

**AGROLIGA GROUP PLC.**

REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS

31 December 2015

# AGROLIGA GROUP PLC.

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## REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 December 2015

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# AGROLIGA GROUP PLC.

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## 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:**

Euroglobal S.E.E. Audit Ltd  
5 Chytron Street  
Lefkosia  
Cyprus

**Registered office:**

11 Boumpoulinas Street  
1st floor  
1060 Nicosia, Cyprus

**Bankers:**

Credit Agricole Bank Polska S.A.  
Versobank AS

**Registration number:**

HE269325

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited consolidated financial statements of Agroliga Group Plc. and its subsidiaries (the Group) for the year ended 31 December 2015.

### **Principal activities**

The principal activities of the Group are the production of vegetable oils, cereals, meat and dairy breeding herd.

### **Review of current position, future developments and significant risks**

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory. Additional details that relate to the operating environment of the Group as well as other risks and uncertainties are described in notes 3 and 22 of the consolidated financial statements.

### **Results**

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

### **Dividends**

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

### **Share capital**

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

### **Board of Directors**

The members of the Group's Board of Directors as at 31 December 2015 and at the date of this report are presented on page 3. All of them were members of the Board of Directors throughout the year ended 31 December 2015. 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 27 of the consolidated financial statements

### **Independent Auditors**

The Independent Auditors, Euroglobal S.E.E. Audit Limited, were appointed by the Board of Directors in replacement of the previous auditor Kreston GCG Audit, LLC, and 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  
Secretary

Nicosia, 29 June 2015

## **Independent auditor's report**

### **To the Members of Agroliga Group PLC**

#### **Report on the consolidated financial statements**

We have audited the consolidated financial statements of Agroliga Group PLC (the "Company") and its subsidiaries (together with the Company, the "Group") on pages 7 to 26 which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the financial statements*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In respect of the inventory of the Company presented in the consolidated statement of financial position at the value of €4.192 thousands, the audit evidence we had available was limited because we did not observe the physical inventory count at 31 December 2014, as that date was prior to our appointment as auditor of the Company (see comparative figures paragraph) and the previous auditors did also not observe the physical inventory count. Also we did not observe the physical inventory count at 31 December 2015. We were unable to satisfy ourselves by alternative means concerning inventory quantities and net realizable value held at 31 December 2014 and 2015. Since opening and closing inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the consolidated statement of comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows.

Also due to the absence of supporting documentation and alternative procedures we were unable to satisfy ourselves as to the appropriateness of the carrying amount of property plant and equipment of Agroliga Group PLC in the amount of €252 thousand as at 31 December 2014. Due to the absence of supporting documentation and alternative procedures we were unable to satisfy ourselves as to the appropriateness of the carrying amount of property, plant and equipment of Agroliga Group PLC in the amount of €163 thousand as at 31 December 2015.

## Independent auditor's report (continued)

### To the Members of Agroliga Group PLC

#### *Basis for Qualified Opinion (continued)*

Comparative figures as at 31 December 2014 in these consolidated financial statements include income and expenses, assets and liabilities of LLC Vostokagrocontract, a Company registered in Ukraine, which was under the common control of the ultimate beneficial shareholders and not Agroliga Group PLC. As a result, this was not in compliance with and as required by IFRS 3, Business combinations and as at 31 December 2014 Group assets (€1.520 thousand), equity (€902 thousand) and total revenue (€942 thousand) were overstated.

#### *Qualified Opinion*

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matters discussed in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of Agroliga Group PLC as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### *Emphasis of matter*

Without qualifying our opinion, we draw your attention to the political and social unrest that started in Ukraine in November 2013 and further continued in 2014 and 2015. These events have adversely affected the Company's subsidiary/sub-subsidiaries financial results and could continue to exert negative influence over the Company's financial result and financial position in a manner not currently determinable. We also draw attention to the significant uncertainties at the foreign currency exchange market in Ukraine. These uncertainties can have significant impact on the Company's financial result and financial position to the extent not currently determinable.

