

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2020

AGROTON PUBLIC LIMITED

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AGROTON PUBLIC LIMITED**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Iurii Zhuravlov - Chief Executive Officer Tamara Lapta - Deputy Chief Executive Officer Larysa Orlova - Chief Financial Officer Borys Supikhanov - Non-Executive Director Volodymyr Kudryavtsev - Non-Executive Director
Audit Committee	Borys Supikhanov (Head of the Committee) Volodymyr Kudryavtsev
Remuneration Committee	Borys Supikhanov (Head of the Committee) Volodymyr Kudryavtsev
Secretary	Inter Jura Cy (Services) Limited
Legal Advisors	K. Chrysostomides & Co LLC
Registered office	1 Lampousas Street 1095 Nicosia Cyprus

AGROTON PUBLIC LIMITED

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY
OFFICIAL RESPONSIBLE FOR THE PREPARATION OF THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

In accordance with article 9(3)(c) and (7) of the Transparency Requirements (Securities Listed for Trading on a Regulated Market) Law of 2007 (the “Law”), as amended from time to time, we, the Members of the Board of Directors and the Company official responsible for the preparation of the condensed consolidated interim financial statements of Agroton Public Limited (the “Company”) for the six months ended 30 June 2020, confirm that to the best of our knowledge:

the condensed consolidated interim financial statements presented on pages 3 to 29:

- i) have been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and the provisions of article (9), section (4) of the Law, and
- ii) give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Agroton Public Limited and of the entities included in the condensed consolidated interim financial statements, as a whole.

Members of the Board of Directors:

Iurii Zhuravlov	signed
Tamara Lapta	signed
Larysa Orlova	signed
Borys Supikhanov	signed
Volodymyr Kudryavtsev	signed

Company official responsible for the preparation of the condensed consolidated interim financial statements of the Company for the six months ended 30 June 2020:

Larysa Orlova	signed
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Nicosia, 27 August 2020

AGROTON PUBLIC LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

	Note	<u>30 June 2020</u>	<u>30 June 2019</u>
Continuing operations			
Revenue	4	13 849	17 849
Cost of sales	5	(12 576)	(19 653)
Net change in fair value less cost to sell of biological assets and agricultural produce		7 072	5 697
Gross profit		<u>8 345</u>	<u>3 893</u>
Other operating income	6	91	78
Administrative expenses	7	(1 226)	(2 334)
Distribution expenses	8	(22)	(451)
Other operating expenses	9	(1 327)	(988)
Operating profit		<u>5 861</u>	<u>198</u>
Impairment losses on loans, trade and other receivable		(6)	(86)
Fair value losses on financial assets at fair value through profit or loss		590	-
		<u>6 445</u>	<u>112</u>
Finance income	10	87	4 594
Finance costs	10	(10 103)	(1 429)
Net finance (costs)/income		<u>(10 016)</u>	<u>3 165</u>
Profit before taxation		<u>(3 571)</u>	<u>3 277</u>
Taxation		(23)	-
Profit for the period		<u>(3 594)</u>	<u>3 277</u>
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Effect of translation into presentation currency		2 817	(368)
Total comprehensive income/(expense)		<u>(777)</u>	<u>2 909</u>
Profit attributable to:			
Owners of the Company		(3 602)	3 279
Non-controlling interests		8	(2)
		<u>(3 594)</u>	<u>3 277</u>
Total comprehensive income attributable to:			
Owners of the Company		(768)	2 904
Non-controlling interests		(9)	5
		<u>(777)</u>	<u>2 909</u>
Profit per share			
Basic and fully diluted profit per share (USD)		<u>(0,04)</u>	<u>0,13</u>
Profit per share – continuing operations			
Basic and fully diluted profit per share (USD)		<u>(0,04)</u>	<u>0,13</u>

The notes on pages 8 to 28 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

(in USD thousand, unless otherwise stated)

	Note	30 June 2020	31 December 2019
Assets			
Property, plant and equipment	11	18 368	20 884
Right-of-use assets	12	14 373	18 819
Intangible assets		33	38
Biological assets	13	1 019	1 141
Total non-current assets		33 793	40 882
Inventories	16	4 876	20 180
Biological assets	13	33 413	9 107
Investments designated at fair value through profit or loss	14	9 339	9 264
Trade and other receivables	17	1 889	4 508
Loans receivable	15	18 549	18 549
Assets held for sale		18	20
Cash and cash equivalents	18	10 241	11 938
Total current assets		78 325	73 566
Total assets		112 118	114 448
Equity			
Share capital		661	661
Share premium		88 532	88 532
Retained earnings		(11 855)	(8 253)
Foreign currency translation reserve		8 429	5 595
Total equity attributable to owners of the Company		85 767	86 535
Non-controlling interests		265	274
Total equity		86 032	86 809
Liabilities			
Lease liabilities	20	14 365	15 389
Total non-current liabilities		14 365	15 389
Lease liabilities		4 582	4 895
Loans and borrowings	20	127	127
Trade and other payables	21	6 516	6 754
Income tax liability		486	463
Liabilities held for sale		10	11
Total current liabilities		11 721	12 250
Total liabilities		26 086	27 639
Total equity and liabilities		112 118	114 448

