

**Don Agro International Limited  
and its subsidiaries  
Registration Number: 201835258H**

Condensed interim financial statements for the six months  
and full year ended 31 December 2021

**Statements of financial position**  
**As at 31 December 2021**

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Assets</b>					
Property, plant and equipment	6	37,615	12,770	–	–
Biological assets	7	7,557	7,807	–	–
Right-of-use assets	14	5,993	4,820	–	–
Investments in subsidiaries		–	–	16,639	14,009
Goodwill	28	465	462	–	–
Other non-current assets		22	24	–	–
<b>Non-current assets</b>		<b>51,652</b>	<b>25,883</b>	<b>16,639</b>	<b>14,009</b>
Biological assets	7	9,757	7,444	–	–
Current tax assets		41	13	–	–
Inventories	8	17,549	9,879	–	–
Investments	9	–	4,246	–	–
Trade and other receivables	10	3,376	3,173	3,069	4,326
Cash and cash equivalents	11	6,769	9,992	1,544	3,713
<b>Current assets</b>		<b>37,492</b>	<b>34,747</b>	<b>4,613</b>	<b>8,039</b>
<b>Total assets</b>		<b>89,144</b>	<b>60,630</b>	<b>21,252</b>	<b>22,048</b>
<b>Equity</b>					
Share capital	12	40,667	40,667	40,911	40,911
Capital reserves	12	(10,450)	(10,450)	(21,270)	(21,270)
Revaluation reserves	29	16,975	–	–	–
Foreign currency translation reserve		(7,539)	(7,496)	–	–
Accumulated profits		27,948	20,646	833	1,718
<b>Equity attributable to the owners of the Company</b>		<b>67,601</b>	<b>43,367</b>	<b>20,474</b>	<b>21,359</b>
Non-controlling interests		43	32	–	–
<b>Total equity</b>		<b>67,644</b>	<b>43,399</b>	<b>20,474</b>	<b>21,359</b>
<b>Liabilities</b>					
Loans and borrowings	13	452	1,061	–	–
Lease liabilities	14	5,396	4,530	–	–
Trade and other payables	15	–	–	–	70
Deferred tax liabilities	17	4,195	–	–	–
Deferred income		286	336	–	–
<b>Non-current liabilities</b>		<b>10,329</b>	<b>5,927</b>	<b>–</b>	<b>70</b>
Loans and borrowings	13	6,299	6,085	–	–
Lease liabilities	14	1,123	652	–	–
Current tax liabilities		156	238	–	–
Trade and other payables	15	2,887	3,520	778	619
Deferred income		78	109	–	–
Provisions	16	628	700	–	–
<b>Current liabilities</b>		<b>11,171</b>	<b>11,304</b>	<b>778</b>	<b>619</b>
<b>Total liabilities</b>		<b>21,500</b>	<b>17,231</b>	<b>778</b>	<b>689</b>
<b>Total equity and liabilities</b>		<b>89,144</b>	<b>60,630</b>	<b>21,252</b>	<b>22,048</b>

The accompanying notes form an integral part of these consolidated financial statements.

**Condensed interim consolidated interim consolidated statement of profit or loss and other comprehensive income**

	Note	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	Change, %	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000	Change, %
Revenue	18	21,517	24,080	(10.6)	30,944	30,996	(0.3)
Cost of sales	19	(20,938)	(20,450)	2.4	(29,025)	(25,587)	13.2
Gain from change in fair value of biological assets and agricultural produce	7	5,046	3,747	(34.7)	9,956	9,217	7.6
<b>Gross profit</b>		<b>5,625</b>	<b>7,377</b>	<b>(23.7)</b>	<b>11,875</b>	<b>14,626</b>	<b>(18.8)</b>
Administrative expenses	20	(1,930)	(1,800)	7.2	(3,335)	(3,117)	6.45
Bargain purchase from acquisition of subsidiary	27	2,567	–	100.0	2,567	–	100.0
Other operating income/(expenses), net	20	4	(443)	100.9	276	(1,807)	117.0
<b>Results from operating activities</b>		<b>6,266</b>	<b>5,134</b>	<b>22.0</b>	<b>11,383</b>	<b>9,702</b>	<b>17.5</b>
Finance income		191	90	112.2	191	90	112.2
Finance costs		(771)	(634)	21.6	(962)	(781)	12.5
<b>Net finance costs</b>		<b>(580)</b>	<b>(544)</b>	<b>6.6</b>	<b>(771)</b>	<b>(691)</b>	<b>14.3</b>
<b>Profit before tax</b>		<b>5,686</b>	<b>4,590</b>	<b>23.9</b>	<b>10,612</b>	<b>9,011</b>	<b>17.8</b>
Tax expense	22	(121)	(295)	(60.0)	(280)	(315)	(6.7)
<b>Profit for the year</b>		<b>5,565</b>	<b>4,295</b>	<b>29.6</b>	<b>10,332</b>	<b>8,696</b>	<b>18.4</b>
<b>Profit attributable to:</b>							
Owners of the Company		5,560	4,298	29.4	10,321	8,696	18.4
Non-controlling interests		5	(3)	N.M.	11	–	N.M.
<b>Profit for the year</b>		<b>5,565</b>	<b>4,295</b>	<b>29.6</b>	<b>10,332</b>	<b>8,696</b>	<b>18.4</b>
<b>Other comprehensive (loss)/income</b>							
<i>Items that will not be reclassified subsequently to profit or loss</i>							
Foreign currency translation differences arising from functional and presentation currency		(1,190)	(3,150)	(62.2)	(43)	(6,670)	100.6
Revaluation of property plant and equipment	29	21,219	–	100.0	21,219	–	100.0
Related income tax	17	(4,244)	–	100.0	(4,244)	–	100.0
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>15,785</b>	<b>(3,150)</b>	<b>601.1</b>	<b>16,932</b>	<b>(6,670)</b>	<b>353.9</b>
<b>Total comprehensive income for the year</b>		<b>21,350</b>	<b>1,145</b>	<b>1,764.6</b>	<b>27,264</b>	<b>2,026</b>	<b>1,245.7</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		21,345	1,145	1,764.2	27,253	2,026	1,245.2
Non-controlling interests		5	–	N.M.	11	–	N.M.
<b>Total comprehensive income for the year</b>		<b>21,350</b>	<b>1,145</b>	<b>1,764.6</b>	<b>27,264</b>	<b>2,026</b>	<b>1,245.7</b>
<b>Earnings per share</b>							
Basic and diluted earnings per share (cents)	25	3.70	2.86	-	6.87	5.79	-

The accompanying notes form an integral part of these consolidated financial statements.

**Condensed statement of changes in equity (Group)  
For the year ended 31 December 2021**

	Note	<b>Attributable to owners of the Company</b>					<b>Total \$'000</b>	<b>Non- controlling interests \$'000</b>	<b>Total equity \$'000</b>
		<b>Share capital \$'000</b>	<b>Capital reserves \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Revaluation reserve \$'000</b>	<b>Accumulated profits \$'000</b>			
<b>At 1 January 2021</b>		40,667	(10,450)	(7,496)	–	20,646	43,367	32	43,399
<b>Total comprehensive income for the year</b>									
Profit for the year		–	–	–	–	10,321	10,321	11	10,332
<b>Other comprehensive loss</b>									
Foreign currency translation differences		–	–	(43)	–	–	(43)	–	(43)
Revaluation of property plant and equipment		–	–	–	21,219	–	21,219	–	21,219
Related income tax		–	–	–	(4,244)	–	(4,244)	–	(4,244)
<b>Total comprehensive income for the year</b>		–	–	(43)	16,975	10,321	27,253	11	27,264
<b>Transactions with owners, recognised directly in equity</b>									
Dividends	12	–	–	–	–	(3,019)	(3,019)	–	(3,019)
<b>Total transactions with owners</b>		–	–	–	–	(3,019)	(3,019)	–	(3,019)
<b>At 31 December 2021</b>		40,667	(10,450)	(7,539)	16,975	27,948	67,601	43	67,644

The accompanying notes form an integral part of these consolidated financial statements.

**Condensed statement of changes in equity (cont'd) (Group)  
For the year ended 31 December 2021**

	Note	Attributable to owners of the Company				Total \$'000	Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000			
<b>At 1 January 2020</b>		35,741	(10,450)	(826)	12,992	37,457	32	37,489
<b>Total comprehensive income for the year</b>								
Profit for the year		–	–	–	8,696	8,696	–	8,696
<b>Other comprehensive loss</b>								
Foreign currency translation differences		–	–	(6,670)	–	(6,670)	–	(6,670)
<b>Total comprehensive income for the year</b>		–	–	(6,670)	8,696	2,026	–	2,026
<b>Transactions with owners, recognised directly in equity</b>								
Dividends	12	–	–	–	(1,042)	(1,042)	–	(1,042)
Placement shares issued	12	5,060	–	–	–	5,060	–	5,060
Share based payment	12	500	–	–	–	500	–	500
Capitalisation of listing expenses	12	(634)	–	–	–	(634)	–	(634)
<b>Total transactions with owners</b>		4,926	–	–	(1,042)	3,884	–	3,884
<b>At 31 December 2020</b>		40,667	(10,450)	(7,496)	20,646	43,367	32	43,399

The accompanying notes form an integral part of these consolidated financial statements.

**Condensed statement of changes in equity (Company)  
For the year ended 31 December 2021**

	Note	Attributable to owners of the Company (Company)			
		Share capital \$'000	Capital reserves \$'000	Accumulated profits \$'000	Total equity \$'000
<b>At 1 January 2021</b>		40,911	(21,270)	1,718	21,359
<b>Total comprehensive income for the period</b>					
Profit for the year		–	–	2,134	2,134
<b>Total comprehensive income for the year</b>					
<b>Transactions with owners, recorded directly in equity</b>					
Dividends	12	–	–	(3,019)	(3,019)
<b>Total transactions with owners</b>					
<b>At 31 December 2021</b>					
		40,911	(21,270)	833	20,474

The accompanying notes form an integral part of these consolidated financial statements.

**Condensed statement of changes in equity (cont'd) (Company)  
For the year ended 31 December 2020**

	Note	Attributable to owners of the Company (Company)			Total equity \$'000
		Share capital \$'000	Capital reserves \$'000	Accumulated profits \$'000	
<b>At 1 January 2020</b>		35,741	(21,270)	962	15,433
<b>Total comprehensive income for the year</b>					
Profit for the year		–	–	1,798	1,798
<b>Total comprehensive income for the year</b>		–	–	1,798	1,798
<b>Transactions with owners, recorded directly in equity</b>					
Dividends	12	–	–	(1,042)	(1,042)
Share based payment		500	–	–	500
Placement shares issued		5,060	–	–	5,060
Offset of listing expenses		(390)	–	–	(390)
<b>Total transactions with owners</b>		5,170	–	(1,042)	4,128
<b>At 31 December 2020</b>		40,911	(21,270)	1,718	21,359

The accompanying notes form an integral part of these consolidated financial statements.

**Condensed interim consolidated statement of cash flows**  
**For the year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit for the year	10,332	8,696
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	2,958	2,139
(Gain)/loss on disposal of property, plant and equipment	(46)	60
Income from trade payable write-off	(22)	–
Income from write back of unused vacation	(19)	–
Finance costs	964	780
Finance income	(191)	(90)
Tax expense	280	315
Gain from change in fair value of biological assets and agricultural produce	(9,956)	(9,217)
Revaluation of sold biological assets recognised in cost of sales	7,771	7,847
Impairment loss/(reversal of impairment) on trade and other receivables and short-term investments	1	(219)
Impairment loss on inventories relating to agricultural produce	457	83
Impairment loss/(reversal of impairment) on other inventories made	165	(54)
Bargain purchase from acquisition of subsidiary	(2,567)	–
	10,127	10,340
Changes in:		
Trade and other receivables	(168)	(405)
Inventories	(16,915)	(13,647)
Biological assets	9,867	8,304
Trade and other payables and provisions	(1,169)	1,596
Deferred income	(85)	66
<b>Cash from operations</b>	1,657	6,254
Tax paid	(258)	(144)
<b>Net cash from operating activities</b>	1,399	6,110

The accompanying notes form an integral part of these consolidated financial statements.



**Consolidated interim consolidated statement of cash flows (cont'd)**  
**For the year ended 31 December 2021**

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,607)	(4,072)
Proceeds from sale and disposal of property, plant and equipment		120	287
Deposits returned		4,246	2,751
Deposits placed with financial institutions		–	(4,481)
Interest received		173	223
Acquisition of subsidiary, net of cash acquired	26	(2,636)	(747)
<b>Net cash used in investing activities</b>		(704)	(6,039)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		6,653	8,848
Repayment of borrowings		(7,293)	(6,293)
Repayment of lease liabilities		(121)	(86)
Proceeds from placement shares issued		–	5,060
Interest paid		(362)	(313)
Dividends paid		(2,900)	(990)
<b>Net cash (used in)/from financing activities</b>		(4,023)	6,226
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at 1 January		9,992	4,646
Effect of exchange rate fluctuations on cash held		105	(951)
<b>Cash and cash equivalents at 31 December</b>	11	6,769	9,992

**Significant non-cash transactions**

Significant non-cash transactions are disclosed in Note 12 – Capital and reserves.

The accompanying notes form an integral part of these consolidated financial statements.

## **Notes to the condensed interim consolidated financial statements**

These notes form an integral part of the condensed interim consolidated financial statements.

### **1 Business and organisation**

The Company was incorporated as Don Agro International Private Limited on 16 October 2018 and is domiciled in the Republic of Singapore. The Company was a private company limited by shares with an issued and paid-up share capital of \$100 comprising 100 shares of which 6% and 94% are held by Mr Marat Devlet-Kildeev and Mr Evgeny Tugolukov, respectively. On 4 February 2020, the Company was converted into a public company limited by shares and changed its name to Don Agro International Limited. The Company's registered address is 10 Collyer Quay, #10-01, Ocean Financial Centre, Singapore 049315.

The financial statements of the Group comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Company was listed on the Catalist Board of Singapore Exchange Securities Trading Limited on 14 February 2020.

The Group's principal business activity is growing, processing and distribution of agricultural and dairy products, mainly grain and milk at farms located in the Rostov Region. The Group's products are sold in the Russian Federation.

The condensed financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

### **2 Basis of preparation**

The condensed interim consolidated financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 and Note 4, which addresses changes in accounting policies.

These interim consolidated financial statements are presented in Singapore dollars ("S\$"). The functional currency of the Company is the Russian rouble ("RUB"). Assets and liabilities are translated from RUB functional currency to S\$ at rates of exchange ruling at the respective reporting dates. All equity items are translated at historical rates. The result for the respective years are translated using the average rate. Resultant exchange differences are recognised directly in equity, in the foreign currency translation reserve. All financial information presented in S\$ has been rounded to nearest thousand, unless otherwise stated.

## **2.1. New standards and amendments**

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *Covid-19-Related Rent Concessions* (Amendments to SFRS(I) 16)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) – 39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16).

The application of these amendments to standards and interpretations does not have a material effect on the financial statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments and interpretations.

## **3 Use of judgements and estimates**

In preparing the unaudited interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last issued audited consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the twelve-month period ended 31 December 2021 are included in note 7 – determining the fair value of biological assets and agricultural produce on the basis of significant unobservable inputs and included in note 29- determining the fair value of land plots on the basis of significant unobservable inputs.

### *Measurement of fair values*

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

The Group has an established control framework with respect to the measurement of fair value. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and report directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as source documents, is used to measure values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of SFRS(I), including the level in fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Board of directors.

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

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

Further information about the assumptions made in measuring fair values is included in note 7 – biological assets, and in note 29 – revaluation of land plots.

#### **4 Changes in significant accounting policies**

On 31 December 2021, the Group changed its accounting policy with respect to the subsequent measurement of land in property, plant and equipment from the cost model to revaluation model.

Any revaluation gains will be recorded in other comprehensive income unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it should be recognised in profit or loss. A decrease arising as a result of a revaluation will be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

The Group believes that subsequent measurement using the revaluation model provides more relevant information about the financial performance of the assets, assists users to better understand the risks associated with these assets and is consistent with industry practice in relation to these types of assets.

This change in accounting policy is applied prospectively. The change in accounting policy did not result in any restatement of comparatives. For details please refer to note 29.

## **5 Seasonality of operations**

The Group's crops segment is subject to seasonal fluctuations due to the different cultivation period for each type of crops. In particular, winter wheat are cultivated between October and August in separate calendar years, while other crops such as sunflower and corn are cultivated between April and October.

The Group attempts to minimise the seasonal impact by managing inventories to meet demand during this period.

## 6 Property, plant and equipment

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Construction in progress \$'000	Total \$'000
<b>Valuation/Cost</b>						
At 1 January 2020	4,102	3,571	13,619	1,037	395	22,724
Additions	335	2,085	1,396	254	2	4,072
Acquisition of subsidiary	345	1	574	26	6	952
Disposals/Write-off	–	(4)	(10)	(8)	(344)	(366)
Effect on movements in exchange rates	(757)	(736)	(2,495)	(196)	(52)	(4,236)
At 31 December 2020	4,025	4,917	13,084	1,113	7	23,146
Additions	548	108	1,762	185	4	2,607
Acquisition of subsidiary	1,207	1,191	882	24	21	3,325
Disposals/Write-off	–	(9)	(177)	(6)	(6)	(198)
Revaluation	21,219	–	–	–	–	21,219
Effect on movements in exchange rates	(234)	19	61	5	–	(149)
At 31 December 2021	26,765	6,226	15,612	1,321	26	49,950
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2020	–	(1,329)	(8,699)	(806)	–	(10,834)
Depreciation charge for the year	–	(269)	(1,203)	(72)	–	(1,544)
Disposals/Write-off	–	1	10	8	–	19
Effect on movements in exchange rates	–	248	1,590	145	–	1,983
At 1 January 2021	–	(1,349)	(8,302)	(725)	–	(10,376)
Depreciation charge for the year	–	(405)	(1,513)	(116)	–	(2,034)
Disposals/Write-off	–	3	115	6	–	124
Effect on movements in exchange rates	–	(5)	(40)	(4)	–	(49)
At 31 December 2021	–	(1,756)	(9,740)	(839)	–	(12,335)
<b>Carrying amounts</b>						
At 1 January 2020	4,102	2,242	4,920	231	395	11,890
At 31 December 2020	4,025	3,568	4,782	388	7	12,770
At 31 December 2021	26,765	4,470	5,872	482	26	37,615

**7 Biological assets**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Livestock	7,176	7,503
Permanent grasses	381	304
Non-current	7,557	7,807
Current – crops	9,757	7,444
	17,314	15,251

***Biological assets - crops***

In 2021 and 2020, the Group cultivated wheat, sunflower, corn and other crops. As at 31 December, the unharvested crops are represented by the following types.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Winter wheat	9,734	7,444
Corn	23	–
Balance at 31 December – current	9,757	7,444

Changes in biological assets - crops balances are disclosed below:

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
Balance at 1 January		7,444	6,747
Increase due to costs on growing crops		19,659	14,907
Acquisition of subsidiary	29	1,748	622
Gain arising from changes in fair value less estimated cost to sell		12,002	10,935
Decrease of crops due to harvest		(31,120)	(24,478)
Effect on movements in exchange rates		24	(1,289)
Balance at 31 December – current		9,757	7,444

***Biological assets - permanent grasses***

Changes in biological assets - permanent grasses balances are disclosed below:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 January	304	181
Increase due to costs on growing crops	869	540
Decrease of crops due to harvest	(793)	(376)
Effect on movements in exchange rates	1	(41)
Balance at 31 December – non-current	<u>381</u>	<u>304</u>

***Biological assets - livestock***

Changes in biological assets - livestock balances are disclosed below:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 January	7,503	9,808
Acquisition of subsidiary	146	–
Increase due to cost on growth	10,261	8,104
Disposal due to mortality	(44)	(27)
Decrease due to sales of livestock	(1,058)	(1,092)
Decrease due to sales of milk	(7,641)	(5,881)
Loss arising from changes in fair value less estimated cost to sell	(2,046)	(1,718)
Effect on movements in exchange rates	55	(1,691)
Balance at 31 December – non-current	<u>7,176</u>	<u>7,503</u>

**Risk management strategy related to agriculture activities**

The Group is exposed to the following risks related to its crops and livestock:

*Regulatory and environmental risks*

The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems are in place to manage those risks.

*Supply and demand risk*

The Group is exposed to risks arising from fluctuations in the price and sales volume of grain and milk products. Whenever possible, the Group manages this risk by aligning its production volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that the projected harvest and milk volumes are consistent with expected demand.



*Climate and other risks*

The Group's crops are exposed to the risk of damage from climatic changes and diseases. The Group has extensive processes in place aimed at monitoring and mitigating those risks. The Group does not insure itself against failure of crops.

**Measurement of fair values**

*Fair value hierarchy*

The fair value measurements for the crops and livestock have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

Permanent grass is stated at cost less accumulated impairment losses as the fair value of permanent grass cannot be measured reliably. The permanent grass is grown for internal consumption and has neither comparable nor observable market sales data.

*Level 3 fair value*

The following table shows a breakdown of the total gains/(losses) recognised in respect of Level 3 fair values.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain from change in fair value of biological assets and agricultural produce		
- Change in fair value (realised)	2,728	5,945
- Change in fair value (unrealised)	7,228	3,272
	9,956	9,217
 <b>Gain/(loss) included in OCI</b>		
Effect of movements in exchange rates	80	(3,021)

### Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring Level 3 fair values of biological assets, as well as the significant unobservable inputs used:

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurements</b>
<p>Bearer livestock: milk cow</p> <ul style="list-style-type: none"> <li>• Number of dairy cows - 2021:2,191; 2020:2,096</li> <li>• Number of calves and heifers - 2021:2,242; 2020: 1,965</li> </ul>	<p><i>Discounted cash flow:</i> Fair value is determined using the cash flow model discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset. The cash flow model is based on the physiological characteristics of the animals and management expectations concerning the potential productivity.</p>	<ul style="list-style-type: none"> <li>• Length of lactation period (years) 2021: -2.43; 2020: -2.90</li> <li>• Herd average daily milk yield (litres) 2021: 20.03; 2020: 20.11</li> <li>• Market prices for milk in the same region (in RUB/litre excluding VAT) 2021:-39.32; 2020: -30.01</li> <li>• Risk-adjusted discount rate 2021: 15.2%; 2020: 15.2%</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• the lengths of lactation period were longer (shorter);</li> <li>• the herd average daily milk yields were higher (lower);</li> <li>• the market prices for milk in the same region were higher (lower); or</li> <li>• the risk-adjusted discount rates were lower (higher).</li> </ul>
<p>Crops: winter wheat</p> <ul style="list-style-type: none"> <li>• Plant area (hectare) - 2021:24,032; 2020: 23,984</li> </ul>	<p><i>Discounted cash flow:</i> The valuation model considers the present value of the net cash flows expected to be generated by the crops that are in growing stage as at the year ended. The cash flow projection include the planted area, expected yield, market price and future cost to grow and sell. The expected net cash flows are discounted using a risk-adjusted discount rate.</p>	<ul style="list-style-type: none"> <li>• Market prices for crop in the same region (in RUB/tonne excluding VAT) 2021:LLC Don Agro – 14,958; 2020: 12,613 2021:LLC Volgo –Agro – 13,188 2021:LLC Rav Agro-Rost – 14,958;</li> <li>• Risk-adjusted discount rate 2021:15.2%; 2020: 15.2%</li> <li>• Expected yield (tonne/hectare) 2021:LLC Don Agro-3.65; 2020: 3.75 2021:LLC Volgo-Agro-2.25; 2021:LLC Rav Agro-Rost-3.65.</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• the expected yields were higher (lower);</li> <li>• the market prices for crop in the same region were higher (lower);</li> <li>• future cost to grow and sell were lower (higher); or</li> <li>• the risk-adjusted discount rates were lower (higher)</li> </ul>

- Future cost to grow and sell (in RUB/hectare)  
2021:LLC Don Agro – 15,630; 2020:  
14,367  
2021:LLC Volgo-Agro – 6,415;  
2021:LLC Rav Agro-Rost – 23,859.
-

## 8 Inventories

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials and consumables	3,544	3,504
Work in progress	2,090	1,922
Finished goods – agricultural produce	12,102	4,470
	17,736	9,896
Less: Provision for foreseeable losses	(187)	(17)
	17,549	9,879

## 9 Investments

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term loan issued	–	–
Less: Impairment loss	–	–
	–	–
Short-term bank deposits with maturities of three months or more (RUB denominated, 5.8%-6.4% per annum)	–	4,246
	–	4,246

## 10 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	55	175	–	–
Other receivables	32	43	88	–
Less: Impairment losses	(4)	(3)	–	–
	83	215	88	–
Dividends receivable	–	–	2,973	4,326
Advances paid to suppliers	2,987	2,521	8	–
Value-added tax (“VAT”) receivables	306	437	–	–
	3,376	3,173	3,069	4,326

During the year, a wholly-owned subsidiary has declared an interim dividend of RUB91,108,380 (RUB1.45 (2.59 Singapore cents) per share) and final dividends of RUB83,000,000 (RUB 1.33 (2.40 Singapore cents) per share) (2020: RUB4.08 (7.29 Singapore cents)) per share, total amounting to RUB174,108,380 (\$2,973,000) (2020: RUB255,000,000 (\$4,326,000)) to the Company for the financial year ended 31 December 2021. The dividends have not been paid to the shareholders.

## 11 Cash and cash equivalents

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Petty cash	3	3	–	–
Bank balances	1,978	4,504	1,544	3,713
Short-term bank deposits with maturities of three months or less	4,788	5,485	–	–
	6,769	9,992	1,544	3,713

## 12 Capital and reserves

Share capital as presented in the statements of financial position refers to shares issued to the controlling shareholders pursuant to the Restructuring Exercise, which is deemed to have taken place since the beginning of the earliest period presented.

### *Share capital*

	Number of shares		Amount	
	For year ended 31 December 2021	For year ended 31 December 2020	For year ended 31 December 2021 \$'000	For year ended 31 December 2020 \$'000
<b>Issued and fully paid ordinary shares, at par value:</b>				
At 1 January	150,272,700	10,000,000	40,667	35,741
Issued during the year				
Share split in the proportion of 1 share for 12.5 shares	–	115,000,000	–	–
Placement Shares issued pursuant to the Placement	–	23,000,000	–	4,426*
Issue of PPCF Shares	–	2,272,700	–	500
At end of the period	150,272,700	150,272,700	40,667	40,667

\* Listing expenses incurred pursuant to the IPO amounted to approximately \$4.4 million, of which \$0.7 million has been capitalised against share capital in accordance with the SFRS(I) while the remaining approximate amount of \$3.7 million has been included in our Group's statements of profit or loss and other comprehensive income.

The Company did not have any outstanding options, convertibles or treasury shares, and there were no subsidiary holdings as at 31 December 2021 and 31 December 2020. The Company was incorporated on 16 October 2018.

The issuance and allotment of PPCF Shares (2,272,700) and the placement shares (23,000,000) occurred on 6 February 2020 and 12 February 2020 respectively. The Company did not have any treasury shares as at 31 December 2020 and 31 December 2021.

**Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net asset value per ordinary shares (cents)	44.99	28.86	13.62	14.21

**Dividends**

During the twelve months ended 31 December 2021, the Group declared dividends in amount of \$1,739,000 (\$0.01157363 per ordinary share) for FY 2020 and paid in FY 2021 and interim dividends in amount of \$1,280,000 (\$0.008517848 per ordinary share) for FY 2021 and paid this year (twelve months period ended 31 December 2020: \$1,042,000 (\$0.00693406 per ordinary share) for FY 2019). The dividends were paid partially, unpaid dividends are included as a dividends payable in ‘trade and other payables’ in the statement of financial position.

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

**13 Loans and borrowings**

	<b>2021</b>	<b>2020</b>
	<b>\$’000</b>	<b>\$’000</b>
<b>Non-current liabilities</b>		
Secured bank loans	450	1,058
Loans from third parties	2	3
	452	1,061
<b>Current liabilities</b>		
Secured bank loans	6,298	6,082
Loans from third parties	1	3
	6,299	6,085

### Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	2021		2020	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Secured bank loans	RUB	2.88%-8.35%	2022 - 2024	6,748	6,748	7,140	7,140
Loans from third parties	RUB	3%	2024	3	3	6	6
				6,751	6,751	7,146	7,146

### Details of any collateral

The Group's bank loans are secured by (i) charges over fixed deposits and accounts maintained with banks; (ii) corporate guarantees given by subsidiary Tetra Joint-Stock Company ("JSC"); (iii) pledge of property, plant and equipment; and (iv) personal guarantees from the Chief Executive Officer and Executive Director.

## 14 Lease liabilities

	2021 \$'000	2020 \$'000
<b>Non-current</b>		
Lease liabilities	5,396	4,530
<b>Current</b>		
Lease liabilities	1,123	652

The Group leases agricultural equipment and land plots. Lease liabilities are secured by the leased assets.

	Currency	Nominal interest rate %	Year of maturity	2021		2020	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Lease liabilities	RUB	5% - 13%	2022 – 2040	9,711	6,519	7,816	5,182

**Right-of-use assets**

Right-of-use assets related to leased properties: Land plots and agricultural equipment:

	<b>Land plots \$'000</b>	<b>Agricultural equipment \$'000</b>	<b>Total \$'000</b>
<b>2021</b>			
Balance at 1 January	4,775	45	4,820
Depreciation charge for the year	(907)	(17)	(924)
Additions to right-of-use assets	2	–	2
Remeasurement of right-of-use assets	1,121	–	1,121
Modification of right-of-use assets	534	–	534
Acquisition of subsidiary	335	85	420
Effect on movements in exchange rates	21	(1)	20
Balance at 31 December	<u>5,881</u>	<u>112</u>	<u>5,993</u>
<b>2020</b>			
Balance at 1 January	4,508	76	4,584
Depreciation charge for the year	(580)	(15)	(595)
Additions to right-of-use assets	9	–	9
Remeasurement of right-of-use assets	1,415	–	1,415
Modification of right-of-use assets	234	–	234
Acquisition of subsidiary	36	–	36
Effect on movements in exchange rates	(847)	(16)	(863)
Balance at 31 December	<u>4,775</u>	<u>45</u>	<u>4,820</u>

**Amounts recognised in profit or loss**

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Interest on lease liabilities	(735)	(556)
Income from remeasurement and modification of lease liabilities presented in 'other income'	18	(133)
	<u>(717)</u>	<u>(689)</u>



## 15 Trade and other payables

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current</b>		
Amount due to subsidiary	–	70

Amount due to subsidiary is unsecured, interest bearing of 6.10% per annum and is payable in 2022.

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>				
Trade payables	412	324	–	–
Other payables	672	1,467	537	545
Payables to employees	138	87	–	–
Advances received from customers	1,105	1,072	–	–
Dividends payable	171	52	171	52
Amount due to subsidiary	–	–	70	–
Tax payable other than income tax	389	518	–	22
	2,887	3,520	778	619

## 16 Provisions

Provisions were created mainly for employees' unused vacation and year-end bonuses. The unused vacation and year-end bonuses provisions are expected to be utilised within the next 12 months.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	700	936
Provision made during the year	679	705
- Staff's unused vacation	679	433
- Staff's year-end bonuses	–	272
Acquisition of subsidiary	27	14
Provision used during the year	(765)	(795)
Write back provision	(19)	–
Effect on movements in exchange rates	6	(160)
At 31 December	628	700

## 17 Deferred tax liabilities

The movements in the deferred tax account are as follows:

	Note	2021 \$'000	2020 \$'000
At 1 January		–	–
Revaluation of land plots	29	4,244	–
Effect on movements in exchange rates		(49)	–
At 31 December		<u>4,195</u>	–

## 18 Revenue

	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Revenue from sale of crop production	16,241	19,370	20,583	21,060
Revenue from sale of livestock and milk	5,223	4,655	10,263	9,834
Revenue from services provided	53	55	98	102
	<u>21,517</u>	<u>24,080</u>	<u>30,944</u>	<u>30,996</u>

## 19 Cost of sales

	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Biological assets sold	13,217	14,338	17,339	16,486
Wages and salaries	3,226	2,912	5,100	4,504
Depreciation of property, plant and equipment and amortisation of ROU assets	1,788	1,284	2,555	1,877
Operating lease expenses	200	172	266	172
Growing and harvesting services	532	422	896	706
Energy utilities	250	213	418	393
Taxes not relating to income tax	69	58	114	101
Impairment loss on inventories relating to agriculture produce	151	50	457	83
Others	1,505	1,001	1,880	1,265
	<u>20,938</u>	<u>20,450</u>	<u>29,025</u>	<u>25,587</u>

Biological assets sold consist of the cost of material expenses incurred and the cumulative fair value changes of the agricultural produce at the date of harvest.

**20 Operating income and expenses**

	<b>6 months ended 31 December 2021 \$'000</b>	<b>6 months ended 31 December 2020 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>	<b>12 months ended 31 December 2020 \$'000</b>
<b>Administrative expenses</b>				
Wages and salaries	777	870	1,729	1,599
Depreciation property, plant and equipment and amortisation of ROU assets	11	9	22	19
Information, consulting and other professional services	944	804	1,268	1,238
Operating lease expenses	32	24	48	52
Repair costs	10	2	18	10
Business travel expenses	28	6	58	58
Other material expenses	78	29	102	57
Others	50	56	90	84
	<b>1,930</b>	<b>1,800</b>	<b>3,335</b>	<b>3,117</b>
<b>Other operating income/(expenses)</b>				
Government grants received	535	375	887	631
Income from trade payable write-off	22	–	22	–
Income from write back of unused vacation	19	–	19	–
Impairment loss on trade and other receivables and short-term investments reversed	(4)	219	(4)	219
Bank services	(74)	(57)	(102)	(90)
Gain/(Loss) on disposal of property, plant and equipment	1	(62)	46	(60)
Penalties	(15)	(10)	(21)	(153)
Other taxes	(85)	(17)	(137)	(110)
(Impairment loss)/Reversal of impairment on other inventories	(165)	7	(165)	54
Other expenses	(230)	(898)	(269)	(1,003)
Listing expenses	–	–	–	(1,295)
	<b>4</b>	<b>(443)</b>	<b>276</b>	<b>(1,807)</b>

## 21 Employee benefits

	<b>6 months ended 31 December 2021 \$'000</b>	<b>6 months ended 31 December 2020 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>	<b>12 months ended 31 December 2020 \$'000</b>
Salaries and related expenses	(2,964)	(2,478)	(5,369)	(4,677)
Contributions to defined contribution plans	(927)	(779)	(1,637)	(1,468)
Provision made for unused vacation	(418)	(207)	(679)	(433)
Provision for bonuses	–	(272)	–	(272)
	<u>(4,309)</u>	<u>(3,736)</u>	<u>(7,685)</u>	<u>(6,850)</u>

Employee benefits expense for the year are charged to the accounts stated as follows:

	<b>6 months ended 31 December 2021 \$'000</b>	<b>6 months ended 31 December 2020 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>	<b>12 months ended 31 December 2020 \$'000</b>
Biological assets	733	1,008	(1,151)	(806)
Inventories	(1,175)	(501)	(1,203)	(703)
Cost of sales	(3,064)	(3,373)	(3,602)	(3,742)
Administrative expenses	(803)	(870)	(1,729)	(1,599)
	<u>(4,309)</u>	<u>(3,736)</u>	<u>(7,685)</u>	<u>(6,850)</u>

## 22 Tax expense

The income tax rate applicable to the majority of the Group's income is 0% for activities related to agricultural production; other activities are taxed at 20% respectively.

## **23 Contingencies and commitments**

### *Insurance*

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, biological assets, business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Group's property or relating to the Group's operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

### *Taxation*

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation in the Russian Federation.

In addition, changes aimed at regulating tax consequences of transactions with foreign companies have been introduced, such as concept of beneficial ownership of income, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group's tax position and create additional tax risks.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts could differ and the effect on these consolidated financial statements, if the authorities are successful in enforcing their interpretations, could be significant.

## 24 Related parties

### *Key management personnel compensation*

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

Key management received the following remuneration during the year, which is included in employee benefits expense (see note 20):

	<b>6 months ended 31 December 2021 \$'000</b>	<b>6 months ended 31 December 2020 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>	<b>12 months ended 31 December 2020 \$'000</b>
Salaries and related expenses	372	323	1,082	699
Contributions to defined contribution plans	70	60	221	157
	<u>442</u>	<u>383</u>	<u>1,303</u>	<u>856</u>

### *Guarantees*

At 31 December 2021 and 2020, the Group received a number of guarantees from a related party in connection with certain bank loans obtained by the Group amounting to \$6,748,000 and \$7,140,000 respectively.

## 25 Earnings per share

### *Basic earnings per share*

The calculation of basic earnings per share for the six months period ended 31 December 2021, twelve months period ended 31 December 2021, six months period ended 31 December 2020 and twelve months period ended 31 December 2020 is based on the profit attributable to ordinary shareholders of \$5,560,000, \$10,321,000, \$4,298,000 and \$8,696,000 respectively and the weighted-average number of ordinary shares outstanding during the periods, as follows:

	<b>For the six-month period ended 31 December</b>		<b>For the twelve-month period ended 31 December</b>	
	<b>2021 No. of shares</b>	<b>2020 No. of shares</b>	<b>2021 No. of shares</b>	<b>2020 No. of shares</b>
Weighted average number of shares during the period	<u>150,272,700</u>	<u>150,272,700</u>	<u>150,272,700</u>	<u>147,749,603</u>

### Diluted earnings per share

As at 31 December 2021 and 31 December 2020, there were no outstanding dilutive potential ordinary shares.

## 26 Operating segments

### *Basis of segmentation*

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations in each of the Group's reportable segment.

<b>Reportable segments</b>	<b>Operations</b>
Crops	It includes production and sale of agriculture produce in the Russian Federation, mainly winter wheat, sunflower and corn
Livestock	It includes the breeding of dairy cows for milk production and sale of livestock

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

Other operations include other non-significant segments. None of these segments met the quantitative thresholds for reportable segments in 2020 and 2021.

There are varying levels of integration between the Crop segment and Livestock segment. This integration includes transfer of harvested crops for production of feed for dairy cow consumption. Inter-segment pricing is determined on an arm's length basis.

### **Information about reportable segments**

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	<b>Reportable segments</b>		<b>Total reportable segments \$'000</b>	<b>All other segments \$'000</b>
	<b>Crops \$'000</b>	<b>Livestock \$'000</b>		
<b>2021</b>				
External revenue	20,582	10,263	30,845	99
Inter-segment revenue	3,497	–	3,497	–
Segment revenue	24,079	10,263	34,342	99
Segment profit/(loss) before tax	9,972	697	10,669	(57)
Other (expenses)income	(98)	376	278	(2)
Bargain purchase from acquisition of subsidiary	1,708	851	2,559	8
Finance income	130	65	195	(4)
Finance costs	(996)	34	(962)	–

	<b>Reportable segments</b>		<b>Total reportable segments \$'000</b>	<b>All other segments \$'000</b>
	<b>Crops \$'000</b>	<b>Livestock \$'000</b>		
Depreciation	(2,262)	(262)	(2,524)	(53)
<b>Segment assets</b>	74,980	14,139	89,119	25
Capital expenditure	2,424	167	2,591	16
Acquisition of subsidiary	2,627	628	3,255	70
<b>Segment liabilities</b>	19,956	1,368	21,324	5
Unallocated liabilities:				
Dividends payable	–	–	–	171
<hr/>				
<b>2020</b>				
External revenue	21,059	9,834	30,893	103
Inter-segment revenue	2,505	–	2,505	–
Segment revenue	23,564	9,834	33,398	103
<hr/>				
Segment profit/(loss) before tax	10,000	408	10,408	(102)
Other (expenses)/income	(593)	82	(511)	(1)
Finance income	64	30	94	(4)
Finance costs	(759)	(23)	(782)	1
Depreciation	(1,596)	(220)	(1,816)	(80)
Unallocated expenses:				
Listing expenses	–	–	–	(1,295)
<b>Segment assets</b>	45,220	15,363	60,583	47
Unallocated assets:				
Prepaid listing expenses	3,945	127	4,072	–
Capital expenditure	952	–	952	–
<b>Segment liabilities</b>	15,331	1,836	17,167	12
Unallocated liabilities:				
Accrued listing expenses	–	–	–	52

**Reconciliations of information on reportable segments to SFRS(I) measures**

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Revenue</b>		
Total revenue for reportable segments	34,342	33,398
Revenue for other segments	99	103
Elimination of inter-segment revenue	(3,497)	(2,505)
<b>Consolidated/Combined revenue</b>	<u>30,944</u>	<u>30,996</u>
<b>Profit before tax</b>		
Total profit before tax for reportable segments	10,668	10,408
Loss before tax for other segments	(56)	(102)
Unallocated expenses: Listing expenses	–	(1,295)
<b>Consolidated/Combined profit before tax</b>	<u>10,612</u>	<u>9,011</u>



**Reconciliations of information on reportable segments to SFRS(I) measures**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
Total assets for reportable segments	89,119	60,583
Assets for other segments	25	47
<b>Consolidated/Combined total assets</b>	<b>89,144</b>	<b>60,630</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	21,324	17,167
Liabilities for other segments	5	12
Unallocated liabilities: Dividend payable	171	52
<b>Combined total liabilities</b>	<b>21,500</b>	<b>17,231</b>

**Other material items**

	<b>Reportable segment totals</b>	<b>Adjustments</b>	<b>Combined Totals</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2021</b>			
Bargain purchase from acquisition of subsidiary	2,559	8	2,567
Finance income	195	(4)	191
Finance costs	(962)	–	(962)
Capital expenditure	2,591	16	2,607
Depreciation	(2,524)	(53)	(2,577)
<b>2020</b>			
Finance income	94	(4)	90
Finance costs	(782)	1	(781)
Capital expenditure	4,072	–	4,072
Depreciation	(1,816)	(80)	(1,896)

	<b>Reportable segments</b>		<b>Total reportable segments</b>	<b>All other segments</b>
	<b>Crops</b>	<b>Livestock</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>For the six-month period ended 31 December 2021</b>				
External revenues	16,240	5,223	21,463	54
Inter-segment revenue	1,868	–	1,868	–
Segment revenue	18,108	5,233	23,331	54
Segment profit/(loss) before tax	3,345	2,424	5,769	(83)

	Reportable segments		Total reportable segments	All other segments
	Crops \$'000	Livestock \$'000		
<b>For the six-month period ended 31 December 2020</b>				
External revenues	19,369	4,655	24,024	56
Inter-segment revenue	1,309	–	1,309	–
Segment revenue	20,678	4,655	25,333	56
Segment profit/(loss) before tax	5,338	(622)	4,716	(126)

**Reconciliations of information on reportable segments to SFRS(I) measures**

	<b>For the six-month period ended 31 December</b>	
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Revenue</b>		
Total revenue for reportable segments	23,331	25,333
Revenue for other segments	54	56
Elimination of inter-segment revenue	(1,868)	(1,309)
<b>Consolidated revenue</b>	21,517	24,080
<b>Profit before tax</b>		
Total profit before tax for reportable segments	5,769	4,716
Profit before tax for other segments	(83)	(126)
<b>Consolidated profit before tax</b>	5,686	4,590

**Other material items**

	Reportable segment totals	Adjustments	Consolidated Totals
	\$'000		\$'000
<b>For the six-month period ended 31 December</b>			
<b>2021</b>			
Finance income	191	–	191
Finance costs	(771)	–	(771)
Capital expenditure	901	16	917
Depreciation and amortisation	(1,824)	25	(1,799)
<b>2020</b>			
Finance income	94	(4)	90
Finance costs	(634)	–	(634)
Capital expenditure	2,618	–	2,618
Depreciation and amortisation	(1,247)	(46)	(1,293)

**Geographical information**

External customers of the Group are located in the Russian Federation. The Group carries out its operations in the Russian Federation and all the Group's non-current assets are located in the Russian Federation.

## Major customers

The following are major customers with revenue equal to more than 10% of the Group's total revenue during the year:

	<b>6 months ended 31 December 2021 \$'000</b>	<b>6 months ended 31 December 2020 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>	<b>12 months ended 31 December 2020 \$'000</b>
LLC Grain Service	11,013	12,836	12,001	13,921
JSC Voronezhsky Milk Combinat	4,476	4,043	9,095	8,735
LLC MEZ Yug Rusi	–	6,554	–	6,554
LLC TD Zerno Zavolzhia	2,388	–	2,388	–
	<u>17,877</u>	<u>23,433</u>	<u>23,484</u>	<u>29,210</u>

## 27 Acquisition of subsidiary

On 23 July 2021, LLC Rav Agro-Rost was acquired by the Group due to the sales of 100.00% of equity shares owned by Agro Proekt LLC for an aggregate consideration \$2,636,000. This consideration includes the purchase of a 100% stake in LLC Rav Agro - Rost for \$2,636,000 was settled in cash.

	<b>2021 \$'000</b>
Property, plant and equipment	3,325
Right-of use assets	420
Biological assets	1,894
Current tax assets	135
Inventories	468
Trade and other receivables	18
Loans and borrowings	(194)
Lease liabilities	(420)
Provision for liabilities	(27)
Trade and other payables	(416)
Net assets acquired	<u>5,203</u>
Total consideration transferred	<u>2,636</u>
Bargain purchase from acquisition of subsidiary	<u>2,567</u>

### i) Effect on cash flows of the Group

	<b>2021 \$'000</b>
Cash paid	2,636
Less: cash and cash equivalents in subsidiary acquired	–
Net cash outflow from acquisition of subsidiaries	<u>2,636</u>

## 28 Goodwill

	<b>\$'000</b>
<b>2021</b>	
Balance at 1 January	462
Effect on movements in exchange rates	3
Balance at 31 December	465
<b>2020</b>	
Balance at 1 January	–
Acquisitions through business combination	488
Effect on movements in exchange rates	(26)
Balance at 31 December	462

### Impairment testing for CGUs containing Goodwill

Goodwill which was arising from the acquisition LLC Volgo-Agro has been allocated to the Group's CGU LLC Volgo-Agro.

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from internal sources:

	<b>2021</b>
	<b>%</b>
Pre-tax discount rate	15.2
Terminal value growth rate	3.5

The discount rate was a pre-tax measure estimated based on management's estimate of the segment's weighted-average cost of capital. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual revenue growth rate, consistent with the assumptions that a market participant would make. Revenue growth was projected taking into account the estimated sales volume and price growth for the next five years. In 2021, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$2,816,000 and no impairment was recorded.

No sensitivity analysis was disclosed as the Group believes that any reasonable plausible change in the key assumption is not likely to materially cause the recoverable amount to be lower than its carrying value.

## 29. Revaluation of land

In 2021, management commissioned LLC AAR to independently appraise land as at 31 December 2021 which, in accordance with the Group's accounting policy, is measured at fair value. The fair value of land was determined to be \$26,765,000 and reflects market prices in recent transactions.

### Valuation

As of 31 December 2021, had the freehold land been carried at historical costs, the carrying amount would have been \$5,791,000.

The carrying amounts of the freehold properties as at 31 December 2021 were based on independent valuations undertaken by an independent valuer, having appropriate professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the freehold land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

### Valuation technique

The freehold land carried at valuation were valued using the comparison approach which entails analysing recent transactions and asking prices of similar properties in and around the locality for comparison purposes with adjustments made for differences in location, size, condition, tenure, title restrictions, if any and other relevant characteristics.

The key unobservable input used in the valuation are the sales price per hectare of \$1,491 for the agricultural lands in Rostov region, the sales price per hectare of \$200 for the agricultural lands in Volgograd region, the sales price per hectare of \$16,910 for the industrial lands derived from market data from an active and transparent market. The estimated fair value will increase when the sale price increases.

There were no transfers between the levels in the fair value hierarchy.

The following table shows a reconciliation for Level 3 fair values.

	<b>Land 2021 \$'000</b>
At 1 January	4,025
Additions	548
Addition of subsidiary	1,207
Revaluation	21,219
Effect of movement in exchange rates	(234)
At 31 December	<u><u>26,765</u></u>

## **30. Other information required by Catalist Rule Appendix 7C**

### **30.1 Review**

The condensed consolidated statement of financial position of Don Agro International Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and full year and certain explanatory notes have not been audited or reviewed.

The Group's latest financial statements for the year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

### **30.2 Review of performance of the Group**

#### **Consolidated Statement of Comprehensive Income**

##### **Revenue**

The revenue for FY 2021 slightly decreased by approximately \$0.1 million or 0.3%, from \$31.0 million in FY2020 to \$30.9 million in FY2021. The decrease is mainly attributable to decrease in the revenue from sale of crops of approximately \$0.5 million. The major reason is that significant portion of harvested crops was not sold within the financial year in an expectation of higher prices in the next financial year.

The decrease in revenue from sales of crops is partially offset by higher sales of livestock and milk in FY2021. Sales of milk and livestock increased by approximately \$0.4 million due to slight increase in milk's price.

##### **Cost of sales**

The cost of sales increased by approximately \$3.4 million or 13.2% from approximately \$25.6 million in FY2020 to approximately \$29.0 million in FY2021. The increase in the cost of sales is mainly attributable to the sale of winter wheat harvested in FY2020 and sold in FY2021. Shift in terms of sales of wheat had the following impact: (i) an increase in biological assets sold of approximately \$0.9 million, (ii) an increase in wages and salaries of approximately \$0.6 million. Another major reasons of higher cost of sales include (i) an increase in depreciation of \$0.7 million, due to additions of property, plant and equipment in FY2021 after acquisition of subsidiary LLC Rav Agro- Rost and (ii) write-off of perennial grasses for \$0.4 million as a result of unfavourable weather conditions.

##### **Bargain purchase from acquisition of subsidiary**

The bargain purchase from acquisition of subsidiary increased by \$2.6 million or 100 % in FY 2021. The increase is mainly attributable to the excess net assets acquired compared to the consideration paid for the acquisition of subsidiary LLC Rav Agro-Rost. For details, please refer to the note 27.

**Gain/(loss) from change in fair value of biological assets and agricultural produce**

The gain from change in fair value of biological assets and agricultural produce increased by approximately \$0.7 million or 7.6% from a gain from change in fair value of approximately \$9.2 million in FY2020 to a gain from change in fair value of approximately \$9.9 million in FY2021. The increase is mainly attributable to an increase in the gain from change in fair value of crops in FY2021 of approximately \$1.0 million due to an increase in the prices of agricultural produce in line with world economic trend; and the acquired plant area of the subsidiary LLC ,Rav Agro - Rost , which was partly offset by the decrease in the gain from change in fair value of livestock in FY2021 of approximately \$0.3 million mainly due to the increase in herd management expenses due to higher prices of agricultural produce used as feeds for the cows.

**Gross profit and gross profit margin**

	<b>FY2021</b>	<b>FY2020</b>	<b>Change (%)</b>
Gross profit (\$'000)	11,875	14,626	(18.8)
Gross profit margin (%)	38.4	47.2	(8.8)

The gross profit decreased by approximately \$2.7 million from approximately \$14.6 million in FY2020 to approximately \$11.9 million in FY2021. The decrease is mainly attributable to i) decrease in the revenue from sale of crops production of approximately \$0.48 million mainly due to a significant portion of harvested crops not sold within the financial year in an expectation of higher prices in the next financial year, which was partly offset by the increase in the sale of winter wheat due to higher volume of winter wheat harvested in FY 2020 and sold in FY 2021; ii) increase in cost of sales of approximately \$3.4 million mainly due to an increase in sales volume of winter wheat, higher manpower costs and depreciation costs which was partly offset by an increase in the gain from change in fair value of biological assets and agricultural produce of approximately \$0.7 million.

**Other operating income, net**

The other operating income, net increased by approximately \$2.1 million or 117.0% from a net other operating expense of approximately \$1.8 million in FY2020 to a net operating income of approximately \$0.3 million in FY2021. This decrease in operating expense is mainly attributable to i) the absence of listing expenses of approximately \$1.3 million incurred in FY2021; ii) the absence of tax reserve in FY2020 after onsite audit in Don Agro LLC for assessment period 2016-2017 of approximately \$0.1 million; iii) decrease in other expenses by approximately \$0.7 million which are mainly insignificant.

**Tax expense**

Tax expenses decreased by approximately \$0.02 million or 6.7% from approximately \$0.3 million in FY2020 to approximately \$0.28 million in FY2021. Our effective income tax rate in FY2021 was approximately 2.6% and approximately 3.5% in FY2020. The decrease in income tax rate was mainly due to a higher share of the Group's profits being generated from qualifying agriculture production which are not taxable.

## **Consolidated Statement of Financial Position**

### **Non-current assets**

#### **Property, plant and equipment**

Property, plant and equipment increased significantly in FY2021 by \$25.0 million mainly due to i) additions arising from the acquisition of subsidiary of approximately \$3.3 million and ii) revaluation of land plots in amount of approximately \$21.2 million.

#### **Biological assets**

Non-current biological assets comprised mainly livestock and permanent grasses. Non-current biological assets decreased by approximately \$0.2 million as at 31 December 2021 mainly due to the decrease in fair value of livestock due to an increase in management herd costs.

#### **Right-of-use assets**

Right-of-use assets increased by approximately \$1.2 million or 25.0% from approximately \$4.8 million as at 31 December 2020 to approximately \$6.0 million as at 31 December 2021. The increase is mainly due to increase in agricultural produce prices which was partly offset by the increase in depreciation of right-of-use assets

### **Current assets**

#### **Biological assets**

Current biological assets comprised mainly unharvested crops. Current biological assets increased by approximately \$2.3 million in FY2021, mainly due to increase in fair value of our crops as a result of higher prices for agricultural produce in line with world economic trend.

#### **Inventories**

The Group's inventories increased by approximately \$7.7 million or 78.6% from approximately \$9.8 million as at 31 December 2020 to approximately \$17.5 million as at 31 December 2021 due to increase in the agricultural produce in anticipation of for better selling price in future.

#### **Investments**

Short term investments represent bank deposits placed with tenures not exceeding 3 months. Investments decreased by approximately \$4.2 million or 100% in FY2021, compared to the balance outstanding as at 31 December 2020, due to the utilisation of the short-term bank deposits for purposes of the Group's working capital.



### **Trade and other receivables**

Trade and other receivables comprised mainly trade receivables from external parties, advances paid to suppliers, tax receivable and prepaid listing expenses. Trade and other receivables increased by approximately \$0.2 million or 6.2% from approximately \$3.2 million as at 31 December 2020 to approximately \$3.4 million as at 31 December 2021. This was mainly due to an increase in advances made to suppliers, as a result of the purchase of the seeds and fertilisers accordingly for spring sowing in FY2022, which was partly offset by the decrease in VAT receivables as a result of VAT refund.

### **Cash and cash equivalents**

Cash and cash equivalents comprise petty cash, bank balances and short-term bank deposits. Cash and cash equivalents decreased by approximately \$3.2 million or 32.0% from approximately \$10.0 million as at 31 December 2020 to approximately \$6.8 million as at 31 December 2021.

Please refer the section entitled “Consolidated Statement of Cash Flows” below for further information.

### **Non-current liabilities and Current liabilities**

#### **Loans and borrowings**

The borrowings mainly relate to the amount borrowed by our Group from banks and loans from third parties.

The Group’s borrowings decreased by approximately \$0.4 million or 5.6% from approximately \$7.1 million as at 31 December 2020 to approximately \$6.7 million as at 31 December 2021. This is mainly attributable to the repayments of borrowings of approximately \$7.2 million by the Group. This was partially offset by an i) increase in new borrowings of approximately \$6.7 million in FY2021 for acquisition of supplies and new agriculture equipment, for construction of the warehouses for the storage of the agricultural produce, and for working capital financing and iii) increase in loans as result of acquisition of subsidiary LLC Rav Agro-Rost of approximately \$0.2 million.

#### **Lease liabilities**

The lease liabilities mainly relate to the lease arrangements for agricultural equipment and land plots.

The Group’s lease liabilities increased by approximately \$1.3 million from approximately \$5.2 million as at 31 December 2020 to approximately \$6.5 million as at 31 December 2021. This is attributable to the increase in agricultural produce prices and increase in lease liabilities as a result of acquisition of LLC Rav Agro-Rost.

#### **Trade and other payables**

Trade and other payables comprised advances received from customers, taxes payables other than on income tax, accrued payables to employees and dividends payable.

The trade and other payables decreased by approximately \$0.6 million or 17.1% from approximately \$3.5 million as at 31 December 2020 to approximately \$2.9 million as at 31 December 2021. The decrease is mainly attributable to a decrease in other payables of approximately \$0.8 million due to settlement of the outstanding debt by the Group with New Invest Group LLC for acquisition of subsidiary Volgo-Agro LLC in FY2020.

## **Consolidated Statement of Cash Flows**

### **Net cash flows from operating activities**

Cash flows from operating activities of \$1.4 million in FY2021 was mainly due to (i) an adjustment of the revaluation of biological assets and agricultural produce amounted to \$9.9 million. This was partly offset by i) the revaluation of agricultural produce of \$7.8 million due to sales of agricultural produce in FY2021, including the winter wheat harvested in FY 2020 and ii) losses on inventories relating to agriculture produce by approximately \$0.6 million mainly due to write-down of the permanent grasses due to failure and impairment of haylage.

### **Net cash flows used in investing activities**

Cash flows used in investing activities of \$0.7 million was mainly due to (i) proceeds from deposit returned of \$4.2 million; (ii) proceeds from interest received of \$0.2 million; (iii) outflow from purchase of property, plant and equipment of \$2.6 million. and (iv) outflow from the acquisition of subsidiary: of \$ 2.6 million in benefit to LLC Agro Proekt for acquisition of LLC Rav Agro-Rost.

### **Net cash flows used in financing activities**

Net cash used in financing activities amounted to approximately \$4.0 million, which was mainly attributable to (i) repayment of borrowings of approximately \$7.2 million in relation to the bank loans; (ii) interest paid of approximately \$0.3 million and (iii) dividends paid of approximately of \$2.9 million.

This was partially offset by proceeds from borrowings of approximately \$6.7 million from the banks.

As a result of the above, cash and cash equivalents decreased by approximately \$3.3 million during FY2021. Cash and cash equivalents as at 31 December 2021 amounted to \$6.8 million.

### **30.3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There was no specified forecast or prospect statement previously disclosed to the shareholders.

### **30.4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

Also, the COVID-19 coronavirus pandemic has continued to create additional uncertainty in the business environment.

In February 2022, following the recognition of republics of Donetsk and Lugansk by the Russian Federation and a geopolitical Russia-Ukraine's situation, additional sanctions were introduced by the United States of America, the European Union and some other countries. This may have significant adverse impact on Russia's economy. These events have led to depreciation of the Russian rouble, increased volatility of financial markets and significantly increased the level of economic uncertainty in the Russian business environment.

On 28 February 2022, Central Bank of Russian Federation increased key interest rates from 9.5% to 20%. This circumstance will lead to significant increase in the interest rates of a new bank loan. However, the Group believes it has enough funds to redeem existing loans and to continue its normal operations without additional borrowings due to its financial position as at 31 December 2021. As at 31 December 2021, the Group's cash and cash equivalents balance is higher than its short-term and long-term loans and borrowings. The Group has finished goods amounting to \$12.1 million, and all the key raw materials needed for the spring agricultural works have already been purchased. In addition, the Group is working on obtaining subsidized interest rates loans for agricultural producers.

Further details on the impact of prevailing sanctions imposed on Russia on the Group's operations will be set out in a separate announcement to be released on SGXNet together with this announcement.

In relation to the existing loans provided by Russian banks, the Group does not expect an increase in bank interest rates and debt calling.

In USDA's report release in February 2022, the entire production of winter wheat in the season 2021/2022 in the world was forecasted to decrease as result of unclear weather conditions.

Food and Agriculture Organization of the United Nations (FAO) warns that given the "high costs, the ongoing pandemic and unclear climatic conditions," grain market is unlikely to stabilize this year. Due to existing uncertainty in grain market and possible supply constraints, the world prices of agricultural produce will be significantly higher than in previous year.

In the dairy segment, the Group expects a growth in average milk prices as a result of significant increase in feed costs.

As such, the Group expects significant impact on the Group's margin and expect it to be higher than in previous financial year. The Group expects harvest yield for FY2022 to be in line with the average yield of previous financial years.

The Board does not recommend a final dividend for FY2021 to further support liquidity in current circumstances.

### **30.5 Dividend information**

There is no final dividend declared or recommended for FY2021. The Directors recommended an interim tax exempt one-tier dividend of S\$0.008517848 per ordinary share (0.8517848 Singapore cents per ordinary share) for FY2021.

The directors recommended a tax exempt one-tier final dividend of \$0.01157363 per ordinary share in respect of FY2020.

The decrease in the proposed dividend rate for FY2021 as compared to FY2020 is due to the Group's plans to conserve cash, improving working capital for potential further expansion of the Group. The Group is exploring several acquisition opportunities which may require raising of significant loans.

### **30.6 Interested person transactions**

The Group has not obtained a general mandate from shareholders for recurrent interested person transactions.

As at 31 December 2021 and 31 December 2020, the Group received a number of guarantees from a related party-Chief Executive Officer and Executive Director in connection with certain bank loans obtained by the Group in the amount of \$6.8 million and \$7.1 million, respectively.

As no compensation, fees or other benefits have been paid or are payable by our Group to Marat Devlet-Kildeev for the provision of the sureties, our Directors are of the view that such sureties provided were not on an arm's length basis and not on normal commercial terms, but were not prejudicial to the interest of our Group and our minority Shareholders.

Please refer to pages 170 to 172 of the Company's Offer Document for further details.

### **30.7 Use of IPO Proceeds**

Pursuant to the IPO on 14 February 2020, the Company received net proceeds of \$1.3 million (after deducting listing and processing fees, professional fees and placement commission and other expenses) from the placement of new shares.

The proposed use of IPO proceeds as at the date of this condensed interim financial statements, as set out in the Company's Offer Document, is as below:

Use of IPO proceeds	Amount allocated	Amount utilised	Amount unutilised
	\$'000	\$'000	\$'000
Expansion of arable land bank	400	–	–
Acquisition of new equipment and machinery	400	–	–
To explore opportunities in mergers and acquisitions, joint ventures and strategic alliances	400	1,310	–
General working capital	110	–	–
<b>Total</b>	<b>1,310</b>	<b>1,310</b>	<b>–</b>

IPO proceeds in entire amount \$1.3 million were used for acquisition a 100.0% stake in LLC Rav Agro - Rost on 23 July 2021 for an aggregate consideration of RUB 145.0 million (approximately \$2.6 million).

As stated in the Offer Document, we have planned to utilise IPO proceeds for above mentioned purposes. In July 2021 the Group acquired a 100% share in LLC Rav Agro-Rost - a company which has arable land, equipment, machinery and working capital. Please refer to the note 27.

**30.8 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to Paragraph 30.2 for the review of performance of the Group.

**30.9. Breakdown of Group's revenue and profit/(loss) after tax for first half year and second half year.**

	FY2021	FY2020	Increase/ (Decrease)
	\$'000	\$'000	%
(a) Revenue reported for first half year	9,427	6,916	36.3
(b) Profit after tax before deducting non-controlling interests reported for first half year	4,767	4,401	8.3
(c) Revenue reported for second half year	21,517	24,080	(10.6)
(d) Profit after tax before deducting non-controlling interest reported for second half year	5,565	4,295	29.6

**30.10. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year**

	<b>FY2021</b>	<b>FY2020</b>
	<b>\$’000</b>	<b>\$’000</b>
Ordinary shares (tax exempt 1- tier)		
- Interim	1,280	-
- Final (Proposed)	-	1,739
<b>Total Annual Dividend</b>	<b>1,280</b>	<b>1,739</b>

**30.11 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Catalist Rule 720(1) of the Listing Manual of the SGX-ST.

**30.12 Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A**

Pursuant to the sale purchase agreement dated 09 July 2021 the Company acquired a subsidiary, LLC Rav Agro- Rost, from Agro Proekt LLC during FY2021. The details are set out below. Please refer to the Company’s press release dated 28 July 2021 for more information.

S/N	Subsidiary	Date of acquisition	Country of incorporation	% acquired	Paid up capital	Principal activity
1.	LLC Rav Agro-Rost	23 July 2021	Russia	100.0%	2,157	Crop and animal activity

**30.13. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(10) of the Listing Manual, Don Agro International Limited confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

*Marat Devlet-Kildejev*

*Chief Executive Officer and Executive Director*

*1 March 2022*

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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