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WHO WE ARE

Agri Resources is an international company headquartered in Luxembourg which focuses on the cultivation of crops, vanilla and spices in Africa and Asia.

Our mission is to bring consumers closer to producers, creating more value and opportunities for our local partners and securing better quality products, while minimising our footprint on the environment.

Our sustainable approach is central to our strategy and guides our business decisions. We create value by consolidating the supply chain and reinvesting in higher value-added activities. We build on our local knowledge and international experience to create efficient operations and effective routes to market.

Agri Resources Group is part of Agricorp, an international group focused on agriculture and food processing. Agricorp is a division of Monaco Resources Group, a global organisation specialising in natural resources.
Agri Resources business focuses on the cultivation of agricultural products ranging from import-substitution crops to vanilla, spices and niche products.

Agri Resources operates through two business units:

- **AGRICULTURE**
  - The Agriculture business unit, headed by Agri Resources Group is developing and preparing land banks with the objective to support our strategy to become a key contributor of agricultural products to the food supply chain in Sub-Saharan Africa.

- **VANILLA & SPICES**
  - The Vanilla & Spices business unit, headed by Agro Resources Mauritius produces, procures, processes and exports high-quality vanilla, spices and niche products in Madagascar, Indonesia and Mauritius.

### AGRI RESOURCES AT A GLANCE

![AGRI RESOURCES](image)

**KEY DATA**

- **REVENUES**: 9.7 M€
- **GROSS PROFIT**: 4.1 M€
- **OPERATING PROFIT**: 2 M€
- **EQUITY**: 152 M€
Agri Resources has developed an asset base in strategic locations.

LOCATIONS
Ghana
Indonesia
Luxembourg
Madagascar
Mauritius
Monaco
Republic of Congo
Republic of Guinea
Singapore
AGRI RESOURCES
STRATEGY

Our sustainable approach is central to our strategy and guides our business decisions. These elements are pillars to our strategy and key to our success:

**ASSET BASE**

We have invested in sourcing locations, including plantations in Madagascar and significant land banks in West Africa as well as into warehouses and modern equipment, enabling us to produce high quality agricultural products.

**STRONG NETWORK**

We have developed a robust network of companies across 9 countries, bringing high-quality products to markets in Africa, Europe, USA & Asia. Furthermore, we have built strong relationships with local partners, suppliers and international clients.

**SUSTAINABLE GROWTH**

In parallel to increasing the present trade flow volumes, we emphasise the sustainable use of existing assets and resources. We prioritise sustainable agricultural practices to ensure the quality of our product and business development.

**QUALITY**

Our strong focus on quality, supported by internationally acknowledged certifications, has enabled us to build a network of reputable clients.

**OUR PEOPLE**

Our people are fundamental to our success. We hire and train people locally and we encourage promotion to senior positions from the communities where we operate. We treat our people fairly, and with respect, and ensure they have the opportunity to develop their careers to match their potential.

**DIVERSIFICATION**

Our diversified model and a wide range of products reduce our exposure to changes in demand and environmental conditions. We operate in both domestic and international markets at different stages of the agricultural supply chain.
AGRI RESOURCES
BUSINESS MODEL

We cultivate agricultural products ranging from import-substitution crops to vanilla, spices and niche products.

We create value by consolidating the supply chain and reinvesting in higher value-added activities. We build on our local knowledge and international expertise to create efficient operations and effective routes to market.

KEY ASSETS

We have invested in sourcing locations, including plantations in Madagascar and significant land banks in West Africa as well as investment warehouses and modern equipment.

KEY ACTIVITIES

Our key activities span the cultivation, processing, trading and marketing of agricultural products. In addition to developing our own lands banks we supply products from local producers in Madagascar and Indonesia.

OUR PRODUCTS

Our wide range of products reduce our exposure to changes in demand and environmental conditions. Our strong focus on quality, had enabled us to build a network of reputable clients.

OUR CHANNELS

We can leverage logistics, storage and ports expertise from within our Group, enabling us to deliver our products to domestic and international markets.

MARKET SEGMENTS

Our Agriculture business unit focuses on supplying the local markets where we operate. Our Vanilla & Spices business unit exports products to Europe, North America and Asia.

OUR EXPERTISE

We combine our agronomic expertise with traditional know-how, allowing us to produce the most viable products. We use our international experience to create efficient operations and effective routes to market.

KEY PARTNERS

We collaborate with key international business and institutional partners as well as non-profit organisations, to ensure the highest standards of governance, safety and sustainable sourcing and quality of ingredients.
AGRI RESOURCES
SUSTAINABLE BUSINESS APPROACH

Our goal is to create value for all of our stakeholders in a manner that is responsible, transparent and respects the rights of all.

To achieve this we have committed to ensuring the best governance, social and sustainable practices applicable to all of our managed assets.

ENVIRONMENTAL SUSTAINABILITY

Along with our strong ethical commitment to minimise our footprint, we believe that preserving the environment is essential for the long-term well-being of our industry and the quality of our products.

We have developed several programmes including:
- Incentive programmes for the adoption of good agricultural practices by local farmers
- Environmentally sustainable management of land and natural resources by preserving the residual forest and implementing agroforestry.
- Implementing environmental and social management systems addressing social and environmental risk mitigation, notably vanilla traceability in Madagascar.

SOCIAL DEVELOPMENT

We operate in underdeveloped areas and recognise that our company has an important role to play in driving positive change for our employees, suppliers and local communities.

We are strongly committed to promoting a sustainable future for all stakeholders as well as creating employment opportunities.

We have commenced several projects and initiatives for:
- Agronomic training, security and education of farming communities.
- Preservation of traditional know-how.
- Creation of better revenue generating opportunities for farming communities.
- Promoting gender equality and female leadership.

GOVERNANCE

We collaborate with key international business and institutional partners such as the World Bank and IFC, to ensure the highest standards of governance, safety and sustainable sourcing of ingredients. - Promoting gender equality and female leadership.
ALIGNED WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Agri Resources Group contributes to the achievement of the Sustainable Development Goals (SDGs) set by the UN for 2015-2030 by effectively managing our land and sharing best practices with local communities, investing in social projects aiming to close the poverty gap and environmental projects for the preservation of biodiversity.
AGRI RESOURCES
AGRICULTURE

Established in Republic of Guinea, Republic of Congo and Ghana, our subsidiaries are developing and preparing land banks with the objective to support Agri Resources’ strategy to become a key contributor of agricultural products to the food supply chain in Sub-Saharan Africa.

Our agriculture division cultivates a diverse portfolio of products for human consumption as well as animal feeds.

Our team and agronomists are constantly evaluating new opportunities to maximise the use of our assets.

AT A GLANCE

LOCATIONS
- Republic of Guinea
- Republic of Congo
- Ghana

ASSET BASE
- 90,000 hectares
- Processing centres and storage warehouses
- Large scale agricultural machines and equipment

ACTIVITIES
- Production
- Processing
- Marketing and export

MARKETS
- Domestic market
- Neighbouring markets

ALIGNMENT WITH UN SDGs 2015-2030
AGRI RESOURCES
VANILLA & SPICES

The Vanilla & Spices business unit produces, procures, processes and exports high-quality vanilla, spices, coffee and niche products in Madagascar, Indonesia and Mauritius. In addition to using our own land, we source green vanilla and spices from local producers.

