ARAGVI HOLDING INTERNATIONAL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Vaja Jhashi Executive Managing Director
	Vincenzo Turrisi Executive Director
	Asif Chaudhry Non-Executive Director
	Cem Osmanoglu Non-Executive Director
	Stephane Frappat Non-Executive Director
	Alain Stephane Dorthe Non-Executive Director
Company Secretary:	Eleni Karra
Independent Auditors:	BDO Limited Certified Public Accountants (CY) and Registred Auditors 261, 28 th October Street (Seafront Road) View Point Tower Floors 6,7 and 8 P.O Box 51681 3507 Limassol, Cyprus
Registered office:	Menandrou 4 GALA Tower, Floor 2 1066 Nicosia, Cyprus

The notes on pages 12 to 62 are an integral part of these consolidated financial statements.

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Independent Auditor's Report

To the Members of Aragvi Holding International Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aragvi Holding International Ltd (the "Company") and its subsidiaries (the "Group"), which are presented in pages 5 to 62 and comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Other information

The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

BDO

Independent Auditor's Report (continued)

To the Members of Aragvi Holding International Ltd

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Independent Auditor's Report (continued)

To the Members of Aragvi Holding International Ltd

Report on Other Legal Requirements

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

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matter

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

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

BDO Ltd
Certified Public Accountants (CY) and Registered Auditors

Limassol, 26 September 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT

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

	Note	30 June 2018	30 June 2017
ASSETS			
Non-current assets			
Intangible assets	7	1,828	1,829
Property, plant and equipment	6	232,946	237,191
Available for sale financial assets	11	46	46
Goodwill	7	48,688	48,688
Advances given	12	1,849	1,903
Other financial assets	-	211	414
		285,568	290,071
Current assets			
Inventories	9	113,530	98,553
Forward contracts	8	61,029	96,395
Trade receivables and advances given	10	39,226	41,242
Cash and cash equivalents	13	26,158	8,649
Other assets	-	-	420
		239,943	245,259
Total assets		525,511	535,330
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	14	281	281
Share Options		1,603	1,603
Retained earnings		187,371	162,629
Fair value reserves		39,466	39,466
		228,721	203,979
Non-controlling interest		14,249	12,875
Total equity		242,970	216,854

The notes on pages 12 to 62 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT (CONTINUED)

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

	Note	30 June 2018	30 June 2017
LIABILITIES			
Non-current liabilities			
Borrowings	15	64,587	86,457
Deferred tax liabilities	24	13,488	13,488
Advances received	-	387	5,898
Provisions for other liabilities and charges	-	355	407
		78,817	106,250
Current liabilities			
Borrowings	15	182,758	178,931
Trade and other payables	16	20,966	33,295
		203,724	212,226
Total liabilities		282,541	318,476
Total equity and liabilities		525,511	535,330

These consolidated financial statements have been approved for issue by the Board of Directors on 26 September 2018 and signed on their behalf by:

Vaja Jhashi
Chief Executive Officer

Tatiana Babakova
Chief Financial Officer

The notes on pages 12 to 62 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

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

	Note	30 June 2018	30 June 2017
Revenue	17	457,978	349,502
Cost of sales	18	(356,868)	(274,972)
Gross profit		101,110	74,530
Other income	22	1,453	1,869
Selling and distribution costs	19	(39,156)	(29,721)
General and administrative expenses	20	(8,552)	(8,095)
Other gains / (losses) – net	21	(3,927)	(3,332)
Operating profit		50,928	35,251
Net finance income / (costs)	23	(24,312)	(23,972)
(Loss)/ Profit before income tax		26,616	11,279
Income tax expense	24	(499)	(346)
(Loss)/ Profit for the year		26,117	10,933
(Loss)/ Profit attributable to			
Owners of the parent		26,753	12,001
Non-controlling interest		(636)	(1,068)
(Loss)/ Profit for the year		26,117	10,933
Other comprehensive income:			
Gain on revaluation of property, plant and equipment		-	2,415
Total comprehensive income for the year		26,117	13,348
Attributable to:			
- Owners of the parent		26,753	14,416
- Minority interest		(636)	(1,068)
Total comprehensive income for the year		26,117	13,348

The notes on pages 12 to 62 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

