AGRICOVER SA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS as adopted by European Union

AGRICOVER SA

FINANCIAL STATEMENTS

31 DECEMBER 2018

CONTENT	**PAGE**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Agricover SA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Agricover SA (the Company), with official head office: Cubic Center, 1B Pipera Boulevard, Floor 6, Voluntari, Ilfov County, identified by sole fiscal registration number 13443360, which comprise the statement of financial position as at December 31, 2018, statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, 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.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance 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.

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Name of the Auditor/ Partner: Bogdan Ion

Bucharest, Romania
29 March 2019

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018
(All amounts in RON unless otherwise stated)

	Notes	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	8	79,087,527	96,595,292
Investment property	9	11,474,274	11,474,274
Intangible assets	10	1,831,659	2,722,087
Investments in associates	12	10	10
Other non-current assets	14	6,467,019	4,400,000
Total non-current assets		98,860,489	115,191,663
Current assets			
Inventories	13	70,618,888	45,765,020
Trade and other receivables	14	396,300,107	320,208,670
Cash and cash equivalents	15	1,310,564	958,290
Assets classified as held for sale	16	23,848,919	6,045,518
Total current assets		492,078,478	372,977,498
Total assets		590,938,967	488,169,161
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	17	26,499,699	26,498,074
Revaluation reserves	18	92,386,494	102,752,506
Other reserves		5,392,548	3,694,507
Losses related to equity instruments		(1,819,566)	(1,819,566)
Retained earnings		4,972	(18,922,431)
Total equity		122,464,147	112,203,090
Non-current liabilities			
Borrowings	19	20,629,812	12,759,781
Deferred tax liability	28	4,788,111	6,986,187
Total non-current liabilities		25,417,923	19,745,968
Current liabilities			
Trade and other payables	20	246,782,340	232,814,849
Liability from contracts with customers	14	88,921,485	-
Borrowings	19	107,353,072	123,405,254
Total current liabilities		443,056,897	356,220,103
Total liabilities		468,474,820	375,966,071
Total equity and liabilities		590,938,967	488,169,161

Approved for issue and signed on behalf of the Board of Directors on 29 March 2019.

Jabbar Kanani
President of the Board of Directors

Lucian Goga
Chief Financial Officer

Ernst & Young Assurance Services S.R.L.
29. MAR. 2019
Signed for identification
Semnat pentru identificare

The accompanying notes 1 to 31 are an integral part of these financial statements.

AGRICOVER SA

STATEMENT OF PROFIT AND LOSS

AS AT 31 DECEMBER 2018
(All amounts in RON unless otherwise stated)

	Notes	31 December 2018	31 December 2017
Revenue	21	1,636,374,596	215,859,460
Cost of sales	22	(1,486,798,592)	(184,589,916)
Net gains or losses from fair value adjustments	9	-	(2,730,437)
Gross profit		149,576,004	28,539,107
Distribution costs	23	(27,544,811)	(6,482,750)
Administrative expenses	24	(79,051,397)	(14,279,087)
Other income	25	4,298,934	540,869
Other gains/(losses) - net	26	(12,331,868)	1,255,270
Operating profit (loss)		34,946,862	9,573,409
Finance income		4,140,611	2,152,844
Finance costs		(19,464,853)	(6,406,425)
Finance costs – net	27	(15,324,242)	(4,253,581)
Profit/(Loss) before tax		19,622,620	5,319,828
Income tax credit	28	(6,399,350)	(1,190,117)
Profit/(Loss) for the year		13,223,270	4,129,711
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Loss on revaluation of land and buildings, net of tax			-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the period		13,223,270	4,129,711

Approved for issue and signed on behalf of the Board of Directors on 29 March 2019.

Jabbar Kanani
President of the Board of Directors

Lucian Goga
Chief Financial Officer

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AGRICOVER SA

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2018
(All amounts in RON unless otherwise stated)

	Share capital	Revaluation reserves	Other reserves	Losses related to equity instruments	Retained earnings	Total
Balance at 1 January 2017	7,577,982	85,095,648	1,964,241	(1,819,566)	(19,690,522)	73,127,783
Profit for the year	-	-	-	-	4,129,711	4,129,711
Total comprehensive income for the year	-	-	-	-	4,129,711	4,129,711
Revaluation reserves realized (note 18)	-	(4,647,595)	-	-	4,647,595	-
Increase in share capital	15,946,063	-	-	-	-	15,946,063
Legal reserve	-	-	227,483	-	(227,483)	-
Deferred tax	-	778,247	-	-	-	778,247
Decrease in revaluation reserves	-	(770,163)	-	-	-	(770,163)
Merger with Agricover SRL and Cerealcom Buzau SA	2,974,029	26,542,061	1,502,783	-	(9,817,513)	21,201,361
Deferred tax related to revaluation reserves from merger	-	(4,245,692)	-	-	2,035,781	(2,209,911)
Total transactions with owners, recognized directly in equity	18,920,092	17,656,858	1,730,267	-	(3,361,620)	34,945,596
Balance at 31 December 2017	26,498,074	102,752,505	3,694,507	(1,819,566)	(18,922,431)	112,203,090
Profit for the year	-	-	-	-	13,223,270	13,223,270
Total comprehensive income for the year	-	-	-	-	13,223,270	13,223,270
Revaluation reserves realized (note 18)	-	(11,998,566)	-	-	11,998,566	-
Increase in share capital	1,625	-	-	-	-	1,625
Redemption of shares	-	-	(53,346)	-	-	(53,346)
Transition adjustment for first time adoption of IFRS 15	-	-	-	-	(1,617,983)	(1,617,983)
Transition adjustment for first time adoption of IFRS 9	-	-	-	-	(744,776)	(744,776)
Legal reserve	-	-	1,018,730	-	(1,018,730)	-
Increase in other reserves	-	81,880	732,660	-	(770,677)	43,863
Prior year corrections (note 28)	-	-	-	-	(2,142,267)	(2,142,267)
Deferred tax	-	1,550,676	-	-	-	1,550,676
Total transactions with owners, recognized directly in equity	1,625	(10,366,010)	1,698,044	-	5,704,133	(2,962,208)
Balance at 31 December 2018	26,499,699	92,386,494	5,392,548	(1,819,566)	4,972	122,464,147

The accompanying notes 1 to 31 are an integral part of these financial statements.

Ernst & Young Assurance Services S.R.L.
29 MAR 2019
Signed for identification
Semnat pentru identificare

STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2018
(All amounts in RON unless otherwise stated)

