AGROTON PUBLIC LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

Agroton Public Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

CONTENTS

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 UBS Switzerland Bank Bank Vontobel AG
Registered Office	1 Lampousas Street 1095 Nicosia Cyprus

AGROTON PUBLIC LIMITED

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIAL RESPONSIBLE FOR THE PARENT COMPANY FINANCIAL STATEMENTS

In accordance with article 9(3)(c) and (7) of the Transparency Requirements (Securities Listed for Trading on a Regulated Market) Law of 2007 (the "Law"), as amended from time to time, we, the Members of the Board of Directors and the Company official responsible for the preparation of the financial statements of parent company Agroton Public Limited (the "Company") for the year ended 31 December 2017, confirm that to the best of our knowledge:

a) the annual financial statements presented on pages 10 to 43:

   i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the provisions of articles (9), section (4) of the Law, and

   ii) give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Agroton Public Limited, and

b) the Management report provides a fair review of the developments and performance of the business as well as the position of Agroton Public Limited, together with a description of the major risks and uncertainties that they face.

Members of the Board of Directors:

Iurii Zhuravlov	
Tamara Lapta	
Larysa Orlova	
Borys Supikhanov	
Volodymyr Kudryavtsev	

Company official responsible for the preparation of the financial statements of the Company for the year ended 31 December 2017:

Larysa Orlova	

Nicosia, 23 April 2018

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 2017.

INCORPORATION, PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE COMPANY

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

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

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2017 are set out on page 10 to the financial statements. The net loss for the year attributable to the owners of the Company amounted to US$354.077 (2016: US$8.432.517 profit).

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

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

DIVIDENDS

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

MAIN RISKS AND UNCERTAINTIES

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

USE OF FINANCIAL INSTRUMENTS BY THE COMPANY

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

MARKET PRICE RISK

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

INTEREST RATE RISK

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

CREDIT RISK

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

LIQUIDITY RISK

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

FUTURE DEVELOPMENTS

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

SHARE CAPITAL

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

BRANCHES

During the year ended 31 December 2017 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2017 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 2017.

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, 23 April 2018

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

Independent Auditors' report

TO THE MEMBERS OF

AGROTON PUBLIC LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of parent company Agroton Public Limited (the "Company"), which are presented on pages 10 to 43, and comprise the statement of financial position as at 31 December 2017, 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 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

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

Key Audit Matters

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

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

Other information

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

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

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

KPMG

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

Other regulatory requirements

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

Date of our appointment and period of engagement

We were first appointed auditors of the Company by the General Meeting of the Company's members on 10 August 2012. Our appointment has been renewed annually by shareholder resolution. Our total uninterrupted period of engagement is 6 years covering the periods ended 31 December 2012 to 31 December 2017.

Consistency of the additional report to the Audit Committee

Our audit opinion is consistent with the additional report presented to the Audit Committee dated 20 April 2018.

Provision of non-audit services ("NAS")

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

Other regulatory requirements

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

Date of our appointment and period of engagement

We were first appointed auditors of the Company by the General Meeting of the Company's members on 10 August 2012. Our appointment has been renewed annually by shareholder resolution. Our total uninterrupted period of engagement is 6 years covering the periods ended 31 December 2012 to 31 December 2017.

Consistency of the additional report to the Audit Committee

Our audit opinion is consistent with the additional report presented to the Audit Committee dated 20 April 2018.

Provision of non-audit services ("NAS")

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

Other matter

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

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017. That report is modified with the inclusion of a material uncertainty in relation to going concern.

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

23 April 2018

Agroton Public Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 US$	2016 US$
Loan interest income		3.401.413	6.358.860
Interest expense		(3.546.793)	(4.835.490)
Gross (loss)/profit		(145.380)	1.523.370
Other operating income	4	817	7.172.420
Administrative and selling expenses	5	(163.255)	(219.888)
Other operating expenses	6	-	(19.730)
Operating (loss)/profit	7	(307.818)	8.456.172
Finance income		1.029	-
Finance expenses		(6.084)	(23.655)
Net finance expenses	8	(5.055)	(23.655)
(Loss)/profit before tax		(312.873)	8.432.517
Tax	9	(41.204)	-
(Loss)/profit for the year		(354.077)	8.432.517
Other comprehensive income		-	-
Total comprehensive (expense)/income for the year attributable to owners		(354.077)	8.432.517

The notes on pages 14 to 43 are an integral part of these financial statements.