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

	Note	30 June 2018	30 June 2017
Cash flows from operating activities			
Net profit before taxation		26,616	11,279
Adjustments for:			
Allowance doubtful accounts receivables	19	72	854
Depreciation and amortization	18 - 21	9,389	9,291
Loan commission amortisation		203	288
Fair value of forward contracts	8	275	4,151
Gains from write off of expired trade payables	22	(806)	(1,007)
Unrealised foreign exchange loss/(gain), net	23	(437)	1,782
Interest and bank commission expense	23	24,749	22,190
Operating profit before changes in working capital		60,061	48,828
Changes in working capital:			
Increase in inventories		(14,977)	(34,972)
(Increase)/ Decrease in trade and other receivables	10	2,016	24,852
(Decrease)/Increase in trade and other payables		(12,329)	(3,471)
Cash generated from operations		34,771	35,237
Interest and other finance costs paid		(25,221)	(22,461)
Net cash (used)/ generated by operating activities		9,550	12,776
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		3,502	68
Purchases of property, plant and equipment		(6,847)	(10,458)
Net cash used in investing activities		(3,345)	(10,390)

The notes on pages 12 to 62 are an integral part of these consolidated financial statements.

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

	Note	30 June 2018	30 June 2017
Cash flows from financing activities			
Proceeds from borrowings		193,469	164,148
Repayments of borrowings		(182,462)	(162,830)
Net cash from financing activities		11,007	1,318
Effect of exchange rate changes on cash movements		297	(231)
Net increase in cash and cash equivalents		17,509	3,473
Cash and cash equivalents at 3o June 2017		8,649	5,176
Cash and cash equivalents at 30 June 2018 (Note 13)		26,158	8,649

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

(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	Share options	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance at 30 June 2016/ 1 July 2016	281	-	37,051	1,603	150,628	189,563	13,945	203,508
Comprehensive income								
Net profit for the period	-	-	-	-	12,001	12,001	(1,068)	10,933
Currency translation differences	-	-	-	-	-	-	(2)	(2)
Fixed assets revaluation net of tax	-	-	2,415	-	-	2,415	-	2,415
Deferred tax charge on RE	-	-	-	-	-	-	-	-
Total comprehensive income for the period	281	-	39,466	1,603	162,629	203,979	12,875	216,854
Transactions with owners								
Business combinations	-	-	-	-	-	-	-	-
Balance at 30 June 2017	281	-	39,466	1,603	162,629	203,979	12,875	216,854

The fair value reserve for land and buildings arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

The notes on pages 12 to 62 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

(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	Share options	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance at 30 June 2017	281	-	39,466	1,603	162,629	203,979	12,875	216,854
Balance at 1 July 2017	281	-	39,466	1,603	162,629	203,979	12,875	216,854
Comprehensive income								
Net profit for the period	-	-	-	-	26,753	26,753	(636)	26,117
Currency translation differences	-	-	-	-	-	-	(1)	(1)
Fixed assets revaluation net of tax	-	-		-	-		-	
Deferred tax charge on RE	-	-	-	-	-	-	-	-
Total comprehensive income for the period	281	-	39,466	1,603	189,382	230,732	12,238	242,970
Transactions with owners								
Business combinations*	-	-	-	-	(2,011)	(2,011)	2,011	-
Balance at 30 June 2018	281	-	39,466	1,603	187,371	228,721	14,249	242,970

Share options relates to the option for the purchase of 10% share capital of Aragvi Holding International Limited, by International Finance Corporation, which matures in July 2019.

*Group has adopted the policy to define control equal to shareholding held directly or indirectly by the Parent Company and to ignore any shareholding held by the UBO. Based on this change, movement between Retained Earnings and Non-Controlling Interest was posted in order to reflect this fact.

The notes on pages 12 to 62 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 Menandrou, 4 Gala Tower, 2nd floor, 1066, 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 2018 comprises the Company and its subsidiaries (together refer to as a 'Group' and individually as 'Group entities') and special purpose entities.

The Group's 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. This set of consolidated financial statements has been prepared for the year ended 30 June 2018.

