AGROTON PUBLIC LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

AGROTON PUBLIC LIMITED

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For the year ended 31 December 2016

C O N T E N T S

AGROTON PUBLIC LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

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

AGROTON PUBLIC LIMITED

MANAGEMENT REPORT

The Board of Directors of Agroton Public Limited (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE COMPANY

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the provision of financing to related parties. The Company is the holding company of a group of companies of agriculture producers in Ukraine. The Group's core business is crop production, comprising principally sunflower seeds and wheat and also engaged in livestock and food processing.

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2016 are set out on page 9 to the financial statements. The net profit for the year attributable to the owners of the Company amounted to US$8.432.517 (2015: US$1.735.245).

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

The current financial position as presented in the financial statements is considered satisfactory.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 21 to the financial statements.

FUTURE DEVELOPMENTS

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

SHARE CAPITAL

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

BRANCHES

During the year ended 31 December 2016 the Company did not operate any branches.

AGROTON PUBLIC LIMITED

<u>MANAGEMENT REPORT</u> *(continued)*

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2016 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 2016.

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

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

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in note 24 to the financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in note 20 to the financial statements.

INDEPENDENT AUDITORS

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

By order of the Board of Directors,

Larysa Orlova
Director

Nicosia, 21 April 2017

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

Independent Auditors' report

to the Members of

AGROTON PUBLIC LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of parent company Agroton Public Limited (the "Company"), which are presented on pages 9 to 36 and comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

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

Key audit matters

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

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

Other information

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, L.42(I)/2009, as amended from time to time ("Law 42(I)/2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the Management Report on pages 2 and 3, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of our audit, we have not identified material misstatements in the Management Report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, and which is included as a specific section of the Management Report, have been prepared in accordance with the requirements of the Companies Law, Cap. 113, and is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of our audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113.

KPMG

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 34 of Law 42(I)/2009 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 2016. That report is modified with the inclusion of a qualified opinion.

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

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

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

21 April 2017

AGROTON PUBLIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 US$	2015 US$
Loan interest income		6.358.860	6.328.241
Interest expense		(4.835.490)	(5.950.016)
Gross profit		1.523.370	378.225
Other operating income	4	7.172.420	7.290.516
Administrative expenses	5	(219.888)	(190.860)
Other operating expenses	6	(19.730)	(5.732.205)
Operating profit	7	8.456.172	1.745.676
Finance income		(257)	9.160
Finance expenses		(23.398)	(18.940)
Net finance expenses	8	(23.655)	(9.780)
Profit before tax		8.432.517	1.735.896
Tax	9	-	(651)
Profit for the year		8.432.517	1.735.245
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners		8.432.517	1.735.245

The notes on pages 13 to 36 are an integral part of these financial statements.

AGROTON PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 US$	2015 US$
Assets			
Investments in subsidiaries	10	4.818	4.818
Financial assets at fair value through profit or loss	13	234.847	254.577
Loans receivable	11	49.792.785	-
Total non-current assets		50.032.450	259.395
Trade and other receivables	12	150.334	147.366
Loans receivable	11	23.696.708	96.216.327
Cash and cash equivalents	14	10.724.472	4.747.423
Total current assets		34.571.514	101.111.116
Total assets		84.603.964	101.370.511
Equity			
Share capital	15	661.128	661.128
Share premium	15	88.531.664	88.531.664
Reserves		(80.061.034)	(88.493.551)
Total equity		9.131.758	699.241
Liabilities			
Loans and borrowings	16	9.356.642	20.711.510
Total non-current liabilities		9.356.642	20.711.510
Short term portion of long-term loans	16	65.952.692	79.810.564
Trade and other payables	17	49.367	35.691
Tax liability	18	113.505	113.505
Total current liabilities		66.115.564	79.959.760
Total liabilities		75.472.206	100.671.270
Total equity and liabilities		84.603.964	101.370.511

On 21 April 2017 the Board of Directors of Agroton Public Limited approved and authorised these financial statements for issue.

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Director

....
Director

The notes on pages 13 to 36 are an integral part of these financial statements.

