Mriya Agro Holding Public Limited
(Under liquidation)

Consolidated
Financial Statements
for the year ended
30 June 2016

Contents

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Independent auditors' special purpose audit report

On the Consolidated financial statements
To the Management of Mriya Agro Holding Public Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Mriya Agro Holding Public Limited (the "Company") and its subsidiaries (together with the Company, the "Group"), which are presented on pages 5 to 56 and comprise the statement of financial position as at 30 June 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The Company's Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for qualified opinion

1. The Group has not maintained adequate accounting records regarding trade and other payables included in Note 16 amounting to USD 3,116 thousand and advances received and other short-term liabilities to certain counterparties amounting to USD 1,098 thousand as at 30 June 2016 (1 July 2015: USD 13,381 thousand and USD 1,822 thousand, respectively), which originated before 1 July 2015 and which we were unable to confirm or verify by alternative means, and completeness of trade and other payables stated at USD 29,033 thousand and advances received and other short-term liabilities stated at USD 2,669 thousand as at 30 June 2016 (1 July 2015: USD 31,097 thousand and USD 3,727 thousand, respectively). As a result, we were unable to determine whether adjustments might have been found necessary in respect of trade and other payables, advances received and other short-term liabilities as at 30 June 2016 and 1 July 2015 and the related elements making up consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity for the year ended 30 June 2016.
2. The Group has not previously maintained adequate accounting records regarding guarantees issued for liabilities of third parties as shown in Note 15. Due to the change in management, as described in Notes 1(a) and 2(b), the Group might not have complete information over such guarantees issued as at 30 June 2016 and 1 July 2015. We were unable to confirm by alternative means completeness of provision for guarantees stated at USD 240,757 thousand as at 30 June 2016 (1 July 2015: USD 233,450 thousand) and completeness of disclosure of contingent liabilities for guarantees as at 30 June 2016 and 1 July 2015. As a result, we were unable to determine whether adjustments might have been found necessary in respect of provision for guarantees, retained earnings (accumulated deficit) and disclosure of contingent liabilities as at 30 June 2016 and 1 July 2015 and the related elements making up consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity for the year ended 30 June 2016.
3. Before 1 July 2015 the Group has not maintained adequate accounting records regarding currency translation reserve and revaluation reserve stated at USD 62,337 thousand (1 July 2015: nil) and USD 76,172 thousand (1 July 2015: nil) as at 30 June 2016, respectively. We were unable to confirm or verify by alternative means currency translation reserve and revaluation reserve amounting to USD 62,337 thousand (1 July 2015: nil) and USD 76,172 thousand (1 July 2015: nil) as at 30 June 2016, respectively, and relevant movements in revaluation reserve in statement of changes in equity. As a result, we were unable to determine whether adjustments might have been found

necessary in respect of currency translation reserve and revaluation reserve as at 30 June 2016 and the related elements making up consolidated statement of changes in equity for the year ended 30 June 2016.

Qualified Opinion

In our opinion, except for the effects of any adjustments that would have been determined to be necessary, had we been able to satisfy ourselves on the matters described in sub-paragraphs 1 to 3 under the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without further qualifying our opinion, we draw attention to the following:

- Note 1(b) to the consolidated financial statements, which describes the political and social unrest and regional tensions in Ukraine that started in November 2013 and escalated in 2014 and afterwards. The events referred to in Note 1(b) have adversely affected the Group and could continue to adversely affect the Group's results and financial position in a manner not currently determinable.

- Note 2(a) to the consolidated financial statements, which explains that the consolidated financial statements have been prepared to form the basis for a full set of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as at and for the period ended 31 December 2016. The consolidated financial statements do not themselves include comparative financial information for the consolidated statement of profit or loss and other comprehensive income for the prior period.

- Note 2(b) to the consolidated financial statements, which describes that as at 30 June 2016 the Group's liabilities exceeded its assets by USD 1,379,254 thousand, which represents the Group's negative equity that is attributable to equity holders of the Group. It also describes that as a result of a winding up procedure filed against the Company, on 11 May 2016 the District Court of Nicosia issued a winding up Order and by virtue of his office, the Official Receiver was appointed Liquidator upon the making of the Order, terminating the appointment of Mr. Iacovides as Provisional Liquidator. Due to the complexity of the liquidation of the Company, the time and resources that would be required on the part of the Official Receiver, and Mr. Iacovides' existing involvement, the Official Receiver applied to the District Court of Nicosia for the appointment of Mr. Iacovides as Special Manager and the Court granted the Order for his appointment on 19 May 2016, giving Mr. Iacovides as Special Manager all the powers that the Official Receiver had as Liquidator. On 2 December 2016, the Court appointed Mr. Chris Iacovides and Ms. Andri Antoniou as joint liquidators.

  These conditions, along with the other matters described in Note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Therefore, management considers that the Parent Company is ultimately going to be wound up and a new company will take over its assets and liabilities and this fact leads to applying the break-up basis for the consolidated financial statements as at 30 June 2016. This does not affect the going concern status of the subsidiaries.

Other matter

This report, including the opinion, has been prepared solely for the information and use of management in connection with forming the basis for a full set of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as at and for the period ended 31 December 2016. It should not be used or provided to other parties for any other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Michalis P. Michael, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
Esperidon 14,
1087 Nicosia,
Cyprus,

13 June 2017

(in thousands of US dollars)	Note	**30 June 2016**	1 July 2015
Assets			
Property, plant and equipment	*9*	**135,241**	159,558
Intangible assets		**358**	295
Long-term biological assets	*11*	**448**	578
Long-term taxes recoverable and prepaid		**3,068**	1,856
Inventories	*10*	**7,951**	7,483
Biological assets	*11*	**51,623**	42,083
Short-term taxes recoverable and prepaid		**9,365**	5,502
Trade and other receivables		**176**	878
Prepayments made and other short-term assets		**2,280**	1,782
Cash and cash equivalents	*12*	**5,351**	27,401
Total assets		**215,861**	247,416

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10 to 56.

(in thousands of US dollars)	Note	30 June 2016	1 July 2015
Equity	*13*		
Share capital		**63**	63
Share premium		**86,245**	86,245
Currency translation reserve		**62,337**	-
Revaluation reserve		**76,172**	-
Accumulated deficit		**(1,604,071)**	(1,213,053)
Total equity		**(1,379,254)**	(1,126,745)
Liabilities			
Deferred tax liabilities	*22*	**8,013**	7,793
Bonds issued	*14(a)*	**572,786**	527,142
Other loans and borrowings	*14(a)*	**709,846**	545,324
Working capital loans	*14(a)*	**27,216**	25,167
Provision for guarantees	*15*	**240,757**	233,450
Trade and other payables	*16*	**29,033**	31,097
Advances received and other short-term liabilities		**2,669**	3,727
Finance lease liabilities		**3,487**	-
Taxes payable		**1,308**	461
Total liabilities		**1,595,115**	1,374,161
Total equity and liabilities		**215,861**	247,416

These consolidated financial statements for the year ended 30 June 2016 have been approved for issue by the Management on 13 June 2017.

....	....	....	....
Chris Iacovides	Andri Antoniou	Simon Cherniavsky	Ton Huls
Joint Liquidator	**Joint Liquidator**	**Chief Executive Officer**	**Chief Financial Officer**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10 to 56.

(in thousands of US dollars)	Note	**For the year ended 30 June 2016**
Revenue	*17*	**67,888**
Cost of sales		**(60,292)**
Changes in fair value of biological assets and net gain on initial recognition of agricultural produce	*18*	**23,334**
Gross profit		**30,930**
Other income		**6,768**
Administrative expenses		**(9,131)**
Distribution expenses		**(4,734)**
Other expenses	*9(a)*	**(18,023)**
Results from operating activities before restructuring costs		**5,810**
Administrative costs relating to debt restructuring	*19*	**(9,019)**
Results from operating activities		**(3,209)**
Finance income		**66**
Working capital loan and finance lease interest expenses		**(2,943)**
Foreign exchange loss		**(73,645)**
Finance costs, excluding working capital loan and finance lease interest expenses	*21*	**(233,605)**
Loss before income tax		**(313,336)**
Income tax expense	*22*	**(1,510)**
Loss for the period		**(314,846)**
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Foreign currency translation reserve		**62,337**
Total comprehensive loss		**(252,509)**

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10 to 56.

(in thousands of US dollars)	**Share capital**	**Share premium**	**Foreign currency translation reserve**	**Revaluation reserve**	**Retained earnings (accumulated deficit)**	**Total**
Balances as at 1 July 2015	63	86,245	-	-	(1,213,053)	(1,126,745)
Loss for the period	-	-	-	-	(314,846)	(314,846)
Other comprehensive income						
Foreign currency translation differences	-	-	62,337	-	-	62,337
Total comprehensive loss	-	-	**62,337**	**-**	**(314,846)**	**(252,509)**
Other movements						
Reclassification of revaluation reserve from prior period revaluations	-	-	-	76,172	(76,172)	-
Balances as at 30 June 2016	**63**	**86,245**	**62,337**	**76,172**	**(1,604,071)**	**(1,379,254)**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10 to 56.

(in thousands of US dollars)	Note	**For the year ended 30 June 2016**
Cash flows from operating activities		
Cash receipts from customers		**69,430**
Cash paid to suppliers and employees		**(64,090)**
Cash used in operating activities		**5,340**
Interest paid		**(2,610)**
Interest received		**59**
Disposal of subsidiaries		**(52)**
Other income		**165**
Cash paid for taxes other than income tax		**(7,437)**
Net cash used in operating activities before cash paid for services related to debt restructuring		**(4,535)**
Cash paid for services related to debt restructuring		**(9,628)**
Net cash used in operating activities		**(14,163)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment		**1,451**
Acquisition of subsidiary, net of cash acquired		**(569)**
Acquisition of property, plant and equipment		**(3,955)**
Acquisition of intangible assets		**(123)**
Net cash used in investing activities		**(3,196)**
Cash flows from financing activities		
Proceeds from loans and borrowings		**18,043**
Repayment of borrowings		**(16,248)**
Repayment of finance lease liabilities		**(3,845)**
Net cash used in financing activities		**(2,050)**
Net decrease in cash and cash equivalents		**(19,409)**
Cash and cash equivalents at 1 July 2015		**27,401**
Effect of exchange rate fluctuations on cash and cash equivalents		**(2,641)**
Cash and cash equivalents at 30 June 2016	*12*	**5,351**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10 to 55.

1 Background

(a) Organisation and operations

Mriya Agro Holding Public Limited (hereinafter referred as the "Company" or collectively with its subsidiaries as the "Group") is a legal entity incorporated under the laws of the Republic of Cyprus on 8 November 2007.

The Company's registered office is 20 Nikis Avenue, Office 400, 1086 Nicosia, Cyprus.

The Group's principal activity is agricultural production and sale, including growing of wheat, soy, rape, corn, sunflower and potato in Western Ukraine.