As of 30 June 2018 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
Kelley Grains Corporation SRL		Moldova	100.00
Agroindexport SRL		Moldova	100.00
IM Trans Oil Refinery SRL	Oils seeds crushing plant	Moldova	100.00
Floarea Soarelui SA		Moldova	84.66
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 LIMITED 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	89.77
Combinatul de Cereale Aur Alb SA	Grain elevator. Flour meal. Provision of grain and oilseed cleaning, drying and storage services.	Moldova	63.52
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	89.73
Flograin Group SRL		Moldova	100.00
Anengrain - Group SRL		Moldova	100.00
Unco-Cereale SRL		Moldova	100.00
IM Prut SA		Moldova	61.93
Molgranum SRL		Moldova	99.99
Intreprinderea de Transport nr. 7 SA	Logistics and maintenance of vehicles	Moldova	73.22
Floarea-Soarelui Comert SRL	Dealership of bottled oil	Moldova	84.66
Reniyskiy Elevator OOO	Free trade zone resident. Port grain elevator. Provision of grain forwarding services.	Ukraine	94.77
Reni-Line OOO	Free trade zone resident. Port grain elevator. Provision of grain forwarding services.	Ukraine	66.70
Uleinord SRL		Moldova	100.00
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. Whole sale grains trading company.	Moldova	100.00
Agrotest-Lab SRL	Provision of laboratory services.	Moldova	100.00
Aragvi Finance International DAC	Special purpose entity. Intended to be the issuer of Eurobonds. Please refer to Note 30.	Ireland	100.00
Trans-Oil Commodities SRL	Special purpose entity. Whole sale grains trading company.	Moldova	100.00

1 GENERAL INFORMATION (CONTINUED)

Seasonality of operations

Generally, the Group is not exposed to significant seasonality factors. First quarter is usually driven by origination and infrastructure segments that reflect higher volumes in the several months after commencement of the harvesting campaign (July – for early grains and September for crops harvested in autumn).

Fourth quarter of the financial year has seasonally lower sales, which corresponds to the end of the crushing season and lower production levels. Also, origination segment experiences decreasing volumes due to lower level of available commodities on Group’s main origination markets.

2 NUMBER OF EMPLOYEES

At 30 June 2018 the Group had 1,722 employees (30 June 2017: 1,657).

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 unless otherwise stated. These consolidated financial statements were prepared for financial year ended 30 June 2018.

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 adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

3.1 Basis of preparation (continued)

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 year ended 30 June 2018.

Adoption of new and revised IFRSs

As from 1 July 2017, the Group adopted all the following IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the consolidated financial statements.

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

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

3.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

At the date of approval of these consolidated financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Adopted by the European Union

New standards

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).

Amendments

IFRS Interpretations Committee

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018 (IFRS 1 and IAS 28)).
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).
- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).

New IFRICs

- IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).

(ii) Not adopted by the European Union

New standards

- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).

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

3.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

(ii) Not adopted by the European Union

Amendments

- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) (effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015-2017 Cycle (issued on 12 December 2017) (effective for annual periods beginning on or after 1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)
- IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(effective date postponed indefinitely).

New IFRICs

- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).

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.

3.2 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 2018, the official rate of exchange as determined by the National Bank of Moldova was US dollar ("USD"), USD 1 = 16.8430 MDL (30 June 2017: 18.1544) and Euro ("EUR"), EUR 1 = 19.5261 MDL (30 June 2017: 20.7060), USD 1 =0.9966 CHF (2017: 0.9585), EUR 1 = 1.1554 CHF (30 June 2017: 1.0932).

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 its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period 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.

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

3.4 Basis of consolidation (continued)

The consolidated financial statements comprise the financial statements of Aragvi Holding International Limited and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period 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.

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

3.5 Business Combinations

The acquisition of subsidiaries is accounted for using the acquisition 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 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.

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

3.6 Goodwill (continued)

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. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

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:

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	

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

3.7 Property, plant and equipment (continued)

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 management's professional 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.

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.

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 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 revalued assets is charged to the profit or loss. On the subsequent sale or retirement of revalued 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 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.

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 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.

Prepayments from clients

Payments received in advance on sale contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the reporting date and carried under liabilities.

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

3.9 Financial instruments (continued)

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 consolidated statement of financial position.

(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 acquisition.

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".

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

3.9 Financial instruments (continued)

(c) Held-to-maturity investments

Held-to-maturity investments 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).

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.

Trade and other payables

Trade and other 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.

