ARAGVI HOLDING INTERNATIONAL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	**Vaja Jhashi** Executive Managing Director
	Asif Chaudhry Non-Executive Director
	Cem Osmanoglu Non-Executive Director
	Stephane Frappat Non-Executive Director
	Alain Stephane Dorthe Non-Executive Director
	Tommy Jensen Non-Executive Director
Company Secretary:	**Eleni Karra**
Independent Auditors:	**KPMG Limited** Chartered Accountants Millenium Lion House, 1 G. Aradippioti Street, P.O Box 40075, 6016, Larnaca, Cyprus.
Registered Office:	Menandrou 4, GALA Tower, Floor 2, 1066, Nicosia, Cyprus.
Registration Number:	HE 308295

The Board of Directors and management of Aragvi International Limited presents to the members their report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 30 June 2020, 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.

The management is responsible for ensuring that the Company keeps accounting records, which comply with local laws and regulations and also Aragvi International Limited internal regulations and enables it to prepare financial statements in accordance with IFRS adopted by the EU, which disclose fairly, in all material respects, its financial position and results of operations and cash flows in accordance with IFRSs as adopted by the EU. Management also has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The management considers that, in preparing the consolidated financial statements set out on pages 9 to 88, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that, appropriate International Financial Reporting Standards as adopted by the EU have been complied with.

Incorporation

The Company Aragvi Holding International Limited was incorporated in Cyprus on 21 June 2012 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, are:
- Oilseeds processing
- Grains origination and marketing
- Transshipment services

Changes in group structure

No changes in group structure have occurred during financial year 2020.

Examination of the development, position, and performance of the activities of the Group

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

The most important developments of the Group are:
- Initiation of new investment project - crushing facility with a production capacity of 700 MT sunflower seeds per day located in Giurgiulesti Port.
- Acquisition of 100 brand new railcars, ensuring an efficient commodity logistics.
- Significant profitable growth of the originated and traded volumes of grains.

Revenue

- The Group's revenue for the year ended 30 June 2020 was US$814.513 thousand (2019: US$552.326 thousand).

Financial Results

- The Group's results for the year are set out on pages 9

Dividends

The Board of Directors does not propose the payment of dividend for the year ended 30 June 2020.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group and the steps taken to manage these risks are described in note 4 of the consolidated financial statements.

Future developments of the Group

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Group in the foreseeable future

Use of financial instruments by the Group

The Group is exposed to various risks from the financial instruments it holds.

The Group's financial risk management objectives and policies are established to strictly monitor and control all risks faced by the Group while achieving its goals. The most significant risks are disclosed in note 5.

Interest rate Risk

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

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

Credit risk related to trade receivables: this is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Group does not hold collateral as security.

Liquidity risk

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

Research and development activities

The Group did not carry out any research and development activities during the year.

Share capital & Treasury shares

The Company did not make any acquisitions of its own shares either itself directly or through a person acting in his own name or on the Company's behalf.

Branches

During the year ended 30 June 2020 the Group did not operate any branches.

Board of Directors

The Company's Board of Directors structure as at 30 June 2020 and at the date of this report is presented on page 1. Mr. Tommy Jensen has been appointed as non-executive director on 1 August 2019. In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

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

Operating Environment of the Group

Any significant events that relate to the operating environment of the Group are described in note 30 to the consolidated financial statements.

Subsequent Events

Any significant events that occurred after the end of the reporting period are described in Note 35 to consolidated financial statements.

Related party balances and transactions

Disclosed in note 28 of the consolidated financial statements.

Independent Auditors

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

By order of the Board of Directors,

Vaja Jhashi
Chisinau, 28 October 2020

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ARAGVI HOLDING INTERNATIONAL LTD

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Aragvi Holding International Ltd (the "Company") and its subsidiaries (the "Group"), which are presented on pages 9 to 88 and comprise the consolidated statement of financial position as at 30 June 2020, 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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

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

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ARAGVI HOLDING INTERNATIONAL LTD

Other information

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

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

In connection with our audit of the 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.

With regards to the management report, our report in this regard is presented in the "Report on other legal requirements" section.

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

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 there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the 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.

KPMG

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ARAGVI HOLDING INTERNATIONAL LTD

Auditors' responsibilities for the audit of the consolidated financial statements *(continued)*

- 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 auditors' 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 auditors' 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 of 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.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors Law 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

KPMG

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ARAGVI HOLDING INTERNATIONAL LTD

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Comparative figures

The consolidated financial statements of the Company for the year ended 30 June 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on the 15th October 2019.

Paris S. Elia, BA (Hons), FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
Millennium Lion House
1 G. Aradippioti Street,
6016, Larnaca,
Cyprus

28 October 2020

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

	Note	30 June 2020	30 June 2019 *restated
ASSETS			
Non-current assets			
Intangible assets	8	1,965	2,023
Property, plant and equipment	7	276,270	245,862
Goodwill	8	48,688	48,688
Advances given	13	1,425	4,888
		328,348	301,461
Current assets			
Inventories	10	271,110	194,072
Forward contracts assets	9	88,321	61,754
Trade receivables and advances given	11	112,089	86,728
Cash and cash equivalents	14	60,035	75,284
		531,555	417,838
Total assets		859,903	719,299
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital and premium	15	20,455	20,455
Retained earnings		251,644	212,644
Fair value reserves		45,567	39,466
		317,666	272,565
NON-CONTROLLING INTEREST		14,467	13,833
Total equity		332,133	286,398

The notes on pages 16 to 88 are an integral part of these consolidated financial statements.

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

	Note	30 June 2020	30 June 2019 **Restated*
LIABILITIES			
Non-current liabilities			
Borrowings	16	36,603	37,427
Bonds issued	17	288,778	286,540
Lease liabilities	12	12,827	-
Deferred tax liabilities	26	23,349	21,825
Advances received	-	292	292
Provisions for other liabilities and charges	-	341	328
		362,190	346,412
Current liabilities			
Borrowings	16	127,646	67,642
Trade and other payables	18	18,932	18,847
Forward contract liabilities	9	18,590	-
Lease liabilities	12	412	-
		165,580	86,489
Total liabilities		527,770	432,901
Total equity and liabilities		859,903	719,299

The Group initially applied IFRS 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.The comparative information is restated on account of correction of errors, please see Note 34.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 October 2020 and signed on their behalf by:

Vaja Jhashi
Chief Executive Officer

Alain Stephane Dorthe
On behalf of Board of Directors

The notes on pages 16 to 88 are an integral part of these consolidated financial statements.

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

	Note	30 June 2020	30 June 2019 *Restated
Revenue	19	814,543	552,326
Cost of sales	20	(660,178)	(439,541)
Gross profit		154,365	112,785
Other income	24	1,378	2,990
Selling and distribution costs	21	(58,853)	(38,471)
General and administrative expenses	22	(10,559)	(10,714)
Other (losses)/gains – net	23	(2,489)	2,466
Operating profit		83,842	69,056
Net finance income / (costs)	25	(42,214)	(31,893)
Profitbefore tax		41,628	37,163
Income tax expense	26	(1,994)	(2,809)
Profit for the year		39,634	34,354
Profit attributable to			
Owners of the Company		39,000	34,072
Non-controlling interest		634	282
Profit for the year		39,000	34,354
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of property, plant and equipment,		7,007	-
Related tax		(906)	-
Other comprehensive income/(expense)		6,101	-
Total comprehensive income for the year		45,735	34,354
Attributable to:			
- Owners of the Company		45,101	34,072
- Non-controlling interest		634	282
Total comprehensive income for the year		**45,735**	**34,345**

The comparative information is restated on account of correction of errors, please see Note 34.

The notes on pages 16 to 88 are an integral part of these consolidated financial statements.

ARAGVI HOLDING INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019
(All amounts are in thousands U.S. dollars (USD), unless otherwise stated)

	Attributable to equity holders of the Company							
	Ordinary shares	**Share premium**	**Revaluation reserves**	**Share options**	**Retained earnings**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance at 30 June 2018 as previously reported	16	265	39,466	1,603	187,371	228,721	14,249	242,970
Effect of initial application of IFRS 9* net of tax	-				(3,350)	(3,350)		(3,350)
Deferred tax charge on RE**	-	-	-	-	(5,448)	(5,448)	(698)	(6,146)
Balance at 1 July 2018 as restated	**16**	**265**	**39,466**	**1,603**	**178,573**	**219,923**	**13,551**	**233,474**
Comprehensive income								
Net profit for the year	-	-	-	-	31,534	**31,534**	282	31,816
Share option write off	-	-	-	(1,603)	-	**(1,603)**	-	**(1,603)**
Total comprehensive income for the year	**16**	**265**	**39,466**	**-**	**210,107**	**249,854**	**13,833**	**263,687**
Transactions with owners of the Company								
Contributions and distributions	-	-	-	-	-	-	-	-
Issue of ordinary share under Oaktree transaction (Note 14)	2	20,172	-	-	-	**20,174**	-	**20,174**
Total contributions and distributions	2	20,172	-	-	-	**20,174**	-	**20,174**
Balance at 30 June 2019	**18**	**20,437**	**39,466**	**-**	**210,107**	**270,028**	**13,833**	**283,861**

* Transition to IFRS 9 relates to expected credit losses calculated on trade receivables and advances granted as at 30 June 2018.
**As per IAS 8 Accounting policies, Changes in Accounting Estimates and Errors we proceeded with a prior year correction by restating the comparative amounts for the prior periods presented in order to accurately present the retained earnings balance at the reporting date.

