Annual report for the period
1st January 2017 – 31st December 2017

31th May 2018

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1 THE LETTER OF THE PRESIDENT OF THE BOARD OF DIRECTORS

Letter to the shareholders

Dear Shareholders,

It's a fifth year I have an honor to present you, on behalf of the Board of Directors, the Annual Report of Cereal Planet PLC for 2017. We are already 5 years as a public company and our shares are listed on the Warsaw Stock Exchange Alternative Market NewConnect.
During these 5 years we went through number of changes. Business environment has changed. We improved strength of the company regardless negative changes in Eastern Europe, we maintained our clients and expanded international client network.
Last year was still a challenge for trading in Ukraine, however we adapted to the changing market conditions. The pace of recovery remains slow, but it looks sustainable, critical for the country stability will be assurance of external financial support. Inflation in Ukraine come back to the single digit and clients can afford more our products.
In 2017 we introduced new products lines and it was welcome by the local clients. Based on our estimation last year we are capable to acquire more clients in EU. Over the next several quarters we will begin to introduce some new products and increase our order flow through new and existing customers.
From the organizational point of view, we streamline company structure, closed Ranok LLC and in the process of Cereal Ukraine LLC closure. Such action make company more efficient and cut cost.
Sale in 2017 reached EUR 18,6 million and profit before taxation EUR 200 thousand. In 2016 we exported 41% of our production for EUR 7,6 million, what ensures stability against currency volatility.
In 2017 the company produced 33 thousand tons of products. Products quality and margin are our top priorities.

We thank our investors for the trust. We are looking forward for the further cooperation.

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Anatoli Vlasenko

Chairman of the Board of Directors of Cereal Planet PLC

2 SELECTED FINANCIAL INFORMATION CONTAINIG BASIC ITEMS OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

TABLE 1 - SELECTED AUDITED CONSOLIDATED FINANCIAL DATA FROM THE PROFIT AND LOSS ACCOUNT

Selected Financial Results in '000 EUR	2016	2017
Revenues from the sale	20 492	18 616
Profit / loss on sale	2 760	3 404
Profit / loss from operating activities	555	491

Profit / loss Gross	269	245
Profit / loss net	244	162
Other comprehensie incom (loss)	(160)	(43)
Total comprehensive income for the year	84	119

Source: Issuer

TABLE 2 - SELECTED AUDITED CONSOLIDATED FINANCIAL DATA FROM BALANCE SHEET

Selected financial data from balance sheet, EUR'000	2016	2017
Tangible fixed assets	1 642	1 600
Inventory	2 567	2 594
Current assets	8 513	4 849
Trade and other receivables	2 490	1 461
Cash and cash equivalents	651	58
Equity	2 488	2 043
Long-term liabilities	3	3
Short-term liabilities	7 664	4 403

Source: Issuer

TABLE 3 - SELECTED UNAUDITED STANDALONE FINANCIAL DATA FROM THE PROFIT AND LOSS ACCOUNT

Selected Financial Results in '000 EUR	2016	2017
Revenues from the sale	12	1050
Profit / loss on sale	12	54
Profit / loss from operating activities	-4	41
Profit / loss Gross	-4	21
Profit / loss net	-4	21

Source: Issuer

TABLE 4 - SELECTED UNAUDITED STANDALONE FINANCIAL DATA FROM BALANCE SHEET

Selected financial data from balance sheet, EUR'000	2016	2017
Tangible fixed assets	2 112	2 112
Inventory	0	
Current assets	0	14
Trade and other receivables	0	
Cash and cash equivalents	0	
Equity	2 091	2 108
Long-term liabilities	0	
Short-term liabilities	21	18

Source: Issuer

3 ANNUAL STANDALONE UNAUDITED FINANCIAL STATEMENT FOR 2017

Tables below provide condensed financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for 2017 (period ended 31 December 2017). Since the standalone data does represent only minor activity of the Cereal Planet Group and according to the Cyprus Corporate Law, for the public companies consolidated financial statements must be audited but standalone financial statements may not be unaudited, therefore the Company decided not to audit this financial statement.

