ARAGVI HOLDING INTERNATIONAL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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Independent auditor's report

To the Members of Aragvi Holding International Limited

Report on the consolidated financial statements

We have audited the consolidated financial statements of Aragvi Holding International Limited (the "Company") and its subsidiaries (together with the Company, the "Group") on pages 9 to 57 which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board (IASB) and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by IASB.

BDO

Independent auditor's report (continued)

To the Members of Aragvi Holding International Limited

Emphasis of matter

Without qualifying our opinion, we draw attention to note 27 which states that based on preliminary operational data, the Group operations in first quarter following the reporting year end has shown a significant improvement comparing to first quarter of reporting year and management considers that Group will comply with most of its financial covenants. In addition, the Group was in compliance with most of the financial covenants and is in process to obtain waivers for the ones that are still in breach.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body 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.

Comparative figures

The financial statements of the Group for the year ended 30 June 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 October 2015.

Yiannis Kapetanios
Certified Public Accountant (CY) and Registered Auditor
for and on behalf of

BDO Limited
Certified Public Accountants (CY) and Registered Auditors

Limassol, 21 October 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Note	30 June 2016	30 June 2015
ASSETS			
Non-current assets			
Intangible assets	7	1,823	1,892
Property, plant and equipment	6	233,540	272,343
Available for sale financial assets	11	46	2,942
Deferred tax asset	24	-	2,147
Goodwill	7	48,688	48,688
Advances given	12	3,947	-
Deferred expenses		702	1,001
		288,746	329,013
Current assets			
Inventories	9	63,581	58,364
Forward contracts	8	69,741	34,459
Trade receivables and advances given, net	10	66,095	78,712
Cash and cash equivalents	13	5,176	1,056
Other assets		420	-
		205,013	172,591
Total assets		493,759	501,604
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	14	281	281
Share Options		1,603	1,603
Retained earnings		150,628	152,956
Translation reserve		-	(4,193)
Fair value reserves		37,051	37,051
		189,563	187,698
Non-controlling interest		13,945	15,178
Total equity		203,508	202,876

The notes on pages 9 to 57 are an integral part of these consolidated financial statements.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Note	30 June 2016	30 June 2015
LIABILITIES			
Non-current liabilities			
Borrowings	15	110,056	142,576
Deferred tax liabilities	24	13,488	15,636
Provisions for other liabilities and charges		301	433
		123,845	158,645
Current liabilities			
Borrowings	15	129,640	109,646
Trade and other payables	16	36,766	30,437
Other financial liabilities		-	-
		166,406	140,083
Total liabilities		290,251	298,728
Total equity and liabilities		493,759	501,604

These consolidated financial statements have been approved for issue by the Board of Directors on October 21, 2016 and signed on their behalf by:

Vaja Jhashi
Chief Executive Officer

Oleg Lupasco
Interim Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Note	30 June 2016	30 June 2015
Revenue	17	303,178	351,284
Cost of sales	18	(239,356)	(264,202)
Gross profit		63,822	87,082
Other income	22	2,017	6,461
Selling and distribution costs	19	(27,950)	(42,810)
Administrative expenses	20	(7,605)	(8,764)
Other gains / (losses) – net	21	(5,374)	(3,689)
Operating profit		24,910	38,280
Finance income and costs, net	23	(24,003)	(24,703)
(Loss)/ Profit before income tax		907	13,577
Income tax expense	24	(276)	(334)
(Loss)/ Profit for the year		631	13,243
(Loss)/ Profit attributable to			
Owners of the parent		1,865	14,192
Non-controlling interest		(1,234)	(949)

The notes on pages 9 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Note	30 June 2016	30 June 2015
Profit/ (Loss) for the year		631	13,243
Other comprehensive income:			
Gain on revaluation of property, plant and equipment		-	25,353
Income tax relating to components of other comprehensive income		-	-
Currency translation differences		-	-
Other comprehensive income/ (expense)		-	25,353
Total comprehensive income/ (expense) for the year		631	38,596
Attributable to:			
- Owners of the parent		1,865	39,431
- Minority interest		(1,234)	(835)
Total comprehensive income for the year		631	38,596

The notes on pages 9 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Note	30 June 2016	30 June 2015
Cash flows from operating activities			
Net profit before taxation		907	13,577
Adjustments for:			
Allowance doubtful accounts receivables	19	2,481	1,905
Depreciation and amortization	18 - 21	9,130	7,858
Loan commission amortisation		299	206
Provisions		(280)	-
Fair value of forward contracts	8	(8,645)	946
Gains from write off of expired trade payables	21	-	(651)
Unrealised foreign exchange loss/(gain), net	23	(458)	3,656
Interest and bank commission expense	23	24,661	21,506
Gains from advances paid for farming		-	-
Operating profit before changes in working capital		28,095	49,003
Changes in working capital:			
Increase in inventories		(5,624)	(26,551)
(Increase)/ Decrease in trade and other receivables	10	12,215	(480)
Increase in trade and other payables		6,329	6,216
Cash generated from operations		41,015	28,188
Interest and bank commissions paid		(24,920)	(24,416)
Income tax paid/released		-	(8)
Net cash (used)/ generated by operating activities		**16,095**	**3,764**
Cash flows from investing activities			
Proceeds from disposal of property, plant, and equipment		332	185
Loans granted to related parties (Note 26**Error! eference source not found.**)		-	-
Loans collected from related parties		-	24,500
Purchases of property, plant and equipment		(8,002)	(7,731)
Interests received		-	122
Acquisition of subsidiary, net of cash acquired		-	(19,272)
Acquisition of other financial assets		-	(2,101)
Cash of Floarea International SRL at deconsolidation		(65)	65
Other payments of funds		-	-
Net cash used in investing activities		**(7,735)**	**(4,232)**

The notes on pages 9 to 57 are an integral part of these consolidated financial statements.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Note	30 June 2016	30 June 2015
Cash flows from financing activities			
Proceeds from borrowings		247,587	196,818
Repayments of borrowings		(251,531)	(196,946)
Other cash used in financing activities		-	-
Net cash from financing activities		(3,944)	(128)
Effect of exchange rate changes on cash movements		(296)	471
Net increase in cash and cash equivalents		4,120	(125)
Cash and cash equivalents at 30 June 2015		1,056	1,181
Cash and cash equivalents at 30 June 2016 (Note 13)		5,176	1,056

The notes on pages 9 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Attributable to equity holders of the Company							
	Ordinary shares	Translation reserves	Revaluation reserves	Unsubscribed capital	Retained earnings	Total	Minority interest	Total Equity
Balance at 30 June 2014/ 1 July 2014	281	749	11,698	1,603	139,035	153,366	10,636	164,002
Comprehensive income								
Net profit for the period	-	-	-	-	14,192	14,192	(949)	13,243
Adjustment of previous year profit	-	-	-	-	-	-	-	-
Currency translation differences	-	(4,942)	-	-	-	(4,942)	-	(4,942)
Fixed assets revaluation net of tax	-	-	25,353	-	-	25,353	-	25,353
Deferred tax charge	-	-	-	-	(271)	(271)	-	(271)
Total comprehensive income for the period	281	(4,193)	37,051	1,603	152,956	187,698	9,688	197,386
Transactions with owners	-	-	-	-	-	-	-	-
Unsubscribe capital (Note 14)	-	-	-	-	-	-	-	-
Business combination	-	-	-	-	-	-	5,491	5,491
Balance at 30 June 2015	281	(4,193)	37,051	1,603	152,956	187,698	15,179	202,877