On 27 August 2020 the Board of Directors of Agroton Public Limited approved and authorised these condensed consolidated interim financial statements for issue.

signed

 Tamara Lapta
 Deputy Chief Executive Officer

signed

 Larysa Orlova
 Chief Financial Officer

The notes on pages 8 to 28 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

	Attributable to owners of the Company						Total equity
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	
Balance at 1 January 2019	661	88 532	(9 783)	8 418	87 828	250	88 078
Adjustments on initial application of IFRS 16	-	-	(3 653)	-	(3 653)	-	(3 653)
Adjusted balance at 1 January 2019	661	88 532	(13 436)	8 418	84 175	250	84 425
Total comprehensive income							
Profit for the period	-	-	3 279	-	3 279	(2)	3 277
Other comprehensive income/(expense)	-	-	-	(375)	(375)	7	(368)
Total comprehensive income for the period	-	-	3 279	(375)	2 904	5	2 909
Balance at 30 June 2019	661	88 532	(10 157)	8 043	87 079	255	87 334
Balance at 1 January 2020	661	88 532	(8 253)	5 595	86 535	274	86 809
Total comprehensive income							
Profit for the period	-	-	(3 602)	-	(3 602)	8	(3 594)
Total comprehensive income for the period	-	-	-	2 834	2 834	(17)	2 817
Total comprehensive income for the period	-	-	(3 602)	2 834	(768)	(9)	(777)
Balance at 30 June 2020	661	88 532	(11 855)	8 429	85 767	265	86 032

The notes on pages 8 to 28 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont.)**

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

- In accordance with the Cyprus Companies Law, Cap. 113, Section 55 (2) the share premium reserve can only be used by the Company in (a) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares; (b) writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (c) providing for the premium payable on redemption of any redeemable preference shares or of any debentures of the Company.
- Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the owners (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the owners.

The above requirement of the Law is not applied in the case of the Company due to the fact that its owners are not residents in Cyprus for tax purposes.

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

	Note	30 June 2020	30 June 2019
Cash flows from operating activities:			
Profit/(Loss) for the period		(3 594)	3 277
Adjustments for:			
Depreciation		1 209	2 443
Fair value gain on financial assets at fair value through profit or loss		(590)	-
Impairment of inventories	9	1 288	944
(Gain)/Loss from changes in fair value less cost to sell of biological assets and agriculture produce		(7 072)	(5 697)
Net impairment of trade and other receivables	9	6	86
Interest income	10	(87)	(1 031)
Income from reversal of impairment of PPE	10	-	(20)
Interest expense	10	1 733	1 429
Loss on disposal of property, plant and equipment	9	-	12
Loss/(income) on disposal of current assets		8	5
Foreign exchange gain	10	8 370	(3 563)
Income tax expense		23	-
Cash flow from operations before working capital changes		1 294	(2 115)
Decrease in inventories		14 674	14 818
Increase in biological assets		(16 600)	(12 847)
Decrease in trade and other receivables		2 194	2 508
Increase in trade and other payables		555	3 707
Income tax paid		-	-
Net cash from operating activities		2 117	6 071
Cash flow from investing activities			
Acquisition of property, plant and equipment		(1 041)	(2 222)
Acquisition of financial instruments at FVTPL		-	(8 895)
Proceeds from sale of financial instruments at FVTPL		500	-
Net cash used in investing activities		(541)	(11 117)
Repayment of loans and borrowings		-	(7 730)
Interest on Notes paid		-	(47)
Repayment of principal portion of lease liabilities		-	-
Repayment of interest portion of lease liabilities		(449)	(1 031)
Net cash used in financing activities		(449)	(8 808)
Net decrease in cash and cash equivalents		1 127	(13 854)
Cash and cash equivalents at the beginning of the period		11 938	24 881
Effect from translation into presentation currency		(2 824)	(2 829)
Cash and cash equivalents at the end of the period	18	10 241	8 198

The notes on pages 8 to 28 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

1. GENERAL INFORMATION

Country of incorporation

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

The Company’s registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

Principal activities

The principal activities of the Group are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming) and milk processing. The poultry farming business has been temporarily abandoned due to the military clashes and armed conflict in Eastern Ukraine.