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

3.9 Financial instruments (continued)

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

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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derecognition of financial assets and liabilities

Financial assets

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

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

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

3.9 Financial instruments (continued)

Financial liabilities

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

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

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position

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 stated 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 Non-current liabilities

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

3.13 Shareholders' equity

a) Share capital

Ordinary shares are classified as equity.

b) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity on approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued

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

3.14 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.

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.

3.15 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)

3.16 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.

3.17 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.

3.18 Pension costs and employee benefits

The Group, in the normal course of business, makes payments to the Moldovan and Switzerland States 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.

3.19 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)

3.20 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.

3.21 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.

3.22 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.

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

3.24 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.

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

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(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.

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 2018	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Over 1 year	Total
Trade and other payables	18,316	-	2,650	-	20,966
Borrowings	19,767	124,344	38,647	64,587	247,345
Total	38,083	124,344	41,297	64,587	268,311

30 June 2017	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Over 1 year	Total
Trade and other payables	28,166	-	5,129	-	33,295
Borrowings	39,577	97,770	41,584	86,457	265,388
Total	67,743	97,770	41,584	91,585	298,683

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

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

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.

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 2018 and 30 June 2017 was as follows:

	30 June 2018	30 June 2017
Total borrowings (Note 15)	247,345	265,388
Less: cash and cash equivalents (Note13)	(26,158)	(8,649)
Net debt	221,187	256,739
Total equity	242,970	216,854
Total capital	464,157	473,593
Gearing ratio	48%	54%

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

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 2018 and 30 June 2017. 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.

30 June 2018	Level 1	Level 2	Level 3
Non-financial assets			
Property, plant and equipment	-	-	232,946
Total	-		232,946

30 June 2017	Level 1	Level 2	Level 3
Non-financial assets			
Property, plant and equipment	-	-	237,191
Total	-		237,191

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

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.4 Fair value estimation (continued)

30 June 2018	Level 1	Level 2	Level 3
Financial Assets			
Forward Contracts	-	61,029	-
Total	-	61,029	-

30 June 2017	Level 1	Level 2	Level 3
Financial Assets			
Forward Contracts	-	96,395	-
Total	-	96,395	-

30 June 2018	Level 1	Level 2	Level 3
Financial liabilities			
Borrowings	-	-	247,345
Total	-	-	247,345

	Level 1	Level 2	Level 3
30 June 2017			
Financial liabilities			
Borrowings	-	-	265,388
Total	-	-	265,388

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 2017, the group performed a revaluation of its assets. The revaluation was performed in accordance with International Valuation Standards by Winterhill SRL. The value of the assets of the group reached an amount of 237,191 USD.

As at June 2017, 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 2019 until 30 June 2022 are projected to be not lower than USD 60,317, USD 74,110, USD 83,086 and USD 90,513 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)

b) 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.

c) 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.

d) 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)

e) 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.

f) 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.

g) 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)

h) 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 2018 amounted to USD 48,688 (30 June 2017: USD 48,688). No impairment loss was recognised for the financial years ended 30 June 2018 and 30 June 2017.

i) 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.

j) 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 2016					
Cost	144,275	96,685	17,733	9,547	268,240
Accumulated depreciation	(15,075)	(15,215)	(4,410)	-	(34,700)
Net book amount	129,200	81,470	13,323	9,547	233,540
Year ended 30 June 2017					
Opening net book amount	129,200	81,470	13,323	9,547	233,540
Additions	248	330	113	12,918	13,610
Disposals	(44)	(231)	(210)	(2,598)	(3,084)
Transfers	3,956	5,206	78	(9,240)	-
Fair value reserve	1,311	866	133	105	2,415
Depreciation charge	(6,116)	(2,727)	(447)	-	(9,291)
Closing net book amount	128,555	84,914	12,990	10,732	237,191

(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 2017					
Net book value	128,555	84,914	12,990	10,732	237,191
Net book amount	128,555	84,914	12,990	10,732	237,191
Year ended 30 June 2018					
Opening net book amount	128,555	84,914	12,990	10,732	237,191
Additions	128	198	112	8,208	8,646
Disposals	(925)	(467)	(1,235)	(875)	(3,502)
Transfers	3,877	2,601	169	(6,647)	-
Depreciation charge	(6,181)	(2,756)	(452)	-	(9,389)
Closing net book amount	125,454	84,490	11,584	11,418	232,946

(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 2017.

