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

Full Year Financial Statement And Dividend Announcement for the Year Ended 31/12/2014

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

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

	Group		
	31/12/2014 $'000	31/12/2013 $'000	Change
Turnover	153,494	138,110	11%
Cost of sales	(120,600)	(107,691)	12%
Gross profit	32,894	30,419	8%
Other revenue	1,299	1,633	-20%
Selling and marketing expenses	(13,786)	(11,079)	24%
Administrative expenses	(5,098)	(4,893)	4%
Other operating expenses, net	(5,764)	(4,315)	34%
Operating profit	9,545	11,765	-19%
Interest income	227	415	-45%
Interest expense	(764)	(431)	77%
Share of results of associate	(1)	-	N.M
Profit before tax	9,007	11,749	-23%
Taxation	(1,783)	(1,749)	2%
	7,224	10,000	-28%
Profit/ (Loss) attributable to :			
Equity holders of the Company	7,228	10,000	-28%
Non-controlling interests	(4)	-	N.M
Profit for the year	7,224	10,000	
Other comprehensive income/(expenses):			
Items that will not be reclassified to profit or loss			
Remeasurement gains on defined benefit plans, net of tax	11	10	N.M
	11	10	
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	320	(1,005)	-132%
Fair value loss on available for sales financial assets	(6)	(2)	N.M
	314	(1,007)	
Other comprehensive income for the year, net of tax	325	(997)	-133%
Total comprehensive income for the year	7,549	9,003	-16%
Total comprehensive income attributable to :			
Equity holders of the Company	7,553	9,003	-16%
Non-controlling interests	(4)	-	N.M

N.M: Not meaningful

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

Amortisation of intangible assets	110	118
Bad debts written off		
- trade	18	51
Depreciation of property, plant and equipment	1,768	1,348
Exchange (gain)/ loss	(42)	11
Fair value loss on biological assets	11	-
Loss/ (gain) on disposal of property, plant and equipment	20	(34)
Impairment for doubtful debts		
- trade	131	15
Impairment of intangible assets	108	245
Provision/ (reversal) of write-down of inventories	306	(85)
Inventories written off	471	118
Net fair value loss/ (gain) on derivatives	22	(7)

(II) Taxation

(II) Taxation includes adjustment for prior years as follows:		
Underprovision/ (overprovision) in respect of current tax	108	(364)
Overprovision in respect of deferred tax	(26)	(44)

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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	23,782	22,470	-	-
Biological assets	19	45	-	-
Intangible assets	7,584	711	-	-
Investment in subsidiaries	-	-	25,556	21,635
Other investments	26	20	-	-
Deferred tax assets	762	536	-	-
	32,173	**23,782**	**25,556**	**21,635**
Current assets				
Related companies balances	-	-	1,568	2,198
Trade and other receivables	31,656	23,024	8	14
Inventories	36,861	31,824	-	-
Derivatives	-	16	-	-
Other investments	3,276	4,043	-	-
Cash and bank balances	28,447	32,008	7,750	8,038
	100,240	**90,915**	**9,326**	**10,250**
Current liabilities				
Trade and other payables	19,602	16,685	350	357
Bank overdrafts	226	248	-	-
Loans and borrowings	16,660	12,076	-	-
Deferred liabilities	948	-	-	-
Derivatives	13	-	-	-
Provision for taxation	1,391	1,521	218	61
	38,840	**30,530**	**568**	**418**
Net current assets	**61,400**	**60,385**	**8,758**	**9,832**
Non-current liabilities				
Deferred tax liabilities	529	486	-	-
Loans and borrowings	2,583	-	-	-
Deferred liabilities	867	-	-	-
Long term liabilities	800	-	-	-
NET ASSETS	**88,794**	**83,681**	**34,314**	**31,467**
Equity attibutable to equity holders of the Company				
Share capital	30,026	30,026	30,026	30,026
Reserves	58,620	53,655	4,288	1,441
	88,646	83,681	34,314	31,467
Non-controlling interests	148	-	-	-
Total Equity	**88,794**	**83,681**	**34,314**	**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 31/12/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	6,870	10,016	3,776	8,548

