ROS AGRO PLC
Parent company financial statements and Independent Auditor's Report

31 December 2017

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Notes to the financial statements

Board of Directors and other officers

Mr. Vadim Moshkovich
Chairman of the Board of Directors
President of LLC Group of Companies Rusagro

Mr. Anastassios Televantides
Chairman of the Audit Committee
Independent Director

Mr. Richard Andrew Smyth
Member of the Audit Committee
Independent Director

Mrs. Ganna Khomenko
Member of the Audit Committee
Managing Director

Mr. Maxim Basov
Executive Director
Chief Executive Officer of OJSC Rusagro Group and LLC Group of Companies Rusagro

Board support

The Company Secretary is available to advise all Directors to ensure compliance with the Board procedures.

Company Secretary

Fiduciana Secretaries Limited
8 Mykinon Street
CY-1065, Nicosia
Cyprus.

Registered office

8 Mykinon Street
CY-1065, Nicosia
Cyprus.

The Board of Directors presents its report together with the audited parent company financial statements of ROS AGRO PLC (hereafter also referred as the "Company") for the year ended 31 December 2017. The parent company financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter also referred as "IFRS") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Company

The Company's principal activity, which is unchanged from last year, is the holding of investments, including any interest earning activities.

Changes in Company structure

For the significant direct and indirect shareholdings held by the Company, please refer to Note 13 to the parent company financial statements. The Company together with its subsidiaries hereinafter collectively referred to as the Group.

The Company's changes in direct subsidiaries are disclosed in Note 13 to the financial statements.

Review of developments, position and performance of the Company's business

The profit of the Company for the year ended 31 December 2017 was RR 2,795,479 thousand (2016: RR 266,170 thousand), arising primarily from an increase in dividend income. On 31 December 2017 the total assets of the Company were RR 42,006,589 thousand (2016: RR 33,699,092 thousand) and the net assets were RR 30,022,952 thousand (2016: RR 33,688,881 thousand). The total assets of the Company in 2017 increased by 25% in comparison to 2016 mainly due to acquisition of a subsidiary (Note 13). The financial position, development and performance of the Company as presented in these parent company financial statements are considered satisfactory.

Principal risks and uncertainties

The Company`s financial risks are disclosed in Note 3 to the parent company financial statements. The Company`s contingencies are disclosed in Note 18 to the parent company financial statements.

Future developments of the Company

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

Results

The Company's results for the year are set out on page 14.

Human resources management and environmental protection

The Group offers its employees opportunities to realize their professional potential, improve their knowledge and skills, work on interesting innovation projects and be part of a cohesive team. Group management believes that one of the keys to a successful business is maintaining a balance between the high quality and efficient work of all employees who share common values and principles on one hand, and the Company's commitment to providing opportunities for career growth on the other. Group business divisions annually prepare and implement employee training and development plans based on the business's strategic and current objectives, as well as needs identified by comprehensive assessment. Based on the results of a comprehensive assessment, every employee draws up an individual development plan for a period of one to two years that lists all training and development activities that are intended to advance the employee's skills or pass on the knowledge they have gained.

Human resources management and environmental protection (continued)

The Group is committed to protecting the environment and minimizing the environmental impact of its operations in regions where it has a presence. All of the Group's divisions constantly monitor wastewater runoff and air quality, and are equipped with treatment facilities that meet all the standards of applicable environmental legislation. The Group has implemented guidelines for maximum allowable emissions and guidelines for waste generation and established sanitary buffer zones for warehouses storing crop protection agents. The Group also returns packaging from crop protection agents and fertilizer to counterparties and performs soil deacidification efforts on farmland.

Dividends

Pursuant to its Articles of Association the Company may pay dividends out of its profits. In August 2013 the Board of Directors has approved a new dividend policy with payout ratio of at least 25% of the Group's profit for the year applicable starting from the year ended 31 December 2013. To the extent that the Company declares and pays dividends, owners of Global Depositary Receipts (hereafter also referred as "GDRs") on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with the relevant legislation and contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The maximum dividend payable by the Company`s subsidiaries is restricted to the total accumulated retained earnings of the relevant subsidiary, determined according to the Russian law.

In 2017 the Company distributed RR 4,619,353 thousand of dividends for the second half of 2016 and RR 1,861,815 thousand of interim dividends for the first half of 2017. The dividends for the second half of 2016 amounted to RR 171.73 per share and interim dividends for 2017 amounted to RR 69.20 per share.

In 2016 the Company distributed RR 5,336,758 thousand of dividends for the second half of 2015 and RR 2,004,336 thousand of interim dividends for the first half of 2016. The dividends for the second half of 2015 amounted to RR 198.45 per share and interim dividends for 2016 amounted to RR 74.55 per share.

Subsequent to the year ended 31 December 2017, the Board of Directors recommends the payment of additional dividends out of the profits for the year 2017 and prior years' undistributed reserves to the amount of RR 2,224,024 thousand. Given that the Company has already paid interim dividends for the first half of 2017 to the amount of RR 1,861,815 thousand, the total dividend out of the profits for 2017 and prior years' undistributed reserves amounts to RR 4,085,839 thousand. The dividend per share will be fixed at the dividend record date set on 13 April 2018. The proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect the dividends that have not been approved on the reporting date.

Share capital

There were no any changes in the share capital of the Company during 2017.

On 5 May 2016 the Company successfully completed a secondary public offering (hereinafter "SPO") of global depositary receipts (hereinafter "GDRs"). The SPO included an offering by the Company of 16,666,665 of GDRs with every five GDRs representing an interest in one ordinary share of the Company. The offering price was USD 15 per GDR (the equivalent of USD 75 per ordinary share).