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

As at 30 June 2016 and 1 July 2015, the Company's shareholders and their respective interests were as follows:

	Interest	Number of shares
HF Asset Management Limited	80.00%	3,400,004
BNY (Nominees) Limited	20.00%	850,000
Other individuals	Less than 1%	6
	100%	**4,250,010**

On 12 June 2008, 20% of the Company's shares were accepted to trade on the Frankfurt Stock Exchange in the form of GDRs. The shares represented by GDRs are held by custodian for the benefit of BNY (Nominees) Limited acting as depository. The owners of GDRs are not entitled to vote at the shareholders meetings of the Company. They can, however, instruct BNY (Nominees) Limited to exercise voting rights attributable to the number of ordinary shares represented by GDRs.

Following the non-submission of annual financial statements and management reports for the period ended 31 December 2014, due to the events described in Note 2(a), trading of the Company's securities on the Frankfurt Stock Exchange was suspended and the Company was delisted. Also, the trading of the Company's bonds on the Irish Stock Exchange was suspended.

As at 30 June 2016 and 1 July 2015, the Group's parent, HF Asset Management Limited was ultimately owned by four members of the Guta family, although in December 2014, the winding up procedure of HF Asset Management Limited was initiated at the BVI Court, giving the liquidator control of the parent company.

As described in detail in Note 2(a), in August 2014, the Group defaulted on its loans and borrowings. After months of intensive negotiations between the Company's main shareholders, management and representatives of the creditors, which remained without an agreement on debt restructuring, the creditors decided, in January 2015, to apply to the Court for the liquidation of the Company and the appointment of a Provisional Liquidator. On 26 January 2015, the District Court of Nicosia, Cyprus, appointed Mr. Chris Iacovides as Provisional Liquidator, upon which the powers of the Company's directors ceased. Mr. Iacovides, in consultation with the creditors, appointed new management in Ukraine to manage and operate the Company's activities.

On 11 May 2016 the District Court of Nicosia issued a winding up Order and by virtue of his office, the Official Receiver was appointed Liquidator upon the making of the Order, terminating the appointment of Mr Iacovides as Provisional Liquidator. Due to the complexity of the liquidation of the Company, the time and resources that would be required on the part of the Official Receiver, and

Mr Iacovides' existing involvement, the Official Receiver applied to the District Court of Nicosia for the appointment of Mr Iacovides as Special Manager and the Court granted the Order for his appointment on 19th May 2016, giving Mr Iacovides as Special Manager all the powers that the Official Receiver had as Liquidator. On 2 December 2016, the Court appointed Mr Chris Iacovides and Mrs Andri Antoniou as Joint Liquidators.

Following the default of the Group, the Group has not prepared consolidated financial statements and was not subject to audit for the period from 1 January 2014 to 30 June 2015. Therefore, the Group prepared the statement of financial position as at 1 July 2015 and the Consolidated financial statements as at 30 June 2016 under International Financial Reporting Standards (IFRS), as adopted by the European Union, to form the basis for full set of consolidated financial statements.

Whilst the Guta family retains legal ownership over the immediate parent of the Group, HF Asset Management Limited, they do not exercise any operational control, which is undertaken, at the level of HF Asset Management Ltd by the BVI Liquidator and in relation to the Group by the Provisional Liquidator of the Company.

(b) Business environment

The Group conducts its business primarily in Cyprus and Ukraine.

Cyprus business environment

The Cyprus economy following the financial support from European Institutions in March 2013, has been positively rated since then and eventually exited the creditors program at the end of March 2016. Based on this the Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment and that no adverse impact on the Group's operations is expected.

Ukrainian business environment

Ukraine's political and economic situation has deteriorated significantly since 2014. Following political and social unrest, which started in November 2013, various events in Crimea in March 2014, led to the accession of the Republic of Crimea to the Russian Federation, which was not recognised by Ukraine and many other countries. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. Following the instability in Crimea, regional tensions have spread to the Eastern regions of Ukraine, primarily Donetsk and Lugansk regions. In May 2014, protests in those regions escalated into military clashes and armed conflict between supporters of the self-declared republics of the Donetsk and Lugansk regions and the Ukrainian forces, which continued throughout the date of these consolidated financial statements. As a result of this conflict, part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory. As the Group's operations are concentrated in the western part of Ukraine, at a significant distance from the above mentioned regions, the Group's business is not directly impacted by this situation, however, the Group is exposed to the political and economic risks raised from this conflict.

Political and social unrest combined with the military conflict in the Donetsk and Lugansk regions has deepened the ongoing economic crisis, caused a fall in the country's gross domestic product and foreign trade, deterioration in state finances, depletion of the National Bank of Ukraine's foreign currency reserves, significant devaluation of the national currency and a further downgrading of the Ukrainian sovereign debt credit ratings. Following the devaluation of the national currency, the National Bank of Ukraine introduced certain administrative restrictions on currency conversion transactions, which among others included restrictions on purchases of foreign currency by individuals and companies, the requirement to convert substantial part of foreign currency proceeds to local currency, a ban on payment of dividends abroad, a ban on early repayment of foreign loans and restrictions on cash withdrawals from banks. During the year ended 30 June 2016, the National Bank of Ukraine started to gradually relax the abovementioned restrictions. These events had a negative effect on Ukrainian companies and banks, significantly limiting their ability to obtain financing on domestic and international markets.

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

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

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as part of the Group's preparation for a complete set of consolidated financial statements in accordance with IFRS as adopted in the European Union as at and for the year ended 31 December 2016 and they will be prepared in accordance with the Standards and Interpretations in effect as at that date.

(b) Going concern

As at 30 June 2016 the Group's liabilities exceed its assets and the Group has negative equity of USD 1,379,254 thousand (1 July 2015: USD 1,126,745 thousand) that is attributable to equity holders of the Company.

In August 2014, the Company went into default on its current loans and borrowings. As a result, in October 2014, bondholders demanded early settlement of liabilities for bonds amounting USD 400,000 thousand. These events triggered a cross default on all the other loans and borrowings. After the default in August 2014, the Group stopped any payments of interest and principal, which resulted in breach of contractual terms of the Group's loans and borrowings. As a result, all loans and borrowings became payable on demand and are classified as short-term liabilities in these consolidated financial statements, except for working capital loans received later. The aggregate debt of the Group companies as at 30 June 2016 amounts to USD 1,309,848 thousand (1 July 2015: USD 1,097,633 thousand), and consists of eurobonds issued by the Company, bank loans, working capital loans, commercial notes, equipment supplier credits and structured debt instruments from both Ukrainian and offshore lenders. After extensive but unsuccessful negotiations between the Group's controlling parties and the creditors, on 22 January 2015 a winding up petition was filed against the Company by BNY Mellon Corporate Trustee Services Limited, on behalf of the bondholders of the Group. Pursuant to an application filed on the same day, on 26 January 2015 the District Court of Nicosia (Cyprus) granted the petition and appointed Mr. Chris Iacovides as Provisional Liquidator of the Company, with his main role being the protection of the assets of the Group for benefit of its creditors.

The creditors of the Group formed two coordinating committees (CoComs), the Bondholders CoCom and the Banks CoCom in order to represent, respectively, the noteholders and the lenders in the debt restructuring negotiations with the Company. A number of banks have not joined the Banks CoCom, and seek to defend their interests on their own. In February 2015, the Provisional Liquidator at the recommendation of the CoComs appointed Mr. Simon Cherniavsky as the Chief Executive Officer (CEO) and Mr. Ton Huls as the Chief Financial Officer (CFO).

As at 30 June 2016, the Group has guaranteed the liabilities under loan facilities available to third parties, which were previously under common control, in amount of USD 240,757 thousand. As at 30 June 2016 and 1 July 2015, the financial covenants and other provisions in relation to loans obtained by third parties have been breached, as a result of which they became payable on demand. As at 30 June 2016 the Group has recognised a provision amounting to USD 240,757 thousand (1 July 2015: USD 233,450 thousand) for the guarantees.

The current debt level is unsustainable, and the Group is not able to service such debt, therefore the new management jointly with the CoComs and the Provisional Liquidator were working on developing the terms of restructuring plan to be approved by the creditors and at the same time to ensure the long-term survival of the Group.

On 11 May 2016 the District Court of Nicosia issued a winding up Order and by virtue of his office, the Official Receiver was appointed Liquidator upon the making of the Order, terminating the appointment of Mr Iacovides as Provisional Liquidator. Due to the complexity of the liquidation of the Company, the time and resources that would be required on the part of the Official Receiver, and Mr Iacovides' existing involvement, the Official Receiver applied to the District Court of Nicosia for the appointment of Mr Iacovides as Special Manager and the Court granted the Order for his appointment on 19th May 2016, giving Mr Iacovides as Special Manager all the powers that the Official Receiver had as Liquidator. On 2 December 2016, the Court appointed Mr Chris Iacovides and Mrs Andri Antoniou as Joint Liquidators.

The abovementioned circumstances indicated a material uncertainty that created a significant threat to the Group's ability to continue as a going concern. Furthermore, the Nicosia District Court ordered the liquidation of the Company in accordance with the Company Law, Cap.113, Sections 209, 211(e), 212 (a) and (c) 213 and 214. In the event of the Company's restructuring a new company will take over its assets and liabilities and this fact led to applying the break-up basis for the consolidated financial statements as at and for the year ended 30 June 2016.

Management undertakes the following measures in order to address these risks:

- Previous management of the Group was discharged, new management was appointed by the Provisional Liquidator, upon consent of the CoComs;
- The Group together with the CoComs and the Special Manager have developed the terms of restructuring proposal that is planned to be approved by the creditors and at the same time would enable the long-term survival of the Group. The aim of the restructuring is to reduce the overall Group's debt to a sustainable level, enabling the Group to recommence servicing its debt, while treating all unsecured creditors equally. The plan includes conversion of the portion of the current debt above the sustainable level into equity or quasi equity instruments of the Group, resulting in legal ownership of the Group being transferred to its creditors. The principal terms of the restructuring are expected to be agreed between the creditors in the nearest future, which is expected to be followed by the signing of a restructuring agreement;
- It is planned that there will be a reorganisation of the Group, which would result in the transfer of all the assets of the Company to a newly created company incorporated in Cyprus, which will be fully owned by the creditors;
- Focusing on innovation in the field of primary agricultural production;
- In June 2015 and May 2016, the Group received working capital financing from bondholders, which enabled it to carry out the harvesting campaigns;

- The Group implements a number of cost cutting policies through decreasing the number of employees, decreasing other non-operational expenses and disposing non-core assets.

Management acknowledges that uncertainty remains over the Group's ability to meet its funding requirements and to refinance or repay its credit facilities. However, as described above, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, provided the restructuring will be successfully resolved.

