

AGROLIGA GROUP PLC
REPORT AND FINANCIAL STATEMENTS
31 December 2020

Οι οικονομικές καταστάσεις είναι πιστά αντίγραφα αυτών που ετέθησαν ενώπιον της Γενικής Συνέλευσης.


BIZSERVE MANAGEMENT LIMITED Διευθυντής


Γραμματέας
BIZSERVE SECRETARIAL SERVICES LIMITED

AGROLIGA GROUP PLC

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS	PAGE
Board of Directors and other officers	1
Management Report	2
Independent auditor's report	3 - 5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10 - 18
Additional information to the statement of profit or loss and other comprehensive income	19 - 22

AGROLIGA GROUP PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Oleksandr Berdnyk Bizserve Investments Limited Bizserve Management Limited
Company Secretary:	Bizserve Secretarial Services Limited
Independent Auditors:	Kreston Proios Ltd Certified Public Accountants A member of Kreston International A global network of independent accounting firms Corner of Nikis Avenue & 2 Kastoros Street, 1087 Nicosia
Registered office:	11 Boumboulinas Street, 1st Floor Nicosia 1060 Cyprus
Bankers:	Credit Agricole Bank Polska S.A.
Registration number:	HE269325

AGROLIGA GROUP PLC

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2020.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are that of an investment holding Company, providing finance to related Companies and operating in the agricultural sector of Ukraine through its related entities.

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

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

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 Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

Independent Auditors

The Independent Auditors, Kreston Proios 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.

By order of the Board of Directors,



BIZSERVE SECRETARIAL SERVICES LIMITED

Bizserve Secretarial Services Limited
Secretary

Nicosia, 17 March 2021

Independent Auditor's Report

To the Members of Agroliga Group Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Agroliga Group Plc (the "Company"), which are presented in pages 6 to 18 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Agroliga Group Plc as at 31 December 2020, and of its financial performance and its 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss and other comprehensive income in pages 19 to 22, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

The Board of Directors is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

To the Members of Agroliga Group Plc

Responsibilities of the Board of Directors for the Financial Statements (continued)

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- 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 financial statements.

Independent Auditor's Report (continued)

To the Members of Agroliga Group Plc

Report on Other Legal Requirements (continued)

- In our opinion, and in the light of the knowledge and understanding of the Company 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 69 of the Auditors Law of 2017 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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020.



Nicos Drymiotis

Certified Public Accountant and Registered Auditor
for and on behalf of

Kreston Proios Ltd

Certified Public Accountants

A member of Kreston International

A global network of independent accounting firms
Corner of Nikis Avenue & 2 Kastoros Street, 1087 Nicosia

17 March 2021

AGROLIGA GROUP PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 €	2019 €
Revenue	8	4.384	41.096
Loan interest income		<u>21.021</u>	<u>21.021</u>
Gross profit		25.405	62.117
Administration expenses	9	<u>(29.801)</u>	<u>(52.764)</u>
Operating (loss)/profit		(4.396)	9.353
Net (loss)/profit for the year		(6.291)	6.388
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(6.291)</u>	<u>6.388</u>

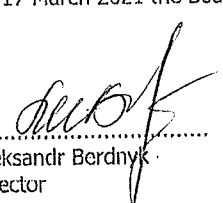
The notes on pages 10 to 18 form an integral part of these financial statements.

AGROLIGA GROUP PLC

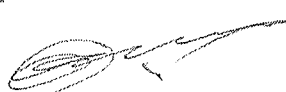
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	2020 €	2019 €
ASSETS			
Non-current assets			
Investments in subsidiaries	12	<u>10.000</u>	<u>10.000</u>
		10.000	10.000
Current assets			
Loans receivable	13	695.061	678.141
Cash at bank and in hand	14	<u>4.463</u>	<u>15.177</u>
		699.524	693.318
Total assets		<u>709.524</u>	<u>703.318</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	30.756	30.756
Share premium		952.510	952.510
Accumulated losses		<u>(295.699)</u>	<u>(289.408)</u>
Total equity		<u>687.567</u>	<u>693.858</u>
Current liabilities			
Trade and other payables	16	<u>21.957</u>	<u>9.460</u>
		21.957	9.460
Total equity and liabilities		<u>709.524</u>	<u>703.318</u>

On 17 March 2021 the Board of Directors of Agroliga Group Plc authorised these financial statements for issue.


