

# Don Agro International Limited

Company Registration No. 201835258H

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## Unaudited Financial Statement and Dividend Announcement

For the Full Year Ended 31 December 2019

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### Background

Don Agro International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) (Registration Number: 201835258H) was incorporated in Singapore on 16 October 2018 under the Companies Act.

The Group is one of the largest agricultural companies in the Rostov region of Russia, principally engaged in the cultivation of agricultural crops and the production of raw milk. The principal operating subsidiary is Don Agro LLC which operates three production divisions in the Rostov region, namely the Northern production division, the Western production division and the Eastern production division. All of these production divisions undertake both crop production and milk production and each production division has its own storage facilities and dedicated parking area for our machinery.

The Group’s crop production is one of the core businesses and all of our arable land is located in the Rostov region, which is one of the most fertile regions in Russia, and is approximately 220 km away from the Azov Sea and Don River international ports. This allows our customers, who are mainly traders and exporters, to save on transportation costs and, as a result, be able to offer higher prices for our crops. The Group is primarily engaged in the farming of commercial crops such as winter wheat, sunflower, sorghum, corn and flax. The Group sells its agricultural produce primarily to international and local grain traders and exporters on an invited tender basis. The Group’s grain production employs modern agricultural machinery and equipment mainly from John Deere, New Holland and Claas Jaguar to optimise our efficiency and productivity.

The Group also produces and sells raw milk to dairy processing companies for the production of fresh milk and other high-end processed dairy products. The customers compete for raw milk and the Group generally chooses to sell to a single large dairy processing company in any given year based on the highest price terms and conditions offered. While the Group typically enters into a general supply agreement with such customer, such supply agreement will allow for price negotiations on a regular basis based on market conditions.

The Group has facilities to house our dairy herd, our calves and heifers as well as for fodder storage on each of our farms. In general, our milk is sold at our dairy farms and transportation of the raw milk is undertaken by our customers.

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	<b>Group</b>		<b>Change %</b>
	<b>31 December 2019 (Unaudited) S\$'000</b>	<b>31 December 2018 (Audited) S\$'000</b>	
Revenue	35,431	24,375	45.3
Cost of sales	(33,354)	(22,017)	51.5
Gain from change in fair value of biological assets and agricultural produce	6,512	6,704	(2.9)
<b>Gross profit</b>	<b>8,589</b>	<b>9,062</b>	<b>(5.2)</b>
Administrative expenses	(2,122)	(1,291)	64.4
Other operating expenses, net	(282)	(1,005)	(71.9)
<b>Results from operating activities</b>	<b>6,185</b>	<b>6,766</b>	<b>(8.6)</b>
Finance income	249	158	57.6
Finance costs	(908)	(482)	88.4
<b>Net finance costs</b>	<b>(659)</b>	<b>(324)</b>	<b>103.4</b>
<b>Profit before tax</b>	<b>5,526</b>	<b>6,442</b>	<b>(14.2)</b>
Tax credit/(expense)	(303)	(54)	(461.1)
<b>Profit for the year</b>	<b>5,223</b>	<b>6,388</b>	<b>(16.7)</b>
<b>Profit attributable to:</b>			
Owners of the Company	5,209	6,389	(16.9)
Non-controlling interests	14	(1)	N.M
<b>Profit for the year</b>	<b>5,223</b>	<b>6,388</b>	<b>(16.7)</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences arising from functional and presentation currency	3,163	(4,761)	N.M
<b>Other comprehensive income for the year, net of tax</b>	<b>3,163</b>	<b>(4,761)</b>	<b>N.M</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>8,386</b>	<b>1,627</b>	<b>415.4</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	8,372	1,628	414.2
Non-controlling interests	14	(1)	N.M
<b>Total comprehensive income for the year</b>	<b>8,386</b>	<b>1,627</b>	<b>415.4</b>

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income:-**

	<b>Group</b>		
	<b>For the Full Year Ended</b>		
	<b>31 December</b>	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Note 1</b>			
<b>The expenses are recognised in the cost of sales</b>			
Depreciation of PPE and ROU assets	(2,124)	(1,625)	30.7
Operating lease expenses*	(747)	(1,542)	(51.6)
<b>Note 2</b>			
<b>Finance income and finance costs</b>			
Interest income	204	158	29.1
Interest expense	(642)	(803)	(20.0)
Foreign exchange differences	(19)	(11)	72.7
Lease expenses (2018: finance lease expense)	(641)	(17)	3,670.6
<b>Note 3</b>			
<b>Operating income and expenses</b>			
<i>Administrative expenses</i>			
Information, consulting and other professional services	(262)	(121)	116.5
Depreciation	(25)	(26)	(3.8)
<i>Other operating income/(expenses)</i>			
Impairment loss on trade and other receivables and short-term investments reversed/(made)	4	(252)	N.M
Government grants received	420	409	2.7
Gain on disposal of property, plant and equipment	722	6	N.M
Reversal of Withholding tax expense on interest payments in relation to promissory notes payable to Vallerd Investments Limited	311	-	N.M
Listing expenses	(1,365)	(1,027)	32.9

*N.M denotes not meaningful*

*\*Operating lease expenses were incurred in FY2018 and capitalised as part of Biological Assets. The amounts were released to the Income Statement upon sale of the biological assets.*