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

	Attributable to equity holders of the Company							
	Ordinary shares	**Share premium**	**Revaluation reserves**	**Share options**	**Retained earnings**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance at 1 July 2019,*as reported previously	**18**	**20,437**	**39,466**	**-**	**210,107**	**270,028**	**13,833**	**283,861**
Impact of correction of errors	-	-	-	-	2,537	**2,537**	-	**2,537**
Restated balance at 1 July 2019	**18**	**20,437**	**39,466**	**-**	**212,644**	**272,565**	**13,833**	**286,398**
Total comprehensive income								
Net profit for the year	-	-	-	-	39,000	**39,000**	634	**39,634**
Fixed assets revaluation surplus, net of tax	-	-	6,101	-	-	**6,101**	-	**6,101**
Total comprehensive income for the year	**18**	**20,437**	**45,567**	**-**	**251,644**	**317,666**	**14,467**	**332,133**
Transactions with owners of the Company	-	-	-	-	-	-	-	-
Balance at 30 June 2020	**18**	**20,437**	**45,567**	**-**	**251,644**	**317,666**	**14,467**	**332,133**

The comparative information is restated on account of correction of errors, please see Note 34.

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

	Note	30 June 2020	30 June 2019 *restated
Cash flows from operating activities			
Net profit before taxation		41,628	37,163
Adjustments for:			
Movement in allowance for doubtful receivables	21	676	1,001
Depreciation and amortization	20 - 23	11,675	9,955
Loan commission amortisation	25	-	210
Fair value of forward contracts	9	(556)	725
Write-off of financial assets at FVTPL	23	-	46
Gains from write off of expired trade payables	24	(130)	(1,496)
Gains on disposal of fixed assets	23	432	(936)
Unrealised foreign exchange loss/(gain), net	25	2,208	(230)
Interest and bank commission expense	25	40,007	31,473
Bargain purchase Romanian assets	23	-	(4,452)
Cash flows from operations before working capital changes		95,940	73,459
Changes in working capital:			
Increase in inventories	10	(77,038)	(80,542)
(Increase) in trade and other receivables	11	(33,338)	(47,502)
(Decrease)/Increase in trade and other payables	18	60	(2,119)
Cash generated from operating activities		(14,376)	(56,704)
Income tax (paid)/released		(29)	-
Net cash (used in)/ operating activities		**(14,405)**	**(56,704)**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		309	599
Advances granted for PPE acquisition		(8,060)	(3,100)
Purchases of property, plant and equipment		(13,658)	(1,923)
Net cash used in investing activities		**(21,409)**	**(4,424)**

The notes on pages 16 to 88 are an integral part of these consolidated financial statements.

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

	Note	30 June 2020	30 June 2019 *restated
Cash flows from financing activities			
Interest and other finance costs paid		(40,107)	(26,793)
Net proceeds from bonds issued and other borrowings		139,762	273,836
Net repayments of borrowings		(78,504)	(135,789)
Net cash from financing activities		**21,151**	**111,254**
Net (decrease)/increase in cash and cash equivalents		(14,663)	50,126
Effect of exchange rate fluctuations on cash movements		(586)	(1,000)
Cash and cash equivalents at 1 July 2019/2018		75,284	26,158
Cash and cash equivalents at (Note 14)		**60,035**	**75,284**

The comparative information is restated on account of correction of errors, please see Note 34.

1 CONSOLIDATED FINANCIAL STATEMENTS

The appointment of the Group external auditors, KPMG Limited, is effective for accounting periods commencing on 1 July 2019 and was approved by the Board of Directors of the Company, following the recommendation from the Audit Committee.

The consolidated financial statements of the Group for the year ended 30 June 2019 have been audited by another external auditors of the Group. The independent auditors have conducted the audit of the consolidated financial information in accordance with International Standards on Auditing (ISAs).

2 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 2020 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 activities are oilseeds processing, grains and origination and marketing and transhipment services.

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 2020.

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

2 GENERAL INFORMATION

As of 30 June 2020, 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
ICS Kelley Grains Corporation SRL		Moldova	100.00
Danube Oil Company SRL		Moldova	100.00
IM Trans Oil Refinery SRL	Oils seeds crushing plant	Moldova	100.00
Floarea Soarelui SA		Moldova	84.66
SC 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..	Moldova	80.00
ICS FFA Trans Oil Ltd SRL	Whole sale grains trading company	Moldova	100.00
TOI Commodities SA		Switzerland	100.00
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 Cereale Prut SA	Grain elevator. Provision of grain and oilseed cleaning, drying and storage services.	Moldova	85.79
Elevatorul Iargara SA		Moldova	89.73
ICS Flograin Group SRL		Moldova	100.00
ICS Anengrain - Group SRL		Moldova	100.00
ICS Unco-Cereale SRL		Moldova	100.00
IM Prut SA		Moldova	61.93
Molgranum SRL		Moldova	100.00
SC Floarea-Soarelui Comert SRL	Dealership of bottled oil	Moldova	100.00

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

2 GENERAL INFORMATION (CONTINUED)

Entity	Principal Activity	Country of in corporation	Sharehol-ding,%
Reniyskiy Elevator ALC	Free trade zone resident. Port grain elevator. Provision of grain forwarding services.	Ukraine	94.77
Reni-Line LLC	Free trade zone resident. Port grain elevator. Provision of grain forwarding services.	Ukraine	66.70
ICS Uleinord SRL	Grain elevator. Provision of grain and oilseed cleaning, drying and storage services.	Moldova	100.00
Agrofloris-Nord SRL	Grain elevator. Provision of grain and oilseed cleaning, drying and storage services.	Moldova	100.00
SC 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. Issuer of the bonds.	Ireland	100.00
Trans-Oil Commodities SRL	Special purpose entity. Whole sale grains trading company.	Moldova	100.00
Global Grain International SRL	Special purpose entity and holding company. Whole sale grains trading company.	Romania	100.00
HeliosAgri International SA	Oils seeds crushing plant.	Romania	100.00

Seasonality of operations

Generally, the Group is not exposed to significant seasonality factors. The 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).

The fourth quarter of the financial year has seasonally lower sales, which corresponds to the end of the crushing season, lower production levels and liquidating trade finance lines. Also, origination segment experiences decreasing volumes due to lower level of available commodities on Group's main origination markets.

2 GENERAL INFORMATION (CONTINUED)

Operating segments

Operating segments are reported in a manner consistent with the internal reporting as provided to the chief operating decision makers in order to allocate resources to the segment and to assess its performance. The management and members of the board of directors of the Group are identified as chief operating decision makers.

Segments in the consolidated financial statements are defined in accordance with the type of activity, products sold or services provided.

The Group presents its segment results within three business segments: Origination and Marketing, Crushing and Refining, and Infrastructure. The reason behind this aggregation is to align representation with the management decision making, as business processes within all business segments are not separate and decisions are mostly made to account for the combined effect on several segments.

In Origination and Marketing, the Group reports its operations of buying and selling cereals, oilseeds, produced oil and meal.

In Crushing and Refining segment, the Group reports the financial results of its 3 crushing plant:

- Floarea Soarelui SA, the biggest crushing plant located in Balti, Republic of Moldova, with crush capacity of 1'200 metric tons of sunflower seeds per day. It also has refining and bottling capacities.
- Trans Oil Refinery SRL, the smaller crushing plant located in Ceadir-Lunga, Republic of Moldova, with crush capacity of 400 metric tons of sunflower seeds per day.
- HeliosAgri International SA, a crushing plant located in Tindarei, Slobozia, Romania, with crush capacity of 750 metric tons of sunflower seeds per day. It also has refining and bottling capacities.

In Infrastructure segment, the Group reports its forwarding operations through 4 port facilities:

- Trans Cargo Terminal SRL, grain terminal located in Giurgiulesti village, Cahul county, Republic of Moldova, with a transshipment capacity of 1.4 million tons per year;
- Trans Bulk Logistic SRL, oil terminal located in Giurgiulesti village, Cahul county, Republic of Moldova, with a transshipment capacity of 0.2 million tons per year;
- Reni Line LTD, grain terminal located in Reni, Ukraine, with a transshipment capacity of 0.52 million tons per year;
- Reni Elevator LTD, grain terminal located in Reni, Ukraine, with a transshipment capacity of 0.28 million tons per year;

The measurement of profit and loss, assets and liabilities is based on the Group's accounting policies, which are in compliance with IFRS, as adopted by the European Union.

Reconciliation eliminates intersegment items and reflects income and expenses not allocated to segments. The segment data is calculated as follows:

• Intersegment sales reflect intergroup transactions effected on an arm's length basis.

• Capital expenditure, amortization and depreciation related to property, plant and equipment and intangible assets are allocated to segments when possible.

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

2 GENERAL INFORMATION (CONTINUED)

Operating segments (continued)

Key data by operating segment for the year ended 30 June 2019:

	Origination and Marketing	Crushing and Refining	Infrastructure	Total
Revenue (external)	443,084	102,073	14,488	552,326
Intersegment sales	-	-	(7,319)	-
Total revenue	**443,084**	**102,073**	**7,169**	**552,326**
Cost of sales	**342,702**	**91,996**	**4,843**	**439,541**
Gross profit	**100,382**	**10,077**	**2,326**	**112,785**
Other income				2,990
Selling and distribution costs				(38,471)
General and administrative expenses				(10,714)
Other (losses)/gains – net				2,466
Finance income (loss)				(31,893)
Income tax expenses				(2,809)
Net profit for the year (loss)				**34,354**
Total assets	**475,053**	**175,594**	**68,652**	**719,299**
Capital expenditure	708	6,917	1,212	8,837
Amortization and depreciation	2,259	3,851	3,800	9,910
Liabilities	284,703	106,543	41,655	432,901

During the year ended 30 June 2019, revenues of approximately USD 50,831 thousand were derived from a single external customer. These revenues are attributed to Origination and Marketing and Crushing and Refinery segments. Also, during that period, export sales amounted to 94 % of total external sales.

For the year ended 30 June 2019, revenue from the Group's top five customers accounted for approximately 36.1 % of total revenue.

