, but without the calories.

The story of stevia has changed significantly in the past few years. Not long ago, stevia was viewed as a plant-based, zero-calorie, single-ingredient sweetener which worked well in some beverage and food applications. That was then. Today we offer a range of new generation stevia leaf sweetener ingredients, including Reb M, with sugar-like taste and zero calories. And today with our new generation stevia sweeteners, there are no taste trade-offs or compromises.

Recent PureCircle advances enable us to significantly boost production of high-grade stevia sweeteners – like Reb M and Reb D — which have the most sugar-like taste. Today we are able to supply these sought-after stevia leaf ingredients cost effectively for our beverage and food company customers.

PureCircle through its agronomy program has developed a proprietary stevia leaf variety which contains over 40 times more sugar-like glycoside content than conventional stevia leaf varieties. This is a direct product of the Company’s long-term investment of $100 million in its PureCircle Stevia Agronomy Program which we announced in 2016.

The technologies to produce the products PureCircle sells are covered by patents, applied for patents and other intellectual property. PureCircle’s broad and strong global array of patents are the result of its advanced innovation, research and development work with stevia and its investment therein. As the result of that, PureCircle has been granted more than 130 stevia-related patents. These patents – plus more than 250 patents pending and other valuable intellectual property — are directed to a wide range of stevia-related products and processes.

PureCircle’s patent coverage and other intellectual property reflect its expertise and innovation with stevia. That expertise and innovation enables PureCircle to provide unparalleled support to its customers as they develop zero- and low-calories beverage and food products and other products using stevia.

PureCircle Agronomy Program

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 Program and resultant proprietary stevia leaf varieties are the source of our many taste breakthroughs.

We have now moved to commercially scaling the proprietary stevia leaf varieties that most efficiently produce the best tasting sweeteners of the leaf, such as Reb M and D.

PureCircle utilizes a wide and expanding global agricultural network for its stevia supply, sourcing it from an increasing number of countries around the world. Part of the increase in our specialty variety this year is the result of our new farming partnerships in North Carolina, India and Zambia. This further enables PureCircle to provide global food and beverage companies with the best-tasting stevia leaf ingredients at a scale and cost which is effective for us in global brands.

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 compared to sugar and, because of our vertically integrated supply chain and the way we work with co-operatives ensures we have full traceability of our stevia, with respect for farmers and their communities.

Innovation

Our new generation stevia sweeteners like Reb M and Reb D are generating excitement among beverage and food companies. And our R&D with stevia never stops.

Recent PureCircle advances enable us to significantly boost production of these high-grade stevia sweeteners (Reb M and Reb D) which have the most sugar-like taste and are highly sought after by beverage and food companies. This means we can supply stevia sweeteners in amounts that customers need as they expand use of stevia ingredients – and we can do it cost effectively for them.

We are also expanding our offerings of stevia leaf ingredients to include, not just sweeteners and flavors, but also protein, fiber and antioxidant ingredients – all from the stevia plant.

This new development will enable PureCircle to utilize much more of each stevia leaf. As such, the company will be able to make each leaf “work harder.” PureCircle has nearly 400 patents and patents pending covering its proprietary stevia technology.

We anticipate food and beverage companies will continue to increase their use of stevia as their go-to, non-GMO, sweetening solution, as well as using stevia as a functional ingredient. This will provide consumers a great-tasting, plant-based ingredient they desire.

Looking forward plans are afoot to commercialise and launch antioxidants, proteins and fiber all from the same raw material stevia leaf.

Opportunities

Mintel data shows that in 2018, there were over 4,000 launches of F&B products containing stevia sweeteners, up +33% versus prior year. There have been over 20,000 products launched globally containing stevia since 2008. While beverages continues to be key area of focus, other categories in food, such as dairy from yogurts to ice cream, and biscuits/cookies, are gaining strong momentum across all markets. These launches included well-known global and regional brands.

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.

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. PureCircle continues to partner with our customers to reduce the impact the food and beverage industry have on the environment and global caloric intake. Since 2011, we have provided the equivalent amount of stevia to eliminate 3.8 trillion calories from global diets.

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

Management
The senior leadership team has fully relocated to PureCircle's new headquarters in downtown Chicago to facilitate improved servicing of customers. Reorganisation of the Commercial Business Unit included hiring a new Chief Commercial Officer and additional capability to implement our new strategy of next generation stevia sweeteners.

Board Committee Changes

The Board has reviewed the make-up of its committees ensuring appropriate independence and considering best practice guidance. As a result, the following changes will take effect from today.

- Mr. Magomet Malsagov resigns as member of the Nomination Committee.
- Mr. Mitch Adamek and Ms. Ann Marie Scichili have been appointed to the Nomination Committee.
- Ms. Rosemarie Andolino has been appointed to the Remuneration Committee.

As a result of these changes, the membership of these committees will be as follows:

Nomination Committee	Remuneration Committee
Mr. Guy Wollaert (Chair)	Mr. Mitch Adamek (Chair)
Mr. John Slosar	Mr. John Slosar
Mr. Mitch Adamek	Mr. Guy Wollaert
Ms. Ann Marie Scichili	Ms. Rosemarie Andolino

Appointment of Designated Non-Executive Director

With effect from today, Mr. Mitch Adamek, Chairman of Remuneration Committee, has been appointed our Company's designated non-executive director responsible for workforce engagement in line with the provisions of the UK Corporate Governance Code. Given his current role as Chairman of the Remuneration Committee he is well-placed to engage effectively with the Company's workforce.