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group</b>	<b>Company</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>		
Property, plant and equipment	11,890	10,794
Biological assets	9,989	7,999
Right-of-use assets	4,584	-
Investment in subsidiaries	-	14,009
Other non-current assets	26	31
<b>Non-current assets</b>	<b>26,489</b>	<b>18,824</b>
Biological assets	6,747	5,647
Current tax assets	24	25
Inventories	6,555	12,363
Investments	3,162	-
Trade and other receivables	3,744	688
Cash and cash equivalents	4,646	1,263
<b>Current assets</b>	<b>24,878</b>	<b>19,986</b>
<b>Total assets</b>	<b>51,367</b>	<b>38,810</b>
Share capital	35,741	14,007
Capital reserves	(10,450)	11,024
Foreign currency translation reserve	(826)	(3,989)
Accumulated (losses)/profits	12,992	8,384
<b>Equity attributable to owners of the Company</b>	<b>37,457</b>	<b>29,426</b>
Non-controlling interests	32	18
<b>Total equity</b>	<b>37,489</b>	<b>29,444</b>
<b>LIABILITIES</b>		
Loans and borrowings	988	1,002
Finance lease liabilities	4,425	128
Deferred income	358	168
<b>Non-current liabilities</b>	<b>5,771</b>	<b>1,298</b>
Loans and borrowings	4,679	5,877
Finance lease liabilities	549	30
Current tax liabilities	109	2
Trade and other payables	1,728	1,226
Deferred income	106	52
Provisions	936	881
<b>Current liabilities</b>	<b>8,107</b>	<b>8,068</b>
<b>Total liabilities</b>	<b>13,878</b>	<b>9,366</b>
<b>Total equity and liabilities</b>	<b>51,367</b>	<b>38,810</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 31 December 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,677	551	5,875	32

**Amount repayable after one year**

As at 31 December 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
984	4,429	998	132

**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.

Secured borrowings consist of bank loans. Unsecured borrowings comprise loans from third parties and lease liabilities (2018: finance lease liabilities).

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Cash Flows**

	<b>Group</b>	
	<b>For the Full Year Ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit for the year	5,223	6,388
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	2,283	1,662
Gain on disposal of property, plant and equipment	(722)	(6)
Finance costs	908	482
Finance income	(249)	(158)
Tax expense	303	54
Withholding tax expense	(311)	-
Gain from change in fair value of biological assets and agricultural produce	(6,512)	(6,704)
Revaluation of sold biological assets recognised in cost of sales	8,789	1,646
Impairment loss on trade and other receivables and short-term investments made	(4)	252
Impairment loss on inventories relating to agricultural produce	216	314
Impairment loss on other inventories (reversed)/made	40	(109)
Gain on disposal of subsidiary	-	(1)
	9,964	3,820
Changes in:		
Trade and other receivables	(2,901)	845
Inventories	(2,911)	(5,831)
Biological assets	4,874	4,049
Trade and other payables and provisions	1,025	431
Deferred income	215	92
Cash generated from operations	10,266	3,406
Tax paid	(200)	(55)
<b>Net cash generated from operating activities</b>	10,066	3,351

	<b>Group</b>	
	<b>For the Full Year Ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,742)	(2,109)
Proceeds from sale of property, plant and equipment	760	10
Deposits returned	-	3,128
Deposits placed	(3,077)	(1,193)
Purchase of non-current assets	-	(27)
Interest received	204	158
Loans issued	-	(12)
Disposal of subsidiary, net of cash disposed	-	(2)
<b>Net cash used in investing activities</b>	<b>(3,855)</b>	<b>(47)</b>
 <b>Cash flows from financing activities</b>		
Proceeds from borrowings	5,755	13,018
Repayment of borrowings	(7,620)	(16,213)
Repayment of finance lease liabilities	(150)	(92)
Capital contributions from owners	-	23
Interest paid	(429)	(469)
Dividends paid	(601)	-
<b>Net cash used in financing activities</b>	<b>(3,045)</b>	<b>(3,733)</b>
 <b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,166</b>	<b>(429)</b>
Cash and cash equivalents at 1 January	1,263	1,952
Effect of exchange rate fluctuations on cash held	217	(260)
<b>Cash and cash equivalents at 31 December</b>	<b>4,646</b>	<b>1,263</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Changes in Equity**

