



Quarterly report for the period  
1st July 2018 – 30st September 2018

---

14<sup>th</sup> November 2018

**TABLE OF CONTENTS**

Table of contents .....	2
1.1 Company profile .....	4
1.2 Board of directors .....	5
2 Condensed Standalone Financial statement for the 3 Q 2018.....	6
2.1 Condensed Standalone statement of comprehensive income and financial position .....	6
2.2 Condensed Standalone statement of cashflow .....	8
3 Condensed consolidated Financial statement for the 3 Q 2018 .....	10
3.1 Condensed Consolidated statement of comprehensive income.....	10
3.2 Condensed statement of financial position.....	10
3.3 Condensed Consolidated statement of cashflow .....	11
3.4 Condensed Consolidated statement for changes in equity .....	13
4 Applied accountancy principles.....	13
5 The Board of Directors’ comment on the factors and events that affect the achieved financial results. ...	22
5.1 Comments to the Condensed Consolidated statement of comprehensive income and financial position	22
5.2 Comments to the condensed consolidated statement of cash flow .....	22
5.3 Comments to the condensed consolidated statement for change in equity .....	22
6 Report on the Company’s activities in 3 Q 2018 .....	22
6.1 Company’s activity.....	22
6.2 Exchange rates.....	23
6.3 Production activity.....	23
6.4 Supply of raw material, Distribution and Trade activity .....	25
6.5 Export and import.....	25
7 The Management Board’s standpoint as to the forecasts .....	25
8 Execution of the investment pipeline .....	25
9 Initiatives to develop its activities aimed to implement innovative solutions at the enterprise during the period of the report –information on such activities.....	25



---

10	Company structure, subject to consolidation .....	25
11	Shareholders structure .....	26
12	Number of employees at the end of 3 Q 2018 .....	26



## General information about the Company

## Company details:

Company Name:	Cereal Planet PLC
Address:	Boumpoulinas, 11, 3rd Floor, 1060 Nicosia, Cyprus
Registration number:	HE 304677
Telephone:	+38 (057) 775 81 33, +38 (057) 775 81 34
Mail:	office@cereal.com.ua
www:	www.cereal.com.ua

## 1.1 COMPANY PROFILE

The core activity of the Cereal Planet Group, an 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 2 subsidiaries, production and sales is executed by the subsidiaries.

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

Cereal Ukraine LLC – Ukrainian 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 2018

Tables below provide condensed interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for a 3 Q 2018 (period ended 30 September 2018). 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 01.07.2018 to 30.09.2018

Income statement for the period ended 30.09.2018	01.07.2018 - 01.07.2017	01.01.2018 - 01.01.2017	01.07.2018 - 01.01.2017	01.07.2017 - 01.01.2017
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	€ <sub>000</sub>	€ <sub>000</sub>	€ <sub>000</sub>	€ <sub>000</sub>
<b>Continuing operations</b>				
Sales revenue	1 158,63	0	1 158,63	0
Cost of sales	-1 107,60		-1 107,60	
Profit from investment activities				
Income from change in fair value of agricultural products				
<b>Gross profit</b>	<b>51,03</b>	<b>0</b>	<b>51,03</b>	<b>0</b>
Selling and distribution costs				
Administrative expenses	-15,43	0	-15,43	
Income from government grants				
Other operating income/ (expenses), net				
<b>Operating profit</b>	<b>35,60</b>	<b>0</b>	<b>35,60</b>	<b>0</b>
Financial income/ (expenses), net				
Exchange rate differences, net				
<b>Profit before tax from continuing operations</b>	<b>35,60</b>	<b>0</b>	<b>35,60</b>	<b>0</b>
Income tax expense				
<b>Profit for the year from continuing operations</b>	<b>35,60</b>	<b>0</b>	<b>35,60</b>	<b>0</b>
<b>Other comprehensive income for the year</b>				
Exchange difference on translating foreign operations				
<b>Total other comprehensive income for the year</b>				
<b>Total comprehensive income for the year, net of tax</b>				
<b>Profit for the year attributable to Equity holders of the parent</b>	<b>35,60</b>	<b>0</b>	<b>35,60</b>	<b>0</b>

Statement of comprehensive financial position for the period 30.09.2018 and 30.09.2017