(c) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 6(a)*(iii)* – consolidation: whether the Group has de facto control over an investee;
- Note 9(b) – revalued amount of property, plant and equipment;
- Note 11(b) – fair value of biological assets;
- Notes 15 and 25 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

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

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

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

- Note 9(b) – property, plant and equipment;
- Note 11(b) – biological assets;
- Note 23(a) – financial instruments.

3 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by management to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Management believes that the Group is operating in one segment relating to agricultural production and sales. Information on the location of the Group's assets is presented in Note 9(d).

4 Functional and presentation currency

(a) Translation into functional currency

The national currency of the Ukrainian companies of the Group is the Ukrainian hryvnia ("UAH"), which is the functional currency of all entities located in Ukraine. The functional currency of the Company and its subsidiaries outside Ukraine was determined to be the US dollar ("USD") as a currency in which sales and purchase prices for exported agricultural commodities are denominated and settled and finance is obtained and provided.

Transactions in foreign currencies are translated into the functional currencies of the Group's entities at exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currencies at the exchange rate at that date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured at historical cost denominated in foreign currency are translated using the exchange rates on the dates of the initial transactions.

(b) Translation to presentation currency

Management chose to present these consolidated financial statements in USD, rounded to the nearest thousand, for the benefit of principal users.

The results and financial position of subsidiaries whose functional currency is different from the presentation currency are translated into presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences shall be recognised in other comprehensive income.

As at the reporting date, UAH/USD exchange rates are obtained from the National Bank of Ukraine. The UAH is not a freely convertible currency outside Ukraine and, accordingly, any conversion of local currency amounts into USD should not be construed as a representation that local currency amounts have been, could be, or will be in the future, convertible into USD at the exchange rate shown, or any other exchange rate.

The principal UAH exchange rates used in the preparation of these consolidated financial statements are as follows:

Currency	**30 June 2016**	Average for the year ended 30 June 2016	1 July 2015
US dollar (USD)	**24.8544**	23.8630	21.0154

On 13 June 2017, the date of issuance of these consolidated financial statements, the exchange rate is UAH 26,0707 per USD 1.0000.

5 Basis of measurement

The consolidated financial statements have not been prepared on a going concern basis but on a break up basis for the reasons explained in note 2(a). Consequently all assets and liabilities are deemed to form a disposal group. All assets are measured at the lower of carrying amount prior to them being classified as disposal group and their net realisable value. Liabilities continue to be measured at the measurement provisions of the IFRSs that otherwise would apply to those liabilities until the obligations are discharged, cancelled or expired.

6 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group (see Note 6(a)*(iii)*).

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The listing of subsidiaries included in these consolidated financial statements is as follows:

Consolidated:	**Country of incorporation**	**Activity**	**30 June 2016 % of ownership**	**1 July 2015 % of ownership**
Mriya Agro Holding Public Limited	Cyprus	Holding companies	Parent Company	Parent Company
Berfanon Investments Limited	Cyprus		100.00%	100.00%
Lenthian Investments Limited	Cyprus		100.00%	100.00%
Ukrselko Limited	Cyprus		100.00%	100.00%
Vlasenor Holdings Limited	Cyprus		100.00%	100.00%
Gencelinor Holdings Limited	Cyprus		100.00%	100.00%
Cotehug Investments Limited	Cyprus		100.00%	100.00%
Garneliusco Limited	Cyprus		100.00%	100.00%
Zibureco Limited	Cyprus		100.00%	100.00%
Farruka Limited	Cyprus		100.00%	100.00%
Wayluku Ventures Limited	Cyprus		100.00%	100.00%
Jamzako Limited	Cyprus		100.00%	100.00%
Hartseller Ventures Limited	Cyprus		100.00%	100.00%
Zymendera Limited	Cyprus		100.00%	100.00%
LLC AMC "Agri Capital"	Ukraine		-	100.00%
LLC Mriya AgroHolding	Ukraine		100.00%	100.00%
LLC Mriya Agro Group	Ukraine		100.00%	100.00%
LLC Mriya Farming Bukovyna	Ukraine		100.00%	-
LLC Mriya Farming Karpaty	Ukraine		100.00%	-
LLC Mriya Farming Lviv	Ukraine		100.00%	-
LLC Mriya Farming Podillya	Ukraine		100.00%	-
LLC Mriya Farming Pollisia	Ukraine		100.00%	-

Consolidated:	Country of incorporation	Activity	30 June 2016 % of ownership	1 July 2015 % of ownership
LLC Mriya Farming Ternopil	Ukraine		100.00%	-
PC Noria West	Ukraine	Seed Plant	100.00%	100.00%
LLC Elagri-Kozova	Ukraine	Grain Silos	100.00%	100.00%
LLC Elagri-Derenivka	Ukraine		100.00%	100.00%
LLC Elagri-Borshchiv	Ukraine		100.00%	100.00%
LLC Black Bryony Holdings	Ukraine		100.00%	100.00%
LLC AMG Agroholding	Ukraine		100.00%	100.00%
LLC Shchedroty Zemli	Ukraine		100.00%	100.00%
LLC Mriya Podillya	Ukraine	Agricultural production/ Grain Silos	100.00%	100.00%
LLC Mriya Center	Ukraine		100.00%	100.00%
LLC Vejmer Tehnik	Ukraine	Lease of fixed assets	100.00%	100.00%
LLC Olimpus-Plus	Ukraine		100.00%	100.00%
LLC Krasyliv Ahrokhim	Ukraine		100.00%	100.00%
LLC Galych Agrochim	Ukraine		100.00%	100.00%
LLC Alkor Kyiv	Ukraine		100.00%	100.00%
LLC SKS Digital Print	Ukraine		100.00%	100.00%
LLC Mirum Management	Ukraine	Management Company	100.00%	100.00%
LLC Seed House "Seed House"	Ukraine	Trading companies	-	100.00%
LLC Mriya Trading	Ukraine		100.00%	100.00%
SELCO COMMODITIES AG	Switzerland		100.00%	100.00%
Mriya Trading (Cyprus) Limited	Cyprus		100.00%	100.00%
LLC Ukrselco	Ukraine	Trading companies / No activity	100.00%	100.00%
LLC Ukrhors	Ukraine		100.00%	100.00%
LLC TD "Agri-Trade"	Ukraine		100.00%	100.00%
LLC Stach	Ukraine		100.00%	100.00%
LLC Korn Treidynh	Ukraine		-	100.00%
LLC Commercial Firm M-trade	Ukraine		100.00%	100.00%
LLC Agri Seeds	Ukraine		100.00%	100.00%
LLC Tovstenkivskyy Starch Plant	Ukraine	Starch production	75.00%	75.00%
LLC Samoluzskivskyy Starch Plant	Ukraine		100.00%	100.00%
LLC Mriya-Leasing	Ukraine	Agricultural, transportation and other services	100.00%	100.00%
LLC Mriya Servis	Ukraine		100.00%	100.00%
LLC Kolistar	Ukraine		100.00%	100.00%
LLC Grand Ideal	Ukraine		100.00%	100.00%
LLC Arkada Lend	Ukraine		-	100.00%
LLC AF Gorin'	Ukraine	Agricultural production	100.00%	100.00%
LLC Agrarna Dolina	Ukraine		100.00%	100.00%
LLC Agro-Dar MKF	Ukraine		100.00%	100.00%
LLC Agro-M	Ukraine		100.00%	100.00%
LLC Ahrosvit	Ukraine		100.00%	100.00%
LLC Bahati Chornozemy	Ukraine		100.00%	100.00%
PE Agrariya	Ukraine		100.00%	100.00%
LLC Beautiful Harvests	Ukraine		100.00%	100.00%

Consolidated:	**Country of incorporation**	**Activity**	**30 June 2016 % of ownership**	**1 July 2015 % of ownership**
LLC Berezhany Agro	Ukraine		100.00%	100.00%
LLC Bilogirja Agro-M	Ukraine		100.00%	100.00%
LLC Buka	Ukraine		100.00%	100.00%
LLC Bukahroprom	Ukraine		100.00%	100.00%
LLC Dunayevetskyy Fermer	Ukraine		100.00%	100.00%
LLC Golden Harvest	Ukraine		100.00%	100.00%
LLC Invest-Chemerivtsi	Ukraine		100.00%	100.00%
LLC Kahro	Ukraine		100.00%	100.00%
LLC Kartoplyar	Ukraine		100.00%	100.00%
LLC Khmelnytskyi Ahrokom	Ukraine		100.00%	100.00%
LLC Kray Vrozhayiv	Ukraine		100.00%	100.00%
LLC Rayz M	Ukraine		100.00%	100.00%
LLC Kupazh	Ukraine		100.00%	100.00%
PAE Yuvileyne	Ukraine		100.00%	100.00%
LLC Landkom Symoniv	Ukraine		100.00%	100.00%
LLC Lemkivska Mriya	Ukraine		100.00%	100.00%
LLC Matviyivske	Ukraine		100.00%	100.00%
LLC Mostysk fields	Ukraine		100.00%	100.00%
LLC Mriya Bukovyna	Ukraine		100.00%	100.00%
LLC Mriya Carpat	Ukraine		100.00%	100.00%
LLC Mriya Hlybochyny	Ukraine		100.00%	100.00%
LLC Mriya Podvolochisk AH	Ukraine		100.00%	100.00%
LLC Mriya Star	Ukraine		100.00%	100.00%
LLC Mriya-Chemerivtsi	Ukraine		100.00%	100.00%
LLC Mriya-Pidhaytzi	Ukraine		100.00%	100.00%
LLC Gorodok Fields	Ukraine		100.00%	100.00%
LLC Mriya Farming Halychyna	Ukraine		100.00%	100.00%
LLC Mykolaiv Fields	Ukraine		100.00%	100.00%
LLC Novahris	Ukraine		100.00%	100.00%
LLC Nove Zhyttia	Ukraine		100.00%	100.00%
LLC Pakhutynetske	Ukraine		100.00%	100.00%
LLC Peremyshlyanyagro	Ukraine		100.00%	100.00%
LLC Podilske Uhiddya	Ukraine		100.00%	100.00%
LLC PTF Obnova	Ukraine		100.00%	100.00%
LLC Rodyuchyy Korshiv	Ukraine		100.00%	100.00%
LLC Rodyuchyy Kray	Ukraine		100.00%	100.00%
LLC Starzemkom	Ukraine		100.00%	100.00%
LLC TD ASKO	Ukraine		100.00%	100.00%
LLC TerAhro	Ukraine		100.00%	100.00%
LLC Terra ZN	Ukraine		100.00%	100.00%
LLC Velykohlibovetske	Ukraine		100.00%	100.00%
LLC FG SPA Mriya	Ukraine		100.00%	100.00%
LLC Edge Agro	Ukraine		100.00%	100.00%
LLC Zlahoda-2005	Ukraine		-	100.00%