AGROTON PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital US$	Share premium US$	Retained earnings US$	Total US$
Balance at 1 January 2015	661.128	88.531.664	(87.142.448)	2.050.344
Comprehensive income				
Profit for the year	-	-	1.735.245	1.735.245
Total comprehensive income for the year	-	-	1.735.245	1.735.245
Transactions with owners of the Company				
Contributions and distributions				
Forgiveness of debt	-	-	(3.086.348)	(3.086.348)
Total transactions with owners	-	-	(3.086.348)	(3.086.348)
Balance at 31 December 2015	661.128	88.531.664	(88.493.551)	699.241
Balance at 1 January 2016	661.128	88.531.664	(88.493.551)	699.241
Comprehensive income				
Profit for the year	-	-	8.432.517	8.432.517
Balance at 31 December 2016	661.128	88.531.664	(80.061.034)	9.131.758

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

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

AGROTON PUBLIC LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016 US$	2015 US$
Cash flows from operating activities			
Profit for the year		8.432.517	1.735.245
Adjustments for:			
Unrealised exchange loss		1.579	-
Fair value losses on financial assets at fair value through profit or loss	6	19.730	87.511
Fair value gains on other investments	4	(7.172.420)	(7.233.908)
Impairment charge - other non-current assets	6	-	5.644.694
Loan interest income		(6.358.860)	(6.330.411)
Interest expense	8	4.835.490	5.950.368
Income tax expense	9	-	651
Cash used in operations before working capital changes		(241.964)	(145.850)
Increase in trade and other receivables		(2.968)	(202)
Decrease in bank deposits		-	716.614
Increase in trade and other payables		13.676	7.351.749
Cash (used in)/generated from operations		(231.256)	7.922.311
Cash flows from investing activities			
Loans granted	11	-	(510.000)
Loans repayments received	11	11.500.710	-
Interest received		-	2.170
Net cash generated from/(used in) investing activities		11.500.710	(507.830)
Cash flows from financing activities			
Repurchase of notes		(5.290.761)	(4.858.312)
Net cash used in financing activities		(5.290.761)	(4.858.312)
Effect of exchange rate fluctuations on cash held		(1.644)	-
Net increase in cash and cash equivalents		5.977.049	2.556.169
Cash and cash equivalents at beginning of the year		4.747.423	2.191.254
Cash and cash equivalents at end of the year	14	10.724.472	4.747.423

The notes on pages 13 to 36 are an integral part of these financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Agroton Public Limited (the "Company") was incorporated in Cyprus on 21 September 2009 as a private limited liability company under the Cyprus Companies Law, Cap. 113. The Company was listed at the main market of Warsaw Stock Exchange on 8 November 2010. Its registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the provision of financing to related parties. The Company is the holding company of a group of companies of agriculture producers in Ukraine. The Group's core business is crop production, comprising principally sunflower seeds and wheat and also engaged in livestock and food processing.

2. BASIS OF PREPARATION

(a) Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and are for the year ended 31 December 2016.

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

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2016 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

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

(c) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)
As from 1 January 2016, the Company adopted all changes to International Financial Reporting Standards (IFRSs), which are relevant to its operations. This adoption did not have a material effect on the accounting policies of the Company.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2016. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).

2. BASIS OF PREPARATION *(continued)*

(c) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU) (continued)

(ii) Standards and Interpretations not adopted by the EU

- IAS 7 (Amendments) "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2017).
- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017).
- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2017 (IFRS 12) and 1 January 2018 (IFRS 1 and IAS 28)).
- IFRS 2 (Amendments): Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).
- IFRS 4 (Amendments): Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
- IAS 40 (Amendments): "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

(d) Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Judgments

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

- Notes 10 and 3 "Consolidated financial statements" - consolidation: whether the Group has de facto control over the investee.

2. BASIS OF PREPARATION *(continued)*

(d) Use of estimates and judgments (continued)

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 23 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

- Note 18 "Income taxes" - to determine any provision for income taxes.

- Notes 10 and 3 "Impairment of investments in subsidiaries" - determine the recoverability of investments in subsidiaries whenever indicators of impairment are present.

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

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

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

Significant valuation issues are reported to the Company's Audit Committee.

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

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

2. BASIS OF PREPARATION *(continued)*

(d) Use of estimates and judgments (continued)

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

- Note 21 - Financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements.

Changes in the Company's ownership interests in existing subsidiaries
Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity as transactions with owners acting in their capacity as owners. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

When the Company loses control of a subsidiary, the resulting profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The resulting profit or loss is recognised in profit or loss.

