AGROTON PUBLIC LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

AGROTON PUBLIC LIMITED

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AGROTON PUBLIC LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Iurii Zhuravlov (Chief Executive Officer) Tamara Lapta (Deputy Chief Executive Officer) Larysa Orlova (Chief Financial Officer) Borys Supikhanov (Non-Executive Director) Volodymyr Kudryavtsev (Non-Executive Director)
Secretary	Inter Jura Cy (Services) Limited
Independent Auditors	KPMG Limited
Legal Advisors	K. Chrysostomides & Co LLC
Bankers	Bank of Cyprus Public Company Ltd UBS Switzerland Bank Bank Vontobel AG
Registered Office	1 Lampousas Street 1095 Nicosia Cyprus

AGROTON PUBLIC LIMITED

MANAGEMENT REPORT

The Board of Directors of Agroton Public Limited (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE COMPANY

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

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

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2018 are set out on page 11 to the financial statements. The net loss for the year attributable to the owners of the Company amounted to US$117.664 (2017: US$354.077).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY

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

DIVIDENDS

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

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 25 to the financial statements.

USE OF FINANCIAL INSTRUMENTS BY THE COMPANY

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

MARKET PRICE RISK

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

INTEREST RATE RISK

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

CREDIT RISK

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

LIQUIDITY RISK

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

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

SHARE CAPITAL

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

BRANCHES

During the year ended 31 December 2018 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2018.

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

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in note 28 to the financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in note 24 to the financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Larysa Orlova
Director

Nicosia 25 April 2019

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

Independent Auditors' report

TO THE MEMBERS OF

AGROTON PUBLIC LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of parent company Agroton Public Limited (the "Company"), which are presented on pages 10 to 49, and comprise the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code"), and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the management report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the management report, our report is presented in the "*Report on other legal and regulatory requirements*" section.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore they key audit matters.

Report on other legal and regulatory requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of EU Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of our appointment and period of engagement

We were first appointed auditors of the Company by the General Meeting of the Company's members on 10 August 2012. Our appointment has been renewed annually by shareholder resolution. Our total uninterrupted period of engagement is 7 years covering the periods ended 31 December 2012 to 31 December 2018.

Consistency of the additional report to the Audit Committee

Our audit opinion is consistent with the additional report presented to the Audit Committee dated 23 April 2019.

Provision of non-audit services ("NAS")

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L53(I)/2017").

Other legal requirements

Pursuant to the additional requirements of law L.53 (I) 2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the Management Report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the separate financial statements.

- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

- In our opinion, the information included in the Corporate Governance Report in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Companies Law, Cap. 113 and is consistent with the financial statements.

- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Corporate Governance Report in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.

- In our opinion, the Corporate Governance Report includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L53(I)/2017, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018. That report is modified with the inclusion of a material uncertainty in relation to not attending the physical observation of stock count.

The engagement partner on the audit resulting in this independent auditors' report is Maria A. Papacosta.

Maria A. Papacosta, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

25 April 2019

AGROTON PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 US$	2017 US$
Assets			
Investments in subsidiaries	14	4.818	4.818
Financial assets at fair value through profit or loss	17	141.373	235.664
Total non-current assets		146.191	240.482
Trade and other receivables	16	147.958	144.934
Loans receivable	15	64.154.688	71.466.748
Cash and cash equivalents	18	24.486.187	15.985.539
Total current assets		88.788.833	87.597.221
Total assets		88.935.024	87.837.703
Equity			
Share capital	19	661.128	661.128
Share premium	19	88.531.664	88.531.664
Reserves		(80.532.776)	(80.415.112)
Total equity		8.660.016	8.777.680
Liabilities			
Loans and borrowings	20	-	9.807.330
Total non-current liabilities		-	9.807.330
Short term portion of long-term loans	20	79.904.412	69.048.797
Trade and other payables	21	46.989	50.481
Tax liability	22	323.607	153.415
Total current liabilities		80.275.008	69.252.693
Total liabilities		80.275.008	79.060.023
Total equity and liabilities		88.935.024	87.837.703

The Company has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

On 25 April 2019 the Board of Directors of Agroton Public Limited approved and authorised these financial statements for issue.

