AGROTON PUBLIC LIMITED

REPORT AND UNAUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2019

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AGROTON PUBLIC LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Iurii Zhuravlov (Chief Executive Officer) Tamara Lapta (Deputy Chief Executive Officer) Larysa Orlova (Chief Financial Officer) Borys Supikhanov (Non-Executive Director) Volodymyr Kudryavtsev (Non-Executive Director)
Company Secretary:	Inter Jura Cy (Services) Limited
Independent Auditors:	KPMG Limited
Legal Advisers:	K. Chrysostomides & Co LLC
Registered office:	1 Lampousas Street 1095 Nicosia Cyprus
Registration number:	HE255059

MANAGEMENT REPORT

The Board of Directors of Agroton Public Limited (the "Company") presents to the members its Annual Report together with the unaudited financial statements of the Company for the year ended 31 December 2019.

Incorporation
The Company Agroton Public Limited was incorporated in Cyprus on 21 September 2009 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. The Company was listed at the main market of Warsaw Stock Exchange on 8 November 2010.

Principal activities

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the provision of financing to related parties. The Company is the holding company of a group of companies of agriculture producers in Ukraine. The principal activities of the Group which remained the same as in the previous year, are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming) and milk processing. The poultry farming business has been temporarily abandoned due to the military clashes and armed conflict in Eastern Ukraine.

Examination of the development, position and performance of the activities of the company

The current financial position as presented in the financial statements is not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

Main risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 7, 8 and 23 of the financial statements.

Branches

During the year ended 31 December 2019 the Company did not operate any branches.

Use of financial instruments by the Company
The Company is exposed to market price risk, interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

Market price risk
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. 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. Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Credit risk related to financial instruments and cash deposits.

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.

Financial Results
The Company's results for the year are set out on page 4.

Dividends
The Board of Directors does not recommend the payment of a dividend.

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 2016 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 2019.

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 assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 25 to the financial statements.

Related party transactions

Disclosed in note 24 of the financial statements.

By order of the Board of Directors,

Larysa Orlova
Director

Nicosia, ... 2020

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	**2019 US$**	2018 US$
Loan interest income		**3.308.020**	3.791.656
Net fair value gains on financial assets at fair value through profit or loss	17	**301.452**	-
Coupon Interest		**125.058**	-
Interest expense		**(3.113.095)**	(3.539.785)
Gross profit		**621.435**	251.871
Administration expenses	9	**(111.540)**	(95.120)
Other operating expenses	10	**-**	(94.291)
Operating profit	11	**509.895**	62.460
Finance income		**154**	798
Finance costs		**(20.947)**	(10.730)
Net finance expenses	12	**(20.793)**	(9.932)
Profit before tax		**489.102**	52.528
Tax	13	**(140.698)**	(170.192)
Net profit/(loss) for the year		**348.404**	(117.664)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**348.404**	(117.664)

The notes on pages 8 to 27 form an integral part of these financial statements.

UNAUDITED STATEMENT OF FINANCIAL POSITION
31 December 2019

	Note	2019 US$	2018 US$
Assets			
Non-current assets			
Investments in subsidiaries	14	**4.818**	4.818
Financial assets at fair value through profit or loss	17	**9.263.435**	141.373
Total non-current assets		**9.268.253**	146.191
Current assets			
Receivables	16	**152.782**	147.958
Loans receivable	15	**64.565.424**	64.154.688
Cash and cash equivalents	18	**10.769.744**	24.486.187
		75.487.950	88.788.833
Total assets		**84.756.203**	88.935.024
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**661.128**	661.128
Share premium	19	**88.531.664**	88.531.664
Accumulated losses		**(80.184.372)**	(80.532.776)
Total equity		**9.008.420**	8.660.016
Current liabilities			
Trade and other payables	21	**42.470**	46.989
Borrowings	20	**75.241.008**	79.904.412
Current tax liabilities	22	**464.305**	323.607
		75.747.783	80.275.008
Total equity and liabilities		**84.756.203**	88.935.024

On .... 2020 the Board of Directors of Agroton Public Limited authorised these financial statements for issue.

