



Annual report for the period
1st January 2018 – 31st December 2018

31th May 2019

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1 THE LETTER OF THE PRESIDENT OF THE BOARD OF DIRECTORS

Letter to the shareholders

Dear Shareholders,

It is a sixth year I have an honor to present to you, on behalf of the Board of Directors, the Annual Report of Cereal Planet PLC for 2018. Our debut on Warsaw Stock Exchange NewConnect in December 2013 changed our way of managing the company and had a substantial impact in our development. Public listing is a commitment and responsibility for our team.

We constantly remember that main goal of the management of the company is to enlarge net worth of the company for the shareholders. In the more and more competitive market it is quite a challenge. Additionally one of the top market challenges we encountered political turbulence. However we can ensure our shareholders that we managed to run the company effectively and overcome various obstacles. The prove for this is our results and auditor's opinion.

Last year developments reflected that our main market is still Ukraine, but we strengthen international client network. On the local market the pace of recovery remains slow, but it looks sustainable, critical for the country stability still is an assurance of external financial support. Inflation in Ukraine come back to the single digit and clients can afford more our products.

In 2018 we maintained to introduce new products and it was welcome by the local clients. On the international markets, we faced turbulence on Asian cereal markets, we focus more on the EU markets including Poland. We streamline company structure, closed Cereal Ukraine LLC. Such action make company more efficient and cut cost.

In 2018 the company sales reached EUR 18,5 million and total comprehensive profit EUR 340 thousand. In 2018 we exported 63% of our production for EUR 11,6 million, what ensures stability against currency volatility.

In 2018 the company produced 46 thousand tons of products. Products quality and margin are our top priorities.

We thank our investors for the trust and patience. We are looking forward for the further fruitful cooperation.



.....

Anatoli Vlasenko

Chairman of the Board of Directors of Cereal Planet PLC

2 SELECTED FINANCIAL INFORMATION CONTAINING BASIC ITEMS OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

TABLE 1 - SELECTED AUDITED CONSOLIDATED FINANCIAL DATA FROM THE PROFIT AND LOSS ACCOUNT



Selected Financial Results in '000 EUR	2018	2017
Revenues from the sale	18 459	18 616
Profit / loss on sale	3 742	3 404
Profit / loss from operating activities	529	491
Profit / loss Gross	210	245
Profit / loss net	170	162
Other comprehensive income (loss)	170	(43)
Total comprehensive income for the year	340	119

Source: Issuer

TABLE 2 - SELECTED AUDITED CONSOLIDATED FINANCIAL DATA FROM BALANCE SHEET

Selected financial data from balance sheet, EUR'000	2018	2017
Tangible fixed assets	2 241	1 600
Inventory	2 465	2 594
Current assets	6 185	4 849
Trade and other receivables	2 149	1 461
Cash and cash equivalents	244	58
Equity	2 206	2 043
Long-term liabilities	7	3
Short-term liabilities	6 213	4 403

Source: Issuer

TABLE 3 - SELECTED UNAUDITED STANDALONE FINANCIAL DATA FROM THE PROFIT AND LOSS ACCOUNT

Selected Financial Results in '000 EUR	2018	2017
Revenues from the sale	918	1050
Profit / loss on sale	44	54
Profit / loss from operating activities	-10	41
Profit / loss Gross	-10	21
Profit / loss net	-10	21

Source: Issuer

TABLE 4 - SELECTED UNAUDITED STANDALONE FINANCIAL DATA FROM BALANCE SHEET

Selected financial data from balance sheet, EUR'000	2018	2017
Tangible fixed assets	2 112	2 112
Inventory	0	
Current assets	0	14
Trade and other receivables	0	
Cash and cash equivalents	0	
Equity	2 098	2 108
Long-term liabilities	0	
Short-term liabilities	14	18

Source: Issuer



3 ANNUAL STANDALONE UNAUDITED FINANCIAL STATEMENT FOR 2018

Tables below provide condensed financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for 2018 (period ended 31 December 2018). Since the standalone data does represent only minor activity of the Cereal Planet Group and according to the Cyprus Corporate Law, for the public companies consolidated financial statements must be audited but standalone financial statements may not be unaudited, therefore the Company decided not to audit this financial statement.