Standalone statement of comprehensive income and financial position

Income statement for the period began 01 January ended 31 December 2017

Income statement
for the period began 01 January ended 31 December 2017

	Note	31 December 2017	31 December 2016
		€000	€000
Continuing operations			
Sales revenue		1 050	12
Cost of sales		(996)	
Profit from investment activities			
Income from change in fair value of agricultural products			
Gross profit		**54**	**12**
Selling and distribution costs			
Administrative expenses		(13)	(16)
Income from government grants			
Other operating income/(expenses), net			
Operating profit		**41**	**(4)**
Financial income/(expenses), net		(5)	
Exchange rate differences, net		(15)	
Profit before tax from continuing operations		**21**	**(4)**
Income tax expense		-	-
Profit for the year from continuing operations		**21**	**(4)**
Profit for the year attributable to			
Equity holders of the parent		21	(4)
Non-controlling interest			
Profit for the year from continuing operations		**21**	**-4**
Other comprehensive income for the year			
Exchange difference on translating foreign operations			
Total other comprehensive income for the year		-	-
Total comprehensive income for the year, net of tax		**21**	**-4**
Total comprehensive income attributable to			
Equity holders of the parent		21	-4
Non-controlling interest		-	-

Financial position ended 31 December 2017

Statement of financial position

for the period began 01 January ended 31 December 2017

	31 December 2017	31 December 2016
Assets	€000	€000
Non-current assets		
Property, plant and equipment		
Goodwill	0	0
Investments in subsidiaries	2 112	2 112
Total non-current assets	2 112	2 112
Current assets		
Current biological assets		
Inventories		
Trade and other receivables		
Prepayments and other current assets, net		
Deposit		
Cash and cash equivalent	14	0
Total current assets	14	0
Total assets	2 126	2 112
Equity and liabilities		
Share capital	53	53
Other reserves	111	111
Retained earnings (accumulated losses)	1 943	1 926
Exchange rate effect		
Equity attributable to equity holders of the parent	2 108	2 091
Non-controlling interests	0	0
Total equity	2 108	2 091
Non-current liabilities		
Other non-current liabilities		
Deferred tax liability		
Total non-current liabilities	0	0
Current liabilities		
Trade and other payables	18	21
Interest-bearing loans and borrowings		
Provisions		
Total current liabilities	18	21
Total liabilities	18	21
Total equity and liabilities	2 126	2 112

Statement of cash flows for the period from 01.01.2017 to 31.12.2017 and from 01.01.2016 to 31.12.2016

Condensed statement of cash flows

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

€ '000	01/01/2017 - 31/12/2017	01/01/2016 - 31/12/2016
Cash flows from operating activities		
Profit before tax	21	-4
Adjustments for:		
Depreciation of property, plant and equipment		
Exchange difference arising on the translation of assets on foreign currencies		
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	0	0
Impairment charge of property, plant and equipment	0	0
Interest income	0	0
Interest expense		
Cash flows from operations before working capital changes	21	-4
Increase in inventories and work in progress		
Increase in trade and other receivables		
(Decrease)/increase in trade and other payables	-3	4
Cash flows from operations	18	-1
Tax refunded/income tax paid		
Net cash flows from operating activities	**18**	**-1**
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	0	0
Acquisition of subsidiaries, net cash outflow on acquisition	0	0
Loans granted	0	0
Interest received	0	0
Net cash flows used in investing activities	**0**	**0**
Cash flows from financing activities		
Proceeds from issue of share capital		
Obtaining loans and borrowings		
Repayments of borrowings		
Suspense account (pending correction of Depreciation, Minority interest and share capital)		
Net cash flows (used in)/from financing activities	**0**	**0**
Net decrease in cash and cash equivalents	18	-1
Cash and cash equivalents:		
At beginning of the year/period	0	0
At end of the year/period	**14**	**0**

Statement of changes in equity for the period from 01.01.2017 ended 31.12.2017

Statement of changes in equity
for the period began 01 January ended 31 December 2017