....
Director Director

UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital US$	Share premium US$	Accumulated losses US$	Total US$
Balance at 1 January 2018	**661.128**	**88.531.664**	**(80.415.112)**	**8.777.680**
Comprehensive income				
Net loss for the year	-	-	(117.664)	(117.664)
Balance at 31 December 2018	**661.128**	**88.531.664**	**(80.532.776)**	**8.660.016**
Balance at 31 December 2018/ 1 January 2019	**661.128**	**88.531.664**	**(80.532.776)**	**8.660.016**
Comprehensive income				
Net profit for the year	-	-	348.404	348.404
Balance at 31 December 2019	**661.128**	**88.531.664**	**(80.184.372)**	**9.008.420**

In accordance with the Cyprus Companies Law, Cap. 113, Section 55 (2) the share premium reserve can only be used by the Company in (a) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares; (b) writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (c) providing for the premium payable on redemption of any redeemable preference shares or of any debentures of the Company.

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate owners at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the owners.

AGROTON PUBLIC LIMITED

UNAUDITED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Note	2019 US$	2018 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**489.102**	(117.664)
Adjustments for:			
Unrealised exchange (profit)/loss		**(154)**	790
Change in fair value of derivative financial instruments		**-**	-
Fair value (gains)/losses on financial assets at fair value through profit or loss		**(301.452)**	94.291
Income tax expense		**-**	-
Interest income		**(3.308.020)**	(3.791.656)
Interest expense	12	**3.096.105**	3.539.785
Income tax expense		**-**	170.192
		(24.419)	(104.262)
Changes in working capital:			
Increase in receivables		**(4.824)**	(3.024)
Increase in financial assets at fair value through profit or loss		**(8.820.610)**	-
Decrease in trade and other payables		**(4.396)**	(3.492)
Cash used in operations		**(8.854.249)**	(110.778)
Interest received		**-**	3.791.656
Net cash (used in)/generated from operating activities		**(8.854.249)**	3.680.878
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans repayments received		**2.431.366**	7.312.060
Interest received		**465.919**	-
Net cash generated from investing activities		**2.897.285**	7.312.060
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		**(7.759.510)**	(2.038.500)
Unrealised exchange profit / (loss)		**-**	(790)
Interest paid		**-**	(453.000)
Net cash used in financing activities		**(7.759.510)**	(2.492.290)
Net (decrease)/increase in cash and cash equivalents		**(13.716.474)**	8.500.648
Cash and cash equivalents at beginning of the year		**24.486.187**	15.985.539
Effect of exchange rate fluctuations on cash held		**31**	-
Cash and cash equivalents at end of the year	18	**10.769.744**	24.486.187

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. Incorporation and principal activities

Country of incorporation

Agroton Public Limited (the ''Company'') was incorporated in Cyprus on 21 September 2009 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. The Company was listed at the main market of Warsaw Stock Exchange on 8 November 2010. Its registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the provision of financing to related parties. The Company is the holding company of a group of companies of agriculture producers in Ukraine. The principal activities of the Group which remained the same as in the previous year, are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming) and milk processing. The poultry farming business has been temporarily abandoned due to the military clashes and armed conflict in Eastern Ukraine.

2. Basis of preparation

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 as modified by the revaluation of, and financial assets and financial liabilities at fair value through profit or loss. and are for the period ended 30 September 2019.

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

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (together with the Company, the ''Group''). The consolidated financial statements can be obtained from the Company's registered office.

The financial statements have been prepared under the historical cost convention, except in the case of investments which are measured at their fair value.

3. Functional and presentation currency

The financial statements are presented in United States Dollars (US$) which is the functional currency of the Company.

4. Adoption of new or revised standards and interpretations

As from 1 January 2019, the Company adopted all the following IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements.

5. 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.

5. Significant accounting policies (continued)

Going concern basis

These parent financial statements have been prepared under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. Renewals of the Company's assets, and the future activities of the Company, and its activities are significantly influenced by the current and future economic environment in Ukraine. The Board of Directors and Management are closely monitoring the challenging conditions in the domestic markets as described in note 19 in the financial statements and has assessed the current situation and there is no indication of adverse effects while at the same time are taking all steps to secure the Company's short and long term viability. To this effect, they consider that the Company is able to continue its operations as a going concern.

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.

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 United States Dollars (US$), 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. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

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.

5. Significant accounting policies (continued)

Financial assets - Classification (continued)

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 recognized 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.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

5. Significant accounting policies (continued)

Financial assets - Measurement (continued)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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 recognized 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.

5. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

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 7, 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 7, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 7, 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.

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 (eg 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.

5. Significant accounting policies (continued)

Financial assets - modification (continued)

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.

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 guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee in other income in profit or loss.

At the end of each reporting period, the guarantee is subsequently at the higher of:

- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Credit related commitments

The Company issues commitments to provide loans. Commitments to provide loans are initially recognised at their fair value, which is normally evidenced by the amount of fees received. Such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. Loan commitments provided by the Company are measured as the amount of the loss allowance calculated under IFRS 9.

At the end of each reporting period, the commitments are measured at:
(i) the remaining unamortised balance of the amount at initial recognition, plus
(ii) the amount of the loss allowance determined based on the expected credit loss model.

If the loan commitments are provided at a below-market interest rate, they are measured at the higher of:
(i) the amount of the loss allowance determined based on the expected loss model and

5. Significant accounting policies (continued)

Credit related commitments (continued)
(ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

For loan commitments (where those components can be separated from the loan), a separate provision for ECL is recognised as a liability in the statement of financial position. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

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.

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.

6. 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.

The Board of Directors expects that the adoption of these standards in future periods will not have a material effect on the financial statements of the Company.

7. Financial risk management

Financial risk factors
The Company is exposed to credit risk, liquidity riskmarket 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:

7.1 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.

7. Financial risk management (continued)

7.1 Credit risk (continued)

(i) Risk management (continued)

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

Trade receivables and contract assets

(iii) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

7.2 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.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2019	Carrying amounts US$	Contractual cash flows US$	3 months or less US$	3-12 months US$	1-5 years US$	More than 5 years US$
Trade and other payables	1.805	1.805	-	1.805	-	-
Loans from subsidiaries	75.241.008	78.345.595	-	78.345.595	-	-
	75.242.813	**78.347.400**	**-**	**78.347.400**	**-**	**-**

31 December 2018	Carrying amounts US$	Contractual cash flows US$	3 months or less US$	3-12 months US$	1-5 years US$
Notes	7.759.510	7.759.510	7.759.510	-	-
Trade and other payables	4.397	4.397	-	4.397	-
Loans from subsidiaries	72.144.902	75.241.007	-	75.241.007	-
	79.908.809	83.004.914	7.759.510	75.245.404	-

7. Financial risk management (continued)

7.3 Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

7.3.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. 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. Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2019	2018
	US$	US$
Fixed rate instruments		
Financial assets	**64.565.424**	64.154.688
Financial liabilities	**(75.241.008)**	(79.904.412)
	(10.675.584)	(15.749.724)

Sensitivity analysis
An increase of 100 basis points in interest rates at 31 December 2019 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

7.3.2 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 Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7.4 Capital risk management
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.

8. 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.

8. Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

- **Going concern basis**

  The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

- **Income 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.

Critical judgements in applying the Company's accounting policies

- **Fair value of financial assets**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **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.

8. Critical accounting estimates and judgments (continued)

- **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 7, Credit risk section.

9. Administration expenses

	2019	2018
	US$	US$
Annual levy	**394**	408
Sundry expenses	**-**	1.500
Subscriptions and contributions	**3.333**	-
Auditors' remuneration for the statutory audit of annual accounts	**40.571**	36.869
Auditors' remuneration - prior years	**-**	8.346
Accounting fees	**12.143**	12.507
Legal fees	**1.013**	2.548
Legal and professional	**337**	320
Secretarial fees	**1.012**	1.048
Registered office fees	**1.012**	1.048
Fines	**2.187**	2.334
Irrecoverable VAT	**6.044**	8.466
Professional fees	**16.243**	11.127
Custodian fees	**27.251**	8.599
	111.540	95.120

10. Other operating expenses

	2019	2018
	US$	US$
Fair value losses on financial assets at fair value through profit or loss	**-**	94.291
	-	94.291

11. Operating profit

	2019	2018
	US$	US$
Operating profit is stated after charging the following items:		
Auditors' remuneration for the statutory audit of annual accounts	**40.571**	36.869
Auditors' remuneration - prior years	**-**	8.346

12. Finance income/(costs)

	2019	2018
	US$	US$
Exchange profit	**154**	798
Finance income	**154**	798
Net foreign exchange losses	**(1.481)**	(790)
Sundry finance expenses	**(19.466)**	(9.940)
Finance costs	**(20.947)**	(10.730)
Net finance costs	**(20.793)**	(9.932)