	2018	2017
Cash flows from operating activities		
Profit/(Loss) for the year	13,223,270	4,129,711
Tangible and intangible depreciation, amortization (note 8 and 10)	9,970,499	2,522,634
Fair value gain/loss recognised through profit and loss (note 9)	-	2,730,437
Current assets provisions – (income)/expense (note 26)	6,463,646	(3,066,111)
(Gain)/Loss from the sale of tangible assets (note 26)	(505,019)	(278,116)
Income tax (note 28)	6,399,350	1,190,117
Interest income (note 27)	(29,826)	(27,823)
Interest expense (note 27)	4,719,662	832,170
Operating profit before changes in working capital	40,241,582	8,033,019
Changes in working capital		
Increase / (decrease) in trade and other receivables	(82,041,523)	(89,145,998)
(Increase) / decrease in the inventories	(25,978,137)	67,419,685
Increase / (decrease) in trade and other payables	102,022,164	(13,669,241)
Cash generated from operations	34,244,086	(27,362,536)
Interest paid	(4,810,643)	(741,189)
Interest received	29,826	27,823
Income tax paid	(4,941,380)	(1,409,150)
Cash generated from operating activities	24,521,889	(29,485,052)
Cash flows from investing activities		
Payments for acquisitions of land and fixed assets	(22,716,397)	(14,007,333)
Receipts from the loans granted to related parties	3,067,897	-
Proceeds from sale of land and fixed assets	4,043,550	11,717,886
Redemption of own shares	(53,346)	-
Cash used in investing activities	(15,658,296)	(2,289,447)
Cash flows from financing activities		
Proceeds from borrowings	4,065,401	18,757,081
Repayment of borrowings	(12,156,571)	(6,194,479)
Payments for the reduction of the finance lease liabilities	(421,774)	(165,263)
Increase in share capital	1,625	15,946,063
Cash in from merger	-	4,370,811
Cash generated from / (used in) financing activities	(8,511,319)	32,714,213
Cash and cash equivalents at the beginning of the year (note 15)	958,290	18,578
Increase in cash and cash equivalents	352,274	939,712
Cash and cash equivalents at the end of the year (note 15)	1,310,564	958,290

The accompanying notes 1 to 31 are an integral part of these financial statements.

Ernst & Young Assurance Services S.R.L.
29 MAR. 2019
Signed for identification
Semnat pentru identificare

1 GENERAL INFORMATION

Description of business

Agricover SA ("the Company") is a Romanian company set up in the year 2000 resulted from the merger of the two companies: Cerealcom SA and Ulvex SA. The Company's headquarter is located at 1B Pipera Blvd, Voluntari, Ilfov.

During November 2017, there was a merger process between Agricover SA, Agricover SRL and Cerealcom Buzau SA (by incorporation of Agricover SRL and Cerealcom Buzau into Agricover SA.). Following this process, the Company incorporates the Agribusiness and Agrifood lines of business under one company, increasing the efficiency and the effectiveness of control.
As a result of merger, Share capital increased with RON 2,974,029, Revaluation reserves with RON 22,296,369 (net of tax), Other reserves with RON 1,502,783 and Retained earnings decreased with RON 7,781,732.
Before the merger, the Company's main activity was storage and conditioning services for grains, and after the merger Agricover SA takes over the activity performed by Agricover SRL (distributor of agriculture inputs, grains and livestock trader and pork processing).
The merger process was approved by the Ilfov Court of Law – the civil section, through civil sentence no. 2990/2017, pronounced on 24.10.2017.

Management structure

As at 31 December 2018 the Chief Executive Officer is Mr. Ghita Pinca and Chief Financial Officer is Mr. Lucian Goga and as at 31 December 2017 the Chief Executive Officer is Mr. Daniel Florescu and Chief Financial Officer is Mr. Lucian Goga.

The financial statements prepared in accordance with International Financial Reporting Standards as adopted by European Union (EU) ("IFRS") for the year 31 December 2018 have been approved for issues by the Board of Directors in 29 March 2019. Neither the Company's owners nor others have the power to amend the financial statements after issue.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

Compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by European Union (EU) under the historical cost convention, as modified by the revaluation of land and buildings, investment property and assets held for sale. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Management has a reasonable expectation, having made appropriate enquiries that the Company has adequate resources to continue its operational existence for the foreseeable future.
Management has made this assessment after consideration of the Company's liquidity, gearing level, budgeted cash flows and related assumptions.
For this reason the Company continues to adopt the going concern basis in preparing the financial statements.

The preparation of financial statements in conformity with IFRS as adopted by EU requires the use of certain critical accounting estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Common control transactions

As described in Note 1, during 2017, Agricover Holding Group underwent a reorganisation process, whereby subsidiaries Cerealcom Buzau SA and Agricover SRL have been merged into Agricover SA. The two Companies ceased their existence in November 2017, as a result of this legal merger.
This transaction was deemed to be a business combination under common control, more precisely, a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination. All three entities (Agricover SA, Cerealcom Buzau SA and Agricover SRL) were controlled by Agricover Holding SA (the parent company), and ultimately by Mr. Jabbar Kanani.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Since such transactions are outside the scope of any IFRS, management of the Group has considered the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors elected to apply the pooling of interests method in the preparation of these consolidated financial statements, as being the most relevant and reliable under such circumstances.

When the pooling of interest method is applied, the difference between the consideration paid and carrying value of net assets received is always recognised in equity no matter whether the consideration agreed between the parties represents the fair value of the business. The Company made the election to take over the appropriate components of equity from the merged companies in its separate financial statements in the current period (e.g. current period profit or loss, current period other comprehensive income, or directly to equity) based on the component in which they were recognised in the financial statements of the merged entities.

In applying the pooling of interests method to this transaction, the Company has made the choice not to restate the financial information for the periods prior to the business combination under common control. The income statement reflects the results of the merged entities only from the date the merger became effective.

2.3 Foreign currency translation

The financial statements are presented in 'RON', which is also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss. Foreign exchange gains and losses are presented in the profit and loss within 'finance income or costs'.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

Land and buildings are stated at revalued amounts, as described below.

Land and buildings are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.
Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognized in other comprehensive income and decrease the previously recognized revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for land and buildings included in equity is transferred directly to retained earnings when the revaluation surplus is realized on the retirement or disposal of the asset. 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.

If there is no market based evidence of fair value, fair value is estimated using a cost approach. All other property, plant and equipment is stated at historical cost less accumulated depreciation and provision for impairment, where required. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Costs of minor repairs and day-to-day maintenance are expensed when incurred.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year within 'Other gains/(losses) - net' in the profit and loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Depreciation

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Useful lives in years
Buildings	9 to 70 (*)
Vehicles and machinery	1 to 40
Furniture, fittings and equipmentes	1 to 15

(*) The average useful life of buildings' depreciation is of 35 years.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.6 Investment property

The Company classified part of its land as investment property, because they are held for capital appreciation or for generating rental income rather than for use in the production or supply of goods or services or for administrative purposes or sale in the normal course of activity.

Investment property includes land rented by the Company to third parties.

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated (Net gains/(losses) from fair value adjustments) to reflect market conditions at the end of the reporting period.

Market value of the Company's investment property is determined based on reports of independent appraisers, who hold recognised and relevant professional qualifications and who have recent experience in the valuation of property in the same location and category.

Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately. Gains or losses on disposal of investment property are calculated as proceeds less the carrying amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its deemed cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation of property, plant and equipment. Any resulting increase in the carrying amount of the property is recognised in profit or loss for the year to the extent that it reverses a previous impairment loss, with any remaining increase credited directly to other comprehensive income. Any resulting decrease in the carrying amount of the property is initially charged against any revaluation surplus previously recognised in other comprehensive income, with any remaining decrease charged to profit or loss for the year as impairment.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

2.7 Intangible assets

Trademarks and licences

Acquired trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 3 to 5 years.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.
Computer software recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets and liabilities

Depending on their classification financial instruments are carried at fair value, cost, or amortised cost as described below.
Fair value is the 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. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.
Fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, exhange rate rates, volatilities and counterparty spreads) existing at the dates of the statement of financial position.
Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.
The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

Financial assets

Classification
The Company classifies its financial assets in loans and receivables and held for trading financial assets. Management determines the classification of its financial instruments at initial recognition.

2.8.1 Loans and receivables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company uses trade date accounting for regular way contracts when recording financial asset transactions.