Standalone statement of comprehensive income and financial position

Income statement

for the period began 01 January ended 31 December 2018

	31 December 2018	31 December 2017
	€000	€000
Continuing operations		
Sales revenue	918	1 050
Cost of sales	(874)	(996)
Profit from investment activities		
Income from change in fair value of agricultural products		
Gross profit	44	54
Selling and distribution costs		
Administrative expenses	(54)	(13)
Income from government grants		
Other operating income/(expenses), net		
Operating profit	(10)	41
Financial income/(expenses), net		(5)
Exchange rate differences, net		(15)
Profit before tax from continuing operations	(10)	21
Income tax expense	-	-
Profit for the year from continuing operations	(10)	21
Profit for the year attributable to		
Equity holders of the parent	(10)	21
Non-controlling interest		



Profit for the year from continuing operations	<u>-10</u>	<u>21</u>
Other comprehensive income for the year		
Exchange difference on translating foreign operations		
Total other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year, net of tax	<u>-10</u>	<u>21</u>
Total comprehensive income attributable to		
Equity holders of the parent	-10	21
Non-controlling interest	-	-

On behalf of the Board:

Chairman of the Board of CEREAL PLANET PLC



Financial position ended 31 December 2018

Statement of financial position
for the period began 01 January ended 31 December 2018

	31 December 2018	31 December 2017
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment		
Goodwill	0	0
Investments in subsidiaries	2 112	2 112
Total non-current assets	2 112	2 112
Current assets		
Current biological assets		
Inventories		
Trade and other receivables		
Prepayments and other current assets, net		
Deposit		
Cash and cash equivalent	0	14
Total current assets	0	14
Total assets	2 112	2 126
Equity and liabilities		
Share capital	53	53
Other reserves	111	111
Retained earnings (accumulated losses)	1 934	1 943
Exchange rate effect		
Equity attributable to equity holders of the parent	2 098	2 108
Non-controlling interests	0	0
Total equity	2 098	2 108
Non-current liabilities		
Other non-current liabilities		
Deferred tax liability		
Total non-current liabilities	0	0
Current liabilities		
Trade and other payables	14	18
Interest-bearing loans and borrowings		
Provisions		
Total current liabilities	14	18
Total liabilities	14	18
Total equity and liabilities	2 112	2 126

On behalf of the Board:
Chairman of the Board of CEREAL PLANET PLC



Statement of cash flows for the period from 01.01.2018 to 31.12.2018 and from 01.01.2017 to 31.12.2017

Condensed statement of cash flows

for the period from 01/01 to 31/12 of 2018 year

€ '000	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Cash flows from operating activities		
Profit before tax	-10	0
Adjustments for:		
Depreciation of property, plant and equipment		
Exchange difference arising on the translation of assets on foreign currencies		
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	0	0
Impairment charge of property, plant and equipment	0	0
Interest income	0	0
Interest expense		
Cash flows from operations before working capital changes	-10	0
Increase in inventories and work in progress		
Increase in trade and other receivables		
(Decrease)/increase in trade and other payables	-4	0
Cash flows from operations	-14	0
Tax refunded/income tax paid		
Net cash flows from operating activities	-14	0
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	0	0
Acquisition of subsidiaries, net cash outflow on acquisition	0	0
Loans granted	0	0
Interest received	0	0
Net cash flows used in investing activities	0	0
Cash flows from financing activities		
Proceeds from issue of share capital		
Obtaining loans and borrowings		
Repayments of borrowings		
Suspense account (pending correction of Depreciation, Minority interest and share capital)		
Net cash flows (used in)/from financing activities	0	0
Net decrease in cash and cash equivalents	-14	-1
Cash and cash equivalents:		
At beginning of the year/period	14	0
At end of the year/period	0	0



Statement of changes in equity for the period from 01.01.2018 ended 31.12.2018

**Statement of changes in equity
for the period began 01 January ended 31 December 2018**

	Retained earnings attributable to equity holders of the parent	Exchange rate effect	Additional paid-in capital	Total
Balance at 31 December 2016	1 926	0	111	2 091
Profit for the year	21		-	21
Other comprehensive income for the year, net	-4	-	-	(4)
Increase of share capital				-
Balance at 31 December 2017	1 943	-	111	2 108
Balance at 31 December 2017	1 943	0	111	2 108
Profit for the year	(10)		-	10
Other comprehensive income for the year, net	-	-	-	-
Increase of share capital				-
Balance at 31 December 2018	1 934	-	111	2 098