13. Tax

	2019	2018
	US$	US$
Corporation tax	**140.698**	170.192
Charge for the year	**140.698**	170.192

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2019	2018
	US$	US$
Profit before tax	**489.102**	52.528
Tax calculated at the applicable tax rates	**61.138**	6.566
Tax effect of expenses not deductible for tax purposes	**66.769**	148.254
Tax effect of allowances and income not subject to tax	**-**	(100)
10% additional charge	**12.791**	15.472
Tax charge	**140.698**	170.192

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%.

14. Investments in subsidiaries

	2019 US$	2018 US$
Balance at 1 January	**4.818**	4.818
Balance at 31 December	**4.818**	4.818

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2019 Holding %	2018 Holding %	2019 US$	2018 US$
"Living" LLC	Ukraine	Agricultural activities	99.99	99.99	**4.718**	4.718
Agroton (BVI) Limited	British Virgin Islands	Trading in Agriculture products	100	100	**100**	100
LLC "Gefest"	Ukraine	Owner of land lease rights	100	100	**-**	-
LLC "Lugastan"	Ukraine	Owner of land lease rights	99.99	99.99	**-**	-
					4.818	4.818

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.

The ownership of land lease rights previously held by subsidiary companies LLC Gefest and LLC Lugastan have been transferred to Agroton PJSC and PE Agricultural Production Firm Agro. Subsidiary company LLC Gefest was liquidated on July 25, 2019. LLC Lugastan is under liquidation procedures.

15. Loans receivable

	2019 US$	2018 US$
Balance at 1 January	**64.154.688**	71.466.748
Repayments	**(2.897.285)**	(11.103.716)
Interest charged	**3.308.021**	3.791.656
Balance at 31 December	**64.565.424**	64.154.688

	2019 US$	2018 US$
Loans to own subsidiaries (Note 24.1)	**64.565.424**	64.154.688
	64.565.424	64.154.688
Less current portion	**(64.565.424)**	(64.154.688)
Non-current portion	**-**	-

The loans are repayable as follows:

	2019 US$	2018 US$
Within one year	**64.565.424**	64.154.688

15. Loans receivable (continued)

The exposure of the Company to credit risk in relation to loans receivable is reported in note 7 of the financial statements.

16. Receivables

	2019	2018
	US$	US$
Other receivables	160	-
Refundable VAT	152.622	147.958
	152.782	147.958

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in note 7 of the financial statements.

17. Financial assets at fair value through profit or loss

	2019	2018
	US$	US$
Listed securities		
Bank of Cyprus Holdings Plc	107.247	141.373
US Treasury notes	8.647.550	-
Other short term notes	508.638	-
	9.263.435	141.373
	9.263.435	141.373

	2019	2018
	US$	US$
Balance at 1 January	141.373	235.664
Additions	8.820.610	-
Change in fair value	301.452	(94.291)
Balance at 31 December	9.263.435	141.373

Bank of Cyprus Shares:

Bank of Cyprus shares, designated at fair value through profit or loss represented equity securities of Bank of Cyprus converted into shares after the decree issued by Central Bank of Cyprus on 29 March 2013. Based on that decree and the measurements for recapitalization of Bank of Cyprus, 47,5% of the uninsured deposits of the affected deposits have been converted into Bank of Cyprus shares.

The Company held 1.591.105 shares with fair value €0,140 cents. In January 2017, the shares in Bank of Cyprus Public Company Limited were exchanged with new shares of Bank of Cyprus Holdings Plc listed in both London Stock Exchange and in Cyprus Stock Exchange with nominal value of €0,10 cents each. As at 31 December 2019 the Company held 79.556 shares in Bank of Cyprus Holdings Plc with fair value €1,20 (2018: €1,55) each.

The exposure of the Company to market risk in relation to financial assets is reported in note 7 of the financial statements.