**Statement of financial position**

for the period began 01 January ended 30 September 2018

	30 September 2018	31 December 2017
<b>Assets</b>	<b>€000</b>	<b>€000</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Goodwill	0	0
Investments in subsidiaries	2 112	2 112
<b>Total non-current assets</b>	<b>2 112</b>	<b>2 112</b>
<b>Current assets</b>		
Current biological assets		
Inventories		
Trade and other receivables		
Prepayments and other current assets, net		
Deposit		
Cash and cash equivalent	49	0
<b>Total current assets</b>	<b>49</b>	<b>0</b>
<b>Total assets</b>	<b>2 161</b>	<b>2 112</b>
<b>Equity and liabilities</b>		
Share capital	53	53
Other reserves	111	111
Retained earnings (accumulated losses)	1 979	1 926
Exchange rate effect		
Equity attributable to equity holders of the parent	2 143	2 091
Non-controlling interests	0	0
<b>Total equity</b>	<b>2 143</b>	<b>2 091</b>
<b>Non-current liabilities</b>		
Other non-current liabilities		
Deferred tax liability		
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>		
Trade and other payables	18	21
Interest-bearing loans and borrowings		
Provisions		
<b>Total current liabilities</b>	<b>18</b>	<b>21</b>
<b>Total liabilities</b>	<b>18</b>	<b>21</b>
<b>Total equity and liabilities</b>	<b>2 161</b>	<b>2 112</b>



## 2.2 CONDENSED STANDALONE STATEMENT OF CASHFLOW

Statement of cash flows for the period from 01.07.2018 to 30.09.2018

**Condensed statement of cash flows**

for the period from 01/01 to 30/09/2018 year

€ '000	01/01/2018 - 30/09/2018	01/01/2017 - 30/09/2017	01/07/2018 - 30/09/2018	01/07/2017 - 30/09/2017
<b>Cash flows from operating activities</b>				
Profit before tax	36	0	36	0
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	0	0
Impairment charge of property, plant and equipment	0	0	0	0
Interest income	0	0	0	0
Interest expense				
Cash flows from operations before working capital changes	36	0	36	0
Increase in inventories and work in progress				
Increase in trade and other receivables				
(Decrease)/increase in trade and other payables	-3	0	-3	0
Cash flows from operations	33	0	33	0
Tax refunded/income tax paid				
<b>Net cash flows from operating activities</b>	<b>33</b>	<b>0</b>	<b>33</b>	<b>0</b>
<b>Cash flows from investing activities</b>				
Payment for purchase of property, plant and equipment	0	0	0	0
Acquisition of subsidiaries, net cash outflow on acquisition	0	0	0	0
Loans granted	0	0	0	0
Interest received	0	0	0	0
<b>Net cash flows used in investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of share capital				
Obtaining loans and borrowings				
Repayments of borrowings				
Suspense account (pending correction of Depreciation, Minority interest and share capital)				
<b>Net cash flows (used in)/from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net decrease in cash and cash equivalents	33	-1	33	-1
Cash and cash equivalents:				
At beginning of the year/period	0	0	0	0
<b>At end of the year/period</b>	<b>49</b>	<b>0</b>	<b>49</b>	<b>0</b>





Condensed Standalone statement for changes in equity

Statement of changes in equity for the period from 01.07.2018 ended 30.09. 2018

**Statement of changes in equity**  
for the period began 01 January ended 30 September 2018

	Share capital	Retained earnings attributable to equity holders of the parent	Exchange rate effect	Additional paid-in capital	Total
<b>Balance at 31 December 2016</b>	53	1 926	0	111	2 091
Profit for the year		21		-	21
Other comprehensive income for the year, net		-4	-	-	(4)
Increase of share capital					-
<b>Balance at 31 December 2017</b>	53	1 943	-	111	2 108
<b>Balance at 31 December 2017</b>	53	1 943	0	111	2 108
Profit for the year		36		-	35,60
Other comprehensive income for the year, net		-	-	-	-
Increase of share capital					-
<b>Balance at 30 September 2018</b>	53	1 979	-	111	2 143



### 3 CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE 3 Q 2018

Tables below provide condensed consolidated interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for the 3 Q 2018 (period ended 30.09.2018). 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 30.09.2017. 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 01.07.2018 to 30.09.2018 (with comparative data).

