

CEREAL PLANET PLC

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

With Independent Auditor's Report

CEREAL PLANET LLC

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: ASK Investment Limited
ASK Management Limited
Anatoliy Vlasenko

Company Secretary: ASK Secretarial Services Limited

Independent Auditors: Euroglobal S.E.E. Audit Ltd
Chytron 5
1075 Nicosia
Cyprus

Registered office 11 Boumpoulinas Street
1060 Nicosia
Cyprus

Banker: Bank of Cyprus Public Co Limited
ABLV Bank

Registration number: HE 304677

CEREAL PLANET LLC

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of Public Limited Company "CEREAL PLANET" and its subsidiaries (the Group) for the year ended 31 December 2016.

Principal activities

The principal of the Group is the production of cereals (buckwheat, pea, wheat, barley, maize and millet) and mixed fodder, activities using the Group's own equipment. The cereals are packed in the consumer packages under the official trade mark which is used for own products and other goods. The principal activity of the parent Company is the holding of investments.

The Group of Companies has a key client-distributors in large regional and district cities of Ukraine, the sales channels of which are used in the sales of the Group.

The Group's technological equipment enables grain to be fodder for various animals based on millet, canary millet.

Review of current position, future developments and performance of the Group's business

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory by the Board of Directors.

Results

The Group's results for the year are set out on page 7.

Dividends

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Group's Board of Directors as at 31 December 2016 and at the date of this report are presented on page 2. All of them were members of the Board of Directors throughout the year ended 31 December 2016. In accordance with the Company's Articles of Association all directors presently members of the Board continue in office. There were no significant changes in the remuneration of the Board of Directors.

Events after the reporting period

Events after the reporting period are disclosed in note 27 of these consolidated financial statements.

Independent Auditors

The Independent Auditors, Euroglobal S.E.E. Audit Ltd have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.


ASK SECRETARIAL SERVICES LIMITED
By order of the Board of Directors,

ASK Secretarial Services Limited
Secretary

Nicosia, 25 May 2017

CEREAL PLANET LLC

STATEMENT ON MANAGEMENT'S RESPONSIBILITY FOR PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The hereinafter statement, which should be considered together with the description of the duties of independent auditors, included in the below presented auditor's report, is made in order to differentiate between the responsibilities of the management of the Public Limited Company "CEREAL PLANET" (hereinafter referred to as the "Company", or collectively with its subsidiaries as the "Group") and mentioned independent auditors as to the consolidated financial statements.

Management of the Group is responsible for the preparation of the consolidated financial statements that present fairly in all material aspects the consolidated financial position of the Group as at 31 December 2016, financial performance and changes in equity for the year ended 31 December 2016 in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS").

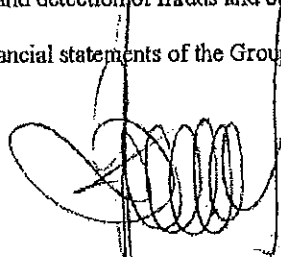
In the course of preparation of the consolidated financial statements the management of the Group is responsible for:

- Selecting and applying appropriate accounting policies;
- Applying reasonable estimates and assumptions;
- Following the corresponding IFRS and disclosure of all material variances in the notes to the financial statements;
- Preparation of the financial statements based on the assumption that the Group will continue as going concern except the cases when such assumption is illegal.

Management is also responsible for:

- Designing, implementing and maintaining the effective and reliable internal control;
- Support of the accounting system which enables to prepare the information concerning the financial position of the Group with an appropriate level of accuracy at any time and guarantee the compliance of the financial statements with the requirements of IFRS;
- Taking measures within one's competence in order to ensure safekeeping of the assets of the Group;
- Prevention and detection of frauds and other abuses.

The consolidated financial statements of the Group as of 31 December 2016 were approved by the management on 25 of May 2017.



Director / Anatoliy Vlasenko

Independent Auditor's Report

To the Members of Cereal Planet Plc Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cereal Planet Plc (the "Company") and its subsidiaries (together with the Company, the "Group"), which are presented in pages xx to xx which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the political and economic changes experienced in Ukraine in recent years. These events have adversely affected the Company's subsidiary/sub-subsidiaries financial results and could continue to exert negative influence over the Company's financial result and financial position in a manner not currently determinable. This uncertainty can have significant impact on the Company's financial result and financial position to the extent not currently determinable. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters which have been communicated in our report are the following significant risk areas:

- Valuation, ownership, completeness and existence of inventory
- Valuation and completeness of accounts receivable
- Valuation and completeness of accounts payable
- Valuation, ownership, completeness and existence of property, plant and equipment

Independent Auditor's Report (continued)

To the Members of Cereal Planet Plc

Our response to the above mentioned key audit matters is summarized below.

Valuation, ownership, completeness and existence of inventory

The audit procedures were designed to challenge the adequacy of the Group's provisions for inventory and included:

- Observation of the inventory count process;
- Performance of ownership tests for the confirmation of rights to the title of inventory;
- Performance of Net Realizable Value (NRV) tests to obtain assurance that inventories are stated at the lower of cost and NRV
- Review of adequacy of the Group's disclosures in the consolidated financial statements

Valuation and completeness of accounts receivable

- The principal audit procedures in relation to this area involved the testing of the Group's controls for completeness and accuracy of accounts receivable, accuracy of account balances, aging of accounts receivable, provisions for impairment and evaluation of the Group's assumptions used in assessing the recoverability of accounts receivable.
- Confirmation of year end balances through the use of third party confirmations
- Review of adequacy of the Group's disclosures in the consolidated financial statements