We take pride in managing our fields and processing facilities in a sustainable manner. We strive to preserve and transfer traditional know-how to future generations.

We export our vanilla to manufacturers and importers internationally.

<table>
<thead>
<tr>
<th>AT A GLANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LOCATIONS</strong></td>
</tr>
<tr>
<td>• Madagascar</td>
</tr>
<tr>
<td>• Indonesia</td>
</tr>
<tr>
<td>• Mauritius</td>
</tr>
<tr>
<td><strong>ASSET BASE</strong></td>
</tr>
<tr>
<td>• 150 hectare plantation</td>
</tr>
<tr>
<td>• Processing centres &amp; storage warehouses</td>
</tr>
<tr>
<td><strong>ACTIVITIES</strong></td>
</tr>
<tr>
<td>• Production</td>
</tr>
<tr>
<td>• Processing</td>
</tr>
<tr>
<td>• Marketing and export</td>
</tr>
<tr>
<td><strong>MARKETS</strong></td>
</tr>
<tr>
<td>• International markets (Europe, North America, Asia)</td>
</tr>
</tbody>
</table>

ALIGNMENT WITH UN SDGs 2015-2030
BUSINESS PERFORMANCE

Agri Resources business performance has been driven following a 4-layer strategy:

1. SECURING AN ASSET BASE

The initial development stage was focused on securing an asset base. Agri Resources commenced its activities in 2015 with a geographic focus in Western Africa (Republic of Guinea) & Indian Ocean (Madagascar).

The Group, then invested in sourcing locations, including plantations, land banks, warehouses and modernized equipment, and in parallel expanded its operations to the Republic of Congo, Ghana and Indonesia.

2. BUILDING A NETWORK

The Company built a strong network of companies across 9 countries, with a focus on quality products, leveraging strategic trade partnerships to bring high-quality products to markets in Africa, Europe, USA & Asia.

The Company also invested in the enhancement of its local teams and network to prepare for scale-up of international operations while addressing timely local market demands and opportunities.

3. SECURING INTERNATIONAL ACKNOWLEDGEMENT FOR LOCAL OPERATIONS

Over the last 2 years, the Company has invested the necessary funding and allocated the right human capital to deploying a sustainable framework to guarantee the long-term development of its operations by:

- Developing existing land banks to meet high-end customer specifications. (EcoCert certification, HACCP)
- Streamlining sales networks benefiting from the Group’s synergies.
- Securing contracts with international end buyers with existing capacity.
- Diversifying product portfolios in terms of type, quality & origin.
- Enhancing agronomic, financial and managerial expertise in Africa.

4. GROWTH & CONSOLIDATION

Going forward the Group is now able to focus on growth & consolidation. Increasing the existing trade flow volumes will be driven by higher sales arising from the Group’s trading arm. Improving margins will result from higher sales to end-users.

The Group turnover in 2019 is up by 66.34% to 9,771K€ from 5,874K€ in 2018.

The solvency (total group equity divided by the balance sheet total) at the balance sheet date remained stable at 85.3% in 2019 compared to 84.1% in 2018.
GENERAL

Despite the unpredictable global environment, the Company expects to realise further growth in 2020, driven by:

- further integration of the cultivation, processing and exporting activities.
- leveraging direct benefits from synergies across the larger group, notably from a logistics and marketing perspective.

The Company’s ability to secure a steady growth will be strongly buoyed by:

- an internationally acknowledged sustainable approach
- the exposure of its activities in relation to key Development Banks and through successfully passed international audit (organic certifications, sustainability rating).

FINANCING

The long term and short-term financing facilities are in place and the relationships with these banks will be maintained.

In order to further grow the activities, additional finance capacity is being developed with the group’s current and new banking and capital market relationships, notably, but not exclusively, leveraging sustainable financing.

EMPLOYEES

As over the last years, the Company will ensure that the organisation remains lean in terms of headcount.

Key management positions are filled by personnel with the required experience, background, and entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will be employed, as and when growth in activities requires. The Company will continue to endorse local promotion and training.
RISKS & UNCERTAINTIES

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

FLUCTUATION IN CURRENCY EXCHANGE RATES

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar against the Euro, may have a material impact on the Company’s financial results. Note that our business is mainly executed on a dollar basis on the sales side, whereas the reporting currency is Euro. In case that foreign currency effects have a significant impact, the exposure is hedged through adequate instruments. The local expenditures are mainly covered in local African currencies that can fluctuate from the earnings that are in USD. Note that this exposure is limited.

FINANCING, CASH FLOWS AND LIQUIDITY

The company’s activities are dependent on sufficient availability of liquidity.

COUNTRY RISKS, POLITICAL, COMMUNITY AND FISCAL INTERVENTION

The Company’s operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, leases of property and permits. Similarly, communities in certain regions may oppose activities for various reasons. Any of these factors could have an adverse impact on the Company’s profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

OTHER RISKS

Other risks facing the Company include performance risk on agreements; quality of work performed, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

Luxembourg, March 19th 2020

[Signatures]

Anouar Belli
Director A

Sebastien Maurin
Director B
## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(before appropriation of result)

<table>
<thead>
<tr>
<th>EUR 1,000</th>
<th>Note</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2</td>
<td>9,771</td>
<td>5,874</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>2</td>
<td>-5,670</td>
<td>-1,097</td>
</tr>
<tr>
<td>Gross profit</td>
<td>2</td>
<td>4,100</td>
<td>2,777</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling expenses</td>
<td>3</td>
<td>-109</td>
<td>-96</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>3</td>
<td>-1,981</td>
<td>-1,382</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-2,091</td>
<td>-1,478</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td>2,010</td>
<td>1,299</td>
</tr>
<tr>
<td>Depreciation and similar</td>
<td>3</td>
<td>-169</td>
<td>-709</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial income and expense</td>
<td>4</td>
<td>-731</td>
<td>-554</td>
</tr>
<tr>
<td>Net finance cost</td>
<td></td>
<td>-731</td>
<td>-554</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td>110</td>
<td>36</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>5</td>
<td>-18</td>
<td>-9</td>
</tr>
<tr>
<td><strong>Profit from continuing operations</strong></td>
<td></td>
<td>92</td>
<td>27</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td></td>
<td>92</td>
<td>27</td>
</tr>
<tr>
<td>Profit attributable to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Company</td>
<td></td>
<td>113</td>
<td>272</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
<td>-21</td>
<td>-245</td>
</tr>
<tr>
<td></td>
<td></td>
<td>92</td>
<td>27</td>
</tr>
</tbody>
</table>
### CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>EUR 1.000</th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>92</td>
<td>27</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluation PPE (note 6)</td>
<td>23 123</td>
<td>5 190</td>
</tr>
<tr>
<td>Translation differences foreign associated companies</td>
<td>437</td>
<td>704</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>23 652</td>
<td>5 921</td>
</tr>
</tbody>
</table>

Total comprehensive income attributable to:

- Equity holders of Agri-Corp | 23 673 | 4 788 |
- Non-controlling interests | 5 472 | 1 133 |
**Total result** | **23 652** | **5 921**