<b>Group (Unaudited)</b>	<b>Share Capital</b>	<b>Capital reserves</b>	<b>Foreign Currency translation reserve</b>	<b>Accumulated profits</b>	<b>Equity attributable to owners of the parent</b>	<b>Non- Controlling Interest</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>At 1 January 2019</b>	14,007	11,024	(3,989)	8,384	29,426	18	29,444
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	5,209	5,209	14	5,223
<b>Other comprehensive income</b>							
Foreign currency translation differences	-	-	3,163	-	3,163	-	3,163
<b>Total comprehensive income for the year</b>	-	-	3,163	5,209	8,372	14	8,386
<b>Transaction with owners, recognised directly in equity</b>							
Dividends	-	-	-	(601)	(601)	-	(601)
Merger reserves arising from the Restructuring exercise	21,734	(21,734)	-	-	-	-	-
Transactions with owners	-	260	-	-	260	-	260
<b>Total transactions with owners</b>	21,734	(21,474)	-	(601)	(341)	-	(341)
<b>Balance as at 31 December 2019</b>	35,741	(10,450)	(826)	12,992	37,457	32	37,489
<b>Group (Audited)</b>							
<b>At 1 January 2018</b>	14,007	10,687	772	1,995	27,461	19	27,480
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	6,389	6,389	(1)	6,388
<b>Other comprehensive income</b>							
Foreign currency translation differences	-	-	(4,761)	-	(4,761)	-	(4,761)
<b>Total comprehensive income for the year</b>	-	-	(4,761)	6,389	1,628	(1)	1,627
<b>Transaction with owners, recognised directly in equity</b>							
Contributions from owners	-	337	-	-	337	-	337
<b>Total transaction with owners</b>		337			337		337
<b>At 31 December 2018</b>	14,007	11,024	(3,989)	8,384	29,426	18	29,444



## Statement of Changes in Equity

<b>Company (Unaudited)</b>	<b>Share Capital</b>	<b>Capital reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>As at 1 January 2019</b>	-*	150	(149)	1
Profit for the period			1,111	1,111
<b>Transaction with owners, recognised directly in equity</b>				
Transactions with owners		314		314
Issuance of 9,999,900 ordinary shares pursuant to the Restructuring Exercise <sup>^</sup>	35,741			35,741
Merger reserves		(21,734)		(21,734)
<b>As at 31 December 2019</b>	<b>35,741</b>	<b>(21,270)</b>	<b>962</b>	<b>15,433</b>

  

	<b>Share Capital</b>	<b>Capital reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>As at 16 October 2018*</b>	-	-	-	-
Loss for the period			(149)	(149)
<b>Transaction with owners, recognised directly in equity</b>				
Transactions with owners	-	150	-	150
Issuance of ordinary shares	-*	-	-	-*
<b>Balance as at 31 December 2018</b>	<b>-*</b>	<b>150</b>	<b>(149)</b>	<b>1</b>

Notes:

\* Less than \$1,000

<sup>^</sup> The Company was incorporated on 16 October 2018 in accordance with the Companies Act as a private company limited by shares under the name of "Don Agro International Private Limited". On 4 February 2020, our Company changed its name to "Don Agro International Limited" in connection with its conversion into a public company limited by shares.

At the date of incorporation, our issued and paid-up share capital was S\$100, comprising 100 ordinary shares. Pursuant to a share swap agreement dated 21 November 2019 entered into between our Company and Vallerd Investments, our Company acquired from Vallerd Investments the entire issued and paid-up share capital of Tetra JSC held by it, comprising an aggregate of 62,403,000 ordinary shares for a total consideration of S\$35,741,000 based on the unaudited NTA of Tetra JSC and its subsidiaries as at 30 June 2019. The purchase consideration was satisfied by the issue and allotment of an aggregate of 9,999,900 shares in the capital of the Company credited as fully paid-up on 23 December 2019 and was arrived at on a willing buyer willing seller basis.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at**

the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

### Share Capital – Ordinary Shares

	Number of shares	Issued and paid-up Share Capital (S\$)
<b>Balance at 01.01.2019</b>	<b>100</b>	<b>100</b>
Issue of ordinary shares pursuant to the Restructuring Exercise <sup>(1)</sup>	9,999,000	35,741,000
Share split in the proportion of 1 share for 12.5 shares	115,000,000	-
<b>Balance at 31.12.2019</b>	<b>125,000,000</b>	<b>35,741,100</b>
<b>Subsequent to 31.12.2019</b>		
Issue of PPCF Shares <sup>(2)</sup>	2,272,700	500,000
<b>Pre-Placement issued and paid-up share capital</b>	<b>127,272,700</b>	<b>36,241,100</b>
Placement Shares issued pursuant to the Placement	23,000,000	4,379,786 <sup>(3)</sup>
<b>Issued and paid-up share capital immediately after the Placement</b>	<b>150,272,700</b>	<b>40,620,886</b>

Notes:

- (1) Please refer to the section entitled “Restructuring Exercise” of the Company’s offer document dated 6 February 2020 (the “**Offer Document**”) for more details.
- (2) Shares to PPCF were issued as part of the management fee as Sponsor and Issue Manager pursuant to the Management Agreement dated 6 February 2020.
- (3) Listing expenses incurred pursuant to the IPO amounted to approximately S\$2.8 million, of which S\$0.4 million has been capitalised against share capital in accordance with the SFRS(I) while the remaining approximate amount of S\$2.4 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 2019 and 31 December 2018. 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.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

**As at 31 December 2019 As at 31 December 2018**

<b>Total number of issued shares</b>	125,000,000	100
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The Company did not have any treasury shares as at 31 December 2019 and 31 December 2018.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial year reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Save as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and methods of computation as those in the audited combined financial statements for the financial year ended 31 December 2018 included in the Offer Document.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group initially applied SFRS(I) 16 Leases from 1 January 2019.

The Group has initially adopted SFRS(I) 16 *Leases* from 1 January 2019. SFRS(I) 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect, if any, of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 *Leases* and related interpretations. The details of the changes in accounting policies are disclosed below.