....
Director

....
Director

The notes on pages 14 to 49 are an integral part of these financial statements.

AGROTON PUBLIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 US$	2017 US$
Loan interest income		3.791.656	3.401.413
Interest expense		(3.539.785)	(3.546.793)
Gross profit/(loss)		251.871	(145.380)
Other operating income	8	-	817
Administrative and selling expenses	9	(95.120)	(163.255)
Other operating expenses	10	(94.291)	-
Operating profit/(loss)	11	62.460	(307.818)
Finance income - total		798	1.029
Finance costs - total		(10.730)	(6.084)
Net finance expenses	12	(9.932)	(5.055)
Profit/(loss) before tax		52.528	(312.873)
Tax	13	(170.192)	(41.204)
Loss for the year		(117.664)	(354.077)
Other comprehensive income		-	-
Total comprehensive expense for the year attributable to owners		(117.664)	(354.077)

The Company has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

AGROTON PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital US$	Share premium US$	Retained earnings US$	Total US$
Balance at 1 January 2017	661.128	88.531.664	(80.061.035)	9.131.757
Comprehensive income				
Loss for the year	-	-	(354.077)	(354.077)
Balance at 31 December 2017	661.128	88.531.664	(80.415.112)	8.777.680
Balance at 1 January 2018	661.128	88.531.664	(80.415.112)	8.777.680
Comprehensive income				
Loss for the year	-	-	(117.664)	(117.664)
Balance at 31 December 2018	661.128	88.531.664	(80.532.776)	8.660.016

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

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

AGROTON PUBLIC LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
Loss for the year		(117.664)	(354.077)
Adjustments for:			
Unrealised exchange loss/(profit)		790	(1.029)
Fair value losses/(gains) on financial assets at fair value through profit or loss		94.291	(817)
Interest income		(3.791.656)	(3.401.413)
Interest expense	12	3.539.785	3.547.123
Income tax expense		170.192	41.204
Cash used in operations before working capital changes		(104.262)	(169.009)
(Increase)/decrease in trade and other receivables		(3.024)	5.400
(Decrease)/increase in trade and other payables		(3.492)	1.150
Cash used in operations		(110.778)	(162.459)
Interest received		3.791.656	-
Tax paid		-	(1.294)
Net cash generated from/(used in) operating activities		3.680.878	(163.753)
Cash flows from investing activities			
Loans repayments received		7.312.060	5.424.122
Net cash generated from investing activities		7.312.060	5.424.122
Cash flows from financing activities			
Repayment of borrowings		(2.038.500)	-
Unrealised exchange (loss)		(790)	903
Interest paid		(453.000)	(330)
Net cash (used in)/generated from financing activities		(2.492.290)	573
Effect of exchange rate fluctuations on cash held		-	126
Net increase in cash and cash equivalents		8.500.648	5.261.068
Cash and cash equivalents at beginning of the year		15.985.539	10.724.471
Cash and cash equivalents at end of the year	18	24.486.187	15.985.539

The Company has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

1. Reporting entity

Agroton Public Limited (the "Company") was incorporated in Cyprus on 21 September 2009 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

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

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

2. Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and are for the year ended 31 December 2018.

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

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2018 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group

2.2 Basis of measurement

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

2.3 Going concern basis

These parent financial statements have been prepared under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. Renewals of the Company's assets, and the future activities of the Company, and its activities are significantly influenced by the current and future economic environment in Ukraine. The Board of Directors and Management are closely monitoring the challenging conditions in the domestic markets as described in note 23 in the financial statements and has assessed the current situation and there is no indication of adverse effects while at the same time are taking all steps to secure the Company's short and long term viability. To this effect, they consider that the Company is able to continue its operations as a going concern.

3. Functional and presentation currency

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

4. Adoption of new and revised IFRSs and interpretations by the European Union (EU)

During the current year the Company adopted all the changes to International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018 . This adoption did not have a material effect on the accounting policies of the Company except for the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (see Note 6).

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

5. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively - that is, in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

5.1 Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Notes 14 and 7 "Consolidated financial statements" - consolidation: whether the Group has de facto control over the investee.

