



Quarterly consolidated report for the period
1st July 2019 – 30st September 2019

14th November 2019

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General information about the Company

Company details:

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1.1 COMPANY PROFILE

The core activity of the Cereal Planet Group, and Ukraine based Group of Companies, is the production of cereals (buckwheat, pea, wheat, barley, maize, and millet) with the Group's own equipment. The cereals are distributed B2B and B2C. Majority distribution is done in the B2B format. Major trade marks split into the following groups : BULGUR – convenient food, MAIFAINA – tasty cereal , RIDLANA – top quality products, ZLOTOKOSICA – variety of products, and food for animals. Each group has selection of products and has its own features.

Cereal Planet PLC is a holding company and owns 1 subsidiary - Olimp LLC, production and sales is executed by the subsidiary.

Group of Companies first ventured into grits industry in 1998 and achieved nowadays around 10% of the Ukrainian market.

The Group of companies has a trade chain in Kharkov and in the region, key clients-distributors in large regional and district cities of Ukraine, the sales channels of which are used for sales of Group owned and other trademarks.

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

The Group has been exporting cereals to more than 30 countries including CIS countries, Europe and Asia for over 15 years. The prevalent export items are cereals and grain manufactured by the Group, as well as grain purchased from agricultural companies in bulk, which are exported using the railway and sea transport. The experience and long-term presence in this market made it possible to create and permanently expand the circle of partners in various countries of the world, the number of which nowadays exceeds 50 companies.

The Group consists of 3 companies:

Cereal Planet PLC – Cyprus based holding Company

Olimp LLC – Ukrainian based trading and distribution company



1.2 BOARD OF DIRECTORS

Anatoli Vlasenko - Chairman of the Board of Directors

Ask Investment Limited – Member of the Board of Directors (nominee)

Ask Management Limited – Member of the Board of Directors (nominee)

Cereal Planet PLC does not have Supervisory Board.



2 CONDENSED STANDALONE FINANCIAL STATEMENT FOR THE 3 Q 2019

Tables below provide condensed interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for a 3 Q 2019 (period ended 30 September 2019). All data are presented in thousand EUR.

2.1 CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Statement of comprehensive income for the period from 01.01.2019 to 30.09.2019

Income statement

for the period began 01 April ended 30 09 2019

	01.01.2019 -30 09 2019	01.01.2018 - 30 09 2018
Note	€000	€000
Continuing operations		
Sales revenue	604	1 159
Cost of sales	(565)	(1 108)
Profit from investment activities		
Income from change in fair value of agricultural products		
Gross profit	<u>39</u>	<u>51</u>
Selling and distribution costs		
Administrative expenses	(21)	(15)
Income from government grants		
Other operating income/(expenses), net		
Operating profit	<u>18</u>	<u>36</u>
Financial income/(expenses), net		
Exchange rate differences, net		
Profit before tax from continuing operations	<u>18</u>	<u>36</u>
Income tax expense	-	-
Profit for the year from continuing operations	<u>18</u>	<u>36</u>
Profit for the year attributable to		
Equity holders of the parent	18	36
Non-controlling interest		
Profit for the year from continuing operations	<u>18</u>	<u>36</u>
Other comprehensive income for the year		
Exchange difference on translating foreign operations		
Total other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year, net of tax	<u>18</u>	<u>36</u>
Total comprehensive income attributable to		
Equity holders of the parent	18	36
Non-controlling interest	-	-

On behalf of the Board:

Chairman of the Board of CEREAL PLANET PLC



Statement of comprehensive financial position for the period 30.09.2019 and 31.12.2018

Statement of financial position
 for the period began 01 January ended 30 September 2019