**A. Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under SFRS(I) 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. Therefore, the definition of a lease under SFRS(I) 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

**B. As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

***Transition***

Previously, the Group classified land leases as operating leases under SFRS(I) 1-17.

At transition, for leases classified as operating leases under SFRS(I) 1-17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17.

Applied a single discount rate to a portfolio of leases with similar characteristics.

The Group leases a number of items of agricultural machinery. These leases were

classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

**C. As a lessor**

The Group does not have significant lease arrangements in which it acts as a lessor.

**Impacts on financial statements**

**Impacts on transition**

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	<b>1 January 2019</b>
	<b>S\$'000</b>
Right-of-use assets - Property	4,820
Right-of-use assets - Machinery	342
Property, plant and equipment	(342)
Lease liabilities	4,820
Lease liabilities	148
Trade and other payables	(148)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate of 11.9% at 1 January 2019.

In relation to the leases that were previously classified as operating leases under SFRS(I) 16, the Group has recognised depreciation, income and interest costs, instead of operating lease expense. In FY2019, the Group has recognised S\$0.7 million of depreciation charges, S\$45,000 of income from remeasurement and modification of lease liabilities and S\$0.6 million of interest costs from these leases.

In FY2019, the Group has recognized the operating lease expenses of S\$0.8 million as part of cost of sales due to recognition rent expenses which have been early capitalized in inventory as at 01.01.2019.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per share ("EPS")	Group For the Full Year Ended	
	31 December 2019	31 December 2018
Profit attributable to shareholders of the Company (S\$'000)	5,209	6,389
Weighted average number of shares <sup>(1)</sup>	125,000,000	125,000,000
Basic and fully diluted EPS <sup>(2)</sup> (cents)	4.17	5.11

Notes:-

(1) *The weighted average number of shares as at 31 December 2018 includes the estimated shares issued to effect the acquisition of interests in common control entities pursuant to the Group's Restructuring Exercise (as defined in the Company's Offer Document) on the basis the transfer had taken effect as at 1 January 2016, or the dates of incorporation/establishments of subsidiaries under common control, if later.*

(2) *The fully diluted EPS of the Group for the full year ended 31 December 2019 and 2018 is the same as the basic EPS because there were no potentially dilutive ordinary shares in issue during and as at the end of the respective financial year.*

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) Current period reported on; and  
(b) Immediately preceding financial year.

	Group		Company	
	As at 31 December 2019 (Unaudited)	As at 31 December 2018 (Audited)	As at 31 December 2019 (Unaudited)	As at 31 December 2018 (Unaudited)
Net asset value (S\$'000)	37,457	29,426	13,507	1
Number of ordinary shares in issue	125,000,000	125,000,000 <sup>(1)</sup>	125,000,000	125,000,000 <sup>(1)</sup>
Net asset value per ordinary share (cents)	29.97	23.54	10.81	N.M

Notes:-

(1) *For illustrative purposes, the issued and paid-up share capital of the Company of 125,000,000 shares as at 31 December 2019 is assumed to have been in issue as at 31 December 2018.*

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

**Review for the performance of the Group for the full year ended 31 December 2019 ("FY2019") as compared to the full year ended 31 December 2018 ("FY2018")**

**Consolidated Statement of Comprehensive Income**

**Revenue**

	<b>FY2019</b>	<b>FY2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>(%)</b>
Revenue from sale of crop production	25,666	16,723	53.5
Revenue from sale of livestock and milk	9,662	7,485	29.1
Revenue from services provided	103	167	(38.3)
<b>Total</b>	<b>35,431</b>	<b>24,375</b>	<b>45.3</b>

The revenue for FY2019 increased by approximately S\$11.0 million or 45.3%, from approximately S\$24.4 million in FY2018 to approximately S\$35.4 million in FY2019. The increase is mainly attributable to (i) an increase in the revenue from sale of crop production of approximately S\$8.9 million mainly due to an increase in production output of our crops as a result of slightly higher yield per hectare of land and higher market price; and (ii) an increase in the revenue from sale of livestock and milk of approximately S\$2.1 million due to an increase in the milk yield per cow per day from 17.1 litres to 18.5 litres and slightly higher price of raw milk from S\$0.59 to S\$0.62 per litre.

**Cost of sales**

	<b>FY2019</b>	<b>FY2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>(%)</b>
Biological assets sold	21,400	10,827	97.7
Wages and salaries	5,691	4,796	18.7
Depreciation	2,124	1,625	30.7
Operating lease expenses	747	1,542	51.5
Growing and harvesting services	1,050	1,032	1.7
Energy utilities	468	410	14.1
Taxes	152	149	2.0
Impairment loss on inventories relating to agriculture produce	216	314	(31.2)
Others	1,506	1,322	13.9
<b>Total</b>	<b>33,354</b>	<b>22,017</b>	<b>51.5</b>

The cost of sales increased by approximately S\$11.3 million or 51.5% from approximately S\$22.0 million in FY2018 to approximately S\$33.3 million in FY2019. The increase in the cost of sales is mainly attributable to (i) an increase in biological assets sold of approximately S\$10.6 million mainly due to an increase in higher volume in sale of sunflower which were harvested in FY2018 and sold in FY2019 and increase in sales of other agricultural produce harvested in FY2019 such as winter wheat, sunflower and corn due to increase in a crop yield; (ii) an increase in wages and salaries of approximately S\$0.9 million mainly due to increase in the productivity wages per person in line with the higher crop yield in FY2019, on which wages and salaries are based, as well as the increase in piece wage-rates of field works from approximately 13% to 22% of the relevant crop yield or milk yield ; (iii) increase in depreciation of approximately S\$0.5 million due to the depreciation of right-of-use asset under SFRS(I) 16 Leases applicable from 01.01.2019; and (iv) an increase in other expenses of approximately S\$0.2 million due to repair costs arising from the repair of grain storage area and cow houses.