The Group's subsidiaries, country of incorporation, and effective ownership percentages are disclosed below:

Company name	Country of incorporation	Ownership Interest 30.06.2019	Ownership Interest 31.12.2018
Living LLC	Ukraine	99,99 %	99,99 %
PE Agricultural Production Firm Agro	Ukraine	99,99 %	99,99 %
Agroton PJSC	Ukraine	99,99 %	99,99 %
LLC Belokurakinskiy Elevator	Ukraine	99,99 %	99,99 %
Agro Meta LLC (i)	Ukraine	99,99 %	99,99 %
Rosinka-Star LLC	Ukraine	99,99 %	99,99 %
Etalon-Agro LLC (i)	Ukraine	99,99 %	99,99 %
ALLC Noviy Shlyah	Ukraine	99,99 %	99,99 %
ALLC Shiykivske	Ukraine	94,59 %	94,59 %
Agro-Chornukhinski Kurchata LLC	Ukraine	99,89 %	99,89 %
Agro-Svinprom LLC (ii)	Ukraine	99,89 %	99,89 %
Agroton BVI Limited	British Virgin Islands	100,00 %	100,00 %
Gefest LLC (i)	Ukraine	100,00 %	100,00 %
LLC Lugastan	Ukraine	99,99 %	99,99 %
LLC Siverskiy Elevator	Ukraine	100,00 %	100,00 %

(i) Agro Meta LLC, Etalon-Agro LLC, and Gefest LLC are in the process of liquidation.

(ii) In July 2011 the management of Living LLC resolved to dispose subsidiary of the Group namely Agro-Svinprom LLC engaged in the pig-breeding.

The parent company of the Group is Agroton Public Limited with an issued share capital of 21 670 000 ordinary shares with nominal value € 0,021 per share.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

1. GENERAL INFORMATION (cont.)

The shares at 30 June 2020 and as at the date of issue of these condensed consolidated interim financial statements were distributed as follows:

Shareholder	30 June 2020		27 August 2020	
	Number of Shares	Ownership interest, %	Number of Shares	Ownership interest, %
Mr. Iurii Zhuravlov	16 851 979	77,77 %	16 851 979	77,77 %
Others	4 818 021	22,23 %	4 818 021	22,23 %
	<u>21 670 000</u>	<u>100,00 %</u>	<u>21 670 000</u>	<u>100,00 %</u>

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2020 comprise the financial statements of the Company and its subsidiaries (together with the Company, the "Group").

2.1 Statement of compliance

These condensed consolidated interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and were not audited by the external independent auditors of the Group. These condensed consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2019.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention except for the following:

- Biological assets and agricultural produce, which are stated at fair value less costs to sell (agricultural produce is measured at fair value at the point of harvest)
- Debt securities which are stated at amortised cost
- Investments designated at fair value through profit or loss.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

2 . BASIS OF PREPARATION (cont.)

2.3 Functional and presentation currency

The functional currencies of the companies of the Group are the Ukrainian Hryvnia (UAH) and United States Dollar (USD). The currency of Cyprus is Euro, but the principal exposure of the parent undertaking is in US dollars, therefore the functional currency of the Company is considered to be USD. Transactions in currencies other than the functional currency of the Group's companies are treated as transactions in foreign currencies. The Group's management decided to use US dollar (USD) as the presentation currency for financial and management reporting purposes. Exchange differences arising are classified as equity and transferred to the translation reserve.

The exchange rates used in preparation of these condensed consolidated interim financial statements, are as follows:

Currency	30 June 2020	Average for the six months ended 30 June 2020	31 December 2019	Average for the six months ended 30 June 2019	31 December 2018
US dollar - UAH	26,6922	25,9834	23,6862	26,1664	27,6883

2.4 Going concern basis

These condensed consolidated interim financial statements have been prepared under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. Renewals of the Group's assets, and the future activities of the Group, are significantly influenced by the current and future economic environment in Ukraine. The Board of Directors and Management are closely monitoring the events in the current operating environment of the Group as described in note 25 to the condensed consolidated interim financial statements and has assessed the current situation and there is no indication of adverse effects while at the same time are taking all the steps to secure Group's short and long term viability. To this effect, they consider that the Group is able to continue its operations as a going concern.

2.5 Standards and interpretations

Adoption of new and revised International Financial Reporting Standards and Interpretations

As from 1 January 2020, the Group adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by EU which are relevant to its operations. This adoption did not have a material effect on the condensed consolidated financial statements of the Group.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial statements. Their adoption in the next reporting periods is not expected to have a material impact on the Group.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2019.