Details of any collateral

Bank borrowings by a subsidiary amounting to $1,742,000 (2013: $1,630,000) are secured against corporate guarantees given by the Company. $1,594,000 (2013: $2,141,000) are secured by a subsidiary's Title Deed. $3,534,000 (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	
	31/12/2014	31/12/2013
	$'000	$'000
Cash flows from operating activities:		
Operating profit before taxation	9,007	11,749
Adjustments for -		
Amortisation of intangible assets	110	118
Bad debts written off		
- trade	18	51
Depreciation of property, plant and equipment	1,768	1,348
Gain on disposal of property, plant and equipment	20	(34)
Fair value loss on biological assets	11	-
Net fair value gain on derivatives	22	(7)
Interest income	(227)	(415)
Interest expense	764	431
Inventories written off	471	118
Impairment of intangible assets	108	245
Impairment for doubtful debts		
- trade	131	15
Provision/ (reversal) write-down of inventories	306	(85)
Share of results of associate	1	-
Operating profit before working capital changes	**12,510**	**13,534**
Decrease in biological assets	15	-
(Increase)/ decrease in trade and other receivables	(6,587)	1,575
Decrease/ (increase) in inventories	4,884	(3,319)
(Decrease)/ increase in trade and other payables	(2,508)	808
Cash generated by operating activities	**8,314**	**12,598**
Interest income received	293	423
Interest expense paid	(720)	(439)
Income tax paid	(1,944)	(1,805)
Effect of exchange rate changes	205	(899)
Net cash flows from operating activities	**6,148**	**9,878**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,765)	(4,589)
Purchase of biological assets	-	(45)
Purchase of other investments	-	(1,758)
Proceeds from other investments	750	2,024
Proceeds from sale of property, plant and equipment	45	56
Addition in intangible assets	(811)	(103)
Net cash outflow on acquisition of a subsidiary	(8,669)	-
Incorporation of subsidiary with non-controlling interests	152	-
Investment in associate	-	(20)
Net cash flows used in investing activities	**(11,298)**	**(4,435)**
Cash flows from financing activities:		
Proceeds from loan and borrowings	25,052	21,532
Repayment of loan and borrowings	(20,853)	(17,062)
Dividends paid on ordinary shares	(2,588)	(2,588)
Net cash flows from financing activities	**1,611**	**1,882**
Net (decrease)/ increase in cash and cash equivalents	(3,539)	7,325
Cash and cash equivalents at beginning of year	31,760	24,435
Cash and cash equivalents at end of year	**28,221**	**31,760**
Cash and cash equivalents comprise :		
Fixed deposits	7,134	16,324
Cash and bank balances	21,313	15,684
Bank overdrafts	(226)	(248)
	28,221	31,760

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 interests $'000	Total equity $'000
Balance at 1 January 2014	30,026	(295)	(3,108)	16	57,042	53,655		83,681
Total comprehensive income for the year	-	-	320	(6)	7,239	7,553	(4)	7,549
Incorporation of subsidiary with non-controlling interests	-	-	-	-	-	-	152	152
Expiry/forfeiture of employee share options	-	(2)	-	-	2	-	-	-
Dividend paid	-	-	-	-	(2,588)	(2,588)	-	(2,588)
Balance at 31 December 2014	30,026	(297)	(2,788)	10	61,695	58,620	148	88,794
Balance at 1 January 2013	30,026	(295)	(2,103)	18	49,620	47,240	-	77,266
Total comprehensive income for the year	-	-	(1,005)	(2)	10,010	9,003	-	9,003
Dividend paid	-	-	-	-	(2,588)	(2,588)	-	(2,588)
Balance at 31 December 2013	30,026	(295)	(3,108)	16	57,042	53,655	-	83,681

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
Expiry of employee share options	-	(2)	2	-	-
Total comprehensive income for the year	-	-	5,435	5,435	5,435
Dividend paid	-	-	(2,588)	(2,588)	(2,588)
Balance at 31 December 2014	30,026	-	4,288	4,288	34,314
Balance at 1 January 2013	30,026	2	3,553	3,555	33,581
Exercise of employee share options	-	-	-	-	-
Total comprehensive income for the year	-	-	474	474	474
Dividend paid	-	-	(2,588)	(2,588)	(2,588)
Balance at 31 December 2013	30,026	2	1,439	1,441	31,467

* Capital reserves include employee share options reserves

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

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 31 December 2014, unexercised share options granted under the Zagro Employees' Share Option Scheme were Nil shares (31 December 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.**

Except as disclosed in Note 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2013.

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 and the Company adopted all the new and revised Singapore Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014, where applicable. The adoption of these standards does not have a material impact on the financial statements of the Group and of the Company as at 1 January 2014.