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

Key data by operating segment for the year ended 30 June 2020:

	Origination and Marketing	**Crushing and Refining**	**Infrastructure**	**Total**
Revenue (external)	646,535	156,941	22,610	826,085
Intersegment sales	-	-	(11,542)	(11,542)
Total revenue	**646,535**	**156,941**	**11,067**	**814,543**
Cost of sales	**526,221**	**124,349**	**9,608**	**660,178**
Gross profit	**120,314**	**32,592**	**1,459**	**154,365**
Other income				1,378
Selling and distribution costs				(58,853)
General and administrative expenses				(10,559)
Other (losses)/gains – net				(2,489)
Finance income (loss)				(42,214)
Income tax expenses				(1,994)
Net profit for the year (loss)				**39,634**
Total assets	**541,359**	**212,750**	**105,794**	**859,903**
Capital expenditure	1,563	13,281	6,874	21,718
Amortization and depreciation	2,659	4,533	4,473	11,665
Liabilities	321,680	128,806	77,284	527,770

During the year ended 30 June 2020, revenues of approximately USD 61,628 thousand are derived from a single external customer. These revenues are attributed to Origination and Marketing and Crushing and Refinery segments. Also, during that period, export sales amounted to 95% of total external sales.

For the year ended 30 June 2020, revenue from the Group's top five customers accounted for approximately 31.4 % of total revenue.

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

2 GENERAL INFORMATION (CONTINUED)

Operating segments (continued)

The Group's revenue from external customers (based on the location where sale occurred) by geographical location are detailed below:

	Revenue from external customers	
	Year ended 30 June 2020	**Year ended 30 June 2019**
European Union	285,157	213,735
Turkey	162,118	128,606
Black Sea Area	32,987	88,032
Middle East and North Africa (MENA)	215,973	70,635
Republic of Moldova	36,912	35,211
Other countries	81,396	16,107
Total	**814,543**	**552,326**

3 NUMBER OF EMPLOYEES

At 30 June 2020 the Group average number of employees was 1,985 employees (30 June 2019: 1,868).

4 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 2020.

4.1 Basis of preparation

Basis of accounting

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 except for property, plant and equipment, inventories and forward contracts which are measured at fair values.

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.

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

4.1 Basis of preparation (continued)

Basis of accounting

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.

Profit and Loss and cash flow statements

The Group presents the statement of profit and loss and other 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 profit and loss and the cash flow statements are presented for the year ended 30 June 2020.

Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 July 2019. This adoption did not have a material effect on the financial statements of the Company except for the adoption of IFRS 16 "Leases" (see Note 4.1).

The following Standards, Amendments to Standards and Interpretations have been issued by International Accounting Standards Board ("IASB") but are not yet effective for annual periods beginning on 1 July 2019. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU

- "Amendments to References to the Conceptual Framework in IFRS Standards" (effective for annual periods beginning on or after 1 January 2020). The application of the standard is not expected to have an impact on the financial statements of the Group.
- IAS 1 "Presentation of Financial Statements" (Amendments) and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Amendments): Definition of Material (effective for annual periods beginning on or after 1 January 2020). The application of the standard is not expected to have an impact on the financial statements of the Group.
- IFRS 9 "Financial Instruments" (Amendments), IAS 39 "Financial Instruments: Recognition and Measurement" (Amendments) and IFRS 7 "Financial Instruments: Disclosures" (Amendments): Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2020). The application of the standard is not expected to have an impact on the financial statements of the Group

(ii) Not adopted by the European Union

- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021). The application of the standard is not expected to have an impact on the financial statements of the Group.
- IFRS 3 "Business Combinations" (Amendments): Definition of a Business (effective for annual periods beginning on or after 1 January 2020). The application of the standard is not expected to have an impact on the financial statements of the Group.
- IFRS 10 "Consolidated Financial Statements" (Amendments) and IAS 28 "Investments in Associates and Joint Ventures" (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely). The application of the standard is not expected to have an impact on the financial statements of the Group.

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes the classification and measurement of financial assets and financial liabilities; Impairment methodology and Hedge accounting.

Financial assets and financial liabilities are recognized on the Consolidated Balance Sheet when the Group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured at fair value.

Financial assets and liabilities are offset and presented on a net basis in the Consolidated Balance Sheet, only if the Group holds an enforceable legal right of set off for such amounts and there is an intention to settle on a net basis or to realize an asset and settle the liability simultaneously. In all other instances they are presented gross in the Consolidated Balance Sheet.

In accordance with the transitional guidance, comparative figures have not been restated for prior year other than certain presentation changes. Therefore, the difference between the carrying amount of financial instruments under IAS 39 and the carrying amount under IFRS 9 has been recognized in the opening retained earnings as at date of initial application as of 1 July 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortized cost or fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVPL). The classification is dependent on the business model for managing the financial assets and on whether the cash flows represent solely the payment of principal and interest.

Financial assets and liabilities of the Group are represented by cash and cash equivalents, trade accounts receivable, other financial assets, leases, bank borrowings, bonds issued, trade accounts payable and other financial liabilities.

Cash and cash equivalents carried at amortized cost consists of cash at bank and in hand, bank overdrafts held by the Group and short-term bank deposits with a maturity of three months or less from the date of placement

Trade receivables and advances granted are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

The effective interest method calculates the amortized cost of a debt instrument and allocates interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other payables are stated at amortized cost, which approximates to their fair value given the short term nature of these liabilities. Trade and other payables are noninterest bearing. Debt instruments are initially recorded at fair value, net of transaction costs. Subsequently they are reported at amortized cost.

Financial Guarantee contract – the Group does not issue financial guarantee to third party entities. In relation to the ones issued to Group companies a financial liability is not recognized as no difference in charged cost whether the guarantee is issued or not. Certain Group companies do issue financial guarantees towards financial institutions for guaranteeing financial debt of other Group companies. It has no any financial impact over fair value of this financial debt.

From 1 July 2018 the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and advances given from initial recognition. It will estimate credit losses using a provision matrix where trade receivables and advances granted are grouped based on credit risk characteristics and the days past due. According the ageing management allocated the receivables to the following categories:

- overdue up to 30 days
- overdue 30-90 days
- overdue 91-180 days
- overdue 181-360 days
- overdue 360+ days

The management considered the last three years in determining past performance profile. The loss rates are calculated as the proportion of the receivables that are past due more than 360 days to the rest of the categories. Subsequently the ECL is calculated by allocating the loss rates, calculated on past performance and adjusted for forward looking estimates, to each of the above ageing categories as of each reporting date.

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

For trade receivables, unusual or increasingly delayed payments, increase in average credit period taken or known financial difficulties of a customer, in addition to observable changes in national or local economic conditions in the country of the customer, are considered indicators that the trade receivable balance may be impaired. The carrying amount of the asset is reduced through the use of a loss allowance account and the amount of the loss is recognized in the Consolidated Profit or Loss. When a trade receivable is uncollectable, it is written off against the loss allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to 'other external charges' in the Consolidated Profit or Loss.

The management estimates credit risk of cash and cash equivalents through an external credit rating of banks.

For all other financial assets, objective evidence of impairment could include:
- Significant financial difficulty of the counterparty, indicated through unusual or increasingly delayed payments or increase in average credit period taken;
- Evidence that the counterparty is entering bankruptcy or financial re-organization; and
- Observable changes in local or economic conditions.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and all the risks and rewards to another entity. If the Group neither transfers nor substantially retains all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Group substantially retains all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Consolidated Statement of Profit or Loss.

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 July 2018. This adoption did not have a material effect on the accounting policies of the Company, with the exception of the IFRS 9 "Financial Instruments".

As explained below, in accordance with the transition provisions of IFRS 9, the Group has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 was adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39, and the impact of adoption has been recognised in the opening retained earnings.

The following table summarizes the impact of adoption of the new standard in each individual line item of statement of financial position. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

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

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

Impact on the statement of financial position

	Balance at 30 June 2018 as previously presented	Effect of adoption of IFRS 9	1 July 2018 under IFRS 9
Available-for-sale financial assets	46	(46)	-
Financial assets at fair value through profit or loss	-	46	46
Trade and other receivables	39,226	(3,350)	35,876
Retained earnings	(187,371)	3,350	(184,021)

The Group has voluntarily changed the presentation of certain amounts in the comparative statement of financial position as disclosed in the table above to reflect the terminology of IFRS 9.

IFRS 15 'Revenue from Contracts with Customers' (IFRS 15) has been issued in May 2014. It establishes single comprehensive model to deal with revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 applies to new contracts created on or after the effective date and to existing contracts that is not yet complete as of the effective date. The Group has undertaken an analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the focus being to understand whether the timing and amount of revenue recognized could differ under IFRS 15. The Group's revenue is recognized at the moment when the transfer of the significant risks and rewards of ownership of an asset to the customer occur; in generall this moment coincides with the fulfilment of performance obligations as defined by standard.

IFRS 15 requires allocation of the transaction price to each performance obligation (or distinct good or service) such as freight, insurance, storage, dispatch and other services to deliver the contracted goods to the customers. Under the definite contractual sales the seller should bring the goods to the point of destination therefore the freight and other services meet the criteria of a performance obligation separation from the transaction price.

The Group regularly engages third-party service providers (subcontractors) to provide freight and other services to its customers. When the Group obtains a contract from a customer, the Group enters into a contract with one of those service providers, directing the service provider to render freight and other services for the customer. The Group is obliged to pay the service provider even if the customer fails to pay.

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

Starting from 1 July 2018, the Group voluntary changed its accounting policy relating to the classification of distribution expenses charged to its customers. The Group sells products to customers based on different selling terms, which include among other carriage and freight services, storage and dispatch services which are relating to costs incurred to store and prepare goods for delivery and some other distribution services (custom, certification and sanitation services and other services). These services are relating to costs incurred to deliver goods to the customers' indicated locations and consist mostly of services provided by third-parties.

Carriage and freight, storage and dispatch costs and other distribution expenses have been previously presented cumulative as selling and distribution costs. The Group decided to change the accounting policy regarding classification of distribution costs upon analysis of its performance obligations and principal versus agent considerations according to the requirements of the new revenue standard (IFRS 15), adopted by the Group starting from 1 July 2018. More specifically, the Group has identified a separate performance obligation relating to freight and other related services. Furthermore, since the control over promised goods or services is transferred to the customers only upon their receipt of the goods or services, the Group is considered to be a principal in providing freight and other services.