Consolidated:	Country of incorporation	Activity	30 June 2016 % of ownership	1 July 2015 % of ownership
LLC Zoloti Lany Ukrayiny	Ukraine		100.00%	100.00%
Farm enterprise Zoloti Lany Ukrayiny	Ukraine		100.00%	-
PAE Kap	Ukraine		100.00%	100.00%
PAE Kolos Pokuttya	Ukraine		100.00%	100.00%
PAE Vidrodzhennya	Ukraine		100.00%	100.00%
PAE Zorya	Ukraine		100.00%	100.00%
PE Grain Land	Ukraine		100.00%	100.00%
PE im. H. I. Tkachuk	Ukraine		100.00%	100.00%
LLC Agrofirma im. Suvorova	Ukraine		100.00%	100.00%
PE Polyana-SV	Ukraine		100.00%	100.00%
PE Sad Urozhay-2011	Ukraine		100.00%	100.00%
PE Seloproduct	Ukraine		100.00%	100.00%
ALLC im. Chkalova	Ukraine		100.00%	100.00%
PE Urozhay-2012	Ukraine		100.00%	100.00%
PRC Gorin'	Ukraine		100.00%	100.00%
LLC Ukrplasttorg	Ukraine		100.00%	100.00%
PE Sad Urozhay-20111	Ukraine		100.00%	100.00%
PE Hoschanski Agrarni Investytsii	Ukraine		100.00%	100.00%
LLC Saturn Ahro	Ukraine		100.00%	100.00%
LLC Romaniv-Ahro	Ukraine		100.00%	100.00%
LLC Rodyuche Podillya	Ukraine		100.00%	100.00%
LLC Korets Agrokom	Ukraine		-	100.00%
LLC Izyaslav-Agro	Ukraine		100.00%	100.00%
LLC Horodenka Agro	Ukraine		100.00%	100.00%
LLC Gray Land Krasilov	Ukraine		100.00%	100.00%
LLC Agro-Team-Proskuriv Ltd	Ukraine		99.90%	99.90%
LLC Agro Tsentr 2012	Ukraine		100.00%	100.00%
LLC Chortkivska Plemptakhofabryka	Ukraine	Poultry farm	-	100.00%
Charity Foundation "Agroholdingu "Mriya"	Ukraine	Charity fund	100.00%	100.00%
Beridreso Investments Limited	Cyprus	No activity	100.00%	100.00%
Tutelage Holdings Limited	Cyprus		100.00%	100.00%
Waleybora Investments Limited	Cyprus		100.00%	100.00%
Lokysen Consultants Limited	Cyprus		100.00%	100.00%
Memerton Investments Limited	Cyprus		100.00%	100.00%
Mriya (Switzerland) AG	Switzerland		100.00%	100.00%
LLC Ahroinvestcom	Ukraine		-	100.00%
LLC Zahidahrolend	Ukraine		100.00%	100.00%
LLC Ukrainian Agrarian School	Ukraine		100.00%	100.00%
LLC Tarprom	Ukraine		-	100.00%
LLC Skifahrolyuks	Ukraine		100.00%	100.00%
LLC Riter	Ukraine		-	100.00%
LLC Ridny Lany	Ukraine		-	100.00%

Consolidated:	Country of incorporation	Activity	30 June 2016 % of ownership	1 July 2015 % of ownership
LLC Prykarpatsky Lany	Ukraine		100.00%	100.00%
LLC Nyva Resurs	Ukraine		100.00%	100.00%
LLC Monastyryski Lany	Ukraine		100.00%	100.00%
LLC Hectare M	Ukraine		100.00%	100.00%
LLC Halych Ahrostar	Ukraine		100.00%	100.00%
LLC Gukiv Agro	Ukraine		100.00%	100.00%
LLC Fruitful Prykarpattya	Ukraine		100.00%	100.00%
LLC Dyvosvit KL	Ukraine		100.00%	100.00%
LLC Dolobi	Ukraine		-	100.00%
LLC Delorh	Ukraine		-	100.00%
LLC Businesspromcompany	Ukraine		-	100.00%
LLC Bukagro	Ukraine		-	100.00%
LLC Zuza	Ukraine		-	100.00%
LLC Bahata Rillya	Ukraine		100.00%	100.00%
LLC Arena M	Ukraine		100.00%	100.00%
LLC Ahrozem-Imidzh	Ukraine		-	100.00%
LLC Ahrarni Novaciyi	Ukraine		100.00%	100.00%
LLC Agricultural Resourses	Ukraine		100.00%	100.00%
LLC Acropole	Ukraine		100.00%	100.00%
LLC Elagri-Dunayivtsi	Ukraine		-	100.00%
LLC M Tereza	Ukraine		100.00%	100.00%
LLC Proskuriv Zahotzerno	Ukraine		100.00%	100.00%
LLC Promin Agro-M	Ukraine		100.00%	100.00%
LLC Ostapiuk H.D.	Ukraine		100.00%	-
LLC SFG TEREZA	Ukraine		100.00%	-
PLC Gorodok Karier	Ukraine		70.44%	-

A number of subsidiaries were not legally owned by the Group as at 30 June 2016 and 1 July 2015, however, they are consolidated on the basis of the Group's control over nominal shareholders (trustees). As at 30 June 2016, stand-alone total assets and negative net assets of such companies were insignificant (1 July 2015: USD 58,839 thousand and USD 10,104 thousand, respectively). The Group plans either to establish legal ownership over the remaining entities, which are currently not legally owned by the Group, or transfer their assets and liabilities to other Group companies in the near future.

(iv) Disposal of subsidiary

During the year ended 30 June 2016 the Group disposed its investments in dormant, non-significant subsidiaries: LLC Ahrozem-Imidzh, LLC Ahroinvestcom, LLC Businesspromcompany, LLC Dolobi, LLC Korn Treidynh, LLC Chortkivska Plemptakhofabryka, LLC Ridny Lany, LLC Riter, LLC Tarprom, LLC Seed House "Seed House", LLC Zuza, LLC Delorh, LLC Elagri-Dunayivtsi, LLC Arkada Lend, LLC AMC "Agri Capital", LLC Zlahoda – 2005, LLC Korets Agrokom, LLC Bukagro.

As at the date of disposal, stand-alone total assets and negative net assets of these subsidiaries amount to USD 10,718 thousand and USD 1,314 thousand, respectively.

(v) Establishment of subsidiaries

During the year ended 30 June 2016, the Group established the following subsidiaries:

Subsidiary name:	**% of ownership**
Mriya Farming Podillya LLC	100.00%
Mriya Farming Ternopil LLC	100.00%
Mriya Farming Bukovyna LLC	100.00%
Mriya Farming Karpaty LLC	100.00%
Mriya Farming Lviv LLC	100.00%
Mriya Farming Polissia LLC	100.00%

The effect of establishment of these subsidiaries is not material.

(vi) Obtaining control over subsidiaries

During the year ended 30 June 2016, the Group acquired the following companies:

Subsidiary name:	**% of ownership**
LLC Ostapiuk H.D.	100.00%
LLC SFG TEREZA	100.00%
Farm enterprise Zoloti Lany Ukrayiny	100.00%
PLC Gorodok Karier	70.44%

The effect of acquisition of these subsidiaries is not material.

(vii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group’s controlling shareholder’s consolidated statement of financial position. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital. Any cash paid for the acquisition is recognised directly in equity.

(viii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ix) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the presentation currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such item form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(c) Property, plant and equipment

(i) Recognition and measurement

Given that financial statements have not been prepared on a going concern basis (see Note 5), items of property, plant and equipment are stated at lower of revalued amount determined as at 1 July 2015 or its fair value less costs to sell. The revalued amount of property, plant and equipment as at 1 July 2015 was determined by reference to its fair value at that date, determined by an independent appraiser.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

(ii) Subsequent expenditure

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are not depreciated, due to the reasons disclosed in Note 5.

(d) Intangible assets

Intangible assets are represented by software that is acquired by the Group, which has finite useful life, is measured at lower of carrying value as at 1 July 2015 and its fair value less costs to sell.

(i) Amortisation

Intangible assets are not amortised, due to the reasons disclosed in Note 5.

(e) Employee benefits

The Group's subsidiaries in Ukraine pay contributions for the benefit of employees to State Social Funds of Ukraine that are responsible for administration of such benefits. These amounts are expensed as incurred. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(f) Income and value added tax

(i) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(ii) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(iii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill. A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(iv) Unified agricultural tax

Certain companies of the Group, registered in Ukraine and involved in agricultural activity, are registered as payers of unified agricultural tax (“UAT”). UAT is calculated as a certain percentage of the deemed value of all land plots leased or owned by a taxpayer, as determined by the state authorities, and is paid in lieu of corporate income tax, land tax, duties for special use of water objects, municipal tax, vehicle tax, duties for geological survey works and duties for trade patents. To qualify for UAT, the exempt entities must be involved in agricultural production activities and sales of own agricultural production must be not less than 75% of the total sales of the entity.

(v) Value added tax

Certain companies of the Group are eligible for a privileged VAT regime, whereby they are permitted to retain part of the difference between the amount of VAT that they charge on sales of own produced agricultural products and the amount of VAT payable on purchases of goods and services for their agricultural operations. As these subsidiaries are in a position to prove that all condition precedents for the above privileged VAT regime are met at the time revenues/purchases are recorded in the books, the net VAT liability/(refund) is recognised as income/(expenses) in the period of its origination and presented within other income/(expenses) on the net basis.

On 24 December 2015, further amendments to the Tax Code of Ukraine were adopted by the Parliament of Ukraine. In accordance with the amendments, the special VAT regime for agricultural companies will be discontinued from 1 January 2017, with a transitionary period during 2016, during which the companies subject to the regime shall retain 80% of their VAT liabilities arising on livestock breeding operations and 15% on crops and oil seeds farming operations, with the remainder of VAT liabilities paid to state authorities. From 1 January 2016, the refund of VAT on export of all agricultural commodities has been reinstated.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The write-down and reversal of write-down of inventories to net realisable value are included in cost of sales.

(i) Agricultural produce

Agricultural produce harvested from the Group’s biological assets is measured at its fair value less estimated cost to sell at the point of harvest, which becomes its cost.

After the harvest, agricultural produce is accounted as inventories and measured at the lower of cost and net realisable value.

(ii) Investment in future crops

Investments in future crops represent agricultural preparation of fields before seeding and include primarily the costs of fertilisers and land cultivation. Once the seeding is completed, the carrying amount of investments in future crops is reclassified to cost of biological assets.

(h) Biological assets

Biological assets are represented by unharvested crops and livestock, which, both at initial recognition and at each subsequent reporting date, are measured at fair value less costs to sell. Cost approximates fair value when little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material.

Gains and losses that arise on change in fair value of biological assets from one period to another and measuring agricultural produce at the point of harvest at fair value less costs to sell are recognised in profit or loss in the line item "Changes in fair value of biological assets and gain on initial recognition of agricultural produce". This line item also includes write-off of biological assets as a result of harvest loss in the current period.