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	
	31/12/2014 cents	31/12/2013 cents
Earnings per share (Based on net profit after tax attributable to members of the Company)		
-- on weighted average number of shares	2.79	3.86
-- on fully diluted basis	2.79	3.86

	Group	
	31/12/2014 ('000)	31/12/2013 ('000)
Number of ordinary shares used in calculation		
-- on weighted average number of shares	258,772	258,751
-- on fully diluted basis	258,772	258,757

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

	Group		Company	
Net asset value per share	31/12/2014 cents	31/12/2013 cents	31/12/2014 cents	31/12/2013 cents
(Based on net assets attributable to members of the Company)				
-- Issued on share capital at respective end of year	34.26	32.34	13.26	12.16
Number of ordinary shares at year end ('000)	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; and

(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 investments in New Zealand and Australia in the middle of FY2014 contributed to the overall increase in turnover and gross profit. This had cushioned the reduced turnover and gross profitability in the South East Asian markets which were affected by volatile weather conditions and stronger competitive pricing, especially in the crop care business segments.

Reduction in other revenue was due to lower royalty income and indent commission.

Total expenses increased by 24% to S$25.2m. This was mainly due to the new subsidiaries in New Zealand and Australia.

The Singapore dollar retreated slightly, as compared to the the significant strengthening in FY2013, resulting in a translation gain for the foreign subsidiaries equities.

The Group continued to be profitable and generated positive cash flow from the operations. It also invested quite substantially for growth in the future, resulting in a net cash outflow of $3.5m.

The purchase price for the acquisition of a subsidiary was allocated based on the initial fair values of the intangibles comprising trademarks, product rights, customer contracts and goodwill, amounting to $6.3m. Also included in the intangibles is the purchase of product rights amounting to $0.7m in another new subsidiary.

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.

Adding to this, the currency fluctuations will add another dimension to our businesses in the widening geographical landscape.

We are continually searching and developing new markets that can add value for sustainable growth.

With our wide and expanding product range and market presence, we hope to be able to mitigate challenges and to remain resilient in our performance.

11 **If a decision regarding dividend has been made:-**
(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None

(b)(i) Amount per share for interim dividend	None
(ii) Amount per share for final dividend	1 cent per share
(iii) Previous corresponding period	
(i) Amount per share for interim dividend	None
(ii) Amount per share for final dividend	1 cent per share

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Dividend is tax exempt one-tier. It is not taxable in the hands of shareholders.

(d) The date the dividend is payable.

The final dividend payable will be announced at a later date.

(e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

This will be announced at a later date.

12 **If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13 Segment revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Crop Care	Group Animal Health	Corporate & Others	Total
	$'000	$'000	$'000	$'000
31/12/2014				
Segment revenue	87,010	63,008	3,476	153,494
Segment results	6,317	6,690	(3,462)	9,545
Interest income				227
Interest expense				(764)
Share of results of associate				(1)
Profit before tax				9,007
Taxation				(1,783)
				7,224
31/12/2013				
Segment revenue	73,124	62,130	2,856	138,110
Segment results	8,028	6,822	(3,085)	11,765
Interest income				415
Interest expense				(431)
Share of results of associate				-
Profit before tax				11,749
Taxation				(1,749)
				10,000

	Asia	Group Others	Total
31/12/2014			
Segment revenue	128,949	24,545	153,494
31/12/2013			
Segment revenue	125,165	12,945	138,110

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

No material changes.

15 A breakdown of sales as follows:-

	Group 31/12/2014 $'000	31/12/2013 $'000	Change
Sales reported for first half year	69,501	72,699	-4%
Operating profit after tax before deducting minority interest reported for first half year	3,341	5,530	-40%
Sales reported for second half year	83,993	65,411	28%
Operating profit after tax before deducting minority interests reported for second half year	3,883	4,470	-13%

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Group 31/12/2014 ($'000)	31/12/2013 ($'000)
Ordinary	2,588	2,588
Preference	-	-
Total	2,588	2,588

17 Aggregate value of the Interested Person Transactions conducted during the year ended 31 December 2014 pursuant to Rule 920(a)(ii) of the Listing Manual

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $ 100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year under review, conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $ 100,000)
None	$ nil	$ nil

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

Pursuant to Rule 704 (13) of the Listing Manual of the Singapore Stock Exchange Securities Trading Limited ***(SGX-ST)***, the Board of **ZAGRO ASIA LIMITED (Company)** confirms that there are no persons occupying managerial position in the Company or its principal subsidiaries who are a relative of a director, chief executive officer or substantial shareholder of the Company as at the close of the financial year ended 31 December 2014.

BY ORDER OF THE BOARD
POH BENG SWEE
CHAIRMAN
26 February 2015