	30 September 2019	31 December 2018
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment		
Goodwill	0	0
Investments in subsidiaries	107	107
Total non-current assets	<u>107</u>	<u>107</u>
Current assets		
Current biological assets		
Inventories		
Trade and other receivables	306	322
Prepayments and other current assets, net		
Deposit		
Cash and cash equivalent	7	0
Total current assets	<u>313</u>	<u>322</u>
Total assets	<u>420</u>	<u>429</u>
Equity and liabilities		
Share capital	53	53
Other reserves	111	111
Retained earnings (accumulated losses)	-136	-153
Exchange rate effect		
Equity attributable to equity holders of the parent	29	12
Non-controlling interests	0	0
Total equity	<u>29</u>	<u>12</u>
Non-current liabilities		
Other non-current liabilities		
Deferred tax liability		
Total non-current liabilities	<u>0</u>	<u>0</u>
Current liabilities		
Trade and other payables	391	417
Interest-bearing loans and borrowings		
Provisions		
Total current liabilities	<u>391</u>	<u>417</u>
Total liabilities	<u>391</u>	<u>417</u>
Total equity and liabilities	<u>420</u>	<u>429</u>

On behalf of the Board:
 Chairman of the Board of CEREAL PLANET PLC

2.2 CONDENSED STANDALONE STATEMENT OF CASHFLOW


Statement of cash flows for the period from 01.01.2019 to 30.09.2019

Condensed statement of cash flows

for the period from 01/01 to 30.06.2019 year

€ '000	01/01/2019 - 30/09/2019	01/01/2018 - 31/12/2018
Cash flows from operating activities		
Profit before tax	18	9
Adjustments for:		
Depreciation of property, plant and equipment		
Exchange difference arising on the translation of assets on foreign currencies		
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	0	0
Impairment charge of property, plant and equipment	0	0
Interest income	0	0
Interest expense		
Cash flows from operations before working capital changes	18	9
Increase in inventories and work in progress		
Increase in trade and other receivables		-322
(Decrease)/increase in trade and other payables	-27	399
Cash flows from operations	-9	86
Tax refunded/income tax paid		
Net cash flows from operating activities	-9	86
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	0	0
Acquisition of subsidiaries, net cash outflow on acquisition	0	-99
Loans granted	0	0
Interest received	0	0
Net cash flows used in investing activities	0	0
Cash flows from financing activities		
Proceeds from borrowings	16	-99
Proceeds from issue of share capital		
Obtaining loans and borrowings		
Repayments of borrowings		
Suspense account (pending correction of Depreciation, Minority interest and share capital)		
Net cash flows (used in)/from financing activities	7	-13
Net decrease in cash and cash equivalents	0	13
Cash and cash equivalents:		
Cash and cash equivalents at 1 january 2019	0	0
At end of the year/period	7	0



Condensed Standalone statement for changes in equity

Statement of changes in equity for the period from 01.01.2019 ended 30.09.2019

Statement of changes in equity
for the period ended 30 September 2019

	Share capital	Retained earnings attributable to equity holders of the parent	Exchange rate effect	Additional paid-in capital	Total
Balance at 31 December 2017	53	161	0	111	326
Profit for the year		8		-	8
Other comprehensive income for the year, net	-		-	-	-
Increase of share capital					-
Balance at 31 December 2018	53	153	0	111	11
Balance at 31 December 2018	53	153	0	111	11
Profit for the year		18		-	18
Other comprehensive income for the year, net		-	-	-	-
Increase of share capital					-
Balance at 30 September 2019	53	135	-	111	29

On behalf of management:

Chairman of the Board of CEREAL PLANET PLC



3 CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE 3 Q 2019

Tables below provide condensed consolidated interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for the 3 Q 2019 (period ended 30.09.2019). The condensed consolidated interim financial statements and comprehensive income position as well as consolidated statement for the changes in the equity present comparative data for 30.09.2018. All data are presented in thousand EUR.

3.1 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Condensed statement of profit or loss and other comprehensive income for the period from 01.07.2019 to 30.09.2019 (with comparative data).