Based on the Group's contractual and trading relationships, the impact of adopting IFRS 15 on the consolidated financial statements is not material for the Group and there is no adjustment to classification of sales or cost of sales or on application at 1 July 2018.

IFRS 16 Leases

The Group initially applied IFRS 16 Leases from 1 July 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 "Determining whether an Arrangement contains a Lease". The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 39(N).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B. As a lessee

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

i. Leases classified as operating leases under IAS 17

Previously, the Group classified land lease as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019 (see Note 5(C)(i)). Right-of-use assets are measured at:

an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.
The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

-***ii. Leases classified as finance leases under IAS 17***

- The Group leases motor vehicles. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

- **Impact on financial statements**

i. Impact on transition
On transition to IFRS 16, the Group recognized additional right-of-use assets and additional lease liabilities, recognizing the difference (if any) in retained earnings.

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

IFRS 16 'Leases' (continued)

In the current period, the Group has applied IFRS 16. The date of initial application of IFRS 16 for the Group is 1 July 2019. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC4.

Policy applicable from 1 July 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset-this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Adoption of new and revised IFRSs (continued)

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

IFRS 16 'Leases' (continued)

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— the exercise price under a purchase option that the Group is reasonably certain to exercise, leasepayments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" line and lease liabilities in "Lease liabilities" line of statetment of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)

IFRS 16 'Leases' (continued)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Financial impact of the initial application of IFRS 16

The Group has several non-cancellable lease agreements in Giurgiulesti Free Economic Zone, where the Group's port facilities are located. Based on the Group's assessment these arrangements meet the definition of a lease under IFRS 16, and thus, the Group recognises a right-of-use asset and a corresponding liability in respect of leases unless they qualify for low value or short-term leases upon the application of IFRS 16.

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current period.

"Property, plant and equipment" comprise owned and leased assets that do not meet the definition of investment property:

	Note	30 June 2020
Property, plant and equipment owned	7	263,094
Right-of-use assets		13,176
		276,270

Right-of-use assets

The Group right-of-use assets include land, port maritime infrastructure and vehicles. Information about leases for which the Group is a lessee is presented below.

	Land	Port infrastructure	Vehicles	Total
Balance at 1 July 2019	5,914	7,339	899	14,152
Depreciation charge for the period	(420)	(417)	(139)	(976)
Balance at 30 June 2020	**5,494**	**6,922**	**760**	**13,176**

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

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

4.1 Basis of preparation (continued)

Adoption of new and revised IFRSs (continued)
IFRS 16 'Leases' (continued)

Amounts recognized in profit or loss	**30 June 2020**
Interest on lease liabilities	1,335
Depreciation charge on right-of-use assets	975
Expenses relating to short-term leases	640
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	398

Amounts recognized in the statement of cash flows	**30 June 2020**
Total cash outflow for leases	2,165

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

4.2 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) and Romanian Lei (RON) 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.

At 30 June 2020, the official rate of exchange as determined by the National Bank of Moldova was US dollar ("USD"), USD 1 = 17.2276 MDL (30 June 2019: 18.1452) and Euro ("EUR"), EUR 1 = 19.4440 MDL (30 June 2019: 20.6484), USD 1 =0.9443 CHF (2019: 0.9769), EUR 1 = 1.1287 CHF (30 June 2019: 1.1117), RON 1 = 0.2330 USD (2019: 0.241).

4.3 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.

4.4 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.

Intra group balances, and any unrealised income and expenses arising from intra group transactions are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

4.4 Basis of consolidation (continued)

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.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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.
The Group controls several entities that are not consolidated within these financial statements. The main reason is immateriality of these entities for these financial statements.
Following entities are not consolidated:

Entity	**Principal Activity**	**Country of in corporation**	**Sharehol-ding,%**
Seagull Operations International BV	Holding company	The Netherlands	100.00
TD Mediana LTD	Holding company	Ukraine	100.00
PVD Trade LTD	Holding company	Ukraine	100.00
Intreprinderea de Transport Nr 7 SA OR BALTI	Dormant company	Republic of Moldova	86.49
Boebs-Agro SRL	Dormant company	Republic of Moldova	90.00
SC Floarea Agrotrans-Service SRL	Dormant company	Republic of Moldova	100.00
OVMK Holding Limited	Holding company	Cyprus	100.00

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

4.5 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.

4.6 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.

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

4.6 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.

4.7 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.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit and loss.
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	

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

4.7 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. All items of Property, Plant and Equipment are carried at fair value.

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.

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

4.7 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.

Land and buildings under development
The cost of land and buildings under development and completed buildings for sale comprise the cost of acquiring the land and the development costs of the buildings. The development cost of the buildings includes raw materials, direct labour cost, depreciation of plant and equipment and other indirect costs of construction.

The land for development is carried at fair value and is included in land and buildings under development at the reporting date.

4.8 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.

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

4.8 Intangible assets (continued)

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.

4.9 Financial instruments

Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive income (FVOCI) - debt investment; Fair Value through Other Comprehensive income (FVOCI) - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4.9 Financial instruments (continued)

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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

4.9 Financial instruments (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously

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

4.9 Financial instruments (continued)

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

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.

Cash and cash equivalents

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

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings (including Bonds)

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.

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

4.9 Financial instruments (continued)

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.

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

Financial assets - impairment - credit loss allowance for ECL
From 1 July 2018, the Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

For all other financial assets that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 4.1, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

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

4.9 Financial instruments (continued)

Financial guarantee contracts

Financial guarantee contracts are contracts that require a Group company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor – another Group company might fail to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, and financial institutions to secure loans, overdrafts and other banking facilities. The Group does not issue financial guarantees for the benefit of third parties.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee in other income in profit or loss.

At the end of each reporting period, the guarantee is subsequently at the higher of:

- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

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.

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

4.10 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.

4.11 Inventories

Inventories held for short-term trading purposes are stated at fair value less costs to sell and any changes in fair value are recognized in the income statement. Cost is determined on weighted average method and comprises direct purchase costs, cost of production, transportation and overhead expenses. Net realizable value is determined by reference to prices existing at the balance sheet date, adjusted where the sale of inventories after the reporting period gives evidence about their net realizable value at the end of the period.
Management considers this valuation method enhances the understanding of users of these consolidated financial statements.

Other inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average method and comprises purchase value, labour costs, transportation services and drying, cleaning and processing services, where needed.

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

Supplies are valued at the lower of cost on a weighted average basis and net realizable value.

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity.

4.12 Non-current liabilities

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

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

4.13 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.

4.14 Revenue

<u>Recognition and measurement</u>
Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

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

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. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

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

4.14 Revenue (continued)

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

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Sale of goods

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

Rendering of services

Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Commission income

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

Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

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

4.14 Revenue (continued)

Interest income

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

Financing component

The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Contract assets and contract liabilities

In case the services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The Group recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Costs to obtain or fulfil contracts with customers

The Group recognizes the incremental costs incurred by the Group to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable, and recorded in the "Other assets" in the consolidated statement of financial position. Incremental costs of obtaining contracts are those costs that the Group incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognised in "cost of sales" in consolidated statement of profit or loss and other comprehensive income. Additionally, the asset is assessed for impairment and any impairment loss is recognized in "cost of sales" in consolidated statement of profit or loss and other comprehensive income.

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

4.14 Revenue (continued)

The Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

4.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss 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, Ukraine, Swiss Confederation, Romania 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.

4.16 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.

4.17 Pension costs and employee benefits

The Group, in the normal course of business, makes payments to the governments on behalf of its employees. There are no any other pension benefits except of mandatory employer's contributions levied to the governments.

Retirement and other benefit obligations
Social security contributions are payable in Moldova in the form of mandatory insurance contributions to the Social Security Fund and Health Insurance Fund for each employee (personified contributions), as well as via contributions for mandatory social insurance against occupational accidents and diseases.

Insurance contributions are payable on remuneration and other payments to individuals under employment and civil contracts.

For 2020, personified contributions are payable at the rates provided in the table below subject to an annual remuneration threshold established for contributions to the Social Security Fund. The threshold is subject to annual revision by Moldovan government.

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

4.17 Pension costs and employee benefits (continued)

Income subject to social contributions	**Social Security**	**Health Insurance**
Up to remuneration	18%	4,5%

Employees pay an individual contribution in the amount of 6% of their gross salary and other recompense in the Social Security Fund and an amount of 4,5% of their gross salary in Health Insurance Fund.

4.18 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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. Comparative information, where necessary, has been adjusted to change the presentation in the current financial year for a better understanding by the users of these consolidated financial statements. Certain comparative amounts in the statement of profit or loss and financial position have been restated as a result of a correction of a prior-period error.

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

5 FINANCIAL RISK MANAGEMENT

5.1 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, liquidity risk and compliance 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, and currency, both 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. There is no material risk generated by transactions in Romanian Leu, Ukrainian Hryvna and Swiss Frank.

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 16 and 17. The Group has not entered into any hedging arrangements in respect of its interest rate exposures. Interest bearing assets and liabilities, broken down by variable and fixed interest rates are presented below:

	30 June 2020		**30 June 2019 restated***	
	Variable	**Fixed**	**Variable**	**Fixed**
Assets	18,000	-	18,000	-
Liabilities	(150,180)	(288,778)	(90,289)	(286,540)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 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 and advances given. 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.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who have a variety of end markets in which they sell. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collections losses is inherent in the Group's trade receivables.

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (continued)

Financial risk factors (continued) The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of US Dollars	30 June 2020	30 June 2019
Trade and other receivables	112.089	86.728
Advances given	1.425	4.888
Cash and cash equivalents	60.035	75.284
	173.549	166.900

Impairment losses on financial assets and contract assets recognized in profit or loss were related to impairment lossees on trade and other receivables.

Trade receivables

The Board of Directors has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors

The Group does not require collateral in respect of trade and other receivables. The group does not have trade receivable and contract assets for which no loss allowance is recognized because of collateral.