Agroton Public Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 US$	2016 US$
Assets			
Investments in subsidiaries	10	4.818	4.818
Financial assets at fair value through profit or loss	13	235.664	234.847
Loans receivable	11	-	49.792.785
Total non-current assets		240.482	50.032.450
Trade and other receivables	12	144.934	150.334
Loans receivable	11	71.466.748	23.696.708
Cash and cash equivalents	14	15.985.539	10.724.472
Total current assets		87.597.221	34.571.514
Total assets		87.837.703	84.603.964
Equity			
Share capital	15	661.128	661.128
Share premium	15	88.531.664	88.531.664
Reserves		(80.415.112)	(80.061.035)
Total equity		8.777.680	9.131.757
Liabilities			
Loans and borrowings	16	9.807.330	9.356.642
Total non-current liabilities		9.807.330	9.356.642
Short term portion of long-term loans	16	69.048.797	65.952.692
Trade and other payables	17	50.481	49.368
Tax liability	18	153.415	113.505
Total current liabilities		69.252.693	66.115.565
Total liabilities		79.060.023	75.472.207
Total equity and liabilities		87.837.703	84.603.964

On 23 April 2018 the Board of Directors of Agroton Public Limited approved and authorised these financial statements for issue.

.... Director

.... Director

The notes on pages 14 to 43 are an integral part of these financial statements.

Agroton Public Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital US$	Share premium US$	Retained earnings US$	Total US$
Balance at 1 January 2016	661.128	88.531.664	(88.493.552)	699.240
Comprehensive income				
Profit for the year	-	-	8.432.517	8.432.517
Balance at 31 December 2016	661.128	88.531.664	(80.061.035)	9.131.757
Balance at 1 January 2017	661.128	88.531.664	(80.061.035)	9.131.757
Comprehensive income				
Loss for the year	-	-	(354.077)	(354.077)
Balance at 31 December 2017	661.128	88.531.664	(80.415.112)	8.777.680

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 2017

	Note	2017 US$	2016 US$
Cash flows from operating activities			
(Loss)/profit for the year		(354.077)	8.432.517
Adjustments for:			
Unrealised exchange (profit)/loss	8	(1.029)	1.579
Fair value (gains)/losses on financial assets at fair value through profit or loss	4,6	(817)	19.730
Fair value gains on other investments	4	-	(7.172.420)
Interest income	11	(3.401.413)	(6.358.860)
Interest expense		3.547.123	4.835.490
Income tax expense		41.204	-
Cash used in operations before working capital changes		(169.009)	(241.964)
Decrease/(increase) in trade and other receivables		5.400	(2.968)
Increase in trade and other payables		1.150	13.676
Cash used in operations		(162.459)	(231.256)
Tax paid		(1.294)	-
Net cash used in operating activities		(1.422.190)	(231.256)
Cash flows from investing activities			
Loans repayments received	11	5.424.122	11.500.710
Net cash generated from investing activities		6.682.558	11.500.710
Cash flows from financing activities			
Repurchase of notes		-	(5.290.761)
Unrealised exchange profit		903	-
Interest paid		(330)	-
Net cash generated from/(used in) financing activities		573	(5.290.761)
Effect of exchange rate fluctuations on cash held		126	(1.644)
Net increase in cash and cash equivalents		5.261.067	5.977.049
Cash and cash equivalents at beginning of the year		10.724.472	4.747.423
Cash and cash equivalents at end of the year	14	15.985.539	10.724.472

The notes on pages 14 to 43 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. Its registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.
Agroton Public Limited (the "Company") was incorporated in Cyprus on 21 September 2009 as a privated limited liability company under the Cyprus Companies Law, Cap. 113. The Company was listed at the main market of Warsaw Stock Exchange on 8 November 2010.

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

2. BASIS OF 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 2017.

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 2017 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) Going concern basis

These parent financial statements have been prepared under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. Renewals of the Company's assets, and the future activities of the Company, and its activities are significantly influenced by the current and future economic environment in Ukraine. The Board of Directors and Management are closely monitoring the challenging conditions in the domestic markets as described in note 19 in the financial statements and has assessed the current situation and there is no indication of adverse effects while at the same time are taking all steps to secure the Company's short and long term viability. To this effect, they consider that the Company is able to continue its operations as a going concern.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)
As from 1 January 2017, 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 2017. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these Standards early.