Valuation and completeness of accounts payable

- The principal audit procedures included the testing of the completeness and accuracy of balances on accounts and reconciliation with counterparties' data including review of accounts payable aging analysis.
- Review of adequacy of the Group's disclosures in the consolidated financial statements

Valuation, ownership, completeness and existence of property, plant and equipment

- Physical inspection of property, plant and equipment
- Recalculation of depreciation in accordance with the Group's accounting policies
- Examination of supporting documentation to verify that the Group has title to property, plant and equipment
- Review of adequacy of the Group's disclosures in the consolidated financial statements

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and in the statement of management's responsibility for the preparation and approval of the consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

To the Members of Cereal Planet Plc

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report (continued)

To the Members of Cereal Planet Plc

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

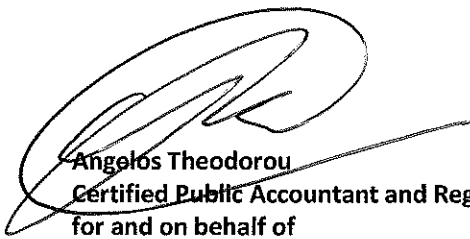
Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion, and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Angelos Theodorou.



Angelos Theodorou
Certified Public Accountant and Registered Auditor
for and on behalf of

Euroglobal S.E.E. Audit Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 25 May 2017

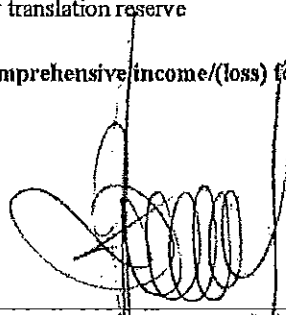
CEREAL PLANET LLC

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2016

(In thousands of EUR, unless otherwise stated)

	Notes	2016	2015
Sales revenue	6	20 492	22 550
Cost of sales	7	(17 732)	(19 305)
Gross profit		2 760	3 245
Administrative expenses	8	(461)	(641)
Selling expenses	9	(1 641)	(2 912)
Other expenses	10	(1 189)	(3 536)
Other income	11	1 087	4 720
Finance expenses	12	(286)	(432)
Profit before taxation		269	444
Income tax	13	(25)	(18)
Net profit		244	426
Other comprehensive income/(loss):			
Currency translation reserve		(160)	(1 338)
Total comprehensive income/(loss) for the year		84	(912)



Director / Anatoliy Vlasenko



ASK MANAGEMENT LIMITED
Director / ASK Management Limited



ASK INVESTMENT LIMITED
Director / ASK Investment Limited

CEREAL PLANET LLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2016

(In thousands of EUR, unless otherwise stated)

	Note	2016	2015
ASSETS			
Non-current assets			
Property plant, and equipment	14	1 591	1 327
Intangible assets	15	51	-
		<u>1 642</u>	<u>1 327</u>
Current assets			
Inventory	16	2 567	2 441
Trade and other receivables	17	2 490	3 565
Prepayments and other current assets	18	2 805	1 814
Cash and cash equivalents	19	651	389
		<u>8 513</u>	<u>8 209</u>
TOTAL ASSETS		<u>10 155</u>	<u>9 536</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	20	53	53
Share premium	21	111	111
Exchange differences on translation to presentation currency		(4 198)	(4 038)
Retained earnings		6 522	6 278
		<u>2 488</u>	<u>2 404</u>
Non-current liabilities			
Deferred tax liabilities	13	3	6
Loans and borrowings	22	-	29
		<u>3</u>	<u>35</u>
Current liabilities			
Loans and borrowings	22	2 215	1 290
Trade payables	23	5 145	5 543
Advances received and other liabilities	24	304	265
		<u>7 664</u>	<u>7 098</u>
TOTAL EQUITY AND LIABILITIES		<u>10 155</u>	<u>9 536</u>

On 25 May 2017, the Board of Directors of Cereal Planet Plc authorized these consolidated financial statements for issue.

 Director / Anatoliy Vlasenko

~~ASK MANAGEMENT LIMITED~~
 Director / ASK Management Limited

~~ASK INVESTMENT LIMITED~~
 Director / ASK Investment Limited

CEREAL PLANET LLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

(In thousands of EUR, unless otherwise stated)

	Note	2016	2015
Cash flows from operating activities			
Profit before tax		269	444
Adjustments for:			
Depreciation of property, plant and equipment	14	86	57
Amortization of intangible asset		26	6
Exchange difference arising on the translation of assets on foreign currencies		(141)	298
Other exchange difference on translation to presentation currency		-	(928)
Interest expense	12	(286)	(432)
Cash flows used in operations before working capital changes		(46)	(555)
Increase in inventories and work in progress		(126)	253
Increase in trade and other receivables		84	(717)
(Decrease)/increase in trade and other payables		(359)	2 318
Cash flows from operations		(447)	1 299
Income tax paid		-	-
Net cash flows from operating activities		(447)	1 299
Cash flows from investing activities			
Net movement in construction in progress			141
Payment for purchase of intangible assets		(77)	-
Net disposal of property, plant and equipment	14	60	162
Payment for purchase of property, plant and equipment	14	(456)	(321)
Net cash flows used in investing activities		(473)	(18)
Cash flows from financing activities			
Proceeds from issue of share capital			-
Obtaining loans and borrowings			-
Repayments of borrowings		1 182	(915)
Net cash flows (used in)/from financing activities		1 182	(915)
Net decrease in cash and cash equivalents		262	366
Cash and cash equivalents:			
At beginning of the year/period		389	23
At end of the year/period	19	651	389

Director / Anatoliy Vlasenko


ASK MANAGEMENT LIMITED

Director / ASK Management Limited


ASK INVESTMENT LIMITED

Director / ASK Investment Limited

CEREAL PLANET LLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

(In thousands of EUR, unless otherwise stated)

	Issued capital (Note 20)	Share premium (Note 21)	Exchange differences on translation to presentation currency	Retained earnings	Total
As at 31 December 2014	53	111	(2 700)	5 852	3 316
Net income/(loss) for the year	-	-	-	426	426
Foreign exchange differences	-	-	(1 338)	-	(1 338)
As at 31 December 2015	53	111	(4 038)	6 278	2 404
Net income/(loss) for the year	-	-	-	244	244
Foreign exchange differences	-	-	(160)	-	(160)
As at 31 December 2016	53	111	(4 198)	6 523	2 488

Share premium is not available for distribution.