#### **Report on other legal requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:


- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

#### **Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 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.

#### *Comparative figures*

The financial statements of the Group for the year ended 31 December 2014 were audited by another auditor who expressed a modified opinion on those financial statements on 26 June 2015.



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

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

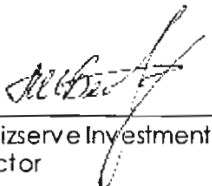
Nicosia, 29 June 2016

# AGROLIGA GROUP PLC.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Revenue	5	20.631	16.081
Cost of sales	9	(17.447)	(13.646)
Income from change in fair value of biological assets and agricultural products	5	399	1.378
<b>Gross profit (loss)</b>		<b>3.583</b>	<b>3.813</b>
Income from government grants	6	898	473
Administrative expenses		(357)	(399)
Distribution expenses		(532)	(562)
Other operating income/(expenses), net	7	(265)	157
Financial income/(expenses), net	10	(360)	(358)
Exchange rate differences, net		221	(238)
<b>Profit (loss) from continuing operations</b>		<b>3.188</b>	<b>2.886</b>
Income tax benefit/expense	11	94	(123)
<b>Profit (loss) for the year</b>		<b>3.282</b>	<b>2.763</b>
<b>Total comprehensive income for the year</b>			
<b>Net profit for the year/period attributable to:</b>			
Equity holders of the parent		3.223	2.726
Non controlling interests		59	37
<b>Net profit for the year/period</b>		<b>3.282</b>	<b>2.763</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		3.223	2.726
Non controlling interests		59	37
<b>Total comprehensive income</b>		<b>3.282</b>	<b>2.763</b>

  
Oleksandr Berdnyk  
Director

  
PP, Bizserve Investments Limited  
Director


  
Bizserve Management Limited  
Director

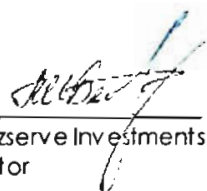
# AGROLIGA GROUP PLC.

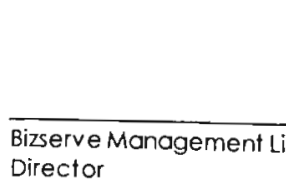
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 €'000	2014 €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	3,575	2,683
Biological assets	13	152	187
Non-current loans receivable	14	473	668
Deferred tax assets	19	226	-
<b>Total non-current assets</b>		<b>4,426</b>	<b>3,538</b>
<b>Current assets</b>			
Inventories and work in progress	15	4,192	4,562
Biological assets	13	681	476
Trade and other receivables	16	2,853	3,880
Cash at bank and in hand		890	505
<b>Total current assets</b>		<b>8,616</b>	<b>9,423</b>
<b>TOTAL ASSETS</b>		<b>13,042</b>	<b>12,960</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	17	31	51
Share premium		953	953
Translation reserve		(7,473)	(5,783)
Retained earnings		17,641	14,418
<b>Equity attributable to equity holders of the parent</b>		<b>11,152</b>	<b>9,639</b>
Non-controlling interests		289	230
<b>Total equity</b>		<b>11,441</b>	<b>9,869</b>
<b>Non-current liabilities</b>			
Borrowings	18	43	117
Deferred tax liabilities	19	162	91
<b>Total non-current liabilities</b>		<b>205</b>	<b>208</b>
<b>Current liabilities</b>			
Trade and other payables	20	579	1,564
Borrowings	18	750	1,264
Current tax liabilities	21	67	55
<b>Total current liabilities</b>		<b>1,396</b>	<b>2,883</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,042</b>	<b>12,960</b>

  
Oleksandr Berdnyk  
Director

  
PP, Bizserve Investments Limited  
Director

  
Bizserve Management Limited  
Director



# AGROLIGA GROUP PLC.

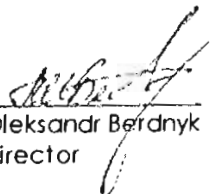
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY


Year ended 31 December 2015

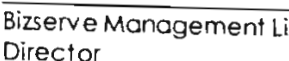
	Attributable to equity holders of the Company					Total €'000
	Share capital €'000	Share premium €'000	translation reserve €'000	Retained earnings €'000	Non controlling interests €'000	
<b>Balance at 31 December 2013</b>	51	953	(598)	11,692	193	12,291
<b>Balance at 1 January 2014 as previously reported</b>	51	953	(598)	11,692	193	12,291
<b>Comprehensive Income</b>						
Net profit for the year	-	-	-	2,726	37	2,763
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	(5,185)	-	-	(5,185)
<b>Balance at 31 December 2014</b>	51	953	(5,783)	14,418	230	9,869
<b>Balance at 1 January 2015 as previously reported</b>	51	953	(5,783)	14,418	230	9,869
<b>Comprehensive Income</b>						
Net profit for the year	-	-	-	3,223	59	3,282
Elimination from share capital due to change of status of Vostokagrocontract from combined to consolidated	(20)	-	-	-	-	(20)
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	(1,690)	-	-	(1,690)
<b>Balance at 31 December 2015</b>	31	953	(7,473)	17,641	289	11,441

Share premium is not available for distribution.

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 shareholders (companies and individuals) are Cyprus tax residents. 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.

  
Oleksandr Berdnyk  
Director

  
PP, Bizserve Investments Limited  
Director


  
Bizserve Management Limited  
Director

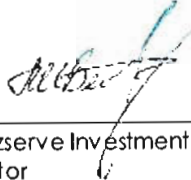
# AGROLIGA GROUP PLC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	2015 €'000	2014 €'000
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	3,188	2,885
Adjustments for:		
Depreciation of property, plant and equipment	163	144
Exchange difference arising on the translation of assets & liabilities in foreign currencies	(1,178)	(3,095)
Interest income	(277)	(5)
Interest expense	336	360
<b>Cash flows from operations before working capital changes</b>	2,232	(289)
Increase in inventories and work in progress	370	983
Decrease/(increase) in trade and other receivables	1,282	60
(Increase)/decrease in biological assets	(170)	321
Decrease in trade and other payables	(985)	1,094
<b>Cash flows from operations</b>	2,726	2,747
Net tax paid	(106)	-
<b>Net cash flows from operating activities</b>	2,835	2,747
<b>Cash flows from investing activities</b>		
Payment for purchase of property, plant and equipment	(1,953)	(825)
Proceeds from disposal of property, plant and equipment	210	-
Loans granted	(60)	(231)
Interest received	277	5
<b>Net cash (loss) generated by investing activities</b>	(1,526)	(1,051)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	428
Repayment of borrowings	(588)	(1,367)
Interest paid	(375)	(360)
<b>Net cash (loss) generated by financing activities</b>	(924)	(1,299)
<b>Net increase (decrease) in cash</b>	385	397
Cash at the beginning of the year	505	109
<b>Cash at the end of the year</b>	890	505

  
Oleksandr Berdnyk  
Director

  
PP, Bizserve Investments Limited  
Director

  
Bizserve Management Limited  
Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

### **Basis of consolidation**

The Group consolidated financial statements comprise the financial statements of the parent company Agroliga Group Plc. and the financial statements of the Ukrainian companies Agroliga Group LLC, PE Li-ga-A, Agrokom NV LLC, PE Mechnikovo, LLC Vostokagrocontract, Mayak LLC and Agroliga LLC. The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

### **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Year ended 31 December 2015

and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

#### Revenue recognition

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Group are recognized on the following bases:

- **Sale of products**  
Sales of products are recognized when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Group has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.
- **Interest income**  
Interest income is recognized on a time-proportion basis using the effective interest method.

#### 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 Group'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 (€000), which is the Group's 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 recognized in profit or loss.

#### Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets 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.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

# AGROLIGA GROUP PLC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

### Dividends

Dividend distribution to the Group's shareholders is recognized in the Group's financial statements in the year in which they are approved by the Group's shareholders.

### Biological assets

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Property under construction	
Buildings	2-5
Agricultural equipment	7-10
Motor vehicles and other fixed assets	10-20
Production equipment	5-10

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### Deferred income from government grants

Government grants on non-current assets acquisitions are credited to profit or loss in instalments over the estimated useful economic lives of the corresponding assets. This is achieved by deducting grants from the book value of these assets and the recognition of income through the reduced depreciation charge. Grants are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognized in profit or loss as revenue.

### Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

### Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

### Prepayments from clients

Payments received in advance on sale contracts for which no revenue has been recognized yet, are recorded as prepayments from clients as at the reporting date and carried under liabilities.

### Loans granted

Loans originated by the Group by providing money directly to the borrower are categorized as loans and are carried at amortized cost. The amortized cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognized when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

### Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

## **Derecognition of financial assets and liabilities**

### Financial assets

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Year ended 31 December 2015

#### Financial liabilities

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

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

#### **Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### **Offsetting financial instruments**

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

#### **Inventories**

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the first-in-first-out basis with. The costs of finished goods and semi-finished goods comprises materials, direct labour, other direct costs and related production overheads (based on normal operating activity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

#### **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.

#### **Non-current liabilities**

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

#### **Comparatives**

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

### **3. FINANCIAL RISK MANAGEMENT**

#### **Financial risk factors**

The Group 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 Group to manage these risks are discussed below:

#### **3.1 Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market in-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

Interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

### 3.2 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. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

### 3.3 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 Group has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

### 3.4 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 recognized assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

### 3.5 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 Group 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:

#### Provision for bad and doubtful debts

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of impairment exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

#### Provision for obsolete and slow-moving inventory

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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 Group recognizes 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.

### Impairment of non-financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

## 5. REVENUE

5.1 Sales revenue	2015	2014
	€'000	€'000
Sales of products	20.631	16.081
Income from biological assets	399	1.378
<b>Total:</b>	<b>21.030</b>	<b>17.459</b>

## 6. INCOME FROM GOVERNMENT GRANTS

6.1 Income from government grants	2015	2014
	€'000	€'000
Government grants related to VAT	896	448
Government grants related to milk production	-	25
Partial compensation of interest expenses and other grants	2	-
<b>Total:</b>	<b>898</b>	<b>473</b>

## 7. OTHER OPERATING INCOME/(EXPENSES), NET

7.1 Other operating income/(expenses), net	2015	2014
	€'000	€'000
Write-off of accounts receivable and advances given	(216)	(68)
Income from write-off of accounts payable	7	3
Recognized fines, penalties	2	(2)
Other income	308	240
Other expenses	(358)	-
Other operating expenses	(8)	(16)
<b>Total:</b>	<b>(265)</b>	<b>157</b>

## 8. EXPENSES BY NATURE

8.1 Expenses by nature	2015	2014
	€'000	€'000
Raw materials and consumables used	(15.769)	(10.565)
Staff costs (Note 9)	(190)	(580)
Depreciation and amortisation expense	(235)	(252)
Exchange rate differences expense	(33)	(238)
Auditors' remuneration	(11)	(16)
Other expenses	(1.209)	(3.194)
<b>Total:</b>	<b>(17.447)</b>	<b>(14.845)</b>

# AGROLIGA GROUP PLC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

### 9. STAFF COSTS

<b>9.1 Staff costs</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Wages and salaries	(190)	(580)
<b>Total:</b>	<b>(190)</b>	<b>(580)</b>

### 10. FINANCIAL INCOME/(EXPENSES), NET

<b>10.1 Financial income/(expenses), net</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Bank interest income	8	-
Unrealised exchange profit	7	-
Net foreign exchange transaction losses	-	-
Interest expense	(336)	(318)
Other finance expenses	(39)	(40)
<b>Total:</b>	<b>(360)</b>	<b>(358)</b>

### 11. TAXES

<b>11.1 Tax recognized in profit or loss</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Overseas tax	94	(123)
<b>Charge/(credit) for the year/period</b>	<b>94</b>	<b>(123)</b>

The corporation tax rate is 12,5% for Cyprus parent company and 18% for Ukrainian entities.

Under certain conditions interest income in Cyprus may be subject to defence contribution at the rate of 30% (2014:30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends in Cyprus received from abroad may be subject to defence contribution at the rate of 17%.