The Company is required to adopt IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" from 1 January 2018. The Company has preliminarily assessed the estimated impact that the initial application of these standards will have on its financial statements. The actual impacts of adopting the standards at 1 January 2018 may change because the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application ("DIA").

(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).
  The Group is currently evaluating the expected impact of adopting the standard on its financial statements. As such, the expected impact of the standard is not yet known or reasonably estimable.
- IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)
  The Group is currently evaluating the expected impact of adopting the standard on its financial statements. As such, the expected impact of the standard is not yet known or reasonably estimable.
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
  The Group is currently evaluating the expected impact of adopting the standard on its financial statements. As such, the expected impact of the standard is not yet known or reasonably estimable.
- IFRS 4 (Amendments) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 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).
- IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019).
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).

2. BASIS OF PREPARATION *(continued)*

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

(i) Standards and Interpretations adopted by the EU (continued)

Preliminary impact of IFRS 9 on the Company

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

The new impairment requirements are expected to have an impact on the Company's financial statements from the implementation of IFRS 9. Management is not yet able to provide quantitative information about the expected impact since the Company is in the process of building and testing models, assembling data and calibrating the impairment stage transfer criteria. The impact is also dependent on finalizing the classification assessment and the current circumstances. Management expects loss allowances under IFRS 9 to be at the same level as IAS 39.

IFRS 9 Implementation Programme

The Company expects that it will be in a position to provide quantitative information on the impact of the transition to IFRS 9 on its financial position and performance in its next reported consolidated financial statements.

(ii) Standards and Interpretations not adopted by the EU

- IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).
- IAS 28 (Amendments) "Long-term Interest in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019).
- IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement" (effective for annual periods beginning on or after 1 January 2019).
- "Amendments to References to the Conceptual Framework in IFRS Standards" (effective for annual periods beginning on or after 1 January 2020).
- IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective date postponed indefinitely).

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

2. BASIS OF PREPARATION *(continued)*

(e) 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.

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.

2. BASIS OF PREPARATION *(continued)*

(e) Use of estimates and judgments (continued)

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.

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

- Note 21 - Financial instruments

(f) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

- *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').

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

(ii) Investments (continued)

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

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

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

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

Agroton Public Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

	2017 US$	2016 US$
Profit on repurchase of Notes	-	7.172.420
Fair value gains on financial assets at fair value through profit or loss	817	-
	817	7.172.420

5. ADMINISTRATIVE EXPENSES

	2017 US$	2016 US$
Registrar annual fee	381	391
Sundry expenses	1.500	9.061
Subscriptions and contributions	3.267	3.220
Independent auditors' remuneration for the statutory audit of annual accounts	36.219	25.200
Independent auditors' remuneration - prior years	3.962	-
Accounting fees	12.389	13.041
Legal fees	14.612	16.839
Other professional fees	50.963	126.594
Secretarial fees	979	1.005
Registered office fees	979	1.005
Fines	8.426	17.445
Irrecoverable VAT	14.196	6.087
Custodian Fees	15.382	-
	163.255	219.888

6. OTHER OPERATING EXPENSES

	2017 US$	2016 US$
Fair value losses on financial assets at fair value through profit or loss	-	19.730
	-	19.730

Agroton Public Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. OPERATING (LOSS) /PROFIT

	2017 US$	2016 US$
Operating (loss)/profit is stated after charging the following items:		
Independent auditors' remuneration for the statutory audit of annual accounts	36.219	25.200
Independent auditors' remuneration - prior years	3.962	-

8. NET FINANCE INCOME AND EXPENSES

	2017 US$	2016 US$
Exchange profit	1.029	-
	1.029	-
Net foreign exchange transaction losses	(2.365)	(1.836)
Interest expense	(330)	-
Sundry finance expenses	(3.389)	(21.819)
Finance expenses	(6.084)	(23.655)
Net finance expenses	(5.055)	(23.655)

9. TAXATION

	2017 US$	2016 US$
Corporation tax	41.204	-
Charge for the year	41.204	-

9. TAXATION *(continued)*

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

	2017	2017 US$	2016	2016 US$
Accounting (loss)/profit before tax		(312.873)		8.432.517
Tax calculated at the applicable tax rates	12,50 %	(39.109)	12,50 %	1.054.065
Tax effect of expenses not deductible for tax purposes	(42,67)%	133.517	0,07 %	5.654
Tax effect of allowances and income not subject to tax	0,07 %	(231)	(10,63)%	(896.585)
Tax effect of tax losses brought forward	18,13 %	(56.719)	(1,93)%	(163.134)
10% additional charge	(1,20)%	3.746	- %	-
Tax as per statement of profit or loss and other comprehensive income - charge	(13,17)%	41.204	- %	-

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%.