Director / Anatoliy Vlasenko

ASK MANAGEMENT LIMITED
Director / ASK Management Limited

ASK INVESTMENT LIMITED
Director / ASK Investment Limited

CEREAL PLANET PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

(In thousands of EUR, unless otherwise stated)

1. Information about the Group and its principal activities

Country of incorporation

The Company Cereal Planet PLC (the "Company") was incorporated in Cyprus on 12 April 2012 as a public company limited by shares under the Cyprus Companies Law, Cap. 113. Its registered office is at Boumpoulinas 11, 3rd floor, 1060, Nicosia, Cyprus.

The Group

These consolidated financial statements also include:

Limited Liability Company "Cereal Ukraine" ("LLC "Cereal Ukraine"), incorporated on 22 August 2012 in accordance with requirements of the Ukrainian legislation and located at the address: 2 Mekhanizatoriv str., Kharkiv 61075.

Limited Liability Company "Olimp" ("LLC "Olimp"), incorporated on 24 July 1998 in accordance with requirements of the Ukrainian legislation and located at the address: 119 Gagarina ave., Kharkiv 61140.

Agrarian Private Firm "Ranok" ("APF "Ranok"), incorporated on 10 June 1999 in accordance with requirements of the Ukrainian legislation and located at the address: 2 Mekhanizatoriv str., Kharkiv 61075 (registered address: 75/59 Mokhnachanska str., Kharkiv).

Limited Liability Company "Selkhozform" ("LLC "Selkhozform"), incorporated on 08 May 2001 in accordance with requirements of the Ukrainian legislation and located at the address: 2 Central lane, Yurchenkove, Vovchanskyi district, Kharkiv region, 62543.

Principal activities

The core activity of the Group is the production of cereals (buckwheat, pea, wheat, barley, maize, and millet) with the Group's own equipment. The cereals are packed in the consumer packages under the official trade mark which is used for own products and other goods. The principal activity of the Company is the holding of investments.

The Group of companies has a trade chain in Kharkov and in the region, subsidiaries in Poltava and Sumy, key clients-distributors in large regional and district cities of Ukraine, the sales channels of which are used for sales of Group owned and other trademarks. The Group is a distributor of such leading manufacturers as Kernel (TM Chumak, Stozhar, Shchedry Dar), Odesskiy Tinned Food Factory (TM Gospodarochka), Lutsk Foods (TM Runa), Soyuzpishcheprom (TM TSAR, Russia).

Groups' technological equipment enables grain to be used in baking, confectionary, and medical fields (flax, rape, coriander, sunflower), and to be used in the preparation of fodder for various animals based on millet, canary millet, rape and oats.

Additionally, the Group has been exporting cereals to CIS countries, Europe, and Asia for over 15 years. The prevalent export items are cereals and grain manufactured by the Group, as well as grain purchased from agricultural companies in bulk, which are exported using the railway and sea transport.

Furthermore, the Group acts as an importer of significant volumes of agricultural products from abroad. The Group imports rice from Pakistan, Vietnam, China and Egypt, as well as cereals, grain crops, flakes, and pasta from the Russian Federation. The experience and long-term presence in this market made it possible to create and permanently expand the circle of partners in various countries of the world, the number of which nowadays exceeds 50 companies, including a large Russian Group "Razgulyai".

2. Group's operating environment

Ukraine has been experiencing substantial politic and economic changes in recent years, and these changes continuously influenced activities of the Group. Currently Ukraine is going through a transitional period to stabilize its political environment and lead to economic growth. Unique combination of natural, intellectual, human and production resources in line with effective and professional government opens plenty of new opportunities for development of the country in geopolitical scale, which is also changing permanently. So, prospects for future economic stability in Ukraine

CEREAL PLANET PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

(In thousands of EUR, unless otherwise stated)

considerably depend upon effective economic steps and reforms together with development of legislation and politics, which are not under the control of the Group. These consolidated financial statements represent current assessment of the management of Ukrainian business environment on activities of the Group. However, the future conditions could differ from this assessment.

3. Accounting policies

3.1 Basis for preparation

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2016 which include the comparative figures of 2015.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared by the consolidation of the historical financial statements of each of the Group's companies, on the basis of the accounting records of these companies.

These consolidated financial statements comprise the consolidated results of activities of the below companies. The consolidated financial statements include balances, income and expenses of the following companies:

- Cereal Planet PLC
- Limited Liability Company "Cereal Ukraine"
- Limited Liability Company "Olimp"
- Agrarian Private Firm "Ranok"
- Limited Liability Company "Selkhozform"

Despite the legal separation, the Group's activities aim to achieve a common mission and goal. The majority of key management personnel is the same across the whole Group.