2.8.2 Financial assets held for trading

In this category the Company entering into the forward transaction as a means of economically hedging the exchage rate exposure resulted from EUR denominated withdrawals from limits obtained from international financial institutions, holds only derivative instruments to cover exchnage rate currency risk.

Determination of fair value

For these financial assets held for trading (exchage rate forward ontracts), the fair value is determined using valuation techniques which requires estimations from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash.

Financial liabilities

The Company's holding in financial liabilities is included within financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished, discharged, cancelled or have expired.

2.8.3 Other liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are borrowings and trade payables.

Determination of fair value
For all other financial instruments, fair value is determined using valuation techniques.

In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, exhange rate rates, volatilities and counterparty spreads) existing at the dates of the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair value for loans and advances as well as liabilities to banks and other creditors are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.
The Company has not engaged in any repurchase agreements or securities lending or borrowing transactions.

2.8.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.8.5 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company first assesses whether objective evidence of impairment exists.
For loan and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss.

2.9 Assets classified as held for sale

Assets and disposal groups are classified as held for sale as their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The assets (or disposal group) are available for immediate sale and their present condition is subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable.

The management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost (WAC) method. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

In case of obsolete inventories, a valuation adjustment is recorded by the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discounts granted by suppliers and mentioned on the purchase invoices adjust, namely by decreasing, the inventories' purchase cost. Trade discounts received subsequent to invoicing related to merchandise that is still in stock adjust the inventories' purchase cost, while trade discounts related to merchandise sold are presented in profit and loss (Cost of sales).

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

In the statement of cash flows, "cash and cash equivalents" includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are included in "Other non-current assets".

2.13 Equity

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Comapny's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements is authorised for issue.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

2.16 Employee benefits

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees for social security, health and pension benefits. All employees of the Company are members of the Romanian State pension plan, which is a defined contribution plan. These payments are recognised within the profit and loss together with the salary expenses.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss over the period of the borrowings using the effective interest method.
Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. The Company recognizes borrowing costs as an expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

The Company leases certain vechicles. Leases of vechicles the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.19 Revenue recognition

Sales of goods

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues from goods sold are mainly from the distribution of grains, inputs (pesticides, seeds, fertilizers and diesel), livestock and also include revenue from sale of finished goods produced in the Group's slaughterhouse.

The revenues are recognised when the Group transfers to the buyer the main risks and rewards of the goods, which is the same moment when the invoice is issued. Bookings made when the invoice is issued consist of revenues from sale, stock discharge and other estimated costs directly related to the sale transaction.

In case of 'bill and hold' sales, in which delivery is delayed at the buyer's request but the buyer takes title and accepts billing, revenue is recognised when the buyer takes title, provided:

- it is probable that delivery will be made;
- the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
- the buyer specifically acknowledges the deferred delivery instructions; and
- the usual payment terms apply.

If delivery takes place subsequently to the issue of the invoice, a warehouse certificate, respectively a custody contract will be concluded, the stocks being therefore transferred to the buyer's property and consequently booked within an off balance sheet account. Transfer of risk and rewards for the sold grains is set by the contract when deposit certificates are issued. Deposit certificates issued will contain the grains sold, the quantities, the qualitative parameters and the location where these grains are stored.

Forward sales and purchase contracts of grains, which will be delivered / received in the future, are not accounted for as financial instruments, provided that these cannot be settled net in cash or by exchanging another financial instrument. The contracts were entered into and continue to be held for the purpose of receipt or delivery of grains to meet the Company's expected purchase, sale or usage requirements. The Company applied the 'own use' exception and did not account for such contracts as derivatives.

Revenue from services

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

Revenue from services is mainly from warehousing services from grains and others additional maintenance services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from rent

Earned rental income is recorded in profit or loss for the year within 'Revenue'. The Company recognises revenue from rent according to rental agreements concluded with third parties. Revenues from rent are mainly from the investment property rented to third parties.
Before de merger process which took place in November 2017, a significant part of land and buildings were rented (Investment property), but after the merger process, only some agricultural lands are rented, generating rental income.

2.20 Deductions from revenue

Revenue recognition requires the estimation of rebates that will be provided in respect of sales which have been made before the balance sheet date.
The Company grants to its customers the following types of commercial discounts:

- Trade discounts – on-invoice discounts, selling price is already affected by such discounts, no subsequent accounting entries are required to be made;
- Cash discounts - off-invoice discounts granted according to the commercial policy in force for the year. Such discounts are being entirely granted to the customers in case of compliance with contractual terms. Cash discounts result in the reduction of sales revenue earned during the period, and are booked at the time of sale according to an estimation.

2.21 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or,
when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all
fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Once a financial asset or a Company of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.22 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

2.23 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date in Romania. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on eitherr the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Fair value of financial assets and liabilities

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies

The resulting accounting estimates will, by definition, rarely equal the related actual results. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Allowance for bad debts

In making the judgment on the quantification of the bad debt allowance, the management assesses whether there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.
If, in a subsequent year, the amount of the provision for impairment loss changes because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by recording a gain or loss in the income statement. Trade and other receivables, together with the associated provision, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.
If collection is expected in more than one year, they are classified as non-current assets.

In accordance with IFRS 9 the allowance for bad debts was computed using the simplified approach and a lifetime estimated credit loss (ECL) was recognized on trade receivables.

The exposures were grouped based on their segment on similar credit risk characteristics. On the initial application of IFRS 9 requirements the following homogeneous receivables segments were identified based on the business line:

- Distribution exposures- namely receivables from small farmers;
- Cereals- namely receivables from large international traders ;
- Meat Processing and milk- namely receivables from large retailers (super market chains) ;
- Intercompany;
- Other receivables-mainly old receivables considered by the entity as losses;

Each impairment rate in the provision matrix is estimated as follows:
i. Receivables overdue by more than 365 days are assumed as 100% loss (no further recoveries are expected on these);
ii. Loss rates for the other ageing buckets are computed based on migration to loss state of invoices in balance during one year;
iii. An average loss rate was determined based on the average of the loss rates described at point ii. above;
iv. The average loss rate was then applied to the ageing structure as at the date of the ECL calculation.

For the purpose of the determination of the provision matrix and the final ECL calculation, receivables of all defaulted clients (e.g.: client in litigation, insolvency, bankruptcy etc.) were included in the "loss" category irrespective of their overdue status. The entity has not contaminated the loss status for clients with a DPD of 365 days as management considers that the effect of contamination is compensated by not considering further recoveries from loss state.

In case of clients with overdue invoices that are also suppliers for the entity, a compensation method was used, through which the receivables balance were compensated with the suppliers balance. The compensation should be made considering the following conditions:

- the supplier invoice should have the due date after the compensated trade receivable;
- the entity has the legal right to compensate the receivable with the liability in a short time after the receivable is overdue.

Accrual for commercial discounts related to inputs to be granted or to be received at year end

Commercial discounts granted or received related to inputs, as decribed in the summary of significant accounting policies, that relate to the current period for which are estimated and accrued for at year-end.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Estimation of fair values of land and buildings and investment property

The fair value of land and buildings and investment propery is determined through revaluation. The revaluation process is performed by certified evaluators, with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. The most recent valuation process took place as of 31 December 2016.
According to management analysis, net book value of land and buildings and investment property is in accordance with the market value of similar property, no additional valuation process being necessary as of 31 December 2018, as the only difference noted relates to the normal depreciation recorded along with the passing of one year since the last revaluation. Where appropriate, specific provisions were recorded.

Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

In the absence of current prices in an active market, the Company considers information from a variety of sources, including:

- current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Recognition of revenue from bill and hold arrangements

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from bill and hold arrangements set out in IFRS 15 and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. The directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

4 ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATION

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2018

- **IFRS 9 Financial Instruments**
  The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.
  As of 31 December 2018, the Company has analyzed impact of implementation of IFRS 9 on the accounting principles applied by the Company with respect to its operations or its financial results.
  a) Classification and measurement
  The Company has assessed the impact of IFRS 9 and no significant impact has resulted on the classification and measurement of its financial instruments after 1 January 2018.
  b) Impairment
  IFRS 9 requires the Company to record expected credit losses on all its debt securities, loans and other trade receivables, either on a 12-month or lifetime basis. The Company has assessed the impact of IFRS 9. Trade and other receivables are subject to the impairment requirements of IFRS 9. The Company has applied a forward-looking approach by impairing receivables collectively - for any customer whose credit risk increases significantly - instead of impairing individual items.

- **IFRS 15 Revenue from Contracts with Customers**
  The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles).

4 ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATION (CONTINUED)

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**
  The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach.

  IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets including sale of investment property.

  The standard provides a single, principles based five-step model to be applied to all contracts with customers, as follows:
  1. Identify the contract with a customer
  2. Identify all the individual performance obligations within the contract
  3. Determine the transaction price
  4. Allocate the price to the performance obligations
  5. Recognize revenue as the performance obligations are fulfilled.

  IFRS 15 may cause revenue to be recognized earlier in some cases, but later in others.

  IFRS 15 applies to revenue from sales of merchandise (and in particular to discounts granted to customers and to bill-and-hold agreements), revenue from sales of finished goods, revenue from services and does not apply to revenue from rent.
  No significant impact has been recorded as at 31 December 2018 from implementation of IFRS 15.

4 ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATION (CONTINUED)

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

- **IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018. The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4.
  The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach, which would permit entities that issue contracts within the scope of IFRS 4 to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets.

- **IAS 40: Transfers to Investment Property (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

4 ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATION (CONTINUED)

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**
  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures.

  - ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

  - ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATION (CONTINUED)

- **IFRIC INTERPRETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU.

  The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted.

  - ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

    The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - ***IAS 12 Income Taxes*:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
  - ***IAS 23 Borrowing Costs*:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

5 NEW ACCOUNTING PRONOUNCEMENTS

Standards issued but not yet effective and not early adopted are presented below

- **IFRS 16: Leases**
  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Company is currently assessing the impact from implementation of IFRS 16.

- **IFRS 17: Insurance Contracts**
  The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. This standard is not applicable for the Company. These Amendments have not yet been endorsed by the EU.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. These Amendments have not yet been endorsed by the EU. This standard is not applicable for the Company.

5. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. This standard is not applicable for the Company. These Amendments have not yet been endorsed by the EU.

5. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**
The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements.

- **Conceptual Framework in IFRS standards**
The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**
The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**
The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU.

5. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- **The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle,** which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

  - **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements**: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - **IAS 12 Income Taxes**: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
  - **IAS 23 Borrowing Costs:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally

6 FINANCIAL RISK MANAGEMENT

The risk management function within the Company is carried out in respect of financial risks (credit, market, geographical, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents and trade receivables. The Company has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. The Company analyses the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered.

The carrying amount of accounts receivable, net of bad debt provision, and cash and cash equivalents, represent 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 Company.

Cash is placed in financial institutions which are considered at time of deposit to have minimum risk of default. The Company has policies that limit the amount of credit exposure to any financial institution.

Market risk

The Company takes on exposure to market risks. Market risks arise from open positions in foreign currencies and interest bearing assets and liabilities. Management monitors the exposure to the risks, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Foreign currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro ("EUR") and US dollar ("USD"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the Company's exposure to foreign currency exchange rate risk at the balance sheet date:

	At 31 December 2018			At 31 December 2017		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet Position	Monetary financial assets	Monetary financial liabilities	Net balance sheet Position
EUR	1,697,082	(50,118,131)	(48,421,049)	6,147,682	(69,187,681)	(63,039,999)
USD	1,129,082	(13,579,147)	(12,450,065)	64,177	(3,194,580)	(3,130,402)
TRY	69	-	69	93	-	93
	2,826,233	(63,697,278)	(60,871,045)	6,211,952	(72,382,261)	(66,170,308)

The above analysis includes only monetary assets and liabilities.

The annual average EUR rate as of 31 December 2018 strengthened against RON compared to 31 December 2017 by 0.1%.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the balance sheet date relative to the Company's functional currency, with all other variables held constant:

	2018	2017
EUR	4.6639	4.6597
USD	4.0736	3.8915

Impact on profit/(loss) of:	2018
EUR strengthening by 0.1%	(43,644)
	2017
EUR strengthening by 0.1%	(1,646,417)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Company's interest bearing assets and income and operating cash flows are exposed to changes in market interest rates. The Company's interest rate risk arises from its bank borrowings and loans granted. Borrowings and loans issued at variable rate expose the Company to cash flow interest rate risk. The Company does not have borrowings and loans issues at fixed rates. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the company estimates the potential impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

As at 31 December 2018, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been RON 1,411,964 lower/higher (31 December 2017: RON 336,377 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by Controlling Department of the Company. Management monitors monthly rolling forecasts of the company's cash flows.

The tables below show liabilities at 31 December 2018 and at 31 December 2017 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows.

Such discounted cash flows differ from the amount included in the statement of financial position because the balance sheet amount is based on undiscounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. Foreign currency payments are translated using the spot exchange rate at the balance sheet date.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

The maturity analysis of contractual undiscounted cash flow related to financial liabilities at 31 December 2018 and 31 December 2017 is as follows:

	Less than 1 year	Between 1 and 5 years	Later than 5 years
At 31 December 2018			
Borrowings (excluding interest)	107,353,072	20,629,812	-
Interest payable	3,104,038	923,594	-
Trade and other payables	222,624,024	-	-
Total	333,081,134	21,553,406	-
At 31 December 2017			
Borrowings (excluding interest)	123,405,254	12,759,781	-
Interest payable	2,669,555	1,044,457	-
Trade and other payables	192,315,239	-	-
Total	318,390,048	13,804,238	-

7 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to comply with banks capital requirements through covenants.
In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Taking into consideration the group reorganization that took place in 2017 (the merger process), the Company is currently analyzing the financial ratios relevant for the new Group structure.