Expected credit loss assessment for individual customers as at 1 January and 31 December 2019
The Group uses an allowance matrix to estimate lifetime ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - sales channel, age of customer relationship and type of product purchased.

The following table provides **In thousands of US Dollars**	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
1-30 days due	0,28%	76.774	(214)	Yes
30-90 days due	5,44%	27.241	(1.483)	Yes
91-180 days due	13.02%	5.691	(741)	Yes
181-360 days due	39,28%	970	(381)	Yes
More than 360 days due	100,00%	1.567	(1.568)	Yes
		112.243	(4.387)	

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 30 June 2019.

In thousands of US Dollars	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
1-30 days due	0.3%	64.499	(208)	Yes
30-90 days due	5,0%	13.447	(672)	Yes
91-180 days due	11,0%	9.411	(1.034)	Yes
181-360 days due	32,0%	1.925	(616)	Yes
More than 360 days due	100,00%	1.579	(1.579)	Yes
		90.861	(4.109)	

(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 finance 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 2020	**Less than 1 month**	**Between 1 and 3 months**	**Between 3 months and 1 year**	**Over 1 year**	**Total**
Trade and other payables	8,992	5,970	2,406	1,564	18,932
Bonds issued	-	-	-	288,778	288,778
Borrowings	-	40,646	87,000	36,603	164,249
Total	8,992	46,616	89,406	326,945	471,959

30 June 2019 *restated	**Less than 1 month**	**Between 1 and 3 months**	**Between 3 months and 1 year**	**Over 1 year**	**Total**
Trade and other payables	13,501	2,883	865	1,598	18,847
Bonds issued	-	-	-	286,540	286,540
Borrowings	5,951	29,060	32,631	37,427	105,069
Total	19,452	31,943	33,496	325,565	410,456

e) 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 30.

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 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 Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing return to shareholders through a combination of debt and equity capital. Management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and risks associated with each class of capital. Based on recommendations from management, the Group balances its overall capital structure through the issue of new debt or the redemption of existing debt.

The Group monitors capital based on the carrying amount of borrowings less cash and cash equivalents as presented in the statement of financial position. The Group is not subject to any externally imposed capital requirements.

The gearing ratio as at 30 June 2020 and 30 June 2019 was as follows:

	30 June 2020	30 June 2019 *restated*
Total borrowings (Notes 16 and 17)	453,027	391,609
Less: cash and cash equivalents (Note 14)	(60,035)	(75,284)
Net debt	392,992	316,325
Total equity	332,133	286,398
Total capital	725,125	602,723
Gearing ratio	54%	53%

**The comparative information is restated on account of correction of errors, please see Note 34.*

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 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 includes 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 2020 and 30 June 2019.

30 June 2020	**Level 1**	**Level 2**	**Level 3**
Non-financial assets			
Property, plant and equipment	-	-	276,270
Total	**-**		**276,270**
30 June 2019	**Level 1**	**Level 2**	**Level 3**
Non-financial assets			
Property, plant and equipment	-	-	245,862
Total	**-**		**245,862**

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

30 June 2020	Level 1	Level 2	Level 3
Financial Assets			
Inventories	-	271,110	
Forward Contracts	-	88,321	-
Total	**-**	**359,431**	**-**

30 June 2019	Level 1	Level 2	Level 3
Financial Assets			
Inventories	-	194,072	-
Forward Contracts	-	61,754	-
Total	**-**	**255,826**	**-**

30 June 2020	Level 1	Level 2	Level 3
Financial liabilities			
Borrowings	-	-	164,249
Total	**-**	**-**	**164,249**

30 June 2019	Level 1	Level 2	Level 3
Financial liabilities			
Borrowings	-	-	105,069
Total	**-**	**-**	**105,069**

6 USE OF ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements, assumptions and estimation uncertainties

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

a. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 12 – Leases

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 26 – Income taxes
- Note 7 – Property, plant and equipment
- Note 11 – measurement of ECL allowance on trade and other receivable
- Note 29 – Contingencies

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The fair value of property, plant and equipment was determined by external registered independent appraiser, having appropriate recognized professional qualifications.

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

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

6 USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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 24 April 2020, 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 276,270 thousand USD.

As at 30 June 2019, the group revisited the valuation of HeliosAgri International SA. The initial report was performed in accordance with International Valuation Standards by Winterhill SRL. The value of the crushing plant reached an amount of USD 28'160 thousand. After revisiting and applying a more prudent and conservative assumptions for crushing margins and volumes, the value of the plant decreased to USD 16,400 thousand.

Valuation of Property, Plant and Equipment has been undertaken using Discounted Cash Flows method, where Group's assets have been assessed as being standalone cash generating units. Disposals of Property, Plant and Equipment have to be accompanied by the respective recycle of the relevant surplus of revaluation reserve. However, given the method of valuation and the fact that additions of Property, Plant and Equipment are not revalued, management considers that recycling of revaluation surplus is not fair and do not represent the fair and correct approach. Shall management recycle a proportion of revaluation reserve equal to the disposals of Property, Plant and Equipment; this recycling would not have a material effect over the consolidated financial statements.

Significant assumptions were made relating to projected cash flows, raw materials costs, utilities costs and ROI as described in note 6 of the financial statements.
These assumptions were mainly based on historical data as well as management forecasts on sales, volumes of crushed seeds and other assumptions.

Judgements, assumptions and estimation uncertainties

As at June 2020, 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 (EBITDA) for the 12 months periods ending 30 June 2021 until 30 June 2025 are projected not to be lower than USD 90,161, USD 95,942, USD 110,742, USD 110,543 and USD 110,344 respectively. In order to sustain the valuation of Property, Plant and Equipment, the Group has to perform according to the EBITDA projections mentioned above. For the year ended 30 June 2020, Group realized an EBITDA of USD 92,044, which is well above the projected USD 74,110. There is no any impact over the value of Property, Plant and Equipment out of this outperformance.

EBITDA means the Operating Profit:

- Amortisation, depreciation and impairment of assets to the extent such amounts were deducted in computing the Operating Profit;
- Less any exceptional items to the extent they increase the Operating Profit;
- Adding back any exceptional items to the extent they decrease the Operating profit;

- 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.

6 USE OF ESTIMATES AND JUDGEMENTS (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 financial assets

The Group reviews its financial assets 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.

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.

6 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (CONTINUED)

g. Judgements, assumptions and estimation uncertainties. 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.

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 2020 amounted to USD 48,688 (30 June 2019: USD 48,688). No impairment loss was recognised for the financial years ended 30 June 2020 and 30 June 2019.

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. The depreciation policy applied is in line with 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;

k. Fair value of Forward Contracts

The fair value of forward contracts has been identified as at 30 June 2020, using the available and observable market reference prices as at that date. The realization of these forward contracts is executed at the very close prices to the ones used for the valuation of these forward contracts. There is no any material difference between the fair value identified as at 30 June 2020 and the value at which these contracts are realized.

l. IFRS 15 impact over the financial statements
The Group applies IFRS 15 Revenue from contracts with customers starting with 1 July 2018. There is no significant difference from prior year accounting policy on revenue recognition under the superseded standard IAS 18 Revenue.

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

7 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 2018					
Net book value	125,454	84,490	11,584	11,418	232,946
Net book amount	**125,454**	**84,490**	**11,584**	**11,418**	**232,946**
Year ended 30 June 2019					
Opening net book amount	125,454	84,490	11,584	11,418	232,946
Additions	1,519	3,241	63	4,013	8,836
Disposals	(2)	(790)	(727)	(741)	(2,260)
Transfers	5,626	6,580	1,080	(13,286)	-
Additions coming from acquisition of Romanian crushing plant	540	15,691	19	-	16,250
Depreciation charge	(6,524)	(2,909)	(477)	-	(9,910)
Closing net book amount	**126,613**	**106,303**	**11,542**	**1,404**	**245,862**

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

7 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 2019					
Net book value	126,613	106,303	11,542	1,404	245,862
Net book amount	**126,613**	**106,303**	**11,542**	**1,404**	**245,862**
Year ended 30 June 2020					
Opening net book amount	126,613	106,303	11,542	1,404	245,862
Additions	2,678	406	54	18,579	21,717
Disposals	(21)	(381)	(307)	(84)	(793)
Transfers	933	2,576	6,801	(10,310)	-
Right-of-use assets (IFRS 16 impact)	5,914	7,339	899	-	14,152
Depreciation charge	(7,686)	(3,427)	(562)	-	(11,675)
Fair value reserve	6,080	879	48	-	7,007
Closing net book amount	**134,511**	**113,695**	**18,475**	**9,589**	**276,270**

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

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The property, plant and equipment were re-valued on 24 April 2020.
The revaluation was performed in accordance with International Valuation Standards by external, registered and independent valuators,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 “price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ”. Where the fair value of an asset is able to be determined by reference to market-based evidence, such as sales of comparable assets, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market-based evidence, discounted cash flows or depreciated replacement cost is used to determine fair value. Management reviews the key inputs, assesses valuation movements and holds discussions with the valuers as part of the process..
The fair value measurement for all the property, plant and equipment has been recognised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 5)

The composition of the main assets is as follows:

Name & Location	**Fair value 30 June 2020**
Trans Cargo - Giurgiulesti	45,500
Trans Bulk - Giurgiulesti	7,950
Elevator Anengrain - Anenii Noi	2,275
Trans-Oil Refinery - Ceadir Lunga	29,650
Elevator Prut - Cantemir	3,183
Elevator Flograin - Floresti	1,360
Elevator Unco Cereale - Unchitesti	3,045
Elevator AgroFloris Nord - Rogojeni	2,090
Floarea Soarelui - Balti	55,670
Elevator Ulei Nord - Otaci	6,157
Exchange points	3,840
Elevator Kelly Grains 1+2 Causeni	21,520
Elevator Molgranum - Donduseni	4,121
Elevator Cereale Prut - Ungheni	5,826
Aur Alb - Ceadir Lunga	5,665
Elevator Iargara - Iargara	5,245
Elevator Molgranum - Greceni	4,918
Reniyskiy Elevator – Reni	20,750
Reni-Line – Reni	9,770
FFA Trans Oil – Chisinau offices	3,466
175 railcars -Trans Oil Commodities & Agrofloris Nord	7,350
Global Grain International -Romania	3,044
Helios Agri International – Romania	15,160
Danube Oil Company – Giurgiulesti	8,618
Other	97
	276,270

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in fair value of land, buildings, machinery used in production, computer hardware and furniture and fittings as well as the significant unobservable inputs used.