4. REVENUE

	<u>30 June 2020</u>	<u>30 June 2019</u>
Sales of goods	13 496	17 574
Rendering of services	353	275
Total	<u><u>13 849</u></u>	<u><u>17 849</u></u>

Revenue generated from sale of goods was as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
Livestock and related revenue	1 213	1 935
Winter wheat	32	2 558
Sunflower	12 139	5 836
Corn in grain	60	94
Vegetable oil and protein meals	-	6 795
Other agricultural crops	52	356
Total	<u><u>13 496</u></u>	<u><u>17 574</u></u>

Sales volume for main agricultural products in tonnes was as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>tonnes</u>	<u>tonnes</u>
Winter wheat	225	13 799
Sunflower	37 461	18 908
Corn in grain	572	652
Vegetable oil and protein meals	-	16 585
Total	<u><u>38 258</u></u>	<u><u>49 944</u></u>

Sales volume for milk yield for the six months ended 30 June 2020 was 3 097 tonnes (30 June 2019: 5 146 tonnes).

Revenue generated from rendering of services relates to storage and handling services provided to third parties.

Livestock and related revenue includes revenue from poultry and other livestock related products.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

5. COST OF SALES

	<u>30 June 2020</u>	<u>30 June 2019</u>
Livestock and related operations	1 216	1 878
Plant breeding and related operations	11 079	11 609
Vegetable oil and protein meals	-	5 946
Other activities	281	220
Total	<u>12 576</u>	<u>19 653</u>

6. OTHER OPERATING INCOME

	<u>30 June 2020</u>	<u>30 June 2019</u>
Government grants	21	13
Reversal of provision for bad debts	12	-
Income from reversal of impairment of PPE	-	20
Other income	58	45
Total	<u>91</u>	<u>78</u>

7. ADMINISTRATIVE EXPENSES

	Note	<u>30 June 2020</u>	<u>30 June 2019</u>
Personnel expenses		867	1 859
Amortisation of intangible assets		5	-
Depreciation charge		23	25
Transportation expenses		51	88
Materials		3	4
Insurance		1	1
Professional fees		115	180
Communication services		30	30
Other expenses		131	147
Total		<u>1 226</u>	<u>2 334</u>

8. DISTRIBUTION EXPENSES

	Note	<u>30 June 2020</u>	<u>30 June 2019</u>
Transportation expenses		22	444
Other expenses		-	7
Total		<u>22</u>	<u>451</u>

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

9. OTHER OPERATING EXPENSES

	<u>30 June 2020</u>	<u>30 June 2019</u>
Depreciation charge	8	6
Loss on disposal of property, plant and equipment		12
Loss on disposal of land lease rights	-	5
Impairment of inventories	1 288	944
Fines and penalties	1	-
Other expenses	30	21
Total	<u><u>1 327</u></u>	<u><u>988</u></u>

10. NET FINANCE COSTS

	<u>30 June 2020</u>	<u>30 June 2019</u>
Interest income	87	1 031
Profit on foreign exchange differences	-	3 563
Finance income	<u><u>87</u></u>	<u><u>4 594</u></u>
Finance costs on lease liabilities	(1 733)	(1 406)
Interest on non-bank loans	-	(6)
Interest on notes		(17)
Loss on foreign exchange differences	(8 370)	
Finance costs	<u><u>(10 103)</u></u>	<u><u>(1 429)</u></u>
Net finance (costs)/income	<u><u>(10 016)</u></u>	<u><u>3 165</u></u>

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired items of property, plant and equipment with a cost of USD 1 041 thousand (the six months ended 30 June 2019: USD 2 222 thousand).

12. RIGHT-OF-USE ASSETS

The Group's right-of-use assets represent leases of plough-land from individuals. The total size of leased plough-land at 30 June 2020 is 94 thousand hectares (31 December 2019: 94 thousand hectares).

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2020*(in USD thousand, unless otherwise stated)***13. BIOLOGICAL ASSETS**

Biological assets were presented as follows:

	30 June 2020	31 December 2019
Crops under cultivation	32 789	8 376
Animals in growing and fattening	624	731
<i>Total current biological assets</i>	33 413	9 107
Cattle	1 019	1 141
<i>Total non-current biological assets</i>	1 019	1 141
Total	34 432	10 248

13.1 Crops under cultivation

At 30 June 2020 and 31 December 2019 the crops under cultivation were presented as follows:

	30 June 2020		31 December 2019	
	Thousands of hectares	Carrying values	Thousands of hectares	Carrying values
Winter wheat plantings	37	14 997	38	8 232
Corn plantings	1	226	-	-
Sunflower plantings	38	17 258	-	-
Winter rape plantings	1	187	1	137
Other plantings	1	121	-	-
Total	78	32 789	39	8 376

The main crops harvested and the fair value at the time of harvesting was as follows:

	30 June 2020		30 June 2019	
	Volume, tonnes	Amount, USD thousand	Volume, tonnes	Amount, USD thousand
Winter wheat	445	86	19 346	5 156
Other sowing	6 112	159	8 222	451
Total	6 557	245	27 568	5 607

Other sowing mainly includes grass plants for production of animal feed.