The Company incorporated the assets and liabilities of the existing entities at their pre-combination carrying amounts without fair value uplift. The pre-combination book values reflect the carrying values in the books of the existing entities. This is on the basis that there is no substantive economic change. In essence, the combination of all entities reflects the results and financial position of the existing business. All it causes is a change in the structure of the Group. No new goodwill is recorded. The difference between the cost of the transaction and the carrying value of the net assets is recorded in equity.

All intra-group transactions, balances and unrealised profit resulting from intra-group transactions are eliminated. Unrealised losses are also eliminated, except in cases where there is clear indication of impairment of the underlying asset. When necessary, adjustments were made to the accounting policies of the subsidiaries in order for them to be in line with the Group's accounting policies.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These consolidated financial statements have been prepared as part of the Group's transition to International Financial Reporting Standards ("IFRS"). Until December 31, 2010 the Group had not prepared financial statements under IFRS, but accordingly to National Accounting Standards that were valid in Ukraine (National GAAPs).

Functional and presentation currency

The Company's functional and presentation currency is the Euro (EUR). The functional currency of each of the Group's Ukrainian entities is the Ukrainian Hryvnya (UAH).

For the convenience of the principal users, the Group's presentation currency was determined to be the Euro. Consolidated financial statements are presented in thousands of EUR.

CEREAL PLANET PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

(In thousands of EUR, unless otherwise stated)

The relevant exchange rates of UAH for EUR used for the conversion to the Group's presentation currency were:

	2016	2015
As at 31 December	28.4226	26.2231
Average	28.2828	24.1653

Going concern assumption

As disclosed in Note 2, in the nearest future the Group will continue to suffer from the effect of the unstable economy in Ukraine. Therefore, there is uncertainty which may affect future operations and the recoverability of the Group's assets, as well as its ability to maintain and repay its liabilities as they fall due.

The consolidated financial statements of the Group have been prepared on the basis of the going concern assumption, which means the recoverability of assets and repayment of liabilities in the course of the normal operating cycle.

3.2 IFRS and interpretations issued but not yet effective

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2016.

The Company has not adopted the following IFRS and Interpretations of IFRS Interpretations Committee published but not yet effective:

- IFRS 9 Financial Instruments - In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent. The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

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Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 15 Revenue from Contracts with Customers - IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

— IAS 7 Disclosure Initiative – Amendments to IAS 7. The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosures provided by the Group.

— IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

— IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2.

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

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On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

– IFRS 16 Leases. IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability

to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

Adoption of these standards and interpretations will not have any material effect on the financial position or performance of the Group. They will however give rise to additional disclosures, including revisions to accounting policies.

3.3. Summary of significant accounting policies

The main principles of accounting policy, which have been adopted in the preparation of this audit consolidated financial information, are set out below. These policies have been applied consistently to all years presented in these consolidated financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on delivery of the goods.

Rendering of services

Revenues from services are recognized when such services are rendered and revenue can be reliably measured.

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Taxes

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised in other comprehensive income is recognised in other comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value-added tax ("VAT") except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is disclosed on the face of the consolidated statement of financial position.

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Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and/or accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalised directly attributable borrowing costs in accordance with early adopted International Financial Reporting Standard IAS 23 Borrowing Costs (Revised), any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Group of property, plant and equipment	Useful life (years)
Buildings	50
Plant and equipment	20
Motor vehicles	10
Other	10

Land is considered to be the asset which has unlimited useful life and is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Low-value items (materiality level - 2,500 UAH) of plant, property and equipment are expensed upon acquisition.

Intangible assets

Software

Costs that are directly associated with identifiable and unique software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintenance of software programs are recognised as an expense when incurred. Software costs are amortised using the straight-line method over their useful lives. The management of the Company decided that the useful economic life of the computer software will be two years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Trademarks

Trademarks are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful-lives. The management of the Company decided that the useful economic life of trademarks will be two years. Amortisation commences when the trademark is available for use and is included within administrative expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Financial instruments

Financial assets

(1) Initial recognition

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investment not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention on the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents as well as loan, trade and other receivables.

(2) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the combined statement cash flows, cash and cash equivalents consist of cash as defined above.

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Loans, trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are carried at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains and losses are recognized as income or expenses when the loans and receivables are derecognized or impaired, as well as through the amortization process.

(3) *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(4) *Impairment*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(5) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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The carrying amount of the asset is directly reduced for credit losses and the amount of the loss is recognised as other operating expenses in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting profit and loss. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Financial liabilities

(1) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

(2) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Trade and other payables

After initial recognition, trade and other payables with fixed maturity are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Interest-bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in net profit or loss when the liabilities are derecognized as well as through the amortization process.

(3) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the combined statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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Share Capital and Premium

Share capital represents the issued amount of shares at their par value. Any excess amount of capital raised is included in share premium.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Inventories

Originally inventories are stated at the lower of cost and net realisable value after making an allowance for any obsolete or slow-moving items. The cost of inventories includes the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. At disposal cost of raw materials, spare parts and goods is determined based on the FIFO method, whereas cost of finished goods is determined based on the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less any estimated costs necessary to make the sale.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit and loss in those expense categories consistent with the function of the impaired asset, except for property, plant and equipment previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Group does not have the assets, for which annual impairment testing is required.

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Foreign currency transactions and translation to presentation currency

(1) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(2) Translation to presentation currency

At each reporting date, the assets and liabilities of each company are translated into the Group's presentation currency at the rate of exchange prevailing at the reporting date. The revenues and expenses for the year or, if shorter, the period of combined of subsidiary in the Group are translated at the exchange rate prevailing at the date of transaction or average exchange rate for the period if it approximates the rate as of the date of transaction. The exchange differences arising on the translation are recognised in other comprehensive income.