### 12. PROPERTY, PLANT AND EQUIPMENT

	<b>Buildings</b>	<b>Property under construction</b>	<b>Agricultural equipment</b>	<b>Motor vehicles and other fixed assets</b>	<b>Production equipment</b>	<b>Total</b>
<b>Cost</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Balance at 31 December 2013</b>	<b>1.339</b>	<b>926</b>	<b>1.230</b>	<b>60</b>	<b>863</b>	<b>4.418</b>
Additions	1.018	-	271	6	145	1.440
Exchange differences	(1.188)	(744)	(386)	(29)	(373)	(2.720)
<b>Balance at 31 December 2014</b>	<b>1.169</b>	<b>182</b>	<b>1.115</b>	<b>37</b>	<b>635</b>	<b>3.138</b>
Additions	477	837	417	184	38	1.953
Disposals	(90)	-	(43)	-	(22)	(155)
Exchange differences	(297)	-	(216)	(10)	(158)	(681)
<b>Balance at 31 December 2015</b>	<b>1.259</b>	<b>1.019</b>	<b>1.273</b>	<b>211</b>	<b>493</b>	<b>4.255</b>

# AGROLIGA GROUP PLC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

	Buildings	Property under construction	Agricultural equipment	Motor vehicles and other fixed assets	Production equipment	Total
<b>Depreciation</b>						
<b>Balance at 31 December 2013</b>	<b>(60)</b>	<b>-</b>	<b>(337)</b>	<b>(15)</b>	<b>(97)</b>	<b>(509)</b>
Charge for the year	(58)	-	(50)	(4)	(32)	(144)
Exchange differences	25	-	125	8	40	198
<b>Balance at 31 December 2014</b>	<b>(93)</b>	<b>-</b>	<b>(262)</b>	<b>(11)</b>	<b>(89)</b>	<b>(455)</b>
Charge for the year	(96)	-	(44)	-	(23)	(163)
On disposal	41	-	-	-	30	71
Exchange differences	(175)	-	25	11	6	(133)
<b>Balance at 31 December 2015</b>	<b>(323)</b>	<b>-</b>	<b>(281)</b>	<b>-</b>	<b>(76)</b>	<b>(680)</b>
<b>Net book value</b>						
<b>Balance at 31 December 2015</b>	<b>936</b>	<b>1,019</b>	<b>992</b>	<b>211</b>	<b>418</b>	<b>3,575</b>
<b>Balance at 31 December 2014</b>	<b>1,076</b>	<b>182</b>	<b>853</b>	<b>26</b>	<b>546</b>	<b>2,683</b>
<b>Balance at 31 December 2013</b>	<b>1,279</b>	<b>926</b>	<b>893</b>	<b>45</b>	<b>766</b>	<b>3,909</b>

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2015 €'000	2014 €'000
Net book value	3,575-	2,683
<b>Proceeds from disposal of property, plant and equipment</b>	<b>210-</b>	<b>-</b>

### 13. BIOLOGICAL ASSETS

13.1. Biological assets	2015 €'000	2014 €'000
<b>Balance at 1 January</b>	<b>663</b>	<b>942</b>
Increases due to purchases	349	117
Decrease in value due to disposal and products gathering	(459)	(692)
Increase in value due to capitalized expenses	455	595
Exchange difference	(178)	(464)
Gains arising from changes in fair value	3	165
<b>Balance at 31 December</b>	<b>883</b>	<b>663</b>
Non-current portion	152	187
Current portion	681	476
<b>Total:</b>	<b>833</b>	<b>663</b>

### 14. NON-CURRENT LOANS RECEIVABLE

14.1. Non-current loans receivable	2015 €'000	2014 €'000
Loans to shareholders (Note 23)	473	668
<b>Total:</b>	<b>473</b>	<b>668</b>

# AGROLIGA GROUP PLC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

The exposure of the Group to credit risk is reported in note 3 of the consolidated financial statements. The fair values of non-current receivables approximate to their carrying amounts as presented above.