##### **Condensed statement of profit or loss and other comprehensive income for the period from 01/01 to 30/09 of 2018 year (with comparative data)**

	01/01/2018 - 30/09/2018	01/01/2017 - 30/09/2017	01/06/2018 - 30/09/2018	01/06/2017 - 30/09/2017
	€000	€000		
<b>Continuing operations</b>				
Sales revenue	14 291	12 287	5 067	4 721
Cost of sales	(11 369)	(10 244)	(4 116)	(4 070)
Gross profit	2 922	2 042	950	650
Administrative expenses	(234)	(227)	(86)	4
Selling expenses	(2 279)	(1 255)	(757)	(563)
Other expenses	(652)	(1 777)	(173)	(398)
Other income	669	1 694	268	436
Financial expenses	(194)	(165)	(80)	(54)
<b>Profit before tax</b>	<b>232</b>	<b>313</b>	<b>122</b>	<b>76</b>
Income tax expense	(40)	(59)	(14)	(26)
<b>Net profit for the period</b>	<b>192</b>	<b>254</b>	<b>108</b>	<b>50</b>
<b>Other comprehensive expense for the year</b>				
Currency translation difference	(168)	(15)	(174)	(219)
<b>Profit for the year attributable to</b>				
Total comprehensive income for the year	24	238	(66)	(169)

#### 3.2 CONDENSED STATEMENT OF FINANCIAL POSITION



## Condensed statement of financial position

as at 30 September 2018 and 30 September 2017 (with comparative data)

	30 September, 2018	30 September 2017
<b>Assets</b>	<b>€000</b>	<b>€000</b>
<b>Non-current assets</b>		
Property, plant and equipment	1 928	1 404
<b>Total non-current assets</b>	<b>1 928</b>	<b>1 404</b>
<b>Current assets</b>		
Inventories	2 071	3 558
Trade and other receivables	3 913	4 034
Cash and cash equivalent	142	141
<b>Total current assets</b>	<b>6 125</b>	<b>7 733</b>
<b>Total assets</b>	<b>8 053</b>	<b>9 137</b>
<b>Equity and liabilities</b>		
Share capital	53	53
Additional paid-in capital	111	111
Exchange differences	-4 973	-4 124
Retained earnings	6 875	6 696
<b>Equity attributable to equity holders of the parent</b>	<b>2 066</b>	<b>2 736</b>
<b>Non-current liabilities</b>		
Deferred tax liability	3	0
Loans and borrowings non-current	0	0
<b>Total non-current liabilities</b>	<b>3</b>	<b>0</b>
<b>Current liabilities</b>		
Loans and borrowings current	2 653	1 944
Trade and other payables	3 331	4 458
<b>Total current liabilities</b>	<b>5 984</b>	<b>6 401</b>
<b>Total liabilities</b>	<b>5 987</b>	<b>6 401</b>
<b>Total equity and liabilities</b>	<b>8 053</b>	<b>9 137</b>

### 3.3 CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW



## Condensed statement of cash flows for the period ended 30.06.2018 with comparative data for 30.09.2017

**Condensed statement of cash flows**  
 for the period from 01/01 to 30/09 of 2018 year

€ '000	01/01/2018 - 30/09/2018	01/01/2017 - 30/09/2017	01/06/2018 - 30/09/2018	01/06/2017 - 30/09/2017
<b>Cash flows from operating activities</b>				
Profit before tax	232	313	122	103
Adjustments for:		0		
Depreciation of property, plant and equipment	105	188	35	0
Exchange difference arising on the translation of assets on foreign currencies	-168	-106	-174	-857
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	0	0	0	0
Impairment charge of property, plant and equipment	0	0	0	0
Interest income	0	0	0	0
Interest expense	-194	-165	-80	-103
Cash flows from operations before working capital changes	-25	229	-97	-858
Increase in inventories and work in progress	523	-999	111	-734
Increase in trade and other receivables	-1 716	1 811	-497	29
(Decrease)/increase in trade and other payables	386	-1 523	446	-110
Cash flows from operations	-831	-483	-37	-1 673
Tax refunded/income tax paid	-40	-59	-14	0
<b>Net cash flows from operating activities</b>	<b>-871</b>	<b>-542</b>	<b>-51</b>	<b>-1 673</b>
		<b>0</b>		
<b>Cash flows from investing activities</b>		<b>0</b>		
Payment for purchase of property, plant and equipment	-240	0	-74	0
Acquisition of subsidiaries, net cash outflow on acquisition	0	0	0	0
Loans granted	0	0	0	0
Interest received	0	0	0	0
<b>Net cash flows used in investing activities</b>	<b>-240</b>	<b>0</b>	<b>-74</b>	<b>0</b>
		<b>0</b>		
<b>Cash flows from financing activities</b>		<b>0</b>		
Proceeds from issue of share capital	0	0	0	0
Obtaining loans and borrowings	0	0	0	227
Repayments of borrowings	1194	-271	213	0
Suspense account (pending correction of Depreciation, Minority interest and share capital)	0	0	0	0
<b>Net cash flows (used in)/from financing activities</b>	<b>1194</b>	<b>-271</b>	<b>213</b>	<b>227</b>
Net decrease in cash and cash equivalents	84	-813	89	-1 446
Cash and cash equivalents:		0		
At beginning of the year/period	58	653		
<b>At end of the year/period</b>	<b>142</b>	<b>141</b>		