Any interest retained in the former subsidiary is measured at fair value when control is lost.

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

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

Revenue recognition

- *Income from investments in securities*
  Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (continued)

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

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

Finance expenses
Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency translation

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

(ii) Transactions and balances
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 the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

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

Dividends
Dividend distribution to the Company's owners is recognised in the Company's financial statements in the year in which they are approved by the Company's owners.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

(i) Loans granted

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(ii) Investments

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

- *Financial assets at fair value through profit or loss*

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

- *Loans and receivables*

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

Recognition and measurement:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

(ii) Investments (continued)

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

(iii) Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

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

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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 statement of financial position.

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. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

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

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

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

4. OTHER OPERATING INCOME

	2016 US$	2015 US$
Profit on repurchase of Notes	7.172.420	7.233.908
Sundry operating income	-	56.608
	7.172.420	7.290.516

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For the year ended 31 December 2016

5. ADMINISTRATIVE EXPENSES

	2016 US$	2015 US$
Registrar annual fee	391	400
Sundry expenses	9.061	1.591
Subscriptions and contributions	3.220	-
Independent auditors' remuneration for the statutory audit of annual accounts	25.200	25.616
Accounting fees	13.041	12.785
Legal fees	16.839	13.461
Other professional fees	126.594	130.986
Secretarial fees	1.005	1.028
Registered office fees	1.005	1.028
Fines	17.445	-
Irrecoverable VAT	6.087	3.965
	219.888	190.860

6. OTHER OPERATING EXPENSES

	2016 US$	2015 US$
Loss on impairment of other non-current assets	-	5.644.694
Fair value losses on financial assets at fair value through profit or loss	19.730	87.511
	19.730	5.732.205

7. OPERATING PROFIT

	2016 US$	2015 US$
Operating profit is stated after charging the following items:		
Independent auditors' remuneration for the statutory audit of annual accounts	25.200	25.616

8. NET FINANCE INCOME AND EXPENSES

	2016 US$	2015 US$
Interest income	-	2.170
Exchange profit	(257)	6.990
	(257)	9.160
Net foreign exchange transaction losses	(1.579)	(1.332)
Interest expense	-	(352)
Sundry finance expenses	(21.819)	(17.256)
Finance expenses	(23.398)	(18.940)
Net finance expenses	(23.655)	(9.780)

9. TAXATION

	2016 US$	2015 US$
Special contribution to the defence fund year	-	651
Charge for the year	-	651

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

	2016	2016 US$	2015	2015 US$
Accounting profit before tax		8.432.517		1.735.896
Tax calculated at the applicable tax rates	12,50 %	1.054.065	12,50 %	216.987
Tax effect of expenses not deductible for tax purposes	0,07 %	5.654	41,32 %	717.282
Tax effect of allowances and income not subject to tax	(10,63)%	(896.585)	(52,16)%	(905.384)
Tax effect of tax losses brought forward	(1,93)%	(163.134)	(1,66)%	(28.885)
Special contribution to the defence fund	- %	-	0,04 %	651
Tax as per statement of profit or loss and other comprehensive income - charge	- %	-	0,04 %	651

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%.

9. TAXATION *(continued)*

The Company's chargeable income for the year amounted to US$1.375.676 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 following five years. As at 31 December 2016 the balance of tax losses which is available for offset against future taxable profits amounts to US$399.680 (€379.167).

10. INVESTMENTS IN SUBSIDIARIES

	2016 US$	2015 US$
Balance at 1 January	4.818	4.818
Balance at 31 December	4.818	4.818

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2016 Holding %	2015 Holding %	2016 US$	2015 US$
Living LLC	Ukraine	Agricultural activities	99,99	99,99	4.718	4.718
Agroton BVI Limited	British Virgin Island	Trading in Agriculture	100	100	100	100
LLC Gefest	Ukraine	Owner of land lease rights	100	100	-	-
LLC Lugastan	Ukraine	Owner of land lease rights	99,99	99,99	-	-
					4.818	4.818

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

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

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11. LOANS RECEIVABLE

	2016 US$	2015 US$
Balance at 1 January	96.216.327	106.904.109
New loans granted	-	510.000
Repayments	(11.500.710)	(17.526.023)
Interest charged	6.358.860	6.328.241
Set off	(17.584.984)	-
Balance at 31 December	73.489.493	96.216.327