The notes on pages 9 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Attributable to equity holders of the Company							
	Ordinary shares	**Translation reserves**	**Revaluation reserves**	**Unsubscribed capital**	**Retained earnings**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance at 30 June 2015	281	(4,193)	37,051	1,603	152,956	187,698	15,179	202,877
Balance at 1 July 2015	281	(4,193)	37,051	1,603	152,956	187,698	15,179	202,877
Comprehensive income								
Net profit for the period	-	-	-	-	1,865	1,865	(1,234)	631
Transfer of Translation reserves to Retained earnings	-	4,193	-	-	(4,193)	-	-	-
Fixed assets revaluation net of tax	-	-	-	-	-	-	-	-
Deferred tax charge on RE	-	-	-	-	-	-	-	-
Total comprehensive income for the period	281	-	37,051	1,603	150,628	189,563	13,945	203,508
Transactions with owners								
Business combinations	-	-	-	-	-	-	-	-
Balance at 30 June 2016	281	-	37,051	1,603	150,628	189,563	13,945	203,508

The notes on pages 9 to 57 are an integral part of these consolidated financial statements.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

1 GENERAL INFORMATION

Aragvi Holding International Limited ("the Company") is the company domiciled in the Republic of Cyprus with a juridical address Aphrodites 25, Room 204, P.C.1666, Nicosia, Cyprus. The Company Aragvi Holding International Limited was incorporated in the Republic of Cyprus on 21 June 2012 as a limited liability Company under registration number HE 308295. Its registered office is at Irakli, 2 Egkomi, 2413, Nicosia, Cyprus.

The Company acquired its subsidiaries through a business combination under common control. The consideration held by the shareholder of the Company in the subsidiaries of the Group was subscribed as contribution in kind to the share capital of the Company upon its incorporation.

The consolidated financial statements of the Group as at and for the year ended 30 June 2016 comprises the Company and its subsidiaries (together refer to as a 'Group' and individually as 'Group entities') and special purpose entities.

The Group principal activity is the production of vegetable oils (bottled and in bulk) and meals, the wholesale trade of cereals, oil seeds, farming and transhipment operations.

The Group's financial year is from 1 July to 30 June.

As of 30 June 2016 the primary subsidiaries of the Group and principal activities of the Subsidiaries consolidated by the Company were as follows:

Entity	**Principal Activity**	**Country of in corporation**	**Sharehol-ding,%**
Visions Holding SA	Holding company	Switzerland	100.00
-Stareverest Trading & Investment Limited		Cyprus	100.00
Trezeme Limited		Cyprus	100.00
Amableus Limited		Cyprus	100.00
Seagull Operations International B.V.		The Netherlands	100.00
Kelley Grains Corporation SRL		Moldova	100.00
TD Mediana Limited		Ukraine	100.00
PVD Trade Limited		Ukraine	100.00
Agroindexport SRL		Moldova	100.00
IM Trans Oil Refinery SRL	Oils seeds crushing plant	Moldova	100.00
Floarea Soarelui SA		Moldova	91.29
Trans Cargo Terminal SRL	Free trade zone resident. Port grain elevator. Provision of grain and oilseed forwarding services.	Moldova	100.00
ICS Trans Bulk Logistics SRL	Free trade zone resident. Port grain elevator. Provision of grain and oilseed forwarding services. Special purpose entity.	Moldova	80.00
FFA Trans Oil LTD SRL	Whole sale grains trading company	Moldova	100.00
Trans-Oil International SA		Switzerland	100.00

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

1 GENERAL INFORMATION (CONTINUED)

Entity	Principal Activity	Country of in corporation	Sharehol-ding, %
Elevator Kelley Grains SA	Grain elevator. Provision of grain and oilseed cleaning, drying and storage services. Cultivation of agriculture products and animals.	Moldova	98.92
Combinatul de Cereale Aur Alb SA	Grain elevator. Flour meal. Provision of grain and oilseed cleaning, drying and storage services.	Moldova	68.29
Combinatul de Produse Cerealiere Cereale Prut SA	Grain elevator. Provision of grain and oilseed cleaning, drying and storage services.	Moldova	85.79
Elevatorul Iargara SA		Moldova	98.30
Flograin Group SRL		Moldova	100.00
Anengrain - Group SRL		Moldova	100.00
Unco-Cereale SRL		Moldova	100.00
IM Prut SA		Moldova	63.06
Uleinord SRL		Moldova	100.00
Molgranum SRL		Moldova	100.00
Intreprinderea de Transport nr. 7 SA	Logistics and maintenance of vehicles	Moldova	91.60
Floarea-Soarelui Comert SRL	Dealership of bottled oil	Moldova	100.00
Reniyskiy Elevator OOO	Free trade zone resident. Port grain elevator. Provision of grain forwarding services.	Ukraine	88.92
Reni-Line OOO	Free trade zone resident. Port grain elevator. Provision of grain forwarding services.	Ukraine	67.00
AgroTest Lab SRL	Laboratory services	Moldova	0.00
Agrofloris-Nord SRL	Special purpose entity. Grain elevator. Provision of grain and oilseed cleaning, drying and storage services.	Moldova	100.00
Ceba Grup SRL	Special purpose entity	Moldova	0.00

During financial year 2016, Group has lost the control over Floarea International SRL (Romania). This fact led to deconsolidation of Floarea International SRL in financial year 2016. The Group has not recognized any gains or losses associated with the loss of control attributable to the former controlling interest. Following factors have led to lose of controls and subsequently to deconsolidation of Floarea International SRL:

Group's management does not have a significant continuing involvement in the entity's operations anymore. During the financial year 2016, new top management members have been employed to the Board of Directors of the entity that limited Group's involvement over operations and significantly reduced the power of control. Also, Floarea International SRL has established its own trading department, with no reference to the Group one. Currently, Group has very limited power over trading and financing policies of the entity.

None of the Group's management has the power or authority to sign for the entity and or/to engage for the entity in any contract or agreement. The entity has not issued during financial year 2016 or before that any power of attorney that might pass the authority to sign or take any decision on behalf of the entity's management.

1 GENERAL INFORMATION (CONTINUED)

During financial year 2016, the power and influence of various stakeholders over the entity has significantly increased. Due to changing financing structure, entity's management is now considering the increased interest of various stakeholders, like creditors, suppliers and clients.

2 NUMBER OF EMPLOYEES

At 30 June 2016 the Group had 1,708 employees (2015: 1,975).

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years disclosed in this consolidated financial statement. These consolidated financial statements were prepared for 12 month reporting period ended 30 June 2016.

3.1 Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

The Parent and its subsidiaries maintain their accounting records in local and functional currencies and in accordance with the accounting and reporting regulations of the countries of incorporation. Local statutory accounting principles and procedures may differ from those generally accepted under IFRS. Accordingly, the consolidated financial statements are based on Statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRSs.

Income and cash flow statements

The Group presents the statement of comprehensive income by function of expenses.

The Group reports cash flow from operating activities using the indirect method. Cash flow from investing and financing activities are determined using the direct method.

The income statement and the cash flow statements are presented for the period from 1 July 2015 to 30 June 2016.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

Preparation of consolidated financial statements

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment, available-for-sale financial assets, inventories, forward contracts and biological assets.

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

At the date of authorization of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- IFRS 9 “Financial Instruments” and subsequent amendments (effective date was not yet determined),
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 27 “Separate Financial Statements” - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” -Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)” resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The Group has elected not to adopt these standards, revisions and interpretations in advance of their effective dates.
The Group anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

(a) New standards and amendments to existing standards in issue not yet adopted

- At the date of authorisation of these financial statements, the following new standards and amendments to existing standards were in issue, but not yet effective:
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018),
- IFRS 15 "Revenue from Contracts with Customers" and further amendments (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),
- Amendments to IFRS 2 "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 4 "Insurance Contracts" - Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- Amendments to IAS 7 "Statement of Cash Flows" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IAS 12 "Income Taxes" - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

The Group has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Group anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Group in the period of initial application.

3.2 Functional and preparation currency

Items included in the financial statements of each of the Group's entities are measured using US Dollar. Other currencies in which entities operate, which are Moldovan Lei (MDL), Swiss Franc (CHF), Euro (EUR), Ukrainian Hrivnea (UAH) are considered as foreign currencies.