Expenses capitalised in biological assets mainly include fertilisers, fuel, seeds and labour.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

13. BIOLOGICAL ASSETS (cont.)

13.2 Non-current biological assets and animals in growing and fattening

Non-current biological assets:

	30 June 2020		31 December 2019	
	Number, heads	Fair value	Number, heads	Fair value
Cattle	1 062	1 019	1 072	1 141
Total		1 019		1 141

Animals in growing and fattening:

	30 June 2020		31 December 2019	
	Number, heads	Fair value	Number, heads	Fair value
Cattle	1 240	622	1 273	731
Horses	2	2	-	-
Total		624		731

Expenses capitalised in biological assets of animals include mixed fodder, electricity, labour, depreciation and other.

14. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020	31 December 2019
US Treasury notes	9 198	9 157
Bank of Cyprus Holdings Plc	141	107
Total	9 339	9 264

15. LOANS RECEIVABLE

	Note	30 June 2020	31 December 2019
<i>Current assets</i>			
Loans to related parties	22	18 549	18 549
Loans to third parties		5 767	5 767
Provision for impairment		(5 767)	(5 767)
Total		18 549	18 549

AGROTON PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the six months ended 30 June 2020***(in USD thousand, unless otherwise stated)***15. LOANS RECEIVABLE (cont.)**

- On 29 June 2012, the Company has entered into a loan agreement with Stimi Agri Limited amounting to USD 2 million. The loan bears interest of 20% per annum and expired on 29 June 2013. On 28 June 2013 the two parties agreed to postpone the repayment date to 31 December 2014. During 2014 the two parties agreed to further postpone the repayment date to 31 December 2015. During 2015 the two parties agreed to further postpone the repayment date to 31 December 2016. During 2016 the two parties agreed to further postpone the repayment date to 31 December 2017. During 2017 the two parties agreed to further postpone the repayment date to 31 December 2018. The above loan is unsecured.
- On 29 June 2012, the Company has entered into a loan agreement with Stimi Agri Limited amounting to USD 2 million. The loan bears interest at a rate of 10% per annum and expired on 29 December 2013. On 28 June 2013 the two parties agreed to postpone the repayment dates to 31 December 2014. During 2014 the two parties agreed to further postpone the repayment to 31 December 2015. During 2015 the two parties agreed to further postpone the repayment date to 31 December 2016. During 2016 the two parties agreed to further postpone the repayment date to 31 December 2017. During 2017 the two parties agreed to further postpone the repayment date to 31 December 2018. The above loan is unsecured.
- On 4 March 2013, the Company has entered into a loan agreement with Agriland Trading Limited amounting to USD 10 million. The loan bears interest at a rate of 20% and expired on 4 March 2014. During 2014 the two parties agreed to further postpone the repayment to 31 December 2015. During 2015 the two parties agreed to further postpone the repayment date to 31 December 2016. During 2016 the two parties agreed to further postpone the repayment date to 31 December 2017. During 2017 the two parties agreed to further postpone the repayment date to 31 December 2018. The above loan is unsecured.
- On 1 October 2013, the Company has entered into a loan agreement with Hoyt Network Limited amounting to USD 10 million. The loan bears interest at a rate of 10% and expired on 1 October 2014. During 2014 the two parties agreed to further postpone the repayment to 1 October 2015. During 2015 the two parties agreed to further postpone the repayment date to 31 December 2016. During 2016 the two parties agreed to further postpone the repayment date to 31 December 2017. During 2017 the two parties agreed to further postpone the repayment date to 31 December 2018. The above loan is unsecured.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(in USD thousand, unless otherwise stated)

16. INVENTORIES

	30 June 2020	31 December 2019
	<hr/>	<hr/>
Raw materials	1 426	1 387
Work-in-progress	1 609	4 153
Agricultural produce	531	13 689
Finished goods	1	-
Other	1 309	951
Total	4 876	20 180
	<hr/> <hr/>	<hr/> <hr/>

Agricultural produce

The main agricultural produce was as follows:

	30 June 2020	31 December 2019
	<hr/>	<hr/>
Winter wheat	168	125
Sunflower	-	12 792
Corn	8	36
Other agricultural crops	355	736
Total	531	13 689
	<hr/> <hr/>	<hr/> <hr/>