	2016 US$	2015 US$
Loans receivable	-	3.405.381
Loans to own subsidiaries (note 20 (i))	73.489.493	79.880.579
Loans to directors (note 20 (ii))	-	12.930.367
	73.489.493	96.216.327
Non-current portion	49.792.785	-
Current portion	23.696.708	96.216.327
	73.489.493	96.216.327

The loans are repayable as follows:

	2016 US$	2015 US$
Within one year	23.696.708	96.216.327
Between one and five years	49.792.785	-
	73.489.493	96.216.327

During the year 2016 loans payable to Agroton BVI Limited and Mr. Iurii Zhuravlov of US$ 15.575.350 and US$ 2.009.634 respectively where set off with receivable loans from related parties and Mr. Iurii Zhuravlov.

The exposure of the Company to credit risk is reported in note 21 to the financial statements.

12. TRADE AND OTHER RECEIVABLES

	2016 US$	2015 US$
Refundable VAT	150.334	147.366
	150.334	147.366

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 21 to the financial statements.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 US$	2015 US$
Cyprus Stock Exchange		
Bank of Cyprus Public Company Limited	234.847	254.577
	234.847	254.577

	2016 US$	2015 US$
Balance at 1 January	254.577	342.088
Change in fair value	(19.730)	(87.511)
Balance at 31 December	234.847	254.577

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

The exposure of the Company to market risk in relation to financial assets is reported in note 21 to the financial statements.

14. CASH AND CASH EQUIVALENTS

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

	2016 US$	2015 US$
Cash at bank	10.724.472	4.747.423
	10.724.472	4.747.423

14. CASH AND CASH EQUIVALENTS *(continued)*

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 21 to the financial statements.

15. SHARE CAPITAL AND SHARE PREMIUM

Issued and fully paid	Number of shares	Share capital US$	Share premium US$	Total US$
Balance at 1 January 2015	21.670.000	661.128	88.531.664	89.192.792
Balance at 31 December 2015	21.670.000	661.128	88.531.664	89.192.792
Balance at 1 January 2016	21.670.000	661.128	88.531.664	89.192.792
Balance at 31 December 2016	21.670.000	661.128	88.531.664	89.192.792

Authorised share capital

On 31 December 2016 the authorised share capital of the Company amounted to 47.619.048 ordinary shares of nominal value €0,021 each.

Issued share capital

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

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

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

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

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15. SHARE CAPITAL AND SHARE PREMIUM *(continued)*

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

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

16. LOANS AND BORROWINGS

	2016 US$	2015 US$
Non-current liabilities		
Notes	9.356.642	20.711.510
Current liabilities		
Loans from subsidiaries (note 20 (iii))	65.952.692	77.924.567
Loans from owners (note 20 (iv))	-	1.885.997
	65.952.692	79.810.564
Total	75.309.334	100.522.074

Maturity of borrowings:

	2016 US$	2015 US$
Within one year	65.952.692	79.810.564
Between one and five years	9.356.642	20.711.510
	75.309.334	100.522.074

Notes

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

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

16. LOANS AND BORROWINGS *(continued)*

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

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

- Extend the maturity of the Notes by 60 months to 14 July 2019 in order to lengthen the average maturity of the Groups funding sources;
- Postpone the interest payment that was due for payment to Noteholders on 14 July 2013 to 14 January 2014;
- Decrease the interest rate with effect from 14 January 2013 from 12,5% to 8% per annum;
- Amend the definition of Leverage Ratio Exception so that the maximum Consolidated Leverage Ratio would be 4,0 rather than 3,0; and
- Amend the definition of Permitted Indebtedness so that Additional Indebtedness is not to exceed US$20 million (rather than US$5 million) at any time outstanding.