On behalf of management:
Chairman of the Board of CEREAL PLANET PLC

**4 ANNUAL FINANCIAL STATEMENTS FOR 2018 AUDITED BY AN ENTITY
AUTHORISED TO AUDIT FINANCIAL STATEMENTS IN ACCORDANCE WITH
APPLICABLE REGULATIONS AND PROFESSIONAL STANDARDS.**

Tables below provide audited consolidated financial statements of Cereal Planet PLC group, in accordance with International Financial Reporting Standards for 2018 (period ended 31 December 2018).

**4.1 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND
FINANCIAL POSITION**

Condensed statement of profit or loss and other comprehensive income for the period from 01.01.2018 to 31.12.2018 year (with comparative data).

Consolidated statement of profit or loss and other comprehensive income for the year ended 31.12.2018 (in thousands of EUR, unless otherwise stated)



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

For the year ended 31 December 2018

(In thousands of EUR, unless otherwise stated)

	Notes	2018	2017
Sales revenue	6	18 459	18 616
Cost of sales	7	(14 717)	(15 212)
Gross profit		3 742	3 404
Administrative expenses	8	(350)	(664)
Selling expenses	9	(2 736)	(2 074)
Other expenses	10	(810)	(2 383)
Other income	11	683	2 207
Finance expenses	12	(319)	(246)
Profit before taxation		210	245
Income tax	13	(41)	(83)
Net profit		170	162
Other comprehensive income/(loss):			
Currency translation reserve		171	(43)
Total comprehensive income/(loss) for the year		340	119

Director / Anatoliy Vlasenko

Director / ASK Management Limited



Consolidated statement of financial position for the year ended 31.12.2018 (in thousands of EUR, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2018

(In thousands of EUR, unless otherwise stated)

	Note	2018	2017
ASSETS			
Non-current assets			
Property plant, and equipment	14	2 205	1 560
Intangible assets	15	36	40
		2 241	1 600
Current assets			
Inventory	16	2 465	2 594
Trade and other receivables	17	2 149	1 461
Prepayments and other current assets	18	1 326	736
Cash and cash equivalents	19	244	58
		6 185	4 849
TOTAL ASSETS		8 426	6 449
EQUITY AND LIABILITIES			
Equity			
Share capital	20	53	53
Share premium	21	111	111
Exchange differences on translation to presentation currency		(4 812)	(4 806)
Retained earnings		6 854	6 685
		2 206	2 043
Non-current liabilities			
Deferred tax liabilities	13	7	3
		7	3
Current liabilities			
Loans and borrowings	22	2 173	1 459
Trade payables	23	3 653	2 638
Advances received and other liabilities	24	388	306
		6 213	4 403
TOTAL EQUITY AND LIABILITIES		8 426	6 449

On 30 May 2019, the Board of Directors of Cereal Planet Plc authorized these consolidated financial statements for issue

Director / Anatoliy Vlasenko

Director / ASK Management Limited

Director / ASK Investment Limited



4.2 CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

Condensed statement of cash flows for the period ended 31.12.2018 with comparative data for the 31.12.2017 year end (in thousands of EUR, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2018

(In thousands of EUR, unless otherwise stated)

	Note	2018	2017
Cash flows from operating activities			
Profit before tax		210	245
Adjustments for:			
Depreciation of property, plant and equipment	14	335	146
Amortization of intangible asset			8
Exchange difference arising on the translation of assets on foreign currencies		171	(43)
Other exchange difference on translation to presentation currency			
Interest expense	12	(319)	(246)
Cash flows from operations before working capital changes		398	110
Increase in inventories and work in progress		129	(27)
Increase in trade and other receivables		(1 278)	3 098
(Decrease)/increase in trade and other payables		1 096	(2 505)
Cash flows from operations		345	675
Income tax paid		(41)	(83)
Net cash flows from operating activities		304	593
Cash flows from investing activities			
Net movement in construction in progress			(60)
Net disposal of property, plant and equipment	14		20
Payment for purchase of property, plant and equipment	14	(1 154)	(382)
Net cash flows used in investing activities		(1 154)	(422)
Cash flows from financing activities			
Repayments of borrowings		714	(756)
Net cash flows (used in)/from financing activities		714	(756)
Net decrease in cash and cash equivalents		(136)	(593)
Cash and cash equivalents:			
At beginning of the year/period		58	651
At end of the year/period	19	244	58