Transactions in currencies other than the functional currencies of the Group companies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Subsequently, monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the statement of financial position date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Functional and preparation currency (continued)

At 30 June 2016, the official rate of exchange as determined by the National Bank of Moldova, Central European Bank and Swiss National Bank , was US dollar ("USD"), USD 1 = MDL 19.8698 (2015: 18.6999) and Euro ("EUR"), EUR 1 = MDL 22.0325 (2015: 20.8008), USD 1 = CHF 0.97680 (2015: 0.94471), EUR 1 = CHF 1.08430 (2015: 1.05222).

3.3 Going concern

These financial statements have been prepared based on the going concern principle, which assumes that the Group will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows. The management believes that the Group will be able to continue to operate as a going concern in the foreseeable future and, therefore, this principle should be applied in the preparation of these financial statements.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of Aragvi Holding International Limited and all its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent company, i.e. year ended 30 June, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Control is achieved where the parent company has the power to govern the financial and operating policies of an investee enterprise, either directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal.

Non-controlling interests at the date of the statement of the financial position represent the non-controlling equity holders' portion of the fair values of the identifiable assets and liabilities of the subsidiary at the acquisition date and the non-controlling equity holders' portion of movements in equity since the date of the acquisition. Total comprehensive income of subsidiaries is attributed to the equity holders of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of consolidation (continued)

Special purpose entities are consolidated based on the assumption that the Group has control and consequently the special purpose entity conducts its activities to meet Group's specific needs, the Group has decision making powers, the Group has the right to the entities benefits and the Group is exposed to the entities business risks.

Share capital of SPE's is not a subject to elimination and remains at the consolidated level of the Group.

3.5 Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.
Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

In the case that identifiable net assets attributable to the Group, after reassessment, exceed the cost of acquisition, the difference is recognised in profit and loss as a gain on bargain purchase.
Changes in the Group's ownership interests in Subsidiaries that do not result in the Group losing control over the Subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in 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 and attributed to equity holders of the Holding.

3.6 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of fair value of consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Goodwill (continued)

acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.7 Property, plant and equipment

Property, plant and equipment are carried at a re-valued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Positive differences on property, plant and equipment revaluation are recognised as revaluation reserve included in shareholders' equity.

Negative revaluation differences are deducted from the revaluation reserve if amounts arising on prior revaluations of the respective assets exist or are otherwise recognised as a loss in the reporting period.

The amounts included in the revaluation reserve are transferred to retained earnings when the related assets are disposed of.

Construction in progress is carried at cost less provision for any impairment in value. Upon completion, assets are transferred to property, plant and equipment at their carrying value. Construction in progress is not depreciated until the asset is available for use.

Depreciation is calculated using the straight-line method from the time assets are available for use. So to write down their cost or valuation to their estimated residual values over their remaining useful lives from the date of revaluation report:

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment (continued)

Type	Years
Buildings and construction	3 - 42
Plant, machinery and equipment	1 - 35
Agricultural vehicles and equipment	3 - 10
Other fixed assets and assets used in non-core activities	3 - 4

Land is not depreciated

When an item of property, plant and equipment is re-valued, any accumulated depreciation is reversed so that the carrying amount of the asset after revaluation equals its re-valued amount.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs are depreciated over the remaining useful life of the related asset.

Buildings and constructions, production machinery and equipment, accounted for at revalued amounts, being the fair value, which is determined using external professional expert evaluation on a yearly basis. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Except for land, all other property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Land is carried at cost less accumulated impairment losses and is not depreciated.

The fair value was defined as the amount for which an asset could have been exchanged between knowledgeable willing parties in an arm's length transaction. The fair value of marketable assets was determined at their market value. If there is no market‑based evidence of fair value because of the specialised nature of the item of property, plant and equipment and the item is rarely sold, except as part of a continuing business, an income approach was used to estimate the fair value.
Property, plant and equipment acquired in a business combination are initially recognised at their fair value which is based on valuations performed by independent professionally qualified appraisers.

Capitalised costs include major expenditures for improvements and replacements that extend the useful lives of assets or increase their revenue‑generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalisation are charged to the income statement as incurred.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment (continued)

If the asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to other comprehensive income or loss. However, such increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, such decrease is debited directly to other comprehensive income or loss to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
Depreciation on revealed assets is charged to the profit or loss. On the subsequent sale or retirement of revealed assets, the revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Property, plant and equipment are depreciated over the estimated useful economic lives of assets under the straight‑line method.

Impairment
Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The recoverable amount is determined as the higher of the asset's net selling price and value in use. The value in use of the assets is estimated based on the forecast future cash inflows and outflows to be derived from continuing use of the assets and from the estimated net proceeds on disposal, discounted to present value using an appropriate discount rate.

3.8 Intangible assets

Trademarks

Intangible assets acquired separately from a business are capitalised at initial cost. The 'Floris', 'Mister Cook' and 'Aroma Soarelui' trademarks have indefinite useful life and thus are not amortised but are tested for impairment by comparing their recoverable amount with their carrying amount annually on the 30th June 2016 and whenever there is an indication that the trademarks may be impaired.

Other intangible assets

Expenditure on acquired software, know-how and licenses is capitalised and amortised using the straight-line method over their expected useful lives. The estimated useful lives assigned to intangible assets do not exceed 5 years. Costs associated with maintenance of computer software are recognised as an expense as incurred.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.
A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.
Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.
Financial assets and financial liabilities are measured subsequently as described below.

Financial Assets
For the purpose of subsequent measurement, financial assets other than those designated as hedging instruments are classified into the following categories upon initial recognition: • loans and receivables; • financial assets at fair value through profit or loss; • held to maturity investments; and • available-for-sale financial assets. The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below. All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet (Note 3.12 and 3.13).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Management determines the appropriate classification of its investments at the time of purchase.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (continued)

The Company has equity investments in subsidiaries and associates. All material subsidiaries are consolidated. Remaining investments are accounted for and disclosed as available-for-sale investments in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

(c) Equity instruments

Investments in equity securities are carried at cost less impairment, due to the absence of market indicators of their fair value. The amount of the impairment loss for available-for-sale equity investments is calculated as the difference between the asset's cost and the present value of expected future cash inflows discounted at the weighted average cost of the Group's capital. All purchase and sales of equity securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date, which is the date the Group commits to purchase or sell the equity securities.

d) Financial assets through profit or loss

Financial assets at fair value through profit or loss include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

3.10 Derivative financial instruments

Forward contracts

Forward contracts, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognised at fair value when the Group becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotation or using models and other valuation techniques, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, yield curves, volatility underlying instrument and counterparty risk.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Inventories

Trading inventories are valued at fair value less costs to sell with the remainder valued at the lower of cost or net realisable value. Unrealised gains and losses from changes in fair value are reported in cost of goods sold.

Other inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average method and comprises material costs, labour costs, and purchase value.

Financing and storage costs related to inventory are expensed as incurred.

3.12 Trade receivables and advances given

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An allowance for doubtful trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 12 months overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'distribution costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'distribution costs' in the income statement.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

3.16 Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the consolidated statement of financial position date.

3.17 Shareholders' equity

(a) Share capital

Ordinary and preference shares are classified as equity.

(b) Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are approved before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or approved after the balance sheet date but before the consolidated financial statements are authorised for issue.

3.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue recognition (continued)

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

The Group manufactures and sells vegetable oil and oilcake, seeds, cereals and other goods in the wholesale market. Sales of goods are recognised when significant risks and rewards of ownership of the goods are transferred to the customer.

(b) Commission revenue

Commission income is recognised when the right to receive payment is established.

(c) Processing services

The Group renders raw material processes services to third parties. These services are provided on a time and material basis. Revenue is measured at the contractual rates for labour hours and contractual prices for materials consumed, and recognised when the processed product is dispatched to the customer.