Condensed statement of profit or loss and other comprehensive income for the period from 01/01 to 30/09 of 2019 year (with comparative data)

	01/01/2019 - 30/09/2019	01/01/2018 - 30/09/2018	01/06/2019 - 30/09/2019	01/06/2018 - 30/09/2018
	€000	€000		
Continuing operations				
Sales revenue	12 879	14 291	4 064	5 067
Cost of sales	(10 222)	(11 369)	(3 108)	(4 116)
Gross profit	2 657	2 922	956	950
Administrative expenses	(488)	(234)	(167)	(86)
Selling expenses	(1 706)	(2 279)	(593)	(757)
Other expenses	(315)	(652)	(123)	(173)
Other income	317	669	130	268
Financial expenses	(349)	(194)	(127)	(80)
Profit before tax	115	232	76	122
Income tax expense	(26)	(40)	(14)	(14)
Net profit for the period	88	192	62	108
Other comprehensive expense for the year				
Currency translation difference	342	(168)	193	(174)
Profit for the year attributable to				
Total comprehensive income for the year	430	24	255	(66)

3.2 CONDENSED STATEMENT OF FINANCIAL POSITION



Condensed statement of financial position
as at 30 September 2019 and 30 September 2018 (with comparative data)

	30 September, 2019	30 September, 2018
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment	3 111	1 928
Total non-current assets	3 111	1 928
Current assets		
Inventories	2 117	2 071
Trade and other receivables	3 973	3 913
Cash and cash equivalent	73	142
Total current assets	6 163	6 125
Total assets	9 274	8 053
Equity and liabilities		
Share capital	53	53
Additional paid-in capital	111	111
Exchange differences	-4 067	-4 973
Retained earnings	6 943	6 875
Equity attributable to equity holders of t	3 040	2 066
Non-current liabilities		
Deferred tax liability	8	3
Loans and borrowings non-current	0	0
Total non-current liabilities	8	3
Current liabilities		
Loans and borrowings current	3 580	2 653
Trade and other payables	2 646	3 331
Total current liabilities	6 226	5 984
Total liabilities	6 234	5 987
Total equity and liabilities	9 274	8 053

3.3 CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW



Condensed statement of cash flows for the period ended 30.09.2019 with comparative data for 30.09.2018

Condensed statement of cash flows
for the period from 01/01 to 30/09 of 2019 year

€ '000	01/01/2019 - 30/09/2019	01/01/2018 - 30/09/2018
Cash flows from operating activities		
Profit before tax	115	232
Adjustments for:		0
Depreciation of property, plant and equipment	84	105
Exchange difference arising on the translation of assets on foreign currencies	342	-168
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	0	0
Impairment charge of property, plant and equipment	0	0
Interest income	0	0
Interest expense	-349	-194
Cash flows from operations before working capital changes	191	-25
Increase in inventories and work in progress	348	523
Increase in trade and other receivables	-498	-1 716
(Decrease)/increase in trade and other payables	-1 394	386
Cash flows from operations	-1 353	-831
Tax refunded/income tax paid	-26	-40
Net cash flows from operating activities	-1 380	-871
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	-199	-240
Acquisition of subsidiaries, net cash outflow on acquisition	0	0
Loans granted	0	0
Interest received	0	0
Net cash flows used in investing activities	-199	-240
Cash flows from financing activities		
Proceeds from issue of share capital	0	0
Obtaining loans and borrowings	1 407	0
Repayments of borrowings	0	1 194
Suspense account (pending correction of Depreciation, Minority interest and share capital)	0	0
Net cash flows (used in)/from financing activities	1407	1 194
Net decrease in cash and cash equivalents	-171	84
Cash and cash equivalents:		0
At beginning of the year/period	244	58
At end of the year/period	73	142



3.4 CONDENSED CONSOLIDATED STATEMENT FOR CHANGES IN EQUITY

Condensed statement for changes in equity for the period ended 30.09.2019 year.