Director / Anatoliy Vlasenko

Director / ASK Management Limited

Director / ASK Investment Limited

Consolidated Financial Statements should be considered along with respective notes and is the integral part hereof



4.3 CONDENSED CONSOLIDATED STATEMENT FOR CHANGES IN EQUITY

Condensed statement for changes in equity for the period ended 31.12.2018 year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

(In thousands of EUR, unless otherwise stated)

	Issued capital (Note 20)	Share premium (Note 21)	Exchange differences on translation to presentation currency	Retained earnings	Total
As at 31 December 2016	53	111	(4 198)	6 523	2 488
Net income/(loss) for the year	-	-	-	162	162
Foreign exchange differences	-	-	(608)	-	(608)
As at 31 December 2017	53	111	(4 806)	6 685	2 043
Net income/(loss) for the year	-	-	-	170	170
Foreign exchange differences	-	-	(6)	-	(6)
As at 31 December 2018	53	111	(4 812)	6 854	2 206

Share premium is not available for distribution.

Director / Anatoliy Vlasenko

Director / ASK Management Limited



5 APPLIED ACCOUNTANCY PRINCIPLES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2018 which include the comparative figures of 2017.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared by the consolidation of the historical financial statements of each of the Group's companies, on the basis of the accounting records of these companies.

These consolidated financial statements comprise the consolidated results of activities of the below companies. The consolidated financial statements include balances, income and expenses of the following companies:

- Cereal Planet PLC
- Limited Liability Company "Cereal Ukraine"
- Limited Liability Company "Olimp"

Despite the legal separation, the Group's activities aim to achieve a common mission and goal. The majority of key management personnel is the same across the whole Group.

No new goodwill is recorded. The difference between the cost of the transaction and the carrying value of the net assets is recorded in equity.

All intra-group transactions, balances and unrealised profit resulting from intra-group transactions are eliminated. Unrealised losses are also eliminated, except in cases where there is clear indication of impairment of the underlying asset. When necessary, adjustments were made to the accounting policies of the subsidiaries in order for them to be in line with the Group's accounting policies.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These consolidated financial statements have been prepared as part of the Group's transition to International Financial Reporting Standards ("IFRS"). Until December 31, 2010 the Group had not prepared financial statements under IFRS, but accordingly to National Accounting Standards that were valid in Ukraine (National GAAPs).

Functional and presentation currency

The Company's functional and presentation currency is the Euro (EUR). The functional currency of each of the Group's Ukrainian entities is the Ukrainian Hryvnya (UAH).

For the convenience of the principal users, the Group's presentation currency was determined to be the Euro. Consolidated financial statements are presented in thousands of EUR.

Judgments and estimates

In preparing these financial statements, management made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

Significant accounting policies

Except as described herewith, the accounting policies applied in these financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.



Summary of significant accounting policies

The main principles of accounting policy, which have been adopted in the preparation of this audit consolidated financial information, are described below.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenues from services are recognized when such services are rendered and revenue can be reliably measured

Taxes

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that



the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized in other comprehensive income is recognized in other comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognized net of the amount of value-added tax ("VAT") except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is disclosed on the face of the consolidated statement of financial position.

Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and/or accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalized directly attributable borrowing costs in accordance with early adopted International Financial Reporting Standard IAS 23 Borrowing Costs (Revised), any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Group of fixed assets	years
Buildings	50
Plant and equipment	20
Motor vehicles	10
Other	10

Group as a lessor



Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Financial instruments:

Financial assets

Initial recognition

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investment not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention on the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents as well as loan, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the combined statement cash flows, cash and cash equivalents consist of cash as defined above.

