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

ZAGRO
In Agrisolutions
Since 1953

Half Year Financial Statement And Dividend Announcement for the Period Ended 30/06/15

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		
	30/06/2015 $'000	30/06/2014 $'000	Change
Turnover	74,580	69,501	7%
Cost of sales	(56,781)	(55,314)	3%
Gross profit	17,799	14,187	25%
Other revenue	444	556	-20%
Selling and marketing expenses	(7,077)	(5,573)	27%
Administrative expenses	(2,597)	(2,403)	8%
Other operating expenses, net	(3,380)	(2,577)	31%
Operating profit	5,189	4,190	24%
Interest income	128	173	-26%
Interest expense	(385)	(329)	17%
Share of results of associate	-	(1)	-100%
Profit before tax	4,932	4,033	22%
Taxation	(1,006)	(692)	45%
Profit after tax	3,926	3,341	18%
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	(513)	(203)	153%
Fair value gain/(loss) on available for sales financial assets	(7)	14	-150%
Other comprehensive (loss)/ income for the financial period, net of tax	(520)	(160)	225%
Total comprehensive income for the financial period	3,406	3,181	7%
Profit attributable to :			
Equity holders of the Company	3,927	3,341	18%
Non-controlling interests	(1)	-	N.M
Total comprehensive income attributable to :			
Equity holders of the Company	3,425	3,181	8%
Non-controlling interests	(19)	0	N.M

N.M: Not meaningful

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

Amortisation of intangible assets	59	53
Depreciation of property, plant and equipment	944	842
Exchange loss	508	24
Fair value loss on biological assets	-	11
Gain on disposal of property, plant and equipment	(24)	(23)
Impairment of intangible asset	-	108
Inventories written-down	288	233
Inventories written off	50	-
Net fair value loss/ (gain) on derivatives	15	19
Impairment/(Reversal) of doubtful trade receivables	13	(43)

(II) Taxation

(II) Taxation includes adjustment for prior years as follows:		
(Underprovision)/ overprovision in respect of current tax	(42)	92
(Underprovision)/ overprovision in respect of deferred tax	-	(2)

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	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	23,295	23,782	-	-
Biological assets	-	19	-	-
Intangible assets	8,305	8,359	-	-
Investment in subsidiaries	-	-	25,556	25,556
Other investment	26	26	-	-
Deferred tax assets	665	762	-	-
	32,291	**32,948**	**25,556**	**25,556**
Current assets				
Related companies balances	-	-	3,880	1,568
Trade and other receivables	31,583	31,330	10	8
Inventories	35,985	36,765	-	-
Derivatives	-	-	-	-
Other investments	2,269	3,276	-	-
Cash and short-term deposits	27,976	28,447	7,598	7,750
	97,813	**99,818**	**11,488**	**9,326**
Current liabilities				
Trade and other payables	21,711	19,180	358	350
Deferred liabilities	-	948	-	-
Bank overdrafts	291	226	-	-
Loans and borrowings	12,028	16,660	-	-
Derivatives	21	13	-	-
Provision for taxation	1,299	1,391	217	218
	35,350	**38,418**	**575**	**568**
Net current assets	**62,463**	**61,400**	**10,913**	**8,758**
Non-current liabilities				
Deferred tax liabilities	1,506	1,514	-	-
Deferred liabilities	592	664	-	-
Loans and borrowings	2,334	2,583	-	-
Long term liabilities	717	800	-	-
NET ASSETS	**89,605**	**88,787**	**36,469**	**34,314**
Equity attributable to equity holders of the Company				
Share capital	30,026	30,026	30,026	30,026
Reserves	59,450	58,613	6,443	4,288
	89,476	88,639	36,469	34,314
Non-controlling interests	129	148	-	-
Total Equity	**89,605**	**88,787**	**36,469**	**34,314**

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 30/06/2015		As at 31/12/2014	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	3,660	8,659	6,870	10,016