3.19 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies other than the functional currency of the relevant Group are translated into that functional currency at exchange rates ruling at the balance sheet date.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange differences arising from the settlement of transactions denominated in foreign currencies are included in the income statement.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted in Republic of Moldova, Swiss Confederation and Republic of Cyprus. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts projected to be paid to the tax authorities.

Deferred income tax is calculated using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

3.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation to be made.

3.22 Pension costs and employee benefits

The Group, in the normal course of business, makes payments to the Moldovan State on behalf of its employees.

The Group agreed to provide certain retirement benefits for its employees which are unfunded. The management uses for estimation of the legal obligation in relation with retirement benefits other method than actuarial technique considering technique cannot be properly applied due to uncertainty regarding demographic predictions in Moldova and future salary costs evolution of the group entities.

3.23 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but is disclosed when an inflow of economic benefits is probable.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Subsequent events

Post year end events that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate (adjusting events), are reflected in the accompanying financial statements. Post year end events that are not adjusting events are disclosed in the notes when material.

3.25 Related parties

Parties are considered related when one party either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control, or significantly influence the other party.

3.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.
Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets.

3.27 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.28 Comparatives

Comparative information is disclosed in respect of the previous period for all numerical information in the consolidated financial statements. Comparative information is also included for narrative and descriptive information when is relevant to an understanding of the current period's consolidated financial statements.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity financial instruments, all of which are exposed to general and specific market movements. Management reviews such risks periodically, with the objective of ascertaining whether they are likely to exceed certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Moldovan Lei and EURO. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Management has set up a policy to require Group companies to manage their foreign exchange risk against functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities of the Group use foreign currency (Moldovan Lei and EUR) for sales and purchase contracts.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from short-term originated loans, and short-term borrowings from banks and suppliers. The Group's borrowings and loans have been issued mainly at fixed rates and for some borrowings at fixed margin plus 3 or 6 month LIBOR. Fair value of borrowings approximates their carrying value. The Group's significant interest bearing liabilities are disclosed in Note 15. The Group has not entered into any hedging arrangements in respect of its interest rate exposures.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

Cash and cash equivalents are placed with a limited number of financial institutions. However, risk of loss is remote because the Group has a policy of only using large, creditworthy financial institutions.

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of allowance for doubtful accounts receivables, represents the maximum amount exposed to credit risk. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 June 2016	**Less than 1 month**	**Between 1 and 3 months**	**Between 3 months and 1 year**	**Over 1 year**	**Total**
Trade and other Payables	36,766	-	-	-	36,766
Borrowings	50,687	34,185	42,606	94,857	222,335
Total	87,453	34,185	42,606	94,857	259,101

30 June 2015	**Less than 1 month**	**Between 1 and 3 months**	**Between 3 months and 1 year**	**Over 1 year**	**Total**
Trade and other Payables	30,437	-	-	-	30,437
Borrowings	10,216	56,265	43,457	126,266	236,204
Total	40,653	56,265	43,457	126,266	266,641

(d) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the legal department of the Group, as well as by the monitoring controls applied by the Group. The amount of possible contingent penalties to be paid on the transactions identified as non-compliant with legal requirements of the repatriation law of Republic of Moldova are disclosed in Note 27.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and to reduce the cost of capital.

The Shareholder monitors gearing at its level. The Group monitors capital on the basis of the gearing ratio.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the balance sheet) less cash and cash equivalents.

Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratio as at 30 June 2016 and 30 June 2015 was as follows:

	30 June 2016	30 June 2015
Total borrowings (Note 15)	239,696	252,222
Less: cash and cash equivalents (Note13)	(5,176)	(1,056)
Net debt	234,520	251,166
Total equity	203,508	202,876
Total capital	438,028	454,042
Gearing ratio	54%	55%

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or

Level 2 Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or

Level 3 Unobservable inputs for the assets or liabilities, requiring the Company to make market based assumptions.

Level 1 classification primarily include financial assets and financial liabilities that are exchange traded, whereas Level 2 classifications primarily include financial assets and financial liabilities which derive their fair value primarily from exchange quotes and readily observable quotes. Level 3 classifications primarily include financial assets and financial liabilities which derive their fair value predominately from models that use applicable market based estimates surrounding location, quality and credit differentials. In circumstances where the Company cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is the Company's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

The following tables show the fair values of financial assets and financial liabilities as at 30 June 2016 and 2015. Other assets and liabilities which are measured at fair value on a recurring basis are cash and cash equivalents. There are no nonrecurring fair value measurements.

2016	**Level 1**	**Level 2**	**Level 3**
Non-financial assets			
Property, plant and equipment	-	-	233,540
Total	**-**	**-**	**233,540**

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (continued)

2015	**Level 1**	**Level 2**	**Level 3**
Non-financial assets			
Property, plant and equipment	-	-	272,343
Total	**-**	**-**	**272,343**

2016	**Level 1**	**Level 2**	**Level 3**
Financial Assets			
Forward Contracts	-	69,741	-
Total	**-**	**69,741**	**-**

2015	**Level 1**	**Level 2**	**Level 3**
Financial Assets			
Forward Contracts	-	34,459	-
Total	**-**	**34,459**	**-**

2016	**Level 1**	**Level 2**	**Level 3**
Financial liabilities			
Borrowings	-	-	239,696
Total	**-**	**-**	**239,696**

2015	**Level 1**	**Level 2**	**Level 3**
Financial liabilities			
Borrowings	-	-	252,222
Total	**-**	**-**	**252,222**

5 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

5.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated fair value of property, plant and equipment

At each balance sheet date the Group assesses whether the carrying amount of the Group's assets significantly differ from their fair value.

As at 30 June 2014, the group performed a revaluation of its assets. The revaluation was performed in accordance with International Valuation Standards by Wintherill SRL. The value of the assets of the group reached an amount of 198,760 USD.

As at June 2014, for the purposes of an assessment of fair value of property, plant and equipment of the Group, management made the following assumptions and estimates related to new markets:

- Earnings before Interest Tax and Depreciation for the 12 months periods ending 30 June 2016, and 30 June 2017 through 30 June 2027 are projected to be not lower than USD 32,919, USD 36,211 and USD 39,832 respectively;

- Selling and raw material prices for forecasted period were considered to increase per annum at a correlated rate to increase of selling prices for finished products during subsequent financial periods;

- Net working capital increase considered in line with revenue and selling and general and administrative expenses increase.

5 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (CONTINUED)

5.1 Critical accounting estimates and assumptions (continued)

(a) Tax legislation and income tax

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Related party borrowings

In the normal course of business the Group enters into transactions with its related parties. These transactions are priced predominantly at market rates.

Judgement is applied in determining if borrowings are provided at market or non-market interest rates, where there is no active market for similar transactions.

The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses.

(c) Impairment of trade and other receivables

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record, the customer's overall financial position and any other market information concerning the client which becomes available. If indications of irrecoverability exist, the recoverable amount is estimated and a respective impairment of trade and other receivables is made. The amount of the provision is charged through the combined consolidated statement of comprehensive income. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly. Where there are litigations in progress, balances are provided accordingly.

5 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (CONTINUED)

5.1 Critical accounting estimates and assumptions (continued)

(d) Write down of inventories

The Group reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The amount of write down for obsolete and slow moving inventory is based on management's past experience, taking into consideration the value of inventory items close to expiry as well as the movement and the level of stock of each category of inventory. The amount of write down is recognized in the combined consolidated statement of comprehensive income. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the amount of write down for obsolete and slow moving inventory are reviewed regularly and adjusted accordingly.

(e) Impairment of non-financial assets

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

(f) Impairment of intangible asset

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

5 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (CONTINUED)

5.1 Critical accounting estimates and assumptions (continued)

(g) Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate their present value.