Category	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Crushing, storage and port facilities	*Discounted cash flows:* The valuation model considers the present value of net cash flows to be generated from properties taking into account net annual revenues and costs to be generated by the facility over a period of 5 years, budgeted capital expenditure and terminal value. The expected cash flows were discounted using risk-adjusted discount rates.	– Expected annual revenues and costs – Budgeted capital expenditure – Terminal value – Risk-adjusted discount rates	The estimated fair value would increase (decrease) if: – expected annual revenues were higher (lower); – expected annual costs were lower (higher); – budgeted capital expenditure were lower (higher) – terminal value were higher (lower) – risk-adjusted discount rate were lower (higher).
Chisinau Offices owned by FFA Trans Oil SRL	*Direct capitalization:* Direct capitalization is the method utilized to convert a single year's estimate of income into a value indication. The capitalization is performed by use of an overall rate, or capitalization rate.	– Average monthly rent – Assumed vacancy rate – Annual expenses and loss – Capitalization rate	The estimated fair value would increase (decrease) if: - average monthly rent were higher (lower); - assumed vacancy rate were lower (higher); - annual expenses and loss were lower (higher); - capitalization rate were lower (higher)
75 Cereal Railway Wagons owned by Agrofloris Nord SRL and 100 Cereal Railway Wagons owned by Trans Oil Commodities SRL	*Depreciated Replacement Cost*: The valuation model considers how much it would cost to reproduce an asset of equivalent utility taking into account physical, functional and economic obsolescence. It estimates the replacement cost of the required capacity rather than the actual asset.	– Physical deterioration – Functional and economic obsolescence	The estimated fair value would increase (decrease) if: - Physical deterioration were lower (higher); - Functional and economic obsolescence were lower (higher);

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The property, plant and equipment of the Group have been revalued in 2020 by an external and qualified valuator Winterhill Romania SRL. The Group has not valued the assets of Kelley Grains Corporation and TOI Commodities as these assets are clearly immaterial. The Group has, also, did not value the assets of Danube Oil Company because the main assets of the company are work-in-progress equipment and construction works for a new crushing facility in Giurgiulesti port, with a capacity of 700 MT of sunflower seeds per day. In this regard, as of June 30, 2020, the main advance payments for property, plant and equipment were as follows:

- Pressing line – USD 3,781 thousand;
- Biomass boiler house – USD 2,012 thousand;
- Metal constructions – USD 420 thousand;
- Construction site works - USD 591 thousand;
- Sunflower seed storage – USD 400 thousand;
- Sunflower hulls and cake pelletizing lines – USD 442 thousand;
- Land rent advance – USD 376 thousand.

Total project cost is expected to be USD 20,000 thousand and commissioned until May 2021.

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%.

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

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2020					
Cost	51,790	54,163	7,595	20,030	133,578
Accumulated depreciation	(15,815)	(25,357)	(961)	-	(42,133)
Net book amount	**35,975**	**28,806**	**6,634**	**20,030**	**91,445**
As at 30 June 2019					
Cost	47,313	43,829	1,331	19,281	111,754
Accumulated depreciation	(13,789)	(22,843)	(653)	-	(37,285)
Net book amount	**33,524**	**20,986**	**678**	**19,281**	**74,469**

At 30 June 2020, property, plant and equipment with a carrying amount of USD 213,076 thousand (2019: 204,545 thousand) were pledged to Noteholders (see Note 17).

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

8 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Brands	Computer software	Licenses	Other intangible assets	Total
As at 30 June 2018						
Cost	48,688	1,791	145	24	69	50,717
Accumulated amortisation	-	(31)	(142)	(10)	(18)	(201)
Net book amount	**48,688**	**1,760**	**3**	**14**	**51**	**50,516**
Year ended 30 June 2019						
Opening net book amount	48,688	1,760	3	14	51	50,516
Additions	-	-	242	-	65	307
Disposals	-	-	(7)	-	(60)	(67)
Transfers	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Amortisation for the year	-	(1)	(44)	-	-	(45)
Closing net book amount	**48,688**	**1,759**	**194**	**14**	**56**	**50,711**
As at 30 June 2019						
Cost	48,688	1,791	380	24	74	50,957
Accumulated amortisation	-	(32)	(186)	(10)	(18)	(246)
Net book amount	**48,688**	**1,759**	**194**	**14**	**56**	**50,711**
Year ended 30 June 2020						
Opening net book amount	**48,688**	**1,759**	**194**	**14**	**56**	**50,711**
Additions	-	4	11	1	13	29
Disposals	-	-	-	-	(16)	(16)
Transfers	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Amortisation for the year	-	(1)	(70)	-	-	(71)
Closing net book amount	**48,688**	**1,762**	**135**	**15**	**53**	**50,653**
As at 30 June 2020						
Cost	48,688	1,795	391	25	87	50,970
Accumulated amortisation	-	(33)	(256)	(10)	(34)	(317)
Net book amount	**48,688**	**1,762**	**135**	**15**	**53**	**50,653**

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

8 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 Vision Holding entities	110,948	26,412	107,667	23,140
Goodwill related to Stareverest entities	80,304	56,684	48,670	25,050
	191,252	83,096	156,337	48,190

Impairment test for CGUs containing goodwill

As of 30 June 2020, 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 recoverable amount was based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU's. Management considers the Group as a sole CGU amid vertical integration and the added value its assets chain brings to its dominant position on its main markets.

The key assumptions used were as follows:
Discount rate – 11.75% being the weighted average of the Group's cost of capital.
Inflation rate – 5% being the National Bank of Moldova CPI target rate.
Forecasted EBITDA compound annual growth rate – 6.32% for the next 3 years and flat for terminal value calculation.
Forecasted EBITDA ratio range – 11.2% - 12.1% for the next 3 years.

The Group's key intellectual properties are the trademarks used in the bottled oil segment. The Group owns 39 trademarks, out of which 8 are registered with the World Intellectual Property Organization and 31 are registered in Moldova, including the Group's brand name "Trans Oil Group of Companies".

9 FORWARD CONTRACTS ASSETS AND LIABILITIES

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 2020**	**30 June 2019**
Forward contracts assets	88,321	61,754
Forward contracts liabilities	18,590	-

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

9 FORWARD CONTRACTS ASSETS/ LIABILITIES (CONTINUED)

During financial year 2020, the Group entered into several agreements with farmers in the Republic of Moldova for the supply of commodities. The farmers cultivate wheat, corn, sunflower seeds, barley and rape seeds on the area of circa 129'000 ha. The Group is entitled to receive all commodities harvested out of those lands.

The Group recognized a gain of USD 556 thousand (2019: loss of 725 thousand) from the forward contracts of previous year as a result of change in contractual terms and conditions of deliveries.

10 INVENTORIES

	30 June 2020	30 June 2019
Own production	24,932	1,397
Cereals purchased for resale	241,310	188,945
Spare parts	1,018	720
Packing materials	511	357
Raw materials for agricultural products	66	66
Other inventories	3,273	2,587
	271,110	194,072

Own production is made by the following:

	30 June 2020	30 June 2019
Refined vegetable oil	709	-
Crude vegetable oil	23,861	961
Bottled vegetable oil	362	396
Other cereals	-	40
	24,932	1,397

Cereals purchased for resale are made up as follows:

	30 June 2020	30 June 2019
Wheat	37,859	17,149
Barley	9,204	12,181
Sunflower	103,260	101,448
Corn	35,465	17,027
Other cereals	128	2,811
Soya	6,570	17,796
Peas	2	52
Rape	2,640	11,791
Crude vegetable oil	46,183	8,631
Sunflower meal	-	59
	241,311	188,945

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

10 INVENTORIES (CONTINUED)

As of the date of the present consolidated financial statements, USD 78,804 thousand (2019: USD 28'867 thousand) of the inventories of the Group, as described above, were pledged to several trade finance providers of the Group, while the majority of inventories have been free of lien.

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.

Own production and cereals purchased for resale amounting to USD 266,242 thousand are valued at fair value less costs to sell, and other inventories amounting to USD 4,868 thousand are valued at the lower of cost or net realisable value.

11 TRADE RECEIVABLES AND ADVANCES GIVEN

	30 June 2020	30 June 2019
Trade receivables	53,350	26,974
Advances to suppliers	62,174	64,917
Receivables from related parties (Note 28)	128	1,258
Receivables from the State budget	5,070	2,771
Receivables from employees	1,274	740
Other account receivables	1,756	3,090
Less: Credit loss allowance under IFRS 9	(11,663)	(13,022)
	112,089	86,728

Advances to suppliers have a non-financial character as the Group expects all advances granted to be turned into deliveries of agricultural commodities.
The amount of value added tax ('VAT') receivable included in the Receivables from the State budget amounts to USD 5,070 thousand (30 June 2019: USD 2,771 thousand). 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.
The movement in allowance for doubtful accounts receivables and advances given is as follows:

	30 June 2020	30 June 2019
Balance as at 1 July	(13,022)	(7,699)
Less: Credit loss allowance under IFRS 9 for previous periods	-	(3,350)
Less: Credit loss allowance under IFRS 9 for current period	(676)	(1,001)
Bad debts written off	1,759	-
Exchange rate differences	276	(972)
Balance at financial period ending as at	(11,663)	(13,022)

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

11 TRADE RECEIVABLES AND ADVANCES GIVEN (CONTINUED)

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 2020 the balance of such amounts is USD 1,274 (30 June 2019: USD 740).

The charge for the year ended 30 June 2020 following the ECL model was USD 278. Other USD 378 has been incurred based on effective credit losses, where the group does not expect anymore any inflows of economic benefits from its clients or suppliers.