	Share capital	Retained earnings attributable to equity holders of the parent	Exchange rate effect	Additional paid-in capital	Total
Balance at 31 December 2015	**53**	**1 930**	**0**	**111**	**2 094**
Profit for the year		-4		-	-4
Other comprehensive income for the year, net			0	-	-
Increase of share capital					-
Balance at 31 December 2016	**53**	**1 926**	**-**	**111**	**2 091**
Balance at 31 December 2016	**53**	**1 926**	**0**	**111**	**2 091**
Profit for the year		21		-	21
Other comprehensive income for the year, net		(4)	0	-	(4)
Increase of share capital					-
Balance at 31 December 2017	**53**	**1 943**	**-**	**111**	**2 108**

4 ANNUAL FINANCIAL STATEMENTS FOR 2017 AUDITED BY AN ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS IN ACCORDANCE WITH APPLICABLE REGULATIONS AND PROFESSIONAL STANDARDS.

Tables below provide audited consolidated financial statements of Cereal Planet PLC group, in accordance with International Financial Reporting Standards for 2017 (period ended 31 December 2017).

4.1 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Condensed statement of profit or loss and other comprehensive income for the period from 01.01.2017 to 31.12.2017 year (with comparative data).

Consolidated statement of profit or loss and other comprehensive income for the year ended 31.12.2017 (in thousands of EUR, unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017
(In thousands of EUR, unless otherwise stated)

	Notes	2017	2016
Sales revenue	6	18 616	20 492
Cost of sales	7	(15 212)	(17 732)
Gross profit		**3 404**	2 760
Administrative expenses	8	(664)	(461)
Selling expenses	9	(2 074)	(1 641)
Other expenses	10	(2 383)	(1 189)
Other income	11	2 207	1 087
Finance expenses	12	(246)	(286)
Profit before taxation		**245**	269
Income tax	13	(83)	(25)
Net profit		**162**	244
Other comprehensive income/(loss):			
Currency translation reserve		(43)	(160)
Total comprehensive income/(loss) for the year		**119**	84

Director / Anatoliy Vlasenko

Director / ASK Management Limited

Consolidated statement of financial position for the year ended 31.12.2017 (in thousands of EUR, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2017
(In thousands of EUR, unless otherwise stated)

	Note	2017	2016
ASSETS			
Non-current assets			
Property plant, and equipment	14	1 560	1 591
Intangible assets	15	40	51
		1 600	**1 642**
Current assets			
Inventory	16	2 594	2 567
Trade and other receivables	17	1 461	2 490
Prepayments and other current assets	18	736	2 805
Cash and cash equivalents	19	58	651
		4 849	**8 513**
TOTAL ASSETS		**6 449**	**10 155**
EQUITY AND LIABILITIES			
Equity			
Share capital	20	53	53
Share premium	21	111	111
Exchange differences on translation to presentation currency		(4 806)	(4 198)
Retained earnings		6 685	6 522
		2 043	**2 488**
Non-current liabilities			
Deferred tax liabilities	13	3	3
		3	**3**
Current liabilities			
Loans and borrowings	22	1 459	2 215
Trade payables	23	2 638	5 145
Advances received and other liabilities	24	306	304
		4 403	**7 664**
TOTAL EQUITY AND LIABILITIES		**6 449**	**10 155**

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Director / Anatoliy Vlasenko

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Director / ASK Management Limited

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Director / ASK Investment Limited

4.2 CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

Condensed statement of cash flows for the period ended 31.12.2017 with comparative data for the 31.12.2016 year end (in thousands of EUR, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2017
(In thousands of EUR, unless otherwise stated)