The main agricultural produce volume in tonnes was as follows:

	30 June 2020	31 December 2019
	<hr/>	<hr/>
Winter wheat	1 040	783
Sunflower	2	40 869
Corn	74	307
Total	1 116	41 959
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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17. TRADE AND OTHER RECEIVABLES

	Note	30 June 2020	31 December 2019
Trade receivables		257	2 877
Provision for impairment of receivables		-	-
Trade receivables, net		257	2 877
Prepayments to suppliers		840	891
Other receivables		33 602	33 695
Provision for impairment of prepayments and other receivables		(33 186)	(33 206)
VAT recoverable		376	251
Total		1 889	4 508

On 29 June 2012, the Company entered into a preliminary agreement with Stiomi Agri Limited ('Seller') for the acquisition of 100% of the issued share capital of Private Enterprise 'Peredilske'. The parties agreed that the price for transfer of the company's shares amounting to USD 23 080 000.

On 26 December 2012, the Company entered into a preliminary agreement with Stiomi Agri Limited ('Seller') for the acquisition of 100% of the issued share capital of Limited Liability Company 'Skhid Potencial-Resurs'. The parties agreed that the price for transfer of the company's shares shall amount to USD 10 000 000.

On 3 September 2013 both agreements for the acquisition of PE "Peredilske" and of LLC "Skhid-Potencial-Resurs" have been cancelled. The parties agreed that the whole amount paid should be returned to the Company within twelve months of the signing of the cancellation agreements, either in cash and/or an equivalent market value's worth of agricultural goods.

Due to political and economic developments and military conflict in Eastern Ukraine, Stiomi Agri Limited is currently unable to repay this amount to the Group. It is highly probable that this amount will never be recovered, therefore an impairment loss for USD 33 080 thousand was recognised in 2014.

18. CASH AND CASH EQUIVALENTS

	30 June 2020	31 December 2019
Cash at bank - USD	9 428	11 112
Cash at bank - UAH	811	824
Cash at bank - Euro	1	1
Cash in hand	1	1
Total	10 241	11 938

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19. LEASE LIABILITIES

	30 June 2020	31 December 2019
<i>Non-current liabilities</i>		
Lease liabilities	14 365	15 389
	14 365	15 389
<i>Current liabilities</i>		
Lease liabilities	4 582	4 895
	4 582	4 895
Total lease liabilities	18 947	20 284

Lease liabilities represent Group's obligations recognised in respect of the Group's right-of-use assets in respect of operating leases of plough-land from individuals.

20. LOANS AND BORROWINGS

	30 June 2020	31 December 2019
<i>Current liabilities</i>		
Loan from owner	127	127
Total loans and borrowings	127	127

21. TRADE AND OTHER PAYABLES

	30 June 2020	31 December 2019
Trade payables	490	78
Payroll and related expenses accrued	4 030	6 186
Advances received	1 874	-
Liabilities for other taxes and mandatory payments	66	135
VAT payable	10	287
Accrued expenses	17	36
Other provisions	8	13
Other liabilities	21	19
Total	6 516	6 754

AGROTON PUBLIC LIMITED

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22. RELATED PARTY BALANCES AND TRANSACTIONS

As at 30 June 2020 and the date of this report, the Company is controlled by Mr. Iurii Zhuravlov, who holds directly 77,77% of the Company's share capital. The remaining 22,23% of the shares is widely held.

For the purposes of these condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

According to these criteria the related parties of the Group are divided into the following categories:

- a. Companies in which Group's companies have an equity interest;
- b. Companies in which key management personnel has an equity interest;
- c. Key management personnel;
- d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies.

Salary costs of key management personnel for the six months ended 30 June 2020 and 30 June 2019 were as follows:

	30 June 2020	30 June 2019
Wages and salaries	775	1 205
Contributions to social funds	6	10
Total	781	1 215

Key management personnel include Directors (Executive and Non-Executive), the Chief Financial Officer, the Chief Agronomist, the Head of the Food Production Division and the Head of the Livestock Division.

	30 June 2020	30 June 2019
<i>Number of key management personnel, persons</i>	11	11

AGROTON PUBLIC LIMITED

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22. RELATED PARTY BALANCES AND TRANSACTIONS (cont.)

Outstanding balances with related parties:

Loans receivable	30 June 2020	31 December 2019
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	18 549	18 549
Total	18 549	18 549

Loans payable		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	127	127
Total	127	127

The Group's transactions with related parties:

Finance income	30 June 2020	30 June 2019
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	-	736
Total	-	736

Expenses

c. Key management personnel	781	1 215
Total	781	1 215

23. OPERATING SEGMENTS

A reportable segment is a separable component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generates revenues other than risks and income of those components that are peculiar to other reportable segments.

