ZAGRO ASIA LIMITED
(Co Reg. No.: 199406784D)

Half Year Financial Statement And Dividend Announcement for the Period Ended 30/06/14

PART I-INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	30/06/2014 $'000	30/06/2013 $'000	Change
Turnover	69,501	72,699	-4%
Cost of sales	(55,314)	(56,923)	-3%
Gross profit	14,187	15,776	-10%
Other revenue	556	509	9%
Selling and marketing expenses	(5,450)	(5,837)	-7%
Administrative expenses	(2,403)	(2,373)	1%
Other operating expenses, net	(2,700)	(1,487)	82%
Operating profit	4,190	6,588	-36%
Interest income	173	174	-1%
Interest expense	(329)	(164)	101%
Share of results of associate	(1)	(1)	0%
Profit before tax	4,033	6,597	-39%
Taxation	(692)	(1,067)	-35%
Profit after tax	3,341	5,530	-40%
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement gains on defined benefit plans, net of tax	29	-	N.M
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation (loss)/ gain	(203)	129	N.M
Fair value gain/(loss) on available for sales financial assets	14	(49)	N.M
Other comprehensive (loss)/ income for the financial period, net of tax	(160)	80	N.M
Total comprehensive income for the financial period	3,181	5,610	-43%
Profit attributable to :			
Equity holders of the Company	3,341	5,530	-40%
Total comprehensive income attributable to :			
Equity holders of the Company	3,181	5,610	-43%

N.M: Not meaningful

(I) Operating profit is stated after charging/(crediting):-

Amortisation of intangible assets	53	59
Depreciation of property, plant and equipment	842	671
Exchange loss/ (gain)	24	(179)
Fair value loss on biological assets	11	-
Gain on disposal of property, plant and equipment	(23)	(4)
Impairment of intangible asset	108	122
Inventories written-down	233	286
Inventories written off	-	115
Net fair value loss/ (gain) on derivatives	19	(201)
Reversal of write-down of inventories	-	(476)
(Reversal)/ Impairment of doubtful trade receivables	(43)	29

(II) Taxation

(II) Taxation includes adjustment for prior years as follows:		
Overprovision in respect of current tax	92	-
(Underprovision)/ overprovision in respect of deferred tax	(2)	1

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	22,492	22,470	-	-
Biological assets	-	45	-	-
Intangible assets	6,874	711	-	-
Investment in subsidiaries	-	-	22,012	21,635
Investment in associates	-	-		
Deferred tax assets	623	536	-	-
	29,989	**23,762**	**22,012**	**21,635**
Current assets				
Related companies balances	-	-	6,148	2,198
Trade and other receivables	30,843	23,024	4	14
Inventories	42,136	31,824	-	-
Derivatives	-	16	-	-
Other investments	3,332	4,063	-	-
Cash and short-term deposits	22,897	32,008	6,314	8,038
	99,208	**90,935**	**12,466**	**10,250**
Current liabilities				
Trade and other payables	21,993	16,685	345	357
Bank overdrafts	3,102	248	-	-
Loans and borrowings	13,776	12,076	-	-
Derivatives	11	-	-	-
Provision for taxation	1,241	1,521	60	61
	40,123	**30,530**	**405**	**418**
Net current assets	**59,085**	**60,405**	**12,061**	**9,832**
Non-current liabilities				
Deferred tax liabilities	487	486	-	-
Loans and borrowings	2,578	-	-	-
Long term liabilities	1,735	-	-	-
NET ASSETS	**84,274**	**83,681**	**34,073**	**31,467**
Equity attributable to equity holders of the Company				
Share capital	30,026	30,026	30,026	30,026
Reserves	54,248	53,655	4,047	1,441
Total Equity	**84,274**	**83,681**	**34,073**	**31,467**

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

	Group			
	As at 30/06/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	5,485	11,393	3,776	8,548

Details of any collateral

Bank borrowings by a subsidiary amounting to $847,000 (2013: $1,630,000) are secured against corporate guarantees given by the Company. $1,720,000 (2013: $2,141,000) are secured by a subsidiary's Title Deed. $2,918,000 (2013: $Nil) are secured by a floating charge over the assets of a subsidiary.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	30/06/2014 $'000	30/06/2013 $'000
Cash flows from operating activities:		
Operating profit before taxation	4,033	6,597
Adjustments for :-		
Amortisation of intangible assets	53	59
Depreciation of property, plant and equipment	842	671
Fairv value loss on biological assets	11	-
Gain on disposal of property, plant and equipment	(23)	(4)
Net fair value loss/ (gain) on derivatives	19	(201)
Net fair value gain on other investment	(14)	-
Interest income	(173)	(174)
Interest expense	329	164
Inventories written off	-	115
Impairment of intangible asset	108	122
(Write-back)/ impairment for doubtful trade receivables	(43)	29
Provision/ (reversal) of write-down of inventories	233	(190)
Share of associates losses	1	1
Operating profit before working capital changes	**5,376**	**7,189**
Decrease in biological assets	34	-
Increase in trade and other receivables	(5,508)	(7,944)
Decrease/ (increase) in inventories	172	(795)
(Decrease)/ increase in trade and other payables	(972)	5,080
Cash flows (used in)/ from operating activities	**(898)**	**3,530**
Interest income received	166	108
Interest expense paid	(307)	(137)
Income tax paid	(906)	(1,160)
Effect of changes in exchange rates	(96)	14
Net cash flows (used in)/ from operating activities	**(2,041)**	**2,355**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(677)	(1,890)
Proceeds from disposal of property, plant and equipment	23	7
Proceeds from other investments	750	-
Addition in intangible assets	(21)	(52)
Net cash outflow on acquisition of a subsidiary	(8,669)	-
Purchase of other investments	-	(1,760)
Investment in associates	-	(23)
Net cash flows used in investing activities	**(8,594)**	**(3,718)**
Cash flows from financing activities:		
Net proceeds/(repayment) of loans and borrowings	-	1,908
Proceeds from loan and borrowings	10,019	-
Repayment from loans and borrowings	(8,761)	-
Dividends paid on ordinary shares	(2,588)	(2,588)
Net cash flows used in financing activities	**(1,330)**	**(680)**
Net decrease in cash and cash equivalents	(11,965)	(2,043)
Effect of changes in exchange rates	-	2
Cash and cash equivalents at beginning of period	31,760	24,435
Cash and cash equivalents at end of period	**19,795**	**22,394**
Cash and short-term deposits comprises:		
- Fixed deposits	7,240	11,211
- Cash and bank balances	15,657	12,151
	22,897	23,362
Bank overdrafts	(3,102)	(968)
Cash and cash equivalents:	19,795	22,394