As a result of the SPO, the Company issued 3,333,333 ordinary shares of par value EUR 0.01 each at the price of USD 75 per share. These shares were fully paid in the amount of USD 250 million resulting in an increase of share capital and share premium by RR 2,535 thousand and RR 16,406,906 thousand net of an amount of RR 133,507 thousand out of the total expenses directly attributable to the new shares issued.
The share capital of the Company is disclosed in Note 15.

The role of the Board of Directors

The Company is governed by its Board of Directors (hereafter also referred as “the Board”) which is collectively responsible to the shareholders for the successful performance of the Company and the Group.

The Board sets corporate strategic objectives, ensuring that the necessary financial and human resources are in place for the Company and the Group to meet its objectives and reviewing management performance.

The Board of Directors sets the Company’s and Group’s values and standards and ensures all obligations to shareholders are understood and met. The Board believes it maintains a sound system of internal control to safeguard the Company’s assets and shareholders’ investments in the Company.

Members of the Board of Directors

The members of the Board of Directors at 31 December 2017 and at the date of this report are shown in the beginning of these parent company financial statements. All of them were members of the Board throughout the year ended 31 December 2017.

In accordance with the Company’s Articles of Association, one third of the Directors shall retire by rotation and seek re-election at each Annual General Meeting.

The Company’s Directors’ remuneration is disclosed in Note 19. There were no any significant changes to the Directors’ remuneration during the year ended 31 December 2017.

Directors’ Interests

The Directors Mr Vadim Moshkovich, Mr. Maxim Basov, Mr. Richard Smyth and Mr. Anastassios Televantides held interest in the Company as at 31 December 2017 and 31 December 2016.

Mr Vadim Moshkovich has no direct interest in the Company as at 31 December 2017. The number of shares held indirectly through a company controlled by him as at 31 December 2017 is 19,327,829 (31 December 2016: 19,327,829).

The number of shares held directly by Mr. Maxim Basov as at 31 December 2017 is 1,935,914 (31 December 2016: 1,895,514).

The number of shares directly held by Mr. Richard Andrew Smyth as at 31 December 2017 and 31 December 2016 is 6,225.

The number of shares directly held by Mr. Anastassios Televantides as at 31 December 2017 and 31 December 2016 is 2,000.

Audit Committee

The Board of Directors has established an Audit Committee. The Audit Committee is primarily responsible for (i) ensuring the integrity of our financial statements, (ii) ensuring our compliance with legal and regulatory requirements, (iii) evaluating our internal control and risk management procedures, (iv) assuring the qualification and independence of our independent auditors and overseeing the audit process and (v) resolving matters arising during the course of audits and coordinating internal audit functions. The Audit Committee consists of three members appointed by the Board of Directors.

The current members are Mr. Anastassios Televantides (Chairman), Mr. Richard Andrew Smyth and Mrs. Ganna Khomenko.

Corporate Governance

Since 2011, the Company adopted the following codes: Code of Conduct on insider information and Code of Business Conduct and Ethics. In addition, since May 2014 the Company together with its subsidiaries and affiliates adopted a new edition of the Codes for mandatory compliance by all employees. In 2017 the Company adopted a new Code of Conduct and Business Ethics.

Internal control and risk management systems in relation to the financial reporting process

The internal control and risk management systems relating to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and to ensure compliance with applicable laws and regulations. The Audit Committee of the Board of directors of the Company reviews high-risk areas at least once a quarter. Reporting from various Group entities to the central office is supervised on an ongoing basis and procedures have been established for control and checking of such reporting. With each acquisition the Group seeks to adapt and incorporate the financial reporting system of the acquired operations quickly and efficiently.

The composition and diversity information of the Board of Directors of the Company

The authority and responsibilities of the Board of Directors are described in the Internal Rules of the Board of Directors.

On behalf of all shareholders and on the proposal or advice of the Management Board, the Board of Directors lays down the strategy and general policy of the Company and Group. It also sets the Company's and Group's standards and monitors the implementation of that strategy.

It controls and gives direction to the management of the Company and the Group and provides monitoring of risks. It also ensures that the principles of good governance are respected.

The Board's acts are guided solely by a concern for the interests of the Company in relation to its shareholders, its customers and staff.

The Board of Directors is the decision-making body of our Group. Its role is to define the Group's strategic vision, assisted by a specialized committee (the Audit Committee). It is composed of 5 Directors, including 2 independent Directors and 1 managing Director. The Board offers a diverse and synergistic range of experience, nationalities and cultures and enables us to consider the interests of all our shareholders.

The Board has determined that, as a whole, it has the appropriate skills and experience necessary to discharge its functions. Executive and independent Directors have the experience required to contribute meaningfully to the Board's deliberations and resolutions. Independent Directors assist the Board by constructively challenging and helping develop strategy proposals.

Non-Financial and Diversity Information

The Company will be publishing its first Non-Financial Information and Diversity Statement on the Company's website, www.rusagrogroup.ru, within six months after the balance sheet date.

Treasury shares

On 25 August 2011 the Board unanimously resolved that it is in the best interest of the Company to buy back GDRs from the market for the total amount of up to USD 10 million increased to up to USD 30 million via subsequent Board's decision on 17 July 2012.

At 31 December 2017 the Company held 2,172,368 of its own GDRs (approximately 434,474 shares) that is equivalent to RR 491,978 thousand, representing 1.6% of its issued share capital. At 31 December 2016, the Company held 2,205,982 of its own GDRs (approximately 441,196 shares) that is equivalent to RR 499,590 thousand, representing 1.6% of its issued share capital.The GDRs are held as 'treasury shares'.

During 2017 and 2016 the Company did not buy back any of its own GDRs from the market.