18. Cash and cash equivalents

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2019 US$	2018 US$
Cash at bank	**10.769.744**	24.486.187
	10.769.744	24.486.187

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

19. Share capital and share premium

Issued and fully paid	**Number of shares**	**Share capital US$**	**Share premium US$**	**Total US$**
Balance at 1 January 2018	21.670.000	661.128	88.531.664	89.192.792
Balance at 31 December 2018	**21.670.000**	**661.128**	**88.531.664**	**89.192.792**
Balance at 31 December 2018/ 1 January 2019	**21.670.000**	**661.128**	**88.531.664**	**89.192.792**
Balance at 31 December 2019	**21.670.000**	**661.128**	**88.531.664**	**89.192.792**

Authorised share capital

Listing of the Company to the Warsaw Stock Exchange

During the year 2010, the Board of Directors of the Company resolved to proceed with the initial public offering of 5.670.000 new ordinary shares of the Company and the application for the admission of the entire issued share capital of of the Company, including the Offer Shares to trading on the regulated market of the Warsaw Stock Exchange.

20. Borrowings

	2019 US$	2018 US$
Balance at 1 January	**79.904.412**	78.856.127
Repayments	**(7.759.510)**	(2.491.500)
Interest payable	**3.096.106**	3.539.785
Balance at 31 December	**75.241.008**	79.904.412

	2019 US$	2018 US$
Current borrowings		
Notes	**-**	7.759.510
Loans from subsidiaries (Note 24.2)	**75.241.008**	72.144.902
	75.241.008	79.904.412
Total	**75.241.008**	79.904.412

Notes

20. Borrowings (continued)

On 14 July 2011, the Company issued US$50.000.000 12,50% Notes due on 14 July 2014. The Notes have been admitted to the official list of the UK Listing authority and to the London Stock Exchange Plc and trading on the London Stock Exchange's regulated market.

The Notes bear interest at a rate of 12,50% per annum payable semi-annually in arrears on 14 January and 14 July in each year, commencing on 14 January 2012.

The Notes are recognised initially at fair value (US$50.000.000) net of issue costs equal to US$2.777.014. The difference between the proceeds (net of issue costs) and the redemption value as at 14 July 2014 is recognised in the statement of profit or loss over the period of the issue.

On 8 August 2013 the Company has secured the consent of the Noteholders to amend the terms and conditions of the Notes as follows:

• Extend the maturity of the Notes by 60 months to 14 July 2019 in order to lengthen the average maturity of the Groups funding sources;

• Postpone the interest payment that was due for payment to Noteholders on 14 July 2013 to 14 January 2014;

• Decrease the interest rate with effect from 14 January 2013 from 12,5% to 8% per annum;

• Amend the definition of Leverage Ratio Exception so that the maximum Consolidated Leverage Ratio would be 4,0 rather than 3,0; and

• Amend the definition of Permitted Indebtedness so that Additional Indebtedness is not to exceed US$20 million (rather than US$5 million) at any time outstanding.

On 18 December 2013 the Company has secured a second consent of the Noteholders to amend the terms and conditions of the Notes as follows:

• Postpone to 14 January 2015 the interest payments that was due would be due for payment to Noteholders on 14 January 2014 (including the postponed 14 July 2013 Interest Payment) and the one that would be due for payment to Noteholders on 14 July 2014;

• Further decrease the interest rate with effect from 14 January 2013 from 8% to 6%;

• Permit the Issuer, the Sureties and any of their respective subsidiaries to re-purchase Notes, which they may at their option hold, re-sell or surrender for cancellation;

• Remove the augmented quorum requirement for any Noteholders' meeting the business of which includes any Reserved Matter(s), so that the quorum requirement for any Noteholders' meeting for passing an Extraordinary Resolution (whether or not the business of such meeting includes any Reserved Matter(s)) shall henceforth be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate more than half of the principal amount of the Notes for the time being outstanding;

• Reduce the proportion of votes required to pass an Extraordinary Resolution from not less than three-quarters in principal amount of the Notes owned by the Noteholders who are present in person or represented by proxy or representative at the relevant Noteholders' meeting to more than half of the principal amount of such Notes;

• Reduce the principal amount of Notes required to be held by Noteholders in order to pass an Extraordinary Resolution by way of electronic consent or written resolution from not less than three quarters in principal amount of the Notes outstanding to more than half of such principal amount; and

• Remove restrictions on the Issuer's ability to declare or pay dividends to shareholders.

On 14 April 2014 the Company has purchased Notes in an aggregate principal amount of US$22.100.000.