Condensed statement for changes in equity
for the period from 01/01 to 30/06 of 2018 year

	Attributable to equity holders of the Company					Total
	Share capital	Share premium	Translation reserve	Retained earnings	Non-controlling interests	
	€000	€000	€000	€000	€000	€000
Balance at 31 December 2017	53	111	- 4 806	6 685	-	2 043
Net profit the period	-	-	-	170	-	170
Issue of share capital	-	-	-	-	-	-
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	7	-	-	7
Balance at 31 December 2018	53	111	- 4 813	6 855	-	2 206
Net profit the period	-	-	-	88	-	88
Issue of share capital	-	-	-	-	-	-
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	746	-	-	746
Balance at 30 September 2019	53	111	- 4 067	6 943	-	3 040

4 APPLIED ACCOUNTANCY PRINCIPLES

These interim financial statements have been prepared based on IAS 34 Interim Financial Reporting. These interim financial statements include substantial information required for a complete set of IFRS financial statements. The Board of Director's commentary included, explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

There were changes in accounting policy in stand alone accountancy in the course of 2019.

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. So Company's financial asset were measured by the transaction price.

Above implication has no effect Group financial statement during period 01.01.2019-30.09.2019

Judgments and estimates

In preparing these interim financial statements, management made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated



financial statements as at and for the year ended 31 December 2018.

Significant accounting policies

Except as described herewith, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

Consolidation

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

Subsidiaries are all Groups' entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Summary of significant accounting policies

The main principles of accounting policy, which have been adopted in the preparation of this audit consolidated financial information, are described below.

Revenue recognition

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

Sale of goods

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

Rendering of services

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

Taxes

Current income tax

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

Deferred income tax

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



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

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

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

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

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

Value added tax

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

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

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

Property, plant and equipment

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



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

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

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

Group of fixed assets	years
Buildings	50
Plant and equipment	20
Motor vehicles	10
Other	10

Group as a lessor

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

Borrowing costs

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

Finance costs

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

Financial instruments:

Financial assets

Initial recognition

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

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

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

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

Subsequent measurement



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

Cash and cash equivalents

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

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

Loans, trade and other receivables

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

Derecognition

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

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

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

(4) Impairment

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

Financial assets carried at amortized cost



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

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

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Trade and other payables

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

Interest-bearing loans and borrowings

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

Derecognition

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



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

Fair value of financial instruments

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

Offsetting of financial instruments

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

Issued capital

Share capital is recognized at the fair value of consideration received. Any excess over the nominal value of shares is taken to the share premium reserve. Cost incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change in equity are taken to profit or loss.

Provisions

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

Inventories

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



Impairment of non-financial assets

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

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

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

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

Foreign currency transactions and translation to presentation currency

(1) Transactions and balances

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

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

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

(2) Translation to presentation currency

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



Contingent assets and liabilities

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

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

Subsequent events

Events, which took place after the reporting date and prior to the date of approval of financial reports to be issued which provide additional information regarding the financial statements of the Group, are reflected in financial statements.



5 THE BOARD OF DIRECTORS' COMMENT ON THE FACTORS AND EVENTS THAT AFFECT THE ACHIEVED FINANCIAL RESULTS.

5.1 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Commentary for 3 Q 2019 profit and loss accounts in comparison to 3 Q 2018 as well as comparison of 1-3 Q 2019 vs. 1-3Q 2018. Sales in 3 Q 2019 in comparison to 3 Q 2018 declined by almost 20% from EUR 5 067 thousand to EUR 4 064 thousand. In was second consecutive quarter of sales decline. Cost of sales also declined but by 25%. Sales gross profit reached EUR 956 thousand and was nearly the same as in 3 Q 2018. Net profit for the period was EUR 255 thousand, mainly due to currency differences. The reason for this was substantial decline in peas production. Decline in peas was due to lower consumption in Asian market.