The carrying amount of goodwill at 30 June 2016 and intangible assets with indefinite useful lives amounted to USD 48,688 (30 June 2015: USD 48,688). No impairment loss was recognised for the financial years ended 30 June 2016 and 30 June 2015.

(h) Useful lives

The Group depreciates its fixed assets and intangible assets over their estimated useful lives which are assessed on an annual basis. The actual lives of these assets can vary depending on a variety of factors. Technological innovation, product life cycles, and maintenance programs all impact the useful lives and residual values of the assets. In financial year 2014 management revised the depreciation policy and applied the standards used by the Group's direct competitors in the Black Sea region.

(i) Advances for agricultural and farming activity

For the purposes of an assessment of fair value gains on the agricultural activity, management made the following assumptions and estimates:

- Market prices for commodities to be received as result of the agreement were benchmarked to prices on the date of receipt of commodities;

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

6 PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and constructions	Plant, Machinery and equipment	Other fixed assets of non-core activities	Assets in course of construction	Total
As at 30 June 2014					
Cost	91,890	80,158	13,834	10,098	195,980
Accumulated depreciation	(4,061)	(10,018)	(3,636)	-	(17,714)
Net book amount	**87,829**	**70,140**	**10,198**	**10,098**	**178,266**
Year ended 30 June 2015					
Opening net book amount	87,829	70,140	10,198	10,098	178,266
Additions	1,236	189	484	5,755	7,664
Added:					
- FI	33,872	2,609	36	1,492	38,008
- RNL	11,369	411	-	-	11,780
- REL	20,633	327	-	-	20,960
Disposals	(334)	(510)	(280)	(708)	(1,832)
Transfers	3,032	1,655	384	(5,071)	-
Fair value reserve	12,932	7,345	3,487	1,589	25,353
Depreciation charge	(5,083)	(2,439)	(334)	-	(7,856)
Closing net book amount	**165,486**	**79,727**	**13,975**	**13,155**	**272,343**

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

6 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

	Land, buildings and constructions	Plant, Machinery and equipment	Other fixed assets of non-core activities	Assets in course of construction	Total
As at 30 June 2015					
Cost	174,630	92,184	17,945	13,155	297,914
Accumulated depreciation	(9,144)	(12,457)	(3,970)	-	(25,571)
Net book amount	**165,486**	**79,727**	**13,975**	**13,155**	**272,343**
Year ended 30 June 2016					
Opening net book amount	165,487	79,727	13,975	13,155	272,344
Additions	2,280	939	253	8,154	11,626
Disposals	(344)	(1,318)	(533)	(1,097)	(3,292)
Deconsolidation FI	(33,872)	(2,609)	(35)	(1,492)	(38,008)
Transfers	1,581	7,489	103	(9,173)	-
Depreciation charge	(5,932)	(2,758)	(440)	-	(9,130)
Closing net book amount	**129,200**	**81,470**	**13,323**	**9,547**	**233,540**

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The property, plant and equipment were re-valued on 30 June 2014.

The revaluation was performed in accordance with International Valuation Standards by Winterhill SRL (Romania), a well-known valuation Company, who holds recognised and relevant professional qualifications and has recent experience in valuation of assets of similar location and category.

The valuation of assets was performed at fair value in compliance with International Standards on Valuation which defines fair value as "The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction". Fair values were determined based on the income approach.

The composition of the main assets is as follows:

Name & Location	**Fair value 30 June 2016**
Trans Cargo - Giurgiulesti	36,812
Trans Bulk - Giurgiulesti	7,500
Elevator Anengrain - Anenii Noi	2,850
Transoil - Ceadir Lunga	28,497
Elevator Prut - Cantemir	3,456
Elevator Flograin - Floresti	1,306
Elevator Unco Cereale - Unchitesti	3,479
Elevator Agro Floris Nord - Rogojeni	2,446
Floarea Soarelui - Balti	54,984
Elevator Ulei Nord - Otaci	7,840
Exchange points	3,840
Elevator Kelly Grains 1+2 Causeni	18,100
Elevator Molgranum - Donduseni	4,498
Elevator Cereale Prut - Ungheni	6,126
Aur Alb - Ceadir Lunga	5,780
Elevator Iargara - Iargara	5,890
Elevator Molgranum - Greceni	5,356
Reniyskiy Elevator – Reni	20,960
Reni-Line – Reni	11,780
FFA Trans Oil – Chisinau	7,780
Kelley Grains Corporation – Chisinau	521
	239,801

Fair value of the assets has not changed comparing to financial year 2015 and remained the same.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The property, plant and equipment of the Group have been revalued in 2014 by an external and qualified valuator Winterhill Romania SRL. For the year ended 30 June 2014 the Group recorded partially the fair value considering that several assumptions relate to future performance and development which were not certain at the date of the prior year consolidated financial statements. Considering that for the year-ended 30 June 2015, the Group met the financial objective as well as its development the fair value of property, plant and equipment have been recorded in full.

The following significant assumptions were applied:

- Cash flows were projected for each operational segment, the weight of each segment from total projected revenues for the periods being as such:
  - crushing segment – 44%;
  - trading segment – 39%
  - refining and bottling segments – 10%;
  - other segments - 7%;
- raw material costs are projected to represent 75% of total revenue throughout remaining projected period. Other production costs, such as labour costs and maintenance expenses were projected based on historical data. Commercial costs were projected on the level of 8% of the total revenue throughout the projection period
- utilities costs comprise the electricity and gas payments. Utilities costs were projected on the basis of historical consumption rates and utilities tariffs provided by the Group as of the valuation date;
- return on investments of 15.5%.

If items of property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

	Land, buildings and constructions	Plant, machinery and equipment	Other fixed assets of non-core activities	Assets in course of construction	Total
As at 30 June 2016					
Cost	43,394	38,940	1,067	10,171	93,572
Accumulated depreciation	(11,342)	(17,596)	(444)	-	(29,382)
Net book amount	32,052	21,344	623	10,171	64,190
As at 30 June 2015					
Cost	45,991	39,893	1,042	14,090	101,016
Accumulated depreciation	(14,234)	(21,455)	(419)	-	(36,108)
Net book amount	31,757	18,438	623	14,090	64,908

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year, the Group has lost the control over Floarea International SRL that led to deconsolidation of this entity from the Group's financial statements, and has been presented as a separate line in the movements of Property, Plant and Equipment for financial year 2016. Please refer to Note 1 of these financial statements, for more information.

Assets in course of construction comprise equipment which is not yet installed amounting to USD 9,547 (2015: 12,766). The main assets under construction comprise the additional grain storage silo and loading/unloading facilities in Giurgiulesti Port. This improvement will lead to:

- Increase in storage capacity by 10,000 metric tons;
- Increase of annual traded volumes by circa 250,000 metric tons;
- Increase in annual EBITDA by USD 4'000;
- Decrease of loading cost from 5.5 USD to 3.5 USD per metric ton;

Also, a significant improvement is the new extraction division at Floarea Soarelui SA plant. Upgraded extraction will allow to fully realize the potential of investments that have been already made. The main objective for building a new extraction is to match the press division capacity and obtain following benefits:

- Processing capacity will reach 1,200 metric tons of sunflower seeds equivalent per 24h;
- Increase in annual EBITDA by USD 2,500.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