20. Borrowings (continued)

On 15 December 2014 the Company has secured a third consent of the Noteholders to amend the terms and conditions of the Notes as follows:

• Postpone to 14 January 2017 the interest payments that was due for payment to Noteholders on 14 January 2016 (including the postponed 14 July 2013, 14 January 2014 and 14 July 2014 Interest Payments) and the interest payment that will be due for payment to Noteholders on 14 July 2016; and

• Waive any Event of Default or Potential Event of Default arising as a result of the Issuer's failure to deliver and publish its audited annual financial statements and accompanying certificate for the financial year ended 31 December 2014 within the period stipulated therefore in breach of Condition 3.2(n) (Financial Information) of the terms and conditions of the Notes.

On 28 October 2015 the Company has purchased Notes in an aggregate principal amount of US$10.350.000.

On 12 January 2016 the Company has secured a fourth consent of the Noteholders to amend the terms and conditions of the Notes as follows:

• Postpone to 14 January 2016 the interest payments that was due for payment to Noteholders on 14 January 2015 (including the postponed 14 July 2013, 14 January 2014 and 14 July 2014 Interest Payments) and the interest payment that will be due for payment to Noteholders on 14 July 2015; and

• Waive any Event of Default or Potential Event of Default arising as a result of the Issuer's fialure to deliver and publish its audited annual financial statements and accompanying certificate for the financial year ended 31 December 2015 within the period stipulated thereof in breach of condition 3.2(n) (Financial Information) of the terms and conditions of the Notes.

On 26 October 2016 the Company has purchased Notes in an aggregate principal amount of US$10.000.000.

The following subsidiaries are acting as surety providers:

- Living LLC
- PE Agricultural Production Firm Agro
- Agroton PJSC
- Agro Meta LLC
- ALLC Noviy Shlyah
- ALLC Shiykivske
- Agro Svynprom LLC
- Agro Chornukhinski Kurchata LLC
- Rosinka-Star LLC

On 17 January 2017 the Company has secured a fifth consent of the Noteholders to postpone to 14 January 2018 the interest payments that was due for payment to Noteholders on 14 January 2017, as a result on 14 January 2018, the Company paid a coupon interest on its notes in the amount of US$2.265.000.

On 14 January 2018, the Company paid a coupon interest on its notes in the amount of US$2.265.000, as agreed with Noteholders on 17 January 2017.

Additionally, on 6 April 2018 the Company announced the timely and full repayment of interest on notes deferred coupon amounting to US$2.265.000 on 14 January 2019.

On the 14 of January 2019 the outstanding principal amount of the Notes issued, as well as the accrued interest was fully settled.

The exposure of the Company to liquidity risk in relation to loans and borrowings is reported in note 2 to the financial statements.

21. Trade and other payables

	2019	2018
	US$	US$
Accruals	**40.665**	42.592
Other creditors	**1.805**	4.397
	42.470	46.989

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 22.2 to the financial statements.

22. Current tax liabilities

	2019	2018
	US$	US$
Corporation tax	**352.094**	211.396
Special contribution for defence	**112.211**	112.211
	464.305	323.607

The above amounts are payable within one year.

23. Operating Environment of the Company

Cyprus economic environment

The Cyprus economy has been adversely affected during the last few years by the economic crisis. The negative effects have to some extent been resolved, following the negotiations and the relevant agreements reached with the European Commission, the European Central Bank and the International Monetary Fund (IMF) for financial assistance which was dependent on the formulation and the successful implementation of an Economic Adjustment Program. The agreements also resulted in the restructuring of the two largest (systemic) banks in Cyprus through a "bail in".

The Cyprus Government has successfully completed earlier than anticipated the Economic Adjustments Program and exited the IMF program on 7 March 2016, after having recovered in the international markets and having only used €7,25 of the total €10 billion earmarked in the financial bailout. Under the new Euro area rules, Cyprus will continue to be under surveillance by its lenders with bi-annual postprogramme visits until it repays 75% of the economic assistance it received.