### 3.4 CONDENSED CONSOLIDATED STATEMENT FOR CHANGES IN EQUITY

Condensed statement for changes in equity for the period ended 30.09.2018 year.

#### Condensed statement for changes in equity

for the period from 01/01 to 31/12 of 2017 year

	Attributable to equity holders of the Company					
	Share capital	Share premium	Translation reserve	Retained earnings	Non-controlling interests	Total
	€000	€000	€000	€000	€000	€000
<b>Balance at 31 December 2016</b>	<b>53</b>	<b>111</b>	<b>- 4 198</b>	<b>6 523</b>	<b>-</b>	<b>2 488</b>
Net profit the period	-	-	-	162	-	162
Issue of share capital	-	-	-	-	-	-
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	- 608	-	-	- 608
<b>Balance at 31 December 2017</b>	<b>53</b>	<b>111</b>	<b>- 4 806</b>	<b>6 685</b>	<b>-</b>	<b>2 043</b>
Net profit the period	-	-	-	192	-	192
Issue of share capital	-	-	-	-	-	-
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	- 168	2	-	- 170
<b>Balance at 31 December 2018</b>	<b>53</b>	<b>111</b>	<b>- 4 974</b>	<b>6 875</b>	<b>-</b>	<b>2 066</b>

## 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 no changes in accounting policy of the Group during period 01.07.2018-30.09.2018

#### 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 2017.

#### 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 2017.



### 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 Group's 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 2018 profit and loss accounts in comparison to 3 Q 2017. In 3 Q 2018 the Company increased sales by 7,3% to EUR 5 067 thousand. Accrued sales for 3Q 2018 increased by 16,3 % to EUR 14 291 thousand. So the gross profit for the 3 Q 2018 was by 46% more in comparison to the same period in 2017. Accrued gross profit for the 3 Q 2018 increased by 43% and reached EUR 2 922 thousand. Net profit for the period was 116% more and reached EUR 108 thousand. Accrued net profit was for 3 Q was less by 25%. Net profit after currency differences for the period was EUR minus 66 thousand, accrued for 3 Q was EUR 24 thousand. Return on sales for 3Q 2018 was minus 1,3% and accrued 3Q 2018 was 0,17%. Gross profit margin ratio increased in 3 Q 2018 to 18,75%, and accrued ratio in 3Q 2018 increased to 20,45%. Net profit was effected due to increase in negative currency translation differences and selling expenses.

Financial position for the 3Q 2018, total assets decreased by 11,8% in comparison to 3 Q 2017. Mainly due to the decrease in current assets; trade and other receivables, declined in 3Q 2018 by 20,8% from to EUR 6 125 thousand. Non-current assets increased in 3Q 2018 by 37,3% to EUR 1 928 thousand. On the liabilities side, there was decrease in equity in 3 Q 2018 by 24,5% from EUR 2 736 thousand to EUR 2 066 thousand. Mainly due to the exchange differences. Current liabilities declined slightly by 6,5% in 3Q 2018 to EUR 5 984 thousand. The Company borrowings were increased in 3Q 2018 by 36,5% to EUR 2 653 thousand.

ROA ratio declined to 0,3% in 3Q 2018.

### 5.2 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Net cash flow from operations before working capital changes for the period accrued 3 Q 2018 was EUR minus 25 thousand in comparison to 3Q EUR 229 thousand in the comparative period. Aggregated net cash flow at the end of the period 3 Q 2018 was 0,7% higher and reached EUR 142 thousand.

### 5.3 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT FOR CHANGE IN EQUITY

Equity balance for the 3 Q 2018 ended with EUR 2 066 thousand in comparison to EUR 2 736 in 3 Q 2017.

## 6 REPORT ON THE COMPANY'S ACTIVITIES IN 3 Q 2018

### 6.1 COMPANY'S ACTIVITY

Daughter company "Olymp" expands sales network, in September 2018 it contracted distribution network located in central region - Biela Cerkvia and in July 2018 in the western regions ie. Ivano Frankovsk.