In 2017 the Company transfer 33,614 of its own GDRs (approximately 6,723 shares) from those held as treasury shares to employees of the Group (Note 19) that is equivalent to RR 7,612 thousand representing 0.02% of the issued share capital. Further the Company received a cash consideration amounting to RR 6,664 thousand for 8,678 GDRs.

In 2016 the Company sold 6,666 of its own GDRs (approximately 1,333 shares) from those held as treasury shares that is equivalent to RR 6,290 thousand representing 0.005% of the issued share capital.

Events after the balance sheet date

The material events after the balance sheet date are disclosed in Note 20 to the financial statements.

Branches

The Company did not operate through any branches during the year.

Research and development activities

The Company is not engaged in research and development activities.

Going Concern

Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the financial statements based on the fact that, after making enquiries and following a review of the Company's and Group's budget for 2018, including cash flows and borrowing facilities, the Directors consider that the Company has adequate resources to continue in operation for the foreseeable future.

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. The appointment of the Auditors will be approved at the Annual General Meeting.

By Order of the Board

Vadim Moshkovich
Chairman of the Board of Directors

Limassol
16 March 2018

1 The Company's Board of Directors is responsible for preparation and fair presentation of these parent company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113.

2 This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

3 Each of the Directors confirms to the best of his or her knowledge that these parent company financial statements (which are presented on pages 14 to 39) have been prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

By Order of the Board

Vadim Moshkovich
Chairman of the Board of Directors

Limassol
16 March 2018

Independent Auditor's Report

To the Members of ROS AGRO PLC

Report on the Audit of the Parent Company Financial Statements

Our opinion

In our opinion, the accompanying financial statements of parent company ROS AGRO PLC (the "Company"), give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113.

What we have audited

We have audited the financial statements which are presented in pages 14 to 39 and comprise:

- the balance sheet as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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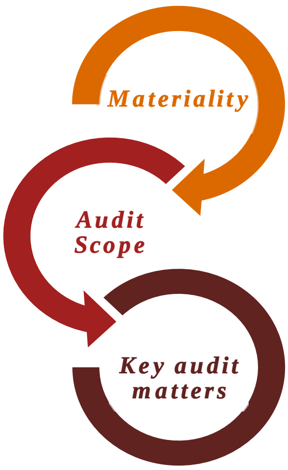
Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



Materiality

Overall materiality: Russian Roubles ("RR") 420 million, which represents 1% of total assets.

Audit scope

We audited the complete financial statements of parent company ROS AGRO PLC.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	RR 420 million
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the most appropriate benchmark, because, in our view: • it is the benchmark against which the performance of the Company (the principal activity of the Company is the holding of investments) is most commonly measured by users; and • it is a generally accepted benchmark. We chose 1% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above RR 42 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

How we tailored our audit scope

Our audit included full scope audit procedures on the financial statements of ROS AGRO PLC.

We have obtained sufficient and appropriate audit evidence regarding the financial information of the Company to provide a basis for our audit opinion on the financial statements.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report (which includes the Corporate Governance Statement) and Directors' Responsibility Statement, which we obtained prior to the date of this auditor's report, and the Company's Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 2010 by a shareholder resolution for the audit of the financial statements for the year ended 31 December 2010. Our appointment has been renewed annually, since then, by shareholder resolution. In 2011 the Company was listed in the Main Market of the London Stock Exchange and accordingly the first financial year after the Company qualified as an EU PIE was the year ended 31 December 2012. Since then, the total period of uninterrupted engagement appointment was 6 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 14 March 2018 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors' Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements or the management report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Stelios Constantinou.

Stelios Constantinou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

City House, 6 Karaiskakis Street,
CY-3032 Limassol, Cyprus

16 March 2018

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Interest income	4	**1,135,966**	910,573
Interest expense	19	(10,287)	-
Net interest income		**1,125,679**	**910,573**
Dividend income	19	3,849,241	1,265,000
Administrative expenses	6	(48,165)	(56,971)
Other operating (losses)/gains – net	5	(2,103,106)	(1,829,194)
Operating profit / Profit before tax		**2,823,649**	**289,408**
Income tax expense	8	(28,170)	(23,238)
Profit for the year		**2,795,479**	**266,170**
Other comprehensive income		-	-
Total comprehensive income for the year		**2,795,479**	**266,170**

The notes on pages 18 to 39 are an integral part of these parent company financial statements.

	Notes	31 December 2017	31 December 2016
Assets			
Non-current assets			
Investments in subsidiaries	13	25,771,095	12,231,265
Total non-current assets		**25,771,095**	**12,231,265**
Current assets			
Loans receivable	7	16,228,454	21,461,969
Trade and other receivables	11	4,233	4,748
Cash and cash equivalents	12	2,807	1,110
Total current assets		**16,235,494**	**21,467,827**
Total assets		**42,006,589**	**33,699,092**
Equity and liabilities			
Capital and reserves			
Share capital	15	12,269	12,269
Share premium	15	26,972,879	26,972,879
Treasury shares	15	(491,978)	(499,590)
Other reserves	16	1,291,916	1,282,967
Retained earnings		2,237,866	5,920,356
Total equity		**30,022,952**	**33,688,881**
Current liabilities			
Trade and other payables	17	7,481,161	6,245
Current income tax and other tax payables		17,306	3,966
Borrowings	14	4,485,170	-
Total current liabilities		**11,983,637**	**10,211**
Total equity and liabilities		**42,006,589**	**33,699,092**

On 16 March 2018, the Board of Directors of ROS AGRO PLC authorised these parent company financial statements for issue.

Vadim Moshkovich
Director

Maxim Basov
Director

The notes on pages 18 to 39 are an integral part of these parent company financial statements.