The covenants for the Company are:
- Current Ratio
- Short Term Borrowings Ratio
- Debt Ratio
- Gearing Ratio

8 PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment were as follows:

	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Construction in progress	Advances for property, plant and equipment	Total
Cost or valuation	3,302,072	25,438,692	371,171	2,394,409	438,014	31,944,356
Accumulated depreciation	(520,162)	(16,557,347)	(187,699)	-	-	(17,265,208)
Impairment	(4,371)	(2,954)	-	-	-	(7,325)
Net book value at 1 January 2017	2,777,539	8,878,390	183,472	2,394,409	438,014	14,671,824
Additions	281,964	2,576,178	189,355	14,193,606(*)	589,940	17,831,043
Disposals	(283,097)	(3,125,733)	(13,205)	(527,145)	-	(3,949,181)
Transfers	473,442	3,117,212	-	(3,590,653)	-	-
Depreciation charge	(421,871)	(1,720,251)	(49,032)	-	-	(2,191,154)
Accumulated Depreciation of Disposals	279,866	2,700,254	11,692	-	-	2,991,812
Impairment	(770,163)	-	-	-	-	(770,163)
Transfer from Merger with Agricover SRL and Cerealcom Buzau SA						
- Gross book value	22,196,682	11,552,395	660,971	473,889	212,419	35,096,356
- Accumulated depreciation	(1,062,152)	(6,287,981)	(422,300)	(27,204)	-	(7,799,637)
Transfer to Assets classified as held for sale						
- Gross book value	(5,980,991)	(243,249)	(9,813)	-	-	(6,234,053)
- Accumulated depreciation	85,367	223,517	6,355	-	-	315,238
- Impairment	770,163	-	-	-	-	770,163
Transfer (to)/ from Property, plant and equipement to Investment property	45,863,044	-	-	-	-	45,863,044
Net book value at 31 December 2017	64,209,793	17,670,731	557,494	12,916,901	1,240,373	96,595,292
Cost or valuation	65,332,954	39,315,494	1,198,479	12,944,105	1,240,373	120,031,405
Accumulated depreciation	(1,118,790)	(21,641,809)	(640,985)	(27,204)	-	(23,428,788)
Impairment	(4,371)	(2,954)	-	-	-	(7,325)
Net book value at 31 December 2017	64,209,793	17,670,731	557,494	12,916,901	1,240,373	96,595,292

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8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Construction in progress	Advances for property, plant and equipment	Total
Cost or valuation	65,332,954	39,315,494	1,198,479	12,944,105	1,240,373	120,031,405
Accumulated depreciation	(1,118,790)	(21,641,809)	(640,985)	(27,204)	-	(23,428,788)
Impairment	(4,371)	(2,954)	-	-	-	(7,325)
Net book value at 1 January 2018	64,209,793	17,670,731	557,494	12,916,901	1,240,373	96,595,292
Additions	1,706,518	5,226,657	417,850	10,480,774(*)	-	17,831,799
Disposals	(2,711,771)	(708,319)	-	(166,302)	(851,907)	(4,438,300)
Transfers	16,258,339	4,605,357	1,089,375	(21,955,553)	-	(2,482)
Depreciation charge	(4,305,980)	(3,450,486)	(162,449)	-	-	(7,918,915)
Accumulated Depreciation of Disposals	214,415	635,700	-	-	-	850,115
Transfer to Assets classified as held for sale						
- Gross book value	(22,321,003)	(11,922,586)	(164,014)	(194,695)	-	(34,602,297)
- Accumulated depreciation	2,091,236	8,609,151	44,725	-	-	10,745,112
- Impairment	-	-	-	27,204	-	27,204
Net book value at 31 December 2018	55,141,548	20,666,203	1,782,981	1,108,329	388,466	79,087,528
Cost or valuation	58,265,037	36,516,603	2,541,690	1,108,329	388,466	98,820,125
Accumulated depreciation	(3,119,119)	(15,847,445)	(758,709)	-	-	(19,725,273)
Impairment	(4,371)	(2,954)	-	-	-	(7,325)
Net book value at 31 December 2018	55,141,548	20,666,203	1,782,981	1,108,329	388,466	79,087,528

(*) Additions during 2018 for Constructions in progress refers mainly to Slaughterhouse extension work.

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fair value measurement of the Company's freehold land and buildings

The Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of, revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value measurements of the Company's freehold land and buildings was last performed as at 31 December 2016, by Deloitte Consultanţă SRL, independent valuers not related to the Company. Deloitte Consultanţă SRL, it's corporate member of National Association of Valuers from Romania and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The revalued non-current assets consisted of freehold land occupied with constructions, agricultural freehold land, buildings and agro-industrial buildings for the reception/ handling of crops.

The approach and the methods of revaluation were established considering the revalued asset's nature, the quantity and quality of the available information and the purpose of the revaluation process. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties and the fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

Borrowings (note 19) are secured against Property, plant and equipment and Assets held for sale with a carrying value of RON 61,158,147 (2017: RON 49,231,443).
Net book value for the fixed assets under finance lease liability at 31 December 2018 is RON 2,294,683 (31 December 2017: RON 2,209,785).

9 INVESTMENT PROPERTY

	2018	2017
Investment properties at fair value at 1 January	11,474,274	64,719,582
Additions	-	-
Disposals	-	(4,651,827)
Transfers to Assets classified as held for sale	-	-
Transfer to owner occupied premises	-	(45,863,044)
Net gains or losses from fair value adjustments	-	(2,730,437)
Investment properties at fair value at 31 December	11,474,274	11,474,274

Investment property includes land as at 31 December 2018 and as at 31 December 2017, held for capital appreciation or rental income rather than for use in the production or supply of goods or services or for administrative purposes or sale in the normal course of activity.

Where the Company is the lessor, the future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2018	2017
Not later than 1 year	-	451,781
Later than 1 year and not later than 5 years	-	1,663,556
Later than 5 years	-	473,643
Total operating lease payments receivable	-	2,588,980

The land held as investment property as at 31 December 2018 will be demerged into a standalone company during the year 2019, as such no future minimum lease payments receivable will be recorded starting with 2019.

10 INTANGIBLE ASSETS

	Trademarks and licences
Gross book value	4,469
Accumulated amortization	(4,469)
Net book value at 1 January 2017	-
Net book value at 31 December 2017	-
Additions	143,523
Additions from merger	
- Gross book value	8,036,837
- Accumulated depreciation	(5,126,795)
Disposals	(3,369)
Transfers	-
Depreciation charge	(331,478)
Accumulated Depreciation of Disposals/Adjustements	3,369
Net book value at 1 January 2018	2,722,087
Additions	1,160,501
Depreciation charge	(2,050,928)
Net book value at 31 December 2018	1,831,659
Gross book value	9,382,190
Accumulated amortization	(7,550,530)
Net book value at 31 December 2018	1,831,659

11 FINANCIAL INSTRUMENTS BY CATEGORY

	31 December 2018 Loans and other Receivables	31 December 2017 Loans and other Receivables
Financial assets by category		
Trade and other receivables excluding non-financial assets (note 14)	392,880,022	313,132,461
Cash and cash equivalents (note 15)	1,310,564	958,290
	394,190,586	314,090,751

	31 December 2018 Other financial liabilities at amortised cost	31 December 2017 Other financial liabilities at amortised cost
Financial liabilities by category		
Trade and other payables excluding non-financial liabilities (note 20)	222,624,024	192,315,239
Borrowings (note 19)	127,982,884	136,165,035
	350,606,908	328,480,274

12 INVESTMENTS IN ASSOCIATES

	31 December 2018	31 December 2017
Agricover Credit IFN SA	10	10
	10	10

During 2017, as a result of merger process, the investments held by Agricover SRL in Agricover Credit IFN SA was transferred to Agricover SA (the ownership percentage as at 31 December 2018 and 31 December 2017 is 0,000015%).

13 INVENTORIES

	31 December 2018	31 December 2017
Goods purchased for resale	56,354,403	15,849,997
Inventories at third parties	3,325,955	25,853,826
Less: allowance for Goods purchased for resale	(4,079,929)	(3,704,295)
Finished goods	1,971,699	2,552,414
Raw materials	1,950,138	880,622
Packaging, spare parts and other consumables	3,162,061	1,334,855
Less: allowance for impairment of Packaging, spare parts and other consumables	(1,387)	(1,387)
Inventory in transit	4,546,008	-
Advances for inventories	3,389,940	2,998,988
	70,618,888	45,765,020

Inventories held at third parties are mostly pecticides and seeds which are directly delivered from the logistic center to the customers.