The increase in cost of sales is partially offset by (i) a decrease in impairment loss of the inventories of approximately S\$0.1 million due to effective management control under operations; (ii) a decrease in operating lease expenses of approximately S\$0.8 million mainly due to application of SFRS(I) 16 and operating expenses which as at 01.01.2019 have been capitalised in the inventory and recognised in the cost of sales in FY2019.

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

	<b>FY2019</b>	<b>FY2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>(%)</b>
Revaluation of livestock	67	(710)	109.4
Revaluation of crops	6,445	7,414	(13.1)
<b>Total</b>	<b>6,512</b>	<b>6,704</b>	<b>(3.0)</b>

The gain from change in fair value of biological assets and agricultural produce decreased by approximately S\$0.2 million or 3.0% from a gain from change in fair value of approximately S\$6.7 million in FY2018 to a gain from change in fair value of approximately S\$6.5 million in FY2019. The decrease is mainly attributable to a decrease in the gain from change in fair value of crops of approximately S\$1.0 million due to decrease in the agricultural produce's prices in line with world economic trend. The decrease was partly offset by a slight increase in the gain in fair value of livestock in FY2019 of approximately S\$0.1 million mainly due to (i) an increase in the milk yield per cow per day from 17.1 litres to 18.5 litres and raw milk price increasing from S\$0.59 per litre in FY2018 to S\$0.62 per litre in FY2019, the effects of which is partially offset by the increase in herd management expenses due to higher volume of feed consumption, in accordance with protein diet of the main herd.



## Gross profit and gross profit margin

	FY2019	FY2018	Change (%)
	Unaudited	Audited	
<b>Gross profit (S\$'000)</b>	8,589	9,062	(5.2)
<b>Gross profit margin (%)</b>	24.2	37.2	

The gross profit decreased by approximately S\$0.5 million from approximately S\$9.1 million in FY2018 to approximately S\$8.6 million in FY2019. The decrease is mainly attributable to increase in the cost of sales of approximately S\$11.3 million. This is partially offset by (i) an increase in revenue of approximately S\$11.0 million; and (ii) a decrease in the gain from change in fair value of biological assets and agricultural produce of approximately S\$0.2 million.

Key reasons of decrease in the gross profit:

- In FY2018, the Group has recognized the fair value of sunflower based on the market price of 19.02 RUB/kg (S\$0.41 per kg). In FY2019, the Group sold this stock of sunflower at the price of 20.17 RUB/kg (S\$0.43 per kg), thus the fair value of sunflower recognised in FY2018 were recognised in cost of sales for FY2019. So higher gross profit was recognized in FY2018, though revenue was higher in FY2019.

- In FY2019, the prices on the harvest were lower than in FY2018.

Sunflower 2018: 19.02 RUB/kg (S\$0.41 per kg), Sunflower 2019: 15.84 RUB/ kg (S\$0.33 per kg).

Winter wheat 2018: 10.1 RUB/kg, (S\$0.22 per kg) Winter wheat 2019: 8.5 RUB/kg (S\$0.18 per kg).

Therefore, we have sold higher quantity of agricultural produce in FY2019 due to higher yield in the financial year, but the prices were lower which decreased the gross profit margin.

- In FY2019, we have recognized the gain from change in fair value of unharvested winter wheat lower than that recognised in FY2018 due to lower prices of winter wheat in FY2019. The fair value of unharvested winter wheat in FY2018 was based on the price of 10.1 RUB/kg (S\$0.22 per kg), while the price of winter wheat in FY2019 was 9.6 RUB/kg (S\$0.20 per kg).

**Administrative expenses**

Total administrative expenses increased by approximately S\$0.8 million or 61.5% from approximately S\$1.3 million in FY2018 to approximately S\$2.1 million in FY2019. The increase is mainly attributable to (i) an increase in wages and salaries of approximately S\$0.6 million due to hiring of new administrative personnel; and (ii) an increase in costs related to information, consulting and other professional services of approximately S\$0.2 million as a result of fees incurred for the audit of the Group's financial statements for FY2019 due to statutory requirement.

**Other operating expenses, net**

The other operating expenses, net decreased by approximately S\$0.7 million or 70.0% from approximately S\$1.0 million in FY2018 to approximately S\$0.3 million in FY2019. This decrease is mainly attributable to (i) the gain in the disposal of a land plot and compensation by the Russian Railways in accordance with Court decision of approximately S\$0.6 million in FY2019 (please refer to page 220 to 221 of the Company's Offer Document for further details); (ii) absence of impairment loss in short-term investments in Volga-Agro LLC which was recognised in FY2018 of approximately S\$0.2 million; and (iii) increase of approximately S\$0.3 million in FY2019 due to reversal of withholding tax provision on interest payments in relation to promissory notes payable to Vallerd Investments Limited. This decrease in net other operating expenses was partly offset by increase in listing expenses of approximately S\$0.4 million due to professional fees of Sponsor and other professionals.