The Company extends variety of bulgur products; instant bulgur with different vegetables and fruits.



In 3 Q 2018 main processed products were; peas 11 555 t, buckwheat 1 855, and bulgur 899 t.

## 6.2 EXCHANGE RATES

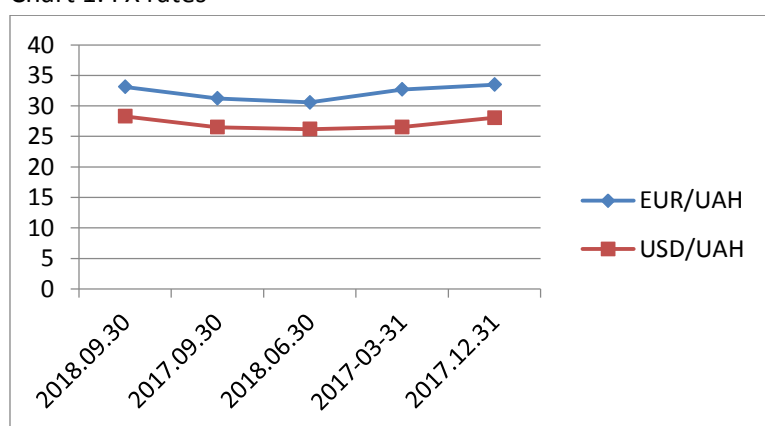
This year we notice stable FX pairs EUR/UAH and USD/UAH. Up to now UAH even appreciated toward EUR and slightly declined toward USD. Graph visualizes FX rates in 2018 .

Table 1: Central Bank exchange rates

DATE	2018.09.30	2017.09.30	Δ % 30.09.2018/30.09.2017	2018.06.30	2017-03-31	2017.12.31
EUR/UAH	33,1287	31,2365	6,06%	30,568	32,7042	33,4954
USD/UAH	28,2982	26,521	6,70%	26,1891	26,5434	28,0672

Source: the Issuer

Chart 1: FX rates



Source: the Issuer

## 6.3 PRODUCTION ACTIVITY

In 3 Q 2018 the Company increased production by 24 % to 14 673 tones. In the accrued 3 Q 2018 increase was 52% and production reached 37 597 tons. Accrued for 3 Q 2018 there were 4 major kinds of cereal produced in terms of volume, namely; peas, buckwheat, hulled millet, and bulgur. The Company continued contracts with international organization for delivery in bulk. So it was reflected in the export. Breakdown of 3Q and accrued 3 Q 2018 is reflected in the tables below.

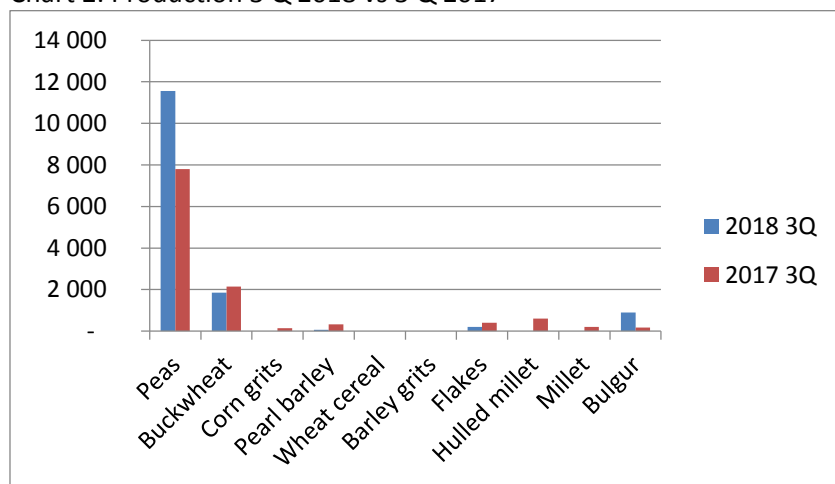
Table 2: Production in tons



Production, tonnes	2018 3Q	2017 3Q	Δ 3Q18/3Q17	2018 1-3Q	2017 1-3Q2	Δ 1-3Q18/1-3Q17
Peas	11 555	7 797	48%	27899,42	10830,5	158%
Buckwheat	1 855	2 138	-13%	4904,45	6634,8	-26%
Corn grits	-	146	-100%	0	574,9	-100%
Pearl barley	65	322	-80%	606,1	2046,1	-70%
Wheat cereal	-	-	0%	0	512,12	-100%
Barley grits	-	-	0%	226	260,12	-13%
Flakes	199	399	-50%	612,05	738,85	-17%
Hulled millet	-	606	-100%	1160,4	1943,87	-40%
Millet	-	197	-100%	0	1040,85	-100%
Bulgur	899	179	402%	2188,76	179	1123%
<b>Total</b>	<b>14 573</b>	<b>11 784</b>	<b>24%</b>	<b>37597,18</b>	<b>24761,11</b>	<b>52%</b>