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

- Postpone to 14 January 2015 the interest payments that was due would be due for payment to Noteholders on 14 January 2014 (including the postponed 14 July 2013 Interest Payment) and the one that would be due for payment to Noteholders on 14 July 2014;
- Further decrease the interest rate with effect from 14 January 2013 from 8% to 6%;
- Permit the Issuer, the Sureties and any of their respective subsidiaries to re-purchase Notes, which they may at their option hold, re-sell or surrender for cancellation;
- Remove the augmented quorum requirement for any Noteholders' meeting the business of which includes any Reserved Matter(s), so that the quorum requirement for any Noteholders' meeting for passing an Extraordinary Resolution (whether or not the business of such meeting includes any Reserved Matter(s)) shall henceforth be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate more than half of the principal amount of the Notes for the time being outstanding;
- Reduce the proportion of votes required to pass an Extraordinary Resolution from not less than three-quarters in principal amount of the Notes owned by the Noteholders who are present in person or represented by proxy or representative at the relevant Noteholders' meeting to more than half of the principal amount of such Notes;
- Reduce the principal amount of Notes required to be held by Noteholders in order to pass an Extraordinary Resolution by way of electronic consent or written resolution from not less than three-quarters in principal amount of the Notes outstanding to more than half of such principal amount; and
- Remove restrictions on the Issuer's ability to declare or pay dividends to shareholders.

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

16. LOANS AND BORROWINGS *(continued)*

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

- Postpone to 14 January 2016 the interest payments that was due for payment to Noteholders on 14 January 2015 (including the postponed 14 July 2013, 14 January 2014 and 14 July 2014 Interest Payments) and the interest payment that will be due for payment to Noteholders on 14 July 2015; and
- Waive any Event of Default or Potential Event of Default arising as a result of the Issuer's failure to deliver and publish its audited annual financial statements and accompanying certificate for the financial year ended 31 December 2014 within the period stipulated therefor in breach of Condition 3.2(n) (Financial Information) of the terms and conditions of the Notes.

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

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

- Postpone to 14 January 2017 the interest payments that was due for payment to Noteholders on 14 January 2016 (including the postponed 14 July 2013, 14 January 2014 and 14 July 2014 Interest Payments) and the interest payment that will be due for payment to Noteholders on 14 July 2016; and
- Waive any Event of Default or Potential Event of Default arising as a result of the Issuer's failure to deliver and publish its audited annual financial statements and accompanying certificate for the financial year ended 31 December 2015 within the period stipulated therefor in breach of Condition 3.2(n) (Financial Information) of the terms and conditions of the Notes.

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

The following subsidiaries are acting as surety providers:

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

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

17. TRADE AND OTHER PAYABLES

	2016 US$	2015 US$
Accruals	29.413	29.861
Other creditors	19.954	5.830
	49.367	35.691

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

18. TAX LIABILITY

	2016 US$	2015 US$
Special contribution to the defence fund	113.505	113.505
	113.505	113.505

The above amounts are payable within one year.

19. OPERATING ENVIRONMENT OF THE COMPANY

Cyprus economic environment
According to the Cyprus Statistical Service, economic growth for 2016 was estimated at + 2,8% compared to 2015. Even though the financial services sector showed negative growth, there has been an increase in the Gross Domestic Product which is mainly attributed to the hotels, construction, manufacturing and the wholesale and retail trade sectors. The economic growth was mainly driven by the increase in private consumption, which benefited from the reduction in unemployment and the consequent increase in disposable income. The growth was also supported by the slower pace of reductions in public spending and the increase in investments. On 17 March 2017 the credit rating of the country rose from BB to BB +.

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

19. OPERATING ENVIRONMENT OF THE COMPANY *(continued)*

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

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

Whilst management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Group's results and financial position in a manner not currently determinable. These financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. Situation development may differ from management expectations. These financial statements were not adjusted to reflect events after the reporting period.

The above could affect, among others, the Company's ability to obtain new loans on favorable terms and conditions or/and its ability to achieve satisfactory turnover.

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

20. RELATED PARTY TRANSACTIONS

The Company is controlled by Mr. Iurii Zhuravlov, who holds directly 68,52% of the Company's share capital. The remaining 31,48% of the shares is widelyheld.

20. RELATED PARTY TRANSACTIONS *(continued)*

The transactions and balances with related parties are as follows:

(i) Loans to own subsidiaries (note 11)

	2016 US$	2015 US$
PE Agricultural Production Firm Agro	8.758.873	13.983.707
PE Agricultural Production Firm Agro	64.730.620	65.896.872
	73.489.493	79.880.579

During 2010, the Company has entered into several loan agreements with subsidiary company PE Agricultural Production Firm Agro for a total amount of US$20.000.000. The loans bears interest at a rate of 10% per annum and expired in 31 July 2014. During 2014 the two parties agreed to postpone the repayment date.