The Group classifies biological assets as short-term or long-term depending upon the average useful life of the particular group of biological assets.

(i) Financial instruments

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the consolidated financial statements when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and all counterparties.

Loans and receivables

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables category comprise the following classes of financial assets: trade and other receivables and cash and cash equivalents as presented in Note 12.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

For the purposes of the statement of cash flows, cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

(ii) Non-derivative financial liabilities - measurement

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented within share premium.

(j) Guarantees

The Group considers that financial guarantee contracts entered into by the Group to guarantee the indebtedness of other parties are insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(k) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers in the Group;
- economic conditions that correlate with defaults;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of non financial assets is recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss, due to the fact that these consolidated financial statements have not been prepared on a going concern basis (see Note 5).

(l) Advances to suppliers and advances received from customers

Advances to suppliers are stated at cost less impairment losses. Advances received from customers are stated at cost.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

At inception or upon reassessment of an arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Assets held by the Group under leases that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value less costs to sell and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's consolidated statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(o) Revenue

(i) Sale of agricultural products

Revenue from the sale of agricultural products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and VAT. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of agricultural products can be estimated reliably, there is no continuing management involvement with the agricultural product, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For majority of sales, transfer usually occurs when the agricultural products are received by the customer at the warehouse, handed over to the carrier, loaded to the port elevator or to the marine vessel as defined by the agreement.

(ii) Sale of services

The main type of services provided by the Group are reception and shipping of crops, as well as crops cleaning, drying and storage provided by the Group's elevators. Revenue from reception and shipping services is recognised based on factually performed work. Revenue from grain cleaning, drying and storage services is recognised on accrual basis, based on the fees for certain service, volumes of crops under service and days of storage.

(iii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

(iv) Government grants

Certain companies of the Group are entitled to receive government subsidies related to reimbursement of expenses connected with the production process and finance costs.

Such government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the subsidies will be received.

(p) Finance income and costs

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on financial liabilities measured at amortised cost.

Finance costs comprise interest expense on financial liabilities measured at amortised cost and impairment losses on available-for-sale financial assets. Impairment losses recognised on trade and other receivables and advances to suppliers are presented in the line "Other expenses".

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the Effective Interest Rate ("EIR") method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

7 New standards and interpretations not yet adopted

The following new Standards, *amendments to Standards* and Interpretations are not yet effective as at 30 June 2016, and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

New or amended standard	**Summary of the requirements**	**Possible impact on consolidated financial statements**
IFRS 9 *Financial Instruments*	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
IFRS 15 *Revenue from Contracts with Customers*	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. The core principle of the new standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.
IFRS 16 Leases	IFRS 16 was issued in January 2016 and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16, once endorsed in the EU, will be effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

8 Corresponding information

During the year ended 30 June 2016, the Group's management decided to present working capital loans separately from other loans and borrowings in the consolidated statement of financial position due to their significance to the Group's financial statements. Management reclassified respective amounts as at 1 July 2015.

The effect of the reclassification on the financial position as at 1 July 2015 is as follows:

(in thousands of US dollars)	1 July 2015, as previously reported	Reclassification	1 July 2015, as reclassified
Loans and borrowings	570,491	(25,167)	545,324
Working capital loans	-	25,167	25,167

9 Property, plant and equipment

Movements in property, plant and equipment for the year ended 30 June 2016 are as follows:

(in thousands of US dollars)	Land and buildings	Plant and equipment	Fixtures and fittings	Vehicles	Constructi on in progress	Total
Revalued amount						
At 1 July 2015	99,534	46,152	771	2,738	10,363	159,558
Additions	415	8,772	154	1,120	716	11,177
Disposals	(473)	(481)	(63)	(88)	(60)	(1,165)
Transfers	57	(59)	14	42	(54)	-
Impairment	(2,748)	(6,308)	(162)	(13)	(439)	(9,670)
Effect of movements in exchange rates	(15,264)	(7,206)	(117)	(465)	(1,607)	(24,659)
At 30 June 2016	**81,521**	**40,870**	**597**	**3,334**	**8,919**	**135,241**

(a) Determination of lower of carrying value and fair value less cost to sell of property, plant and equipment as at 30 June 2016

Management engaged an independent appraiser to appraise items of property, plant and equipment of the Group as at 30 June 2016 in order to determine its fair value less cost to sell.

The fair value less cost to sell of property, plant and equipment was primarily determined using the depreciated replacement cost and market approach.

The depreciated replacement cost method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation, and obsolescence. Economical obsolescence was determined using the discounted cash flow method.

The depreciated replacement cost is estimated based on internal sources and analysis of the Ukrainian and international markets for similar property, plant and equipment. Various market data was collected from published information, catalogues, statistical data etc., and industry experts and suppliers of property, plant and equipment were contacted both in Ukraine and abroad.

The market approach was based upon the analysis of the results of comparable sales of similar items of property, plant and equipment.

As at 30 June 2016, the Group performed an economical obsolescence test based on the discounted cash flow method in the process of determination of the depreciated replacement cost and market approach for its property, plant and equipment for three consolidated cash generating units of the Group – Crop Production, Grain Silos and Starch Production. The discounted cash flow testing was performed based on cash flows as included in the five-year business plan.

For cash generating unit of Grain Silos, Crop Production and Starch Production economic obsolescence test, based on the key assumptions of discount rates, sales growth rate and EBITDA margin, resulted in excess of the estimated discounted amount of future cash flows over the carrying value. The carrying amount of property, plant and equipment forming part of cash generating unit Grain Silos, Crop Production and Starch Production amounted to USD 78,064 thousand, USD 53,864 thousand and USD 3,313 thousand as at 30 June 2016, respectively.

Impairment losses arising on devaluation of individual assets and amounting to USD 9,670 thousand relate to Crop Production cash generating unit and represent a decrease in fair value less cost to sell compared to revalued amount determined as at 1 July 2015 or date of acquisition, if later. Impairment losses were included in other expenses.

(b) Revalued amount of property, plant and equipment as at 1 July 2015

Management engaged an independent appraiser to appraise items of property, plant and equipment of the Group as at 1 July 2015 in order to determine its revalued amount at 1 July 2015.

The fair value of property, plant and equipment was primarily determined using the depreciated replacement cost and market approach.

The depreciated replacement cost method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation, and obsolescence. Economical obsolescence was determined using the discounted cash flow method.

The depreciated replacement cost is estimated based on internal sources and analysis of the Ukrainian and international markets for similar property, plant and equipment. Various market data was collected from published information, catalogues, statistical data etc., and industry experts and suppliers of property, plant and equipment were contacted both in Ukraine and abroad.

The market approach was based upon the analysis of the results of comparable sales of similar items of property, plant and equipment.

As at 1 July 2015, the Group performed an economical obsolescence test based on the discounted cash flow method in the process of determination of the depreciated replacement cost and market approach for its property, plant and equipment for three consolidated cash generating units of the Group – Crop Production, Grain Silos and Starch Production. The discounted cash flow testing was performed based on cash flows as included in the five-year business plan.

For cash generating unit of Grain Silos, economic obsolescence test, based on the key assumptions of discount rates, sales growth rate and EBITDA margin, resulted in excess of the estimated discounted amount of future cash flows over the value determined using depreciated replacement cost method. The carrying amount of property, plant and equipment forming part of cash generating unit Grain Silos amounted to USD 92,833 thousand as at 1 July 2015.

For the cash generating units of Crop Production and Starch Production, the key assumptions and the sensitivities to the changes in the key assumptions are presented below.

Key assumptions used in impairment test for cash generating unit of Crop Production:

The following key assumptions were used in performing the discounted cash flow test for consolidated cash generating unit – Crop Production as at 1 July 2015:

	Assumption	**Sensitivity**
Sales growth rate	The sales growth rate was forecasted to be within 0% to 54% in local currency terms	The estimated fair value increases the higher the estimated sales growth rate is
EBITDA margin	EBITDA margin was projected at the level ranging from 17% to 24%	The estimated fair value increases the higher the estimated EBITDA margin is
Discount rate	The decreasing discount rate was anticipated, ranging from the highest level in the first projected period to the lowest level in the terminal period, resulting in 27.52% average rate	The estimated fair value increases the lower the estimated discount rate is

The carrying amount of property, plant and equipment forming part of cash generating unit Crop Production amounted to USD 62,820 thousand as at 1 July 2015. The estimated discounted amount of future cash flows insignificantly exceeded its carrying amount.

Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the discounted amount of future cash flows.

The above estimates are particularly sensitive in the following areas:

- an increase of 1.74% in the discount rate used would have caused the discounted amount of future cash flows to equal the carrying amount;
- a decrease of 0.71% in EBITDA margin would have caused the discounted amount of future cash flows to equal the carrying amount.

Key assumptions used in impairment test for cash generating unit - Starch Production:

The following key assumptions were used in performing the discounted cash flow test for consolidated cash generating unit – Starch production as at 1 July 2015:

	Assumption	**Sensitivity**
Sales growth rate	The sales growth rate was forecasted to be within 5% to 22% in local currency terms	The estimated fair value increases the higher the estimated sales growth rate is
EBITDA margin	EBITDA margin was projected at the level of 41%	The estimated fair value increases the higher the estimated EBITDA margin is
Discount rate	The decreasing discount rate was anticipated, ranging from the highest level in the first projected period to the lowest level in the terminal period, resulting in 27.84% average rate	The estimated fair value increases the lower the estimated discount rate is

The carrying amount of property, plant and equipment forming part of cash generating unit Starch Production amounted to USD 3,905 thousand as at 1 July 2015. As a result of economic obsolescence test to its CGU – Starch production, the Group recognised a write down compared to the value determined using depreciated replacement cost method in the amount of USD 3,463 thousand.

As at 1 July 2015, the sensitivity of performed economic obsolescence test of property, plant and equipment of Starch production to the key assumptions used in the discounted cash flows model was as follows:

- decrease of 1 percentage point in the sales growth rate would decrease the carrying amount of property, plant and equipment by approximately USD 179 thousand as at 1 July 2015;
- decrease of 1 percentage point in the EBITDA margin would decrease the carrying amount of property, plant and equipment by approximately USD 222 thousand as at 1 July 2015;
- increase by 1 percentage point of the discount rate would decrease the carrying amount of property, plant and equipment by approximately USD 228 thousand as at 1 July 2015.

The revalued amount of property, plant and equipment as presented in these consolidated financial statements does not exceed its net realizable value.

(c) Pledged assets

As at 30 June 2016 property, plant and equipment with a carrying amount of USD 91,621 thousand (1 July 2015: USD 106,941 thousand) are pledged to secure Group's bank loans and notes (Note 14).

As at 30 June 2016 property, plant and equipment with a carrying amount of USD 12,838 thousand (1 July 2015: USD 16,968 thousand) are pledged to secure Group's suppliers' credit (Note 14).