	Note	2017	2016
Cash flows from operating activities			
Profit before tax		245	269
Adjustments for:			
Depreciation of property, plant and equipment	14	146	86
Amortization of intangible asset		8	26
Exchange difference arising on the translation of assets on foreign currencies		(43)	(141)
Other exchange difference on translation to presentation currency			
Interest expense	12	(246)	(286)
Cash flows from operations before working capital changes		**110**	**(46)**
Increase in inventories and work in progress		(27)	(126)
Increase in trade and other receivables		3 098	84
(Decrease)/increase in trade and other payables		(2 505)	(359)
Cash flows from operations		**675**	**(447)**
Income tax paid		(83)	-
Net cash flows from operating activities		**593**	**(447)**
Cash flows from investing activities			
Net movement in construction in progress		(60)	
Payment for purchase of intangible asset	15		(77)
Net disposal of property, plant and equipment	14	20	60
Payment for purchase of property, plant and equipment	14	(382)	(456)
Net cash flows used in investing activities		**(422)**	**(473)**
Cash flows from financing activities			
Repayments of borrowings		(756)	1 182
Net cash flows (used in)/from financing activities		**(756)**	**1 182**
Net decrease in cash and cash equivalents		(593)	262
Cash and cash equivalents:			
At beginning of the year/period		651	389
At end of the year/period	19	**58**	**651**

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Director / Anatoliy Vlasenko

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Director / ASK Management Limited

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Director / ASK Investment Limited

4.3 CONDENSED CONSOLIDATED STATEMENT FOR CHANGES IN EQUITY

Condensed statement for changes in equity for the period ended 31.12.2017 year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017
(In thousands of EUR, unless otherwise stated)

	Issued capital (Note 20)	Share premium (Note 21)	Exchange differences on translation to presentation currency	Retained earnings	Total
As at 31 December 2015	**53**	**111**	**(4 038)**	**6 278**	**2 404**
Net income/(loss) for the year	-	-	-	244	244
Foreign exchange differences	-	-	(160)		(160)
As at 31 December 2016	**53**	**111**	**(4 198)**	**6 523**	**2 488**
Net income/(loss) for the year	-	-	-	162	162
Foreign exchange differences	-	-	(608)	-	(608)
As at 31 December 2017	**53**	**111**	**(4 806)**	**6 685**	**2 043**

Share premium is not available for distribution.

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Director / Anatoliy Vlasenko

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Director / ASK Management Limited

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Director / ASK Investment Limited

5 APPLIED ACCOUNTANCY PRINCIPLES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2017 which include the comparative figures of 2016.

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

These consolidated financial statements comprise the consolidated results of activities of the below companies. The consolidated financial statements include balances, income and expenses of the following companies:

- Cereal Planet PLC
- Limited Liability Company "Cereal Ukraine"
- Limited Liability Company "Olimp"
- Agrarian Private Firm "Ranok"
- Limited Liability Company "Selkhozkorm"

Despite the legal separation, the Group's activities aim to achieve a common mission and goal. The majority of key management personnel is the same across the whole Group.

The Company incorporated the assets and liabilities of the existing entities at their pre-combination carrying amounts without fair value uplift. The pre-combination book values reflect the carrying values in the books of the existing entities. This is on the basis that there is no substantive economic change. In essence, the combination of all entities reflects the results and financial position of the existing business. All it causes is a change in the structure of the Group. No new goodwill is recorded. The difference between the cost of the transaction and the carrying value of the net assets is recorded in equity.

All intra-group transactions, balances and unrealised profit resulting from intra-group transactions are eliminated. Unrealised losses are also eliminated, except in cases where there is clear indication of impairment of the underlying asset. When necessary, adjustments were made to the accounting policies of the subsidiaries in order for them to be in line with the Group's accounting policies.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These consolidated financial statements have been prepared as part of the Group's transition to International Financial Reporting Standards ("IFRS"). Until December 31, 2010 the Group had not prepared financial statements under IFRS, but accordingly to National Accounting Standards that were valid in Ukraine (National GAAPs).

During the year there was a merger of companies ; Agrarian Private Firm "Ranok" and Limited Liability Company "Selkhozkorm.

In 2017, the Group changed its accounting software twice, using IFS in the first semester and 1C in the second semester, there were no other changes in accounting policy of the Group during period 01.01.2017-31.12.2017.

Judgments and estimates

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Significant accounting policies

Except as described herewith, the accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2016.