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 2017
Trans Cargo - Giurgiulesti	44,330
Trans Bulk - Giurgiulesti	7,685
Elevator Anengrain - Anenii Noi	2,180
Transoil - Ceadir Lunga	28,600
Elevator Prut - Cantemir	3,170
Elevator Flograin - Floresti	1,280
Elevator Unco Cereale - Unchitesti	2,895
Elevator Agro Floris Nord - Rogojeni	1,870
Floarea Soarelui - Balti	54,090
Elevator Ulei Nord - Otaci	6,170
Exchange points	3,840
Elevator Kelly Grains 1+2 Causeni	18,040
Elevator Molgranum - Donduseni	4,100
Elevator Cereale Prut - Ungheni	5,800
Aur Alb - Ceadir Lunga	5,600
Elevator Iargara - Iargara	5,140
Elevator Molgranum - Greceni	4,890
Reniyskiy Elevator – Reni	20,190
Reni-Line – Reni	9,920
FFA Trans Oil – Chisinau	7,313
Kelley Grains Corporation – Chisinau	57
Trans-Oil International - Geneva	31
	237,191

(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 2017 by an external and qualified valuator Winterhill Romania SRL. The Group has not valued the assets of Kelley Grains Corporation and Trans-Oil International as these assets are clearly immaterial. The Group has, also, did not value the assets of FFA Trans Oil because management believes the book value of these assets as the fair one. Assets hold by FFA Trans Oil contain following items:

- 75 grain hopper wagons acquired in the financial year 2014;
- Office premises located in Chisinau, at 1 Veronica Micle Street;
- Office premises located in Chisinau, at 27 Lev Tolstoi Street.

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 2018					
Cost	45,294	37,688	1,087	12,168	96,238
Accumulated depreciation	(12,330)	(20,725)	(517)	-	(33,572)
Net book amount	32,964	16,963	570	12,168	62,666
As at 30 June 2017					
Cost	44,344	37,184	894	9,392	91,814
Accumulated depreciation	(11,148)	(18,739)	(468)	-	(30,355)
Net book amount	33,196	18,445	426	9,392	61,459

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets in course of construction comprise equipment which is not yet installed amounting to USD 11,418 (2017: 10,732). The main assets under construction comprise the additional grain storage silo and 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 1’200;
- Decrease of loading cost from 4.5 USD to 3.7 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.

As of the date of the present consolidated financial statements, main assets of the Group, as described above, were pledged to various lenders of the Group.

(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 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
Year ended 30 June 2017						
Opening net book amount	48,688	1,761	1	14	47	50,511
Additions	-	-	17	-	-	17
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Depreciation charge	-	-	(11)	-	-	(11)
Closing net book amount	48,688	1,761	7	14	47	50,517
As at 30 June 2017						
Cost	48,688	1,791	127	24	65	50,695
Accumulated depreciation	-	(30)	(120)	(10)	(18)	(178)
Net book amount	48,688	1,761	7	14	47	50,517
Year ended 30 June 2018						
Opening net book amount	48,688	1,761	7	14	47	50,517
Additions	-	-	18	-	4	22
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Depreciation charge	-	(1)	(22)	-	-	(23)
Closing net book amount	48,688	1,760	3	14	51	50,516
As at 30 June 2018						
Cost	48,688	1,791	145	24	69	50,717
Accumulated depreciation	-	(31)	(142)	(10)	(18)	(201)
Net book amount	48,688	1,760	3	14	51	50,516

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

7 INTANGIBLE ASSETS (CONTINUED)

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	23,140
Goodwill related to Stareverest entities	80,304	56,684	48,670	25,050
	191,252	83,105	156,337	48,190

As of 30 June 2018, 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 on shares of the Company.

The Group's key intellectual properties are the trademarks used in the bottled oil segment. The Group owns 29 trademarks, out of which 7 are registered with the World Intellectual Property Organization and 22 are registered in Moldova, including the Group's brand name "Trans Oil Group of Companies".

8 FORWARD CONTRACTS

The following tables present the fair value change 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.

Forward contracts	30 June 2018	30 June 2017
Fair value of forward contracts	61,029	96,395
	61,029	96,395

(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 2018	30 June 2017
Forward contracts for inventory in progress	61,304	91,183
Forward contracts at fair value	(275)	5,212
	61,029	96,395

During financial year 2018, the Group entered into several agreements with farmers in Republic of Moldova for supply of commodities. The farmers cultivate wheat, corn, sunflower seeds, barley and rape seeds on the area of circa 127'000 ha. The Group is entitled to receive all commodities harvested out of those lands.