10. INVESTMENTS IN SUBSIDIARIES

	2017 US$	2016 US$
Balance at 1 January	4.818	4.818
Balance at 31 December	4.818	4.818

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	2017 US$	2016 US$
Living LLC	Ukraine	Agricultural activities	99,99	4.718	4.718
Agroton BVI Limited	British Virgin Island	Trading in Agriculture	100	100	100
LLC Gefest	Ukraine	Owner of land lease rights	100	-	-
LLC Lugastan	Ukraine	Owner of land lease rights	99,99	-	-
				4.818	4.818

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

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

11. LOANS RECEIVABLE

	2017 US$	2016 US$
Balance at 1 January	73.489.493	96.216.327
Repayments	(5.424.159)	(11.500.710)
Interest charged	3.401.414	6.358.860
Set off (note)	-	(17.584.984)
Balance at 31 December	71.466.748	73.489.493

11. LOANS RECEIVABLE *(continued)*

	2017 US$	2016 US$
Loans to own subsidiaries (note 20 (i))	71.466.748	73.489.493
	71.466.748	73.489.493
Non-current portion	-	49.792.785
Current portion	71.466.748	23.696.708
	71.466.748	73.489.493

The loans are repayable as follows:

	2017 US$	2016 US$
Within one year	-	23.696.708
Between one and five years	71.466.748	49.792.785
	71.466.748	73.489.493

Note
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 and impairment losses in relation to loan receivable is reported in note 21 to the financial statements.

12. TRADE AND OTHER RECEIVABLES

	2017 US$	2016 US$
Refundable VAT	144.934	150.334
	144.934	150.334

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

	2017 US$	2016 US$
Cyprus Stock Exchange		
Bank of Cyprus Public Company Limited	-	234.847
Bank of Cyprus Holdings Plc	235.664	-
	235.664	234.847

	2017 US$	2016 US$
Balance at 1 January	234.847	254.577
Change in fair value (note 4)	817	(19.730)
Balance at 31 December	235.664	234.847

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

The Company held 1.591.105 shares with fair value €0,140 cents. In January 2017, the shares in Bank of Cyprus Public Company Limited were exchanged with new shares of Bank of Cyprus Holdings Plc listed in both London Stock Exchange and in Cyprus Stock Exchange with nominal value of €0,10 cents each. As at 31 December 2017 the Company held 79.556 shares in Bank of Cyprus Holdings Plc with fair value €2,47 each.

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:

	2017 US$	2016 US$
Cash at bank	15.985.539	10.724.472
	15.985.539	10.724.472

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 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
Balance at 1 January 2017	21.670.000	661.128	88.531.664	89.192.792
Balance at 31 December 2017	21.670.000	661.128	88.531.664	89.192.792

Authorised capital

On 31 December 2017 the authorised share capital of the Company amounted to 47.619.048 ordinary shares of nominal value €0,021 each.

Issued capital

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

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

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

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

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

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

Listing of the Company to the Warsaw Stock Exchange

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

16. LOANS AND BORROWINGS

	2017 US$	2016 US$
Balance at 1 January	75.309.334	100.522.074
Repayments	-	(25.212.740)
Interest payable	3.546.793	-
Balance at 31 December	78.856.127	75.309.334

	2017 US$	2016 US$
Non-current liabilities		
Notes	9.807.330	9.356.642
Current liabilities		
Loans from subsidiaries (note 20 (ii))	69.048.797	65.952.692
Total	78.856.127	75.309.334

Maturity of borrowings:

	2017 US$	2016 US$
Within one year	69.048.797	65.952.692
Between one and five years	9.807.330	9.356.642
	78.856.127	75.309.334

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.

16. LOANS AND BORROWINGS *(continued)*

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

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

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

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

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

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

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

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

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

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 follows:

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

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

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

16. LOANS AND BORROWINGS *(continued)*

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

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, as a result on 14 January 2018, the Company paid a coupon interest on its notes in the amount of US$2.265.000.