	Notes	Share capital	Share premium	Other reserves	Retained earnings [1]	Treasury shares	Total
1 January 2016		**9,734**	**10,565,973**	**1,278,941**	**12,995,280**	**(505,880)**	**24,344,048**
Comprehensive income							
Profit for the year		-	-	-	266,170	-	**266,170**
Total comprehensive income for the year 2016		-	-	-	266,170	-	**266,170**
Transactions with owners							
Shares issuance	15	2,535	16,406,906	**-**	**-**	**-**	**16,409,441**
Sales of treasury shares	15	**-**	**-**	**-**	**-**	6,290	**6,290**
Dividends [2]		**-**	**-**	**-**	(7,341,094)	**-**	**(7,341,094)**
Share based remuneration for services provided to subsidiaries	19	-	-	4,026	-	-	**4,026**
Total transactions with owners		2,535	16,406,906	4,026	(7,341,094)	6,290	**9,078,663**
Balance at 31 December 2015/1 January 2016		**12,269**	**26,972,879**	**1,282,967**	**5,920,356**	**(499,590)**	**33,688,881**
Comprehensive income							
Profit for the year		-	-	-	2,795,479	-	**2,795,479**
Total comprehensive income for the year 2017		-	-	-	2,795,479	-	**2,795,479**
Transactions with owners							
Sales of treasury shares	15	-	-	-	-	7,612	**7,612**
Dividends [3]		-	-	-	(6,481,169)	-	**(6,461,408)**
Share based remuneration for services provided to subsidiaries	19	-	-	8,949	3,200	-	**12,149**
Total transactions with owners		-	-	8,949	(6,477,969)	7,612	**(6,461,408)**
Balance at 31 December 2016		**12,269**	**26,972,879**	**1,291,916**	**2,237,866**	**(491,978)**	**30,022,952**

(1) The only reserve which is available for distribution in the form of dividends to the Company's shareholders is retained earnings.

(2) In 2016 the Company distributed RR 5,336,758 of dividends for the second half of 2015 and RR 2,004,336 of interim dividends for the first half of 2016. The dividends for the second half of 2015 amounted to RR 198.45 per share and interim dividends for 2016 amounted to RR 74.55 per share.

(3) In 2017 the Company distributed RR 4,619,353 of dividends for the second half of 2016 and RR 1,861,815 of interim dividends for the first half of 2017. The dividends for the second half of 2016 amounted to RR 171.73 per share and interim dividends for 2017 amounted to RR 69.20 per share.

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
Cash flows from operating activities			
Profit before tax		2,823,649	289,407
Adjustments for:			
Net foreign exchange (gains)/losses		16,762	1,829,706
Interest expense not received in cash		10,287	-
Interest income not received in cash		(191,923)	(463,271)
Liquidation/impairment of investments	5	1,883,610	-
		4,542,385	**1,655,842**
Changes in working capital:			
Trade and other receivables		515	3,907,376
Trade and other payables		884	510
Loans payable including interest paid		4,474,883	-
Loans receivable including interest received		(2,836,811)	(14,189,290)
Cash from/(used in) operations		**6,181,856**	**(8,625,562)**
Tax paid		(15,507)	(18,828)
Net cash used in operating activities		**6,166,349**	**(8,644,390)**
Cash flows from investing activities			
Payment for acquisition of subsidiary/capital contributions	13	(19,661)	(476,817)
Net cash used in investing activities		**(19,661)**	**(476,817)**
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	15	-	16,328,269
Dividends paid		(6,149,344)	(7,124,250)
Net cash (used in)/from financing activities		**(6,149,344)**	**9,210,392**
Net effect of exchange rate changes on cash and cash equivalents		**4,353**	**(106,136)**
Net increase/(decrease) in cash and cash equivalents		**1,697**	**(16,951)**
Cash and cash equivalents at the beginning of the year		1,110	18,061
Cash and cash equivalents at the end of the year	12	**2,807**	**1,110**

The notes on pages 18 to 39 are an integral part of these parent company financial statements.

1 General information

Country of incorporation

ROS AGRO PLC (hereinafter the "Company") was incorporated in Cyprus on 1 December 2009 as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at 8 Mykinon, CY-1065 Nicosia, Cyprus. It was converted into a public company in February 2011.

During the first half of 2011 the Company has successfully completed an initial public offering ("IPO") of its shares in the form of global depositary receipts ("GDRs"). The Company's GDRs (5 GDRs representing one ordinary share) are listed on the Main Market of the London Stock Exchange under the symbol "AGRO". The IPO included an offering by the Company of 20,000,000 GDRs.

In 2016, the Company successfully completed a secondary public offering ("SPO") as disclosed in Note 15.

Principal activities

The Company's principal activity, which is unchanged from last year, is the holding of investments, including any interest earning activities.

2 Summary of significant accounting policies

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

Basis of preparation

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), and the requirements of the Cyprus Companies Law, Cap. 113.

The separate financial statements have been prepared under the historical cost convention.

The Company has prepared these separate financial statements of the parent company for compliance with the requirements of the Cyprus Income Tax Law and the Disclosure Rules and Transparency Rules as issued by the Financial Conduct Authority of the United Kingdom.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2017 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting and IFRS 14 "Regulatory Deferral Accounts".

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. There were no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. According to the estimations of management no significant differences are expected in relation to provisions for income tax that have been recognised.

Consolidated financial statements

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113 for the Company and its subsidiaries (collectively the "Group"). A copy of the consolidated financial statements is available to the members, at the Company's registered office and at the Company's website at www.rusagrogroup.ru.

Users of these separate financial statements of the parent company should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2017 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

New Standards, interpretations and amendments adopted by the Company

During the current year the Company adopted all the new and revised International Financial Reporting Standards that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company relevant to its parent company financial statements.