7 INTANGIBLE ASSETS

	Goodwill	Brands	Computer software	Licenses	Other intangible assets	Total
As at 30 June 2014						
Cost	**48,688**	**1,790**	**113**	**11**	**23**	**50,625**
Accumulated depreciation	-	(26)	(97)	(10)	(21)	(155)
Net book amount	**48,688**	**1,764**	**16**	**1**	**2**	**50,470**
Year ended 30 June 2015						
Opening net book amount	**48,688**	**1,764**	**16**	**1**	**2**	**50,470**
Additions	-	0	0	20	46	**67**
Disposals	-	-	(3)	(7)	(6)	**(16)**
Transfers	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
REL/RNL/FI					61	**61**
Depreciation charge	-	(2)	(4)	(0)	4	**(3)**
Closing net book amount	**48,688**	**1,762**	**9**	**14**	**107**	**50,580**
As at 30 June 2015						
Cost	**48,688**	**1,791**	**110**	**24**	**125**	**50,737**
Accumulated depreciation	-	(28)	(101)	(10)	(18)	(157)
Net book amount	**48,688**	**1,762**	**9**	**14**	**107**	**50,580**
Year ended 30 June 2016						
Opening net book amount	**48,688**	**1,762**	**9**	**14**	**107**	**50,580**
Additions						-
Disposals					(15)	(15)
Deconsolidation of FI					(45)	(45)
Transfers						-
Revaluation						-
Depreciation charge	-	(1)	(8)	-	-	(9)
Closing net book amount	**48,688**	**1,761**	**1**	**14**	**47**	**50,511**

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

7. INTANGIBLE ASSETS (CONTINUED)

As at 30 June 2016						
Cost	**48,688**	**1,791**	**110**	**24**	**65**	**50,678**
Accumulated depreciation	-	(30)	(109)	(10)	(18)	(167)
Net book amount	**48,688**	**1,761**	**1**	**14**	**47**	**50,511**

On formation of the Group the Goodwill was allocated as follows:

As of 30 June 2012	**Total assets**	**Less historical consideration**	**Equity valuation**	**Goodwill**
Goodwill related to Visions Holding entities	110,948	26,421	107,667	23,139
Goodwill related to Stareverest entities	80,304	56,684	48,670	25,051
	191,252	83,105	156,337	48,190

As of 30 June 2016, no impairment of goodwill was identified. The recoverable amount was estimated based on the value in business valuation model used for the identification of the net assets of the entities owned by Visions Holding and Stareverest as of date of in-kind contribution of the shares of Visions Holding and Stareverest for the subscription of the shares of the Company.

8 FORWARD CONTRACTS

The following tables present the fair values of the Group's forward contracts. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing market interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the Group could realise in the normal course of business.

Forward contracts	**30 June 2016**	**30 June 2015**
Fair value of forward contracts	69,741	34,459
	69,741	34,459

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

8 FORWARD CONTRACTS (CONTINUED)

Fair value coming from forward contracts is made up from:

	30 June 2016	30 June 2015
Forward contracts for inventory in progress	60,378	33,741
Forward contracts at fair value	9,363	718
	69,741	34,459

During financial year 2016, the Group entered into several agreements with farmers in Republic of Moldova and Romania for supply of commodities. The farmers cultivate wheat, corn, sunflower seeds, barley and rape seeds on the area of circa 83'400 ha. The Group is entitled to receive all commodities harvested out of those lands.

The presentation of the inventory in progress, for financial year 2015, has been changed for a better understanding of the Group's balance sheet. Management believes that current presentation will enhance the users' usability of these financial statements.

9 INVENTORIES

	30 June 2016	30 June 2015
Own production	546	2,513
Cereals purchased for resale	60,119	52,124
Spare parts	687	366
Packing materials	228	101
Raw materials for agricultural products	173	1,215
Other inventories	1,828	2,045
	63,581	58,364

Own production is made by the following:

	30 June 2016	30 June 2015
Refined vegetable oil	-	-
Crude vegetable oil	93	1,252
Sunflower meal	61	943
Soya meal	-	1
Bottled vegetable oil	392	317
	546	2,513

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

9 INVENTORIES (CONTINUED)

Cereals purchased for resale are made up as follows:

	30 June 2016	30 June 2015
Wheat	13,181	5,252
Barley	173	23
Sunflower	39,059	26,307
Corn	3,125	5,424
Other cereals	10	7
Soya	111	4,465
Peas	-	6
Rape	72	181
Crude vegetable oil	4,388	10,364
Sunflower meal	-	95
	60,119	52,124

10 TRADE RECEIVABLES AND ADVANCES GIVEN

	30 June 2016	30 June 2015
Trade receivables	14,259	27,129
Advances to suppliers	27,622	31,802
Receivables from related parties (Note 26)	10,522	6,586
Receivables from the State budget	2,563	8,836
Receivables from employees	1,217	1,572
Other account receivables	16,533	7,072
Less: allowance for doubtful trade receivables and advances given	(6,621)	(4,285)
	66,095	78,712

Advances to related parties and to suppliers have a non-financial character.

The amount of value added tax ('VAT') receivable included in the Receivables from the State budget amounts to USD 2,220 (30 June 2015: USD 7,420). This amount is applicable for the refund from the Government as well as there is a possibility to use the amount of VAT the inland sales.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

10 TRADE RECEIVABLES AND ADVANCES GIVEN (CONTINUED)

The movement in allowance for doubtful accounts receivables and advances given is as follows:

	30 June 2016	30 June 2015
Balance as at 1 July	(4,285)	(5,241)
Increase in provision (Note 19)	(2,498)	(1,913)
Exchange rate difference	162	805
Bad debts written off	-	2,064
Balance at financial period ending as at 30 June	(6,621)	(4,285)

Trade receivables past due less than twelve month are not considered impaired. The ageing analysis of overdue receivables and not impaired is as follows:

	30 June 2016	30 June 2015
3 to 6 months	2.591	3,741
6 to12 months	1,930	1,441
Over 12 months	2,089	3,682
	6,610	8,864

The balance of the receivables from personnel represent the amounts provided to the directors of the companies to fulfil acquisitions of the commodities from small farmers and as of June 30th 2016 the balance of such amounts is USD 1,217 (30 June 2015: USD 1,572).

The carrying amounts of the Group's Trade receivables and other receivables are denominated in the following currencies:

	30 June 2016	30 June 2015
MDL	1,902	5,354
USD	28,784	15,896
EUR	106	546
RON	-	10,961
	30,792	32,757

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

11 AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2016	30 June 2015
Balance as of 1 July	2,942	46
Acquisition of buy-back P&PE	-	795
Acquisition of trade receivables	-	2,101
Deconsolidation of Floarea International SRL	(2'896)	-
Balance at financial period ending as at 30 June	46	2,942

12 ADVANCES GIVEN

During financial year 2016, Group has provided and reclassified some advances to services and crop suppliers, so as to match their maturity to the contracts' terms. The main advances granted and classified as long-term advances are:

	30 June 2016
Advances given for long-term rent	2,019
Advances given for other long-term supplies of goods and services	1,928
	3,947

13 CASH AND CASH EQUIVALENTS

	30 June 2016	30 June 2015
Cash at banks in foreign currencies	578	914
Cash in transit	33	37
Cash at banks in USD	4,344	105
Cash in hand	221	-
	5,176	1,056

As of June 30, 2016, the cash balance with syndicated facility providers was USD 39,799 that represented the cash pledged and the use of this was restricted for covering the trade facility balance.
Therefore, Group met the objectives of IAS 32, paragraph 42, to set off the cash pledged and the respective trade finance facility. Before the set off, the Group cash balance constituted USD 44,975. The amount set off in accordance with the criteria in paragraph 42 of IAS 32 was USD 39,799. The net cash balance amount presented in these financial statements is USD 5,176.