5. Use of estimates and judgments (continued)

5.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 27 "Provisions for other liabilities and charges" - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

- Note 22 "Income taxes" - to determine any provision for income taxes.

- Notes 14 and 7 "Impairment of investments in subsidiaries" - determine the recoverability of investments in subsidiaries whenever indicators of impairment are present.

- Note 25 "measurement of ECL allowance for trade receivables and contract assets": key assumptions in determining the weighted-average loss rate

5.3 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Use of estimates and judgments (continued)

Further information about the assumptions made in measuring fair values is included in notes:

- Note 25 - Financial instruments

6. Changes in significant accounting policies

The Company has initially applied IFRS 9 note 6.1 at 1 January 2018. The nature and effects of the changes are explained below. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards

6.1 IFRS 9 Financial Instruments:

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

There is no effect on the opening retained earnings on 1 January 2018 from the adoption of IFRS 9 (for a description of the transition method, see 6.1.3below).

6.1.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 7.

6. Changes in significant accounting policies *(continued)*

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 US$	New carrying amount under IFRS 9 US$
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	64.154.688	64.154.688
Cash and cash equivalents	Loans and receivables	Amortised cost	24.486.187	24.486.187
Total financial assets			88.640.875	88.640.875

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 US$	New carrying amount under IFRS 9 US$
Financial liabilities				
Loans from subsidiary	Other financial liabilities	Other financial liabilities	72.144.902	72.144.902
Short-term bond liabilities	Amortised cost	Amortised cost	7.759.510	7.759.510
Trade and other payables	Other financial liabilities	Other financial liabilities	4.397	4.397
Total financial liabilities			79.908.809	79.908.809

6. Changes in significant accounting policies *(continued)*

6.1.2 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to:

- financial assets measured at amortised cost;

The new impairment model does not apply to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Additional information about how the Company measures the allowance for impairment is described in note 7.

6.1.3 Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have been restated only for retrospective application of the cost of hedging approach for forward points (see below). Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.
  - All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

7. Significant accounting policies

The following accounting policies have been applied consistently for all the years presented in these financial statements, except if mentioned otherwise (see also note 6).

7. Significant accounting policies *(continued)*

7.1 Subsidiaries

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

Investments in subsidiaries are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

7.2 Finance income and finance costs

The Company's finance income and finance costs include:
- interest income;
- interest expense;

7.3 Finance income

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

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

7.4 Finance costs

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method. The effective interest rate is applied to the amortised cost of the liability.

7.5 Foreign currency translation

(i) Functional currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

7. Significant accounting policies *(continued)*

7.5 Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss and presented within finance costs.

7.6 Tax

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

7.7 Dividends

Dividends distributions to the Company's shareholders are recognised in the Company's financial statements in the year in which they are approved.

7.8 Financial instruments

7.8.1 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

7.8.2 Classification and subsequent measurement

7.8.2.1 Financial assets - policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

7. Significant accounting policies *(continued)*

7.8 Financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see Note x). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Financial assets - Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

7. Significant accounting policies *(continued)*

7.8 Financial instruments (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

7. Significant accounting policies *(continued)*

7.8 Financial instruments (continued)

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

7.8.2.2 Financial assets - Classification: Policy applicable before 1 January 2018

The Company classified its financial assets into one of the following categories:
- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
  - held for trading;
  - derivative hedging instruments; or
  - designated as at FVTPL.

7.8.2.3 Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

7. Significant accounting policies *(continued)*

7.8 Financial instruments *(continued)*

Before 1 January 2018, the Company subsequently measured its financial instruments as follows:

(i) Loans granted

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

(ii) Investments

The Company classifies its investments in equity and debt securities in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition.

- *Financial assets at fair value through profit or loss*
  This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- *Loans and receivables*
  Investments with fixed or determinable payments that are not quoted in an active market and are not classified as financial assets at fair value through profit or loss or as financial assets available-for-sale.