Loans, trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are carried at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains and losses are recognized as income or expenses when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Derecognition



A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(4) Impairment

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is directly reduced for credit losses and the amount of the loss is recognized as other operating expenses in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of



interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting profit and loss. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Trade and other payables

After initial recognition, trade and other payables with fixed maturity are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Interest-bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in net profit or loss when the liabilities are derecognized as well as through the amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the combined statement of financial position if, and only if, there is a currently enforceable legal right to offset



the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Issued capital

Share capital is recognized at the fair value of consideration received. Any excess over the nominal value of shares is taken to the share premium reserve. Cost incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change in equity are taken to profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Inventories

Originally inventories are stated at the lower of cost and net realizable value after making an allowance for any obsolete or slow-moving items. The cost of inventories includes the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. At disposal cost of raw materials, spare parts and goods is determined based on the FIFO method, whereas cost of finished goods is determined based on the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less any estimated costs necessary to make the sale.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired

and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit and loss in those expense categories consistent with the function of the impaired asset, except for property, plant and equipment previously revalued where the revaluation was taken to other comprehensive income.



In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Group does not have the assets, for which annual impairment testing is required.

Foreign currency transactions and translation to presentation currency

(1) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(2) Translation to presentation currency

At each reporting date, the assets and liabilities of each company are translated into the Group's presentation currency at the rate of exchange prevailing at the reporting date. The revenues and expenses for the year or, if shorter, the period of combined of subsidiary in the Group are translated at the exchange rate prevailing at the date of transaction or average exchange rate for the period if it approximates the rate as of the date of transaction. The exchange differences arising on the translation are recognized in other comprehensive income.

Contingent assets and liabilities

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Subsequent events

Events, which took place after the reporting date and prior to the date of approval of financial reports to be issued which provide additional information regarding the financial statements of the Group, are reflected in financial statements.



6 THE BOARD OF DIRECTORS' REPORT ON THE ISSUER'S ACTIVITIES IN THE PERIOD COVERED BY THE ANNUAL REPORT AND THE RULES OF PREPARING ANNUAL FINANCIAL STATEMENTS INCLUDING AT LEAST INFORMATION SPECIFIED IN ACCOUNTING REGULATIONS APPLICABLE TO THE ISSUER.

6.1 GENERAL INFORMATION ABOUT THE COMPANY

Company details :

Company Name:	Cereal Planet PLC
Address:	Boumpoulinas, 11, 3rd Floor, 1060 Nicosia, Cyprus
Registration number:	HE 304677
Telephone:	+38 (057) 775 81 33, +38 (057) 775 81 34
Mail:	office@cereal.com.ua
www:	www.cereal.com.ua

6.2 COMPANY PROFILE

Principal activities

The core activity of the Group is the production of cereals (buckwheat, pea, wheat, barley, maize, and millet) with the Group's own equipment. The cereals are packed in the consumer packages under the official trade mark which is used for own products and other goods. The principal activity of the Company is the holding of investments.

The Group of companies has a trade chain in Kharkov and in the region, subsidiaries in Poltava and Sumy, key clients-distributors in large regional and district cities of Ukraine, the sales channels of which are used for sales of Group owned and other trademarks. The Group is a distributor of such leading manufacturers as Kernel (TM Chumak, Stozhar, Shchedry Dar), Odesskiy Tinned Food Factory (TM Gospodarochka), Lutsk Foods (TM Runa), Soyuzpishcheprom (TM TSAR, Russia).

The Groups' technological equipment enables grain to be used in baking, confectionary, and medical fields (flax, rape, coriander, sunflower), and to be used in the preparation of fodder for various animals based on millet, canary millet, rape and oats.

Additionally, the Group has been exporting cereals to CIS countries, Europe, and Asia for over 15 years. The prevalent export items are cereals and grain manufactured by the Group, as well as grain purchased from agricultural companies in bulk, which are exported using the railway and sea transport.

Furthermore, the Group acts as an importer of significant volumes of agricultural products from abroad. The Group imports rice from Pakistan, Vietnam, China and Egypt, as well as cereals, grain crops, flakes, and pasta from the Russian Federation. The experience and long-term presence in this market made it possible to create and permanently expand the circle of partners in various countries of the world, the number of which nowadays exceeds 50 companies.