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

14 SHARE CAPITAL

	Number of shares	Number Amount	of shares	Amount
Ordinary shares	11,000	14	11,000	14
Unsubscribed shares	1,221	1	1,221	1
Share premium		265		265
Share capital of special purpose entities		1		1
		281		281

15 BORROWINGS

	30 June 2016	30 June 2015
Non-current		
Bank borrowings	94,857	127,182
Loans from related parties (Note 26)	14,169	15,394
Finance lease liabilities	-	-
Other commercial loans	1,030	-
	110,056	142,576
Current		
Bank borrowings	127,479	109,022
Loans from individuals	435	-
Finance lease liabilities	122	36
Other commercial loans	1,604	588
	129,640	109,646

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	Year ended 30 June 2016	Year ended 30 June 2015
6 months or less	117,067	99,621
6-12 months	12,573	10,035
1-5 years	90,173	121,255
Over 5 years	19,883	21,311
	239,696	252,222

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

15 BORROWINGS (CONTINUED)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	30 June 2016	30 June 2015
USD	227,842	225,793
MDL	1,179	1,495
EUR	10,675	24,934
	239,696	252,222

	30 June 2016	30 June 2015
Total bank loans	222,336	236,204
Loans from individuals	435	-
Finance lease liabilities	122	36
Other commercial loans	2,634	588
Loans from related parties	14,169	15,394
Total	239,696	252,222

Split of Group's loans and borrowings by nominal interest rates as of 30 June 2016:

Interest rate range, %	0-3	3-5	5-8	8-10	More than 10	Total
Loans and Borrowings	15,895	65,319	129,583	28,565	334	239,696

Split of Group's loans and borrowings by nominal interest rates as of 30 June 2015:

Interest rate range, %	0-3	3-5	5-8	8-10	More than 10	Total
Loans and Borrowings	59,926	3,333	129,500	42,895	16,568	252,222

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

16 TRADE AND OTHER PAYABLES

	30 June 2016	30 June 2015
Trade payables	3,442	12,909
Advances received	24,275	10,926
Payroll and social insurance payable	2,017	715
Taxes payable	1,342	1,911
Due to related parties (Note 26)	-	10
Accrued interests	-	-
Other	5,691	3,966
	36,766	30,437

17 REVENUE

	30 June 2016	30 June 2015
Sales of grains and seeds	170,722	210,127
Sales of vegetable oil	81,759	103,046
Sales of oil meal	13,345	23,486
Sales of packed vegetable oil	31,619	7,903
Storage, Cleaning and Drying Services	2,804	2,779
Other services rendered	507	390
Processing services	31	263
Sale of other products	2,391	3,290
	303,178	351,284

18 COST OF SALES

	30 June 2016	30 June 2015
Opening stocks	49,612	42,066
Purchases of goods for resale	240,156	260,563
Closing stocks	(59,572)	(49,612)
	230,196	253,017
Depreciation	5,025	4,049
Water gas and electricity	178	354
Wages and salaries	726	2,370
Consumables	458	834
Transportation	10	514
Packing materials	507	523
Social contributions	144	216
Fuel	80	211
Maintenance	44	35
Materials	6	93
Other expenses	1,983	1,986
	239,356	264,202

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

19 SELLING AND DISTRIBUTION

	30 June 2016	30 June 2015
Freightage expenses	9,251	17,962
Transportation	6,932	5,761
Railroad expenses	2,360	5,649
Wages and salaries	438	578
Allowance for doubtful debts (Note 10)	2,498	1,913
Inspections and surveys	110	1,348
Other commercial services	1,277	1,329
Certification and expertise	159	308
Custom duties	98	292
Packing expenses	649	242
Insurance expenses	-	-
Loading expenses	1,899	2,529
Depreciation	1,798	2,071
Storage Services	56	257
Marketing services	142	-
Social contributions	121	155
Other Selling and Distribution expenses	160	2,416
	27,950	42,810

20 ADMINISTRATIVE EXPENSES

	30 June 2016	30 June 2015
Wages and salaries	2,889	3,277
Bank expenses	11	-
Social contributions	621	745
Taxes	242	140
Legal expenses	289	432
Entertainment and representation expenses	73	25
Depreciation	460	323
Audit fees	229	133
Maintenance	294	264
Telephone and postage	241	307
Survey expenses	286	281
Fuel	145	197
Insurance expenses	349	142
Travelling and accommodation	703	717
Notary's fees	34	16
Loan commission	0	83
Other administrative expenses	737	1,680
	7,605	8,762

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

21 OTHER GAINS / (LOSSES) – NET

	30 June 2016	30 June 2015
Gain/(loss) on disposal of fixed assets	80	(14)
Depreciation	(1,847)	(1,413)
Rent expenses	(395)	(450)
Inventory write off	(698)	(863)
Bank expenses	-	(75)
Fines and claims	(325)	(127)
Net foreign exchange (losses)/gains on operating activity	-	(78)
Tax expenses	(4)	(81)
Wages and salaries	(43)	(38)
Social contributions	(3)	(17)
Sale of other assets	(1,549)	(6,153)
Bargain purchase on Reni assets	-	5,629
Other expenses	(589)	(9)
	(5,374)	(3,689)

22 OTHER INCOME

	30 June 2016	30 June 2015
Gain from advances granted for farming	-	1,538
Rental income	25	434
Profit on sale of current assets	905	2,127
Gain from write off of expired trade payables	-	651
Stock count surplus	524	148
Gains on sale of currency	6	-
Customers Demurrage	79	400
Other operating income	476	1,163
	2,017	6,461

23 FINANCE INCOME / (COSTS) – NET

	30 June 2016	30 June 2015
Interest expenses	(19,437)	(16,276)
Foreign exchange net	458	(3,656)
Interest income	-	123
Loan Commissions	(3,073)	(3,837)
Bank Commissions	(1,950)	(1,057)
	(24,004)	(24,704)

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

24 INCOME TAX EXPENSE

The Company accrued income taxes at the rate of 12% on profits computed in accordance with the tax legislation of the Republic of Moldova. For the residents of Free trade zone Giurgiulesti there is 0 % and 3% tax rate applicable for all types of income according to the special law of "Free trade zone Giurgiulesti" (article 7 and 8).

Profit before taxation for financial reporting purposes is reconciled to tax expense as follows:

	30 June 2016	30 June 2015
Profit / (loss) before taxation	907	13,577
Expenses not deductible for tax purposes	-	-
Total taxable income	907	13,577
Tax charge at effective statutory rate of 3%-12% (2015: 3%-12%)	(276)	(334)
Deferred income tax expense reported in the income statement	-	-
Income tax expense	(276)	(334)

Deferred tax liability has significantly influenced the financial position as well as the net profit after tax due to the changes in tax rate applied in Moldova (2015: 12%).

Deferred tax represents the amount of temporary difference for the non-current tangible assets. Deferred tax has been accrued and apportioned to income statement as expense and other comprehensive income for the portion arising due current year revaluation of non-current tangible assets of Moldovan entities in the following amounts:

Deferred tax liability as of 30 June 2015	(15,636)
Deferred tax liability net-off due to Floarea International SRL deconsolidation	(2,147)
Deferred tax liability as of 30 June 2016	(13,489)
Deferred tax asset as of 30 June 2015	2,147
Deferred tax asset cancellation due to Floarea International SRL deconsolidation	(2,147)
Deferred tax asset as of 30 June 2016	-

Due to deconsolidation of Floarea International SRL, the Group cancelled the deferred tax asset and liability coming from Floarea International SRL. Please refer to Note 1 of these financial statements. As a result of deconsolidation, the Group does meet the criteria as of 30 June 2016, laid down in paragraph 74 to IAS 12 Income taxes, according to which an entity shall offset deferred tax assets and deferred tax liabilities if, and only if:

(a) The entity has a legally enforceable right to set off current tax against current tax liabilities; and

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

24. INCOME TAX EXPENSE (CONTINUED)

(b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

a. The same taxable entity; or
b. Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The financial year is different from the fiscal year and the tax is provided based on the management best estimates available at the end of the financial year.

25 EMPLOYEE BENEFIT EXPENSE

Contributions are made to the government's retirement benefit scheme at the statutory rates in force during the year based on gross salary payments. The cost of social security payments is charged to the income statement in the same period as the related salary cost. There are no other employee benefits. The cost of social security payments for financial period ended 30 June 2016 are amounting to USD 1,590 (30 June 2015: USD 2,049).