Contingent assets and liabilities

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Transactions with related parties

Parties are considered to be related if one party has a possibility of controlling the other party or affecting it considerably in taking financial or operational decisions. This definition of a related party may differ from the one under the legislation of Ukraine.

As defined by IAS 24 "Related party disclosures" related parties represent:

(a) A person or a close member of that person's family is related to a reporting entity if that person; has control or joint control over the reporting entity;

has significant influence over the reporting entity; or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

Both entities are joint ventures of the same third party.

One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

The entity is controlled or jointly controlled by a person identified in (a).

A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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Subsequent events

Events, which took place after the reporting date and prior to the date of approval of financial reports to be issued which provide additional information regarding the financial statements of the Group, are reflected in financial statements. Events that took place after the reporting date and which do not affect financial statements of the Group as at this date are disclosed in the Notes to the consolidated financial statements if these events are significant.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. Financial risks management

Factors of financial risks

The Group is exposed to financial risks, namely, market price risk, interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk, litigation risk, reputation risk and other risks arising from the Group's activities.

The Group's overall risk management programme is concentrated on uncertainties of financial markets and targeted at minimisation of potential negative consequences

The Group's risk management policy is presented below.

4.1. Financial instruments by category

31 December 2016	Available-for-sale financial assets	Fair value through profit or loss	Loans and receivable	Total
Assets as per statement of financial position:				
Trade and other receivables	-	-	2 490	2 490
Prepayments and other current assets	-	-	2 805	2 805
Cash and cash equivalents	-	651	-	651
Total:	-	651	5 295	5 947

31 December 2016	Fair value through profit or loss	Borrowings and other financial liabilities	Total
Liabilities as per statement of financial position:			
Loans and borrowings	-	2 215	2 215
Trade payables	-	5 145	5 145
Advances received and other liabilities	-	303	303
Total:	-	7 663	7 663

31 December 2015	Available-for-sale financial assets	Fair value through profit or loss	Loans and receivable	Total
Assets as per statement of financial position:				
Trade and other receivables	-	-	3 565	3 565
Prepayments and other current assets	-	-	1 814	1 814
Cash and cash equivalents	-	389	-	389
Total:	-	389	5 379	5 768

31 December 2015	Fair value	Borrowings and	Total
Liabilities as per statement of financial position:			
Loans and borrowings	-	2 215	2 215
Trade payables	-	5 145	5 145
Advances received and other liabilities	-	303	303
Total:	-	7 663	7 663

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	through profit or loss	other financial liabilities	
Liabilities as per statement of financial position:			
Loans and borrowings	-	1 319	1 319
Trade payables	-	5 543	5 543
Advances received and other liabilities	-	265	265
Total:	-	7 127	7 127

4.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Market interest rates fluctuations effect the financial position and cash flows of the Group depending whether such change relates to financial assets or financial liabilities.

Most financial assets of the Group are interest free with the exception of cash and cash equivalents that give insignificant finance income because of the low short-term interest rates; the risk of their change is insignificant. Due to this the Group does not expose a significant risk because of market interest rates fluctuations that relate to financial assets.

The following table demonstrates the concentration risk of interest rates of the Group:

	31.12.2016	31.12.2015
Financial liabilities	2 215	1 319

4.3 Foreign currency risk

Currency risk is the risk that the value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates in respect to the national currency. Currency risks arise when future transactions and recognised assets are presented in currency other than presentation currency. The Group faces risk of currency exchange rates fluctuation mainly concerning US Dollars (USD), the Euro (EUR) and the Russian Rouble (RUB). Group's management monitors currency exchange rate permanently and takes necessary actions.

The table below presents carrying value of the monetary assets and monetary liabilities nominated in foreign currency as at the reporting date.

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
USD	1 062	1 743	1 469	42
EUR	158	1	1	-
RUB	10	20	71	427
	1 230	1 763	1 541	469

The following table demonstrates the sensitivity to a reasonably possible change in the corresponding exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

	Increase/ decrease in rate,	Effect on profit or loss before tax
2016		
USD	+10%	(72)
USD	-10%	72
EUR	+10%	17
EUR	-10%	(17)
2015		
USD	+10%	123
USD	-10%	(123)
RUB	+10%	(42)
RUB	-10%	42

In 2016, Group's profit is not sensitive to a reasonably possible change in EURO rates.

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4.4 Market price

The Group is exposed to financial risks, which occur as a result of changes in market prices for foods. The Group does not foresee that the prices for foods will decrease in the near future and thus concluded neither derivative nor any other contracts in order to manage price risks. The Group regularly reviews its price perspectives for foods taking into account the necessity of active financial risks management.

4.5 Credit risk

The Group faces credit risk that is determined as the risk that a contractor will fail to fully pay off the amount of debt at the redemption date. Maximum level of Group's credit risk, in general, is stated in carrying value of financial assets, which is provided in statement of financial position. The influence of possible offsetting of assets and liabilities on the reduction of potential credit risk is insignificant. Provisions for impairment are established for the discharge of losses that may be incurred at the date of statement of financial position (if available).

The Group's policy on credit risk management is aimed at carrying out operations with contractors with a positive reputation and credit history. It is worth stating that the results of world financial crisis had a significant influence on Ukrainian economy that, for one's turn, results in a significant increase of credit risk because of unstable financial conditions of a significant number of contractors.

4.6 Liquidity risk

Liquidity risk is the risk that the Group may face difficulties during the repayment of its financial liabilities. Increase in a risk level may arise when the maturity of assets and liabilities do not match, when the maturity of financial assets exceed the maturity of financial liabilities.