Consolidation

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

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

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

Summary of significant accounting policies

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

Revenue recognition

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

Sale of goods

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

Rendering of services

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

Taxes

Current income tax

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

Deferred income tax

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

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

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

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

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

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

Value added tax

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

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

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

Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalized directly attributable borrowing costs in accordance with early adopted International Financial Reporting Standard IAS 23 Borrowing Costs (Revised), any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.
Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.
Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

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

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

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

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

Financial instruments:
Financial assets
Initial recognition
Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.
All financial assets are recognized initially at fair value plus, in the case of investment not at fair value through profit or loss, directly attributable transaction costs.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention on the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.
The Group's financial assets include cash and cash equivalents as well as loan, trade and other receivables.
Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:
Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.
For the purpose of the combined statement cash flows, cash and cash equivalents consist of cash as defined above.
Loans, trade and other receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are carried at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains and losses are recognized as income or expenses when the loans and receivables are derecognized or impaired, as well as through the amortization process.
Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.
(4) Impairment
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.
Financial assets carried at amortized cost

For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.
If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.
The carrying amount of the asset is directly reduced for credit losses and the amount of the loss is recognized as other operating expenses in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting profit and loss. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:
Trade and other payables
After initial recognition, trade and other payables with fixed maturity are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.
Interest-bearing loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in net profit or loss when the liabilities are derecognized as well as through the amortization process.

Derecognition

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

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

Fair value of financial instruments

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

Offsetting of financial instruments

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

Issued capital

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

Provisions

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

Inventories

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

Impairment of non-financial assets

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

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

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

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

Foreign currency transactions and translation to presentation currency

(1) Transactions and balances

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

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

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

(2) Translation to presentation currency

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

Contingent assets and liabilities

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

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

Subsequent events

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

6 THE BOARD OF DIRECTORS' REPORT ON THE ISSUER'S ACTIVITIES IN THE PERIOD COVERED BY THE ANNUAL REPORT AND THE RULES OF PREPARING ANNUAL FINANCIAL STATEMENTSINCLUDING AT LEAST INFORMATION SPECIFIED IN ACCOUNTING REGULATIONS APPLICABLE TO THE ISSUER.

6.1 GENERAL INFORMATION ABOUT THE COMPANY

Company details :

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

6.2 COMPANY PROFILE

The core activity of the Cereal Planet Group, an Ukraine based Group of Companies, is the production of cereals (buckwheat, pea, wheat, barley, maize, and millet) with the Group's own equipment. The cereals are distributed B2B and B2C. Majority distribution is done in the B2B format. Major trade marks split into the following groups : BULGUR – convenient food, MAIFAINA – tasty cereal , RIDLANA – top quality products, ZLOTOKOSICA – variety of products, and food for animals. Each group has selection of products and has its own features.
Cereal Planet PLC is a holding company and owns 2 subsidiaries – year end, production and sales is executed by the subsidiaries.
Group of Companies first ventured into grits industry in 1998 and achieved nowadays around 10% of the Ukrainian market.
The Group of companies has a trade chain in Kharkov and in the region, key clients-distributors in large regional and district cities of Ukraine, the sales channels of which are used for sales of Group owned and other trademarks.
The Group's technological equipment enables grain to be used in baking, confectionary, and medical fields (flax, rape, coriander, sunflower), and to be used in the preparation of fodder for various animals based on millet, rape and oats.
The Group has been exporting cereals to more than 30 countries including CIS countries, Europe and Asia for over 15 years. The prevalent export items are cereals and grain manufactured by the Group, as well as grain purchased from agricultural companies in bulk, which are exported using the railway and sea transport. The experience and long-term presence in this market made it possible to create and permanently expand the circle of partners in various countries of the world, the number of which nowadays exceeds 50 companies.
The Group consists of 3 companies:

Cereal Planet PLC – Cyprus based holding Company
Cereal Ukraine LLC – Ukrainian based holding Company

Olimp LLC – Ukrainian based trading and distribution company

6.3 BOARD OF DIRECTORS

Anatoli Vlasenko - Chairman of the Board of Directors
Ask Investment Limited – Member of the Board of Directors (nominee)
Ask Management Limited – Member of the Board of Directors (nominee)
Cereal Planet PLC does not have Supervisory Board.