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before appropriation of result)

<table>
<thead>
<tr>
<th>EUR 1.000</th>
<th>Note</th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property plant and equipment</td>
<td>6</td>
<td>167,502</td>
<td>134,882</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>7</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>Financial fixed assets</td>
<td>-</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td><strong>167,502</strong></td>
<td><strong>134,919</strong></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>8</td>
<td>3,838</td>
<td>1,392</td>
</tr>
<tr>
<td>Receivables, prepayments and accrued income</td>
<td>9</td>
<td>6,166</td>
<td>7,457</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>10</td>
<td>594</td>
<td>3,087</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td><strong>10,598</strong></td>
<td><strong>11,936</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td><strong>178,162</strong></td>
<td><strong>146,855</strong></td>
</tr>
</tbody>
</table>

Equity and liabilities

Equity

- Share capital | 91,000 | 91,000 |
- Reserves and retained earnings | 45,823 | 10,125 |
**Equity attributable to the owners of the company** | **136,823** | **101,125** |

Non-controlling interest

- | 11 | 15,229 | 22,408 |

**Total equity** | **152,052** | **123,533** |

Non-current liabilities

- Loans and borrowings | 12 | 20,181 | 13,576 |

**Deferred tax liabilities** | 5 | | |

**Total non-current liabilities** | **20,181** | **13,576** |

Current liabilities and accruals

- | 12 | 5,930 | 9,747 |

**Total current liabilities** | | **5,930** | **9,747** |

**Total equity and liabilities** | | **178,162** | **146,855** |
CONSOLIDATED STATEMENT OF CASH FLOWS
(before appropriation of result)

EUR 1,000

31/12/2019  31/12/2018

Operating profit  2 010  1 339

Working capital changes
- Movements trade receivables  -695  142
- Movements inventories  -2 446  -661
- Movements on other receivables and assets  206  -312
- Movements trade payables  -861  -119
- Movements other payables and liabilities  25  -78

-3 773  -1 029

Income tax paid  -18  -9
Payments for extraordinary expense  -  62

Cash flow from operating activities  -1 781  363

Investments in intangible fixed assets
Disposals of intangible fixed assets
Investments in property plant and equipment  -5 118  -8 664
Disposals of goodwill and deferred taxes
Acquisitions of group companies
Disposals of group companies
Acquisitions of non-consolidated companies
Disposals of non-consolidated companies
Investments in other financial assets  -  -27
Disposals of other financial fixed assets
Investments in securities  -  5
Return of capital of subsidiaries
Disposals of securities
Acquisition of non-controlling interests

Cash flow from investment activities  -5 118  -8 725

Receipts from issuance of share capital
Proceeds from borrowings and leasing liabilities  6 836  8 180
Repayment of borrowings and leasing liabilities  -3 210  6 400
Movements on loans receivable  1 779  -3 688
Other finance income  1 123  1 298
Other finance expense  -481  -905
Interest received/paid  -1 373  -822
Unrealized fair value changes
Impairment on loans receivable
Bank costs paid
Insurance costs paid

Cash flow from financing activities  4 674  10 463

Net cash flow
Exchange rate and translation differences on movements in cash  -268  704

Movements in cash  -2 493  2 806

Cash and cash equivalents at 1 January 2019  3 087
Cash and cash equivalents at 31 December 2019  594

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(before appropriation of result)

EUR 1,000

Issued share capital  Share premium  Revaluation reserve  Translation reserve  Other reserves  Result for the year  Legal entity share in Group equity  Third-party share in Group equity  Group Equity

2018
Opening Balance  91 000  -  5 183  -  208  -54  96 337  21 274  117 611

Total comprehensive income and expense for the period
Profit/(loss) for the period
Revaluation PPE (note 6)
Foreign currency translation differences
Total comprehensive income and expense for the period

Other movements in equity
Allocation of prior year result
Other movements in equity

Total other movements in equity

Total  91 000  -  46 030  212  -532  113 823  136 623  152 052

Change in accounting principles

2019
Opening Balance  91 000  -  9 476  -225  602  272  101 125  22 407  123 533

Total comprehensive income and expense for the period
Profit/(loss) for the period
Revaluation PPE (note 6)
Foreign currency translation differences
Total comprehensive income and expense for the period

Other movements in equity
Allocation of prior year result
Other movements in equity

Total other movements in equity

Total  91 000  -  46 030  212  -532  113 823  136 623  152 052
## Note 1. Accounting Policies

### 1.1 Corporate information

The activities of Agri Resources Group S.A. ("Agri Resources Group" or "the Company") and its group companies primarily consist of the development and management of industrial farm activities. The Company has its legal seat at 8 rue Dicks, L-1417 Luxembourg, the Grand Duchy of Luxembourg, and is registered with the chamber of commerce under number B 201266.

The Company was incorporated as a limited liability company under the laws of the Grand Duchy of Luxembourg on 30 October 2015 for the purpose of establishing an industrial holding company. Its ultimate shareholder is Cycorp First Investment Ltd.

The Company has its corporate headquarters in Luxembourg, which is also the head of the group of legal entities. The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

### 1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the laws in Luxembourg. The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements. The Company is exempted from its obligation to prepare consolidated financial statements as Cycorp First Investment Ltd. prepares and publishes consolidated statements. However the Group has voluntarily decided to prepare consolidated financial statements as required by the Grand Duchy of Luxembourg and is presented and published separately from the consolidated financial statements. This statutory company-only annual report of the Company prevails over this annual report from a legal perspective. The objective of this report is to provide an overview of the activities of the Company and its subsidiaries.

The consolidated financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union, the Group mandatory has to adopt the new mandatory accounting standards, New IFRS 16 "Leases" and IFRIC 14 "Determining whether an arrangement contains a lease", IAS 17 'Lessees', IAS 17 'Lessor's' and IAS 41 'Semliki'. IAS 17 'Lessor's' and IAS 41 'Semliki' have become effective this year, and are as follows:

**IFRS 16 'Lessees'**

The Group has elected not to apply the definition of a lease under IAS 17 and IFRIC 4. For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFR 16 to those leases that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous imme-diately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional ex-emptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On initial application of IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6%. The Group has used hindsight for determining the lease term when considering options to extend and terminate leases.

### 1.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- measurements that have similar characteristics to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2 inputs** are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- **Level 3 inputs** are unobservable inputs for the asset or liability.

### 1.4 New and revised IFRSs

The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) (collectively, the Boards) respectively have issued largely converged new IFRS. The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

**IFRS 16 'Leases'**

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to those leases that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On initial application of IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6%. The Group has used hindsight for determining the lease term when considering options to extend and terminate leases.

