

# **Independent auditor's report**

## **To the Members of Cereal Planet PLC**

### **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of parent company Cereal Planet PLC (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the consolidated financial statements*

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

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

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

## **Independent auditor's report (continued)**

### **To the Members of Cereal Planet PLC**

#### *Basis for qualified opinion*

The change of the accounting software of Cereal Ukraine LLC twice during the reporting year resulted in numerous discrepancies in the accounting records for which the auditors were not provided with any explanations and proper and sufficient evidence. Accordingly, we were unable to confirm or verify by alternative means the below figures that are presented in the financial statements of the Group:

- Fixed assets with carrying amount of €1.354 thousand presented in the Statement of financial position and depreciation expense for the total amount of €71 thousand presented in the Statement of profit or loss and other comprehensive income;
- Cost of inventories with carrying amount of €3.070 thousand presented in the Statement of financial position and, accordingly, the cost of disposed inventories for the total amount of €16.072 thousand, as well as other expenses with the total amount of €154 thousand presented in the Statement of profit or loss and other comprehensive income;
- Receivables with carrying amount of €1.152 thousand, payables with carrying amount of €2.196 thousand, bank borrowings with a carrying amount of €264 thousand and cash balances in bank accounts with a carrying amount of €21 thousand presented in the Statement of financial position.

Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of the items above and the elements of making up the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows.

#### *Qualified opinion*

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## **Independent auditor's report (continued)**

### **To the Members of Cereal Planet PLC**

#### **Report on other legal requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit, except that the scope of our work was limited by the matters discussed in the basis for qualified opinion paragraph.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books, except in the cases discussed in the basis for qualified opinion paragraph.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion, and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required, except in the cases discussed in the basis for qualified opinion paragraph.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

#### **Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

**Susana Poyiadjis**

**Certified Public Accountant and Registered Auditor**

for and on behalf of

**Nexia Poyiadjis**

**Certified Public Accountants and Registered Auditors**

Nicosia, 30<sup>th</sup> of June 2014