The aggregated sales for 1-3Q 2019 declined by 10% and gross profit was 9% lower in 2019 in compared period. Profit before tax for the 1-3 Q 2019 amounted to EUR 115 thousand and was 50% lower. So the net profit was 54% lower and reached EUR 88 thousand. Currency translation difference in 1-3Q 2019 was positive and reached EUR 342 thousand. Finally the net profit after currency translation difference reached EUR 430 thousand. This substantial net profit was mainly due to currency difference.

Return on sales for 1-3 Q 2019 increased to 3,3 % and gross profit margin ratio in 1-3 Q 2019 was nearly the same and reached 20,6%. Return on sales was improved due to currency difference .

Financial position for the 1-3 Q 2019 represented the following figures; total assets increased by 15% in comparison to 1-3 Q 2018. Mainly due to the increase in non-current assets. The Company expanded machinery park. On the liabilities side, there was substantial increase in exchange differences attributable to equity by 18%. Current liabilities remained the same but there was a swap; borrowings increased by 35% but trade and others payables decreased by 20%. ROA ratio was 4,6% in 2019, and ROE reached 14,1%.

5.2 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Net cash flow from operations before working capital changes for the period 1-3Q 2019 was EUR 191 thousand in comparison to EUR minus 25 thousand in the comparative period. Aggregated net cash flow at the end of the period EUR 73 thousand and was 48% lower versus comparative period.

5.3 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT FOR CHANGE IN EQUITY

Equity balance in the 1-3Q 2019 was by 37% more than at the end of 2018 and reached EUR 3 040 thousand

6 REPORT ON THE COMPANY'S ACTIVITIES IN 3 Q 2019

6.1 COMPANY'S ACTIVITY

The Company continued regular sales in bulk and to the retail networks. Production mix of the Company continues to change, there was much less peas and increase of flakes and bulgur. Peas market has changed due to decline of Asian import.



On August 12, 2019 there was held the Extraordinary General Meeting of the company. The main purpose of the EGM was to move the Company corporate seat from the Republic of Cyprus to Poland. The EGM approve this step and the process started.

6.2 EXCHANGE RATES

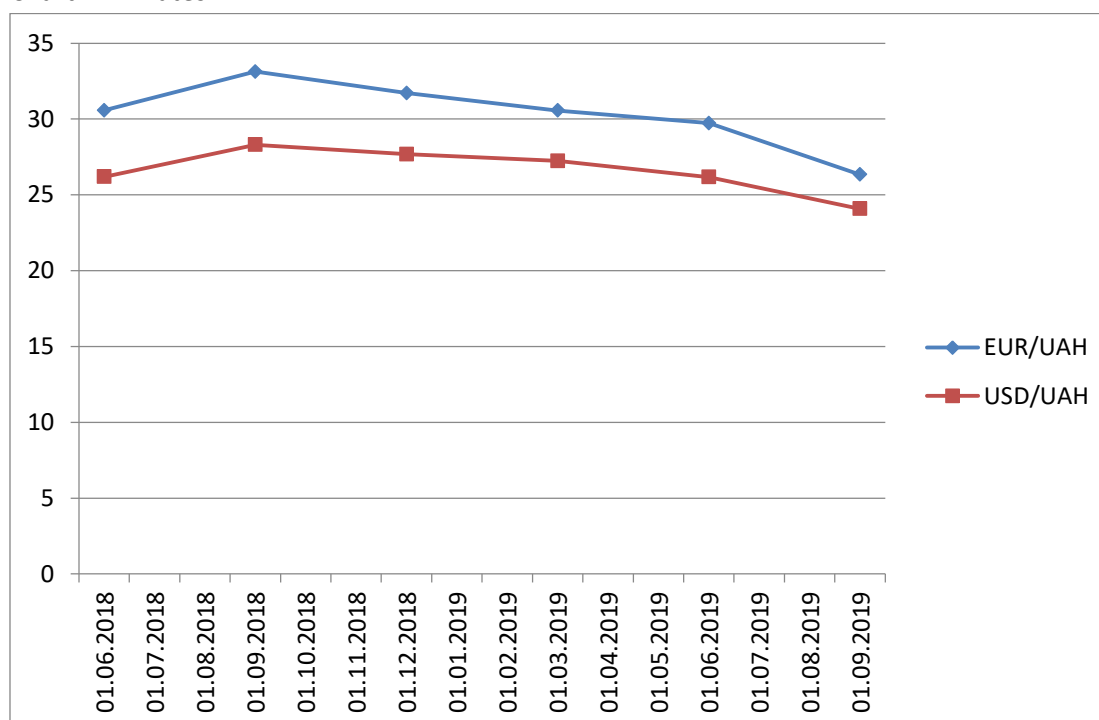
Since the company has substantial export FX has a crucial influence on the profit and loss accounts. All 2019 UAH appreciate toward EUR and USD. From 30.06.2019 till the end of 2018 UAH was stable, but in 2019 UAH appreciated toward EUR and USD. UAH appreciated from 30.09.2018 toward both currencies, namely toward EUR by 20,5% and USD 14,9%. Graph visualizes FX rates in 2019 and comparison in 2018.