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

	30 June 2020	30 June 2019
MDL	2,289	1,986
USD	52,438	27,844
EUR	378	234
	55,105	30,064

The Group does not hold any collateral over the trading balances.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above. The Group's exposure to credit and market risks, and impairment losses related to trade and other receivables are disclosed in Note 5

12 LEASE LIABILITIES

The Group leases land and port infrastructure, located in the Giurgiulesti, used for its transhipment purposes of traded commodities, as well as vehicles for its operational activity.

The lease agreement for land and port infrastructure was initially concluded on 16 November 2006 between Trans Cargo Terminal SRL and Danube Logistics SRL, the general investor and operator of Giurgiulesti International Free Port, and has several addendums concluded afterwards. The agreement has been concluded for a period of 25 years, terminating on 31 March 2032.

As of the date of reporting, the Group leases the following plots of land and port infrastructure through its subsidiaries:

- Trans Cargo Terminal SRL – 25,815 square metres – storage facility and forwarding services provider of grains;
- Trans Bulk Logistic SRL – 7,717 square metres – storage facility and forwarding services provider of oil production.

Lease liabilities comprise the discounted future fixed payments for land lease and annual minimum commitment for transhipped volumes of commodities via Danube Logistics's jetties.
As of 30 June 2020, annual minimum commitment payable for Trans Cargo Terminal SRL amounted to USD 666 thousand and for Trans Bulk Logistic SRL - USD 174 thousand.

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

12 LEASE LIABILITIES (CONTINUED)

The following is the maturity analysis of lease payments under the lease agreements as of 30 June 2020:

	30 June 2020
Payable within one year	1,716
Payable in the second to fifth years	6,680
Payable after five years	18,320
Total	**26,716**
less	
Future finance charges	(13,477)
Present value of lease obligations	**13,239**
less	
Current portion	(412)
Lease obligations, long-term portion	**12,827**

13 ADVANCES GIVEN

During financial year 2016, the Group has provided and reclassified some advances to Danube Logistics SRL for the long-term rent of several plots of land in Giurgiulesti Free Economic Zone, so as to match their maturity to the contracts' terms. The advance granted is classified as long-term advances:

	30 June 2020	30 June 2019
Advances given for acquisition of fixed assets	-	3,100
Advances given for long-term rent	1,425	1,788
	1,425	4,888

In June 2019, the Group granted an advance in amount of USD 3,100 thousand, which represented 50% of total price of USD 6,200 thousand, for 100 railcars which were delivered in December 2019.

14 CASH AND CASH EQUIVALENTS

	30 June 2020	30 June 2019
Cash at banks in foreign currencies	3,731	2,945
Cash in transit	44	43
Cash in USD	38,190	54,244
Restricted cash (DSRA)	18,000	18,000
Cash in hand	70	52
	60,035	75,284

The group has placed an amount of USD 18,000 with Citibank as debt service reserve account (DSRA), representing half-year coupon payment for the bonds issued in April 2019. The amount is restricted for the only purpose of paying the coupon semi-annually to noteholders as of ex-coupon dates on 9 October and 9 April, first payment being scheduled for 9 October 2019, last one on 9 April 2024. Refer to Note 17 for more information. The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 5

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

15 SHARE CAPITAL

	30 June 2020		30 June 2019	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Ordinary shares	12,572	18	12,572	18
Unsubscribed ordinary shares	-	-	-	-
Share premium	-	20,437	-	20,437
Redeemable preference shares	-	-	-	-
	12,572	20,455	12,572	20,455

In June 2019, International Finance Corporation ("IFC") being a redeemable preference shareholder of the Group, has sold its 1 B redeemable preference share to Mr. Vaja Jhashi for a price of USD 14 and has been cancelled. On 18 June 2019, Oaktree Capital Management LP via its vehicle Cooperstown SARL acquired a 12.5% interest in Aragvi Holding International Limited (the parent company of the Group) through a conversion of a loan granted to the Group in 2015 into equity. Principal, accrued interest exit fees (Note 25) and other commissions totalled USD 20,175 have been agreed by the parties to be the subscription or consideration amount.

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

16 BORROWINGS

	30 June 2020	30 June 2019
Non-current		
Bank borrowings	22,434	22,759
Loan from related party (Note 28)	14,169	14,169
Other commercial loans	-	499
	36,603	37,427
Current		
Bank borrowings	119,546	59,442
Bonds accrued interest	8,100	8,200
	127,646	67,642

Before the financial year-end, the Group entered into discussion with syndicated loan providers to rollover the balance of USD 55,000 thousand into renewed revolving pre-export facility, as referred to in the Note 35. Therefore, as of 30 June 2020, the Group carried a pre-export finance facility balance of USD 55,000 thpusand.

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 2020	Year ended 30 June 2019
6 months or less	127,546	67,642
6-12 months	-	-
1-5 years	22,534	26,048
Over 5 years	14,169	11,379
	164,249	105,069

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

	30 June 2020	30 June 2019
USD	141,715	82,310
EUR	22,534	22,759
	164,249	105,069

	30 June 2020	30 June 2019
Total bank loans	142,080	82,201
Other financial liabilities	8,000	8,200
Other commercial loans	-	499
Loan from related party	14,169	14,169
Total	164,249	105,069

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

16 BORROWINGS (CONTINUED)

Split of Group's loans and borrowings by nominal interest rates as of 30 June 2020:

Interest rate range %	0-3	3-5	5-8	8-10	Total
Loans and Borrowings	22,166	43,815	98,268	-	164,249

Split of Group's loans and borrowings by nominal interest rates as of 30 June 2019:

Interest rate range %	0-3	3-5	5-8	8-10	Total
Loans and Borrowings	22,911	36,705	45,453	-	105,069

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

17 BONDS ISSUED

	30 June 2020	30 June 2019 **restated*
Secured senior notes	300,000	300,000
Less: Unamortized debt issue costs	(11,222)	(13,460)
	288,778	286,540

**The comparative information is restated on account of correction of errors, please see Note 34.*

In April 2019 the Group issued USD 300,000 thousand secured notes ('the Notes') that will mature on 9 April 2024. The Notes coupon started to accrue from 9 April 2019 at the rate of 12.00% per annum payable semi-annually in arrears on 9 April and 9 October each year commencing from 9 October 2019.
The Notes are secured, ranking equally with all existing and future senior indebtedness of the Issuer and have been unconditionally and irrevocably guaranteed by designated Group subsidiaries on the joint and several basis to the maximum extent permitted by law.

The noteholders will share in the benefit of the Security. The Security consists of substantially all of the movable assets (excluding commodities) of Agrofloris-Nord SRL, Elevatorul Iargara SA, Floarea Soarelui SA, Molgranum SRL, Trans Bulk Logistics SRL, Trans Cargo Terminal SRL, Uleinord SRL, Combinatul de Cereale Aur Alb SA, Elevatorul Kelley Grains SA, Trans Oil Refinery SRL and Reniyskiy Elevator ALC.

The Notes contain certain restrictive covenants that limit the ability of the Issuer and, where applicable, its restricted subsidiaries to create or incur certain liens, make restricted payments, engage in amalgamations, mergers or consolidations, or combination with other entities; make certain disposals and transfers of assets; and enter into transactions with affiliates.

The Notes may be redeemed in whole, but not in part, at the option of the Issuer at a price equal to 100 per cent of their principal amount, plus accrued and unpaid interest to the redemption date, in case of a specified taxation event. The Notes could be redeemed at any time, at the option of the Issuer, up to 35 per cent of the principal aggregate amount of the Notes at redemption price of 112.00 per cent of their principal amount, plus accrued and unpaid interest to the redemption date.

Upon a change of control event each noteholder has the right, but not the obligation, to require the Issuer to purchase the Notes at the purchase price equal to 100 per cent of their principal amount, plus accrued and unpaid interest to the purchase date.
The Notes were rated in line with the Issuer's IDR by Fitch (B) and S&P (B-).

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

18 TRADE AND OTHER PAYABLES

	30 June 2020	30 June 2019
Trade payables	5,053	3,769
Advances received	8,497	12,935
Payroll and social insurance payable	1,192	404
Taxes and other payables	4,190	1,678
Due to related parties (Note 28)	-	61
	18,932	18,847

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

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 5

19 REVENUE

	30 June 2020	30 June 2019
Sales of grains and seeds	617,466	429,385
Sales of vegetable oil	137,832	87,423
Sales of oil meal	38,116	18,448
Sales of packed vegetable oil	10,061	6,125
Port, Storage, Cleaning and Drying Services	11,068	8,688
Sale of other products	-	2,257
	814,543	552,326

20 COST OF SALES

	30 June 2020	30 June 2019
Opening stocks (Own production and Cereals purchased for resale)	190,342	110,653
Purchases of goods for resale	721,602	508,133
Closing stocks (Own production and Cereals purchased for resale)	(266,242)	(190,342)
	645,701	428,444
Depreciation	7,526	5,634
Water gas and electricity	956	457
Wages and salaries	2,057	1,781
Consumables	306	105
Transportation	67	45
Packing materials	212	136
Social contributions	365	364
Port services	944	836
Rent	819	815
Fuel	339	238
Maintenance	322	167
Materials	388	86
Other expenses	175	433
	660,178	439,541

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

21 SELLING AND DISTRIBUTION

	30 June 2020	30 June 2019
Freightage expenses	28,692	16,596
Transportation	10,129	5,914
Railroad expenses	4,763	4,376
Wages and salaries	636	506
Credit loss allowance under IFRS 9	676	1,001
Inspections and surveys	2,646	2,130
Other commercial services	681	247
Certification and expertise	709	345
Custom duties	187	121
Packing expenses	260	148
Loading expenses	3,090	1,850
Depreciation	2,084	1,813
Storage Services	678	411
Marketing services	27	23
Social contributions	143	120
Insurance expenses	2,059	615
Brokerage expenses	1,096	1,545
Other Selling and Distribution expenses	297	710
	58,853	38,471