**Finance income**

Our finance income remained constant at approximately S\$0.2 million for FY2018 and FY2019.

**Finance costs**

Finance costs increased by approximately S\$0.4 million or 80.0% from S\$0.5 million in FY2018 to S\$0.9 million in FY2019. The increase is due to the accrual of the interest expenses of approximately S\$0.6 million due to the application of SFRS(I) 16. This is partially offset by a decrease in interest expenses of approximately S\$0.2 million as a result of the lower loans and borrowings.

## **Tax expense**

Tax expenses increased by approximately S\$0.2 million or 461.1% from approximately S\$54,000 in FY2018 to approximately S\$0.3 million in FY2019. Our effective income tax rate in FY2018 was approximately 0.8% and approximately 3.3% in FY2019. The increase in income tax rate was due mainly to (i) lower share of the Group's profits being generated from qualifying agriculture production which are not taxed; and (ii) withholding tax from Tetra's dividends paid to the Company of approximately S\$0.1 million.

## Consolidated Statement of Financial Position

### **Non-current assets**

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

Property, plant and equipment comprise mainly properties, motor vehicles, computers, tool and equipment and furniture and fixtures. The Group's property, plant and equipment increased by approximately S\$1.1 million or 10.2% from approximately S\$10.8 million in FY2018 to approximately S\$11.9 million in FY2019. This is attributable to the purchase of new machineries and buildings of approximately S\$1.7 million in FY2019 as part of the Company's operations and the gain on movements in exchange rate of approximately S\$1.0 million. This was partially offset by the accrual of the depreciation expense of approximately S\$1.6 million.

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

Right-of-use assets are represented the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and number of items of agricultural machinery. In accordance with SFRS(I) 16, right-of-use assets are recognised from 1 January 2019.

#### **Biological assets**

Non-current biological assets comprised mainly livestock and permanent grasses. Non-current biological assets as at 31 December 2019 as compared to 31 December 2018 increased by approximately S\$2.0 million mainly due to the increase in fair value of our livestock due to higher milk yield per cow per day from 17.1 litres to 18.5 litres and milk price from S\$0.59 per litre in FY2018 to S\$0.62 per litre in FY2019 which was partially offset by increase in the management herd costs.

## **Current assets**

### **Biological assets**

Current biological assets comprised mainly unharvested crops. Current biological assets increased by approximately S\$1.1 million in FY2019, mainly due to increase in fair value of our crops as a result of higher harvest volume of winter wheat as crop yield rose and a larger area of cultivated land.

### **Inventories**

Group's inventories decreased by approximately S\$5.9 million or 47.6% from approximately S\$12.4 million in FY2018 to approximately S\$6.5 million in FY2019 as result of the sale of most of the agricultural produce.

### **Investments**

Short term investments represent bank deposits placed with tenures not exceeding 3 months.

Investments increased by approximately S\$3.2 million or 100.0% as at 31 December 2019, compared to none as at 31 December 2018, due to the Group depositing some of its cash into short-term bank deposits.

### **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 S\$3.0 million or 428.6% from approximately S\$0.7 million in FY2018 to approximately S\$3.7 million in FY2019. This was mainly due to (i) increase in trade receivable from LLC AMILCO and LLC Grain Service which were paid after FY2019; (ii) increase in advance for supplier, FosAgro-Don LLC, for the purchase of the fertilisers for spring sowing; and (iii) increase in prepaid listing expenses due to increase in the listing expenses.

### **Cash and cash equivalents**

Cash and cash equivalents comprise petty cash, bank balances and short-term bank deposits. Cash and cash equivalents increased by approximately S\$3.3 million or 253.8% from approximately S\$1.3 million in FY2018 to approximately S\$4.6 million in FY2019.

Please refer the section entitled "Consolidated Statement of Cash Flow" 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.

S\$'000	As at 31 December	As at 31 December	Change (%)
	2019	2018	
Non-Current	988	1,002	(1.4)
Current	4,679	5,877	(20.4)
<b>Total</b>	<b>5,667</b>	<b>6,879</b>	<b>(17.4)</b>

Our Group's borrowings decreased by approximately S\$1.2 million or 17.4% from approximately S\$6.9 million in FY2018 to approximately S\$5.7 million in FY2019. This is mainly attributable to a repayment of bank borrowings of approximately S\$7.6 million. This was partially offset by to an increase in new borrowings of approximately S\$5.8 million by the Group.

### Lease liabilities

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

	As at 31 December	As at 31 December	Change (%)
	2019	2018	
	S\$'000	S\$'000	
Current	549	30	1,730
Non-current	4,425	128	3,357
<b>Total</b>	<b>4,974</b>	<b>158</b>	<b>2,400</b>

The group's lease liabilities increased by approximately S\$4.8 million from approximately S\$0.2 million as at 31 December 2018 to approximately S\$5.0 million as at 31 December 2019. This is attributable to the application of SFRS(I) 16.

