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AGROLIGA GROUP PLC.
REPORT AND FINANCIAL STATEMENTS
31 December 2019

AGROLIGA GROUP PLC.

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Oleksandr Berdnyk Bizserve Investments Limited Bizserve Management Limited
Company Secretary:	Bizserve Secretarial Services Limited
Independent Auditors:	Kreston Proios Ltd Certified Public Accountants A member of Kreston International A global network of independent accounting firms Corner of Nikis Avenue & 2 Kastoros Street, 1087 Nicosia
Registered office:	11 Boumboulinas Street 1st Floor 1060 Nicosia Cyprus
Bankers:	Credit Agricole Bank Polska S.A.
Registration number:	HE269325

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2019.

Principal activity and nature of operations of the Company
The principal activities of the Company, which are unchanged from last year, are that of an investment holding Company, providing finance to related Companies and operating in the agricultural sector of Ukraine.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

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

Board of Directors
The members of the Company's Board of Directors as at 31 December 2019 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 2019.

In accordance with the Company's Articles of Association all Directors presently members of the Board retire and being eligible offer themselves for re-election

Independent Auditors
The Independent Auditors, Kreston Proios Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

BIZSERVE SECRETARIAL SERVICES LIMITED

Bizserve Secretarial Services Limited
Secretary

Nicosia, 20 March 2020

KRESTON PROIOS

Independent Auditor's Report

To the Members of Agroliga Group PLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Agroliga Group PLC. (the "Company"), which are presented in pages 6 to 18 and comprise the balance sheet as at 31 December 2019, and the statements of profit or loss, 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 parent company Agroliga Group PLC. as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's 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.

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. We have nothing to report in this regard.

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

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Kreston Proios Ltd is a private company incorporated in Cyprus, Inc. No. 171495

Independent Auditor's Report (continued)

To the Members of Agroliga Group PLC.

Responsibilities of the Board of Directors for the Financial Statements (continued)

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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 scepticism 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 auditor's 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 auditor's 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 a 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

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

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Independent Auditor's Report (continued)

To the Members of Agroliga Group PLC.

Report on Other Legal Requirements (continued)

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

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 the Auditors Law of 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 2019.

Nicos Drymiotis
Certified Public Accountant and Registered Auditor
for and on behalf of

Kreston Proios Ltd
Certified Public Accountants
A member of Kreston International
A global network of independent accounting firms
Corner of Nikis Avenue & 2 Kastoros Street, 1087 Nicosia

20 March 2020

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AGROLIGA GROUP PLC.

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	2018 €
Revenue	8	**41.096**	1.041.545
Loan interest income		**21.021**	32.439
Cost of sales		-	(961.571)
Gross profit		**62.117**	112.413
Other operating income	9	-	861.664
Net foreign exchange loss	12	**(1.172)**	(54.767)
Selling and distribution expenses		-	(153.456)
Administration expenses	10	**(52.764)**	(72.922)
Operating profit		**8.181**	692.932
Finance costs	11	**(1.793)**	(1.056)
Profit before tax		**6.388**	691.876
Net profit for the year		**6.388**	691.876
Other comprehensive income		-	-
Total comprehensive income for the year		**6.388**	691.876

The notes on pages 10 to 18 form an integral part of these financial statements.

BALANCE SHEET
AT 31 DECEMBER 2019

	Note	2019 €	2018 €
ASSETS			
Non-current assets			
Property, plant and equipment	14	-	29.592
Investments in subsidiaries	15	**10.000**	10.000
		10.000	39.592
Current assets			
Loans receivable	16	**678.141**	657.120
Cash at bank and in hand	17	**15.177**	219
		693.318	657.339
Total assets		**703.318**	696.931
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**30.756**	30.756
Share premium		**952.510**	952.510
Accumulated losses		**(289.409)**	(295.797)
Total equity		**693.857**	687.469
Current liabilities			
Trade and other payables	19	**9.461**	9.462
		9.461	9.462
Total equity and liabilities		**703.318**	696.931

On 20 March 2020 the Board of Directors of Agroliga Group PLC. authorised these financial statements for issue.