### 15. INVENTORIES AND WORK IN PROGRESS

<b>15. Inventories and work in progress</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Agricultural products	1.723	2.453
Spare parts and building materials	40	719
Work in progress	983	480
Materials of agricultural purpose	190	185
Fuel	38	54
Other inventories	1.218	671
<b>Total:</b>	<b>4.192</b>	<b>4.562</b>

Inventories are stated at cost.

### 16. TRADE AND OTHER RECEIVABLES

<b>16.1. Trade and other receivables</b>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Trade receivables	2.003	2.276
Less: Provision for impairment of receivables	(38)	(123)
<b>Trade receivables - net</b>	<b>1.965</b>	<b>2.153</b>
Receivables from related parties (Note 23)	87	441
Directors' current accounts - debit balances (Note 23)	255	319
Deposits and prepayments	88	59
Other receivables	268	935
Refundable VAT	190	(27)
<b>Total:</b>	<b>2.853</b>	<b>3.880</b>

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the consolidated financial statements.

### 17. SHARE CAPITAL

	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>Number of shares</b>	<b>€'000</b>	<b>Number of shares</b>	<b>€'000</b>
<b>Authorised</b>				
Ordinary shares of €0,10 each	307.560	31	307.560	31
<b>Issued and fully paid</b>				
Balance at 1 January	307.560	51	307.560	31
Result of aggregation with Ukrainian entity LLC Vostokagrokontract	-	(20)	-	20
<b>Balance at 31 December</b>	<b>307.560</b>	<b>31</b>	<b>307.560</b>	<b>51</b>

# AGROLIGA GROUP PLC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

### 18. BORROWINGS

18.1. Borrowings	2015 €'000	2014 €'000
<b>Current borrowings</b>		
Bank loans	750	1.264
<b>Total current borrowings</b>	<b>750</b>	<b>1.264</b>
<b>Non-current borrowings</b>		
Bank loans	43	58
Loans from related companies (Note 23)	-	59
<b>Total non-current borrowings</b>	<b>43</b>	<b>117</b>
<b>Total</b>	<b>793</b>	<b>1.381</b>

The bank loans are secured as follows. The weighted average effective interest rates at the reporting date were as follows:

	2015	2014
Bank loans	19,5%	19,5%

### 19. DEFERRED TAXES

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 11). The applicable corporation tax rate in the case of tax losses is 12,5% and 18% for Cyprus and Ukrainian companies respectively.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

#### Deferred tax liability

	Non-current assets €'000	Inventories €'000	Prepay- ments €'000	Total €'000
<b>Balance at 31 December 2013</b>	<b>(50)</b>	<b>9</b>	<b>41</b>	<b>-</b>
Charged/(credited) to:				
Statement of profit or loss and other comprehensive income (Note 11)	55	(9)	91	137
Exchange differences	-	-	(2)	(2)
<b>Balance at 31 December 2014</b>	<b>5</b>	<b>-</b>	<b>130</b>	<b>135</b>
Charged/(credited) to:				
Statement of profit or loss and other comprehensive income (Note 11)	41	-	(14)	27
<b>Balance at 31 December 2015</b>	<b>46</b>	<b>-</b>	<b>116</b>	<b>162</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

### Deferred tax assets

	Non-current assets €'000	Advances from clients €'000	Reserves & provisions €'000	Total €'000
<b>Balance at 31 December 2013</b>	-	-	17	17
Charged/(credited) to:				
Statement of profit or loss and other comprehensive income (Note 11)	2	52	(27)	27
<b>Balance at 31 December 2014</b>	<b>2</b>	<b>52</b>	<b>(10)</b>	<b>44</b>
Charged/(credited) to:				
Statement of profit or loss and other comprehensive income (Note 11)	(1)	180	3	182
<b>Balance at 31 December 2015</b>	<b>1</b>	<b>232</b>	<b>(7)</b>	<b>226</b>
<b>Deferred tax liabilities/(assets), net</b>	<b>45</b>	<b>(232)</b>	<b>123</b>	<b>(64)</b>