6.3 BOARD OF DIRECTORS

Anatoli Vlasenko - Chairman of the Board of Directors

Ask Investment Limited – Member of the Board of Directors (nominee)

Ask Management Limited – Member of the Board of Directors (nominee)

Cereal Planet PLC does not have Supervisory Board.



6.4 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Auditor's opinion for 2018 was issued without qualification.

Through all 2018 Cereal Planet continues regular production and sales. All products are regularly shipped to the customers locally and abroad.

In 2018 gross profit margin on sales (gross profit/sales) increased to 19,7% in comparison to 18,3% in 2018. Net profit margin was increased to 1,80% in comparison to 0,6% in 2017 .

Sales for 2018 declined by 0,8 % to EUR 18 459 thousand. The gross profit for 2018 increased by 9% and reached EUR 3 742 thousand. Net profit for the 2018 was the same and reached EUR 162 thousand. Total comprehensive income for the year was by 186 % more and reached EUR 340 thousand due to currency differences.

Financial position for the 2018 - total assets increased by 24,3% in comparison to 2017. Mainly due to the increase in non-current assets and trade and other receivables. Non-current assets increased in 2018 by 34,2% to EUR 2 148 thousand, trade and other receivables increased by 43%. On the liabilities side, there was increase in equity in 2018 by 8% to EUR 2 206 thousand. Mainly due to the exchange differences. Current liabilities increase as well by 41% in 2018 to EUR 6 213 thousand. The Company borrowings were increased in 2018 by 49% to EUR 2 173 thousand.

ROA ratio was 4% in 2018.

6.5 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Net cash flow from operating activities decreased from EUR 593 thousand in 2017 to EUR 304 thousand. Cash flow at the end of the period increased to EUR 244 thousand.

6.6 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT FOR CHANGE IN EQUITY

Equity balance for the 2018 increased by 8% to EUR 2 206 thousands, due to currency differences.

7 REPORT ON THE COMPANY'S ACTIVITIES IN 2018

7.1 COMPANY'S ACTIVITY

In the course of 2018 Cereal Planet streamlined its organizational structure . Ranok LLC and Cereal Ukraine LLC were incorporated. The final incorporation ended at the beginning of 2019. This process was started on 19.02.2018, "Olymp" LLC started process of incorporation rights of Cereal Ukraine LLC – Ukrainian based holding Company. Finally there will be 2 companies in the Group : Cereal Planet PLC and "Olymp".

Daughter company "Olymp" acquired railway siding at the end of June 2018. Railway siding is located near production site. Availability of railway siding will help to increase capacity to transport products. Some modernization works is still required. New distributors were contracted in regions ; Kherson, Vinnitsa, and Lviv.



Daughter company "Olymp" expands sales network, in September 2018 it contracted distribution network located in central region - Biela Cerkvia and in July 2018 in the western regions ie. Ivano Frankovsk.

7.2 EXCHANGE RATES

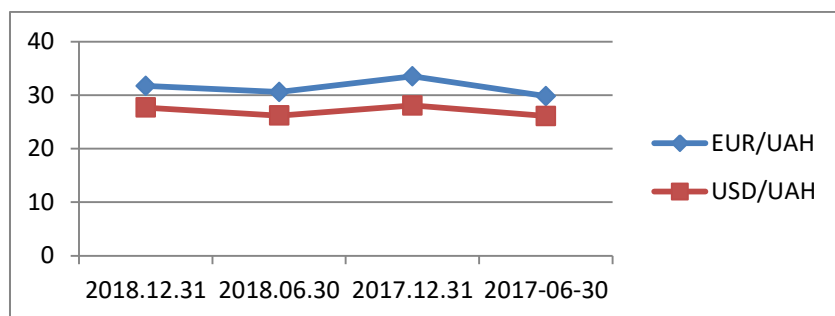
In 2018 FX pairs EUR/UAH and USD/UAH was stable. UAH even appreciated toward EUR and toward USD. Graph visualizes FX rates in 2018 vs 2017 in several quarterly periods.