New Standards, interpretations and amendments, not yet adopted by the Company

At the date of approval of these financial statements, a number of new standards and amendments to standards and interpretations were issued by the International Accounting Standards Board but were not yet effective:

i. Adopted by the European Union

New standards

- IFRS 15 "Revenue from Contracts with Customers" (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018; EU effective date 1 January 2018).

- IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018; EU effective date 1 January 2018).

- IFRS 16 "Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019, EU effective date 1 January 2019).

2 Summary of significant accounting policies (continued)

New Standards, interpretations and amendments, not yet adopted by the Company (continued)

i Adopted by the European Union (continued)

Amendments

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 (EU effective date 1 January 2018) for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).

Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018; EU effective date 1 January 2018).

ii. Not yet adopted by the European Union

New standards

- IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016).
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

Amendments

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018 for amendments to IFRS 1 and IAS 28).
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRSs 2015-2017 cycle - amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).

The Company's management assesses the impact of new standards and interpretations at the point when these are endorsed by the European Union. As a result the impact of the above new standards and interpretations that have not been endorsed by the European Union has not been assessed.

2 Summary of significant accounting policies (continued)

Revenue recognition

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

(i) Interest income

Interest income is recognised when it is probable that benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognized on a time-proportion basis using the effective interest method.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Russian Rouble (RR) which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses are presented in profit or loss within "Other operating gains/ (losses) – net".

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated in the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Financial assets

(i) Classification

The Company classifies its financial assets in the category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's loans and receivables comprise “trade and other receivables” and “cash and cash equivalents” in the balance sheet.

(i) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables and held to maturity financial assets are carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(iii) Impairment of financial assets

The Company assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Investment in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity whom the Company is exposed to or has the rights to variable returns through its power over the entity. In its parent company financial statements, the Company carries the investments in subsidiaries at cost less any impairment.

For subsidiaries which are acquired as a result of reorganisation of the group structure in a manner that satisfies the following criteria:

(a) the new parent obtains control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent;

(b) the assets and liabilities of the new group and the original group are the same immediately before and after the reorganisation;

2 Summary of significant accounting policies (continued)

Investment in subsidiaries (continued)

(c) the owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the reorganisation,

(d) the Company measures cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganization. The difference between this investment cost and the legally issued share capital and share premium of the Company is recorded in other reserves.

The Company recognises income from investments in subsidiaries to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of investment.

Share-based payment transactions in subsidiary undertakings

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity financial statements.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Any excess of the fair value of consideration received over the par value of shares issued is recognized as share premium. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Treasury shares

Where the Company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners until the equity instruments are cancelled, reissued or disposed of. Where such equity instruments are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

Transactions with equity holders

The Company enters into transactions with its shareholders. When consistent with the nature of the transaction (i.e. when these transactions are not at arm's length prices), the Company's accounting policy is to recognise any gains or losses with equity holders, directly through equity and consider these transactions as the receipt of additional capital contribution or the distribution of dividends. Similar transactions with non-equity holders, or parties which are not under the control of the parent company, are recognised through the income statement in accordance with IAS 39, Financial Instruments - Recognition and Measurement. The Company believes that this policy provides a fair representation of the Company's activities.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved, appropriately authorised and are no longer at the discretion of the Company.

More specifically, interim dividends are recognised as liability in the period in which these are approved by the Board of Directors and in the case of final dividends, they are recognised in the period in which these are approved by the Company's shareholders.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2 Summary of significant accounting policies (continued)

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. For financial guarantees provided to related parties other than its direct subsidiaries the difference between the fair value of the financial guarantee and the fee received is treated as an expense. For financial guarantees provided to direct subsidiaries the difference between the fair value of the financial guarantee and the fee received is included in the cost of the investment. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in profit or loss the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to profit or loss in 'other operating gains/(losses) – net'.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in bank and in hand and deposits held at call with banks with maturities of three months or less.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The risk management policies employed by the Company to manage these risks are discussed below.

The Company attracts and provides financing and receives services denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollar and Euro.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk**

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

At 31 December 2017, if the Russian Rouble had weakened/strengthened by 10% (2016: 10%) against the US dollar and/or against the Euro, with all other variables held constant, no significant foreign exchange risk arises.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from interest-bearing assets and long-term borrowings. Interest-bearing assets and borrowings at variable rates expose the Company to cash flow interest rate risk. Interest bearing assets and borrowings issued at fixed rates expose the Company to fair value interest rate risk due to fluctuations in the market value of balances.

At 31 December 2017 and 2016, any potential change in market interest rates will not impact the carrying rate of financial instruments with fixed interest rate, and so neither the profit or loss for the year and equity, as these are carried at amortised cost.

As at 31 December 2017 and 2016, the Company is subject to cash flow interest rate risk due to the variable rate of Russian Government Long-Term Federal Loan obligation rate ("GKO-OFZ") plus 3,00% but not higher than 9,00% on the loan receivable from a related party (Note 19). As at 31 December 2017 and 2016, if the variable interest rate on the loan receivable from a related party had been 0.1% higher/lower with all other variables held constant, this would not have a material effect on the Company's post-tax profit for the year.

The Company's management closely monitors the interest rate fluctuations on a continuous basis, and frequently performs a detailed analysis of the Company's asset and liability structure.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk**

Credit risk represents the risk of losses for the Company owing to default of counterparties on obligations to transfer to the Company cash and cash equivalents and other financial assets.

For minimisation of credit risk related to cash and cash equivalents the Company places cash in financial institutions which at the moment of the transaction have the minimum risk of a default.