The task of Group's management is to keep the balance between continual financing and sufficient cash and other highly liquid assets, and to keep a proper level of credit liabilities to suppliers and banks. The Group analyses the term of debt and plans its liquidity depending on the anticipated term of liabilities fulfilment.

4.7 Capital management

The Group considers loan capital and authorised/share capital as main sources of equity. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group's policy to manage equity is directed at ensuring and supporting optimal capital structure with a view of decrease in total expenses for raising capital and ensuring flexibility of access of the Group to equity markets.

The Group's management permanently controls the capital structure and can adjust its policy and management capital purposes with a view of changes in operating environment, market trends, and development strategy of the Group. For the years ended 31 December 2016, 2015 and 2014 rules and procedures applied by the Group to manage capital have not changed. The Group controls equity with the leverage that is a result of division of net debts by the amount of equity and net debt. The Group includes loans and borrowings and other payables less cash and cash equivalents.

	2016	2015
Loans and borrowings (note 22)	2 215	1 319
Trade and other payables	5 145	5 543
Advances received and other liabilities	303	265
Cash and cash equivalents (note 19)	651	389
Net debt	8 314	7 516
Equity	2 489	2 404
Equity and net debt	10 803	9 920
Leverage	76.9%	75.8%

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4.8 Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and system management of the Group, and from the human effect and weather conditions. The Group's systems are evaluated, maintained and upgraded continuously.

4.9 Compliance risk

Compliance risk is the risk of financial loss that arises from non-compliance with laws and other regulations.

4.10 Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits.

4.11 Reputation risk

The risk of loss of reputation is the result of the negative publicity relating to the Group's operations (whether true or false) and may result in a reduction of its clients, reduction in revenue and legal cases against the Group.

4.12 Other risk

The general economic environment prevailing in Cyprus, Ukraine and internationally may affect the Group's operations to a great extent. The concepts as inflation, unemployment, and development of gross domestic product are directly linked to the economic course of every country. Any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Group.

5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with the IFRS requires the management to make judgements, estimates and assumptions, which affect the reported amounts of assets and liabilities in the statements, and the disclosure of information about potential assets and liabilities. These estimates are based on the information available as at the date of preparing financial statements. Actual results may differ from current estimates. These estimates are periodically reviewed and if necessary these corrections are reflected in the financial results for the period, in which they have become known.

Judgements

The management of the Group while implementing the accounting policies makes various judgements which could significantly affect the amounts presented in the consolidated financial statements. Major management's judgements, which have material effect on the consolidated financial statements, are presented below.

Doubtful debt allowance for accounts receivable

Doubtful debt allowance for accounts receivable is established on the basis of the Group's estimate for solvency of specific debtors. If there is a decrease in solvency of any large debtor, or actual loss from debtors' non-fulfilment of liabilities exceeds the Group's estimates, actual results may differ from the determined estimates. Accrual (and reversal) of doubtful debt allowance for accounts receivable may be considerable.

Provisions for unused vacation

The management of the Group has decided to provide for unused vacations, since there is a legal obligation to compensate in cash the unused vacations for the employees when certain circumstances occur (e. g. dismissal). The timing of such obligations is uncertain and the amount provided is the management's best estimate of potential expenses necessary to settle the existing liability as at the end of each reporting period.

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Measurement of issued loans at amortised cost

Issued interest-free loans are classified as non-derivative financial assets which have been measured after initial recognition at amortised cost. However, the management is significantly concerned about maturity and payment schedule of the issued loans, since the majority of them are provided to key management personnel. Consequently, all further decisions about prolongation of loan agreements or early repayment of these loans will be made at the ultimate controlling party level and depend on the range of internal and external factors. Such uncertainty about future cash flows does not allow recognizing the amortised cost of these loans correctly. Hence, the receivable balance for the issued interest-free loans is measured at face value rather than at amortised cost.

Taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

Provision for obsolete and slow-moving inventory

The Company reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on Management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

The amount of provision is recognized in profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

6. Sales revenue

	2016	2015
Sales proceeds of finished production	16 379	22 020
Sales of goods	3 657	464
Sales proceeds of services	456	66
	<u>20 492</u>	<u>22 550</u>

7. Cost of sales

	2016	2015
Cost of sales of finished production	15 480	18 453
Cost of goods	2 094	792
Cost of sales of services	158	60
	<u>17 732</u>	<u>19 305</u>

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8. Administrative expenses

	2016	2015
Salary and related charges	107	54
Services banks	49	24
Information and advice	-	261
Repairs	135	37
Mail services and communication	21	14
Auditors' remuneration	4	4
Other professional fees	65	39
Other	79	208
	<u>461</u>	<u>641</u>

9. Selling expenses

	2016	2015
Transportation	1 023	2 010
Salary and related charges	70	61
Marketing costs	14	211
Lease charges	-	-
Customs clearance	26	52
Electric power	-	5
Permission and quality documentation	79	32
Containers and packaging	-	70
Repairs and maintenance	25	37
Other	404	434
	<u>1 641</u>	<u>2 912</u>

10. Other expenses

	2016	2015
Doubtful debts	21	5
Loss of the right to a tax credit	-	-
Fines, penalties	45	15
Other expenses	1 123	3 516
	<u>1 189</u>	<u>3 536</u>

11. Other income

	2016	2015
Net foreign exchange gains	422	2 078
Gain from surpluses found during stocktaking	165	106
Bad and doubtful debts	52	-
Gain from sale of fixed assets and inventories	19	2 172
Trade payables write-off	0	3
Government grants	-	-
Other income	428	361
	<u>1 087</u>	<u>4 720</u>

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12. Finance expenses

	2016	2015
Interest expenses	286	432
	<u>286</u>	<u>432</u>

13. Income tax expenses

	2016	2015
Current income tax expense	28	18
Deferred income tax	(3)	-
	<u>25</u>	<u>18</u>

The corporation tax rate in Cyprus is 12.5% and in Ukraine 18%.