Recognition and measurement:

Regular way purchases and sales of investments are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus directly attributable transaction costs for all financial assets not carried at fair value through profit or loss. For financial assets at fair value through profit or loss the directly attributable transaction costs are recognised in profit or loss as incurred.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

7. Significant accounting policies *(continued)*

7.8 Financial instruments (continued)

(iii) Cash and cash equivalents

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

7.8.2.4 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The financial liabilities of the Company are measured as follows:

(i) Borrowings

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

7.8.3 Impairment:

Policy applicable from 1 January 2018

- Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

7. Significant accounting policies *(continued)*

7.8 Financial instruments (continued)

7.8.3 Impairment: (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's rating agency or BBB- or higher per Moody's Rating Agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

- Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

7. Significant accounting policies *(continued)*

7.8 Financial instruments (continued)

- Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

- Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Financial assets measured at amortised cost

For financial assets measured at amortised cost, the Company considers evidence of impairment for these assets at both an individual and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

7. Significant accounting policies *(continued)*

7.9 Derecognition of financial assets and liabilities

Financial assets

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) when:

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

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

7.10 Offsetting financial instruments

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

7. Significant accounting policies *(continued)*

7.11 Share capital

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

7.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

7.13 Non-current liabilities

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

7.14 Comparatives

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

8. Other operating income

	2018 US$	2017 US$
Fair value gains on financial assets at fair value through profit or loss	-	817
	-	817

9. Administrative expenses

	2018 US$	2017 US$
Registrar annual fee	408	381
Sundry expenses	1.500	1.500
Subscriptions and contributions	-	3.267
Independent auditors' remuneration for the statutory audit of annual accounts	36.869	36.219
Independent auditors' remuneration - prior years	8.346	3.962
Accounting fees	12.507	12.389
Legal fees	2.548	14.612
Other professional fees	11.447	50.963
Secretarial fees	1.048	979
Registered office fees	1.048	979
Fines	2.334	8.426
Irrecoverable VAT	8.466	14.196
Custodian fees	8.599	15.382
	95.120	163.255

10. Other operating expenses

	2018 US$	2017 US$
Fair value losses on financial assets at fair value through profit or loss	94.291	-
	94.291	-

11. Operating profit /(loss)

	2018 US$	2017 US$
Operating profit/(loss) is stated after charging the following items:		
Independent auditors' remuneration for the statutory audit of annual accounts	36.869	36.219
Independent auditors' remuneration - prior years	8.346	3.962

AGROTON PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

12. Net finance income and costs

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.1.

	2018 US$	2017 US$
Exchange profit	798	1.029
	798	1.029
Net foreign exchange transaction losses	(790)	(2.365)
Interest expense	-	(330)
Sundry finance expenses	(9.940)	(3.389)
Finance costs - total	(10.730)	(6.084)
Net finance expenses	(9.932)	(5.055)

13. Taxation

	2018 US$	2017 US$
Corporation tax	170.192	41.204
Charge for the year	170.192	41.204

Reconciliation of tax based on the taxable income and tax based on accounting profits:

	2018	2018 US$	2017	2017 US$
Accounting profit/(loss) before tax		52.528		(312.873)
Tax calculated at the applicable tax rates	12,50%	6.566	12,50%	(39.109)
Tax effect of expenses not deductible for tax purposes	282,24%	148.254	(42,67)%	133.517
Tax effect of allowances and income not subject to tax	(0,19)%	(100)	0,07%	(231)
Tax effect of tax losses brought forward	-%	-	18,13%	(56.719)
10% additional charge	29,45%	15.472	(1,20)%	3.746
Tax as per statement of profit or loss and other comprehensive income - charge	324,00%	170.192	(13,17)%	41.204

AGROTON PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

13. Taxation *(continued)*

The corporation tax rate is 12,5%.

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

14. Investments in subsidiaries

	2018 US$	2017 US$
Balance at 1 January	4.818	4.818
Balance at 31 December	4.818	4.818

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	2018 US$	2017 US$
Living LLC	Ukraine	Agricultural activities	99,99	4.718	4.718
Agroton BVI Limited	British Virgin Island	Trading in Agriculture	100	100	100
LLC Gefest	Ukraine	Owner of land lease rights	100	-	-
LLC Lugastan	Ukraine	Owner of land lease rights	99,99	-	-
				4.818	4.818

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

The ownership of land lease rights previously held by subsidiary companies LLC Gefest and LLC Lugastan have been transferred to Agroton PJSC and PE Agricultural Production Firm Agro. Subsidiary company LLC Gefest is in the process of liquidation. LLC Lugastan is a dormant company with no assets or liabilities.