BIZSERVE INVESTMENTS BIZSERVE MANAGEMENT LIMITED

....	....	....
Oleksandr Berdnyk	Bizserve Investments Limited	Bizserve Management Limited
Director	Director	Director

AGROLIGA GROUP PLC.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital €	Share premium €	Accumula-ted losses €	Total €
Balance at 1 January 2018	**30.756**	**952.510**	**(987.673)**	**(4.407)**
Comprehensive income				
Net profit for the year	-	-	691.876	691.876
Total comprehensive income for the year	-	-	691.876	691.876
Balance at 31 December 2018/ 1 January 2019	**30.756**	**952.510**	**(295.797)**	**687.469**
Comprehensive income				
Net profit for the year	-	-	6.388	6.388
Total comprehensive income for the year	-	-	6.388	6.388
Balance at 31 December 2019	**30.756**	**952.510**	**(289.409)**	**693.857**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

AGROLIGA GROUP PLC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	2018 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**6.388**	691.876
Adjustments for:			
Depreciation of property, plant and equipment	14	**29.592**	44.385
Unrealised exchange loss/(profit)		**1.172**	(607)
Interest income		**(21.021)**	(32.439)
		16.131	703.215
Changes in working capital:			
Decrease in receivables		-	153.456
Decrease in trade and other payables		**(1)**	(857.673)
Cash generated from/(used in) operations		**16.130**	(1.002)
Interest received		**21.021**	32.439
Net cash generated from operating activities		**37.151**	31.437
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		**(21.021)**	(32.439)
Net cash used in investing activities		**(21.021)**	(32.439)
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised exchange (loss)/profit		**(1.172)**	607
Net cash (used in)/generated from financing activities		**(1.172)**	607
Net increase/(decrease) in cash and cash equivalents		**14.958**	(395)
Cash and cash equivalents at beginning of the year		**219**	614
Cash and cash equivalents at end of the year	17	**15.177**	219

The notes on pages 10 to 18 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company Agroliga Group PLC. (the "Company") was incorporated in Cyprus on 23 June 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 11 Boumboulinas Street, 1st Floor, 1060 Nicosia, Cyprus.

Principal activity

The principal activities of the Company, which are unchanged from last year, are that of an investment holding Company, providing finance to related Companies and operating in the agricultural sector of Ukraine.

2. Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

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. The financial statements have been prepared under the historical cost convention.

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 11 Boumpoulinas Street, 1st floor, 1060 Nicosia, Cyprus.

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 2019 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company 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 subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

4. Significant accounting policies (continued)

Revenue recognition (continued)

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss in the period in which the circumstances that give rise to the revision become known by management.

- **Sale of goods**
  Sales of goods are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised goods to the customer, which is usually when the goods are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the goods.

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

Finance costs

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

Foreign currency translation

(1) <u>Functional and presentation currency</u>
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'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) <u>Transactions and balances</u>
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Property, plant and equipment

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

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

	%
Plant and machinery	15

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

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

4. Significant accounting policies (continued)

Property, plant and equipment (continued)

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

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

Impairment of non-financial assets

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

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4. Significant accounting policies (continued)

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle 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 balance sheet.

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.

5. New accounting pronouncements

At the date of approval of these financial statements, 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 accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6. Financial risk management (continued)

Sensitivity analysis
Any increase/(decrease) in interest rates will have no effect on results and equity of the Company, because, all financial instruments are fixed rate.

6.2 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:
- cash and cash equivalents

6.3 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The 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.

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

6.5 Capital risk management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

7. Critical accounting estimates and judgments

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 Company'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.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

7. Critical accounting estimates and judgments (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Impairment of investments in subsidiaries**

  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.