### Table 1: The following is a reconciliation of the financial statements from IAS 17 to IFRS 16 at 1 January 2019:

<table>
<thead>
<tr>
<th>EUR 1.000</th>
<th>Carrying amount as per 31 December 2018</th>
<th>Reclassification</th>
<th>Remeasurement</th>
<th>Carrying amount as per 1 January 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural lands related concessions</td>
<td>-</td>
<td>3.700</td>
<td>-</td>
<td>3.700</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>-</td>
<td>3.700</td>
<td>-</td>
<td>3.700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>3.700</td>
<td></td>
<td>3.700</td>
</tr>
</tbody>
</table>
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1.
The following reconciliation of operating lease commitments as per 31 December 2018 to lease liabilities recognized at 1 January 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>31 December 2018</th>
<th>01 January 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating lease commitments</td>
<td>EUR 1.000</td>
<td>11.401</td>
</tr>
<tr>
<td>Recognition exemptions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating lease liabilities before discounting</td>
<td>11.401</td>
<td>-</td>
</tr>
<tr>
<td>Discount using incremental borrowing rate</td>
<td>7.701</td>
<td>-</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>3.700</td>
<td>3.700</td>
</tr>
</tbody>
</table>

IFRIC 23 - Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. Due to its global reach, including operating in high-risk jurisdictions, the Group is subject to enhanced complexity and uncertainty, which may lead to uncertain tax treatments and the corresponding recognition and measurement of current and deferred taxes. The judgements and estimates made to separately recognise and measure the effect of each uncertain tax treatment are re-assessed whenever circumstances change or when there is new information that affects those judgements. The Group has re-assessed its global tax exposure and the key estimates taken in determining the positions recorded to adopt IFRIC 23.

As of 1 January 2019, the global tax exposure has been determined by referencing to the uncertainty that the tax authority may not accept the Group’s proposed treatment of tax positions. The adoption of the interpretation had no material impact on the Group.

Severely other amendments to existing standards apply for the first time in 2019, but do not have an impact financial statements of the Group.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; and
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

NOTE 1.
Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified permitted by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair values that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquiree’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquiree’s previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a
NOTE 1.

transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates using the measurement method specified in IAS 39 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Goodwill

carried at cost as established at the date of acquisition of the business (see note 1.6) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that benefited from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.9 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate significantly in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group’s share of losses of an associate or a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group’s net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities of the investee, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group’s investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing the recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investee ceases to be an associate or a joint venture or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and its retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss on disposal of equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group’s consolidated financial statements only to the extent that the associate or joint venture that are not related to the Group.

1.9 Revenue recognition

Revenue is measured at the fair value of consideration receivable or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

• the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
• the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
• the amounts of revenue can be measured reliably;
• it is probable that the economic benefits associated with the transaction will flow to the Group;
• the costs incurred or to be incurred in respect of the transaction can be measured reliably.
1.10 Leasing
For any new contracts entered into on or after 1 January 2019, the Group evaluates whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration to be paid.

To apply this definition the Group assesses whether the contract meets three key evaluations of IFRS 16:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available.
• the Group has the right to obtain substantially all of the economic benefits from use of the identifi ed asset in the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identifi ed asset throughout the period of use.
• the Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used in the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the following costs:

• the initial measurement of the lease liability,
• any initial direct costs incurred by the Group,
• an estimate of any costs to dismantle and remove the asset at the end of the lease, and
• any lease payments made in advance of the lease commencement date not of incurrence.

The Group deprecates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the beginning of leasing date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease. The Group uses an incremental borrowing rate if the implicit rate is not available.

Lease payments included in the measurement of the lease liability are made up of the following:

• fixed payments
• variable payments based on an index or rate,
• amounts expected to be payable under a residual value guarantee and
• payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has decided to choose for the possibility of IFRS 16 to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in loans and borrowings or current liabilities and accruals.

1.11 Foreign currencies
In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

• Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
• Exchange differences on transactions entered into in order to hedge foreign currency risks.
• Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future therefore forming part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences are accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.12 Retirement benefit costs and termination benefits
Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.13 Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the consolidated statement of profit or loss and other comprehensive income, because items in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to
the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from 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.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.14 Property, plant and equipment and Intangible fixed assets

Property, plant and equipment (with the exception of land) and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses. Intangible assets include goodwill.

Property, plant and equipment (with the exception of land and buildings) are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. Identifiable intangible assets with a finite life are amortized on a straight-line basis and/or UOP basis over their expected useful life. Reference is made to note 1.23 for more details on the application of the UOP method. Goodwill is not amortized. Land and buildings are valued at Fair Value in accordance with IFRS 13 and changes are accounted for in other comprehensive income.

The major categories of property, plant and equipment (with the exception of land and buildings) and intangible assets are depreciated/amortized on a UOP and/or straight-line basis as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Fair Value Model</th>
<th>UOP/ Straight-Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
<td>10% - 33%</td>
</tr>
<tr>
<td>Other operating assets</td>
<td></td>
<td>2%</td>
</tr>
</tbody>
</table>

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.15 Biological assets

Agri Resources Group points in its consolidated financial statements land for the cultivation of vanilla and spices measured at fair value. Through the long lifecycle and harvest cycle a fair value approach according to IFRS respective IAS 41 was not applicable in the previous years. In the financial year 2019 significant progress was made and therefore it became apparent that Agro Natural Resources Madagascar S.A. has to account for their biological assets according to IAS 41. It is the Group’s position that the vanilla plant has to be separated into a bearer plant part (vanilla tendril) and biological assets / agricultural produce.

The vanilla tendril as a bearer plant falls within the scope of IAS 16 with the result that the initial recognition of the vanilla tendril has to be accounted at cost. The initial recognition is finished after the bearer plant is classified by the Group as ready to use. The subsequent measurement of the vanilla tendril is initial recognition less amortization measured over the useful lifetime. As a consequence, all costs relating to the vanilla tendril are classified as maintenance cost.

The Group recognizes the vanilla beans as a biological asset, as vanilla beans are a biological asset, which are not classified as a bearer plant and clearly identifiable on the bearer plant. Also the entity controls the asset as a result of past events, if the company will have probabilistic future economic benefits, and the fair value or cost of the asset can be measured reliably. Therefore the company has to value the not harvested vanilla beans on initial recognition at fair value (market value) less estimated costs to sell. The Group accounted for the profit resulting from fair value measurement of the not harvested vanilla beans within the financial year 2019. The gain on initial recognition of these biological assets at fair value less costs to sell is included in profit or loss (other financial income, see note 4). The vanilla beans will be subsequent measured at fair value less estimated costs to sell at the point of harvest or a subsequent reporting period.

1.16 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.17 Inventories

Production Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The Trading inventories are stated at Fair Value less costs to sell.

1.18 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that the economic benefits will be received and the amount of the receivable can be measured reliably.

1.19 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Since 1 January 2018 the Group classifies its financial instruments as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL).

The classification depends on the Group’s business model for managing the financial assets and contractual terms of the cash flows.

Amortised cost: Assets that are held for collection of contractual cash flows represent solely payments of principal and interest. Interest income from those
NOTE 1.

Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable costs. Other investments, provisionally priced trade receivables and derivatives are carried at fair value. Trade receivables (without provisional price features), loans and other receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities (except derivatives and liabilities with provisional price features) are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Derivatives and financial liabilities including provisional price features are carried at FVTPL.

1.20 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, a full provision is made for the lifetime expected credit losses. For other receivables, including loans, the Group recognises an allowance for expected credit losses with a maximum life of one year.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. Agri Resources Group applies the simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix, which is subsequently updated to reflect changes in information.