(d) Geographical location

As at 30 June 2016 and 1 July 2015, property, plant and equipment and intangible assets of the Group are located in western part of Ukraine (Ternopil, Lviv, Khmelnytsky, Chernivtsi, Ivano-Frankivsk and Rivne regions).

(e) Leased plant and machinery

The Group leases vehicles and agricultural machinery under finance lease agreements. The leased vehicles and agricultural machinery secure the lease obligations. As at 30 June 2016 the carrying amount of the leased vehicles and agricultural machinery is USD 5,131 thousand (1 July 2015: nil).

10 Inventories

(in thousands of US dollars)	**30 June 2016**	1 July 2015
Raw materials	4,690	1,939
Spare parts	1,915	865
Agricultural produce	315	1,497
Investments in future crops	82	186
Finished goods	1	2,401
Other inventories	948	595
	7,951	7,483

Investments in future crops represent fertilisers and land cultivation to prepare for the subsequent growing season.

During the year ended 30 June 2016 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to USD 18,133 thousand.

As at 30 June 2016 and 1 July 2015, agricultural produce is represented by the following types:

(in thousands of US dollars)	**30 June 2016**		1 July 2015	
	Tonnes	**Carrying amount**	Tonnes	Carrying amount
Soya	**491**	**180**	807	163
Wheat	**1,791**	**111**	4,906	380
Other crops	**4,434**	**24**	12,514	954
Total agricultural produce	**6,716**	**315**	18,227	1,497

11 Biological assets

Biological assets are categorised as follows:

(in thousands of US dollars)	**30 June 2016**	1 July 2015
Long-term biological assets		
Livestock	**448**	578
Short-term biological assets		
Crops	**51,203**	41,432
Livestock	**420**	651
	51,623	42,083
Total biological assets	**52,071**	42,661

(a) Movements in biological assets

The following table represents the changes during the year in the carrying amount of long-term and short-term biological assets:

(in thousands of US dollars)	**Long-term livestock**	**Crop-bearing fields**	**Short-term livestock**	**Total**
Balances as at 1 July 2015	578	41,432	651	42,661
Gain (loss) arising from initial recognition of agricultural produce and changes in fair value of biological assets	(86)	23,613	(193)	23,334
Increases due to purchases	43	54,163	985	55,191
Decreases due to sales and other disposals	-	(2,924)	(928)	(3,852)
Decreases due to harvest	-	(58,010)	-	(58,010)
Effect of movements in exchange rates	(87)	(7,071)	(95)	(7,253)
Balances as at 30 June 2016	**448**	**51,203**	**420**	**52,071**

Long-term biological assets are represented by livestock such as cows, pigs, horses and other animals held for breeding. Livestock included in short-term biological assets consists of cattle, pigs, horses, and animals intended for sale.

USD 2,863 thousand is attributable to the change in unrealised gain relating to biological assets held as at 30 June 2016 and included in profit or loss, under “Changes in fair value of biological assets and gain on initial recognition of agricultural produce”.

(b) Fair value measurement and significant unobservable inputs

The following table shows the valuation techniques and significant unobservable inputs used in measuring fair values of crops:

Valuation technique and key assumption	Valuation technique and key assumption	Inter-relationship between unobservable inputs and fair value measurement
Discounted cash flows: the valuation model considers the present value of net cash flows expected to be generated by crops. Cash inflows are projected based on the estimated prices for crops and crops' yields, which are determined based on several factors including location of farmland, environmental conditions, historical yields and other restrictions and growth at the time of measurement. In particular, the cash flow projections include specific downward adjustment in respect of the estimated stage of growth of a biological asset which results in the recognition of the fair value gains in line with the asset's biological transformation. The expected fair value losses are recognised immediately.	Estimated net yields for different crops range from 1.52 to 32.26 tonnes per hectare (1 July 2015: from 0.92 to 5.09 tonnes per hectare).	The higher the crop yields, the higher the fair value.
Prices for crops are obtained from state statistical reports or other public sources and reflect market expectations regarding such prices at the point of harvest.	Estimated future market prices for different crops range from 150 to 412 USD per tonne (1 July 2015: from 145 to 394 USD per tonne).	The higher the market prices, the higher the fair value.
The expected net cash flows are discounted using a risk-adjusted discount rate. The period of discounting is less than one year and corresponds to the vegetative period of each crop.	Discount rate of 30.00% is applied in determining the fair value of crops as at 30 June 2016 (1 July 2015: 30.00%).	The higher the discount rate, the lower the fair value.

Another significant unobservable input used in measuring fair value of crops is represented by the future production costs and costs to sell, which are projected based on actual operating costs. The higher the future production costs, the lower is the fair value of biological assets.

(c) Physical quantities

Physical quantities of output of agricultural produce harvested during the year ended 30 June are as follows:

(in tonnes)	**1 July 2015 to 30 June 2016**
Crops	
Wheat	187,691
Rape	31,221
Sunflower	37,021
Corn	64,673
Soya	21,419
Potatoes	8,855
Other crops	16,138
	367,018

Crop-bearing fields are represented by the following types of crops:

(in thousands of US dollars)	**30 June 2016**		1 July 2015	
	Hectares	**Carrying amount**	Hectares	Carrying amount
Winter wheat	**61,200**	**20,321**	41,838	14,973
Sunflower	**42,540**	**12,652**	18,879	6,161
Corn	**9,083**	**4,307**	12,650	4,651
Spring rape	**8,733**	**3,908**	-	-
Winter rape	**6,700**	**2,150**	20,836	9,772
Soya	**6,018**	**2,185**	20,118	4,378
Spring barley	**11,170**	**1,898**	-	-
Other crops	**4,741**	**3,782**	9,086	1,497
Total crops	**150,185**	**51,203**	123,407	41,432

(d) Risk management in the agricultural business

The Group is exposed to a number of risks related to its biological assets:

Raw materials price risks

The Group’s operating results are highly sensitive to the price fluctuations for core raw materials such as seeds, fertilisers and agrochemicals. In order to address this risk, the Group takes actions on optimisation of fertilizer and agrochemicals consumption and has implemented tender procedure to secure the best price bid thereon.

Commodity price risks

The Group is exposed to financial risks arising from changes in crops, meat, and milk prices. The Group reviews its outlook for agricultural produce prices on a regular basis in considering the need for active financial risk management. Crop price risks are hedged if economically viable and possible by entering into forward contracts with traders. Contract positions are designed to ensure that the Group would receive a defined minimum price for certain quantities of its production.

Climate and other risks

Biological assets are exposed to the risk of damage from climatic changes, diseases, fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular field and farm inspections and industry pest and disease surveys.

Regulatory and environmental risks

Operations are subject to laws and regulations adopted in Ukraine. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

(e) Security

As at 30 June 2016 biological assets with a carrying amount of USD 20,484 thousand (1 July 2015: USD 3,709 thousand) are pledged to secure Group's bank loans and borrowings (Note 14).

12 Cash and cash equivalents and bank deposits

(in thousands of US dollars)	**30 June 2016**	1 July 2015
Bank balances	**5,260**	25,497
Restricted cash balances	**90**	-
Cash equivalents	**-**	1,903
Petty cash	**1**	1
Cash and cash equivalents	**5,351**	27,401

As at 30 June 2016 and 1 July 2015, cash balances with banks are neither impaired nor past due. The Group's exposure to credit, interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23(b).

Cash equivalents are represented by term deposit with maturity under three months.

13 Equity

(a) Share capital

As at 30 June 2016 and 1 July 2015 the authorised, issued and fully paid share capital of the Company was as follows:

	30 June 2016	1 July 2015
Number of shares authorised for issue	**4,363,525**	4,363,525
Number of shares issued and fully repaid	**4,250,010**	4,250,010

The issued and fully paid share capital of the Company as at 30 June 2016 and 1 July 2015 was USD 63 thousand represented by 4,250,010 ordinary shares with a nominal value of EUR 0.01 per one share. All shares are ordinary, have equal voting, dividend and capital repayment rights.

(b) Share premium

The share premium is the amount received by the Company for the shares issued, which exceeds their nominal value.

(c) Dividends

As at 30 June 2016 there were no dividends payable and the Group did not declare dividends.

(d) Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(e) Revaluation reserve

The revaluation surplus relates to the revaluation of property, plant and equipment.

14 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 23(b).

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				30 June 2016	1 July 2015
(in thousands of US dollars)	**Currency**	**Nominal interest rate**	**Year of maturity**	**Carrying amount**	Carrying amount
Not overdue loans and borrowings					
Working capital loans	USD	12%	2017	**27,216**	25,167
				27,216	25,167
Overdue loans and borrowings					
Unsecured bonds issued	USD	9-10%	n/a	**572,786**	527,142
Unsecured bank loans	UAH, USD, EUR	4-50%	n/a	**463,164**	337,204
Secured bank loans	UAH, USD	10-27%	n/a	**202,928**	167,613
Unsecured notes issued	USD	8-18%	n/a	**12,179**	10,613
Suppliers' credit	EUR	5-9%	n/a	**31,444**	29,596
Other borrowings	UAH	0-5%	n/a	**131**	298
				1,282,632	1,072,466
Total interest-bearing liabilities				**1,309,848**	1,097,633

The nominal value of loans and borrowings equals with their carrying value.

Bank loans and notes are secured by the following:

- property, plant and equipment with a carrying amount of USD 91,621 thousand (1 July 2015: USD 106,941 thousand), see Note 9(c);
- biological assets with a carrying amount of USD 20,484 thousand (1 July 2015: USD 3,709 thousand), see Note 11(e);
- pledge of corporate rights in respect of subsidiaries, stand-alone total assets and negative net assets of which amount to USD 25,478 thousand and USD 22,076 thousand, respectively, as at 30 June 2016 (1 July 2015: USD 21,800 thousand and USD 10,465 thousand).

Suppliers' credit is secured by property, plant and equipment with a carrying amount of USD 12,838 thousand as at 30 June 2016 (1 July 2015: USD 16,968 thousand), see Note 9(c).

On 3 May 2016, the Group concluded Subscription Agreement with the Group's current creditors for USD 27,000 thousand of guaranteed and secured notes due on 31 December 2018, with the interest rate of 12% per annum, with the purpose to settle notes issued in 2015 with outstanding amount of USD 9,200 thousand and to finance working capital needs.

On 30 May 2016, the Group concluded a loan agreement with PJSC "ALFA bank" for EUR 1,800 thousand (equivalent to USD 2,010 thousand), guaranteed and secured due on 30 August 2018, with the interest rate of 14.5% per annum, with the purpose of debt restructuring. As at 30 June 2016, the Group obtained EUR 891 thousand (equivalent to USD 1,011 thousand) under this loan.