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

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

The exposure of the Company to liquidity risk in relation to loans and borrowings is reported in note 2 to the financial statements.

17. TRADE AND OTHER PAYABLES

	2017 US$	2016 US$
Accruals	41.015	29.414
Other creditors	9.466	19.954
	50.481	49.368

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

	2017 US$	2016 US$
Corporation tax	41.204	-
Special contribution to the defence fund	112.211	113.505
	153.415	113.505

The above amounts are payable within one year.

19. OPERATING ENVIRONMENT OF THE COMPANY

Cyprus Economic Environment

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

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

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

Ukrainian Economic and Political Environment

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

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

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

20. RELATED PARTY TRANSACTIONS

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

20. RELATED PARTY TRANSACTIONS *(continued)*

The transactions and balances with related parties are as follows:

(i) Loans to own subsidiaries (note 11)

	2017 US$	2016 US$
PE Agricultural Production Firm Agro	7.354.519	8.758.873
PE Agricultural Production Firm Agro	63.030.979	64.730.620
	70.385.498	73.489.493

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

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

(ii) Loans from own subsidiaries (note 16)

	2017 US$	2016 US$
Agroton BVI Limited	69.048.797	65.952.692
	69.048.797	65.952.692

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

21. FINANCIAL INSTRUMENTS AND 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

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

Financial risk factors *(continued)*

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.

(i) Credit risk

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

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

	2017 US$	2016 US$
Loans receivables from related parties	71.466.748	73.489.493
Cash at bank	15.985.539	10.724.472
	87.452.287	84.213.965

The Company's exposure to credit risk is influenced mainly by the loans receivables from related parties which are part of the group, and therefore, the credit risk is low.

Cash and cash equivalents

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

Bank group based on credit ratings by Moody's	No of banks	2017 US$	2016 US$
A- to A+	2	1.734.142	10.552.340
Lower than A-	1	36.728	172.131
Without credit rating	1	14.214.669	-
	4	15.985.539	10.724.471

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

(ii) Liquidity risk

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

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

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

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	24.394.500	3.159.000	526.500	20.709.000
Trade and other payables	19.954	19.954	-	19.954	-
Loans from subsidiaries	65.952.692	81.883.145	-	81.883.145	-
Loans from owners	2.199.604	2.199.604	-	2.199.604	-
	77.528.892	108.497.203	3.159.000	84.629.203	20.709.000

(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.

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

(iii) Market risk (continued)

Interest rate risk (continued)

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

	2017 US$	2016 US$
Fixed rate instruments		
Financial assets	70.385.498	73.489.493
Financial liabilities	(78.856.127)	(75.309.333)
	(8.470.629)	(1.819.840)

Currency risk

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

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

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

31 December 2016	Euro US$
Assets	
Cash and Cash Equivalents	7.936
Net exposure	7.936

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

	Carrying amounts		Fair values	
	2017	2016	2017	2016
	US$	US$	US$	US$
Financial assets				
Cash and cash equivalents	15.985.539	10.724.472	15.985.539	10.724.472
Fair value through profit or loss	235.664	234.847	235.664	234.847
Financial assets	71.466.748	73.489.493	72.725.184	73.489.184
Financial liabilities				
Notes	(9.807.330)	(9.356.642)	(1.415.625)	(1.963.000)
Loans from subsidiaries	(69.048.797)	(65.952.692)	(69.048.797)	(65.952.692)
	8.831.824	9.139.478	18.481.965	16.532.811

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

Fair value hierarchy

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

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

22. FAIR VALUES *(continued)*

31/12/2017	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets				
Cash and cash equivalents	-	15.985.539	-	15.985.539
Financial assets at fair value through profit or loss	235.664	-	-	235.664
Loans receivable	-	-	70.385.498	70.385.498
Total	235.664	15.985.539	70.385.498	86.606.701
Financial liabilities				
Trade and other payables	-	-	9.466	9.466
Short-term notes	1.415.625	-	-	1.415.625
Loans payable	-	-	69.048.797	69.048.797
Total	1.651.289	15.985.539	139.443.761	157.080.589

31/12/2016	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets				
Cash and cash equivalents	-	10.724.472	-	10.724.472
Financial assets at fair value through profit or loss	234.847	-	-	234.847
Loans receivable	-	-	73.489.493	73.489.493
Total	234.847	10.724.472	73.489.493	84.448.812
Financial liabilities				
Trade and other payables	-	-	19.954	19.954
Long-term notes	1.963.000	-	-	1.963.000
Loans payable	-	-	65.952.692	65.952.692
Total	1.963.000	-	65.972.646	67.935.646

23. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2017.