1.21 De-recognition of financial assets and financial liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss previously recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.
NOTE 1.

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

1.22 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognized at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either:

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probable transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders’ equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders’ equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a “host contract”. Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.23 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates. Reference is made to note 1.2 concerning the changes in accounting estimates that are applied in 2018.

The Company has identified the following areas as being critical of understanding the Company’s financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain.

Depreciation and amortization of property plant and equipment

Certain plant and equipment are depreciated/amortized using the straight-line method and therefore the annual charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions. Such changes could similarly impact the useful lives of assets depreciated on a straight-line basis.

Assessments of extraction of UOP rates against the estimated operating and development plan are performed regularly.

Impairments

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset’s recoverable amount is less than the assets’ carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset’s fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of such assets.

Estimates are reviewed regularly by management.

Valuation of derivative instruments

Derivative instruments are carried at fair value and the company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 7.

Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets [Level 1]; by using models with externally verifiable inputs [Level 2]; or using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions [Level 3].

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of fair value of assets and liabilities is also required in accounting for other transactions, notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist. The company applies the fair value model to its agricultural land assets for which valuations are obtained using generally accepted valuation techniques that have been reviewed and approved by third party experts.

Extension options for leases

When the Group has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. The Group’s Management considers all facts and circumstances including their past practice, experience and any cost that will be incurred in the future to change the lease asset if an option to extend is not taken. Based on these evaluation management decides and determines the lease term. No potential lease payments have been excluded in the lease liabilities as management is reasonably certain that all the extension options will be exercised.
NOTE 2. SEGMENT INFORMATION

2.1 General

The company goal is to secure and develop farming activities in Africa, with products such as crops, vanilla and spices. Beginning 2018, the Company has sold the trading activities to its parent company Agricorp Invest S.A. (at arm’s length conditions). Due to the fact that the company is focused on this single segment, a further segment report cannot be provided due to commercial sensitivities.

NOTE 3. INCOME AND EXPENSES

<table>
<thead>
<tr>
<th>EUR 1,000</th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>106</td>
<td>32</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>3</td>
<td>64</td>
</tr>
<tr>
<td>Total selling expenses</td>
<td>109</td>
<td>96</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>1,032</td>
<td>606</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>456</td>
<td>456</td>
</tr>
<tr>
<td>Facilities and offices</td>
<td>135</td>
<td>149</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>357</td>
<td>171</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total administrative expenses</td>
<td>1,981</td>
<td>1,382</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>2,091</td>
<td>1,478</td>
</tr>
</tbody>
</table>

Breakdown: depreciation and amortization

| Property Plant and Equipment | 1,092 | 710 |
| Intangible assets            | -     | 39  |
| right-of-use assets          | 72    | 0   |
| total depreciation and amortization | 1,169 | 2,107 |
| Allocated to production costs | -10   | -40 |
| As included in administrative expenses | 1,169 | 705 |

The average number of employees of the Group during the year, converted to full-time equivalents, was 360 of which 359 are employed outside the Luxembourg. In the personnel expenses an amount of EUR 1 thousand (2018:EUR 103 thousand) related to pension premiums is included.

NOTE 4. FINANCIAL INCOME AND EXPENSES

<table>
<thead>
<tr>
<th>EUR 1,000</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial income and expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other interest income and similar income</td>
<td>316</td>
<td>217</td>
</tr>
<tr>
<td>Interest expenses and similar charges</td>
<td>-1,467</td>
<td>-1,039</td>
</tr>
<tr>
<td>Interest expense for leasing arrangements</td>
<td>-222</td>
<td>-</td>
</tr>
<tr>
<td>Other financing income</td>
<td>1,128</td>
<td>1,173</td>
</tr>
<tr>
<td>Other financing expenses</td>
<td>-481</td>
<td>-905</td>
</tr>
<tr>
<td>Total financial income and expense</td>
<td>-726</td>
<td>-554</td>
</tr>
<tr>
<td>Income from foreign exchange</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forex gains</td>
<td>1,45</td>
<td>0</td>
</tr>
<tr>
<td>Forex losses</td>
<td>-150</td>
<td>0</td>
</tr>
<tr>
<td>Total income from foreign exchange</td>
<td>-5</td>
<td>0</td>
</tr>
<tr>
<td>Total financial income and expense</td>
<td>-731</td>
<td>-554</td>
</tr>
</tbody>
</table>

NOTE 5. TAXATION

Income taxes consist of the following:

<table>
<thead>
<tr>
<th>EUR 1,000</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable result</td>
<td>110</td>
<td>36</td>
</tr>
</tbody>
</table>

| Tax burden based on Luxembourg nominal rate | 18.0% | -20 | 18.0% | -6 |
| Tax rate differences | 1.7% | 2   | -7.0% | -3 |

The effective tax rate on the group results rate differs from the statutory Luxembourg corporate income tax rate applicable to the Company mainly due to increased activity in the farming operations in Africa.
The movements in Property, plant and equipment are as follows:

<table>
<thead>
<tr>
<th>EUR 1.000</th>
<th>Agricultural land &amp; related concessions</th>
<th>Buildings</th>
<th>Plant and machinery</th>
<th>Biological assets</th>
<th>Other operating assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross carrying amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 January 2018</td>
<td>118,660</td>
<td>673</td>
<td>1,047</td>
<td>-</td>
<td>1,716</td>
<td>122,096</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>204</td>
<td>7,858</td>
<td>125</td>
<td>477</td>
<td>8,664</td>
</tr>
<tr>
<td>Acquisition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation</td>
<td>5,190</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,190</td>
</tr>
<tr>
<td>31 December 2018</td>
<td>123,850</td>
<td>877</td>
<td>8,905</td>
<td>125</td>
<td>2,193</td>
<td>135,950</td>
</tr>
<tr>
<td>Accumulated depreciation and impairments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 January 2018</td>
<td>-</td>
<td>72</td>
<td>281</td>
<td>-</td>
<td>6</td>
<td>369</td>
</tr>
<tr>
<td>Depreciation</td>
<td>21</td>
<td>592</td>
<td>-</td>
<td>97</td>
<td>710</td>
<td></td>
</tr>
<tr>
<td>31 December 2018</td>
<td>-</td>
<td>93</td>
<td>873</td>
<td>-</td>
<td>103</td>
<td>1,069</td>
</tr>
<tr>
<td>Net book value at 31 December 2018</td>
<td>123,850</td>
<td>784</td>
<td>8,032</td>
<td>125</td>
<td>2,090</td>
<td>134,882</td>
</tr>
</tbody>
</table>

Agricultural land

The Land and buildings contain the agricultural land assets that are related to the assets held in Ghana, Republic of Congo, Republic of Guinea and Madagascar. The overview of the assets is as follows:

- **Ghana**: Secured lands for the cultivation of crops: maize, soybean and poultry breeding. Our operation includes a waterway and grain drying facility.
- **Republic of Congo**: Secured lands for the cultivation of rice, soybean and poultry breeding. Our operation includes a waterway and grain drying facility.
- **Republic of Guinea**: Secured lands for farming in Moriah for the cultivation of seed rice and Bouliwell - Duration of 35 years.
- **Madagascar**: Secured lands for the cultivation of vanilla and spices - Long-term leases of 99 years.