Enquiries:

Investors/Analysts

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Webcast and Conference Call Details

A presentation of the results by Chief Executive, Magomet Malsagov and Chief Financial Officer, Rakesh Sinha will be audio webcast live at 9.30 (UK time) on Tuesday 12 March 2019. To view and/or listen to a live audio-cast of the presentation, visit https://www.investis-live.com/purecircle/5c5172baff46a80a001961ca/pure . Please note that remote listeners will not be able to ask questions during the Q&A session.

A webcast replay of the presentation will be available at 2.00 pm of the end of the live broadcast on the link above.

For those unable to view the webcast, there will also be a teleconference facility for the presentation. Details are given below:
Dial in details:
United Kingdom (Local): 020 3936 2999
US (Local): 1 845 709 8568
All other locations: +44 20 3936 2999

Participant Access Code: 312832

Participants are requested to dial into the call at least 15 minutes prior to the conference start time.

NOTES TO EDITORS

About PureCircle

- PureCircle is the only company that combines advanced R&D with full vertical integration from farm to high-quality, great-tasting innovative stevia sweeteners.
- The Company collaborates with farmers who grow the stevia plants and with food and beverage companies which seek to improve their low- and no-calorie formulations using a sweetener from plants.
- PureCircle will continue to: lead in research, development and innovation; produce a growing supply of multiple varieties of stevia sweeteners with sugar-like taste, using all necessary and appropriate methods of production; and be a resource and innovation partner for food and beverage companies.
- PureCircle stevia flavor modifiers work in synergy with sweeteners to improve the taste, mouthfeel and calorie profile, and enhance the cost effectiveness, of beverage and food products.
- Founded in 2002, PureCircle is continually investing in breakthrough research and development and it currently has 72 stevia-related approved patents and 200 pending.
- PureCircle has offices around the world with the global headquarters in Chicago, Illinois.
- To meet growing demand for stevia sweeteners, PureCircle is rapidly ramping up its supply capability. It completed expansion of its Malaysian stevia extract facility in March 2017, increasing its capacity to rapidly supply the newer and great-tasting specialty stevia sweeteners and helping provide ever-increasing value to its customers.

- PureCircle's shares are listed on the main market of the London Stock Exchange.
- For more information, visit: www.purecircle.com

About stevia

- Given the growing global concerns about obesity and diabetes, beverage and food companies are working responsibly to reduce sugar and calories in their products, responding to both consumers and health and wellness advocates. Sweeteners from the stevia plant offer sugar-like taste and are becoming an increasingly important tool for these companies.
- Like sugar, stevia sweeteners are from plants. But unlike sugar, they enable low-calorie and zero-calorie formulations of beverages and foods.
- Stevia leaf extract is a natural-based, zero calorie, high-intensity sweetener, used by global food and beverage companies as a great-tasting zero-calorie alternative to sugar and artificial sweeteners.
- Stevia is a naturally sweet plant native to South America; today, it is grown around the world, notably in Kenya, China and the US.
- The sweet-tasting parts of the stevia leaf are up to 400 times sweeter than sugar: stevia's high-intensity sweetness means it requires far less water and land than sugar.
- Research has shown that the molecules of the stevia leaf are present and unchanged in the dried stevia leaf, through the commercial extraction and purification process, and in the final stevia leaf extract product. All major global regulatory organisations, across 65 countries, have approved the use of high-purity stevia leaf extracts in food and beverages.
- For more information on the science of stevia, please visit https://www.purecirclesteviainstitute.com/

Condensed consolidated statement of comprehensive income for the period ended 31 December 2018

	Notes	Unaudited Six months ended 31 December 2018 USD'000	31 December 2017 USD'000
Continuing operations			
Revenue		50,742	53,507
Cost of sales		(30,835)	(33,839)
Gross profit		19,907	19,668
Other income	4	5,800	1,614
Other expenses	5	(31,727)	(581)
Administrative expenses		(14,669)	(18,872)
Finance income		153	33
Finance costs		(4,740)	(3,223)
Share of loss in joint venture		(78)	(406)
Loss before taxation		(25,354)	(1,767)
Income tax credit / (expense)	12	3,247	(2,240)
Loss for the period		**(22,107)**	**(4,007)**
Other comprehensive (loss)/income (net of tax):			
Items that may be reclassified subsequently to (loss)/profit:			
Exchange difference arising on translation of foreign operations		(5,821)	7,554
Fair value loss on derivative financial instruments[1]	17	(469)	-
		(6,290)	7,554
Total comprehensive (loss)/income for the period (net of tax)		**(28,397)**	**3,547**
Loss for the financial period attributable to:			
Owners of the company		(22,107)	(4,007)
		(22,107)	(4,007)
Total comprehensive (loss)/profit attributable to:			
Owners of the company		(28,397)	3,547
		(28,397)	3,547
Loss per share (US cents)			
Basic	16	(12.67)	(2.30)
Diluted	16	(12.67)	(2.30)

[1] Changes in the fair value of derivative instruments at fair value through other comprehensive income.