9 INVENTORIES

	30 June 2018	30 June 2017
Own production	2,632	48
Cereals purchased for resale	108,021	95,244
Spare parts	398	272
Packing materials	253	244
Raw materials for agricultural products	66	66
Other inventories	2,160	2,679
	113,530	98,553

Own production is made by the following:

	30 June 2018	30 June 2017
Refined vegetable oil	-	-
Crude vegetable oil	1,969	-
Sunflower meal	29	8
Soya meal	-	-
Bottled vegetable oil	156	1
Other cereals	478	39
	2,632	48

(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 2018	30 June 2017
Wheat	16,345	19,390
Barley	2,314	27
Sunflower	48,876	45,671
Corn	13,773	9,113
Other cereals	503	43
Soya	14,146	1,859
Rape	1,420	3,214
Crude vegetable oil	10,617	15,296
Sunflower meal	27	631
	108,021	95,244

Inventories are characterized as readily marketable inventories (RMI) since they relate to commodities which have been purchased by the Group with the intention to be sold. These are treated by the Group as readily convertible into cash because of their commodity characteristics and the fact that there are widely available markets and international pricing mechanisms. The management estimates that the readily marketable inventories represent 75% of the inventories as at the end of the reporting period.

As of the date of the present consolidated financial statements, the majority of the inventories of the Group, as described above, were pledged to various trade finance providers of the Group.

10 TRADE RECEIVABLES AND ADVANCES GIVEN

	30 June 2018	30 June 2017
Trade receivables	17,772	10,478
Advances to suppliers	13,707	21,832
Receivables from related parties (Note 26)	6,837	8,007
Receivables from the State budget	2,092	1,784
Receivables from employees	771	2,736
Other account receivables	5,746	3,880
Less: allowance for doubtful trade receivables and advances given	(7,699)	(7,475)
	39,226	41,242

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 1,705 (30 June 2017: USD 1,747). This amount is applicable for the refund from the Government as well as there is a possibility to net off the amount with VAT 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 2018	30 June 2017
Balance as at 1 July	(7,475)	(6,621)
Increase in provision	(72)	(854)
Exchange rate difference	(152)	-
Balance at financial period ending as at 30 June	(7,699)	(7,475)

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 2018	30 June 2017
3 to 6 months	2,968	2,204
6 to12 months	1,388	1,659
Over 12 months	934	1,158
	5,290	5,021

The balance of the receivables from personnel represent the amounts provided to the directors of the companies to fulfil acquisitions of the commodities from the small farmers and as of 30 June 2018 the balance of such amounts is USD 771 (30 June 2017: USD 2,736).

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

	30 June 2018	30 June 2017
MDL	1,291	1,756
USD	22,048	15,212
EUR	179	582
	23,518	17,550

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

11 AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2018	30 June 2017
Balance as of 1 July	46	46
Balance at financial period ending as at 30 June	46	46

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 2018	30 June 2017
Advances given for long-term rent	1,849	1,903
	1,849	1,903

13 CASH AND CASH EQUIVALENTS

	30 June 2018	30 June 2017
Cash at banks in foreign currencies	664	537
Cash in transit	46	145
Cash at banks in USD	25,392	7,693
Cash in hand	56	274
	26,158	8,649

14 SHARE CAPITAL

	Number of shares	Amount
Ordinary shares	11,000	14
Unsubscribed ordinary shares	1,221	1
Share premium	-	265
Redeemable preference shares	1	1
		281

International Finance Corporation ("IFC") being a redeemable preference shareholder of Group, is entitled to voting right and some reserved matters. The reserve matters include: general corporate matters, such as changes in business, share capital transactions, acquisitions/disposals, related party transactions, distributions and remunerations.