Goods purchased for resale are represented by grains (such as wheat, corn, sunflower, rapeseed, soy, coriander), pesticides, fertilisers and various seeds.

Part of bank borrowings are guaranteed by mortgage on inventories (Note 19).

14 TRADE AND OTHER RECEIVABLES

	31 December 2018	31 December 2017
Trade receivables	413,270,754	299,789,390
Less: allowance for impairment of trade receivables	(36,790,428)	(31,766,795)
Trade receivables – net	376,480,326	268,022,595
Receivables from related parties (note 31)	14,642,787	40,239,909
Loans to related parties (note 31)	1,756,909	4,869,958
Value added taxes	-	7,483,892
Other receivabels	6,686,593	2,033,105
Prepayments	2,146,264	1,841,313
Advances to suppliers	1,054,248	117,894
	402,767,127	324,608,666
Less non-current portion:		
Other receivables from related parties	4,559,970	4,400,000
Other receivabels	1,907,050	-
Total other non-current assets	6,467,020	4,400,000
Current portion	396,300,107	320,208,666

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14 TRADE AND OTHER RECEIVABLES (CONTINUED)

The fair values of trade and other receivables are approximate to their carrying amount.
Other receivables classified as at 31 December 2018 and as at 31 December 2017 as a non-current other receivables refer to receivables from fixed assets sold.
As of 31 December 2018, net trade receivables of RON 27,239,267 (2017: RON 22,981,978) (including receivable from related parties) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	31 December 2018	31 December 2017
Up to 3 months	23,215,369	19,300,284
3 to 6 months	3,425,026	2,361,640
6 to 18 months	598,872	1,320,054
	27,239,267	22,981,978

Part of bank borrowings are guaranteed by mortgage on trade receivables (Note 19).

As at 31 December 2018, according to IFRS 15, the accrual for commercial discounts in amount of 88,921,485 Ron (31 December 2017: 69,354,315 Ron) was reclassified from Trade and Other receivable to Liability from contracts with customers.

15 CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
RON denominated balances with bank and cash on hand	1,218,309	927,080
Foreign currency balances with bank and cash on hand	92,255	31,210
Total	1,310,564	958,290

Part of bank borrowings are guaranteed by mortgage on cash and cash equivalents (Note 19).

16 ASSETS CLASSIFIED AS HELD FOR SALE

	31 December 2018	31 December 2017
Freehold land held for sale	1,173,148	960,776
Buildings held for sale	19,075,554	5,011,321
Vehicles and machinery held for sale	3,313,436	69,962
Construction in progress held for sale	167,492	-
Furniture, fittings and equipment held for sale	119,289	3,459
Total	23,848,919	6,045,518
Liabilities associated with assets held for sale	-	-

The Company intends to dispose of the assets located in Balta Alba, Budesti, Buzau Nord, Cilibia, Poiana Radomiresti, Ramnicu Sarat, Rosiori si Ulmeni. which are no longer utilised in the next 12 months (31 December 2017: Izvoru, C.A.Rosetti, Jianca, Stefan cel Mare, Filfani, Poiana Radomiresti, Dunareni, Lisa and Negoiesti). The property was previously used in the Company's production and trading operations.

17 SHARE CAPITAL

All shares are subscribed, fully paid and carry equal voting rights. All shares have a nominal value of RON 0.10/share.

There are no preference shares and no restrictions on shares. All issued shares are fully paid.
No dividends were declared, nor paid during 2018 and 2017.

Shareholder structure as at 31 December 2018:

	No. of shares	Amount	Percentage (%)
Agricover Holding SA	256,390,126	25,639,013	96.75
Other shareholders	8,606,865	860,687	3.25
Total	264,996,991	26,499,699	100

17 SHARE CAPITAL (CONTINUED)

During the year 2018 a number of 16,252 shares were issued at a nominal value of RON 0.10 per share, resulting in an increase in share capital of RON 1,625.

Shareholder structure as at 31 December 2017:

	No. of shares	Amount	Percentage (%)
Agricover Holding SA	256,390,126	25,639,013	96.76
Other shareholders	8,590,613	859,061	3.24
Total	264,980,739	26,498,074	100

18 REVALUATION RESERVES

As at 31 December 2016, land and buildings of the Company were revalued. The revaluation surplus was recognised in the revaluation reserves. If an asset's carrying amount was decreased as a result of a revaluation, the decrease was recognised in profit or loss. However, the decrease was recognised in other comprehensive income, to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Revaluation report was issued by Deloitte Consultanţă SRL, corporate member of National Association of Valuers from Romania.

Movements in revaluation reserve are as follows:

At 1 January 2017	85,095,648
Amounts transferred to realized revaluation reserves	(4,647,595)
Decrease in revaluation reserves	(770,163)
Deferred tax related to revaluation reserves	778,247
Increase from merger with Agricover SRL and Cerealcom Buzau SA	22,296,369
At 31 December 2017	102,752,506
At 1 January 2018	102,752,506
Amounts transferred to realized revaluation reserves	(11,998,566)
Deferred tax related to revaluation reserves	1,550,674
Increase in other reserves	81,880
At 31 December 2018	92,386,494

19 BORROWINGS

	31 December 2018	31 December 2017
Non-current		
Bank borrowings	19,207,353	11,250,001
Finance lease liabilities	1,422,460	1,509,780
	20,629,812	12,759,781
Current		
Bank borrowings	106,889,554	123,007,528
Finance lease liabilities	463,518	397,726
	107,353,072	123,405,254
Total borrowings	127,982,884	136,165,035

19.1. Bank borrowings

At 31 December 2018 and 31 December 2017 the Company had the following borrowings:

Bank	31 December 2018	31 December 2017
Unicredit Bank loan (withdrawn in RON)	11,250,000	16,875,000
Black Sea Trade and Development Bank loan (withdrawn in EUR)	-	7,945,904
BCR credit line (withdrawn in RON)	57,030,000	56,005,690
BRD credit line (withdrawn in EUR)	21,190,761	26,372,392
BRD credit line (withdrawn in RON)	4,580,686	6,395,610
Banca Transilvania credit line (withdrawn in RON)	18,438,263	8,047,119
ING credit line (withdrawn in EUR)	-	9,222,171
ING credit line (withdrawn in USD)	13,582,353	3,194,598
ING credit line (withdrawn in RON)	-	175,966
Unicredit Bank credit line (withdrawn in EUR)	24,843	23,079
	126,096,906	134,257,529

19 BORROWINGS (CONTINUED)

Unicredit Bank – Short term credit line and loan

As of 31 December 2018 Agricover SA had a medium-term loan agreement for the investments made. The total credit facility was RON 25,000,000 and having the maturity in 29 December 2020. The credit is guaranteed by a mortgage on the buildings and on equipment owned by Agricover SA.
The remaining amount as of 31 December 2018 was of RON 11,250,000 for Agricover SA (as of 31 December 2017: RON 16,875,000).

As of 31 December 2018, Agricover SA had a short-term credit line for working capital for a total value of EUR 979,400 and having the maturity on 2 October 2019. The credit line is guaranteed by mortgage on the buildings owned by Agricover SA and mortgages on inventories, trade receivables and current bank accounts.
The utilized amount as of 31 December 2018 is RON 24,843 (31 December 2017: RON 23,079).