	30 June 2016	30 June 2015
Wages and salaries	6,200	7,876
Social insurance costs and other funds	1,590	2,049
	7,791	9,925

26 RELATED - PARTY TRANSACTIONS

The ultimate controlling party as of 30 June 2016 and during the financial year then ended is Mr. Vaja Jhashi. The shareholder and his representatives in the Board of Directors and the Management Board act in co-operation with each other as part of governing and implementing the financial and operating policies of the Group.

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The following list represents other related (non-consolidating parties):

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

26 RELATED - PARTY TRANSACTIONS (CONTINUED)

Entity	Principal Activity	Country of in corporation
Vaja Jhashi	Shareholder	n/a
Delta Commodities & Financial Services SA (DCFS)	Relationship via the shareholder	Switzerland
Iveria Oil Internatioanl Limited	Relationship via DCFS	Georgia
Silcampes-Sud SRL	Relationship via the relatives of the one of management of Aragvi	Moldova
Floarea International SRL	Relationship via the DCFS	Romania

(i) Balances with related parties

	30 June 2016	30 June 2015
Advances and accounts receivable (Note 10)		
Mr.Vaja Jhashi (shareholder)	738	543
Floarea International SRL	5,393	-
Delta Commodity & Financial Services SA	2,329	-
Silcampes-Sud SRL (other related party)	2,062	6,043
Iveria Oil International Limited (other related party)	-	-
	10,522	6,586

	30 June 2016	30 June 2015
Advances received and accounts payable (Note 16)		
Mr.Vaja Jhashi (shareholder)	-	10
Floarea International SRL	-	-
Iveria Oil International Limited (other related party)	-	-
Silcampes-Sud SRL (other related party)	-	-
Delta Commoditiy & Financial Services SA	-	-
	-	10

	30 June 2016	30 June 2015
Loan payables (Note 15)		
Mr.Vaja Jhashi (shareholder)	14,169	14,169
Floarea International SRL	-	-
Transoil Enterprise Holding	-	1,225
Delta Commoditiy & Financial Services SA	-	-
Silcampes-Sud SRL (other related party)	-	-
	14,169	15,394

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

(ii) Transactions with related parties

	30 June 2016	30 June 2015
Sales of goods and services		
Floarea International SRL	6,483	-
	6,483	-

	30 June 2016	30 June 2015
Purchases of goods and services		
Floarea International SRL	3,251	-
Silcampes-Sud SRL (other related party)	9,187	-
Iveria Oil International Limited (other related party)	-	2,920
	12,439	2,920

	30 June 2016	30 June 2015
Interest income		
Floarea International SRL	263	-
Delta Commodity & Financial Services SA	2	1
Silcampes-Sud SRL (other related party)	-	122
	265	123

	30 June 2016	30 June 2015
Interest expense		
Delta Commodités & Financial Services SA	-	124
	-	124

Key management compensation for the financial period ended as at 30 June 2016 amounts to USD 977 (30 June 2015: USD 913).

27 CONTINGENCIES AND COMMITMENTS

Covenants

The Group has different set of covenants to respect with their lenders. Based on 30th of June 2016 financial statements, the Group was in breach of some financial covenants. Based on preliminary operational data, the Group operations in first quarter following the reporting year end has shown a significant improvement comparing to first quarter of reporting year and management considers that Group will comply with most of its financial covenants already in first quarter following the reporting year. Group is in process to obtain waivers for the ones that are still in breach.

27 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Taxation

The legislation and fiscal environment in Moldova and their implementation into practice change frequently and are subject to different interpretations by various Ministries of the Government. The Moldovan government has a number of agencies that are authorized to conduct audits ("controls") of Moldovan companies, as well as foreign companies doing business in Moldova. These controls are similar in nature to tax audits performed by taxing authorities in many countries, but may extend not only to tax matters but to other legal or regulatory matters, which the applicable agency may be interested. In addition, the agencies conducting these controls appear to be subject to significantly less regulation and the company under review appears to have significantly less practical safeguards than it is customary in many countries. Profit tax returns are subject to review and correction by the tax authorities for a period generally up to five years subsequent to their filing in Moldova and, consequently, the Moldovan subsidiaries tax returns are subject to such review.
Management believes that it has adequately provided for tax liabilities in the accompanying financial statements; however, the risk remains that Moldovan tax authorities could take differing positions with regard to the interpretation of these issues and the effect could be significant.

Legal proceedings

During the financial period, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the results of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements.

Operating Environment

Over recent years, Moldova has undergone substantial political and economic change. Moldova is an emerging market and does not possess the well-developed business infrastructure, which generally exists in a more mature free market economy.

As a result, operations carried out in Moldova are generally riskier than those in developed markets. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors could affect the Group's ability to operate commercially. It is not possible to estimate what changes may occur or the resulting effect of any such changes on the Group financial condition or future results of operations. The market in which the Group operates is one with strong competition but the Group is one of the leading companies with the biggest share of the market (more than 50 % of the market capacity). The Group is operating primarily in the Moldovan market as a basis of its acquisition field and all over the world as an export direction (in particular Black Sea and Mediterranean Sea regions).

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

27 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Contingent liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities except following:

i. Subsidiary Trans Cargo Terminal SRL has a commitment to restore the land after the lease agreement is expired (agreement between Trans Cargo Terminal SRL and Danube Logistic SRL as a lessor). Total amount of forecasted expenses are USD 95. The lease agreement has a maturity in year 2032.
ii. Subsidiary Trans Bulk Logistic SRL has a commitment to restore the land after the lease agreement is expired (agreement between Trans Bulk Logistic SRL and Danube Logistic SRL as a lessor). Total amount of forecasted expenses are USD 42. The lease agreement has a maturity in year 2032.
iii. Several companies of the Group have issued guarantees, which irrevocably and unconditionally, jointly and severally, guarantee the repayment of the IFC loan of USD 70,000.

Operating lease commitments

The Group is engaged in an operational lease agreements for the plot of land (8,500 square meters) located under the Giurgiulesti Grain Terminal. The Group is committed to pay until 31 March 2032 an instalment amount minimum of USD 200 per year as a payment for the port services described in the maritime agreement.

The Group is engaged in an operational lease agreements for the agriculture land (8,191 Hectares) located in the North and east of Moldova. The group is committed to pay in-kind to the owners of farming land in cash equivalent of USD 600 per annum based on the lease agreements concluded with physical persons (total number of agreements is around 7,500).
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2016	30 June 2015
Within one year	925	925
Between one and five years	4,824	4,824
After five years	11,173	12,098
	16,922	17,847

(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

28 ENTITIES UNDER COMMON CONTROL WHICH ARE NOT CONSOLIDATED

As disclosed in note 1 the Group deconsolidated during the year Floarea International S.A.
Also, the Group has the investment in entities which are not consolidated.

The investment to the entities mentioned above is nil. The net assets of this entity equal to the investment to the subsidiary.

29 GOING CONCERN

The Group expects to continue operating under a going concern basis and to meet its obligations when they become due. Consequently, additional finances are negotiated by the Group as well as the shareholders express their interest to support financially the Group in order to maintain a viable working capital structure. Management has successfully finished the negotiations with some important lenders to secure a significant working capital line to maintain an efficient working capital structure. Please refer to Note 30 of these financial statements for more information.

30 SUBSEQUENT EVENTS

New Credit Facilities

The following loans have been obtained by the Group during the subsequent period:

Contract	Lender	Effective interest rate %	Maturity date	Amount
N/A	Syndicated loan	3 or 5+6M Libor	30 Jun 2017	140,000
				140,000

Effective interest rate for the goods financed in Port is 3% + 6M Libor. For the goods financed inland the interest rate is 5% + 6M Libor.

Syndicated loan includes several banks that act together as creditor as follows:

- Société Générale USD 60,000
- International Finance Corporation USD 10,000
- Banca Comerciala Romana SA USD 20,000
- Banque Cantonale Vaudoise USD 15,000
- FIM Bank p.l.c USD 20,000
- Arab Bank Ltd USD 15,000