Condensed consolidated statement of financial position as at 31 December 2018

	Notes	Unaudited 31 December 2018 USD'000	Audited 30 June 2018 USD'000
Assets			
Non-current assets			
Property, plant and equipment	9	95,996	100,115
Intangible assets	9	63,085	64,132
Prepaid land lease payments		1,838	2,408
Deferred tax assets		14,244	10,223
Other receivables		585	410
		175,748	**177,288**
Current assets			
Inventories	10	112,220	122,538
Trade receivables		37,667	57,496
Other receivables and prepayments		12,863	8,074
Tax recoverable		1,370	253
Restricted cash		51	52
Cash and bank balances		14,601	23,935
		178,772	**212,348**
Total assets		**354,520**	**389,636**
Equity and liabilities			
Equity			
Share capital	15	17,484	17,428
Share premium	15	227,723	225,504
Foreign exchange translation reserve		(19,976)	(14,155)
Share option reserve		2,138	2,167
Derivative reserve		(469)	-
Accumulated losses		(26,928)	(4,498)
Equity attributable to owners of the company		199,972	226,446
Total equity		**199,972**	**226,446**
Non-current liabilities			
Deferred tax liabilities		2,056	1,365
Long-term borrowings	11	106,448	112,903
Other payables and accruals		480	598
		108,984	**114,866**
Current liabilities			
Trade payables	11	17,046	20,529
Other payables and accruals		15,799	18,171
Derivative liability		469	-
Income tax liabilities		539	435
Short-term borrowings	11	11,711	9,189
		45,564	**48,324**
Total liabilities		**154,548**	**163,190**
Total equity and liabilities		**354,520**	**389,636**

Condensed consolidated statement of changes in equity for the period ended 31 December 2018

	Attributable to owners of the Company						
	Share capital	Share premium	Foreign exchange translation reserve	Share based payment reserve	Derivative reserve	Accumulated losses	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 July 2018	17,428	225,504	(14,155)	2,167	-	(4,498)	226,446
Adjustment on adoption of IFRS 9	-	-	-	-	-	(323)	(323)
Balance at 1 July 2018 (restated)	17,428	225,504	(14,155)	2,167	-	(4,821)	226,123
Loss for the period	-	-	-	-	-	(22,107)	(22,107)
Other comprehensive loss	-	-	(5,821)	-	(469)	-	(6,290)
Total comprehensive loss for the period (net of tax)	-	-	(5,821)	-	(469)	(22,107)	(28,397)
Share award compensation expense granted during the period	-	-	-	2,246	-	-	2,246
Exercise of share options	56	2,219	-	(2,275)	-	-	-
Balance at 31 December 2018	17,484	227,723	(19,976)	2,138	(469)	(26,928)	199,972

	Attributable to owners of the Company						
	Share capital	Share premium	Foreign exchange translation reserve	Share based payment reserve	Derivative reserve	Accumulated losses	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 July 2017	17,371	222,284	(22,531)	3,719	-	(13,195)	207,648
Loss for the period	-	-	-	-	-	(4,007)	(4,007)
Other comprehensive income	-	-	7,554	-	-	-	7,554
Total comprehensive income/ (loss) for the period (net of tax)	-	-	7,554	-	-	(4,007)	3,547
Share award compensation expense granted during the period	-	-	-	915	-	-	915
Exercise of share options	53	2,997	-	(3,050)	-	-	-
Balance at 31 December 2017	17,424	225,281	(14,977)	1,584	-	(17,202)	212,110

Condensed consolidated cash flow statement for the period ended 31 December 2018

	Unaudited Six months ended 31 December 2018 USD'000	31 December 2017 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(25,354)	(1,767)
Adjustments for:-		
Amortisation of deferred income	(36)	(32)
Amortisation of prepaid land lease payments	77	79
Depreciation of property, plant and equipment	3,991	4,632
Interest expense	3,790	3,223
Interest income	(153)	(33)
(Gain)/Loss on disposal of property, plant and equipment	(117)	21
Share based payments	2,246	914
Amortisation of intangible assets	957	797
Inventories written back / (written off)	37	(202)
Write down of inventories to net realizable value	24,170	-
Intangible assets written off	2,500	5
Unrealised exchange loss / (gain)	2,877	(428)
Share of loss in joint venture	78	406
Provision for doubtful debts	-	55
Amortisation of borrowing transaction cost	951	-
Compensation of termination on R&D project	(5,500)	-
Operating cash flow before working capital changes	10,514	7,670
Increase in inventories	(13,889)	(22,192)
Decrease in trade and other receivables	17,909	15,934
(Decrease) / Increase in trade and other payables	(6,717)	1,649
NET CASH GENERATED FROM OPERATIONS	7,817	3,061
Interest received	153	33
Interest paid	(3,733)	(2,768)
Tax paid	(1,021)	(72)
Transaction cost paid for loan acquisition	(55)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,161	254
CASH FLOWS FOR INVESTING ACTIVITIES		
Addition of intangible assets	(4,019)	(4,774)
Purchase of property, plant and equipment	(2,530)	(9,291)
Proceeds from disposal of property, plant and equipment	571	-
Increase in investment in joint venture	(205)	(160)
NET CASH USED IN INVESTING ACTIVITIES	(6,183)	(14,225)
BALANCE CARRIED FORWARD	(3,022)	(13,971)

Condensed consolidated cash flow statement
for the period ended 31 December 2018 (continued)

	Unaudited Six months ended	
	31 December 2018 USD'000	**31 December 2017 USD'000**
BALANCE BROUGHT FORWARD	(3,022)	(13,971)
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown of borrowings	-	219,975
Repayment of borrowings	(5,000)	(214,665)
Increase in restricted cash	1	(2)
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	(4,999)	5,308
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,021)	(8,663)
Effects of foreign exchange rate changes on cash and cash equivalents	(1,313)	3,623
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	23,935	32,744
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	14,601	27,704

The cash and bank balances of $14.7m on the face of the balance sheet includes restricted cash amounting to $51k which is excluded from the cash flow statement.