Details of any collateral

Bank borrowings by a subsidiary amounting to $1,556,000 (2014: $1,742,000) are secured against corporate guarantees given by the Company. $641,000 (2014: $1,594,000) are secured by a subsidiary's Title Deed. $1,463,000 (2014: $3,534,000) 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	
	30/06/2015 $'000	30/06/2014 $'000
Cash flows from operating activities:		
Operating profit before taxation	4,932	4,033
Adjustments for :-		
Amortisation of intangible assets	59	53
Depreciation of property, plant and equipment	944	842
Fairv value loss on biological assets	-	11
Gain on disposal of property, plant and equipment	(24)	(23)
Net fair value loss on derivatives	15	19
Net fair value gain on other investment	(12)	(14)
Interest income	(128)	(173)
Interest expense	385	329
Inventories written off	50	-
Impairment of intangible asset	-	108
(Write-back)/ impairment for doubtful trade receivables	13	(43)
Provision/ (reversal) of write-down of inventories	288	233
Share of associates losses	-	1
Operating profit before working capital changes	**6,522**	**5,376**
Decrease in biological assets	19	34
Increase in trade and other receivables	(244)	(5,508)
Decrease in inventories	493	172
Increase/ (decrease) in trade and other payables	2,246	(972)
Cash flows from/ (used in) operating activities	**9,036**	**(898)**
Interest income received	118	166
Interest expense paid	(258)	(307)
Income tax paid	(1,013)	(906)
Effect of changes in exchange rates	(1,413)	(96)
Net cash flows from/ (used in) operating activities	**6,470**	**(2,041)**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(598)	(677)
Proceeds from disposal of property, plant and equipment	63	23
Proceeds from other investments	1,017	750
Addition in intangible assets	(73)	(21)
Second tranche investment in a subsidiary	(946)	-
Net cash outflow on acquisition of a subsidiary	-	(8,669)
Purchase of other investments	-	-
Investment in associates	-	-
Net cash flows from/ (used in) investing activities	**(537)**	**(8,594)**
Cash flows from financing activities:		
Proceeds from loan and borrowings	11,253	10,019
Repayment from loans and borrowings	(15,134)	(8,761)
Dividends paid on ordinary shares	(2,588)	(2,588)
Net cash flows used in financing activities	**(6,469)**	**(1,330)**
Net decrease in cash and cash equivalents	(536)	(11,965)
Effect of changes in exchange rates	-	-
Cash and cash equivalents at beginning of period	28,221	31,760
Cash and cash equivalents at end of period	**27,685**	**19,795**
Cash and short-term deposits comprises:		
- Fixed deposits	9,985	7,240
- Cash and bank balances	17,991	15,657
	27,976	22,897
Bank overdrafts	(291)	(3,102)
Cash and cash equivalents:	27,685	19,795

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	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2015	30,026	(297)	(2,795)	10	61,695	58,613	148	88,787
Total comprehensive income for the period	-	-	(495)	(7)	3,927	3,425	(19)	3,406
Exercise of employee share option	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(2,588)	(2,588)	-	(2,588)
Balance at 30 June 2015	30,026	(297)	(3,290)	3	63,034	59,450	129	89,605
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 2014	30,026	(295)	(3,311)	69	57,785	54,248	-	84,274

Company	Share capital $'000	Capital reserve* $'000	Revenue reserve $'000	Total reserve $'000	Total equity $'000
Balance at 1 January 2015	30,026	-	4,288	4,288	34,314
Total comprehensive income for the period	-	-	4,743	4,743	4,743
Dividends paid	-	-	(2,588)	(2,588)	(2,588)
Balance at 30 June 2015	30,026	-	6,443	6,443	36,469
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
Exercise of employee share option	-	-	-	-	-
Dividends paid	-	-	(2,588)	(2,588)	(2,588)
Balance at 30 June 2014	30,026	2	4,045	4,047	34,073

* 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.**

Not applicable.

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 2014: 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 2014 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 2015, 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	
	30/06/2015	30/06/2014
	Cents	Cents
Earnings per share (Based on net profit after tax attributable to members of the Company)		
-- on weighted average number of shares	1.52	1.29
-- on fully diluted basis	1.52	1.29

	Group	
	30/06/2015	30/06/2014
	('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	258,772

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	
	30/06/2015 Cents	31/12/2014 Cents	30/06/2015 Cents	31/12/2014 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	34.58	34.26	14.09	13.26

	Group		Company	
	30/06/2015 ('000)	31/12/2014 ('000)	30/06/2015 ('000)	31/12/2014 ('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 increase in turnover was mainly due to the new subsidiaries in New Zealand and Australia.

Overall, most markets had improved gross margins as purchasing costs came down due to over-supply situation.

Royalty fee from a licensing arrangement with a distributor stopped since June 2014 as the group decided to do direct on its own, resulting in lower other revenue.

The increase in total expenses by 24% was also due to the new subsidiaries, which started near the second half of FY 2014.

Initial loans to support the two new markets in New Zealand and Australia had resulted in high unrealised exchange loss as their currencies faced much volatility during the year.

Foreign currency translation loss was mainly due to the weakening of the Ringgit.

Intangible assets arising from the acquisition of a subsidiary last year will be subject to impairment review at the end of the year.

The current deferred liability was settled when a second tranche payment was made for the subsidiary acquired in last year.

Net funds in the bank increased due to profitable operations and reasonably managed working capital.

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 a wider geographical presence, the Group's performance will also be more susceptible to currency movements.

Besides slow organic growth, we are continually searching for acquisitions that can add value to sustainable growth.

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 2015 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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
POH BENG SWEE
CHAIRMAN
12 August 2015