Black Sea Trade and Development Bank - mid-term loan

On 31 December 2018 Agricover SA has completed the reimbursment of the mid-term borrowing from Black Sea Trade and Development Bank (July 2018).
The remaining amount as of 31 December 2018 is RON 0 (31 December 2017: RON 7,945,904).

Banca Comercială Română - Short term credit line

On 31 December 2018 Agricover SA had a revolving credit line for working capital purposes, for total value of RON 62,000,000 mature on 12 October 2019. The credit facility is secured by the Company's inventories, trade receivables and current bank accounts.
The utilized amount as of 31 December 2018 is of RON 57,030,000 (31 December 2017: RON 56,005,690).

BRD Group Société Générale – Short term credit line and loan

As of 31 December 2018, Agricover SA had a credit line for working capital for total value of EUR 12,000,000 mature on 31 August 2019. The borrowing is secured by the Company's lands and buildings, trade receivables and current bank accounts.
The utilized amount as of 31 December 2018 was RON 25,771,447 (31 December 2017: RON 32,768,002).

19 BORROWINGS (CONTINUED)

Banca Transilvania – Credit ceiling

On 31 December 2018 Agricover SA has a credit ceiling, in amount of RON 30,000,000 with a maturity date on 17 August 2019, utilizable under revolving system as a credit line (RON), short term loan (RON) or guarantees/contra guarantees letters. The borrowing was secured by the Company's lands and buildings, trade receivables and current bank accounts.
As of 31 December 2018, the utilized amount from the credit line was RON 18,438,263 (31 December 2017: RON 8,047,119).

ING Bank N.V. - Long term credit line

As of 31 December 2018 Agricover SA had a credit line for working capital purposes, for total value of EUR 3,000,000, amount that can be withdrawn in RON, EUR or USD and having the maturity on 28 December 2020. The facility is secured by pledge on receivables, inventories and bank current accounts of the Company. As of 31 December 2018, the amount utilized is RON 13,582,353 (31 December 2017: RON 12,592,736).

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2018	2017	2018	2017
Long term borrowings	19,207,352	11,250,001	18,048,311	10,965,198

The carrying amounts and fair value of current borrowings are as follows:

	Carrying amount		Fair value	
	2018	2017	2018	2017
Current borrowings	106,889,554	123,007,528	105,375,515	121,746,204

The fair value hierarchy is Level 3.
Taking into consideration that the Company has a large mix of borrowings, we consider that for this calculation the average interest rate of the Company loans is relevant.

19 BORROWINGS (CONTINUED)

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

Currency	31 December 2018	31 December 2017
RON	91,323,792	87,323,418
EUR	21,190,761	46,934,111
USD	13,582,353	-
	126,096,906	134,257,529

All the Company's borrowings are at variable interest rates. The effective interest rates at the balance sheet date were as follows:

	31 December 2018 (%)	31 December 2017 (%)
Bank borrowings	3.34	2.47

The Company has the following undrawn borrowing facilities:

	31 December 2018	31 December 2017
Floating rate:		
expiring within one year	55,759,734	39,022,586

19 BORROWINGS (CONTINUED)

19.2 Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The Company concluded financial lease agreements with Deutsche Leasing IFN and Unicredit Leasing Corp. IFN SA in order to acquire vehicles and machinery that are used by the Company in the normal course of the business. The average period of these agreements is 60 months.

	31 December 2018	31 December 2017
Gross finance lease liabilities – minimum lease payments:		
No later than 1 year	512,963	449,069
Later than 1 year and no later than 5 years	1,487,063	1,596,634
Later than 5 years	-	-
Future finance charges on finance leases	(114,048)	(138,196)
Present value of finance lease liabilities	1,885,978	1,907,506
The present value of finance lease liabilities is as follows:		
No later than 1 year	463,518	397,726
Later than 1 year and no later than 5 years	1,422,460	1,509,780
Later than 5 years	-	-
Present value of finance lease liabilities	1,885,978	1,907,506

20 TRADE AND OTHER PAYABLES

	31 December 2018	31 December 2017
Trade payables	220,475,896	185,524,777
Dividends	1,767	27,406,737
Salaries and related taxes	8,032,332	8,238,320
Advances from customers	4,286,313	4,606,897
Payables to related parties (note 31)	1,489,573	737,439
Fixed assets suppliers	658,555	6,053,019
Value added tax payable	2,850,794	-
Deferred revenues	5,270,224	138,246
Income tax liability	3,572,465	32,350
Other current liabilities	144,421	77,060
	246,782,340	232,814,845

21 REVENUES

	2018	2017
Revenue from sales of merchandise	1,288,443,950	168,674,028
Revenue from sales of finished goods	338,452,054	38,760,200
Revenue from rent	613,343	7,246,600
Revenue from services	8,865,249	1,178,632
Total	1,636,374,596	215,859,460

Revenues from merchandise are disclosed separately by segment of products:

	2018	2017
Grains	352,632,290	53,225,267
Livestock	74,126,044	13,374,673
Pesticides	254,950,824	38,571,798
Diesel oil	329,477,992	10,270,063
Fertiliser	180,184,767	21,664,834
Seeds	97,072,033	31,567,393
Total	1,288,443,950	168,674,028

22 COST OF SALES

	2018	2017
Cost of goods sold	(1,162,991,483)	(147,095,022)
Raw material expense related to finished goods	(270,271,672)	(31,362,640)
Employees cost	(20,532,104)	(2,099,493)
Consumables expense	(16,365,494)	(1,612,794)
Depreciation and amortization (notes 8 and 10)	(5,578,920)	(1,297,415)
Maintenance expense	(1,273,499)	(139,233)
Rent expenses	(889,660)	(72,276)
Other third party services	(5,003,093)	(352,144)
Energy and water expense	(3,892,666)	(558,899)
	(1,486,798,592)	(184,589,916)

23 DISTRIBUTION COSTS

	2018	2017
Transport expenses	(22,025,741)	(3,380,746)
Employees cost	(5,040,170)	(2,911,320)
Other distribution cost	(478,900)	(190,684)
Total	(27,544,811)	(6,482,750)

24 ADMINISTRATIVE EXPENSES

	2018	2017
Employees cost	(40,599,517)	(5,794,260)
Third party services (consulting services, lawyer's fee, security services, medical services)	(11,533,034)	(2,844,876)
Rent expenses	(6,957,477)	(1,403,940)
Depreciation and amortization (notes 8 and 10)	(4,391,579)	(1,225,219)
Taxes to the State Budget	(1,818,863)	(1,150,827)
Consumables expenses	(5,948,738)	(727,786)
Protocol and publicity expenses	(1,994,099)	(559,109)
Insurance premium expenses	(1,129,750)	(189,069)
Maintenance expense	(1,739,100)	(112,487)
Travel and subsistence costs	(966,648)	(92,448)
Energy and water expense	(806,830)	(83,545)
Postal and telecommunication expenses	(661,517)	(50,899)
Bank charges	(504,245)	(42,022)
Other expenses	-	(2,599)
	(79,051,397)	(14,279,087)

25 OTHER INCOME

	2018	2017
Other operating income	1,417,983	418,602
Income from fees and penalties	2,852,071	116,597
Work performed by the entity and capitalised	23,750	-
Revenues from subsidies	5,130	5,670
	4,298,934	540,869