.....
Oleksandr Berdnyk
Director


.....
BIZSERVE INVESTMENTS LIMITED
Bizserve Investments Limited
Director


.....
BIZSERVE MANAGEMENT LIMITED
Bizserve Management Limited
Director

The notes on pages 10 to 18 form an integral part of these financial statements.

AGROLIGA GROUP PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital €	Share premium €	Accumula- ted losses €	Total €
Balance at 1 January 2019	30.756	952.510	(295.796)	687.470
Comprehensive income				
Net profit for the year	-	-	6.388	6.388
Total comprehensive income for the year	-	-	6.388	6.388
Balance at 31 December 2019/ 1 January 2020	30.756	952.510	(289.408)	693.858
Comprehensive income				
Net loss for the year	-	-	(6.291)	(6.291)
Total comprehensive income for the year	-	-	(6.291)	(6.291)
Balance at 31 December 2020	30.756	952.510	(295.699)	687.567

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 10 to 18 form an integral part of these financial statements.

AGROLIGA GROUP PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(6.291)	6.388
Adjustments for:		
Depreciation of property, plant and equipment	-	29.592
Unrealised exchange loss	229	1.172
Interest income	<u>(21.021)</u>	<u>(21.021)</u>
	(27.083)	16.131
Changes in working capital:		
Increase/(Decrease) in trade and other payables	<u>12.497</u>	<u>(2)</u>
Cash (used in)/generated from operations	(14.586)	16.129
Interest received	<u>21.021</u>	<u>21.021</u>
Net cash generated from operating activities	6.435	37.150
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans granted	<u>(16.920)</u>	<u>(21.021)</u>
Net cash used in investing activities	(16.920)	(21.021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Unrealised exchange (loss)	<u>(229)</u>	<u>(1.172)</u>
Net cash used in financing activities	(229)	(1.172)
Net (decrease)/increase in cash and cash equivalents	(10.714)	14.957
Cash and cash equivalents at beginning of the year	<u>15.177</u>	<u>220</u>
Cash and cash equivalents at end of the year	14 4.463	15.177

The notes on pages 10 to 18 form an integral part of these financial statements.

AGROLIGA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Incorporation and principal activities

Country of incorporation

The Company Agroliga Group Plc (the "Company") was incorporated in Cyprus on 23 June 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 11 Boumboulinas Street, 1st Floor, Nicosia, 1060, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are that of an investment holding Company, providing finance to related Companies and operating in the agricultural sector of Ukraine through its related entities.

2. Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The 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. The financial statements have been prepared under the historical cost convention.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from 11 Boumboulinas Street, 1st Floor, Nicosia, 1060, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2020 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Significant accounting policies (continued)

Revenue recognition (continued)

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a Customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a Customer.

- **Sale of goods**

Sales of goods are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised goods to the customer, which is usually when the goods are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the goods.

- **Rendering of services**

Rendering of services - over time:

Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.

For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The input method is used to measure progress toward completion of the performance obligation as it provides a faithful depiction of the transfer of the control of the services to the customer.

Rendering of services - at a point in time:

The Company concluded that it transfers control over its services at a point in time, upon receipt by the customer of the service, because this is when the customer benefits from the relevant service.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Significant accounting policies (continued)

Finance costs

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Significant accounting policies (continued)

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Poland PLN. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.5 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Critical accounting estimates and judgments

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 Company'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.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Impairment of investments in subsidiaries**
The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.
- **Impairment of loans receivable**
The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.
- **Impairment of financial assets**
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

8. Revenue

The Company derives its revenue from contracts with Customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	2020	2019
	€	€
Sales of products	-	41.096
Rendering of services	<u>4.384</u>	<u>-</u>
	<u>4.384</u>	<u>41.096</u>

9. Administration expenses

	2020	2019
	€	€
Annual levy	350	350
Sundry expenses	-	1.029
Auditor's remuneration - current year	10.500	10.500
Auditor's remuneration - prior years	5.250	1.061
Other professional fees	10.708	7.295
Irrecoverable VAT	2.993	2.937
Depreciation	-	29.592
	<u>29.801</u>	<u>52.764</u>

AGROLIGA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Finance costs

	2020	2019
	€	€
Net foreign exchange losses	229	1.172
Sundry finance expenses	<u>1.666</u>	<u>1.793</u>
Finance costs	<u>1.895</u>	<u>2.965</u>

11. Tax

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Due to tax losses sustained in the year, no tax liability arises on the Company. Unrecognised deferred tax assets.