### Trade and other payables

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

The trade and other payables increased by approximately S\$0.5 million or 41.7% from approximately S\$1.2 million in FY2018 to approximately S\$1.7 million in FY2019. The increase is mainly attributable to (i) increase in tax payables of approximately S\$0.3 million due to increase in VAT payables as a result of increase in revenue in FY2019; and (ii) increase in accrued listing expenses of approximately S\$0.3 million due to accrual of the completed professional services for IPO process. This was partially offset by a decrease in trade payables of approximately S\$0.2 million as result the payment to suppliers.

### **Shareholder's equity**

Our equity increased by approximately S\$8.1 million or 27.5% from approximately S\$29.4 million in FY2018 to approximately S\$37.5 million in FY2019.

This is mainly attributable to (i) increase in share capital of approximately S\$21.7 million due to merger of Tetra JSC into the share capital of the Company; (ii) decrease in foreign currency translation reserve of approximately S\$3.2 million due to gain on movements in exchange rates; (iii) increase in accumulated profits of approximately S\$5.2 million due to profit for FY2019 which was partly offset by the dividends paid by Tetra JSC to the Company of S\$0.6 million; and (iv) increase in capital reserves of approximately S\$0.3 million due to contribution from Vallerd Investments for payment of PPCF's professional fees. These were partly offset by decrease in capital reserves of approximately S\$21.7 million due to recognition of the difference between cost of the share capital of Tetra JSC of S\$14.0 million and consideration for the shares of Tetra JSC of S\$35.7 million.

### **Consolidated Statement of Cash Flow**

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

Cash flows used in operating activities of S\$10.0 million in FY2019 was mainly due to operating cash flow as the result of the revaluation of sunflower crops which were harvested in FY2018 and sold in 2019 in amount of S\$9.0 million.

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

Cash flows used in investing activities of S\$3.9 million was mainly due to the deposit placed in the banks of S\$3.1 million.

#### **Net cash flows from financing activities**

Net cash used in financing activities amounted to approximately S\$3.0 million, which was mainly attributable to (i) repayment of borrowings of approximately S\$7.6 million in relation to the bank loans; (ii) interest paid of approximately S\$0.4 million; (iii) dividends paid of approximately S\$0.6 million; and (iv) repayment of lease liabilities of approximately S\$0.1 million. This was partially offset by proceeds from borrowings of approximately S\$5.7 million from the banks.

As a result of the above, cash and cash equivalents increased by approximately S\$3.3 million during FY2019. Cash and cash equivalents as at 31 December 2019 were S\$4.6 million.

**9. 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.

**10. 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.**

There is uncertainty about wheat export prices next season due to the on-going Covid-19 outbreak. However, local wheat prices remain well supported due to high local demand. The Group expects good harvest yield of winter wheat due to mild winter and sufficient precipitation, which is an ideal condition for winter wheat harvesting. The Group does not expect the significant changes in the livestock segment.

**11. Dividends**

**If a decision regarding dividend has been made: -**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

The Directors are pleased to recommend a tax exempt one-tier final dividend of S\$0.00693406 per ordinary share in respect of FY2019 for approval by shareholders at the forthcoming annual general meeting to be convened.

Total amount of dividends to be recommended for approval is S\$1.04 million, which is 20% from the Group's net profit for FY2019 of S\$5.20 million. This is in line with the intention of the Directors to recommend and distribute dividends of up to 20% of the Group's profit after tax attributable to Shareholders for FY2019 subject to, inter-alia, the Group's earnings, financial performance, capital expenditure, working capital requirements and other factors deemed relevant by our Directors as disclosed in the Offer Document.

**(b)(i) Amount per share (cents)**

0.693406 Singapore cents per ordinary share

**(b)(ii) Previous corresponding period (cents)**

Not applicable.

- (c) ***Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).***

The dividend is one-tier tax exempt.

- (d) ***The date the dividend is payable.***

To be announced at a later date. The proposed final dividend is subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting.

- (e) ***The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.***

To be announced at a later date.

- 12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

Not applicable.

- 13. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

As at 31 December 2019 and 2018, 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 S\$5.7 million and S\$6.9 million, respectively.

As no compensation, fees or other benefits have been paid or are payable by our Group to Marat Devlet-Kildejev 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.



#### 14. Use of IPO proceeds

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

As at the date of this Announcement, there was no utilisation of the IPO proceeds.

The proposed use of IPO proceeds, as set out in the Company's Offer Document, is as below:

<b>Use of IPO proceeds</b>	<b>Amount allocated</b>
	<b>S\$'000</b>
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
General working capital	110
<b>Total</b>	<b>1,310</b>

Pending the deployment of the unutilised IPO proceeds as set out above, the IPO proceeds have been placed in interest-bearing deposits with licenced banks in Singapore. At the appropriate juncture, our Group will deploy the IPO Proceeds towards the uses stated above. The Company will make periodic announcements on the utilisation of the IPO Proceeds as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its half year and full year financial statements.

15. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**Business segments**

	Reportable Segments		Total reportable segments S\$'000	All other segments S\$'000
	Crops S\$'000	Livestock S\$'000		
<b>2019</b>				
External revenue	25,666	9,662	35,328	103
Inter-segment revenue	2,142	—	2,142	—
Segment revenue	<u>27,808</u>	<u>9,662</u>	<u>37,470</u>	<u>103</u>
Segment profit/(loss) before tax	3,707	3,293	7,000	(109)
Other (expenses)/income	554	526	1,080	3
Finance income	181	68	249	—
Finance costs	(850)	(58)	(908)	—
Depreciation	(2,045)	(18)	(2,063)	(86)
Unallocated expenses:				
Listing expenses	—	—	—	(1,365)
Segment assets	34,664	16,238	50,902	25
Unallocated assets:				
Prepaid listing expenses	—	—	—	440
Capital expenditure	1,615	127	1,742	—
Segment liabilities	12,036	1,333	13,369	11
Unallocated liabilities:				
Accrued listing expenses	—	—	—	498
<b>2018</b>				
External revenue	16,723	7,485	24,208	167
Inter-segment revenue	2,148	—	2,148	—
Segment revenue	<u>18,871</u>	<u>7,485</u>	<u>26,356</u>	<u>167</u>
Segment profit/(loss) before tax	6,900	630	7,530	(61)
Other (expenses)/income	(177)	200	23	(1)
Finance income	109	48	157	1
Finance costs	(355)	(126)	(481)	(1)
Depreciation	(1,345)	(168)	(1,513)	(138)
Unallocated expenses:				
Listing expenses	—	—	—	(1,027)

	Reportable Segments		Total reportable segments S\$'000	All other segments S\$'000
	Crops S\$'000	Livestock S\$'000		
Segment assets	26,242	12,294	38,536	12
Unallocated assets:				
Prepaid listing expenses	–	–	–	262
Capital expenditure	1,760	330	2,090	19
Segment liabilities	7,532	1,614	9,146	17
Unallocated liabilities:				
Accrued listing expenses	–	–	–	203

*\*The Group initially applied SFRS(I) 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see Note 5). As a result, the Group recognised S\$5,162,000 of right-of-use assets and S\$5,126,000 of liabilities from those lease contracts. The assets and liabilities are included in the Crops segment as at 31 December 2019.*

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

	FY2018 S\$'000	FY2019 S\$'000
<b>Revenue</b>		
Total revenue for reportable segments	26,356	37,470
Revenue for other segments	167	103
Elimination of inter-segment revenue	(2,148)	(2,142)
<b>Combined revenue</b>	<u>24,375</u>	<u>35,431</u>
<b>Profit before tax</b>		
Total profit before tax for reportable segments	7,530	7,000
Profit before tax for other segments	(61)	(109)
Unallocated expenses: Listing expenses	(1,027)	(1,365)
<b>Combined profit before tax</b>	<u>6,442</u>	<u>5,526</u>
<b>Assets</b>		
Total assets for reportable segments	38,536	50,902
Assets for other segments	12	25
Unallocated assets: Prepaid listing expenses	262	440
<b>Combined total assets</b>	<u>38,810</u>	<u>51,367</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	9,146	13,369
Liabilities for other segments	17	11
Unallocated liabilities: Accrued listing expenses	203	498
<b>Combined total liabilities</b>	<u>9,366</u>	<u>13,878</u>

## Other material items

	Reportable segment totals S\$'000	Adjustments S\$'000	Combined Totals S\$'000
<b>FY2019</b>			
Finance income	249	–	249
Finance costs	(908)	–	(908)
Capital expenditure	1,742	–	1,742
Depreciation	(2,063)	(86)	(2,149)
<b>FY2018</b>			
Finance income	157	1	158
Finance costs	(481)	(1)	(482)
Capital expenditure	2,090	19	2,109
Depreciation	(1,513)	(138)	(1,651)

## Geographical information

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

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

Please refer to Paragraph 8 above for details.

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

	<b>FY2019</b>	<b>FY2018</b>	<b>Increase/ (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
(a) Revenue reported for first half year	11,640	7,826	48.8
(b) Profit after tax before deducting non-controlling interests reported for first half year	4,282	2,027	111.2
(c) Revenue reported for second half year	23,791	16,549	43.8
(d) Profit after tax before deducting non-controlling interest reported for second half year	941	4,361	(78.4)

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

	<b>FY2019</b>	<b>FY2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Ordinary shares (tax exempt 1- tier)		
- Interim	-	-
- Final (Proposed)	1,042	-
<b>Total Annual Dividend</b>	<b>1,042</b>	<b>-</b>

19. **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.**

There are no persons 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).

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

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

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

Pursuant to the share swap agreement dated 21 November 2019 entered into between our Company and Vallerd Investments, the Company had acquired shares in the following company which resulted in the latter becoming a subsidiary of the Company during FY2019:

S/N	Subsidiary	Date of announcement
1.	Tetra JSC	6 February 2020 <sup>(1)</sup>

Note:

(1) As set out in the Company's Offer Document.

Further details on the acquisition can be found in the Company's Offer Document.

**BY ORDER OF THE BOARD**

*Marat Devlet-Kildeev*

*Chief Executive Officer and Executive Director*

*Don Agro International Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 14 February 2020. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor in accordance with Rules 226(2)(b) and 753(2) of the the SGX-ST Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).*