26 OTHER GAINS / (LOSSES) – NET

	2018	2017
Gains /(loss) from disposal of non-current assets and assets held for sale	505,019	278,116
Receivable allowances – (expense) (note 14)	(6,598,089)	(1,206,311)
Reversal of receivables allowances – income (note 14)	1,258,711	4,749,095
Inventory allowances – (expense) (note 13)	(4,359,120)	(1,868,196)
Reversal of inventory allowances – income (note 13)	3,234,852	1,391,523
Reversal of non-current assets provisions - income	40,158	374
Gain/(loss) from inventories quantitative and qualitative differences	(6,277,269)	(1,828,936)
Penalties and compensatory payments - net	373,870	(58,767)
Donations	(510,000)	(201,628)
	(12,331,868)	1,255,270

27 FINANCE COSTS - NET

	2018	2017
Interest expenses related to bank borrowings:	(4,719,662)	(832,170)
Foreign exchange losses	(4,295,814)	(3,917,874)
Other financial expenses	(10,449,377)	(1,656,381)
Finance costs	(19,464,853)	(6,406,425)
Interest income	29,833	27,823
Financial discounts received	172,447	-
Foreign exchange gains	3,938,331	2,125,021
Finance income	4,140,611	2,152,844
Net finance	15,324,242	(4,253,581)

28 INCOME TAXES

Income tax expense comprises the following:

	2018	2017
Current tax expense/(credit)	7,046,750	(1,533,351)
Deferred income tax expense/(credit)	(647,400)	343,234
Net income tax	6,399,350	(1,190,117)

The Company accrued income taxes at the rate of 16% on profits computed in accordance with Romanian tax legislation.

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

	2018	2017
Profit/(loss) before tax	19,622,620	5,319,828
Theoretical tax charge at 16% tax rate	3,139,619	851,172
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income not subject to tax	(1,648,308)	(755,147)
Expenses not deductible for tax purposes	5,698,533	1,332,117
Annual tax credit relating to sponsorship	(510,000)	(201,628)
Legal reserves	(163,199)	(36,397)
Fiscal facility	(117,296)	-
Fiscal loss reported	-	-
Tax charge	6,399,350	1,190,117

28 INCOME TAXES (CONTINUED)

	31 December 2018	31 December 2017
Deferred tax liability:		
Deferred tax liability to be recovered after more than 12 months	(4,140,712)	(6,642,954)
Deferred tax liability to be recovered within 12 months	(647,399)	(343,233)
Deferred tax liability (net)	(4,788,111)	(6,986,187)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Property, plant and equipment and Investment property – in relation with Revaluation reserves	**2018**	**2017**
At 1 January	6,986,187	5,897,755
Charged/(credited) to other statement of profit and loss	(647,399)	(343,233)
Charged / (credited) directly to equity	(1,550,677)	1,431,664
(Credited) to other comprehensive income	-	-
At 31 December	4,788,111	6,986,187

During 2018 two fiscal controls have been finalised which resulted in an additional income tax expense and VAT payable in total amount of RON 2,194,405. As the fiscal controls are related to prior fiscal periods (2011 – 2016) these losses have been recorded in 2018 against retained earnings.

29 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

Currently, the Company is involved in some legal proceedings but the Management Board considers that these actions will not have a significant adverse impact on the Company's economic results and on the Statement of Financial Position as at 31 December 2018.

Taxation

The Romanian taxation system has just undergone a process of consolidation and harmonisation with European Union legislation. However, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties. In Romania, tax periods remain open for 5 years. The Company's management considers that the tax liabilities included in this financial information are fairly stated, and they are not aware of any circumstances which may give rise to a potential material liability in this respect.

29 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS (CONTINUED)

Transfer pricing

Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon the written request of the Romanian Tax Authorities their transfer pricing documentation file. Failure to present the transfer pricing documentation file, or presenting an incomplete file, may lead to non-compliance penalties; additionally, notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments. The Company's management believes that the Company will not suffer losses in case of a fiscal inspection on the subject of transfer prices.

Operating lease commitments – Company as lessee

Where the Company is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2018	31 December 2017
No later than 1 year	6,003,182	2,852,332
Later than 1 year and no later than 5 years	12,724,844	2,897,320
Later than 5 years	-	-
Total operating lease commitments	18,728,027	5,749,652

Guarantees committed to third parties

Guarantees are irrevocable assurances that the Company will make payments in the event that another party cannot meet its obligations.

As at 31 December 2018, Agricover SA had issued guarantee letters in favour of third parties amounting to EUR 73,779 with the expiry date 2 October 2019 and EUR 174,908 with the expiry date 31 August 2019 (31 December 2017: EUR 73,779 and RON 260,584).

30 EVENTS AFTER THE REPORTING DATE

Due to increased complexity of the Company's activities, on 11 March 2019, the demerger process following which the slaughterhouse line of activity will be demerged into a new company and the lands held by the Company as Investment property will be demerged into another company , was approved by the Court.
The demerger will be a simetrical one and the shareholdings in each resulting company will be the same as in Agricover SA.
The Court decision was not communicated to the Trade Registry until the date of the financial statements.

In 2019 the company sold part of the Assets classified as held for sale as at 31 December 2018 (Cilibia and Ulmeni). Also a promise of sale is signed for the location Buzau Nord.
The total proceedings generated from the sale amounted to RON 7,659,226. No losses were recorded.

31 RELATED-PARTY TRANSACTIONS

The Company is ultimately controlled by Mr Jabbar Kanani.

Parties are considered to be related if one party has the ability to control the other party, if the parties are under common control, or if they can exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosure".

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.
The related parties with whom the Company entered into significant transactions or had significant balances outstanding in the period presented were the following:

Related party	Country	Relationship
Agricover Holding SA	Romania	Parent entity
Agricover Credit IFN SA	Romania	Other related party
Agroadvice SRL	Romania	Other related party
Danube Grain SRL	Romania	Other related party
Agricover Broker de Asigurare SRL	Romania	Other related party
Agriland SRL	Romania	Other related party
Net Farming SRL	Romania	Other related party
Agricola Cornatelu SRL	Romania	Other related party
Barimpex Ferme SRL	Romania	Other related party

31 RELATED-PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

Sales of goods and services to Other related parties

	2018	2017
Sales of services	202,841	7,014,423
Sales of goods	13,017,385	6,193,680
	13,220,226	13,208,103

Purchases of goods and services from Other related parties

	2018	2017
Purchases of services	-	781,920
Purchases of goods	3,170,014	670,947
	3,170,014	1,452,867

Other expenses and revenues – Other related parties

	2018	2017
Financial expenses – Agricover Credit IFN (factoring commission)	10,422,495	1,629,991
Interest income – Danube Grains	26,304	27,601

31 RELATED-PARTY TRANSACTIONS (CONTINUED)

Year-end receivable balances from Other related parties

	2018	2017
Trade and other receivables (note 14)	14,642,787	40,239,909
Loans granted to related parties (note 14):		
Short term loan garnted to Agricover Credit IFN (from merger)	-	3,128,662
Danube Grains SRL – short-term	1,756,909	1,741,294
	1,756,909	4,869,957

Year-end payables to Other related parties

	2018	2017
Trade and other payables (note 20)	1,489,573	737,439

Key management compensation

During 2018 salaries paid to key management personnel, including social contributions, amounted to RON 5,819,036 (2017: RON 415,215).

There are no other compensations related to key management personnel.

Jabbar Kanani
President of the Board of Directors

Lucian Goga
Chief Financial Officer