Table 1: Central Bank exchange rates

	30.09.2019	30.06.2019	31.03.2019	31.12.2018	30.09.2018	30.06.2018	Δ % 30.09.2019/30.09.2018
EUR/UAH	26,3345	29,7302	30,56	31,71	33,1287	30,568	-20,51%
USD/UAH	24,0828	26,1663	27,24	27,68	28,2982	26,1891	-14,90%

Source: the Issuer

Chart 1: FX rates



Source: the Issuer

6.3 PRODUCTION ACTIVITY

In 3 Q 2018 the Company continues to decrease production by 42% to 8 430 tones. However the margin increased since the profits were nearly the same as the comparable 3 Q 2018. The biggest decrease was in peas – 69%, only bulgur demonstrated noticeable increase bulgur by 63% to 1 474 t. Breakdown of 3Q 2019 production is reflected in the tables below.

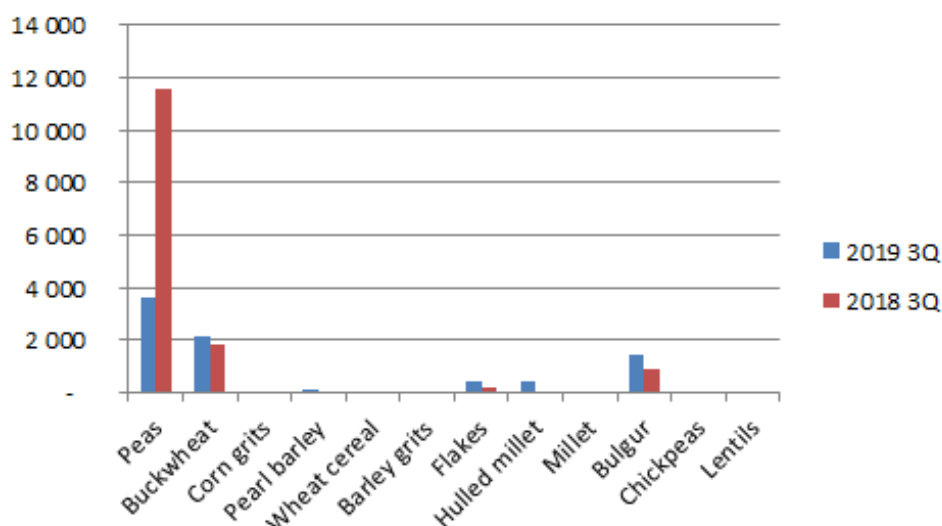


Table 2: Production in tons Production 3 Q 2019 vs. 3 Q 2018

Production, tonnes	2019 3Q	2018 3Q	Δ 3Q19/3Q18
Peas	3 638	11 555	-69%
Buckwheat	2 157	1 855	16%
Corn grits	-	-	0%
Pearl barley	141	65	117%
Wheat cereal	46	-	0%
Barley grits	-	-	0%
Flakes	412	199	107%
Hulled millet	450	-	0%
Millet	47	-	0%
Bulgur	1 474	899	64%
Chickpeas	65	-	0%
Lentils	-	-	0%
Total	8 430	14 573	-42%