15. Loans receivable

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.1. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

	2018 US$	2017 US$
Balance at 1 January	71.466.748	73.489.493
Repayments	(11.103.716)	(5.424.159)
Interest charged	3.791.656	3.401.414
Balance at 31 December	64.154.688	71.466.748

	2018 US$	2017 US$
Loans to own subsidiaries (Note 24 (i))	64.154.688	71.466.748
	64.154.688	71.466.748

The exposure of the Company to credit risk and impairment losses in relation to loan receivable is reported in note 25 to the financial statements.

16. Trade and other receivables

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.1. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

	2018 US$	2017 US$
Refundable VAT	147.958	144.934
	147.958	144.934

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 25 to the financial statements.

17. Financial assets at fair value through profit or loss

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.1. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

	2018	2017
	US$	US$
Cyprus Stock Exchange		
Bank of Cyprus Holdings Plc	141.373	235.664
	141.373	235.664

	2018	2017
	US$	US$
Balance at 1 January	235.664	234.847
Change in fair value	(94.291)	817
Balance at 31 December	141.373	235.664
Non-current investments		
Equity securities - designated at FVTPL	141.373	235.664
	141.373	235.664

As at 31 December 2016, financial assets designated at fair value through profit or loss represented equity securities of Bank of Cyprus converted into shares after the decree issued by Central Bank of Cyprus on 29 March 2013. Based on that decree and the measurements for recapitalization of Bank of Cyprus, 47,5% of the uninsured deposits of the affected deposits have been converted into Bank of Cyprus shares.

The Company held 1.591.105 shares with fair value €0,140 cents. In January 2017, the shares in Bank of Cyprus Public Company Limited were exchanged with new shares of Bank of Cyprus Holdings Plc listed in both London Stock Exchange and in Cyprus Stock Exchange with nominal value of €0,10 cents each. As at 31 December 2018 the Company held 79.556 shares in Bank of Cyprus Holdings Plc with fair value €1,5520 each.

The exposure of the Company to market risk in relation to financial assets is reported in note 25 to the financial statements.

18. Cash and cash equivalents

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.1. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

18. Cash and cash equivalents *(continued)*

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

	2018 US$	2017 US$
Cash at bank	24.486.187	15.985.539
	24.486.187	15.985.539

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 25 to the financial statements.

19. Share capital and share premium

Issued and fully paid	Number of shares	Share capital US$	Share premium US$	Total US$
Balance at 1 January 2017	21.670.000	661.128	88.531.664	89.192.792
Balance at 31 December 2017	21.670.000	661.128	88.531.664	89.192.792
Balance at 1 January 2018	21.670.000	661.128	88.531.664	89.192.792
Balance at 31 December 2018	21.670.000	661.128	88.531.664	89.192.792

Authorised capital
On 31 December 2018 the authorised share capital of the Company amounted to 47.619.048 ordinary shares of nominal value €0,021 each.

Issued capital
Upon incorporation on 21 September 2009 the Company issued to the subscribers of its Memorandum of Association 12.000.000 ordinary shares of nominal value €0,021 each, amounting to €252.000 (US$ equivalent of US$370.591).

On 4 November 2009 the Company issued 4.000.000 additional ordinary shares of nominal value €0,021 each, amounting to €84.000 (US$ equivalent of US$123.715), at a premium of €6,93 per share, amounting to a total share premium of €27.720.000 (US$ equivalent of US$38.791.285).

Global Depositary Receipts "GDRs" were issued against the 4.000.000 new shares by "The Bank of New York Mellon" for US$9,72875 per each new share. The total consideration of the sharecapital issued was US$38.915.000 out of which US$123.715 is the total nominal value credited to the share capital account and US$38.791.285 is the share premium reserve. Share issue expenses of US$317.154 were deducted from the share premium reserve. GDRs are traded on the Open Market of the Frankfurt Stock Exchange since 12 November 2009.