Table 1: Central Bank exchange rates

	2018.12.31	2018.06.30	2017.12.31	2017-06-30
EUR/UAH	31,71	30,568	33,4954	29,7868
USD/UAH	27,68	26,1891	28,0672	26,099

Source: the Issuer

Chart 3: FX rates



Source: the Issuer

7.3 PRODUCTION ACTIVITY

In 2018 production increased by 40% and reached 46 369 tons. In 2018 there was 4 major kinds of cereal produced in terms of volume, namely; peas, buckwheat, hulled millet, and bulgur. The Company continued contracts with international organization for delivery in bulk. So it was reflected in the export. Breakdown of 2018 is reflected in the tables below.

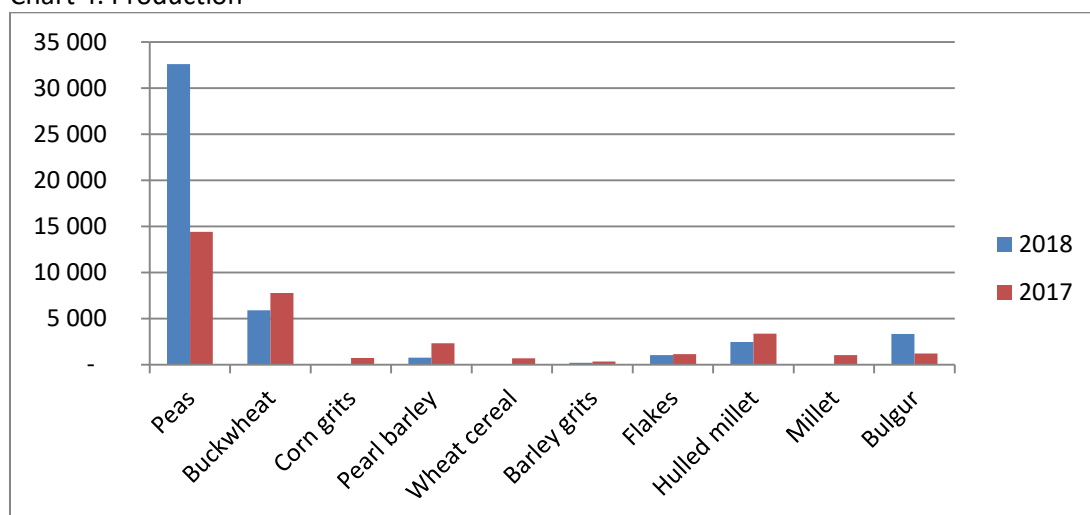
Table 2: Total production

Production tons	2018	2017	Δ 2018/2017
Peas	32 587	14 398	126%
Buckwheat	5 904	7 771	-24%
Corn grits	-	726	-100%
Pearl barley	758	2 327	-67%
Wheat cereal	-	690	-100%
Barley grits	226	342	-34%
Flakes	1 061	1 159	-8%
Hulled millet	2 487	3 356	-26%
Millet	-	1 041	-100%
Bulgur	3 345	1 216	175%
Total	46 369	33 025	40%

Source: the Issuer



Chart 4: Production



Source: the Issuer

7.4 SUPPLY OF RAW MATERIAL, DISTRIBUTION AND TRADE ACTIVITY

Supply of grain and processing into cereal is held in Kharkov region and is executed without interruption. Supply of raw material for further processing in 2018 was executed mainly from Ukraine, except exotic products like rice.

7.5 EXPORT AND IMPORT

Cereal Plane overall export in 2018 increased in EUR terms by 15% and in UAH terms by 21%. Export exceeded imports by 3 times. Volumes of export constitute more than 62% of all revenues.

Table 3: Export and import

items	2018		2017		Δ 2018/2017	
	UAH	EUR	UAH	EUR	UAH	EUR
Cereal import	40 594 911	1 254 017	98 249 933	3 253 238	-59%	-61%
Cereal export	371 668 989	11 584 420	307 400 191	10 104 054	21%	15%

Source: the Issuer

8 THE MANAGEMENT BOARD'S STANDPOINT AS TO THE FORECASTS

The Board of Directors did not announce any projections.