Our operation owns processing and storage facilities. The valuation is executed by internal experts and then reviewed and confirmed by third party experts. As there is no direct market or comparable market data available, the fair value is determined in accordance with the level 3 principles under IFRS. This means that the valuation is based on generally accepted valuation methods (discounted cash flow models).

The main parameters used are local sales prices, expenses and investments that are derived from company data or other sources and converted to the applicable situation. The weighted average costs of capital that is used in the calculations ranges from 9% to 11.93%.

The biological assets are the vanilla beans, which are not classified as a bearer plant and clearly identifiable on the bearer plant, reference is made to note 1.14.

---

**NOTE 7. INVENTORIES**

<table>
<thead>
<tr>
<th>EUR 1.000</th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials and consumables</td>
<td>2,053</td>
<td>739</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Work in progress</td>
<td>271</td>
<td>271</td>
</tr>
<tr>
<td>Finished goods</td>
<td>1,514</td>
<td>383</td>
</tr>
<tr>
<td>Total inventories</td>
<td>3,838</td>
<td>1,392</td>
</tr>
</tbody>
</table>

The raw materials and consumables are the acquired input resources for the new harvests in the various companies. The finished goods are mainly related to the vanilla operation in Madagascar. All material is pre-sold, which implies that the Company does not run any price risk. This stock is valued at fair value by using the sales prices minus costs to sell and costs to process further. No impairment has been recorded for the inventories during the year.
NOTE 8. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

Regarding the trade receivables the Group applies a simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision (see note 1.4 regarding the new IFRS 9). The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Group’s provision matrix:

<table>
<thead>
<tr>
<th>EUR 1.000</th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>784</td>
<td>89</td>
</tr>
<tr>
<td>Shareholder</td>
<td>773</td>
<td>1,020</td>
</tr>
<tr>
<td>Related parties</td>
<td>4,516</td>
<td>6,048</td>
</tr>
<tr>
<td>Other receivables</td>
<td>19</td>
<td>51</td>
</tr>
<tr>
<td>Taxation</td>
<td>10</td>
<td>195</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>64</td>
<td>53</td>
</tr>
<tr>
<td>Total receivables, prepayments and accrued income</td>
<td>6,166</td>
<td>7,457</td>
</tr>
</tbody>
</table>

The provision for doubtful receivables as at 31 December 2019 amounts to a total of EUR 63 thousand (2018: EUR 2 thousand, see note 1.4, table 2). The receivables towards related parties result from financing activities within the Group (reference is made to note 14 regarding the corresponding liabilities).

NOTE 9. CASH AND CASH EQUIVALENTS

The amount of EUR 594 thousand in Cash and Cash Equivalents is unrestricted and free for the Company to use.

NOTE 10. SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Consolidated statement of changes in equity.

Issued Share Capital

The share capital amounts to EUR 91,000k divided into 9,100,000,000 ordinary shares with a nominal value of EUR 0.01 each, owned 100% by Agricorp Invest S.A.

Revaluation Reserve

In accordance with Luxembourg law, the result that applies to the revaluations of assets is non-distributional and allocated to the revaluation reserve (legal reserve).

Translation Reserve

The translation reserve comprises of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.
NOTE 11. LIABILITIES

EUR 1,000

<table>
<thead>
<tr>
<th></th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans (&gt; 1 year)</td>
<td>16 304</td>
<td>13 565</td>
</tr>
<tr>
<td>IFRS 16 Leasing Liability</td>
<td>3 687</td>
<td>-</td>
</tr>
<tr>
<td>Other Long-term Liabilities</td>
<td>190</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20 180</td>
<td>13 575</td>
</tr>
</tbody>
</table>

Current liabilities and accruals

<table>
<thead>
<tr>
<th></th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loans (&lt; 1 year)</td>
<td>249</td>
<td>-</td>
</tr>
<tr>
<td>Short term portion of bonds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short term portion of IFRS 16 Leasing Liability</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade payables</td>
<td>976</td>
<td>1 837</td>
</tr>
<tr>
<td>Shareholder payable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Related parties payable</td>
<td>-</td>
<td>4 561</td>
</tr>
<tr>
<td>Taxes and social security charges</td>
<td>(167)</td>
<td>23</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>175</td>
<td>32</td>
</tr>
<tr>
<td>Accrued liabilities and deferred income</td>
<td>136</td>
<td>66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5 931</td>
<td>9 747</td>
</tr>
</tbody>
</table>

Reconciliation of liabilities arising from financing activities.

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term borrowings</td>
<td>13 576</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>9 747</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23 323</td>
</tr>
</tbody>
</table>

NOTE 11.

Long Term Liabilities

Bonds represent the bond that was launched in 2016 on the Frankfurt Exchange. The term is 5 years (maturity on 17 June 2021) with an interest of 8% per annum. The Fair value of the bonds amount to EUR 16 051 thousand at 31 December 2019.

Current Liabilities and Accruals

The company has no bank overdrafts or loans.

NOTE 12. LEASING

The Group has leases for port land concessions, warehouses and related facilities, offices, plant and machinery, some IT equipment and some vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Leases of the Group do not contain variable lease payments.

The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 6), with the exemption of leases for port operation concessions which are classified separate within intangible assets.

Leases of vehicles and IT equipment are generally limited to a lease term of 2 to 5 years. Leases of property generally have a lease term ranging from 5 years to 99 years however most leases of property are generally expected to be limited to 5 years or less except in special circumstances (concessions on land).

Lease payments of the Group are generally fixed.

Each lease generally has restrictions that, unless there is a contractual right for the Group to sub-lease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Some leases contain an option to purchase the underlying asset at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office and other buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group has to insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group’s leasing activities by type of right-of-use asset recognised on balance sheet:

<table>
<thead>
<tr>
<th>Right-of-use asset</th>
<th>No. of right of use assets leased</th>
<th>Range of remaining term</th>
<th>Average remaining term</th>
<th>No. of leases with extension options</th>
<th>No. of leases with options to purchase</th>
<th>No. of leases with termination options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concessions (tangible)</td>
<td>4</td>
<td>47</td>
<td>47</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
NOTE 12.

Right-of-use assets

Additional information on the right-of-use assets by class of assets is as follows:

<table>
<thead>
<tr>
<th>EUR</th>
<th>Asset</th>
<th>Carrying Amount</th>
<th>Additions</th>
<th>Depreciation</th>
<th>Impairment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concessions (tangible)</td>
<td>4</td>
<td>3,700</td>
<td>-</td>
<td>77</td>
<td>-</td>
</tr>
</tbody>
</table>

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

<table>
<thead>
<tr>
<th></th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current</td>
<td>3,687</td>
<td>0</td>
</tr>
</tbody>
</table>

The Group has no possible future lease termination options; therefore additional information on the lease liabilities and amounts in respect of possible future lease termination options not recognised are given.