### 20. TRADE AND OTHER PAYABLES

#### 20.1. Trade and other payables

	2015 €'000	2014 €'000
Trade payables	368	623
Prepayments from clients	105	112
Directors' current accounts - credit balances (Note 23)	4	63
Accruals	-	159
Other creditors	-	511
Payables to related parties (Note 23)	152	96
<b>Total</b>	<b>579</b>	<b>1,564</b>

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

### 21. CURRENT TAX LIABILITIES

#### 21.1. Current tax liabilities

	2015 €'000	2014 €'000
Corporation tax	67	55
<b>Total</b>	<b>67</b>	<b>55</b>

### 22. OPERATING ENVIRONMENT OF THE GROUP

Economic recovery started in the first quarter of 2015 and continued throughout the year at an accelerating pace. Thus real GDP rose as per the Cyprus Statistical Service by 2.7% in the fourth quarter when seasonally adjusted. For the year as a whole, real GDP increased by 1.6% compared with a decline of 2.5% the year before (Cyprus Statistical Service). Growth was mainly driven by tourism, business services and financial and insurance services on the supply side.

On the expenditure side the driver of growth was mainly investments in buildings, metals and machinery, and transport equipment. Growth in the year was also supported by the depreciation of the euro and the drop in oil price. The outlook for the medium term remains positive according to the European Commission

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

and the International Monetary Fund. Real GDP is expected to grow by about 2% per annum in 2016-2017. Downside risks to the outlook relate to the high level of non-performing loans and to a worsening of the external environment. A deteriorating external environment would pose a risk for an open economy like Cyprus. This might include a worsening of conditions in Greece, a continuing downturn in Russia and further Rouble weakness, weaker growth in the euro area and in the UK or a worsening of credit conditions in world bond markets. Conversely, upside risks to the economic outlook relate to a longer period of low oil prices, improving conditions in Greece and an improvement in foreign investment climate.

The ESM Macroeconomic Adjustment Programme ended on 31 March 2016 and the government has decided to exit without a successor arrangement.

Cyprus will remain under post-programme surveillance until at least 75% of the financial assistance received has been paid. Under the post-programme surveillance, the European Commission in liaison with the European Central Bank (ECB) will have regular review missions to analyse fiscal and financial developments and report semi-annual assessments which may recommend further measures when necessary.

In recognition of the progress achieved on the fiscal front and on economic recovery, as well as the adoption in April 2015 of a comprehensive reform framework for corporate and personal insolvency, the international credit rating agencies have upgraded the credit ratings for the Cypriot sovereign, paving the way for the sovereign to access the international capital markets.

Ukraine has been experiencing substantial politic and economic changes in recent years, and these changes continuously influenced activities of the Group. Currently Ukraine goes through great problems, however in case of positive results the country would be much more competitive and developed. Unique combination of natural, intellectual, human and production resources in line with effective and professional government opens plenty of new opportunities for development of the country in geopolitical scale, which is also changing permanently. So, prospects for future economic stability in Ukraine considerably depend upon effective economic steps and reforms together with development of legislation and politics, which are not under the control of the Group. These consolidated financial statements represent current assessment of the management of Ukrainian business environment on activities of the Group, its financial position. However, the future conditions could differ from this assessment.

The further political developments are currently unpredictable and may adversely affect the Ukrainian economy. As of the date of this report, operation of the Group's facilities throughout Ukraine continued to operate normally.

### 23. RELATED PARTY TRANSACTIONS

The Company is controlled by Mr Oleksandr Berdnyk and Ms Iryna Poplavska which own 42% of the Company's shares each.

The following transactions were carried out with related parties:

#### 23.1 Sales of goods and services

Name	Nature of transactions	2015 €'000	2014 €'000
Praga	Trade	-	67
L. Kazanina	Trade	6	-
O. Berdnyk	Trade	1	1
<b>Total</b>		<b>7</b>	<b>68</b>

Sales to the related parties were made on commercial terms and conditions.



# AGROLIGA GROUP PLC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

### 23.2 Purchases of goods and services

Name	Nature of transactions	2015 €'000	2014 €'000
I. Poplavskaya	Trade	546	202
M. Tamaryan	Trade	71	90
L. Kazanina	Trade	61	67
Palatovska	Trade	37	-
Y. Poplavskiy	Trade	7	-
Yakovleva	Trade	611	-
Praga	Trade	-	186
<b>Total</b>		<b>1.333</b>	<b>545</b>

Purchases from related parties were made on commercial terms and conditions.