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

15 BORROWINGS

	30 June 2018	30 June 2017
Non-current		
Bank borrowings	49,667	71,790
Loan from related party (Note 26)	14,169	14,169
Other financial liabilities	252	-
Other commercial loans	499	498
	64,587	86,457
Current		
Bank borrowings	182,595	178,421
Other financial liabilities	141	-
Other commercial loans	22	510
	182,758	178,931

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 2018	Year ended 30 June 2017
6 months or less	169,937	163,649
6-12 months	12,821	15,282
1-5 years	49,313	68,942
Over 5 years	15,274	17,515
	247,345	265,388

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

	30 June 2018	30 June 2017
USD	227,951	247,995
EUR	19,394	17,393
	247,345	265,388

	30 June 2018	30 June 2017
Total bank loans	232,262	250,211
Other financial liabilities	393	-
Other commercial loans	521	1,008
Loan from related party	14,169	14,169
Total	247,345	265,388

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

15 BORROWINGS (CONTINUED)

Split of Group's loans and borrowings by nominal interest rates as of 30 June 2018:

Interest rate range, %	0-3	3-5	5-8	8-10	Total
Loans and Borrowings	15,148	88,931	108,457	34,809	247,345

Split of Group's loans and borrowings by nominal interest rates as of 30 June 2017:

Interest rate range, %	0-3	3-5	5-8	8-10	Total
Loans and Borrowings	15,958	61,885	150,943	36,602	265,388

The bank borrowings are pledged by the Group inventories, trade receivables and property, plant and equipment.

16 TRADE AND OTHER PAYABLES

	30 June 2018	30 June 2017
Trade payables	2,973	760
Advances received	14,184	30,044
Payroll and social insurance payable	1,284	949
Taxes and other payables	2,525	1,542
	20,966	33,295

17 REVENUE

	30 June 2018	30 June 2017
Sales of grains and seeds	287,083	221,287
Sales of vegetable oil	135,144	94,473
Sales of oil meal	20,607	13,100
Sales of packed vegetable oil	8,770	14,941
Storage, Cleaning and Drying Services	4,549	3,830
Sale of other products	1,825	1,871
	457,978	349,502

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

18 COST OF SALES

	30 June 2018	30 June 2017
Opening stocks (Own production and Cereals purchased for resale)	95,292	59,572
Purchases of goods for resale	361,553	301,614
Closing stocks (Own production and Cereals purchased for resale)	(110,653)	(95,292)
	346,192	265,894
Depreciation	5,376	5,174
Water gas and electricity	356	169
Wages and salaries	1,471	877
Consumables	31	11
Transportation	25	6
Packing materials	17	198
Social contributions	367	190
Port services	780	770
Rent	837	342
Fuel	308	134
Maintenance	113	149
Materials	34	5
Other expenses	961	1,053
	356,868	274,972

19 SELLING AND DISTRIBUTION

	30 June 2018	30 June 2017
Freightage expenses	16,725	11,670
Transportation	7,981	6,960
Railroad expenses	4,932	2,011
Wages and salaries	511	405
Allowance for doubtful debts	72	854
Inspections and surveys	1,996	1,584
Other commercial services	1,081	980
Certification and expertise	449	443
Custom duties	122	68
Packing expenses	245	246
Loading expenses	2,987	2,276
Depreciation	1,658	1,706
Storage Services	144	81
Marketing services	37	32
Social contributions	141	112
Other Selling and Distribution expenses	75	293
	39,156	29,721

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

20 ADMINISTRATIVE EXPENSES

	30 June 2018	30 June 2017
Wages and salaries	3,217	2,990
Bank expenses	44	34
Social contributions	959	799
Taxes	247	236
Legal and consulting expenses	908	586
Entertainment and representation expenses	80	127
Depreciation	643	673
Audit fees	157	189
Maintenance	205	246
Rent	261	207
Telephone and postage	263	235
Survey expenses	298	279
Fuel	121	128
Insurance expenses	238	176
Travelling and accommodation	392	596
Notary's fees	11	20
Other administrative expenses	508	574
	8,552	8,095

21 OTHER (GAINS) / LOSSES – NET

	30 June 2018	30 June 2017
Loss / (gain) on disposal of fixed assets	(290)	8
Depreciation	1,712	1,738
Rent expenses	299	344
Inventory write off	548	68
Fines and claims	261	(83)
Tax expenses	8	16
Wages and salaries	158	73
Social contributions	9	6
Sale of other assets	288	750
Repair and maintenance	450	98
Other expenses	484	314
	3,927	3,332