(b) Breach of loan covenants and other provisions of loan agreements

As described in Note 2(a), in August 2014 Group has defaulted on its loans and borrowings, and, as a result, in October 2014, bondholders demanded early settlement of liabilities for bonds amounting USD 400,000 thousand. Following these events, the remaining banks and other bondholders have claimed early settlement of the Group's liabilities and all the Group's loans and borrowing became payable on demand.

As the Group companies failed to fulfil their obligations, a number of banks initiated court claims against the Group in respect of full repayment of its liabilities, see Note 25(a).

As described in Note 2(a), the current debt level is unsustainable and the Group is not able to service such debt, therefore starting from January 2015, the Group jointly with CoComs and the Provisional Liquidator are working on developing the terms of restructuring plan that would satisfy the creditors and at the same time ensure the long-term survival of the Group.

As at 30 June 2016, the Group was negotiating with the creditors a restructuring proposal of the terms of the agreement. As at the date these consolidated financial statements were authorised for issue, negotiations on the terms of restructuring agreement were still in process. According to the proposed terms, the creditors will convert the portion of the current debt above the sustainable level into equity or quasi equity instruments of the Group, resulting in legal ownership of the Group by its creditors.

15 Provision for guarantees

As described in Note 2(a), the Group has provided financial guarantees for the companies, which were previously under common control of Guta family. Because of the insolvency of these companies, as at 30 June 2016 the Group recognised a provision in amount of USD 240,757 thousand (1 July 2015: USD 233,450 thousand). As these companies failed to fulfil their obligations, the majority of the banks initiated court claims against the Company and its subsidiaries acting as guarantors on these loans. Provision for guarantees, for which legal actions have been initiated, was recognised in the amount claimed by the lenders in the court. Provision for other guarantees was recognised in the nominal amount of loans guaranteed, including interest and penalties accrued.

16 Trade and other payables

(in thousands of US dollars)	**30 June 2016**	1 July 2015
Trade payables	**18,442**	22,631
Land lease payables	**5,466**	3,619
Salary payables	**637**	665
Other payables	**4,488**	4,182
	29,033	31,097

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 23(b).

17 Revenue

(in thousands of US dollars)	**For the year ended 30 June 2016**
Sale of agricultural products	**61,739**
Rendering of services	**1,779**
Other	**4,370**
	67,888

The Group has a certain level of non-cash transactions as is common with many Ukrainian companies. These transactions primarily involve sale of agricultural products in exchange for land lease services. Prices are usually fixed in contracts with the mutual settlement transactions valued and recorded at the market prices for the land lease services involved in the transaction. Non-cash sales and purchases are accounted for on an accrual basis in the same manner as traditional transactions satisfied in cash and cash equivalents.

Non-cash sale transactions for the year ended 30 June 2016 comprise USD 7,381 thousand.

(a) Geographic information

Distribution of the Group's revenue by geographical area based on the customers' country of domicile was as follows:

(in thousands of US dollars)	**For the year ended 30 June 2016**
Export	**37,351**
Domestic	**30,537**
	67,888

The geographical analysis is presented based on legal address of the customer under direct sales contracts.

18 Gain arising from re-measurement of agricultural produce and biological assets to fair value

Management estimates the fair value of agricultural produce at the point of harvest by reference to the quoted prices in the market, as defined by International Financial Reporting Standard IAS 41 *Agriculture*. In addition, point-of-sale costs at the point of harvest are estimated and deducted from the fair value.

19 Administrative costs relating to debts restructuring

Administrative costs relating to debt restructuring of USD 9,019 thousand are represented by fees paid to professional consultants and lawyers in connection with debt restructuring process.

20 Personnel expenses

Personnel expenses recognised in profit or loss for the year ended 30 June 2016 are as follows:

(in thousands of US dollars)	**For the year ended 30 June 2016**
Wages and salaries	**9,322**
Salary related charges	**2,202**
	11,524

The average number of employees for the year ended 30 June 2016 is 2,341.

21 Finance costs, excluding working capital loan and finance lease interest expenses

(in thousands of US dollars)	**For the year ended 30 June 2016**
Fines and penalties on loans and borrowings	**126,656**
Interest expenses on defaulted loans and borrowings	**94,546**
Increase in provision for guarantees	**12,403**
	233,605

22 Income tax expense

The Group is subject to taxation in several tax jurisdictions depending on the residence of its entities. During the six months ended 31 December 2015 the nominal tax rate for the Group's Cyprus and Switzerland companies were 12.50% and 17.92%, respectively. Ukrainian income tax was levied on taxable income of the Group's Ukrainian entities subject to income tax at the rate of 18.00% in 2015 and 2016.

The Group's companies involved in agricultural production pay unified income tax and are exempt from income tax in accordance with the Ukrainian Tax Code.

Income tax expense for the year ended 30 June is as follows:

(in thousands of US dollars)	**For the year ended 30 June 2016**
Deferred tax expense	**(1,483)**
Current income tax	**(27)**
	(1,510)

(a) Reconciliation of effective tax rate

The reconciliation of effective tax rate for the year ended 30 June is as follows:

(in thousands of US dollars)	**2016**	**%**
Loss before tax	**(313,336)**	**100%**
Less: loss generated by UAT payers	**(46,378)**	**15%**
Loss generated by CPT payers	**(266,958)**	**85%**
Income tax benefit at applicable tax rate	**(51,826)**	**19%**
Non-deductible items, net	**52,021**	**(19%)**
Change in unrecognised deferred tax assets	**1,315**	**(1%)**
Income tax expense	**1,510**	**(1%)**

(b) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
(in thousands of US dollars)	**30 June 2016**	1 July 2015	**30 June 2016**	1 July 2015	**30 June 2016**	1 July 2015
Property, plant and equipment	**-**	145	**(9,269)**	(12,941)	**(9,269)**	(12,796)
Inventories	**1,013**	1,893	**(4)**	(23)	**1,009**	1,870
Trade and other receivables	**332**	3,161	**(85)**	(28)	**247**	3,133
Tax (assets)/liabilities	**1,345**	5,199	**(9,358)**	(12,992)	**(8,013)**	(7,793)
Set off of tax	**(1,345)**	(5,199)	**1,345**	5,199	**-**	-
Net tax liabilities	-	-	**(8,013)**	(7,793)	**(8,013)**	(7,793)

Movements in recognised deferred tax assets (liabilities) by types of temporary differences during the year ended 30 June 2016 are as follows:

(in thousands of US dollars)	As at 1 July 2015	**Recognised in profit or loss**	**Effect of movements in exchange rates**	**As at 30 June 2016**
Property, plant and equipment	(12,796)	**1,615**	**1,912**	**(9,269)**
Inventories	1,870	**(596)**	**(265)**	**1,009**
Trade and other receivables	3,133	**(2,502)**	**(384)**	**247**
Net deferred tax assets (liabilities)	(7,793)	**(1,483)**	**1,263**	**(8,013)**

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

(in thousands of US dollars)	**30 June 2016**	1 July 2015
Deductible temporary differences	**2,980**	3,992
Tax loss carry-forwards	**3,182**	1,802
	6,162	5,794

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

23 Fair values and risk management

(a) Fair values

Estimated fair values of financial assets and liabilities are determined using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to produce the estimated fair values. Accordingly, the estimates presented below are not necessarily indicative of the amounts that could be realised in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

The estimated fair values of financial assets and liabilities are determined using discounted cash flow and other appropriate valuation methodologies, at year-end, and are not indicative of the fair value of those instruments at the date these consolidated financial statements are prepared or distributed. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument. Fair value estimates are based on judgments regarding future expected cash flows, current economic conditions, risk characteristics of various financial instruments and other factors.

Fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments.

For all financial assets and liabilities the carrying values approximate the fair values as at 1 July 2015 and 30 June 2016.

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk (see 23(b)*(ii)*);
- liquidity risk (see 23(b)*(iii)*);
- market risk (see 23(b)*(iv)*).

(i) Risk management framework

The Group’s management has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit risk exposure.

Cash and cash equivalents

The Group held cash and cash equivalents of USD 5,351 thousand at 30 June 2016 (1 July 2015: USD 27,401 thousand), which represents its maximum credit exposure on these assets. The analysis of credit quality of cash in bank and bank deposits is presented below:

(in thousands of US dollars)	**Rating**	**Agency**	**30 June 2016**	1 July 2015
Non-Ukrainian banks	A1 – A2	Moody's	**3,299**	21,441
Ukrainian banks	Unrated	-	**2,052**	5,960
			5,351	27,401

Credit risk concentration

As at 30 June 2016 cash balances in amount of USD 2,527 thousand (1 July 2015: USD 20,697 thousand) thousand were placed in a non-Ukrainian bank rated A2 by Moody's rating agency.

Guarantees

As described in Note 15, the Group is exposed to credit risk with regard to guarantees issued. As at 30 June 2016 the provision in the amount of USD 240,757 thousand (1 July 2015: USD 233,450 thousand) was recognised in respect of guarantees issued. Provision for guarantees, for which legal actions have been initiated, was recognised in the amount, claimed by the lenders in the court. Provision for other guarantees was recognised in the nominal amount of loans guaranteed, including interest and penalties accrued.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

As described in Note 2(b), the Group is in default on most of its loans and borrowings and is negotiating the terms of the restructuring plan with creditors. After signing of the restructuring agreement, the Group will focus on managing the liquidity to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Due to the fact that all the Group's loans and borrowing and trade and other payables, except for the secured notes issued in June 2015 for working capital financing and amounting to USD 27,216 thousand as at 30 June 2016 (1 July 2015: USD 26,192 thousand), are overdue and, as a result, payable on demand, future contractual cash flows and interest payable was not calculated, except for the working capital financing. The working capital financing is payable within 1-12 months. As described in Note 2(a), the Group has currently stopped repayment of any principal and interest amounts of its loans and borrowings. The Group currently only accrues interest payable and penalties, if any, according to the loan agreements' terms and future contractual cash flows will depend on the restructuring agreement to be signed by the Group and its creditors, see Note 2(b).