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

(ii) Loans to directors (note 11)

	2016 US$	2015 US$
Iurii Zhuravlov	-	1.825.096
Iurii Zhuravlov	-	2.961.868
Iurii Zhuravlov	-	580.727
Iurii Zhuravlov	-	7.038.182
Iurii Zhuravlov	-	524.494
	-	12.930.367

During the past years the Company has entered into several agreements with its ultimate beneficial owner amounting to US$42.000.000. The loans bear interest at a rate of 10-20% per annum and expired on 2015. During 2016 the loans were set off with loans payable to Agroton BVI Limited. (note 11)

20. RELATED PARTY TRANSACTIONS *(continued)*

(iii) Loans from own subsidiaries (note 16)

	2016 US$	2015 US$
Agroton BVI Limited	65.952.692	77.834.511
Agroton BVI Limited	-	90.056
	65.952.692	77.924.567

On 25 July 2011 the Company has entered into a loan agreement with its subsidiary company Agroton BVI Limited amounting to US$10.000.000. During 2012 the amount of the loan was extended to US$60.000.000. The loan was originaly provided interest free. From 1 January 2013 onwards the loan bears interest at a rate of 6% per annum and will expire on 1 January 2016.

On 5 March 2013 the Company has entered into a loan agreement with its subsidiary company Agroton BVI Limited amounting to US$90.000. The loan bears interest at a rate of 1% per annum and expired on 5 March 2015. During 2015 the two parties agreed to postpone the repayment.

(iv) Loans from owners / Owners' current accounts - credit balances (note 16 and 17)

	2016 US$	2015 US$
Iurii Zhuravlov (loan)	-	1.885.997
	-	1.885.997

On 2 August 2012 the Company has entered into a loan agreement with its ultimate beneficial owner amounting to US$1.000.000. The loan bears interest at a rate of 20% per annum and expired on 2 August 2015. During 2016 the loans were set off with loans receivable from the beneficial owner.

21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk

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

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

21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *(continued)*

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk.

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

	2016 US$	2015 US$
Loans receivable	-	3.405.381
Loans receivables from related parties	73.489.493	92.810.946
Cash at bank	10.724.472	4.747.423
	84.213.965	100.963.750

(ii) Liquidity risk

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

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and are undiscounted, and include estimated interest payments:

31 December 2016	Carrying amounts US$	Contractual cash flows US$	3 months or less US$	Between 3-12 months US$	Between 1-5 years US$
Notes	9.356.642	10.494.500	1.812.000	226.500	8.456.000
Trade and other payables	19.954	19.954	-	19.954	-
Loans from subsidiaries	65.952.692	69.909.853	-	69.909.853	-
	75.329.288	80.424.307	1.812.000	70.156.307	8.456.000

31 December 2015	Carrying amounts US$	Contractual cash flows US$	3 months or less US$	Between 3-12 months US$	Between 1-5 years US$
Notes	20.711.510	24.394.500	3.159.000	526.500	20.709.000
Trade and other payables	5.830	5.830	-	5.830	-
Loans from subsidiaries	77.924.567	81.883.145	-	81.883.145	-
Loans from owners	1.885.997	2.199.604	-	2.199.604	-
	100.527.904	108.483.079	3.159.000	84.615.079	20.709.000

21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *(continued)*

(iii) Market risk

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

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

Interest rate risk

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

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

	2016 US$	2015 US$
Fixed rate instruments		
Financial assets	73.489.493	96.216.327
Financial liabilities	(75.309.333)	(100.522.074)
	(1.819.840)	(4.305.747)

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2016 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

Capital management

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

22. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting period.

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

23. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2016.

24. EVENTS AFTER THE REPORTING PERIOD

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

On 21 April 2017 the Board of Directors of Agroton Public Limited approved and authorised these financial statements for issue.

AGROTON PUBLIC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2016

ADDITIONAL INFORMATION

AGROTON PUBLIC LIMITED

INCOME STATEMENT

For the year ended 31 December 2016

	Schedule	2016 US$	2015 US$
Loan interest income		6.358.860	6.328.241
Interest expense		(4.835.490)	(5.950.016)
Gross profit		1.523.370	378.225
Other operating income		7.172.420	7.290.516
Administrative expenses	2	(219.888)	(190.860)
Other operating expenses	3	(19.730)	(5.732.205)
Operating profit		8.456.172	1.745.676
Finance income	4	(257)	9.160
Finance costs	4	(23.398)	(18.940)
Net finance expenses		(23.655)	(9.780)
Profit before tax		8.432.517	1.735.896
Tax		-	(651)
Profit for the year		8.432.517	1.735.245