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All reportable segments' results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

AGROTON PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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23. OPERATING SEGMENTS (cont.)

For the six months ended 30 June 2020 the Group identified the following reportable segments, which include products and services, that differ by levels of risk and conditions of generation of income:

- Plant breeding
 - Livestock
 - Vegetable oil and protein meal
 - Other
- (i) Plant breeding segment raises and sells agricultural products and renders accompanying services. The main types of agricultural produce which are sold in this reportable segment are wheat, rye, barley, sunflowers, rape and sunflower oil. The main services which are sold in this reportable segment are ploughing, handling and grain storage services.
- (ii) Livestock segment raises and sells biological assets and agricultural products of cattle breeding. The main biological assets and agricultural products which are sold in this reportable segment are poultry, cattle, pigs and milk.
- (iii) Vegetable oil and protein meal is a new segment the Group started disclosing in 2017. It represents the processing of own sunflower seeds into sunflower oil and protein meal using outsourced production facilities.

No operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Management monitors the operating results of each of the unit separately for the purpose of making decisions about resources allocation and evaluation of operating results.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the condensed consolidated interim financial statements. Group financing (including finance expense and finance income) and income taxes, are managed on a group basis and are not allocated to operating segments.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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23. OPERATING SEGMENTS (cont.)

Information by reportable segment is presented as follows:

For the six months ended 30 June 2020	Livestock	Plant breeding	Vegetable oil and protein meal	Other	Group level	Total
Total revenue	1 679	19 171	-	8 078	-	28 928
Inter-segment sales	(466)	(6 888)	-	(7 725)	-	(15 079)
External revenues	1 213	12 283	-	353	-	13 849
Net change in fair value less cost to sell of biological assets and agricultural produce	(309)	7 381	-	-	-	7 072
Expenses (excluding depreciation and amortisation)	(2 136)	(20 660)	-	(482)	-	(23 278)
Profit for the period (excluding depreciation and amortisation)	(1 232)	(996)	-	(129)	-	(2 357)
Depreciation and amortisation	(124)	(987)	-	(103)	-	(1 214)
(Loss)/profit before taxation from continuing operations	(1 356)	(1 983)	-	(232)	-	(3 571)
Reportable segment assets	4 091	74 727	-	5 413	27 887	112 118
Reportable segment liabilities	572	24 734	-	167	613	26 086

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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23. OPERATING SEGMENTS (cont.)

For the six months ended 30 June 2019	Livestock	Plant breeding	Vegetable oil and protein meal	Other	Group level	Total
Total revenue	2 134	8 772	6 795	436	-	18 137
Inter-segment sales	(199)	(39)	-	(50)	-	(288)
External revenues	1 935	8 733	6 795	386	-	17 849
Net change in fair value less cost to sell of biological assets and agricultural produce	241	5 456	-	-	-	5 697
Expenses (excluding depreciation and amortisation)	(1 891)	(10 149)	(5 622)	(164)	-	(17 826)
Profit for the period (excluding depreciation and amortisation)	285	4 040	1 173	222	-	5 720
Depreciation and amortisation	(95)	(1 947)	(324)	(77)	-	(2 443)
Profit before taxation from continuing operations	190	2 093	849	145	-	3 277

Information by reportable segments for the year ended 31 December 2019 is presented as follows:

Reportable segment assets	7 155	76 342	962	256	26 232	110 947
Reportable segment liabilities	1 032	22 223	-	206	152	23 613

AGROTON PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended 30 June 2020

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24. SEASONALITY OF OPERATIONS

The Group's operations are subject to seasonal fluctuations as a result of weather conditions. In particular, the cultivation of crops is adversely affected by winter weather conditions, which occur primarily from January to March. The first half of the year typically results in lower revenues and results for cultivations.

As a result of the annual cycle of crops producing and the Group's attempts to take an advantage of seasonal price changes by managing inventory in its storage facilities, the Group's Plant breeding segment is subject to seasonal fluctuations. Profits of this segment tend to be higher in the first half of a year.

25. OPERATING ENVIROMENT*Cyprus economic environment*

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

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

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

Ukrainian economic and political environment

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

AGROTON PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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25. OPERATING ENVIROMENT (cont.)*Ukrainian economic and political environment (cont.)*

During 2015 and 2016 the anti-crisis measures undertaken by the Ukrainian government and NBU as well as financing through the extended fund facilities (EFF) agreed with International Monetary Fund (IMF) enabled the country to achieve a certain level of economic and political stability and provided the basis for economic recovery on the territory controlled by Ukraine. In 2016 and 2017 Ukraine's GDP grew by 2.3% and 2.1% respectively. This allowed NBU to ease some foreign exchange restrictions imposed since 2014, including a decrease in the share of the mandatory foreign currency conversion to 65% and permission of dividends remittance. However, certain other restrictions were prolonged.