The Company's maximum exposure to credit risk at the reporting date without taking account of any collateral held is as follows:

	31 December 2017	31 December 2016
Short-term financial assets		
Cash and cash equivalents (Note 12)	2,807	1,110
Loans receivable from subsidiary (Note 7)	16,228,454	21,461,969
Financial assets within trade and other receivables (Note 11)	4,233	4,748
Total short-term financial assets	**16,235,494**	**21,467,827**

See Note 10 for further disclosure in credit risk.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year
At 31 December 2017	
Trade and other payables (Note 17)	7,481,161
Commitment to provide funds to subsidiaries (Note 19)	463,470
Financial Guarantee (Note 19)	2,780,000
Total	**10,724,631**

	Less than 1 year
At 31 December 2016	
Trade and other payables (Note 17)	6,245
Commitment to provide funds to subsidiaries (Note 19)	2,066,424
Financial Guarantee (Note 19)	2,780,000
Total	**4,852,669**

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company does not have a quantified target level of shareholders' return or capital ratios.

3 Financial risk management (continued)

(iii) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

As at 31 December 2017 and 2016, there were no financial assets measured at fair value.

4 Interest Income

	Year ended 31 December 2017	Year ended 31 December 2016
Interest income on bank deposits	5,234	823
Interest income on loans issued (Note 19)	1,130,732	909,750
Total interest income	**1,135,966**	**910,573**

5 Other operating gains/(losses) – net

	Year ended 31 December 2017	Year ended 31 December 2016
Net foreign exchange gains/(losses)	(226,673)	(1,829,706)
Liquidation/impairment of subsidiaries (Note 13)	(1,883,610)	-
Other operating income	7,177	512
Total other operating gains/(losses) – net	**(2,103,106)**	**(1,829,194)**

6 Expenses by nature

	Year ended 31 December 2017	Year ended 31 December 2016
Key management personnel compensation (Note 19)	19,285	24,559
Other personnel remuneration (including social insurance costs)	1,978	2,647
Auditor's remuneration – statutory auditor	1,864	1,714
Legal, consulting and other professional fees	12,291	15,863
Bank charges	2,229	6,145
Other tax expenses	8,818	3,551
Travelling expenses	1,528	2,286
Rent and other office expenses	172	206
Total administrative expenses	**48,165**	**56,971**

The average number of employees employed by the Company during the year ended 31 December 2017 was 1 (1 for the year ended 31 December 2016).

6 Expenses by nature (continued)

The total fees charged by the Company's statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2017 amounted to RR 1,864 (2016: RR 1,714). The total fees charged by the Company's statutory auditor for the year ended 31 December 2017 for tax advisory services amounted to RR 1,385 (2016: RR 993) and for other non-assurance services amounted to RR nil (2016: RR 1,949).

7 Loans receivable

	Year ended 31 December 2017	Year ended 31 December 2016
Current		
Loans issued to related parties (Note 19)	16,228,454	21,461,969
Total	**16,228,454**	**21,461,969**

Currency	Year ended 31 December 2017	Year ended 31 December 2016
USD	-	6,219,002
RUB	16,228,454	15,242,967
Total	**16,228,454**	**21,461,969**

The carrying amount of short-term loans receivable approximate their fair value, as the impact of discounting is not significant.

None of the loans receivable is either past due or impaired.

8 Income tax expense

	Year ended 31 December 2017	Year ended 31 December 2016
Current tax:		
Withholding tax	-	-
Corporation tax	28,170	23,238
Total income tax	**28,170**	**23,238**

The tax on Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	Year ended 31 December 2017	Year ended 31 December 2016
Profit before tax	2,823,649	289,408
Tax calculated at the applicable corporation tax rate of 12.5%	352,956	36,176
Tax effect of expenses not deductible for tax purposes	267,394	233,274
Tax effect of allowances and income not subject to tax	(592,180)	(246,212)
	28,170	**23,238**

The Company is subject to income tax on taxable profits at the rate of 12.5%. Dividend income received by the Company's investment in OJSC Rusagro Group, is subject to a 5% withholding tax deducted at source. Brought forward losses of only five years may be utilised.

8 Income tax expense (continued)

Under certain conditions, interest may be exempt from income tax and only subject to special defence contribution at the rate of 30%. In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures etc.) are exempt from Cyprus income tax.

9 Financial instruments by category

31 December 2017	**Loans and receivables**	**Total**
Assets as per balance sheet		
Cash and cash equivalents (Note 12)	2,807	2,807
Loans issued to related parties (Note 7)	16,228,454	16,228,454
Other receivables	17	17
Total	**16,231,278**	**16,231,278**

Liabilities as per balance sheet	**Other financial liabilities at amortised cost**	**Total**
Trade and other payables (Note 17)	7,481,161	7,481,161
Total	**7,481,161**	**7,481,161**

31 December 2016	**Loans and receivables**	**Total**
Assets as per balance sheet		
Cash and cash equivalents (Note 12)	1,110	1,110
Loans issued to related parties (Note 7)	21,461,969	21,461,969
Other receivables	471	471
Total	**12,595,723**	**12,595,723**

Liabilities as per balance sheet	**Other financial liabilities at amortised cost**	**Total**
Trade and other payables (Note 17)	6,245	6,245
Total	**6,245**	**6,245**

10 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Fully performing trade and other receivables Counterparties without external credit rating	**31 December 2017**	**31 December 2016**
Group 1	16,228,454	21,461,969
Group 2	17	471
Total	**16,228,471**	**21,462,440**

10 Credit quality of financial assets (continued)

Cash at bank		**31 December 2017**		**31 December 2016**	
Banks	**Rating Agency**	**Rating**	**Balance**	**Rating**	**Balance**
Credit Suisse AG	Moody's	A1	899	A1	685
Bank of Cyprus	Moody's	Caa1	342	Caa2	150
Renaissance Securities (Cyprus) Limited	Moody's	n/a	-	B3	68
Sberbank Switzerland	Moody's	Ba2	1,566	Ba2	207
Total			**2,807**		**1,110**

Group 1 – Loans receivable from related parties with no defaults in the past.

Group 2 – Other receivables with no defaults in the past.

11 Trade and other receivables

	31 December 2017	**31 December 2016**
Other receivables	17	471
Prepayments to Director (Note 19)	4,216	4,277
Total trade and other receivables	**4,233**	**4,748**

The fair values of trade and other receivables approximate their carrying amounts.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

12 Cash and cash equivalents

	31 December 2017	**31 December 2016**
Cash at bank	2,807	1,110
Total cash and cash equivalents	**2,807**	**1,110**

Cash and cash equivalents are denominated in the following currencies:

	31 December 2016	**31 December 2016**
USD	1,478	758
Euro	747	352
Russian Rouble	582	-
Total cash and cash equivalents	**2,807**	**1,110**

Non-cash transactions

The principal non-cash transaction during 2017 related to:

On 31 December 2017, the Company and Limeniko Trade and Invest LLC ("Limeniko") entered into an agreement where they have mutually agreed to partially offset a payable due from the Company to Limeniko amounting to RR 7,910,568 (Note 13) against a loan receivable due from Limeniko to the Company of the same amount as at the date of agreement (Note 19).

There were no non-cash transactions during the prior year.

13 Investments in subsidiaries

	Takelima Enterprises Limited	Limeniko Trade & Invest. Limited	OJSC Rusagro Group	Zernovoy Soyuz**	Total
1 January 2016	**-**	**8,070,827**	**3,679,595**	**-**	**11,750,422**
Additions	-	-	-	476,817	**476,817**
Share-Based Remuneration (Note 19)	-	-	4,026	-	**4,026**
At 31 December 2016/1 January 2017	**-**	**8,070,827**	**3,683,621**	**476,817**	**12,231,265**
Share-Based Remuneration (Note 19)	-	-	19,762	-	**19,762**
Additions	15,384,600	-	-	19,661	**15,404,261**
Liquidation/impairment of subsidiaries	(1,392,538)	-	-	(491,655)	**(1,884,193)**
At 31 December 2017	**13,992,062**	**8,070,827**	**3,703,383**	**4,823**	**25,771,095**

During 2017, ZAO Sergeevskoye was liquidated and as a result the investment was written off for an amount of RR 182,222. An amount of RR 583 was received in cash as liquidation proceeds resulting to net impairement loss recognised in other operating gains/(losses)-net within statement of comprehensive income to RR 181,639 (Note 5).

During 2017, the Company has recognised impairment charges amounting to RR 231,567 thousand and RR 77,866 thousand against the cost of its investments in AO Turga and OAO Pogranichnoe respectively, as the Company does not expect to recover these amounts on its investments. AO Turga was placed under voluntary liquidation during 2017 and OAO Pogranichnoe was placed under voluntary liquidation in January 2018. AO Turga was liquidated in January 2018 whereas OAO Pogranichnoe is expected to be liquidated during 2018.

As at 31 December 2017, the Company has recognised an impairment charge amounting to RR 1,392,538 thousand against the cost of its investment in Takelima Enterprises Limited as the Company does not expect to recover in the future this amount.

On 12 December 2017, the Company acquired 100% of the share capital in Takelima Enterprises Limited from Limeniko Trade and Invest Limited for a total consideration of RR 15,384,600 thousand. An amount of RR 7,910,568 thousand has been offset against a loan receivable due from Limeniko Trade and Invest Limited (Note 12) and the remaining amount of RR 7,474,032 thousand remained outstanding as at 31 December 2017.

13 Investments in subsidiaries (continued)

The Company's interests in direct and indirect subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2017 % holding	2016 % holding
OJSC Rusagro Group*	Investment holding, financing	Russia	100	100
Limeniko Trade and Invest Limited*	Trading operations with goods and derivatives	British Virgin Islands	100	100
Takelima Entereprises Limited*	Financially	Cyprus		
LLC Group of Companies Rusagro	Investment holding, financing	Russia	100	100
LLC Rusagro- Sakhar	Sugar division trading company, sales operations	Russia	100	100
LLC Russagro- Belgorod (ex OJSC Valuikisakhar)	Beet and raw sugar processing	Russia	-	100
LLC Rusagro-Tambov	Beet and raw sugar processing	Russia	100	100
OJSC Krivets-Sakhar	Beet and raw sugar processing	Russia	100	98.8
CJSC Kshenskiy Sugar Plant	Beet and raw sugar processing	Russia	100	100
CJSC Otradinskiy Sugar Plant	Beet and raw sugar processing	Russia	100	100
OJSC Hercules	Buckwheat processing plant	Russia	100	82.9
OJSC Fats and Oil Integrated Works	Oil processing	Russia	100	100
CJSC Samaraagroprompererabotka SSaSSamaraagroprompererabotka	Oil extraction	Russia	100	100
OJSC Pugachevskiy elevator	Elevator	Russia	67.8	66.87
LLC Primorskaya Soya	Oil extraction and processing	Russia	75.0	75.0
LLC Kolyshleyskiy Elevator	Elevator	Russia	100	100
LLC Tambovsky Bacon	Cultivation of pigs	Russia	100	100
LLC Rusagro-Primorie	Cultivation of pigs	Russia	100	100
LLC Regionstroy	Construction for cultivation of pigs	Russia	100	-
LLC Rusagro-Invest	Agriculture	Russia	100	100
LLL Rusagro-Moloko	Agriculture	Russia	100	100
LLC Agrotehnology	Agriculture	Russia	100	100
CJSC Primagro	Agriculture	Russia	100	100
OJSC By General Vatutin	Agriculture	Russia	66.47	59
LLC Kshenagro	Agriculture	Russia	100	100
LLC Otradaagroinvest	Agriculture	Russia	100	100
LLC Alekseevka-Agroinvest	Agriculture	Russia	-	100
ZAO Sergeevskoye*	Agriculture	Russia	-	100
AO Turga *	Agriculture	Russia	100	100
OAO Pogranichnoe *	Agriculture	Russia	100	100
Takelima Enterprises Limited	Investment holding, financing	Cyprus	100	-
LLC Rusagro-Center	Beet and raw sugar processing	Russia	100	100
LLC Rusagro-Belgorod	Beet and raw sugar processing	Russia	100	-
LLC Rusagro-Milk	Agriculture	Russia	100	100
LLC SPU Rusagro-Semena	Agriculture	Russia	100	75
LLC Armada-Lend	Agriculture	Russia	100	-
LLC Georitm	Agriculture	Russia	100	-
LLC Lendlord	Agriculture	Russia	100	-
LLC Otradaagro	Agriculture	Russia	100	-
LLC Soyuzsemsvekla	Agriculture	Russia	50	-
LLC Kolyshleyskiy Elevator	Agriculture	Russia	100	100