AGROTON PUBLIC LIMITED

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2016

	Schedule	2016 US$	2015 US$
Registrar annual fee		391	400
Sundry expenses		9.061	1.591
Subscriptions and contributions		3.220	-
Independent auditors' remuneration for the statutory audit of annual accounts		25.200	25.616
Accounting fees		13.041	12.785
Legal fees		16.839	13.461
Other professional fees		126.594	130.986
Secretarial fees		1.005	1.028
Registered office fees		1.005	1.028
Fines		17.445	-
Irrecoverable VAT		6.087	3.965
	1	219.888	190.860

AGROTON PUBLIC LIMITED

OTHER OPERATING EXPENSES

For the year ended 31 December 2016

	Schedule	2016 US$	2015 US$
Loss on impairment of other non-current assets		-	5.644.694
Fair value losses on financial assets at fair value through profit or loss		19.730	87.511
	1	19.730	5.732.205

AGROTON PUBLIC LIMITED

FINANCE INCOME/COST

For the year ended 31 December 2016

	Schedule	2016 US$	2015 US$
Finance income			
Bank interest		-	2.170
Realised foreign exchange profit		(257)	6.990
		(257)	9.160
Finance expenses			
Interest expense			
Interest on taxes		-	352
Sundry finance expenses			
Bank charges		21.819	17.256
Net foreign exchange transaction losses			
Unrealised foreign exchange loss		1.579	1.332
		23.398	18.940
Net finance expenses	1	(23.655)	(9.780)

AGROTON PUBLIC LIMITED

COMPUTATION OF CORPORATE TAX

For the year ended 31 December 2016

	Schedule	US$	US$
Net profit before tax per income statement	1		8.432.517
Add:			
Fair value losses on financial assets at fair value through profit or loss		19.730	
Unrealised foreign exchange loss		1.579	
Registrar annual fee		391	
Fines		17.445	
Irrecoverable VAT		6.087	
			45.232
			8.477.749
Less:			
Profit on repurchase of Notes		7.172.420	
Realised foreign exchange profit		257	
			(7.172.677)
Chargeable income for the year			1.305.072
			€
Converted into € at US$ 1,054100 = €1			1.238.091
Loss brought forward			(1.617.258)
Loss to be carried forward			(379.167)

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
	€	Amount €	Year	Amount €	Year	Amount €	Year
2011	-	-		-		-	
2012	(48.241)	48.241	2015	-		-	
2013	(1.058.267)	164.013	2015	894.254	2016	-	
2014	(723.004)	343.837	2016	-		-	
2015	212.254	-		-		-	
2016	1.238.091	-		-		-	

Net loss to be carried forward (379.167)

Schedule 6

AGROTON PUBLIC LIMITED

CERTIFICATE

For the year ended 31 December 2016

We hereby certify, to the best of our knowledge and belief, that:

1) The proceeds of all sales and all other income have been properly recorded as such in the books produced to KPMG Limited.

2) All expenses for the year under review represent expenses incurred wholly and exclusively for the Company's business and have been properly recorded as such in the books produced to KPMG Limited.

3) All transactions affecting the business for the year under review have been properly recorded in the books produced to KPMG Limited.

4) All reserves are properly shown and all necessary provisions have been duly made and shown as such in the books produced to KPMG Limited.

5) All assets and liabilities have been properly taken up as at 31 December 2016 in the books produced to KPMG Limited.

6) All investments in non listed titles were presented to KPMG Limited at their fair value, as determined by the Company.

7) The Company had no contingent liabilities as at 31 December 2016.

8) No events have occurred and no facts have been discovered since the year-end, which could materially affect the true and fair view of these financial statements as at 31 December 2016.

Yours truly,

....
Director

....
Director

Nicosia, 21 April 2017

AGROTON PUBLIC LIMITED
1 Lampousas Street
1095 Nicosia
Cyprus

HE 255059

REPORT AND FINANCIAL STATEMENTS

The Management Report , the Independent Auditors' report and the Financial Statements of the Company for the year ended 31 December 2016 are true copies of those presented at the Annual General Meeting that took place on 21 April 2017.

Signature ....
Director

Signature ....
Secretary