19. Share capital and share premium *(continued)*

The members of the Company held an Extraordinary General Meeting on 25 June 2010 where they authorized and approved the increase of the issued share capital of the Company from 16.000.000 ordinary shares of €0,021 each amounting to €336.000 (USD$ equivalent of US$494.306) to 21.670.000 ordinary shares of nominal value of €0,021, by the creation of 5.670.000 ordinary shares of a nominal value of €0,021 each, ranking pari pasu with the existing shares of the Company.

On 29 October 2010 the Company proceeded and issued 5.670.000 ordinary shares of nominal value €0,021 each, amounting to €119.070 (equivalent to US$166.822), at a premium of €6,7595 per share amounting to a total share premium of €38.326.365 (US$ equivalent of US$54.222.634). The issue price for shares in the Company's public offering was set at PLN 27 per share. The Company raised total gross proceeds of PLN 153.090.000 (US$ equivalent of US$54.389.456) from the public offering. Share issue expenses of US$4.165.101 were deducted from the share premium reserve.

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

20. Loans and borrowings

	2018 US$	2017 US$
Balance at 1 January	78.856.127	75.309.334
Repayments	(2.491.500)	-
Interest payable	3.539.785	3.546.793
Balance at 31 December	79.904.412	78.856.127

	2018 US$	2017 US$
Non-current liabilities		
Notes	-	9.807.330
Current liabilities		
Notes	7.759.510	-
Loans from subsidiaries (Note 24 (ii))	72.144.902	69.048.797
	79.904.412	69.048.797
Total	79.904.412	78.856.127

20. Loans and borrowings *(continued)*

Maturity of borrowings:

	2018 US$	2017 US$
Within one year	79.904.412	69.048.797
Between one and five years	-	9.807.330
	79.904.412	78.856.127

Notes

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

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

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

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

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

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

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

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

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

AGROTON PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. Loans and borrowings *(continued)*

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

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

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

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

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

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

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

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

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

20. Loans and borrowings *(continued)*

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

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

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

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

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

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

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

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

The following subsidiaries are acting as surety providers:

20. Loans and borrowings *(continued)*

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

On 17 January 2017 the Company has secured a fifth consent of the Noteholders to postpone to 14 January 2018 the interest payments that was due for payment to Noteholders on 14 January 2017.

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

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

The exposure of the Company to liquidity risk in relation to loans and borrowings is reported in note 21 to the financial statements.

21. Trade and other payables

	2018 US$	2017 US$
Accruals	42.592	41.015
Other creditors	4.397	9.466
	46.989	50.481

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 25 to the financial statements.

22. Tax liability

	2018 US$	2017 US$
Corporation tax	211.396	41.204
Special contribution to the defence fund	112.211	112.211
	323.607	153.415

The above amounts are payable within one year.

23. Operating environment of the Company

Cyprus Economic Environment

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

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

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

Ukrainian Economic and Political Environment

Ukraine's political and economic situation has deteriorated significantly since 2014. Following political and social unrest, which started in November 2013, in March 2014 various events in Crimea led to the accession of the Republic of Crimea to the Russian Federation, which was not recognised by Ukraine and many other countries. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. Following the instability in Crimea, regional tensions have spread to the Eastern regions of Ukraine, primarily Donetsk and Lugansk regions. In May 2014, protests in those regions escalated into military clashes and armed conflict between supporters of the self-declared republics of the Donetsk and Lugansk regions and the Ukrainian forces, which continued through the date of these consolidated financial statements. As a result of this conflict, part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory.

23. Operating environment of the Company *(continued)*

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

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

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

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

24. Related party transactions

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

The transactions and balances with related parties are as follows:

(i) Loans to own subsidiaries (Note 15)

	2018 US$	2017 US$
PE Agricultural Production Firm Agro	1.550.674	7.354.519
PE Agricultural Production Firm Agro	62.604.014	63.030.979
	64.154.688	70.385.498

24. Related party transactions *(continued)*

During 2010, the Company has entered into several loan agreements with subsidiary company PE Agricultural Production Firm Agro for a total amount of US$20.000.000. The loans bear interest at a rate of 10% per annum and expired in 31 July 2014. During 2014 the two parties agreed to postpone the repayment date. As at 31 December 2018, the principal amount of the loans were fully repaid and the balance receivable relates to outstanding interest receivable.