Source: the Issuer

Chart 2: Production 3 Q 2019 vs. 3 Q 2018



Source: the Issuer

Production for the 1-3 Q 2019 shows trends in production. Overall production declined by 41% due to decline in peas production which dropped by 73% from 27 899 t to 7 618 t. Buckwheat remained the same. Flakes increased by 121% to 1 351 tons. Hulled millet increased by 84 % to 2 140 tons , bulgur respectively increased by 95% in the comparative period. Total production decreased but the gross profit margin remained nearly the same.

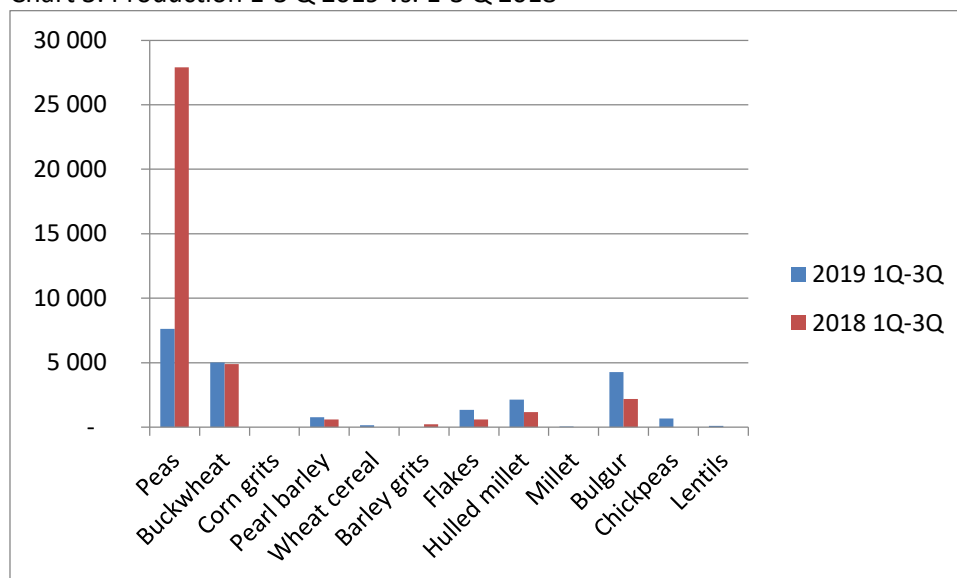
Table 3: Production in tons Production 1-3 Q 2019 vs. 1-3 Q 2018



Production, tonnes	2019 1Q-3Q	2018 1Q-3Q	Δ 1-3Q19/1-3Q18
Peas	7 618	27 899	-73%
Buckwheat	5 008	4 904	2%
Corn grits	-	-	0%
Pearl barley	774	606	28%
Wheat cereal	158	-	0%
Barley grits	-	226	-100%
Flakes	1 351	612	121%
Hulled millet	2 140	1 160	84%
Millet	47	-	0%
Bulgur	4 263	2 189	95%
Chickpeas	671	-	0%
Lentils	97	-	0%
Total	22 127	37 597	-41%

Source: the Issuer

Chart 3: Production 1-3 Q 2019 vs. 1-3 Q 2018



Source: the Issuer

6.4 SUPPLY OF RAW MATERIAL, DISTRIBUTION AND TRADE ACTIVITY

Supply of grain and processing into cereal is held in Kharkov region and is executed without interruption. Supply of raw material for further processing in 3 Q 2019 was executed mainly from Ukraine, except exotic products like rice.