1(d)(i) **A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share capital $'000	Capital reserve* $'000	Foreign currency revaluation reserve $'000	Fair value adjustment reserve** $'000	Revenue reserve $'000	Total reserve $'000	Total equity $'000
Balance at 1 January 2014	30,026	(295)	(3,108)	26	57,032	53,655	83,681
Total comprehensive income for the period	-	-	(203)	43	3,341	3,181	3,181
Exercise of employee share option	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(2,588)	(2,588)	(2,588)
Balance at 30 June 2013	30,026	(295)	(3,311)	69	57,785	54,248	84,274
Balance at 1 January 2013	30,026	(295)	(2,103)	18	49,620	47,240	77,266
Total comprehensive income for the period	-	-	129	(49)	5,530	5,610	5,610
Exercise of employee share option	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(2,588)	(2,588)	(2,588)
Balance at 30 June 2013	30,026	(295)	(1,974)	(31)	52,562	50,262	80,288

Company	Share capital $'000	Capital reserve* $'000	Revenue reserve $'000	Total reserve $'000	Total equity $'000
Balance at 1 January 2014	30,026	2	1,439	1,441	31,467
Total comprehensive income for the period	-	-	5,194	5,194	5,194
Dividends paid	-	-	(2,588)	(2,588)	(2,588)
Balance at 30 June 2014	30,026	2	4,045	4,047	34,073
Balance at 1 January 2013	30,026	2	3,553	3,555	33,581
Total comprehensive income for the period	-	-	440	440	440
Exercise of employee share option	-	-	-	-	-
Dividends paid	-	-	(2,588)	(2,588)	(2,588)
Balance at 30 June 2013	30,026	2	1,405	1,407	31,433

* Capital reserves include employee share options reserves

** Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets, defined benefit plans and biological assets

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Please refer to the statement of changes in equity for movement.

As at 30 June 2014, unexercised share options granted under the Zagro Employees' Share Option Scheme were Nil shares (30 June 2013 : 20,000 shares).

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.**

The total number of issued shares excluding treasury shares as at the end of the current financial period was 258,772,238 shares (31 December 2013: 258,772,238 shares).

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

2 **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the latest audited annual financial statements for the financial year ended 31 December 2013 except as described in Section 5 below.

5 **If there is any changes in the accounting polices and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised Singapore Financial Reporting Standard ("FRSs") that are mandatory for the financial year beginning on or after 1 January 2014, where applicable. The adoption of these standards has no significant impact on the Group.

6 **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	30/06/2014	30/06/2013
	Cents	Cents
Earnings per share		
(Based on net profit after tax attributable to members of the Company)		
-- on weighted average number of shares	1.29	2.14
-- on fully diluted basis	1.29	2.14

	Group	
	30/06/2014	30/06/2013
	('000)	('000)
Number of ordinary shares used in calculation		
-- on weighted average number of shares	258,772	258,772
-- on fully diluted basis	258,772	258,777

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding the treasury capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/06/2013	31/12/2013	30/06/2014	31/12/2013
	Cents	Cents	Cents	Cents
Net asset value per share (Based on net assets attributable to members of the Company) -- Issued on share capital at respective end of period/year	32.57	32.34	13.17	12.16

	Group		Company	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
	('000)	('000)	('000)	('000)
Number of ordinary shares at period/year end	258,772	258,772	258,772	258,772

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The first half year was affected by volatile weather conditions and stronger competitive pricing in certain markets especially in the crop care businesses

The increase in total expenses by 10% was mainly due to exchange loss and the addition of a new subsidiary.

Net funds in the bank decreased due to the acquisition of subsidiary and funding for working capital.

Goodwill arising from the acquisition of subsidiary S$6.023 million is stated on initial recognition and comprises the value of strengthening the Group's market position in the Asia pacific region, improved resilience to sector specific volatilities, and cost reduction synergies expected to arise from the acquisition.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group operates in an environment of unpredictable climatic conditions and disease outbreaks and tightening of regulatory rules.
With our wide product range and market presence, we hope to be able to mitigate these challenges and to remain resilient in our performance.

11 **Dividend**

(a) Current Financial Period Reported On
Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared/recommended for the current financial period reported on or for the corresponding period of the immediately preceding financial year.

13 Aggregate value of the Interested Person Transactions conducted during the period ended 30 June 2014 pursuant to Rule 920(a)(ii) of the Listing Manual

Not applicable

14 Negative assurance confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the half year ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
POH BENG SWEE
CHAIRMAN
12 August 2014