9 EXECUTION OF THE INVESTMENT PIPELINE

In the 2018 the Company focused on the increase of productivity of the existing lines. Company put efforts to adapt to the current difficult situation in Ukraine. Under the present circumstances investment are executed very cautiously.

10 INITIATIVES TO DEVELOP ITS ACTIVITIES AIMED TO IMPLEMENT INNOVATIVE SOLUTIONS AT THE ENTERPRISE DURING THE PERIOD OF THE REPORT –INFORMATION ON SUCH ACTIVITIES



Cereal Planet Group has not undertaken any initiatives related to the innovation solutions in the period covered by this Report.

11 COMPANY STRUCTURE, SUBJECT TO CONSOLIDATION

Table 4: CEREAL PLANET GROUP CONSISTS OF 3 COMPANIES AT THE 31 12 2018

Name	Address	Profile	Shareholders
Cereal Planet PLC	Boumpoulinas, 11 3rd Floor, 1060 NICOSIA, CYPRUS	Holding company In Cyprus	Holding company, 5 persons being majority shareholders
Cereal Ukraine LLC	61124 Kharkov, Kashtanowa 10 str	Holding company In Ukraine	100% belongs to Cereal Planet PLC
Olimp LLC	61124 Kharkov, Kashtanowa 10 str	Trading and distribution company	100% belongs to Cereal Planet LLC

Source: the Issuer

12 SHAREHOLDERS STRUCTURE

The Shareholding structure of the Company, indicating shareholders at the date of report as of 31.12.2016

Table 5: SHAREHOLDERS STRUCTURE

Shareholder	Number of shares	Number of votes at the general meeting	Percentage in share capital	Percentage in the total number of votes at the general meeting
Vlasenko Anatoli	597 002	597 002	33.54%	33.53%
Dubruskin Igor	97 830	97 830	5.50%	5.50%
Vlasenko Oleksander	532 723	532 723	29.93%	29.93%
Slavgorodskyi Oleksander	532 723	532 723	29.93%	29.93%
Other shareholders	19 722	19 722	2.25%	1,11%
Total	1 780 000	1 780 000	100%	100%

Source: the Issuer

13 NUMBER OF EMPLOYEES AT THE END OF 2018

Cereal Planet PLC itself does not employ personnel. Employees are located in the companies of CEREAL PLANET GROUP.

Table 6: NUMBER OF EMPLOYEES

Number of employees	2017	2018
Production	185	196
Non production employees	142	142
Total	327	327

Source: the Issuer

14 THE STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Cereal Planet PLC("Issuer") declares that, according to their best knowledge, the consolidated annual financial statement and comparative figures have been prepared in accordance with official regulations, applicable to the issuer, and the International financial standards.



Consolidated annual financial statement gives a true and fair view of Issuer's financial position and his financial performance including a description of the main threats and risks.

On behalf of the Board of Directors of Cereal Planet PLC

Anatoli Vlasenko

Chairman of the Board of Directors of Cereal Planet PLC

General Meeting of Cereal Planet PLC („Issuer,„) appointed Kreston Proios Nicosia Cyprus for auditing in 2018. Extract from the Annual General Meeting dated October 10, 2017

2. The Annual General Meeting hereby appoints Kreston GCG as the auditors for the Company for 2018 and hereby authorizes the Board of Directors to settle the amount of the auditor's remuneration for 2018.

Anatoli Vlasenko

Chairman of the Board of Directors of Cereal Plant PLC

Letter to the shareholders

The Board of Directors of Cereal Planet PLC („Issuer,„) , according to the resolution of AGM as of 10th October 2018, declares that the authorized entity to audit financial statements, KRESTON PROIOS Nicosia Cyprus which audited annual financial statements, was chosen in accordance with the law regulations and that the entity and the auditors, who audited the financial statements fulfilled the requirements to give impartial and independent opinion about report in accordance with applicable national law and regulations.

Anatolii Vlasenko,
Chairman of the Board of Directors of Cereal Planet PLC

15 APPLICATION OF THE CORPORATE GOVERNANCE

Application of the Corporate governance is enclosed in the Enclosure no 1

16 OPINION AND REPORT ON THE AUDIT OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS.

Opinion and report of the Auditor is enclosed in the Enclosure No2