Although there are signs of improvement, especially in the macroeconomic environment of the country's economy, significant challenges remain that could affect the estimates of the Company's cash flows and its assessment of impairment of financial and non-financial assets.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

Ukrainian economic and political environment

23. Operating Environment of the Company (continued)

Ukraine’s political and economic situation has deteriorated significantly since 2014. Following political and social unrest in early 2014, in March 2014, various events in Crimea led to the accession of the Republic of Crimea to the Russian Federation, which was not recognised by Ukraine and many other countries. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. Following the instability in Crimea, regional tensions have spread to the Eastern regions of Ukraine, primarily Donetsk and Lugansk regions. In May 2014, protests in those regions escalated into military clashes and armed conflict between supporters of the self-declared republics of the Donetsk and Lugansk regions and the Ukrainian forces, which continued throughout the date of these financial statements. As a result of this conflict, part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory.

Political and social unrest combined with the military conflict in the Donetsk and Lugansk regions has deepened the ongoing economic crisis, caused a fall in the country’s gross domestic product and foreign trade, deterioration in state finances, depletion of the National Bank of Ukraine’s foreign currency reserves, significant devaluation of the national currency and a further downgrading of the Ukrainian sovereign debt credit ratings. Following the devaluation of the national currency, the National Bank of Ukraine introduced certain administrative restrictions on currency conversion transactions, which among others included restrictions on purchases of foreign currency by individuals and companies, the requirement to convert 75% of foreign currency proceeds to local currency, a ban on payment of dividends abroad, a ban on early repayment of foreign loans and restrictions on cash withdrawals from banks. These events had a negative effect on Ukrainian companies and banks, significantly limiting their ability to obtain financing on domestic and international markets.

The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy.

Whilst management believes it is taking appropriate measures to support the sustainability of the Group’s business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Group’s results and financial position in a manner not currently determinable. These financial statements reflect management’s current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

24. Related party transactions

The Company is controlled by Mr. Iurii Zhuravlov, who holds directly 74,01% of the Company's share capital. The remaining 25,99% of the shares is widely held.

24. Related party transactions (continued)

The transactions and balances with related parties are as follows:

24.1 Loans to own subsidiaries (Note 15)

	2019	2018
	US$	US$
PE Agricultural Production Firm Agro	**64.565.424**	64.154.688
	64.565.424	64.154.688

During 2010, the Company has entered into several loan agreements with subsidiary company PE Agricultural Production Firm Agro for a total amount of US$20.000.000. The loans bear interest at a rate of 10% per annum and expired in 31 July 2014. During 2014 the two parties agreed to postpone the repayment date.

Additionally, during the same period (2010), the Company has entered into several loan agreements with subsidiary company PE Agricultural Production Firm Agro for a total amount of US$65.000.000. The loans bear interest at rates of 2,5% , 5% and 8% per annum.

24.2 Loans from own subsidiaries (Note 20)

	2019	2018
	US$	US$
Agroton BVI Limited	**75.241.008**	72.144.902
	75.241.008	72.144.902

On 25 July 2011 the Company has entered into a loan agreement with its subsidiary company Agroton BVI Limited amounting to US$10.000.000. During 2012 the amount of the loan was extended to US$60.000.000. The loan was originaly provided interest free. From 1 January 2013 onwards the loan bears interest at a rate of 6% per annum and with expiry date on 1 January 2020.

25. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019.

26. 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.

AGROTON PUBLIC LIMITED

ADDITIONAL INFORMATION TO THE UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONTENTS

AGROTON PUBLIC LIMITED

COMPUTATION OF CORPORATION TAX
For the year ended 31 December 2019

	Page	US$	US$
Net profit per income statement	4		489.102
Add:			
Realised foreign exchange loss		1.481	
Annual levy		394	
Fines		2.187	
Other non-allowable expenses		27.251	
Notional Interest		765.090	
			796.403
			1.285.505
Less:			
Fair value gains on financial assets at fair value through profit or loss		301.452	
Unrealised foreign exchange profit		154	
			(301.606)
Chargeable income for the year			983.899
			€
Converted into € at US$ 1,123400 = €1			875.823

Calculation of corporation tax	Income €	Rate %	Total € c	Total US$
Tax at normal rates:				
Chargeable income as above	875.823	13	113.856,99	127.907
10% additional charge			11.385,70	12.791
TAX PAYABLE			125.242,69	140.698

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
	€	Amount €	Year	Amount €	Year	Amount €	Year
2014	(723.004)	343.837	2016	378.435	2017	-	
2015	212.254	-		-		-	
2016	1.238.091	-		-		-	
2017	628.211	-		-		-	
2018	1.081.015	-		-		-	
2019	875.823	-		-		-	