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

Auditor’s opinion for 2017 was issued without qualification.
In 2017 Group Cereal Planet continues regular production and sales. The Company undertaken efforts for modernization of production in order to improve efficiency. All products are regularly shipped to the customers locally and abroad. Cereal Planet expanded clients network

In 2017 margin on sales (gross profit/sales) was 18,3% vs. 13,5% in 2016. Net profit margin was slightly increased to 0,6% in 2017 vs 0,4% in 2016 . Margin on profit before tax (profit before tax/ sales) in 2017 and 2016 was nearly the same and constituted 1,3%.
In 2017 sales declined by 9,1% to EUR 18 616 thousand, gross profit increased by 23% from EUR 2 760 thousand in 2016 to EUR 3 404 thousand in 2017. Profit before taxation declined by 9% to EUR 245 thousands. Net profit after tax increased by 41,7% to EUR 119 thousands.
In the condensed statement of financial position for 2017 on the assets side fixed assets and inventory were nearly the same in 2017 and 2016. Current assets declined by 43% to EUR 4 849 thousand due to receivables decline. On the liabilities side, equity decreased by 18% to EUR 2 043 thousands, due to currency differences. Current liabilities also decreased by 42,5% to EUR 4 403 thousands. Cereal Planet balance sheet amount decreased by 36% to EUR 6 449 thousands.
Impact was due to decrease of current receivables and liabilities.

6.5 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Net cash flow from operating activities increased from EUR minus 447 thousand in 2016 to EUR 593 thousand. Cash flow at the end of the period increased to EUR 58 thousand.

6.6 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT FOR CHANGE IN EQUITY

Equity balance for the 2015 decreased by 17% to EUR 2 043 thousands, due to currency differences.

7 REPORT ON THE COMPANY’S ACTIVITIES IN 2017

7.1 COMPANY’S ACTIVITY

In 2017 Cereal Planet run regular activity without any unexpected interruption. Final product has a stable demand across the country and abroad. Portion of export , in 2017 was around 40%, it helped to have a serious part of revenues inflow in foreign exchange.

In 2017 the Company exported products for EUR 7,6 million , three times bigger than value of imports.
The main events that were linked to the company's activity:

On 5 th of June 2017 there was a merger of the two Ukrainian production companies within Cereal Planet Group , namely Olimp and Ranok. There were no significant changes in the Group's activity because of merging. The company "Olymp" became a full-fledged successor to ACF "Ranok".
The company "OLYMP" was awarded with the certificate the HACCP food safety management system: HACCP - Hazard Analysis and Critical Control Points(12.01.17).
The production of bulgur continues and improves. Now, in the line of TM "OLYMP" there are 6 product lines of bulgur.

The company "Olymp" rebranded cereal products. Previous line names «OLIMP», «Gostovskaya», «Kashka Vkusniashka», «Vershina Yakosti» were transformed into the following groups : BULGUR – convenient food, MAIFAINA – tasty cereal , RIDLANA – top quality products, ZLOTOKOSICA – variety of products, FLAKES, ANIMAL FEED . Each group has selection of products and has its own features. The purpose was to group the products into new production lines and refresh approach to the clients.
In July 2017 OLYMP LLC was awarded the prestigious award of the national business rating - the international certificate "Leader of the industry - 2016". The company won the gold of the rating among Ukrainian enterprises in the nomination "Financial indicators of successful activity. In September 2017 OLYMP LLC joined the first agrofood cluster in Ukraine. AgroFood Cluster Kharkiv is an association of producers and processors of agricultural products, as well as companies from related industries - logistics, warehousing, sales and legal protection. This association will help Kharkov enterprises enter European markets, protect business and expand sales markets. The cluster has several main activities: production of cereals, processing of meat, freezing of fruits and vegetables, a sign of "eco products", cooperation in the export of grain.