The net cash outflow for the purchases of property, plant and equipment during the financial is as follows:

	31 December 2018 USD'000
Additions for the financial period	2,865
Payment made for previous year additions	420
Amount not yet due for payment	(755)
Total cash payments during the financial period	2,530

Reconciliation of bank borrowings arising from financing activities:

	31 December 2018 USD'000
As at 1 July 2018	122,092
Cash impact:	
Principal and interest payment	(5,000)
Transaction cost	(55)
Non-cash impact:	
Amortisation	951
Foreign exchange movement	171
As at 31 December 2018	118,159

Notes to interim financial statements

1. General information

The Company was incorporated and registered as a private limited company in Bermuda, under the Companies (Bermuda) Law 1981. The Company is listed on the Main Market of the London Stock Exchange.

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 speciality natural ingredients based upon high purity stevia.

The unaudited condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 11 March 2019.

2. Basis of preparation

The condensed consolidated financial information comprises the unaudited interim financial information for the six months to 31 December 2018 and 31 December 2017. The condensed consolidated interim financial statements has been prepared on a going concern basis in accordance with IAS 34, "Interim Financial reporting" as issued by International Accounting Standards Board ("IASB") and the Disclosure and Transparency Rules issued by the Financial Conduct Authority. The condensed consolidated financial information is unaudited but has been reviewed by the auditors and their review report is set out on page 30.

The condensed consolidated interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2018 ("FY2018"), which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by IASB. The auditors' report on those statements was unqualified and did not contain an emphasis of matter paragraph.

Changes in accounting policy and disclosures

This condensed consolidated information has been prepared under the historical cost convention and on a basis consistent with the IFRS accounting policies as set out in the Annual Report for the year ended 30 June 2018, except that the Group has adopted the following new standards that are first effective for the current accounting period of the Group:

a) IFRS 9, "Financial Instruments" (effective from 1 July 2018). IFRS 9 addresses the recognition, classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has completed its review of the key areas of IFRS 9 focused principally on classification and measurement of financial assets and liabilities impairment of financial assets and hedge accounting. The Group has adopted IFRS 9 retrospectively, but with certain permitted exceptions. As a result, prior year results are not restated but a cumulative adjustment has been made to decrease equity at 1 July 2018 by $0.3m. The effects of the adoption of IFRS 9 are set out in Note 2(a).

b) IFRS 15, "Revenue from Contracts with Customers" (effective from 1 July 2018). The IASB has issued a new standard for the recognition of revenue. This replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The adoption does not have any impact on the Group's condensed consolidated interim financial information, as the application of the new standard does not result in any differences with the existing accounting principles of the Group, other than certain changes in the disclosure requirements.

c) Impact of standards issued but not yet applied by the entity

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

The standard will affect primarily the accounting for the group’s operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $5.1m. However, the group are still working on determined to what extent these commitments will result in the recognition of an assets and liability for future payments and how this will affect the group’s profit and classification of cash flows.

The standard is effective for the group as of 1 July 2019. The group does not intent to adopt the standard before its effective date.

d) Impact on the financial statements

Note 2(a) - The effects of the adoption of IFRS 9:

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings. Provisions for impairment have not been restated in the comparative period, as well.

The accounting policies were changed to comply with IFRS 9. IFRS 9 replaces the provisions of IAS 39 “Financial Instruments” (“IAS 39”) that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 “Financial Instruments – Disclosures”.

The total impact on the Group’s retained earnings due to adoption of IFRS 9 as at 1 July 2018 is as follows:

	Note	US$’000
Closing retained earnings at 30 June 2018 – IAS 39		(4,498)
Adjustment to retained earnings from adoption of IFRS 9	(i)	(323)
Opening retained earnings at 1 July 2018 – IFRS 9		(4,821)

(i) Classification and measurement

(a) The Group’s financial assets classified as loan and receivables at amortised costs under IAS 39 will continue to be measured on the same basis under IFRS 9.

(b) There is no impact on the Company's accounting for financial liabilities, as the new requirement only affects the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

Accordingly, the new standard does not affect the classification and measurement of these financial assets.

(ii) Impairment of financial assets

The Group has the following type of financial assets at amortised cost subject to IFRS 9's new expected credit loss model:

- trade and other receivables (excluding prepayments)

The Group revised its impairment methodology under IFRS 9 by applying the simplified approach to provide for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables (excluding prepayments). $323k was recognised in retained earnings as at 1 July 2018 for those trade and other receivables (excluding prepayments), whose credit risk has been assessed as other than low.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rate.