A reconciliation of the tax expense based on the statutory rate with the actual tax expense is as follows:

	2016	%	2015	%
Profit before tax	269	100	444	100
Income tax at the rate applicable in Ukraine	49	18	80	18
Tax effect of non-deductible expenses (income)	(24)		(62)	
Change in tax rate resulted			-	
Income tax benefit	<u>25</u>		<u>18</u>	

As at 31 December 2016 and 2015 Group's deferred taxes were the following:

	2016	Currency translation differences	Change in the expected tax rate	Origin and reversal of temporary differences	2015
Deferred tax asset	-	-	-		-
Advances received	-	-	-		-
Provision for unused vacations	-	-	-		-
Provision for trade and other receivable	-	-	-		-
Deferred tax liability	(3)	-	-		(6)
Property, plant and equipment	-	-	-		-
Provision for unused vacations	-	-	-		(2)
Provision for trade and other receivable	<u>(3)</u>	-	-		<u>(4)</u>
	<u>(3)</u>	-	-		<u>(6)</u>

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	2015	Currency translation differences	Change in the expected tax rate	Origin and reversal of temporary differences	2014
Deferred tax asset	-	-	-	-	-
Advances received	-	-	-	-	-
Provision for unused vacations	-	-	-	-	-
Provision for trade and other receivable	-	-	-	-	-
Deferred tax liability	(6)				(9)
Property, plant and equipment	-	-	-	-	-
Provision for unused vacations	(2)	-	-	-	(3)
Provision for trade and other receivable	(4)	-	-	-	(6)
	(6)				(9)

In the Consolidated Statement of Financial Position deferred taxes were as follows:

	2016	2015
Deferred tax asset	-	-
Deferred tax liability	(3)	(6)
	(3)	(6)

14. Property, plant and equipment and construction in process

	2016	2015
Property, plant, and equipment	1 391	1 167
Construction in process	200	160
	1 591	1 327

In the Consolidated Statement of Financial Position property, plant and equipment were as follows:

	Buildings	Plant and equipment	Vehicles	Other PPE	Total
<i>Cost or deemed cost</i>					
As of 31 December 2014	404	946	152	46	1 548
Additions	2	315	4	-	321
Disposals	-	(57)	(119)	(5)	(181)
Currency translation difference	(107)	(200)	(23)	(9)	(339)
As of 31 December 2015	299	1 004	14	32	1 349
Additions	23	414	13	6	456
Disposals	-	(61)	-	(1)	(62)
Currency translation difference	(11)	(73)	(7)	(8)	(99)
As of 31 December 2016	311	1 284	20	29	1 644
<i>Accumulated depreciation</i>					
As of 31 December 2014	46	101	23	15	185
Depreciation for the period	6	48	2	1	57
Disposals	-	(3)	(15)	(1)	(19)
Currency translation difference	(10)	(16)	(6)	(9)	(41)
As of 31 December 2015	42	130	4	6	182

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	Buildings	Plant and equipment	Vehicles	Other PPE	Total
Depreciation for the period	12	73	2	1	88
Disposals	-	(2)	-	-	(2)
Currency translation difference	(4)	(11)	-	-	(15)
As of 31 December 2016	50	190	6	7	253
<i>Net book value</i>					
As of 31 December 2014	359	845	128	31	1 363
As of 31 December 2015	257	874	10	26	1 167
As of 31 December 2016	261	1094	14	22	1 391

The carrying amount of fixed assets that are pledged as a security for the fulfilment of the Group's obligations under loan agreements as of 31 December 2016 amount to EUR 1 445 thousand (2015: EUR 134 thousand).

Revaluation

As at 1 January 2011 the Group carried buildings, plant and equipment and vehicles at fair value determined by accredited independent appraiser.

The fair values of buildings, plant and equipment and vehicles is determined by reference to market based evidence using the comparison and cost methods. This means that valuations performed by the valuer are based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset. The fair value of buildings, plant and equipment and vehicles as deemed cost is recognised at the date of transition to IFRS in accordance with IFRS I. The amount of revaluation adjusted for deferred tax effect of revaluation is transferred to retained earnings on the date of transition.

15. Intangible assets

	2016	2015
Intangible assets:		
at cost	77	28
amortisation	(26)	(28)
	51	-

As of 31 December 2016 the Group's intangible assets consist of copyright and related rights for the software with carrying value amount to EUR 51 thousand.

16. Inventories

	2016	2015
Raw materials	1 597	1 080
Merchandise	202	309
Finished goods	426	792
Construction materials	30	12
Inventory transferred for conversion	55	60
Spare parts	95	68
Other inventory	162	120
	2 567	2 441

The carrying amount of goods that are pledged as a security for the fulfilment of obligations under loan agreements as at 31 December 2016 amount to EUR 1 483 thousand (2015: EUR 134 thousand).

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17. Trade and other receivables

	2016	2015
Trade receivables	1 954	3 521
Provision for doubtful debts	(25)	(20)
Other receivables	561	64
	<u>2 490</u>	<u>3 565</u>

The fair value of trade and other receivables to one year approximately equals to their net book value presented above.