22 ADMINISTRATIVE EXPENSES

	30 June 2020	30 June 2019
Wages and salaries	4,679	4,140
Bank expenses	272	475
Social contributions	974	1,314
Taxes	291	144
Legal and consulting expenses	616	1,077
Entertainment and representation expenses	36	99
Depreciation	442	685
Audit fees	206	212
Maintenance	268	263
Rent	898	514
Telephone and postage	186	187
Survey expenses	255	289
Fuel	221	211
Insurance expenses	160	88
Travelling and accommodation	346	603
Notary's fees	41	27
Other administrative expenses	668	386
	10,559	10,714

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

23 OTHER (GAINS) / LOSSES – NET

	30 June 2020	30 June 2019
Bargain purchase Romanian assets	-	(4,452)
Loss / (gain) on disposal of fixed assets	432	(936)
Write off of financial assets at FVTPL	-	46
Depreciation	1,623	1,778
Rent expenses	140	198
Inventory write off	225	122
Fines and claims	249	195
Tax expenses	26	22
Profit/(loss) from sale of other inventories	303	(192)
Wages and salaries	413	423
Social contributions	12	20
Repair and maintenance	20	113
Other (income)/ expenses	(954)	197
	2,489	(2,466)

24 OTHER INCOME

	30 June 2020	30 June 2019
Gain from write off of expired trade payables	130	1,496
Stock count surplus	399	578
Customers Demurrage	89	94
Transportation and other services	195	505
Other operating income	565	317
Other income	1,378	2,990

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

25 NET FINANCE (INCOME) / COST

	30 June 2020	30 June 2019 *restated
Interest expenses	1,037	18,002
Loan Commissions	421	2,338
Bank Commissions	410	2,452
Interest on bonds issued	36,000	8'200
Amortization of bonds issued costs (Note 17)	2,138	193
Oaktree exit fee (Note 15)	-	727
IFC loan commission amortization	-	211
Net foreign exchange difference	2,208	(230)
Net finance cost	42,214	31,893

**The comparative information is restated on account of correction of errors, please see Note 34.*

Oaktree exit fee refered to the payment the Group was liable to once it repaid or converted the loan of Oaktree Capital Management LP via its vehicle Cooperstown SARL. Please refer to Note 15 for more details regarding the transaction.

26 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, Switzerland (12%), Cyprus (12.5%), Ukraine (18%), Romania (16%) and Ireland (12.5%). 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 2020	30 June 2019
Profit / (loss) before taxation	41,628	37,163
Tax charge at effective statutory rate of 1.5%-12% (2019: 1.5%-12%)	(1,374)	(620)
Deferred income tax expense reported in the income statement	(620)	(2,189)
Income tax expense	(1,994)	(2,809)

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 to revaluation of non-current tangible assets of Group entities in the following amounts:

Deferred tax liability as of 30 June 2019	21,825
- Movement for FY2020 due to revaluation of Property, Plant and Equipment	1,049
- Movement for FY2020 due to Swiss operation	475
Deferred tax liability as of 30 June 2020	23,349

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

27 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 proft or loss 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 2020 amounted to USD 2,674 (30 June 2019: USD 2,198).

	30 June 2020	30 June 2019
Wages and salaries	10,644	8,228
Social insurance costs and other funds	2,674	2,198
	13,318	10,426

The total wages and salaries and social insurance costs and other funds do not reconcile to the respective lines, included in the notes related to Statement of Profit or Loss. Part of the total employees' expenses are accounted in other lines of the aforementioned notes, due to the inclusion of the workmanship into other lines that subsequently had been expensed to other lines.

28 RELATED - PARTY TRANSACTIONS

The ultimate controlling parties as of 30 June 2020 and during the financial year then ended were Mr. Vaja Jhashi (87.5%) and Oaktree Capital Management LP via Cooperstown SARL (12.5%). The shareholders and their 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 one of the management of Aragvi	Moldova
Floarea International SRL	Relationship via the DCFS	Romania

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

28 RELATED - PARTY TRANSACTIONS (CONTINUED)

Balances with related parties

	30 June 2020	30 June 2019
28.1 Advance balances and accounts receivable (Note 11)		
Mr.Vaja Jhashi (shareholder)	116	1,049
Floarea International SRL	-	-
Delta Commodity & Financial Services SA	11	-
Silcampes-Sud SRL (other related party)	-	209
	127	1,258

In the year ended 30 June 2019, Mr. Vaja Jhashi has taken over several balances that were guaranteed personally. This receivables balance has been mainly closed during the year ended 30 June 2020. The balance is non-interest bearing and does not have a specified maturity date.

	30 June 2020	30 June 2019
28.2 Advance balances and accounts payables (Note 18)		
Floarea International SRL	-	53
Delta Commodity & Financial Services SA	-	8
	-	61

	30 June 2020	30 June 2019
28.3Loan from related party (Note 16)		
Mr.Vaja Jhashi (shareholder)	14,169	14,169
	14,169	14,169

The loan is non-interest bearing and matures in May 2024. Also, the loan is subordinated to note holders (Note 17) and to several financial institutions - providers of trade finance facilities to the Group.

Key management compensation for the year ended as at 30 June 2020 amounts to USD 1,016 (30 June 2019: USD 755 thousand). Remuneration of Group's Board of Director for the year ended as at 30June 2020 amounted to USD 277 thousand (2019: USD 377 thousand).

29 CONTINGENCIES AND COMMITMENTS

Covenants

The Group has different set of covenants to with its lenders. Based on 30^{th} of June 2020 financial statements, the Group fulfilled all covenants requirements and was not in 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 by 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.

30 OPERATING ENVIRONMENT AND CONTINGENT LIABILITIES

Operating Environment

Over the recent years, the Group has expanded its operations through several new geographic regions and countries, some of which are categorized as developing, complex or having unstable political or economic landscapes. As a result, the Group is exposed to a range of political, economic, regulatory, social and tax environments.

The Group's assets are mainly concentrated in Moldova and Romania. Also, the Group is operating in Black Sea (Moldova, Romania and Ukraine), Mediterranean, Middle East and Americas markets as a basis of origination and marketing. The Group continues to actively engage with governmental authorities in light of potential changes and developments in legislation and enforcement policies.
Moldova has undergone substantial political and economic change. Being an emerging market, Moldova does not possess a well-developed business infrastructure, which generally exists in a more mature free market economy.

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

Romania has recently been recently classified as a high-income country by the World Bank in recognition to its high economic growth, economic and political reforms the country undergone since joining the European Union. Romania has a sovereign investment grade rating set by the major rating agencies. The Group operates a crushing facility in Romania, as well as trading operations in Constanta port. Romanian grains and oilseeds market is highly competitive with major global players operating in the country, therefore the margins are more tight than in Moldova.

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 the following:

i. Subsidiary Trans Cargo Terminal SRL has a commitment to restore the land after the lease agreement is expired (agreement between Trans Cargo Terminal SRL and Danube Logistic SRL as a lessor). Total amount of forecasted expenses is USD 95. The lease agreement has a maturity in year 2032.

ii. Subsidiary Trans Bulk Logistic SRL has a commitment to restore the land after the lease agreement is expired (agreement between Trans Bulk Logistic SRL and Danube Logistic SRL as a lessor). Total amount of forecasted expenses is USD 42. The lease agreement has a maturity in year 2032.

31 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 equals to the investment to the subsidiary.

32 PLEDGED ASSETS

The Group's main assets are pledged to the note holders. Please refer to Note 17 and Note 28 (iii) for more information.

33 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.

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

34 CORRECTION OF ERRORS

During financial year 2020, the Group discovered that amortization of eurobonds issue costs has been erroneously calculated in its financial statements for the year ended 30 June 2019. As a consequence, amortization of eurobonds issue costs and the related liabilities have been overstated. The errors have been corrected by restating each of the affected financial statement line items for the prior period.

The following tables summarize the impacts on the Group's consolidated financial statements.

Consolidated statement of financial position

30 June 2019	As previously reported	Adjustment	As restated
Total assets	**719,299**	**-**	**719,299**
Retained earnings	210,107	2,537	212,644
Other	73,754	-	73,754
Total equity	**283861**	**2,537**	**286,398**
Bond issued	289,077	(2,537)	286,540
Other	146,361	-	146,361
Total liabilities	**435,438**	**(2,537)**	**432,901**

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2019	As previously reported	Adjustment	As restated
Net finance income/ (costs)	(34,625)	(2,537)	(37,163)
Other	66,441	-	66,441
Profit	**31,816**	**2,537**	**34,354**

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

35 SUBSEQUENT EVENTS

New Credit Facilities

On 23 July 2020, the Group has signed amendment and restated agreement related to a revolving pre-export finance facility dated 24 September 2019, divided into two Tranches:

Tranche	Interest rate, %	Maturity date	Amount, USD
Tranche A	4.55+6M LIBOR	31 August 2021	145,000
Tranche B	4.75+6M LIBOR	31 August 2021	35,000
Total Tranches A and B			**180,000**

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

- ING Bank N.V. USD 36,750
- European Bank for Reconstruction and Development USD 36,750
- Unicredit Bank Austria USD 24,000
- FMO USD 15,000
- Black Sea Trade and Development Bank USD 20,000
- Mobiasbanca – OTP Group USD 10,000
- FIM Bank – USD 10,000
- Banque Cantonale Vaudoise USD 7,500
- OTP Group USD 10,000
- Arab Bank USD 10'000

Implications of COVID-19

On 11 March 2020, the World Health Organization declared the Coronavirus COVID 19 outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking down" cities/regions or even entire countries. These measures will slow down both the broader Cyprus and world economies and the operations of the company.

At present the Company is assessing the impact of these market developments for its financial position, financial performance and future cash flows. Regardless of these risks, the Company is of the opinion that, any downside is expected to be temporary in nature.

The Company cannot however preclude the possibility that extended lock down periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment we operate in will not have an adverse effect on the Company, and its financial position and operating results, in the medium and longer term. Management continues to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur