

**ATS AGRIBUSINESS  
INVESTMENTS LIMITED**  
ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER  
2014

TRUE COPY  
of the original  
Financial Statements  
Approved in the Annual  
General Meeting



.....  
Director

A.T.S. SERVICES LIMITED



.....  
Secretary

Not for Official Use

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

<b>CONTENTS</b>	<b>PAGE</b>
Board of Directors and other officers	1
Report of the Board of Directors	2 - 3
Independent auditor's report	4 - 5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 20
Additional information to the statement of profit or loss and other comprehensive income	21 - 24

Not for Official Use

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Angela Avgousti (Cypriot)  
(appointed on 19 May 2014)

Soulla Ktoridou (Cypriot)

Eftychia Spyrou (Cypriot)  
(resigned on 19 May 2014)

**Company Secretary:**

A.T.S. Services Limited

**Independent Auditors:**

Deloitte Limited  
Certified Public Accountants and Registered Auditors  
Maximos Plaza, Tower 1, 3rd Floor  
213 Arch. Makariou III Avenue  
CY-3030 Limassol,  
Cyprus

**Legal Advisers:**

Antis Triantafyllides & Sons LLC

**Registered office:**

Arch. Makariou III, 2-4  
Capital Center, 9th Floor  
P.C. 1065  
Nicosia, Cyprus

**Bankers:**

J.P. Morgan Chase Bank, New York, USA  
European Bank for Reconstruction and Development, United  
Kingdom  
Credit Agricole Bank, Ukraine

Not for Official Use

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014

The Board of Directors of ATS Agribusiness Investments Limited (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2014.

### **Incorporation**

The Company ATS Agribusiness Investments Limited was incorporated in Cyprus on 24 May 2007 as a limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makariou III, 2-4 Capital Center, 9th floor P.C. 1065, Nicosia, Cyprus.

### **Principal activities**

The principal activities of the Company are that of investment holding and financing.

### **Review of the development and current position of the Company and description of the major risks and uncertainties**

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 20 and 22 of the financial statements.

### **Results**

The Company's results for the year are set out on page 6.

### **Significant events after the end of the financial year**

Any significant events that occurred after the end of the reporting period are described in note 25 to the financial statements.

### **Expected future developments of the Company**

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

### **Existence of branches**

The Company does not maintain any branches.

### **Dividends**

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

### **Share capital**

#### **Authorised capital**

On 17 December 2014 the authorised share capital of the Company was increased by 1.000 ordinary shares of nominal value of €1 per share and by 20.000 redeemable preference shares of nominal value of €1 per share.

#### **Issued capital**

Upon incorporation on 24 May 2007 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par. On 1 January 2015 the Company issued 10.000 redeemable preference shares of nominal value €1 at a premium of €70.594 per share.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2014 and at the date of this report are presented on page 1. On 19 May 2014, Ms Eftychia Spyrou resigned and on the same date Ms Angela Avgousti was appointed in her place.

In accordance with the Company's Articles of Association all directors presently members of the Board retire and being eligible offer themselves for re-election.

There were no significant changes in the assignment of the responsibilities and remuneration of the Board of Directors.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014

### Independent Auditors

The independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

**A.T.S. SERVICES LIMITED**

A.T.S. Services Limited  
Secretary

Nicosia, 14 October 2015

Not for Official Use

## Independent auditor's report

To the Members of ATS Agribusiness Investments Limited

Tel: +357 25 86 86 86  
Fax: +357 25 86 86 00  
infolimassol@deloitte.com  
www.deloitte.com/cy

### Report on the financial statements

We have audited the accompanying financial statements of the parent company ATS Agribusiness Investments Limited (the "Company") on pages 6 to 20 which comprise the statement of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Board of Directors is responsible for the preparation of 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### Basis for qualified opinion

The Company has not prepared consolidated financial statements as required by the Cyprus Companies Law, Cap.113 and by the International Financial Reporting Standard IFRS 10 "Consolidated Financial Statements". In our opinion, the presentation of consolidated information is necessary for a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

As stated in notes 10 and 12 to the financial statements, the investments in subsidiaries and equity loans receivable are carried at cost, less impairment if any. However despite indications for impairment of certain of the above assets, the management of the Company has not conducted separate and specific impairment tests to determine the amount, if any, of such impairment. We are not therefore in a position to assess whether the current value of the above assets is fairly stated.

In addition, the Company's financial statements do not comply with the disclosure requirements of IAS 27 "Separate Financial Statements", which require that a list of significant investments in subsidiaries including the name, country of incorporation or residence and proportion of ownership interest, and if different, proportion of voting power held, is disclosed.

Board Members: Christis M. Christoforou (Chief Executive Officer), Eleftherios N. Philippou, Nicos S. Kyriakides, Nicos D. Papakyriacou, Athos Chrysanthou, Costas Georgiadis, Antonis Taliotis, Panos Papadopoulos, Pieris M. Markou, Nicos Charalambous, Nicos Spanoudis, Maria Paschalis, Alexis Agathocleous, Alkis Christodoulides, Christakis Ioannou, Panicos Papamichael, Christos Papamarkides, George Martides, Kerry Whyte, Andreas Georgiou, Christos Neocleous, Demetris Papapericleous, Andreas Andreou, Alecos Papalexandrou, George Pantelides, Panayiota Vayianou, Agis Agathocleous, Michael Christoforou (Chairman Emeritus).

Deloitte Limited is the Cyprus member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see [www.deloitte.com/cy/about](http://www.deloitte.com/cy/about) for a detailed description of the legal structure of DTTL.

Deloitte Limited is a private company, registered in Cyprus (Reg. No. 162612). Offices: Nicosia, Limassol, Larnaca.

Member of Deloitte Touche Tohmatsu Limited

## Independent auditor's report (continued)

To the Members of ATS Agribusiness Investments Limited

### *Qualified opinion*

In our opinion, except for the effect on the financial statements of the matters discussed to in the basis for qualified opinion paragraphs above, the financial statements give a true and fair view of the financial position of parent company ATS Agribusiness Investments Limited as at 31 December 2014, 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.

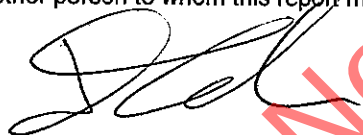
### **Report on other legal requirements**

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 in the case of the matters discussed in the basis for qualified opinion paragraphs.
- 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 case of the matters discussed in the basis for qualified opinion paragraphs.
- The Company's 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 financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required, except in the case of the matters discussed in the basis for qualified opinion paragraphs.
- In our opinion, the information given in the report of the Board of Directors is consistent with the 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 whom this report may be divulged.



**Demetris Papapericleous**  
**Certified Public Accountant and Registered Auditor**  
for and on behalf of

**Deloitte Limited**  
**Certified Public Accountants and Registered Auditors**

Limassol, 14 October 2015

## ATS AGRIBUSINESS INVESTMENTS LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 US\$	2013 US\$
Interest income	4	78.241.835	86.061.607
Interest expense		<u>(59.686.112)</u>	<u>(83.280.434)</u>
<b>Net interest income</b>		<b>18.555.723</b>	<b>2.781.173</b>
Other operating income	5	70.721	(28.843)
Administration expenses		<u>(243.363)</u>	<u>(29.159)</u>
<b>Operating Profit</b>	6	<b>18.383.081</b>	<b>2.723.171</b>
Finance costs	7	<u>(272.247)</u>	<u>(10.876)</u>
<b>Profit before tax</b>		<b>18.110.834</b>	<b>2.712.295</b>
Income tax expense	8	<u>(1.619.274)</u>	<u>(564.638)</u>
<b>Profit for the year</b>		<b>16.491.560</b>	<b>2.147.657</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b><u>16.491.560</u></b>	<b><u>2.147.657</u></b>

See accompanying notes on pages 10 to 20 to these financial statements.



# ATS AGRIBUSINESS INVESTMENTS LIMITED

## STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2014

	Note	2014 US\$	2013 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	449,001	-
Investments in subsidiaries	10	4,844,132	5,180,385
Investments in joint ventures	11	215,568	215,568
Equity loans receivable	12	936,808,034	876,380,479
		<u>942,316,735</u>	<u>881,776,432</u>
<b>Current assets</b>			
Deferred expenditure	13	-	705,550
Refundable taxes	19	304,240	-
Cash and bank balances	14	13,136,625	12,588,600
		<u>13,440,865</u>	<u>13,294,150</u>
<b>TOTAL ASSETS</b>		<u>955,757,600</u>	<u>895,070,582</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	15	2,501	2,501
Capital reserve	16	882,432,946	-
Retained earnings		23,821,533	7,329,973
<b>Total equity</b>		<u>906,256,980</u>	<u>7,332,474</u>
<b>Non-current liabilities</b>			
Borrowings	17	29,321,555	-
Loans from related companies	21	17,230,246	-
Advances from shareholders	21	629,293	886,672,765
		<u>47,181,094</u>	<u>886,672,765</u>
<b>Current liabilities</b>			
Trade and other payables	18	26,374	26,371
Payables to related companies	21	267,047	310,659
Current tax liabilities	19	2,026,105	728,313
		<u>2,319,526</u>	<u>1,065,343</u>
<b>Total liabilities</b>		<u>49,500,620</u>	<u>887,738,108</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>955,757,600</u>	<u>895,070,582</u>

On 14 October 2015 the Board of Directors of ATS Agribusiness Investments Limited authorised these financial statements for issue.

.....  
Director

.....  
Director

See accompanying notes on pages 10 to 20 to these financial statements.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital US\$	Capital reserve US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2013	2.501	-	5.182.316	5.184.817
Total comprehensive income for the year	-	-	2.147.657	2.147.657
Balance at 31 December 2013	2.501	-	7.329.973	7.332.474
Total comprehensive income for the year	-	-	16.491.560	16.491.560
Capital contribution from shareholders	-	882.432.946	-	882.432.946
Balance at 31 December 2014	2.501	882.432.946	23.821.533	906.256.980

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

See accompanying notes on pages 10 to 20 to these financial statements.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 US\$	2013 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		18.110.834	2.712.295
Adjustments for:			
Depreciation expense	9	31.380	-
Exchange difference arising on the translation		-	10.876
Loss from the sale of investments in subsidiaries		-	28.843
Interest income	4	(78.241.835)	(86.061.607)
Interest expense		59.686.112	83.280.434
Amortization of EBRD front-end fee and expenses paid	7	246.679	-
<b>Cash flows used in operations before working capital changes</b>		<b>(166.830)</b>	<b>(29.159)</b>
Increase in deferred expenditure		-	(705.550)
Decrease in trade and other payables		(43.610)	(381.733)
<b>Cash flows used in operations</b>		<b>(210.440)</b>	<b>(1.116.442)</b>
Tax paid		(625.722)	(647.943)
<b>Net cash flows used in operating activities</b>		<b>(836.162)</b>	<b>(1.764.385)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment	9	(480.381)	-
Payment for purchase of investment in joint venture		-	(7.500)
Payment for purchase of investments in subsidiaries	10	(1.913.886)	(34.393)
Loans granted		(21.450.710)	(124.790.426)
Loans repayments received		28.726.398	22.266.348
Proceeds from sale of investments in subsidiaries		-	10.000
Interest received		10.539.199	103.087.391
<b>Net cash flows from investing activities</b>		<b>15.420.620</b>	<b>531.420</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advances from shareholders		(60.071.852)	(23.278.402)
Repayment of loans from related companies		(4.500.000)	-
Proceeds from borrowings		51.729.090	-
Interest paid		(836.784)	-
EBRD front-end fee and expenses paid		(356.887)	-
<b>Net cash flows used in financing activities</b>		<b>(14.036.433)</b>	<b>(23.278.402)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>548.025</b>	<b>(24.511.367)</b>
Cash and cash equivalents:			
At beginning of the year		12.588.600	37.099.967
At end of the year	14	13.136.625	12.588.600

See accompanying notes on pages 10 to 20 to these financial statements.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. Incorporation and principal activities

#### Country of incorporation

The Company ATS Agribusiness Investments Limited (the "Company") was incorporated in Cyprus on 24 May 2007 as a limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makariou III, 2-4, Capital Center, 9th Floor, P.C. 1065, Nicosia, Cyprus.

#### Principal activities

The principal activities of the Company are that of investment holding and financing.

### 2. Significant accounting policies

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

#### Basis of preparation

The 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, except for the non-preparation of consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and by the International Financial Reporting Standard IFRS10 "Consolidated Financial Statements".

The financial statements have been prepared under the historical cost convention on a going concern basis taking into consideration the Company's profitability of operations and access to financial resources, including continued financial support from its Shareholder.

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 Company'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.

#### Adoption of new and revised IFRSs

In the current year, the Company has adopted all of the new and revised International Financial Reporting Standards (IFRSs) that are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2014. The adoption of these Standards did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

#### Investments in subsidiaries

A subsidiary is an enterprise over which the Company is in a position to control, through participation in the financial and operating policy decisions of the investee.

Investments in subsidiary companies are stated at cost less impairment, if any.

#### Interests in joint ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, that is when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Interest in joint ventures are stated at cost, less impairment if any.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Significant accounting policies (continued)

#### Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments is recognised on an accrual basis.

Profits or losses from the sale of investments represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to the statement of comprehensive income.

Unrealized gains and losses arising from changes in the fair value of investments are recorded through profit or loss.

- **Interest income**

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

- **Dividend income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

#### Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Fluctuations resulting from changes in foreign exchange rate on market prices of securities held are included with the net realised and unrealised gain or loss of investments.

#### Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 2. Significant accounting policies (continued)

#### Property, plant and equipment (continued)

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

Hardware	%
Furniture, fixtures and office equipment	20
	20

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

#### Investments

Investments are recorded at cost initially and then adjusted to their fair value. Any gain or loss from this adjustment is transferred to the income statement of the year. All investments are carried at fair value, except non-marketable securities, which are valued at cost, unless in the judgment of the management there has been an impairment in the value of such assets, in which case such impaired value shall be used instead of cost.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

#### Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

#### Share capital

Ordinary shares are classified as equity.

#### Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

#### Equity loans

Equity loans receivable are recorded at cost, less any impairment provision. All loans are recognised when cash is advanced to the borrower.

Where in the opinion of the Directors the assets are impaired such that the recoverable amount is below the carrying value, this impairment is transferred to the income statement.

#### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Judgment is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of loans**

Loans granted by the Company are assessed for impairment when indications for such impairment exist. The Company uses its judgment in identifying the above indications and also uses a variety of methods and makes assumptions in estimating the recoverable amount of these loans in the event of impairment.

### 4. Interest income

	2014 US\$	2013 US\$
Interest income	<u>78,241,835</u>	<u>86,061,607</u>
	<u>78,241,835</u>	<u>86,061,607</u>

### 5. Other income

	2014 US\$	2013 US\$
Loss from sale of investments in subsidiaries	-	(28,843)
Expenses recharged	<u>70,721</u>	<u>-</u>
	<u>70,721</u>	<u>(28,843)</u>

### 6. Operating profit

	2014 US\$	2013 US\$
Operating profit is stated after charging the following items:		
Directors' fees	-	-
Auditors' remuneration-current year	<u>11,000</u>	<u>11,000</u>

### 7. Finance costs

	2014 US\$	2013 US\$
Net foreign exchange transaction losses	25,568	10,876
Amortization of front-end fee and expenses on EBRD loan (Notes 13, 17)	<u>246,679</u>	<u>-</u>
	<u>272,247</u>	<u>10,876</u>

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 8. Tax

	2014 US\$	2013 US\$
Corporation tax - current year	382.759	350.062
Withholding tax provision for interest receivable	1.221.812	214.576
Underprovision of withholding tax on interest of previous years	<u>14.703</u>	-
<b>Charge for the year</b>	<b><u>1.619.274</u></b>	<b><u>564.638</u></b>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

### 9. Property, plant and equipment

	Hardware US\$	Furniture, fixtures and office equipment US\$	Total US\$
<b>Cost</b>			
Additions	451.852	28.529	480.381
<b>Balance at 31 December 2014</b>	<b><u>451.852</u></b>	<b><u>28.529</u></b>	<b><u>480.381</u></b>
<b>Depreciation</b>			
Charge for the year	29.647	1.733	31.380
<b>Balance at 31 December 2014</b>	<b><u>29.647</u></b>	<b><u>1.733</u></b>	<b><u>31.380</u></b>
<b>Net book amount</b>			
<b>Balance at 31 December 2014</b>	<b><u>422.205</u></b>	<b><u>26.796</u></b>	<b><u>449.001</u></b>
<b>Balance at 31 December 2013</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

### 10. Investments in subsidiaries

	2014 US\$	2013 US\$
Balance at 1 January	5.180.385	5.195.711
Additions	3.904.085	34.393
Disposals	<u>(4.240.338)</u>	<u>(49.719)</u>
	<b><u>4.844.132</u></b>	<b><u>5.180.385</u></b>

The Company has a number of subsidiary companies which hold land for agribusiness development purposes in Eastern Europe. Investments in subsidiaries are stated at cost, less impairment if any.

### 11. Investments in joint ventures

	2014 US\$	2013 US\$
Balance at 1 January	215.568	208.068
Additions	<u>-</u>	<u>7.500</u>
	<b><u>215.568</u></b>	<b><u>215.568</u></b>

Investments in joint ventures are stated at cost, less impairment if any.



# ATS AGRIBUSINESS INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 12. Equity loans receivable

	2014 US\$	2013 US\$
Equity loans - original amount	833.144.340	840.419.420
Equity loans - accrued interest	103.663.694	35.961.059
	<u>936.808.034</u>	<u>876.380.479</u>

Equity loans receivable are stated at cost, less impairment if any.

The loans were granted mainly to finance the long term operations of the companies in which the Company has also equity investments.

The Company currently accrues interest on the above loans at rates ranging between 0,35%-15% per annum. Generally, the principal and interest are paid once the income is realised from the underlying assets of the enterprises, which have been financed by way of these loans.

An amount of US\$719m (2013: US\$721m) of the above loans is pledged by the Company in favor of the European Bank for Reconstruction and Development ("EBRD") with respect to a revolving loan facility given by EBRD to the Company as shown in note 13 to the financial statements.

The exposure of the Company to credit risk is reported in note 23 of the financial statements.

### 13. Deferred expenditure

	2014 US\$	2013 US\$
Balance at 1 January	705.550	-
Front-end fees and expenses paid	-	705.550
Transfer to borrowings	(705.550)	-
	<u>-</u>	<u>705.550</u>

Deferred asset represents front-end fees and expenses paid in connection with the loan agreement entered into with European Bank for Reconstruction and Development ("EBRD"). During 2014 the Company received \$30.000.000 from EBRD and the deferred expenditure was transferred to borrowings from EBRD. Please refer to note 14 for further details.

### 14. Cash and bank balances

Cash balances are analysed as follows:

	2014 US\$	2013 US\$
Cash at bank and in hand	13.136.625	12.588.600
	<u>13.136.625</u>	<u>12.588.600</u>

As per the provisions of the loan agreement with European Bank for Reconstruction and Development dated 30 September 2013, the Company shall deposit and maintain a specified bank account (the "Special Bank Account") in its name. The cash maintained in the Special Bank Account is pledged to EBRD at all times.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 15. Share capital

	2014 Number of shares	2014 US\$	2013 Number of shares	2013 US\$
<b>Authorised</b>				
Ordinary shares of €1 each	2.000	3.749	1.000	2.501
Redeemable preference shares of €1 each	20.000	24.959	-	-
	<u>22.000</u>	<u>28.708</u>	<u>1.000</u>	<u>2.501</u>
<b>Issued and fully paid</b>				
Balance at 1 January	1.000	2.501	1.000	2.501
	<u>1.000</u>	<u>2.501</u>	<u>1.000</u>	<u>2.501</u>

#### Authorised capital

On 17 December 2014 the authorised share capital of the Company was increased by by 1.000 ordinary shares of nominal value of €1 per share and by 20.000 redeemable preference shares of nominal value of €1 per share.

#### Issued capital

Upon incorporation on 24 May 2007 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par. On 1 January 2015 the Company issued 10.000 redeemable preference shares of nominal value €1 at a premium of €70.594 per share.

### 16. Capital reserve

During 2014, the Company went through a restructuring by incorporating a new subsidiary, Amarista Limited. The Company's investment in subsidiary Agro Development (Ukraine) Limited was disposed to Amarista Limited for a consideration of US\$886.637.284. The amount receivable from Amarista Limited for the sale of the investment in Agro Development (Ukraine) Limited was set off against the advances from shareholder, NCH Agribusiness Partners, LP. As an effect, the difference between the above consideration and the carrying value of the disposed subsidiary of US\$882.432.946 was accounted for as a capital contribution by the Company's shareholder as this was considered a Common Control transaction with owners.

### 17. Borrowings

	2014 US\$	2013 US\$
Balance at 1 January	-	-
Additions	30.000.000	-
Transfer from deferred asset of front-end fees and expenses paid	(705.550)	-
Front-end fees and expenses paid	(356.887)	-
Amortisation of front-end fees and expenses paid	246.678	-
Interest accrued and charges	137.314	-
	<u>29.321.555</u>	<u>-</u>

On 30 September 2013 the Company has entered into a revolving loan agreement with EBRD for a total commitment of US\$50.000.000. The facility is divided into two tranches of maximum principal amount of US\$35.000.000 and US\$15.000.000 each. The final maturity date is 11 December 2016 for Tranche 1 and 11 December 2014 for Tranche 2. The final maturity date of Tranche 2 was extended to 11 December 2015 and may be extended to 11 December 2016.

During 2013, Tranche 1 and Tranche 2 bore interest at the rate of 6,5% and 7,5% in excess of the London Interbank Offering Rate respectively.

On 23 December 2013, the Company requested and EBRD agreed to cancel \$5.000.000 of the committed amount effective from 1 January 2014.

On 19 May 2014, the loan agreement has been amended and from 1 July 2014 interest rate for Tranche 1 and Tranche 2 became 8% and 9% in excess of the London Interbank Offering Rate, respectively.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 17. Borrowings (continued)

The Company shall maintain a Special Bank account for the purposes of the EBRD loan. The cash maintained in that Special Bank account will be pledged to EBRD at all times (Note 13).

Although there was no outstanding loan balance as at 31 December 2013, the Company paid front-end fees and expenses of \$705,550, which were recognized as deferred expenditure in 2013. Those fees were transferred to EBRD loan during 2014. US\$163,816 of that deferred expenditure were amortized during the year and have been recognized in the statement of profit or loss and other comprehensive income. Please refer to note 13 for further details.

As at 31 December 2014 the outstanding loan balance was US\$30,000,000 and the accrued interest was US\$137,314.

### 18. Trade and other payables

	2014 US\$	2013 US\$
Accruals	26,374	26,371
	<u>26,374</u>	<u>26,371</u>

### 19. Current tax liabilities

	2014 US\$	2013 US\$
Corporation tax	(304,240)	27,541
Provision for withholding tax on interest receivable	2,026,105	700,772
	<u>1,721,865</u>	<u>728,313</u>

### 20. Operating Environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. These events led to negotiations between the Republic of Cyprus and the European Commission, the European Central Bank and the International Monetary Fund (the "Troika") for financial support which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decisions involved the formulation of an Economic Adjustment Program for the country entailing the provision of financial assistance of up to €10 billion, the disbursements of which are subject to ongoing reviews by the Troika. Furthermore, the decisions included the restructuring of the two largest banks in Cyprus through a "bail in".

During 2013 and 2014, the banking sector in Cyprus undertook significant measures in anticipation of and subsequent to the EU-wide comprehensive assessment which consisted of thorough asset quality reviews and stress test and as a result was sufficiently recapitalized. Nevertheless, the banking sector continues to face challenges imposed by the high level of non-performing loans and the availability of credit is limited.

The Company holds its assets with non-Cyprus based foreign global banking and financial institutions and the Company has no exposure to Cyprus Banks, Cyprus sovereign debt and other assets related to the Cyprus economy. The Company's management has considered the above developments and has concluded that these have no significant impact on the future financial performance, cash flows, financial position of the Company.

### 21. Related party transactions

As at 31 December 2014, the Company's shareholder was NCH Agribusiness Partners, LP, a Company incorporated in Cayman Islands, which owned 100% of the Company's shares. On 1 January 2015 Amarista Limited, a company incorporated in Cyprus, became the sole shareholder of the Company. NCH Agribusiness Partners, LP remains the ultimate shareholder of the Company.

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 21. Related party transactions (continued)

The following transactions were carried out with related parties:

#### 21.1 Equity loans receivable (Note 12)

	2014 US\$	2013 US\$
Related companies	<u>936.808.034</u>	<u>876.380.479</u>
	<u>936.808.034</u>	<u>876.380.479</u>

Equity loans granted to related companies are provided on the terms disclosed in note 12 above. Interest accrued during the year ended 31 December 2014 was US\$78.241.835 (2013: US\$86.061.607).

#### 21.2 Payables to related parties

Relationship	Nature of transactions	2014 US\$	2013 US\$
Subsidiary company	Finance	267.047	262.235
Common control entities	Finance	-	48.424
		<u>267.047</u>	<u>310.659</u>

#### 21.3 Loans from related undertakings

	2014 US\$	2013 US\$
Agro Trading AT Limited	<u>17.230.246</u>	-
	<u>17.230.246</u>	-

On 8 July 2014 the Company obtained borrowings from related party Agro Trading AT Limited. During the year US\$21.729.090 were received and US\$4.500.000 were repaid. The loan bears interest of 0,35% per annum and is repayable by 24 August 2019. Interest charged during the year is US\$1.156.

#### 21.4 Advances from shareholders

	2014 US\$	2013 US\$
NCH Agribusiness Partners, LP	<u>629.293</u>	<u>886.672.765</u>
	<u>629.293</u>	<u>886.672.765</u>

Shareholder's advances are used to facilitate the investing and financing activities of the Company. To the extent that funds provided are used for investing activities no interest is charged. However to the extent that funds provided are used on the financing activities of the Company, interest is charged at a rate equal to the annual rate of interest that the Company receives for such loans or deposits, minus 0,35%. There is no fixed repayment schedule and repayment is dependent upon recovering the equity loans receivable and realisation of the investments in the Company. The loan providers have confirmed that it is not their intention to withdraw their funds before ensuring that the Company has sufficient cash resources to meet its obligations to its other creditors.

### 22. Financial risk management

#### Financial risk factors

The Company is exposed to market risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 22. Financial risk management (continued)

#### 22.1 Market and geographical risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

Investments held by the Company may be adversely affected by significant economic, political, regulatory and social uncertainties in the countries where it invests. The Company invests in Ukraine, Moldova, Romania and other emerging markets, as they present attractive opportunities for investment in agricultural-related real estate and assets. However, since November 2013, there have been mounting tensions and associated violence between Russia and Ukraine, which continued to deteriorate in the months following the annexation of the Crimea region, sparking Europe's most serious geopolitical crisis since the end of the Cold War. Despite the current upheaval in certain areas in Ukraine, these events have not impacted the business operations of the Company.

The Company's investments are also subject to the risks incidental to the ownership and operation of agricultural-related assets and agricultural-related real estate, including risks associated with the general economic climate, local real estate conditions, geographic or market concentration, competition, the ability of the Company to manage the agricultural properties and government regulations. Furthermore, agriculture is a weather-dependent sector and extreme climate variability carries multi-dimensional impacts. Natural disasters and fluctuations in weather patterns can have a potentially devastating effect on agricultural production. Drought and the occurrence of natural disasters such as floods could lead to crop failures, famine, loss of property and life, mass migration and negative national economic growth.

#### 22.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2014 US\$	2013 US\$
<b>Fixed rate instruments</b>		
Financial assets	833,144,340	840,419,420
Financial liabilities	(17,229,090)	(840,419,420)
<b>Variable rate instruments</b>		
Financial liabilities	<u>(30,000,000)</u>	-
	<u>785,915,250</u>	-

Interest rate risk of the Company is limited as the majority of the financial assets and financial liabilities are with related companies and both interest income and interest expense is fixed in such a way that the Company always receives a net margin.

#### 22.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014 US\$	2013 US\$
Equity loans receivable	936,808,034	876,380,479
Cash at bank	<u>13,136,625</u>	<u>12,588,600</u>
	<u>949,944,659</u>	<u>888,969,079</u>

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 22. Financial risk management (continued)

#### 22.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. Liquidity risk is minimal since the parent company has indicated its intention to continue providing financial assistance to the Company to enable it to meet its obligations as they fall due.

#### 22.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. At 31 December 2014, the Company held the majority of its monetary assets and liabilities in US Dollars and, therefore, was not exposed to any material currency risk.

#### 22.6 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

### 23. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2014.

### 24. Commitments

The Company had no capital or other commitments as at 31 December 2014.

### 25. Significant events after the end of the financial year

#### Change of shareholder

On 1 January 2015 Amarista Limited became the sole shareholder of the Company.

#### Issue of redeemable preference shares

On 1 January 2015 the Company issued 10,000 redeemable preference shares of nominal value €1 at a premium of €70.594 per share.

Independent auditor's report on pages 4 and 5

# ATS AGRIBUSINESS INVESTMENTS LIMITED

---

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Page	2014 US\$	2013 US\$
Interest income		78.241.835	86.061.607
Interest expense and other charges	22	<u>(59.686.112)</u>	<u>(83.280.434)</u>
<b>Net interest income</b>		<b>18.555.723</b>	<b>2.781.173</b>
<b>Other operating income</b>			
Expenses recharged		70.721	-
Loss from sale of investments in subsidiaries		<u>-</u>	<u>(28.843)</u>
		<b>18.626.444</b>	<b>2.752.330</b>
<b>Operating expenses</b>			
Administration expenses	23	<u>(243.363)</u>	<u>(29.159)</u>
<b>Operating Profit</b>		<b>18.383.081</b>	<b>2.723.171</b>
Finance costs		<u>(272.247)</u>	<u>(10.876)</u>
<b>Net profit for the year before tax</b>		<b><u>18.110.834</u></b>	<b><u>2.712.295</u></b>

Not for official use

## ATS AGRIBUSINESS INVESTMENTS LIMITED

---

### INTEREST EXPENSE AND OTHER CHARGES FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 US\$	2013 US\$
<b>Expenditure</b>		
Interest expense on EBRD loan	974.098	-
Interest expense on other loans	58.710.858	83.280.434
Interest expense on related party loans	1.156	-
<b>Total interest expense and other charges</b>	<u>(59.686.112)</u>	<u>(83.280.434)</u>

Not for Official Use



## ATS AGRIBUSINESS INVESTMENTS LIMITED

---

### OPERATING EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 US\$	2013 US\$
<b>Administration expenses</b>		
Staff salaries	75.338	-
Sundry expenses	124.304	5.366
Auditors' remuneration-current year	11.000	11.000
Legal fees	1.341	-
Fines	-	12.793
Depreciation	31.380	-
	<u>243.363</u>	<u>29.159</u>

Not for official use

# ATS AGRIBUSINESS INVESTMENTS LIMITED

## COMPUTATION OF CORPORATION TAX FOR THE YEAR ENDED 31 DECEMBER 2014

	Page		US\$	US\$
	21			18.110.834
Net profit per income statement				
<u>Add:</u>				
Depreciation			31.380	
Unrealised foreign exchange losses			25.568	
Interest imposed on back to back loan arrangements			71.790	
Amortization of front end fee on EBRD loan			<u>246.679</u>	
				<u>375.417</u>
				18.486.251
<u>Less:</u>				
Capital allowances			96.076	
2010-2013 expenses recharged			<u>39.388</u>	
				<u>(135.464)</u>
<b>Chargeable income for the year</b>				<u><u>18.350.787</u></u>
				€
Converted into € at US\$ 1,215628 = €1				<u><u>15.095.726</u></u>
Losses surrendered to Company from Group companies				
Amarista Limited				<u>(12.576.801)</u>
<b>Chargeable income</b>				<u><u>2.518.925</u></u>
<b>Calculation of corporation tax</b>				
	Income	Rate	Total	Total
	€	%	€ c	US\$
<b>Tax at normal rates:</b>				
Chargeable income as above	<u>2.518.925</u>	12,50	314.865,63	382.759
Tax paid provisionally	<u>2.200.000</u>		(275.000,00)	(334.298)
Credit claimed in respect of foreign tax			<u>(290.139,00)</u>	<u>(352.701)</u>
<b>TAX REFUNDABLE</b>			<u><u>(250.273,37)</u></u>	<u><u>(304.240)</u></u>

Not for Official Use