22 OTHER INCOME

	30 June 2018	30 June 2017
Rental income	4	11
Gain from sales of other activities	394	356
Gain from write off of expired trade payables	806	1,007
Stock count surplus	135	416
Customers Demurrage	51	58
Other operating income	63	21
	1,453	1,869

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

23 NET FINANCE (INCOME) / COSTS

	30 June 2018	30 June 2017
Interest expenses	17,318	17,784
Net foreign exchange difference	(437)	1,782
Loan Commissions	4,665	2,679
Bank Commissions	2,766	1,727
	24,312	23,972

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 and Switzerland. 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 2018	30 June 2017
Profit / (loss) before taxation	26,616	11, 279
Expenses not deductible for tax purposes	-	-
Total taxable income	26,616	11,279
Tax charge at effective statutory rate of 1.5%-12% (2017: 3%-12%)	(499)	(346)
Deferred income tax expense reported in the income statement	-	-
Income tax expense	(499)	(346)

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.

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 2017	13,488
Movement for FY 2018	-
Deferred tax liability as of 30 June 2018	13,488

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

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 and other funds payments for financial year ended 30 June 2018 amounted to USD 1,999 (30 June 2017: USD 1,600).

	30 June 2018	30 June 2017
Wages and salaries	7,448	6,151
Social insurance costs and other funds	1,999	1,600
	9,447	7,751

26 RELATED - PARTY TRANSACTIONS

The ultimate controlling party as of 30 June 2018 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):

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

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

26 RELATED - PARTY TRANSACTIONS (CONTINUED)

(i) Balances with related parties

	30 June 2018	30 June 2017
Advances and accounts receivable (Note 10)		
Mr.Vaja Jhashi (shareholder)	1,858	791
Floarea International SRL	4,400	7,008
Delta Commodity & Financial Services SA	22	2
Silcampes-Sud SRL (other related party)	557	206
	6,837	8,007

	30 June 2018	30 June 2017
Loan from related party (Note 15)		
Mr.Vaja Jhashi (shareholder)	14,169	14,169
	14,169	14,169

The loan is non-interest bearing and matures in May 2023.

(ii) Transactions with related parties

	30 June 2018	30 June 2017
Purchases of goods and services		
Silcampes-Sud SRL (other related party)	-	2,265
	-	2,265

Key management compensation for the year ended as at 30 June 2018 amounts to USD 791 (30 June 2017: USD 749).

27 CONTINGENCIES AND COMMITMENTS

Covenants

The Group has different set of covenants to respect with their lenders. Based on 30th of June 2018 financial statements, the Group fulfilled all covenants requirements and were in no breach of financial covenants.

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.

The Group has submitted a request for a ruling to the Swiss fiscal authorities in order to clear the potential issue regarding the split of margin and the reinvoicing of interest. The Group is in process of preparation of further documentation requested additionally by Swiss tax authorities and the potential fiscal risk still exist in case of disagreement of the fiscal authorities.

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.

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

27 CONTINGENCIES AND COMMITMENTS (CONTINUED)

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).

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:

ii. 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.

iii. 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.

Operating lease commitments

The Group is engaged in an operational lease agreements for the plot of land (25,584 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 (311 Hectares) located in South of Moldova. The group is committed to pay in-kind to the owners of farming land in cash equivalent of USD 85 per annum, per hectare, based on the lease agreements concluded with physical persons (total number of agreements is around 300).
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2018	30 June 2017
Within one year	925	925
Between one and five years	4,825	4,824
After five years	9,323	10,248
	15,073	15,997

28 ENTITIES UNDER COMMON CONTROL WHICH ARE NOT CONSOLIDATED

The Group has investment in entities which are not consolidated.

The investment to the entities mentioned above is nil. The net assets of these entities 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.

30 SUBSEQUENT EVENTS

Eurobonds issuance

The Group is seeking to issue Eurobonds by the end of October 2018. The main rationale for the bond issue is to rebalance and optimize Group's capital structure. Thus, one of the main purposes of the bonds will be to refinance the outstanding amount of DFIs, several Moldovan banks and other existing long-term expensive facilities.

Conversion of OakTree Capital Management loan facility into equity

The Group started negotiations with OakTree Capital Management, which is a creditor to the Group, through its subsidiary Cooperstown S.a.r.l. (Luxembourg) to convert its loan facility into equity. The parties intend to finalize the deal by the end of October 2018.