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

(ii) Loans from own subsidiaries (Note 20)

	2018 US$	2017 US$
Agroton BVI Limited	72.144.902	69.048.797
	72.144.902	69.048.797

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

25. Financial instruments and risk management

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.1. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

Financial risk factors

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

25. Financial instruments and risk management *(continued)*

Financial risk factors *(continued)*

(i) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018 US$	2017 US$
Loans receivables from related parties	64.154.688	71.466.748
Cash at bank	24.486.187	15.985.539
	88.640.875	87.452.287

Cash and cash equivalents

The table below shows an analysis of the Company's bank deposit by the credit rating of the bank in which they are held:

Bank group based on credit ratings by Moody's	No of banks	2018 US$	2017 US$
A- to A+	2	24.477.498	15.948.810
Lower than A-	1	8.690	36.728
	3	24.486.188	15.985.538

(ii) Liquidity risk

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

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

25. Financial instruments and risk management *(continued)*

(ii) Liquidity risk (continued)

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

31 December 2017	Carrying amounts US$	Contractual cash flows US$	3 months or less US$	Between 3-12 months US$	Between 1-5 years US$
Notes	9.807.330	10.260.330	2.265.000	453.000	7.542.330
Trade and other payables	9.466	9.466	-	9.466	-
Loans from subsidiaries	69.048.797	72.144.902	-	72.144.902	-
	78.865.593	82.414.698	2.265.000	72.607.368	7.542.330

(iii) Market risk

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

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

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

25. Financial instruments and risk management *(continued)*

(iii) Market risk (continued)

Interest rate risk (continued)

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

	2018 US$	2017 US$
Fixed rate instruments		
Financial assets	64.154.688	71.466.748
Financial liabilities	(79.904.413)	(78.856.127)
	(15.749.725)	(7.389.379)

Currency risk

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

The Company's exposure to foreign currency risk was as follows:

31 December 2018	Euro US$
Assets	
Cash and Cash Equivalents	1.529
Net exposure	1.529

31 December 2017	Euro US$
Assets	
Cash and Cash Equivalents	10.391
Net exposure	10.391

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the strive to improve the debt to equity ratio. The Company's overall strategy remains unchanged from last year.

AGROTON PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

26. Fair values

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

	Carrying amounts		Fair values	
	2018	2017	2018	2017
	US$	US$	US$	US$
Financial assets				
Cash and cash equivalents	24.486.187	15.985.539	24.486.187	15.985.539
Fair value through profit or loss	141.373	235.664	141.373	235.664
Financial assets	64.154.688	71.466.748	64.154.688	71.466.748
Financial liabilities				
Notes	(7.759.510)	(9.807.330)	(7.759.510)	(1.415.625)
Loans from subsidiary	(72.144.902)	(69.048.797)	(72.144.902)	(69.048.797)
	8.877.836	8.831.824	8.877.836	17.223.529

The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31/12/2018	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Financial assets				
Cash and cash equivalents	-	24.486.187	-	24.486.187
Financial assets at fair value through profit or loss	141.373	-	-	141.373
Loans receivable	-	-	64.154.688	64.154.688
Total	141.373	24.486.187	64.154.688	88.782.248
Financial liabilities				
Trade and other payables	-	-	4.397	4.397
Short-term notes	1.415.625	-	-	1.415.625
Loans payable	-	-	72.144.902	72.144.902
Total	1.415.625	-	72.149.299	73.564.924

AGROTON PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

31/12/2017	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets				
Cash and cash equivalents	-	15.985.539	-	15.985.539
Financial assets at fair value through profit or loss	235.664	-	-	235.664
Loans receivable	-	-	71.466.748	71.466.748
Total	235.664	15.985.539	71.466.748	87.687.951
Financial liabilities				
Trade and other payables	-	-	9.466	9.466
Short-term notes	1.415.625	-	-	1.415.625
Loans payable	-	-	69.048.797	69.048.797
Total	1.415.625	-	69.058.263	70.473.888

27. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2018.