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The functional currencies of Group companies are primarily the US dollar (USD) and Ukrainian hryvnia (UAH). The currencies in which these transactions are primarily denominated are USD and UAH.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

(in thousands of US dollars)	**USD-denominated**	**EUR-denominated**	**USD-denominated**	**EUR-denominated**
	30 June 2016	**30 June 2016**	**1 July 2015**	**1 July 2015**
Trade receivables	**-**	**-**	27	-
Bonds issued	**(572,786)**	**-**	(527,142)	-
Loans and borrowings	**(559,430)**	**(90,406)**	(433,594)	(87,862)
Provision for guarantees	**(137,888)**	**(81,368)**	(147,855)	(68,184)
Trade and other payables	**(2,407)**	**(489)**	(2,115)	(494)
Net statement of financial position exposure	**(1,272,511)**	**(172,263)**	**(1,110,679)**	**(156,540)**

Sensitivity analysis

The following table presents sensitivities of equity to reasonably possible changes in exchange rates applied at the reporting date relative to the functional currency of the respective Group entities, with all other variables held constant:

	Change of foreign currency rate		**Effect on loss before tax**		**Effect on the equity**	
	Strengthening of the UAH	Weakening of the UAH	Increase	Decrease	Increase	Decrease
30 June 2016						
Change in USD exchange rate	30%	(30%)	(397,614)	397,614	381,752	(381,752)
Change in EUR exchange rate	30%	(30%)	(53,862)	53,862	51,679	(51,679)
1 July 2015						
Change in USD exchange rate	30%	(30%)	(332,615)	332,615	-	-
Change in EUR exchange rate	30%	(30%)	(45,654)	45,654	-	-

Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group’s exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Exposure to interest rate risk

At the reporting date the interest rate profile of the Group’s interest-bearing financial instruments was as follows:

(in thousands of US dollars)	**Carrying amount**	**Carrying amount**
	30 June 2016	**1 July 2015**
Fixed rate instruments		
Financial liabilities	1,123,268	924,793
	1,123,268	**924,793**
Variable rate instruments		
Financial liabilities	190,211	172,840
	190,211	**172,840**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed-rate financial instruments as fair value through profit or loss or as available-for-sale. Therefore a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

24 Operating leases

(a) Leases as lessee

The Group leases land for growing of crops in the normal course of business. The leases typically run for an initial period of two to nine years, with an option to renew the lease after that date. The amount of lease payments is subject to an annual basic assessment depending on the total area and the use of land. At the end of each of the lease terms the lessee has the preferential option to renew the lease agreement. To exercise the renewal option, the lessee is required to give notice to the lessor of such renewal not later than in 30-90 days period before the agreement expiry date.

(i) Future minimum lease payments

At 30 June 2016 and 1 July 2015, the future minimum lease payments under non-cancellable leases were payable as follows:

(in thousands of US dollars)	**30 June 2016**	1 July 2015
Less than one year	**7,260**	6,600
Between one and five years	**20,697**	16,494
More than five years	**9,366**	5,122
	37,323	28,216

(ii) Amounts recognised in profit or loss

(in thousands of US dollars)	**30 June 2016**
Lease expense	15,269
Sublease income	(233)

25 Contingencies

(a) Litigations

As at 30 June 2016, the Group has numerous legal proceedings brought against it by banks and creditors on repayment of overdue loans and borrowings for the amount of USD 400,842 thousand (1 July 2015: USD 247,618 thousand), see Note 14, which were primarily caused by the default of the Group, as described in Note 2(a).

The Group is also involved in litigation with respect to issued guarantees related to loans obtained by companies, which were previously under the common control of the Guta family. As these companies failed to fulfil their obligations, the banks initiated court proceedings against the Company and its subsidiaries acting as guarantors on these loans. Due to the insolvency of these companies, as at 30 June 2016 the Group recognised a provision in the amount of USD 240,757 thousand (1 July 2015: USD 233,450 thousand), see Note 15.

During the year ended 30 June 2016 three banks have filed for a bankruptcy of the Group companies. As at 30 June 2016, stand-alone total assets and negative net assets of those companies amount to USD 60,437 thousand and USD 347,254 thousand, respectively.

On 26 January 2015, the District Court of Nicosia, Cyprus, appointed Mr. Chris Iacovides as Provisional Liquidator, upon which the powers of the Company’s directors were suspended. Mr. Iacovides, in consultation with the creditors, appointed new management in Ukraine to manage and operate the Company’s activities. Forthwith on 11 May 2016 the District Court of Nicosia issued a winding up Order and by virtue of his office, the Official Receiver was appointed Liquidator upon the making of the Order, terminating the appointment of Mr Iacovides as Provisional Liquidator. Due to the complexity of the liquidation of the Company, the time and resources that would be required on the part of the Official Receiver, and Mr Iacovides’ existing involvement, the Official Receiver applied to the District Court of Nicosia for the appointment of Mr Iacovides as Special Manager and the Court granted the Order for his appointment on 19th May 2016, giving Mr Iacovides as Special Manager all the powers that the Official Receiver has as Liquidator.

On 11 May 2016 the District Court of Nicosia issued a winding up Order and by virtue of his office, the Official Receiver was appointed Liquidator upon the making of the Order, terminating the appointment of Mr Iacovides as Provisional Liquidator. Due to the complexity of the liquidation of the Company, the time and resources that would be required on the part of the Official Receiver, and Mr Iacovides’ existing involvement, the Official Receiver applied to the District Court of Nicosia for the appointment of Mr Iacovides as Special Manager and the Court granted the Order for his appointment on 19th May 2016, giving Mr Iacovides as Special Manager all the powers that the Official Receiver had as Liquidator. On 2 December 2016, the Court appointed Mr Chris Iacovides and Mrs Andri Antoniou as Joint Liquidators.

As at 30 June 2016 the Group was involved in a number of legal proceedings with tax authorities. As a result, there is a risk that the Group may be charged with additional taxes and penalties amounting to USD 1,783 thousand (1 July 2015: USD 1,730 thousand). No provision for such potential charges is made in these consolidated financial statements as management believes that the court proceedings will be resolved in favour of the Group.

The Group is involved in various other legal proceedings in the ordinary course of business. Management does not believe the result of any such actions will have a material effect on the financial position or results of operations.

(b) Taxation contingencies

The Group performs most of its operations in Ukraine and therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterised by numerous taxes and frequently changing legislation which may be applied retroactively, open to wide interpretation and in some cases are conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and between the Ministry of Finance and other state authorities are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer.

These facts create tax risks substantially more significant than typically found in countries with more developed systems. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on this consolidated statement of financial position, if the authorities were successful in enforcing their interpretations, could be significant.

As at 30 June 2016 there is a risk that the Group may be charged with additional taxes and penalties relating to certain transactions amounting to USD 355 thousand (1 July 2015: USD 4,261 thousand). No provision for such potential charges is made in these consolidated financial statements as management believes that it is not probable that the currently applied tax treatment will be challenged by the tax authorities.

26 Related party transactions

The Group performs transactions with related parties in the ordinary course of business. Related parties comprise the Group parent's associates, the participants, key management personnel of the Group and their close family members, and companies that are controlled or significantly influenced by the participants. Prices for related party transactions are determined on an ongoing basis. The terms of some related party transactions may differ from the market terms.

(a) Management remuneration

Remuneration of key management personnel is represented by short-term employee benefits amounting to USD 755 thousand for the year ended 30 June 2016.

(b) Transactions with other related parties

The Group's other related party balances and transactions are disclosed below.

(in thousands of USD)

	30 June 2016	**1 July 2015**
Statement of financial position:		
Trade and other payables	**1,036**	10

All outstanding balances with related parties are to be settled in cash within six months of the reporting date. None of the balances are secured.

27 Subsequent events

(a) Restructuring

Subsequent to the reporting date, the Group has been in process of negotiation of draft restructuring proposal with CoComs of creditors and bondholders. According to the proposed terms, the creditors will convert the portion of the current debt exceeding the sustainable level into equity or quasi equity instruments of the Group, resulting in legal ownership of the Group by its creditors.

As at the date these Consolidated Financial Statements were authorised for issue, the restructuring agreement has not yet been signed.

(b) Litigation

Subsequent to the reporting date, a number of bondholders have initiated legal actions in respect of repayment of outstanding bonds payable amounting to USD 572,798 thousand as at 30 June 2016.

(c) Establishing and obtaining control over subsidiaries

Subsequent to the reporting date, the Group established the following subsidiaries:

Subsidiary name:	% of ownership
LLC Mriya Elevator Kozova	100.00%
LLC Mriya Krokhmalnyi Zavod	100.00%

Subsequent to the reporting date the Group obtained control over the following subsidiaries as a result of legal actions:

Subsidiary name:	Date:	% of ownership
LLC Agrosvit - Chepelivka	12 August 2016	100.00%
LLC Starkonzem	12 August 2016	100.00%
LLC Slobidka Smotrytska	02 December 2016	100.00%
LLC Zhyshchyntsi	02 December 2016	100.00%
LLC Barkosofr Agro 2	02 December 2016	100.00%
LLC Agroprodukt 2	02 December 2016	100.00%
PAE Kolos	02 December 2016	100.00%
LLC Ivane Zolote	02 December 2016	100.00%
LLC Promin-Ahro	20 December 2016	100.00%
LLC Novagros	20 January 2017	100.00%

The Group is unable to estimate the total assets and net assets of these subsidiaries as they did not maintain accounting in accordance with IFRS.

Also the following new subsidiaries were established through reorganization of the old ones:

Subsidiary name:	Date:	% of ownership
LLC Agraria Shumsk	26 August 2016	100.00%
LLC Kolos Pokutty	19 August 2016	100.00%
LLC PolyanaSV	29 August 2016	100.00%
LLC Seloproduct	12 August 2016	100.00%
LLC Urozhay-2012	26 August 2016	100.00%

(d) Subsequent loan agreements

On 11 July 2016 and 07 October 2016, the Group concluded Supplemental Agreements with the Group’s current creditors for additional issue of guaranteed and secured notes amounting USD 14,000 thousand and USD 5,000 thousand. Respective tranches were fully received by the Group during July and October 2016. Supplemental agreements relate to Subscription Agreement concluded on 3 May 2016 for USD 27,000 thousand (zero outstanding balance as at 30 June 2016) guaranteed and secured notes due on 31 December 2018, with the 12% interest per annum. No changes to the other credit terms were made as a result of Supplemental Agreements conclusion. These funds were received in full as at the date of authorisation of these financial statements.

(e) Foreclosure of premises

As a result of litigation, on 19 September 2016 the court has foreclosed property of 5 storage facilities and 3 potato warehouses in Vasylkivtsi (Ternopil region) with the total carrying value of USD 5,647 thousand against liabilities due to "Prominvestbank". However, on 21 September 2016 the Group has signed lease agreement with the bank for these premises and as at the date that these consolidated financial statements were authorised for issue continues to operate them.

As a result of litigation, on 2 August 2016 the court has foreclosed property of one of the Group's elevators in Krasyliv (Khmelnytsky region) with the total carrying value of USD 11,245 thousand against liabilities due to "Alfa Bank".

(f) Loss of control over subsidiaries

Subsequent to the reporting date, the Group lost control over its subsidiary LLS Stach, which is consolidated as at 30 June 2016, as a result of bankruptcy proceedings over the company. As at 30 June 2016, stand-alone total assets and negative net assets of the subsidiary amount to USD 21 thousand and USD 48,486 thousand, respectively.

(g) Disposal of subsidiaries

Subsequent to the reporting date, the Group disposed its investments in LLC Kolistar, LLC Saturn Ahro and Mriya (Switzerland) AG. As at 30 June 2016, stand-alone total assets and negative net assets of these subsidiaries amount to USD 1,046 thousand and USD 2,467 thousand, respectively.