12. Investments in subsidiaries

	2020	2019
	€	€
Balance at 1 January	<u>10.000</u>	10.000
Balance at 31 December	<u>10.000</u>	<u>10.000</u>

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2020	2019	2020	2019
			Holding %	Holding %	€	€
Group Agroliga LLC	Ukraine	Holding of Investments	100	100	<u>10.000</u>	10.000
					<u>10.000</u>	<u>10.000</u>

Investment in Subsidiary is stated at Cost.

13. Non-current loans receivable

	2020	2019
	€	€
Loans to related parties (Note 17.1)	275.097	275.098
Loans to own subsidiaries (Note 17.1)	<u>419.964</u>	<u>403.043</u>
	<u>695.061</u>	<u>678.141</u>

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

The effective interest rates on receivables (current and non-current) were as follows:

	2020	2019
Loans receivable	9,8%	9,8%

14. Cash at bank and in hand

Cash balances are analysed as follows:

	2020	2019
	€	€
Cash at bank and in hand	<u>4.463</u>	15.177
	<u>4.463</u>	<u>15.177</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

AGROLIGA GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €0,02 each	<u>2.562.990</u>	<u>51.260</u>	2.562.990	51.260
Issued and fully paid				
Balance at 1 January	<u>1.537.800</u>	<u>30.756</u>	1.537.800	30.756
Balance at 31 December	<u>1.537.800</u>	<u>30.756</u>	1.537.800	30.756

16. Trade and other payables

	2020 €	2019 €
Accruals	<u>21.957</u>	9.460
	<u>21.957</u>	9.460

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

17. Related party transactions

The following transactions were carried out with related parties:

17.1 Loans to related parties (Note 13)

	Terms	2020 €	2019 €
Agroliga Group LLC	Finance-Principal, repayment date on 03 November 2016	214.500	214.500
Agroliga Group LLC	Interest rate 9,8%, repayment date on 03 November 2016	205.464	188.543
Liga-A	Interest rate 10%, repayment date on 01 August 2015	43.634	43.635
Mr Berdnyk Oleksandr	Finance, repayment date on 22 December 2025	<u>231.463</u>	<u>231.463</u>
		<u>695.061</u>	<u>678.141</u>

All of the above loans have expired and no prolongation agreements have been signed. As a result all loans are treated as being receivable on demand.

18. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

19. Commitments

The Company had no capital or other commitments as at 31 December 2020.

20. Events after the reporting period

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

Independent auditor's report on pages 3 to 5

AGROLIGA GROUP PLC

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Page	2020 €	2019 €
Revenue			
Sales of products		-	41.096
Rendering of services		4.384	-
Loan interest income		21.021	21.021
Operating expenses			
Administration expenses	20	<u>(29.801)</u>	<u>(52.764)</u>
Operating (loss)/profit		(4.396)	9.353
Finance costs	21	<u>(1.895)</u>	<u>(2.965)</u>
Net (loss)/profit for the year before tax		<u>(6.291)</u>	<u>6.388</u>

AGROLIGA GROUP PLC

ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	€	€
Administration expenses		
Annual levy	350	350
Sundry expenses	-	1.029
Auditor's remuneration - current year	10.500	10.500
Auditor's remuneration - prior years	5.250	1.061
Other professional fees	10.708	7.295
Irrecoverable VAT	2.993	2.937
Depreciation	-	29.592
	<u>29.801</u>	<u>52.764</u>

AGROLIGA GROUP PLC

FINANCE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	1.666	1.793
Net foreign exchange losses		
Unrealised foreign exchange loss	<u>229</u>	<u>1.172</u>
	<u><u>1.895</u></u>	<u><u>2.965</u></u>

AGROLIGA GROUP PLC

COMPUTATION OF CORPORATION TAX FOR THE YEAR ENDED 31 DECEMBER 2020

	Page	€	€
Net loss per income statement	19		(6,291)
<u>Add:</u>			
Unrealised foreign exchange loss		229	
Annual levy		<u>350</u>	
Net loss for the year			<u>579</u> (5,712)
Loss brought forward			<u>(126,721)</u>
Loss carried forward			<u><u>(132,433)</u></u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	2015	2016	2017	2018	2019	2020
	€	€	€	€	€	€
Profits/(losses) for the tax year	(96,564)	(892,641)	(47,147)	900,099	14,237	(5,712)
Gains Offset (€)	-	-	-	4,705	14,237	-
- Year				2013	2016	
Gains Offset (€)	-	-	-	96,564	-	-
- Year				2015		
Gains Offset (€)	-	-	-	798,830	-	-
- Year				2016		
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (132,433)