28. Events after the reporting period

The events that occurred after the reporting period are as follows:

On 14 January 2019, the Company made a full repayment of the outstanding amount of its notes for US$7.776.500.

On 25 April 2019 the Board of Directors of Agroton Public Limited approved and authorised these financial statements for issue.

AGROTON PUBLIC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2018

ADDITIONAL INFORMATION

AGROTON PUBLIC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2018

ADDITIONAL INFORMATION

AGROTON PUBLIC LIMITED

INCOME STATEMENT

For the year ended 31 December 2018

	Schedule	2018 US$	2017 US$
Loan interest income		3.791.656	3.401.413
Interest expense		(3.539.785)	(3.546.793)
Gross profit/ (loss)		251.871	(145.380)
Other operating income		-	817
Administrative and selling expenses	2	(95.120)	(163.255)
Other operating expenses	3	(94.291)	-
Operating profit/ (loss)		62.460	(307.818)
Finance income	4	798	1.029
Finance costs	4	(10.730)	(6.084)
Net finance expenses		(9.932)	(5.055)
Profit/(loss) before tax		52.528	(312.873)
Tax		(170.192)	(41.204)
Loss for the year		(117.664)	(354.077)

AGROTON PUBLIC LIMITED

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2018

	Schedule	2018 US$	2017 US$
Registrar annual fee		408	381
Sundry expenses		1.500	1.500
Subscriptions and contributions		-	3.267
Independent auditors' remuneration for the statutory audit of annual accounts		36.869	36.219
Independent auditors' remuneration - prior years		8.346	3.962
Accounting fees		12.507	12.389
Legal fees		2.548	14.612
Other professional fees		11.447	50.963
Secretarial fees		1.048	979
Registered office fees		1.048	979
Fines		2.334	8.426
Irrecoverable VAT		8.466	14.196
Custodian Fees		8.599	15.382
	1	95.120	163.255

Schedule 3

AGROTON PUBLIC LIMITED

OTHER OPERATING EXPENSES

For the year ended 31 December 2018

		2018 US$	2017 US$
Fair value losses on financial assets at fair value through profit or loss		94.291	-
	1	94.291	-

AGROTON PUBLIC LIMITED

FINANCE INCOME/COST

For the year ended 31 December 2018

	Schedule	2018 US$	2017 US$
Finance income			
Realised foreign exchange profit		798	-
Unrealised foreign exchange profit		-	1.029
		798	1.029
Finance expenses			
Interest expense			
Interest on taxes		-	330
Sundry finance expenses			
Bank charges		9.940	3.389
Net foreign exchange transaction losses			
Realised foreign exchange loss		-	2.365
Unrealised foreign exchange loss		790	-
		10.730	6.084
Net finance expenses	1	(9.932)	(5.055)

AGROTON PUBLIC LIMITED

COMPUTATION OF CORPORATE TAX

For the year ended 31 December 2018

	Schedule	US$	US$
Net profit before tax per income statement	1		52.528
Add:			
Fair value losses on financial assets at fair value through profit or loss		94.291	
Unrealised foreign exchange loss		790	
Registrar annual fee		408	
Fines		2.334	
Custody fees		8.599	
Irrecoverable VAT		8.466	
Notional interest on loans receivable		1.071.144	
			1.186.032
			1.238.560
Less:			
Realised foreign exchange profit		798	
			(798)
Chargeable income for the year			1.237.762
			€
Converted into € at US$ 1,145000 = €1			1.081.015

Calculation of corporation tax	Income €	Rate %	Total € c	Total US$
Tax at normal rates:				
Chargeable income as above	1.081.015	12,50	135.126,88	154.720
10% additional charge			13.512,69	15.472
TAX PAYABLE			148.639,57	170.192

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
	€	Amount €	Year	Amount €	Year	Amount €	Year
2013	(1.058.267)	164.013	2015	894.254	2016	-	
2014	(723.004)	343.837	2016	378.345	2017	-	
2015	212.254	-		-		-	
2016	1.238.091	-		-		-	
2017	628.211	-		-		-	
2018	1.081.015	-		-		-	