Signs of economic recovery demonstrated in prior year continued in 2018, with inflation reducing to 9.8% from 13.7% in 2017 and GDP showing a gradual growth of 3.4% (2017: 2.5%), level of deposits in the banking sector growing, losses of the corporate and banking sectors decreasing. During 2019 the Ukrainian economy continued its growth with GDP increasing by 3.2% , inflation being 4.1% and Ukrainian Hryvnia appreciating against US Dollar by 14.5% on annual average basis. In view of these developments and in order to support international investments and trade, NBU withdrew all its requirements on mandatory sale of foreign currency proceeds and removed all its restrictions on remittance of dividends.

During 2018 the Ukrainian economy proceeded with recovery from the economic and political crisis of previous years and demonstrated a sound GDP growth of 3.4% (2017: 2.5%), decline in annual inflation of 9.8% (2017: 13.7%), and relatively stable foreign exchange rate of Ukrainian national currency.

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. 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 have slowed down both the broader Cyprus and world economies and the operations of the Group. As at the date of release of the consolidated financial statements the Group continues its operating activities without major disruptions: sowing campaign has been performed as planned, new volumes of agroproduce have been contracted with customers, the harvesting has commenced and is ongoing as expected. Therefore, unless the situation changes, the Group does not plan any significant adjustments to its annual budgeted numbers for the year ended 31 December 2020.

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

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

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25. OPERATING ENVIROMENT (cont.)*Going concern basis following the economic and political environment*

The dangers which may arise from unexpected external factors such as competition, and the further deterioration of the market conditions cannot be ignored. All these factors were analysed above. Having regard to the fact that the Company has fully settled its obligations on the Notes without incurring any additional liabilities, the Board of Directors believes that the Group will remain a going concern and that no indications of any kind of threat of liquidation exists in the foreseeable future.

The condensed consolidated interim financial statements do not include any adjustments that would be necessary in case the Group was not able to continue operating as a going concern.

26. CONTINGENT AND CONTRACTUAL LIABILITIES*Economic environment*

The exposure of the Group to the economic environment and possible impact is disclosed in note 25 to the condensed consolidated interim financial statements.

Taxation

As a result of unstable economic enviroment in Ukraine, tax authorities in Ukraine pay more and more attention to the business cycles. In connection with this, tax laws in Ukraine are subject to frequent changes. Furthermore, there are cases of their inconsistent application, interpretation and execution. Non-compliance with laws and regulations may lead to severe fines and penalties.

The Company operates in the Cypriot tax jurisdiction and its subsidiaries in tax jurisdiction of the respective countries of incorporation. The Group's management must interpret and apply existing legislation to transactions with third parties and its own activities. Significant judgment is required in determining the provision for direct and indirect 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. The Group's uncertain tax positions are reassessed by management at every reporting period end. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities.

The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the reporting period.

The Group considers that it operates in compliance with tax laws of Ukraine, although, a lot of new laws about taxes and transactions in foreign currency have been adopted recently, and their interpretation is rather ambiguous.

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26. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)*Legal matters*

In the course of its economic activities, the Group is involved in legal proceedings with third parties. In most cases, the Group is the initiator of such proceedings with the purpose of preventing or mitigating of economic losses.

The Group's management considers that as at the reporting period end, active legal proceedings on such matters will not have any significant influence on its financial position.

Pension and other liabilities

Most employees of the Group receive pension benefits from the Pension Fund, a Ukrainian Government organisation in accordance with the applicable laws and regulations of Ukraine. The Group is obliged to deduct and contribute a certain percentage of salaries to the Pension Fund to finance the benefits. The only obligation of the Group with respect to this pension plan is to make the specified contributions from salaries.

At 30 June 2020 and 31 December 2019 the Group's entities had no liabilities for any supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

27. EVENTS AFTER THE REPORTING PERIOD

Events referred to in note 25 to the condensed consolidated interim financial statements will continue to influence the Group's operations in 2020. While management believes it is taking all necessary measures to maintain the sustainability of the business in the current circumstances, a further deterioration of economic and political conditions in Ukraine could adversely affect the Group's results and financial position, so that it is currently impossible to predict.

On 27 August 2020 the Board of Directors of Agroton Public Limited approved and authorised these condensed consolidated interim financial statements for issue.