The loss provision for trade receivables as at 30 June 2018 reconciled to the opening loss allowances on 1 July 2018 is as follows:

	Allowance on trade receivables US$'000
Closing balance as at 30 June 2018 – IAS 39	510
Amounts restated through opening retained earnings	323
Opening balance at 1 July 2018 – IFRS 9	833

Note 2(b) – Accounting Estimates and Judgments:

The preparation of this condensed consolidated financial information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of this condensed consolidated financial information. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the condensed consolidated financial information. The key estimates and assumptions were the same as those applied to the consolidated financial statements for the year ended 30 June 2018. In the future actual experience may deviate from these estimates and assumptions, which could affect these condensed consolidated financial information as the original estimates and assumptions are modified, as appropriate, in the period in which the circumstances change.

3. Exceptional items

	Six months to 31 December 2018 (US$'000)
Write down of inventories to net realizable value (Note 3a)	24,170
Restructuring costs (Note 3b)	824
	24,994

Exceptional items are one-off and are non-recurring in nature. No exceptional costs incurred in 1H 18.

Note 3a – During the period there was an inventory write down of $24.2m mainly related to by-products generated from early generation of stevia leaf. Such by-products will no longer be produced as a result of the switch to next generation Starleaf stevia leaf variety.

Note 3b – During the period, the Group underwent an internal restructuring to reduce its cost base, unify and simplify its organization to improve business performance, profitability, cash flow generation and productivity.

4. Other income

Other income represents net foreign exchange gain, compensation of termination on R&D project and other miscellaneous income.

5. Other expenses

Other expenses represent net foreign exchange loss, write down of inventory value to net realizable value, write off of intangible assets and other operating expenses.

6. Principal risks and uncertainties

As with any business, we face risks and uncertainties. We believe that a dynamic and engaging risk management framework will support the successful delivery of our strategic objectives. The management of these risks is based on a formal assessment of impact, likelihood, control effectiveness and the Company's risk appetite.

As part of our risk process this year, we have established a network of risk owners and sponsors across the Organisation and we utilise this network to identify risks faced by our business. We have also facilitated risk management workshops to explore and understand how risks are inter-connected and critical risk dependencies. This allows us to understand risk movement trends and prioritise on key mitigating controls.

In addition, we have a Risk Committee (comprising of our Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer and Chief Supply Chain Officer), who facilitate our Risk Management Framework, review risks, control and mitigation strategies at least twice a year. This forms the basis for our Principal risks and uncertainties, which is challenged and validated by our Board, and thereafter our Audit Committee.

Our Board of Directors and Risk Committee have reviewed our principal risks in the context of the first half of FY19. At the time of writing, given that PureCircle's principal operations are outside the UK but the group makes sales into the UK and that the Company is Premium listed on LSE, the risks surrounding Brexit have been considered by the Board who do not believe that this event would cause disruption to the business. Our Board of Directors and Risk Committee believe that there have been no new emerging risks other than the 12 broad key risk areas outlined in the 2018 Annual Report; and that identified mitigation actions remain appropriate to manage these identified risks.

Our principal risks are as follows. However, these are not intended to be an exhaustive analysis of all risks currently facing the Group.

i. Working capital funding to support growth plan

PureCircle fully controls the end-to-end process of its entire supply chain from leaf sourcing 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 the competition. In view of the Company's growth plans, working capital requirements has increased. The Company needs to fund its working capital from leaf purchase to sales receivables and inventory holdings; and maintain sufficient liquidity to balance operating requirements with financial obligations and covenants.

Mitigation activities

The Group manages its working capital requirements actively through balancing supply purchases, inventory holdings and forecasts cash flows to ensure appropriate gross cash and facility headroom availability at all times. Cash conversion and debt reduction remains a high priority for the Group, as well as managing bank covenants compliance.

ii. Inventory management

Ensuring PureCircle manufactures the "right" inventory is of paramount importance as failure to do so may result in high stock holding levels, increased obsolescence and high level of cash being tied up in the business.

Mitigation activities

The Group mitigates this risk actively through a variety of policies and procedures to manage inventory, with action plans to run down/ consume excess inventory. Inventory reduction remains a continued focus for the Group in FY19.

iii. Agriculture sustainability, including sustainable sourcing

PureCircle is committed towards corporate social responsibility ("CSR") pro-activeness and vigilance. Post CBP clearance, the Company has increased its footprint on controlled leaf plantations, thus increasing the transparency over leaf sourcing arrangements.

Mitigation activities

The Group manages this risk actively through a combination of strategy, design, policy and process management. The Group's strategy is to be in compliance with the relevant Ethical standards, code of conduct and sustainability assessment guidelines. We have complete product traceability from leaf suppliers to end products.

iv. **Manufacturing capacity**

PureCircle is a fast growing company with a production chain covering both extraction and refinery activities. It is important that our capacity needs cater for increasing customer demand. A catastrophic event at either the extraction or refinery facility would impact the business.

Mitigation activities

The Group has a 5-year capacity plan in place. The refinery capacity expansion that was completed in FY17 has the ability to meet the market demands for the foreseeable future. In order to mitigate the risk of manufacturing downtime, the Group has successfully trialed third party toll manufacturing which enables manufacturing capacity to be available if required, on short notice.

v. **Leaf sourcing/ procurement**

Dried leaf is PureCircle's primary raw material and constitutes a significant proportion of the Company's variable costs of production. The Company's financial performance can be materially impacted by rising leaf cost and nature of contractual conditions, if not managed effectively. A significant majority of PureCircle's total leaf supply is sourced from China. Over reliance of leaf supply from China; and inconsistent leaf quality, may pose supply risk, in the event of supply shortage/ disruption.

Mitigation activities

The Group manages this risk by developing large scale diversified supply. To achieve this, PureCircle continues to lead the diversification of leaf supply into new geographic regions centered upon our leaf development hubs in US, Africa and South America. Further, the Group is making progress working with larger agricultural partners who have the potential to scale supply more quickly than traditional small holders.

vi. **Managing quality**

PureCircle is committed towards manufacturing safe products that meets legal and regulatory compliance. In addition, PureCircle is committed towards continuous improvement of its quality objectives.

Mitigation activities

The Group actively manages its quality requirements actively through clearly defined quality objectives, quality protocols and standards that are set and monitored regularly by its Quality Leadership Team. This includes an integrated quality system and compliance towards high standards expected in the food manufacturing industry, customer requirements, independent third-party certification bodies and government agencies. Regular quality audits are performed to ensure compliance to quality, legal and regulatory requirements.

vii. **Managing environment, health and safety**

PureCircle operates in the food grade ingredient industry; and has a food grade supply chain, including large production facilities. Health & safety considerations are significant operating factors for the Business.

Mitigation activities

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, Health 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.

viii. Talent attraction, development and retention

Stevia is a relatively new industry and PureCircle is a high growth market leader in the industry. Attracting quality talent, developing and retaining key personnel will be a cornerstone of the Company's future success. There is a risk that as the organisation grows and becomes more successful, our talent will be highly sought after in the growing industry.

Mitigation activities

The Group manages this risk by ongoing investment in senior management retention programs for all key managers, which includes the Group's Long Term Incentive Program and appropriate reward structures.

ix. Cyber security

Information Technology ("IT") security threats are becoming ever more advanced and frequent with breaches expanding their reach with more sophisticated methods.

The Group, being in a new, progressive industry, is highly vigilant to new IT threats.

Mitigation activities

The Group manages its cyber security threat by deploying a series of security technologies and solutions to prevent cyber attacks, monitor & remedy any potential malicious/ unauthorised activities.

x. Intellectual property and innovation

Innovation is why PureCircle is the market leader in the stevia industry. PureCircle's continuous investment in research, development and innovation ("RD&I") must be protected by robust intellectual property ("IP") strategies, including obtaining patents and protecting other forms of IP, to help sustain and grow the company's position in an ever-competitive market.

Mitigation activities

The Group maintains a robust patent filing strategy and procedures to ensure that patent applications are timely filed and are aligned with commercially relevant innovations.

In addition, the Group actively utilises non-disclosure and non-analysis agreements to protect confidentiality and ownership of innovations.

xi. 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 food and beverage ("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) could undermine our business performance.

Mitigation activities

PureCircle's continued investment in breakthrough best tasting next generation products, will enable us to develop strong partnership with existing and new customers.

In addition, research, development and innovation breakthroughs allows us to sustain first mover advantage against competition.

xii. 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.

In addition, PureCircle has an operationally leveraged business model of which the viability of the business, is sensitive to volumes. The Company's future profitability is sensitive to the continued growth of the stevia market.

Mitigation activities

Management mitigates this risk with an active program of new stevia product innovation to support further adoption of stevia and to enable future F&B formulation projects. Further, the Group continues to invest to protect and promote the natural credentials of stevia. These activities coupled with external evidence, provides confidence of a sustainable stevia market growth in the long run.

In conclusion, working capital management and inventory management remain as key focus areas for the Group in FY19, with clearly defined targets, periodic on-going and active reviews in place. In addition, potential exposure from risk of Competition is expected to be reduced under the direction of the new Sales leadership team, with clearly defined strategies and action plans.

7. Going concern

In making the assessment of the Group's ability to manage its future cash requirements and maintain covenant compliance, the Directors have considered the Group budgets and the cash flow forecast for the period to 31 March 2020. The stressed review included lower revenues, reduced cash flows, lower profitability margin, several cost reduction initiatives, cutting back on total leaf volume purchases and discretionary capex investments, so as to mitigate pressures on liquidity. This resulted in current cash balances reducing over time but maintaining sufficient liquidity throughout the period.

After reviewing all the above consideration, 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 unaudited condensed consolidated financial statements.

8. Segmental information

Management determines the Group's operating segments based on the criteria used by the Chief Operating Decision Maker who has been identified as 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 flavors.

From a geographical perspective, the Group is a multinational with operations located on all continents but managed as one unified global organization.

	Six months to 31 December 2018 USD'000	**Six months to 31 December 2017 USD'000**
Revenue	50,742	53,507
Cost of sales	(30,835)	(33,839)
Gross profit	19,907	19,668
Gross margin	39.2%	36.8%
Other income	5,953	470
Administrative expenses	(14,669)	(17,087)
Operating profit	11,191	3,051
Other expenses	(29,951)	(2,367)
Foreign exchange (loss)/gain	(1,776)	1,178
Finance costs	(4,740)	(3,223)
Share of loss in joint venture	(78)	(406)
Taxation	3,247	(2,240)
Loss for the financial period	(22,107)	(4,007)
Reconciliation of Net loss after tax to Adjusted EBITDA		
Net loss after tax	(22,107)	(4,007)
Depreciation and amortization	5,022	5,429
Finance costs	4,740	3,223
Taxation	(3,247)	2,240
Share-based payment expense	2,247	915
Exceptional items	24,994	-
Adjusted EBITDA	11,649	7,800
Gross borrowings	118,159	126,407
Less: Gross cash	(14,652)	(27,958)
Net debt	103,507	98,449

In the reporting of financial information, the Group uses certain alternative performance measures that are not required under IFRS, the generally accepted accounting principles ("GAAP") under which the Group reports. The Group believes that these additional measures, which are used internally, are useful to users of the financial information in helping them to understand the underlying business performance.