At 31 December 2019 the Group had not committed to leases which had not commenced.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2019 is as follows:

<table>
<thead>
<tr>
<th>Minimum lease payment due</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Within 1 year</td>
<td>1-2 years</td>
<td>2-3 years</td>
<td>3-4 years</td>
<td>4-5 years</td>
<td>5-10 years</td>
<td>10-25 years</td>
<td>Over 25 years</td>
</tr>
<tr>
<td>Lease payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net present value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,700,009</td>
<td>3,700,009</td>
<td></td>
</tr>
<tr>
<td>31.12.2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,911,545</td>
<td>10,911,545</td>
<td></td>
</tr>
<tr>
<td>Lease payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net present value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,679,684</td>
<td>3,679,684</td>
<td></td>
</tr>
</tbody>
</table>

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

<table>
<thead>
<tr>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term leases</td>
</tr>
<tr>
<td>Leases of low value assets</td>
</tr>
</tbody>
</table>

At 31 December 2019 the Group was committed to short term leases and the total commitment at that date was EUR 15,000€.

The group has no leases with Variable lease payments.

Additional profit or loss and cash flow information

Total cash outflow in respect of leases in the year EUR 231,152

For interest expense in relation to leasing liabilities, refer to finance costs (Note 4).
NOTE 13. FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the Group. Financial instruments of the class fair value through profit and loss (“FVTPL”) and fair value through other comprehensive income (“FVTOCI”) are not applicable.

<table>
<thead>
<tr>
<th>2019</th>
<th>EUR 1.000</th>
<th>note</th>
<th>amortised cost</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial fixed assets (other receivables)</td>
<td>-</td>
<td>37</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>9</td>
<td>89</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>Receivables, prepayments and accrued income</td>
<td>9</td>
<td>10,268</td>
<td>10,268</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>187</td>
<td>187</td>
<td></td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td></td>
<td>10,581</td>
<td>10,581</td>
<td></td>
</tr>
<tr>
<td>Borrowings (&gt; 1 year)</td>
<td>12</td>
<td>13,575</td>
<td>13,575</td>
<td></td>
</tr>
<tr>
<td>Current liabilities and accruals</td>
<td>12</td>
<td>9,747</td>
<td>9,747</td>
<td></td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td></td>
<td>23,322</td>
<td>23,322</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2019</th>
<th>EUR 1.000</th>
<th>note</th>
<th>amortised cost</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial fixed assets (other receivables)</td>
<td>9</td>
<td>37</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>9</td>
<td>784</td>
<td>784</td>
<td></td>
</tr>
<tr>
<td>Receivables, prepayments and accrued income</td>
<td>10</td>
<td>5,382</td>
<td>5,382</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>10</td>
<td>594</td>
<td>594</td>
<td></td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td></td>
<td>6,797</td>
<td>6,797</td>
<td></td>
</tr>
<tr>
<td>Borrowings (&gt; 1 year)</td>
<td>12</td>
<td>20,180</td>
<td>20,180</td>
<td></td>
</tr>
<tr>
<td>Current liabilities and accruals</td>
<td>12</td>
<td>5,931</td>
<td>5,931</td>
<td></td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td></td>
<td>26,111</td>
<td>26,111</td>
<td></td>
</tr>
</tbody>
</table>

Fair Value Measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash inflows and outflows. Agri Resources Group S.A. classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- **Level 1** - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Agri Resources Group S.A. can assess at the measurement date;
- **Level 2** - Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- **Level 3** - Unobservable inputs for the assets or liabilities, requiring Agri Resources Group S.A. to make market based assumptions.

In the table above (in which the financial instruments are presented) no fair value is applied and during the year no amounts were transferred between Level 1, Level 2 and Level 3 of the fair value hierarchy. As at 31 December 2018 no financial assets and liabilities were subject to offsetting.

NOTE 13.

Financial and Capital Risk Management

The Group has exposure to the following risks arising from financial instruments:

- **Credit risk**
- **Market risk**
- **Liquidity risk**
- **Interest rate risk**
- **Currency risk**
- **Market price risk**
- **Swaps**

Credit Risk

Credit risk is the risk that 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 Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group’s customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During 2018 and 2016 none of the Group’s revenue attributable to sales transactions with a single multinational customer exceeded 10% of the total revenue.

The Group has established a credit policy where each new customer is analyzed individually for creditworthiness before the Group’s payment and delivery terms and conditions are offered. This is done in close cooperation with financial institutions such as banks and credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is 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.

Market Risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and 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 optimizing the return.

The Group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency Risk

The Production facilities mainly enter into euro agreements and therefore, the currency risk is insignificant.

The activities are mainly exposed to the USD/EUR exchange rate versus local currencies, as the sales and purchases are predominantly in USD or EUR whilst the local expenses are denominated in the local African currencies. However, the currency risk is limited as the gross margin is mainly fixed in USD or EUR and the local currencies have a downward trend and are of decreased significance in the total.

Interest Rate Risk

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

Market Price Risk

The alternative source of the products that the Company produces comes from the international markets and for these products the global market prices apply. These prices are transparent. As our production is in the lower quarter of the production curve and the fact that our operations are in the local markets (more efficient logistics), the market price risk exposure to the group is limited and brought to acceptable levels.

When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied. As at 31 December 2018, the Company has no hedging instruments and no results are realized on hedging instruments during the years 2017 and 2018.
NOTE 14. REMUNERATION OF KEY MANAGEMENT

The remuneration of key management is borne by the parent company.

NOTE 15. TRANSACTIONS WITH RELATED PARTIES

Beginning 2018, the Company has sold the trading activities to its parent company Agricorp Invest S.A. As a result, the related party transactions of 2019 and 2018 are mainly related to trading activities and loans in relation to this activity. Those trading activities and loans are provided at market conditions.

<table>
<thead>
<tr>
<th>EUR 1.000</th>
<th>Note</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder &lt;1yr</td>
<td>9</td>
<td>773</td>
<td>1,020</td>
</tr>
<tr>
<td>Related parties (associated Companies) &lt;1yr</td>
<td>10</td>
<td>4,516</td>
<td>6,048</td>
</tr>
<tr>
<td>Total Receivables</td>
<td></td>
<td>5,289</td>
<td>7,069</td>
</tr>
<tr>
<td>Related parties &lt;1yr</td>
<td>14</td>
<td>4,561</td>
<td>7,789</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>4,561</td>
<td>7,789</td>
</tr>
</tbody>
</table>

NOTE 16. GUARANTEES

The Company has not provided any corporate guarantees.

NOTE 17. CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. At year end, no claims against the company existed - if any - that were assessed to be probable, nor possible to be successful.