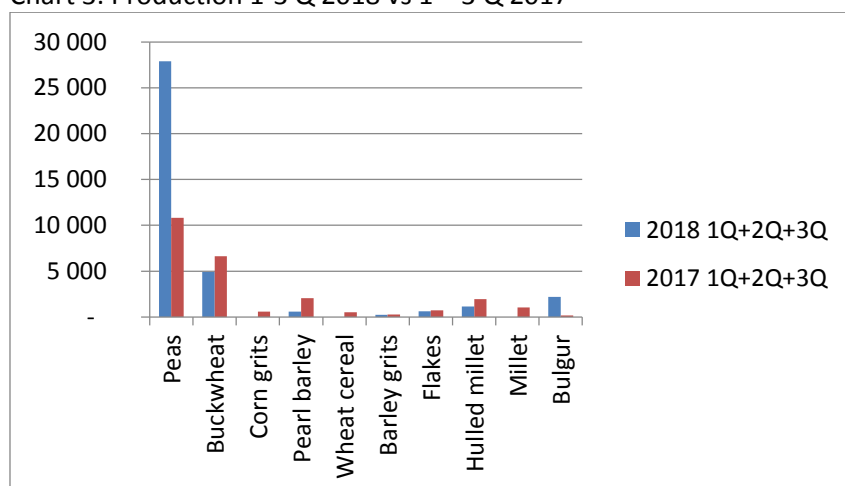
Source: the Issuer

Chart 2: Production 3 Q 2018 vs 3 Q 2017



Source: the Issuer

Chart 3: Production 1-3 Q 2018 vs 1 – 3 Q 2017



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 2018 was executed mainly from Ukraine, except exotic products like rice.

## 6.5 EXPORT AND IMPORT

Export increases in 3 Q 2018 alone as well as in accrued 3 Q 2018. In 3 Q 2018 export was increased by 25% in UAH term and 20% in EUR terms, than in the comparative period.

Accrued 3 Q 2018 export increased by 43% in UAH term and 33% in EUR terms than in the comparative period. The table clearly reflects volatility difference between UAH and EUR Imports in 3 Q 2018 declined 64% in UAH term and 65% in EUR terms than in the comparative period.

Table 3: Export and import 3 Q 2018 vs 3 Q 2017

items	2018 3Q		2017 3Q		Δ 3Q18/3Q17	
	UAH	EUR	UAH	EUR	UAH	EUR
Cereal import	6 396 001	201 139	17 611 682	579 579	-64%	-65%
Cereal export	106 143 846	3 337 979	84 657 947	2 785 990	25%	20%

Source: the Issuer

Table 4: Export and import 1-3 Q 2018 vs 1-3Q 2017

items	2018 1Q+2Q+3Q		2017 1Q+2Q+3Q		Δ 1-3Q18/1-3Q17	
	UAH	EUR	UAH	EUR	UAH	EUR
Cereal import	35 722 736	1 101 350	67 708 180	2 291 725	-47%	-52%
Cereal export	282 055 373	8 776 425	196 754 792	6 620 725	43%	33%

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 2018 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 tables bulgur is already indicated.

## 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 undertook 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 3 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
Cereal Ukraine LLC	61124 Kharkov, Kashtanowa 10 str	Holding company In Ukraine	100% belongs to Cereal Planet PLC
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 30.07.2018.

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%
Slavgorodskyi Oleksander	532 723	532 723	29.93%	29.93%
Other shareholders	19 722	19 722	2.25%	1,11%
<b>Total</b>	<b>1 780 000</b>	<b>1 780 000</b>	<b>100%</b>	<b>100%</b>

Source: the Issuer

## 12 NUMBER OF EMPLOYEES AT THE END OF 3 Q 2018

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 2017	3Q 2018
<b>Production</b>	180	201
<b>Non production employees</b>	135	117
<b>Total</b>	<b>315</b>	<b>318</b>

Source: the Issuer

Antoliy Vlasenko,  
Chairman of the Board of Directors