In November the Company contracted new distributor in extended distribution in the Zaporozhye region. The new distributor cover around 1500 small retail outlets in the Zaporozhye region.
At the end of the year the Company launched loyalty program with the support of the local distributor "Sumskaya Olimp" for retail outlets in the Sumy region. Marketing activity is focused on promoting the products and the brand.
At the end of 2017 Cereal Planet is ranked within top 5 Ukrainian cereal producers.

7.2 UKRAINE ECONOMY RECENT DEVELOPMENTS

Since all investors emphasize risk of Ukrainian political and economic situation, the Company highlight some data in this respect.
Ukrainian GDP growth in 2017 was estimated for 0,9% with projection of 3% growth for 2018 (SP Advisors data). Inflation in 2017 was 13,1% vs. estimated 8,9% in 2018. Ukraine negotiate to receive an IMF tranche in 2018. IMF tranche will be a crucial factor for stabilizing financial situation in 2018. The NBU has clearly signaled that any loosening of monetary policy is highly unlikely through the end of 2018 and the current policy rate looks sufficient to bring inflation back to the target range by mid-2019. In-line with market consensus, we expect the central bank will hold its rate following this week's monetary policy committee meeting. However, the NBU's stance could change if major risks

related to capital outflows or a loosening of fiscal policy were to emerge by the end of the year. Economic situation gradually improves but still is weak.

7.3 EXCHANGE RATES

UAH exchange rates declined volatility in 2017. Exchange rate EUR/UAH lost within 2017 17,8%, and USD/UAH lost 3,2% respectively. With more stable exchange rate financial results in UAH and EUR will be comparable. On the other hand the Company increased exports what stabilize USD and EUR income.

Table 1: Exchange rates

DATE	2017.12.31	2016-12-31	Δ % 31.12.2017/31.12.2016
EUR/UAH	33,4954	28,4226	17,85%
USD/UAH	28,0672	27,1908	3,22%

Source: the Issuer

7.4 PRODUCTION ACTIVITY

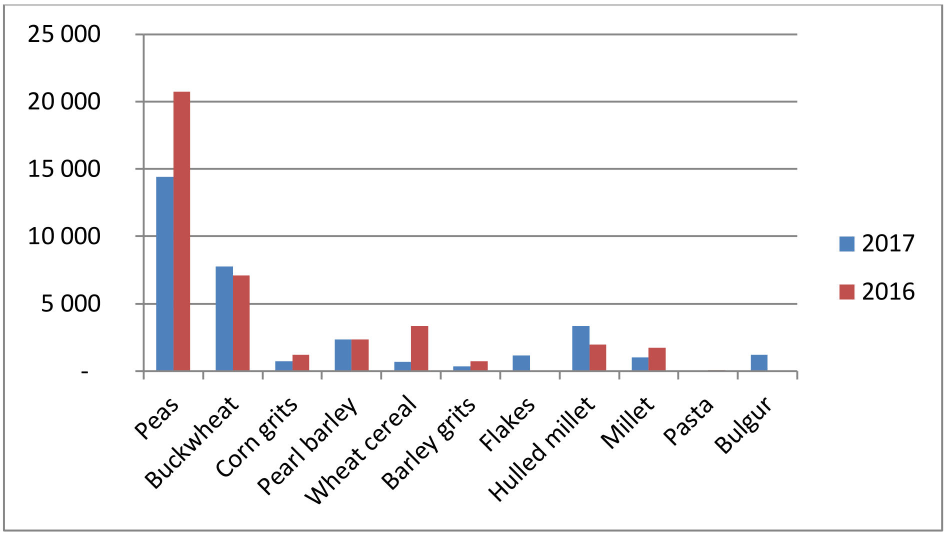
Production in 2017 and the breakdown is presented below.

Table 2: Total production

Production, tonnes	2017	2016
Peas	14 398	20 735
Buckwheat	7 771	7 084
Corn grits	726	1 189
Pearl barley	2 327	2 354
Wheat cereal	690	3 353
Barley grits	342	717
Flakes	1 159	-
Hulled millet	3 356	1 990
Millet	1 041	1 709
Pasta	-	36
Bulgur	1 216	
Total	33 025	39 168

Source: the Issuer

Chart 3: Production



Source: the Issuer

Production in 2017 decreased by 15% to 33 thousand vs. 39 thousand tons in 2016, due to less cereal trade. Company concentrated on the higher margin and better quality products. Bulgur started to be produced.