### 23.3 Receivables from related parties (Note 16)

Name	Nature of transactions	2015 €'000	2014 €'000
I. Poplavskaya	Trade	1	234
M. Tamaryan	Other	53	38
L. Kazanina	Other	31	99
Praga	Trade	1	70
Palatovska	Trade	0	-
Yakovleva	Trade	1	-
<b>Total</b>		<b>87</b>	<b>441</b>

### 23.4 Loans to shareholders (Note 14)

	2015 €'000	2014 €'000
Loan to shareholders	473	668
<b>Total</b>	<b>473</b>	<b>668</b>

The loan to shareholders was provided interest free, and there was no specified repayment date.

### 23.5 Payables to related parties (Note 20)

Name	Nature of transactions	2015 €'000	2014 €'000
I. Poplavskaya	Other	38	82
M. Tamaryan	Other	27	8
L. Kazanina	Trade	1	1
S. Berdnyk	Trade	1	-
Y. Poplavskiy	Trade	4	5
Yakovleva	Trade	82	-
<b>Total</b>		<b>152</b>	<b>96</b>

### 23.6 Loans from related undertakings (Note 18)

	2015 €'000	2014 €'000
Loans from related parties	-	59
<b>Total</b>	<b>-</b>	<b>59</b>

The loan from related parties was provided interest free, and there was no specified repayment date.

# AGROLIGA GROUP PLC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 23.7 Directors' current accounts - debit balances (Note 16)

	2015	2014
	€'000	€'000
O. Berdnyk	255	319
<b>Total</b>	<b>255</b>	<b>319</b>

The directors' current accounts are interest free, and have no specified repayment date.

### 23.8 Directors' current accounts - credit balances (Note 20)

	2015	2014
	€'000	€'000
O. Berdnyk	4	63
<b>Total</b>	<b>4</b>	<b>63</b>

The directors' current accounts are interest free, and have no specified repayment date.

## 24. CONTINGENT LIABILITIES

The tax treatment of the Group's overseas operations may be different to the treatment adopted by the relevant tax authorities. This may expose the Group to the risk of tax fines and penalties, their amount of which may be significant. No provision has been made in these financial statements in respect of this matter.

## 25. COMMITMENTS

The Group had no capital or other commitments as at 31 December 2015.

## 26. GOING CONCERN

For the year ended 31 December 2015, the Group's profit amounted to EUR 3,261 thousand. Thus, as at 31 December 2015, current assets of the Group exceeded its current liabilities by EUR 7,381 thousand. Despite the positive indicators in 2015, the Group could be impacted by the factors and risks that will make doubtful the possibility of the Group to continue in the future on a going concern basis.

The main negative factor influencing the financial performance of the Group is the devaluation process in Ukraine, which is the main economic environment of the Group. The decrease of Ukrainian hryvnia exchange rate to foreign currencies forced the Management to recognize the adverse exchange rate differences raised from the revaluation of financial liabilities of the Group. The agricultural sector, in which the Group operates, is prone to loss due to the growth of prices of agricultural raw materials and fuel for agricultural machinery. Conditions and risks existing at the macroeconomic level in the Group's environment can cause repeated losses in the future and make doubtful the possibility of the Group to continue as a going concern.

The Group applies a strategy to minimize the impact of these conditions and risks. Attracting of foreign investment, the expansion of the distribution market and the use of elite breeds of animals and seed crops, in the opinion of Management, are measures that will help in overcoming the financial crisis in Ukraine.

Management of the Group believes that has all factors for provision the going concern in the future. The going concern basis is appropriate for preparation of the financial statements in the absence of significant uncertainties that are beyond the control of the Group and could make doubtful the possibility of the Group to continue as a going concern.

## 27. EVENTS AFTER THE REPORTING PERIOD

Further to the abovementioned, there were no material events after the reporting period, which have a bearing on the understanding of the financial statements.