NOTE 18. AUDITOR’S REMUNERATION

<table>
<thead>
<tr>
<th>EUR 1.000</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit of the financial statements</td>
<td>84</td>
<td>44</td>
</tr>
<tr>
<td>Other audit engagements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total professional service fees</td>
<td>84</td>
<td>44</td>
</tr>
</tbody>
</table>

NOTE 24. LIST OF PRINCIPAL OPERATING, FINANCIAL SUBSIDIARIES AND INVESTMENTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of incorporation</th>
<th>Ownership interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>Consolidated (direct)</td>
<td></td>
</tr>
<tr>
<td>Agri Resources International SARL</td>
<td>Luxembourg</td>
<td>100.0%</td>
</tr>
<tr>
<td>Agro Resources Congo S.A.</td>
<td>Republic of Congo</td>
<td>99.69%</td>
</tr>
<tr>
<td>Agro Resources Mauritius Ltd.</td>
<td>Mauritius</td>
<td>80.0%</td>
</tr>
<tr>
<td></td>
<td>Consolidated (indirect)</td>
<td></td>
</tr>
<tr>
<td>Agro Natural Resources Madagascar S.A.</td>
<td>Madagascar</td>
<td>99.0%</td>
</tr>
<tr>
<td>Prang Agro Resources Ltd.</td>
<td>Ghana</td>
<td>90.0%</td>
</tr>
<tr>
<td>Societe Agricole de Guinee S.A.</td>
<td>Republic of Guinea</td>
<td>75.0%</td>
</tr>
<tr>
<td>Ghana Agri S.A.</td>
<td>Luxembourg</td>
<td>100.0%</td>
</tr>
<tr>
<td>PT Agri Resources Indonesia</td>
<td>Indonesia</td>
<td>75.0%</td>
</tr>
<tr>
<td>Agri Vanilla and Spices Asia Pte. Ltd.</td>
<td>Singapore</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
SIGNING OF THE FINANCIAL STATEMENTS

Luxembourg, March 19th 2020

Anouar Belli
Director A

Sebastien Maurin
Director B

03
INDEPENDENT AUDITOR’S REPORT

Reference is made to the independent auditor’s report on page 67.

SUBSEQUENT EVENTS

No reportable matters.

APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only if its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder’s claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2018

The Company-only annual report of 2018 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2018 to the other reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2019

The Board of Directors proposes to transfer the result over the financial year 2019 to the other reserves. The financial statements do not yet reflect this proposal.
INDEPENDENT AUDITOR’S REPORT

To: the General Meeting of Agri Resources Group S.A.

OUR OPINION

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of Agri Resources Group S.A. as at 31 December 2019 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

WHAT WE HAVE AUDITED

We have audited the accompanying financial statements for the year ending 2019 of Agri Resources Group S.A. Luxembourg (the Company). The financial statements include the consolidated financial statements of Agri Resources Group S.A. and its subsidiaries (together: the Group) and the company financial statements.

The consolidated financial statements comprise:

- Consolidated statement of profit or loss
- Consolidated statement of other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the financial statements

The financial reporting framework that has been applied in the preparation of the consolidated financial statements are International Financial Reporting Standards as adopted by the European Union.

THE BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibility under those standards is further described in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

We are independent of Agri Resources Group S.A. in accordance with the IFAC Code on independence requirements. Furthermore, we have complied with the §§ 43, 49, 55 WPO; §§ 21, 20H (statute for German Auditors) and §§ 319 HGB (German Commercial Code).

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the General Meeting of Agri Resources Group S.A., but these are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.
Key Audit Matter and description

**Fair Value valuation of land and buildings and intangible assets**

The company has disclosed an amount of EUR 156,085 million assumed land and buildings under property plant and equipment valued at fair value. The valuation of the Fair Value is subject to the future performances of the companies, industries, commodity prices, projects as well as foreign exchange rates. This requires management to closely monitor the carrying values. In 2019 no impairments were noted.

**Fair Value of biological assets**

The company successfully expanded its agricultural projects in Africa during the year 2019. In the financial year 2019 the Group has to account for their biological assets according to IAS 41 and reflect biological assets.

**Application of new IFRS**

The company has to comply with new mandatory IFRS in 2019, which could have a major impact to its actual and retroactive figures.

Our audit response on Key Audit Matter

We reviewed management’s assessment of the indicators of any impairment and challenged significant underlying assumptions. Furthermore, we assessed the appropriateness of management’s recoverable value models, which included the inherent model inputs and significant assumptions. The valuation was carried out by a third party, we checked the appropriateness of the third party valuation in connection with ISA 620. We challenged the significant inputs and assumptions used in impairment testing for intangible assets. We also assessed the adequacy and completeness of impairment related disclosures in the financial statements, including the key assumptions used as well as the sensitivity.

We performed procedures to assess the adequacy and completeness of the valuation of biological assets according to IAS 41. In addition we performed audit procedures on the existence and presentation of the biological assets.

We performed procedures to check the adequacy and completeness of the application of the new standards. In addition we performed audit procedures on the disclosures and the correct application and presentation according to IFRS 16.

RESPONSIBILITIES OF THE MANAGEMENT BOARD

The management is responsible for:

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

As part of the preparation of the financial statements, the management is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management should prepare the financial statements using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

OUR REPORT ON THE DIRECTORS’ REPORT & THE OTHER INFORMATION

We report that the directors’ report, to the extent we can assess, is consistent with the financial statements.

OUR APPOINTMENT

We were appointed as auditors of Agri Resources Group S.A. on December 16th, 2019 by engagement letter dated on December 16th, 2019.

Berlin, March 19th 2020

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft (Düsseldorf)
Charlottenstraße 68
10117 Berlin

Stephan Martens
Partner

Detlef Schröder
Partner
APPENDIX TO OUR AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS 2018

AGRI RESOURCES GROUP S.A.

General Engagement Terms

for Wirtschaftsprüfer- und Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)

as of January 1, 2017

1. Scope of application

[These engagement terms apply to contracts between German Public Auditors and their German Public Audit Firms and their clients.]

2. Scope and execution of the engagement

(1) The object of the engagement is the agreed service – not a particular economic result.

(2) The engagement shall be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ordnungsmäßiger Berufsausübung).

(3) The German Public Auditor does not assume any management liability in connection with the services. The German Public Auditor shall assume liability only for the performance of the services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor in a timely basis, and that he is informed of all events and circumstances that may be significant to the performance of the engagement. The engaging party shall also inform the German Public Auditor in the event of changes in the company’s internal control.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor’s staff. This applies throughout the term of the engagement, and in particular to offers of employment or to offers of engagements, personal or non-personal, as well as to offers to accept engagements on their own behalf.

(2) When the engagement is impaired to the independence of the German Public Auditor, of related firms, firms within its network, or such firms associated with him, it shall be subject to the independence requirements of the German WPO (Wirtschaftsprüfungsordnung).

5. Reporting and oral information

The extent to which the German Public Auditor is required to present results in written form or to give an opinion on the financial statements as a whole, determining factors are the geographic circumstances and/or risk profile of the group entity, the group control, and the industry in which the group operates. On this basis, we select group entities for which an audit or review of financial information or specific balances was considered necessary.

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

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements during the period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

A summary of the matters communicated and the judgments made, together with information on remuneration, is provided in our auditor’s report.

These engagement terms also apply to the German Public Auditor acting in an executive or non-executive role, and to offers to accept engagements on their own behalf.

For further information, please contact your local German Public Auditor or the German Public Auditor’s association.

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Translator’s notes are in square brackets.
10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revises the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revision.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular, tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
b) examination of tax assessments in relation to the taxes referred to in (a)
c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a)

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public Auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insure the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (Steuerberatungsvergütungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherstreitbeilegungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (Verbraucherstreitbeilegungsverordnung).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.