7.5 SUPPLY OF RAW MATERIAL, DISTRIBUTION AND TRADE ACTIVITY

Supply of grain and processing into cereal is held in Kharkov region and is executed without interruption. Supply of raw material for further processing in 2017 was executed mainly from Ukraine, except exotic products like rice.

7.6 EXPORT AND IMPORT

Cereal Plane overall export in 2016 increased in EUR terms by 15% and in UAH terms by 21%. Export exceeded imports by 3 times. Volumes of export constitute more than 50% of all revenues.

	2017 1Q-4Q		2016 1Q-4Q		Δ 2017 1-4Q/2016 1-4Q	
items	UAH	EUR	UAH	EUR	UAH	EUR
Cereal import	61 993 780	2 018 935	79 812 888	3 106 179	-22%	-35%
Cereal export	233 760 574	7 597 070	276 571 630	10 511 435	-15%	-28%

Source: the Issuer

8 THE MANAGEMENT BOARD’S STANDPOINT AS TO THE FORECASTS

The Board of Directors did not announce any projections.

9 EXECUTION OF THE INVESTMENT PIPELINE

In the 2017 the Company focused on the increase of productivity of the existing lines. Company put efforts to adapts to the current difficult situation in Ukraine. Under the present circumstances investment are executed very cautiously.

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

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

11 COMPANY STRUCTURE, SUBJECT TO CONSOLIDATION

Table 3: CEREAL PLANET GROUP CONSISTS OF 5 COMPANIES

Name	Address	Profile	Shareholders
Cereal Planet PLC	Boumpoulinas, 11 3rd Floor, 1060 NICOSIA, CYPRUS	Holding company In Cyprus	Holding company, 5 persons being majority shareholders
Cereal Ukraine LLC	61124 Kharkov, Kashtanowa 10 str	Holding company In Ukraine	100% belongs to Cereal Planet PLC
SielhozkormLLC	62543, Kharkov region Jurchenkowe	Food processing factory	100% belongs to Cereal Planet LLC
Olimp LLC	61124 Kharkov, Kashtanowa 10 str	Trading and distribution company	100% belongs to Cereal Planet LLC

Source: the Issuer

12 SHAREHOLDERS STRUCTURE

The Shareholding structure of the Company, indicating shareholders at the date of report as of 31.12.2017.

Table 4: SHAREHOLDERS STRUCTURE

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

Source: the Issuer

13 NUMBER OF EMPLOYEES AT THE END OF 2017

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

Table 5: NUMBER OF EMPLOYEES

Number of employees	2017	2016
Production	185	170

Non production employees	142	118
Total	327	288

Source: the Issuer

14 THE STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Cereal Planet PLC("Issuer") declares that, according to their best knowledge, the consolidated annual financial statement and comparative figures have been prepared in accordance with official regulations, applicable to the issuer, and the International financial standards.

Consolidated annual financial statement gives a true and fair view of Issuer's financial position and his financial performance including a description of the main threats and risks.

On behalf of the Board of Directors of Cereal Planet PLC

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Anatoli Vlasenko
Chairman of the Board of Directors of Cereal Planet PLC

General Meeting of Cereal Planet PLC (,,Issuer,,) appointed Euroglobal S.E.E. Audit Ltd for auditing in 2017. Extract from the Annual General Meeting dated October 10,2017

2. The Annual General Meeting hereby appoints Euroglobal S.E.E Audit Ltd as the auditors for the Company for 2017 and hereby authorizes the Board of Directors to settle the amount of the auditor's remuneration for 2017.

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Anatoli Vlasenko

Chairman of the Board of Directors of Cereal Plant PLC

15 APPLICATION OF THE CORPORATE GOVERNANCE

Application of the Corporate governance is enclosed in the Enclosure no 1

16 OPINION AND REPORT ON THE AUDIT OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS.

Opinion and report of the Auditor is enclosed in the Enclosure No2