- **Impairment of loans receivable**

  The Company periodically evaluates the recoverability of loans receivable 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 in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

8. Revenue

	2019	2018
	€	€
Sales of products	**41.096**	1.041.545
	41.096	1.041.545

9. Other operating income

	2019	2018
	€	€
Other operational income	**-**	861.664
	-	861.664

On 10 August 2018 the Company and LLC Industrial Technician concluded the agreement on termination of obligations under Service agreement dated 11 February 2014 and Service agreement dated 01 January 2015. The parties are agreed that the obligations of the Company to repay the outstanding debt of €861.665 should be terminated.

10. Administration expenses

	2019	2018
	€	€
Annual levy	**350**	-
Sundry expenses	**1.029**	2.812
Auditor's remuneration - current year	**10.500**	12.495
Auditor's remuneration - current year - prior years	**1.061**	4.208
Other professional fees	**7.295**	9.022
Irrecoverable VAT	**2.937**	-
Depreciation	**29.592**	44.385
	52.764	72.922

11. Finance costs

	2019	2018
	€	€
Sundry finance expenses	1.793	1.056
Finance costs	**1.793**	1.056

12. Net loss from foreign exchange transactions

	2019	2018
	€	€
Realised exchange loss	-	(55.374)
Unrealised exchange (loss)/profit	(1.172)	607
	(1.172)	(54.767)

Realised exchange loss arises from transactions in foreign currencies, translated to Euro using the rate of exchange ruling at the date of the transaction.

The unrealised exchange (loss)/profit arises from monetary assets and liabilities denominated in foreign currencies, translated to Euro using the rate of exchange ruling at the reporting date.

13. Tax

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%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

The Company's chargeable income for the year amounted to €14.237 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

14. Property, plant and equipment

	Plant and machinery
	€
Cost	
Balance at 1 January 2018	295.902
Balance at 31 December 2018/ 1 January 2019	**295.902**
Balance at 31 December 2019	**295.902**
Depreciation	
Balance at 1 January 2018	221.925
Charge for the year	44.385
Balance at 31 December 2018/ 1 January 2019	**266.310**
Charge for the year	29.592
Balance at 31 December 2019	**295.902**
Net book amount	
Balance at 31 December 2019	**-**
Balance at 31 December 2018	**29.592**

15. Investments in subsidiaries

	2019	2018
	€	€
Balance at 1 January	**10.000**	10.000
Balance at 31 December	**10.000**	10.000

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2019 Holding %	2018 Holding %	2019 €	2018 €
Group Agroliga LLC	Ukraine	Holding of Investments	100	100	**10.000**	10.000
					10.000	10.000

Investment in Subsidiary is stated at Cost.

16. Non-current loans receivable

	2019	2018
	€	€
Loans to related parties (Note 20.1)	**275.098**	275.098
Loans to own subsidiaries (Note 20.1)	**403.043**	382.022
	678.141	657.120

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

The effective interest rates on receivables (current and non-current) were as follows:

	2019	2018
Loans to own subsidiaries	**9,8%**	9,8%

17. Cash at bank and in hand

Cash balances are analysed as follows:

	2019	2018
	€	€
Cash at bank and in hand	**15.177**	219
	15.177	219

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

18. Share capital

	2019 Number of shares	2019 €	2018 Number of shares	2018 €
Authorised				
Ordinary shares of €0,02 each	**2.562.990**	**51.260**	2.562.990	51.260
Issued and fully paid				
Balance at 1 January	**1.537.800**	**30.756**	1.537.800	30.756
Balance at 31 December	**1.537.800**	**30.756**	1.537.800	30.756

19. Trade and other payables

	2019	2018
	€	€
Accruals	**9.461**	9.462
	9.461	9.462

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

20. Related party transactions

The following transactions were carried out with related parties:

20.1 Loans to related parties (Note 16)

		2019	2018
	Terms	€	€
Agroliga Group LLC	Finance-Principal, repayment date on 03 November 2016	**214.500**	214.500
Agroliga Group LLC	Interest rate 9,8%, repayment date on 03 November 2016	**188.543**	167.522
Liga-A	Interest rate 10%, repayment date on 01 August 2015	**43.635**	43.635
Mr Berdnyk Oleksandr	Finance, repayment date on 22 December 2025	**231.463**	231.463
		678.141	657.120

All of the above loans have expired and no prolongation agreements have been signed. As a result all loans are treated as being receivable on demand.

21. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019.

22. Commitments

The Company had no capital or other commitments as at 31 December 2019.

23. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 to 5

AGROLIGA GROUP PLC.

ADDITIONAL INFORMATION TO THE STATEMENT OF PROFIT OR LOSS

CONTENTS

AGROLIGA GROUP PLC.

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Page	2019 €	2018 €
Revenue			
Sales of products		**41.096**	1.041.545
Loan interest income		**21.021**	32.439
Cost of sales	3	-	(961.571)
Gross profit		**62.117**	112.413
Other operating income			
Net loss from foreign exchange transactions		**(1.172)**	(54.767)
Other operational income		-	861.664
		60.945	919.310
Operating expenses			
Administration expenses	4	**(52.764)**	(72.922)
Selling and distribution expenses	4	-	(153.456)
Operating profit		**8.181**	692.932
Finance costs	5	**(1.793)**	(1.056)
Net profit for the year before tax		**6.388**	691.876

AGROLIGA GROUP PLC.

COST OF SALES
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	€	€
Cost of sales		
Purchases	-	961.571
Closing stocks	-	-
	-	961.571

AGROLIGA GROUP PLC.

OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 €	2018 €
Administration expenses		
Annual levy	**350**	-
Sundry expenses	**1.029**	2.812
Auditor's remuneration - current year	**10.500**	12.495
Auditor's remuneration - current year - prior years	**1.061**	4.208
Other professional fees	**7.295**	9.022
Irrecoverable VAT	**2.937**	-
Depreciation	**29.592**	44.385
	52.764	72.922

	2019 €	2018 €
Selling and distribution expenses		
General provision for bad debts	**-**	153.456
	-	153.456

FINANCE EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	**1.793**	1.056
	1.793	1.056

Net loss from foreign exchange transactions

	2019	2018
	€	€
Realised exchange loss	**-**	(55.374)
Unrealised exchange (loss)/profit	**(1.172)**	607
	(1.172)	(54.767)

AGROLIGA GROUP PLC.

COMPUTATION OF WEAR AND TEAR ALLOWANCES
FOR THE YEAR ENDED 31 DECEMBER 2019

			COST				ANNUAL ALLOWANCES				
	Year	%	Balance 01/01/2019 €	Additions for the year €	Disposals for the year €	Balance 31/12/2019 €	Balance 01/01/2019 €	Charge for the year €	On disposals €	Balance 31/12/2019 €	Net value 31/12/2019 €
Plant and machinery											
Agricultural Machinery	2013	15	295.902	-	-	295.902	266.310	29.592	-	295.902	-
			295.902	-	-	295.902	266.310	29.592	-	295.902	-

COMPUTATION OF CORPORATION TAX
FOR THE YEAR ENDED 31 DECEMBER 2019

	Page	€	€
Net profit per income statement	2		6.388
Add:			
Benefit from transactions falling under Article 33		6.327	
Depreciation		29.592	
Unrealised foreign exchange loss		1.172	
Annual levy		350	
			37.441
			43.829
Less:			
Annual wear and tear allowances	7	29.592	
			(29.592)
Chargeable income for the year			14.237
Loss brought forward			(140.958)
Loss carried forward			(126.721)

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	2014	2015	2016	2017	2018	2019
	€	€	€	€	€	€
Profits/(losses) for the tax year	61.397	(96.564)	(892.641)	(47.147)	900.099	14.237
Gains Offset (€)	61.397	-	-	-	4.705	14.237
- Year	2013				2013	2016
Gains Offset (€)	-	-	-	-	96.564	-
- Year					2015	
Gains Offset (€)	-	-	-	-	798.830	-
- Year					2016	
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (126.721)