24. EVENTS AFTER THE REPORTING PERIOD

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

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

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

On 23 April 2018 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 2017

ADDITIONAL INFORMATION

Agroton Public Limited

FINANCIAL STATEMENTS

For the year ended 31 December 2017

ADDITIONAL INFORMATION

Agroton Public Limited

INCOME STATEMENT

For the year ended 31 December 2017

	Schedule	2017 US$	2016 US$
Loan interest income		3.401.413	6.358.860
Interest expense		(3.546.793)	(4.835.490)
Gross (loss)/ profit		(145.380)	1.523.370
Other operating income		817	7.172.420
Administrative and selling expenses	2	(163.255)	(219.888)
Other operating expenses	3	-	(19.730)
Operating (loss)/ profit		(307.818)	8.456.172
Finance income	4	1.029	-
Finance costs	4	(6.084)	(23.655)
Net finance expenses		(5.055)	(23.655)
(Loss)/profit before tax		(312.873)	8.432.517
Tax		(41.204)	-
(Loss)/profit for the year		(354.077)	8.432.517

Agroton Public Limited

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2017

	Schedule	2017 US$	2016 US$
Registrar annual fee		381	391
Sundry expenses		1.500	9.061
Subscriptions and contributions		3.267	3.220
Independent auditors' remuneration for the statutory audit of annual accounts		36.219	25.200
Independent auditors' remuneration - prior years		3.962	-
Accounting fees		12.389	13.041
Legal fees		14.612	16.839
Other professional fees		50.963	126.594
Secretarial fees		979	1.005
Registered office fees		979	1.005
Fines		8.426	17.445
Irrecoverable VAT		14.196	6.087
Custodian Fees		15.382	-
	1	163.255	219.888

Agroton Public Limited

OTHER OPERATING EXPENSES

For the year ended 31 December 2017

	Schedule	2017 US$	2016 US$
Fair value losses on financial assets at fair value through profit or loss		-	19.730
	1	-	19.730

Agroton Public Limited

FINANCE INCOME/COST

For the year ended 31 December 2017

	Schedule	2017 US$	2016 US$
Finance income			
Unrealised foreign exchange profit		1.029	-
		1.029	-
Finance expenses			
Interest expense			
Interest on taxes		330	-
Sundry finance expenses			
Bank charges		3.389	21.819
Net foreign exchange transaction losses			
Realised foreign exchange loss		2.365	257
Unrealised foreign exchange loss		-	1.579
		6.084	23.655
Net finance expenses	1	(5.055)	(23.655)

Schedule 5

Agroton Public Limited

COMPUTATION OF CORPORATE TAX

For the year ended 31 December 2017

	Schedule	US$	US$
Net loss before tax per income statement	1		(312.873)
Add:			
Realised foreign exchange loss		2.365	
Registrar annual fee		381	
Fines		8.426	
Interest on taxes		330	
Irrecoverable VAT		14.196	
Notional interest on loans receivable		1.042.434	
			1.068.132
			755.259
Less:			
Fair value gains on financial assets at fair value through profit or loss		817	
Unrealised foreign exchange profit		1.029	
			(1.846)
Chargeable income for the year			753.413
			€
Converted into € at US$ 1,199300 = €1			628.211
Loss brought forward			(378.345)
Chargeable income			249.866

Calculation of corporation tax	Income €	Rate %	Total € c	Total US$
Tax at normal rates:				
Chargeable income as above	249.866	12,50	31.233,25	37.458
10% additional charge			3.123,33	3.746
TAX PAYABLE			34.356,58	41.204

Schedule 5

Agroton Public Limited

COMPUTATION OF CORPORATE TAX

For the year ended 31 December 2017

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
2012	(47.418)	47.418	2015	-		-	
2013	(1.058.267)	164.013	2015	894.254	2016	-	
2014	(723.004)	343.837	2016	378.345	2017	-	
2015	212.254	-		-		-	
2016	1.238.091	-		-		-	
2017	628.211	-		-		-	