6.5 EXPORT AND IMPORT

Export decreased in 3 Q 2019 in comparison to the period by 48% to EUR 1 726 thousand and in UAH terms even more to 54% due the appreciation of UAH. Import increased 3 Q 2019 by 104% in EUR terms to EUR 409 thousand. Volume of exports is substantially bigger that imports. Aggregated



export for 1-3Q 2019 declined by 23% to EUR 6 772 thousand and imports declined by 38% to EUR 678 thousand

Table 4: Export and import 3 Q 2019 vs. 3 Q 2018

items	2019 3Q		2018 3Q		Δ 3Q19/3Q18	
	UAH	EUR	UAH	EUR	UAH	EUR
Cereal import	11 516 655	409 832	6 396 001	201 139	80%	104%
Cereal export	48 518 090	1 726 564	106 143 846	3 337 979	-54%	-48%

Source: the Issuer

Table 5: Export and import 1-3Q 2019 vs. 1-3Q 2018

items	2019 1Q-3Q		2018 1Q-3Q		Δ 1-3Q19/1-3Q18	
	UAH	EUR	UAH	EUR	UAH	EUR
Cereal import	19 691 418	678 663	35 722 736	1 101 350	-45%	-38%
Cereal export	202 040 611	6 772 370	282 055 373	8 776 425	-28%	-23%

Source: the Issuer

7 THE MANAGEMENT BOARD'S STANDPOINT AS TO THE FORECASTS

The Board of Directors did not announce any projections.

8 EXECUTION OF THE INVESTMENT PIPELINE

In the 3 Q 2019 the Company focused on adjustment products to the current market needs. Investment are executed very cautiously. The Company continued development of bulgur production line. In the production bulgur constitutes considerable portion.

9 INITIATIVES TO DEVELOP ITS ACTIVITIES AIMED TO IMPLEMENT INNOVATIVE SOLUTIONS AT THE ENTERPRISE DURING THE PERIOD OF THE REPORT –INFORMATION ON SUCH ACTIVITIES

Cereal Planet Group has not undertaken any initiatives related to the innovation solutions in the period covered by this Report.

10 COMPANY STRUCTURE, SUBJECT TO CONSOLIDATION

Table 6: CEREAL PLANET GROUP CONSISTS OF 2 COMPANIES

Name	Address	Profile	Shareholders
Cereal Planet PLC	Boumpoulinas, 11 3rd Floor, 1060 NICOSIA, CYPRUS	Holding company In Cyprus	Holding company, 5 persons being majority shareholders
Olimp LLC	61124 Kharkov, Kashtanowa 10 str	Trading and distribution company	100% belongs to Cereal Planet LLC

Source: the Issuer

11 SHAREHOLDERS STRUCTURE

The Shareholding structure of the Company, indicating shareholders at the date of report as of 30.06.2019.



Table 7: SHAREHOLDERS STRUCTURE

Shareholder	Number of shares	Number of votes at the general meeting	Percentage in share capital	Percentage in the total number of votes at the general meeting
Vlasenko Anatoli	597 002	597 002	33.54%	33.53%
Dubruskin Igor	97 830	97 830	5.50%	5.50%
Vlasenko Oleksander	532 723	532 723	29.93%	29.93%
Slavgorodskiy Oleksander	532 723	532 723	29.93%	29.93%
Other shareholders	19 722	19 722	2.25%	1,11%
Total	1 780 000	1 780 000	100%	100%

Source: the Issuer

12 NUMBER OF EMPLOYEES AT THE END OF 3 Q 2019

Cereal Planet PLC itself does not employ personnel. Employees are located in the companies of CEREAL PLANET GROUP.

Table 8: NUMBER OF EMPLOYEES

Number of employees	3Q 2019	3Q 2018
Production	124	201
Non production employees	148	117
Total	272	318

Source: the Issuer

Antoliy Vlasenko,
Chairman of the Board of Directors