The Group has determined that disaggregation of revenue using existing segments and timing of the transfer of goods (at a point in time) is adequate.

The primary performance indicators used by the Group are revenue, gross margin, gross margin %, adjusted EBITDA, net cash from operations, net debt and headroom.

The above measures are considered useful by management because:

- In the Group's high operationally geared business model profitability is sensitive to revenue and gross margin %

- Adjusted EBITDA is considered the most efficient profit and loss account indicator of "operating cash flow profitability"
- Adjusted EBITDA is calculated as EBITDA with other expenses (principally the charge of the Group's LTIP scheme and exceptional items) added back
- Net cash generated from operations, net debt and headroom are important measures of cash flow and debt capacity
- Gross margin is calculated as revenue less cost of sales including sales duty and freight costs
- Gross margin % is calculated as gross margin as a % of revenue
- Operating profit is calculated as gross margin less administrative expenses plus other income
- Other expenses comprise discretionary remuneration related costs including the Group's Long Term Incentive Plan ("LTIP") and bonus
- Net debt is calculated as total bank borrowings (both short and long term) less gross cash and bank balances and restricted cash

Seasonality

Due to the seasonal nature of the Group operations, higher revenue and operating profit are usually expected in the second half of the year than the first six months.

In the financial year ended 30 June 2018, 41% of revenue accumulated in the first half of the year, with 59% accumulating in the second half.

Geographical information

	Asia USD'000	Europe USD'000	Americas USD'000	Goodwill USD'000	Total USD'000
31 December 2018					
Sales	9,249	15,881	25,612	-	50,742
Non-current assets	151,794	1,633	20,515	1,806	175,748
31 December 2017					
Sales	6,062	22,913	24,532	-	53,507
Non-current assets	153,483	2,084	11,601	1,806	168,974

Timing of revenue recognition

	31 December 2018 USD'000	31 December 2017 USD'000
Goods transferred at a point in time	50,742	53,507

9. Property, plant and equipment and intangible assets

During the period, the Group invested $2.8m in property, plant and equipment.

The addition of $4.0m to intangible assets is in respect of capitalisation of product developments, intellectual property and leaf development during the period, net of amortisation for products now launched commercially.

The Group had written off intangible assets which amounted to $2.5m because the joint collaboration partner had terminated the project. The partner agreed to pay a compensation amount to $5.5m recorded in other income.

10. Inventories

	31 December 2018 USD'000	30 June 2018 USD'000
Raw materials	13,849	19,697
Work-in-progress	78,209	70,849
Finished goods	20,162	31,992
	112,220	**122,538**

These were recognised as an expense during the year ended 31 December 2018 and included in cost of sales. There is a write-down of inventories to net realisable value amounted to $24.2m (30 June 2018: Nil).

11. Financial liabilities

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 and settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows:

Contractual maturities of financial liabilities As at 31 December 2018	Less than 6 months USD'000	6 – 12 months USD'000	Between 1 and 2 years USD'000	Between 2 and 5 years USD'000	Total contractual cash flows USD'000	Carrying Amount liabilities USD'000
Non-derivatives						
Trade payables	17,046	-	-	-	17,046	17,046
Borrowings	5,000	7,500	56,250	53,750	122,500	118,159
Total non-derivatives	**22,046**	**7,500**	**56,250**	**53,750**	**139,546**	**135,205**

The non-current term loans fall due in between March 2020 to November 2021.

The due date of the loan facilities:

(a) In relation to Term loan, the date is 48 months after the date of the signed Agreement; and
(b) In relation to Revolving loan the date that is 36 months after the date of the signed Agreement.

The following are the covenants relating to the syndicated loan facility:

(i) Consolidated tangible net worth
(ii) The ratio of Consolidated Total Net Debt to Consolidated EBITDA
(iii) The ratio of cashflow to Consolidated debt service
(iv) The ratio of Consolidated EBITDA to Consolidated Finance Cost

The Group is in full compliance with all covenants as at 31 December 2018.

12. Income taxes

	31 December 2018 USD'000	31 December 2017 USD'000
Current tax:		
Current tax on profits for the year	(538)	(136)
Change in provision in respect of prior years	550	-
	12	**(136)**
Deferred tax:		
Origination and reversal of temporary differences	3,235	(2,104)
	3,247	**(2,240)**

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The expected estimated tax rate is 10%.

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.

A subsidiary of the Group, PureCircle Sdn. Bhd. ("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 and subject to the Ministry of Finance's ("MOF") approval, PCSB will be entitled to a concessionary tax rate of 20% on income derived from qualifying activities for a further period of 10 years. However, given that the approval from the MOF is still pending, PCSB adopted the normal corporate tax rate at 24% on the income derived from the qualifying activities for the financial year ending.

Another subsidiary of the Group, PureCircle Trading Sdn. Bhd. ("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.