18. Prepayments and other current assets

	2016	2015
Prepayments	1 693	571
Provision for impairment of advances to suppliers	-	(5)
Income tax receivables	10	51
VAT receivables	1082	909
Other taxes receivables	12	48
Other current assets	8	8
Payables to accountable persons	-	232
	<u>2 805</u>	<u>1 814</u>

19. Cash and cash equivalents

	2016	2015
Cash on hand	2	1
Cash at bank	546	268
Cash in transit	103	120
	<u>651</u>	<u>389</u>

20. Share capital

	2016		2015	
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €0,03 each	2.001.000	60	2.001.000	60
Issued and fully paid				
Balance at 1 January	1.780.000	53	1.780.000	53
Balance at 31 December	<u>1.780.000</u>	<u>53</u>	<u>1.780.000</u>	<u>53</u>

Authorised capital

Under its Memorandum the Company fixed its share capital at 2.001.000 ordinary shares of nominal value of €0,03 each.

Issued capital

Upon incorporation on 12 April 2012 the Company issued to the subscribers of its Memorandum of Association 1.740.000 ordinary shares of €0,03 each at par.

On 26 February 2013 the Company issued additional 40.000 shares of nominal value €0,03 each.

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On 8 April 2013 the Board of Directors resolved that up to 260.000 shares be placed at the alternative trading platform "NewConnect" of the Warsaw Stock Exchange. This decision has been approved by an Extraordinary General Meeting held on the 25 April 2013.

During 2016 and 2015 there were no changes in issued capital and in the amount of floated shares.

21. Share premium

	Share premium	Total
Balance at 31 December 2015 / 1 January 2016	111	111
Issue of shares	-	-
Balance at 31 December 2016	111	111

22. Loans and borrowings

	2016	2015
Current		
Interest-bearing loans and borrowings current	2 215	1 290
Overdraft	-	-
	2 215	1 290
Non-current		
Interest-bearing loans and borrowings non-current	-	29
Less: current portion of non-current loans and borrowings	-	-
Total interest-bearing and borrowings	2 215	1 319

	Contractual interest rate per anum	Maturity	Liabilities
2016			
Fixed rate UAH	21-26%	2017	183
Fixed rate UAH	10%	2017	1 575
Fixed rate USD	flexible	2017	457
			2 215
2015			
Fixed rate	27-27,15%	2016	406
Fixed rate	20-23%	2016	884
Fixed rate	27-27,15%	2017	29
			1 319

The company's undrawn borrowings as at 31 December 2016 amount to €12 thousand (2015: €191 thousand).

The carrying amount of goods that are pledged as a security for the fulfilment of obligations under loan agreements as at 31 December 2016 amount to EUR 1 483 thousand (2015: EUR 134 thousand).

The carrying amount of fixed assets that are pledged as a security for the fulfilment of the Group's obligations under loan agreements as of 31 December 2016 amount to EUR 1 445 thousand (2015: EUR 134 thousand).

23. Trade and other payables

	2016	2015
Trade payables	5 145	5 543
	5 145	5 543

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24. Advances received and other liabilities

	2016	2015
Advances received from customers	103	120
Employee benefit liabilities	17	7
Social insurance	2	-
Payables for unused vacations	19	21
Shareholders' current accounts	-	-
Accruals	-	-
Income tax payable	2	2
Other taxes payable	159	111
Other current liabilities	2	4
	304	265

The fair value of trade and other payables to one year approximately equals to their fair value.

25. Transactions with key management personnel

Related parties include the companies under common control and key management.

The ultimate controlling parties of the Group are Mr. Vlasenko A., Mr. Vlasenko A., Mr. Slavgorodskiy A., Mr. Dobruskin I. and Ms. Steshenko V.

The following tables provide the total amount of transactions, which have been entered into with related parties during:

	Repayment of raised loans	Raising of loans	Purchases of goods and services	Sales of goods and services
2016				
Entities under common control	46	64	-	-
Key management personnel	19	-	-	5
	65	64	-	5
2015				
Entities under common control	20	391	392	43
Key management personnel	683	10	4 560	445
	703	401	4 953	488

The outstanding balances due from/to related parties as at 31 December 2016 and 2015 were follows:

	Advances received and other current liabilities	Prepayments and other current assets	Trade and other payables	Trade and other receivables
2016				
Entities under common control	297	50	8	11
Key management personnel	-	484	-	9
	297	534	8	20
2015				
Entities under common control	1	-	11	21
Key management personnel	23	30	-	-
	24	0	11	21

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26. Commitments and contingencies

Legal claims

As discussed in Note 2, the Group conducts the majority of its operations in Ukraine. Ukrainian legislation and regulations regarding taxation and other operational matters continue to evolve. Legislation and regulations are not always clearly written and are subject to varying interpretations by local, regional and national authorities and other Governmental bodies as well as by the courts. Instances of inconsistent interpretations are rather usual and thus there is no clear guidance on the position of the authorities and the courts on most subjects.

27. Events after the reporting period

We draw attention to the extremely difficult economic and political situation in Ukraine which can affect the assets and liabilities of the Group. The current devaluation of the national currency of Ukraine has a direct dependence on the structural problems of the economy of Ukraine and overcome of this trend is associated with the modernization of the economy and diversification of the major export channels of foreign currency earnings. These problems give grounds for prediction that Ukraine is expected the pre-default state without dosed financial assistance. Dependence of the functioning of the economy from attracted funds at this moment is critical.

As for the events that occurred after the reporting period:

- Management of Group decided to unite Limited Liability Company "Olimp" ("LLC "Olimp") and Agrarian Private Firm "Ranok" ("APF "Ranok");
- In 2017, the Group has several court cases, the respondent for which is the State Tax Inspectorate. Amount of Legal claim 36 thousand EUR.

There were no other events after the reporting period which have a bearing on the understanding of the consolidated financial statements.