Another subsidiary of the Group, PureCircle (Jiangxi) Co. Ltd. ("PCJX"), has also been granted a 10% exemption on corporate tax from 1 January 2013 to 31 December 2020 by Ganzhou State Tax Revenue Department under the Western Ganzhou State Development program.

13. Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the group in determining the fair value of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the group's financial liabilities measured and recognised at fair value at 31 December 2018 and 30 June 2018 on a recurring basis:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial liabilities				
Hedging derivatives – interest rate swaps	-	469	-	469
Total financial liability	-	469	-	469

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain foreign currency forwards.

14. Investment in joint venture

	USD'000
Beginning of the period	(165)
Share of loss	(78)
Additional investment	204
End of the period	(39)
Analysed as follows:	
Other payables (non-current)	39
At 31 December 2018	39

On 30 November 2018, the group agreed to voluntarily liquidate its investment in joint venture, NP Sweet A/S. The management do not expect any material impact upon the completion of the voluntary liquidation of the investment in joint venture.

15. Share capital and share premium

	Number of shares ’000	Ordinary shares USD’000	Share premium USD’000	Total USD’000
Balance at 1 July 2018	174,246	17,428	225,504	242,932
Exercise of share options	593	56	2,219	2,275
Balance at 31 December 2018	174,839	17,484	227,723	245,207
Balance at 1 July 2017	173,699	17,371	222,284	239,655
Exercise of share options	543	53	2,997	3,050
Balance at 31 December 2017	174,242	17,424	225,281	242,705

16. Loss per share

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	31 December 2018	31 December 2017
Loss attributable to equity holders of the Company (USD’000)	(22,107)	(4,007)
Weighted average number of ordinary shares in issue (’000)	174,400	174,200
Basic loss per share (US Cents)	(12.67)	(2.30)
Fully diluted loss per share (US Cents)	(12.67)	(2.30)

17. Derivative financial instrument

	31 December 2018		30 June 2018	
	Assets USD’000	Liabilities USD’000	Assets USD’000	Liabilities USD’000
Interest rate swaps – cash flow hedge	-	469	-	-
Less: non-current portion:	-	-	-	-
Interest rate swaps – cash flow hedges	-	469	-	-

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged items is more than 12 months, and as a current asset or liability if the maturity of the hedged item is less than 12 months.

(a) Interest rate swaps

The Group is exposed to interest rate risk from the Group's floating rate borrowing. The Group's borrowing bears an interest at a margin of 2.35% to 2.85% per annum above the USD LIBOR rate. The Group has entered into an Interest Rate Swap ("IRS") to hedge $82.5m of the Group's borrowings from the volatility in the cash flow that is attributable to variability in the floating interest rate. By entering into the IRS, the Group swapped its floating interest rate payment to a fixed rate. Hence, the hedged item designated is the interest cash flows on the borrowings of $82.5m.

Gains and losses from the interest rate swap contracts were recognized in the hedging reserve in equity and will be continuously released to the income statement when the Group pays the finance cost on a monthly basis, until the full repayment of the Group's $82.5m borrowings.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

18. Dividends

No dividends were declared or paid by the Company during the interim period.

19. Contingent liabilities and capital commitments

At the end of the period, there are no material contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of the Group.

Capital commitments amounting to approximately $0.4m were approved and contracted for the purchase of land and upgrading of plant and machinery in Malaysia.

20. Events after the end of the reporting period

There were no significant events after the end of the reporting period.

21. Material related party transactions

Identities of related parties:

The Group have related party relationships with its joint venture and the following transactions were carried out by the Group during the period:

	31 December 2018 USD'000	**31 December 2017 USD'000**
Sales of goods to jointly controlled entity	116	1,641

22. Statement of Directors' Responsibility

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board ("IASB"); that the condensed consolidated interim financial statements gives a true and fair view of the assets, liabilities, financial position and comprehensive income as required by the Disclosure Guidance and Transparency Rules ("DTR") sourcebook of the United Kingdom's Financial Conduct Authority, paragraph DTR 4.2.4; and that the interim management report herein includes a fair review of the information required by paragraphs DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of consolidated financial information;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The Directors are responsible for the maintenance and integrity of the Company's website. UK legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of PureCircle Limited are listed in the PureCircle Limited Annual Report (pages 42 and 43) for the year ended 30 June 2018; the changes to the Board since 30 June 2018 being the appointment of Rosemarie S. Andolino and Ann Marie Scichili as Independent Non-Executive Directors in September 2018.

Details of all the current Directors of PureCircle Limited are maintained at www.purecircle.com

For and on behalf of the Directors:

Magomet Malsagov	Rakesh Sinha
CEO	CFO

11 March 2019

Independent review report to PureCircle Limited

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed PureCircle Limited's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of PureCircle Limited for the six month period ended 31 December 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 31 December 2018;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results for the six month period ended 31 December 2018 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results for the six month period ended 31 December 2018, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results for the six month period ended 31 December 2018 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results for the six month period ended 31 December 2018 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results for the six month period ended 31 December 2018 considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
11 March 2019

Shareholder Information

Internet

Investors and corporate stakeholders
www.purecircle.com

Health professionals, customers, policy makers, consumers
www.globalsteviainstitute.com

Investors Relations

Requests for copies of the annual reports published in 2017 and previous years or other investor relations matters should be addressed to PureCircle office: ir@purecircle.com

Share Registrar

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