* Subsidiaries held directly from the Company.

** As of 31 December 2016, Zernovoy Soyuz consisted of ZAO Sergeevskoye, AO Turga and OAO Pogranichnoe.

14 Borrowings

	Year ended 31 December 2017	Year ended 31 December 2016
Current		
Loans received from related parties (Note 19)	4,485,170	-
Total	**4,485,170**	**-**

Borrowings are denominated in Russian Rouble.

The carrying amount of short-term borrowings approximate their fair value, as the impact of discounting is not significant.

15 Share capital and share premium

	Number of issued shares	Share capital	Share premium	Total
1 January 2016	24,000,000	9,734	10,565,973	**10,575,707**
Issue of shares (net of issue related costs)	3,333,333	2,535	16,406,906	**16,409,441**
At 31 December 2016/1 January 2017/31 December 2017	27,333,333	12,269	26,972,879	**26,985,148**

At 31 December 2017 and 2016, the authorised share capital consisted of 60,000,000 ordinary shares with par value of Euro 0.01 each.

SPO

On 5 May 2016 the Company successfully completed a secondary public offering (hereinafter "SPO") of global depositary receipts (hereinafter "GDRs"). The SPO included an offering by the Company of 16,666,665 of GDRs with every five GDRs representing an interest in one ordinary share of the Company. The offering price was USD 15 per GDR (the equivalent of USD 75 per ordinary share).

As a result of the SPO, the Company issued 3,333,333 ordinary shares of par value EUR 0.01 each at the price of USD 75 per share. These shares were fully paid in the amount of USD 250 million resulting in an increase of share capital and share premium by RR 2,535 and RR 16,406,906 net of an amount of RR 133,507 out of the total expenses directly attributable to the new shares issued.

Treasury shares

On 25 August 2011 the Board unanimously resolved that it is in the best interest of the Company to buy back GDRs from the market for the total amount of up to USD 10 million increased to up to USD 30 million via subsequent Board's decision on 17 July 2012.

At 31 December 2017 the Company held 2,172,368 of its own GDRs (approximately 434,474 shares) that is equivalent to RR 491,978, representing 1.6% of its issued share capital. At 31 December 2016, the Company held 2,205,982 of its own GDRs (approximately 441,196 shares) that is equivalent to RR 499,590, representing 1.6% of its issued share capital.The GDRs are held as 'treasury shares'.

During 2017 and 2016 the Company did not buy back any of its own GDRs from the market.

In 2017 the Company transfer 33,614 of its own GDRs (approximately 6,723 shares) from those held as treasury shares to employees of the Group (Note 19) that is equivalent to RR 7,612 representing 0.02% of the issued share capital. Further the Company received a cash consideration amounting to RR 6,664 for 8,678 GDRs.

15 Share capital and share premium (continued)

Treasury shares (continued)

In 2016 the Company sold 6,666 of its own GDRs (approximately 1,333 shares) from those held as treasury shares that is equivalent to RR 6,290 representing 0.005% of the issued share capital.

16 Other reserves

	Share based payment reserve	Other reserves	Total
1 January 2016	**1,295,213**	**(16,272)**	**1,278,941**
Share Based Remuneration for services provided to subsidiaries (Note 19)	4,026	-	4,026
At 31 December 2016/1 January 2017	**1,299,239**	**(16,272)**	**1,282,967**
Share Based Remuneration for services provided to subsidiaries (Note 19)	8,949	-	8,949
At 31 December 2017	**1,308,188**	**(16,272)**	**1,291,916**

17 Trade and other payables

	31 December 2017	31 December 2016
Other payables	2,888	3,515
Payables to Directors (Note 19)	2,592	2,730
Payables to related parties (Note 19)	7,475,681	-
Total	**7,481,161**	**6,245**

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

18 Contingencies

Operating environment

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy was growing in 2017, after overcoming the economic recession of 2015 and 2016. The economy is negatively impacted by low oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals. The financial markets continue to be volatile.

This operating environment may have a significant impact on the Group's operations and consequently on the Group's and Company's financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Guarantees granted to subsidiaries

Refer to Note 19 for details of guarantees granted to subsidiaries.

19 Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

As at 31 December 2017 and 2016, the ultimate controlling party of the Company is Mr. Vadim Moshkovich (the "Owner"), who controls 71% of the total issued shares.

Related parties of the Company fall into the following categories:

1. Entities controlled by the Owner and subsidiaries;
2. Members of the Board of Directors and Key Management Personnel.

1. Entities controlled by the Owner and subsidiaries

Other payables – subsidiaries	31 December 2017	31 December 2016
Total at the year ended	7,475,681	-

Loans received - subsidiaries	31 December 2017	31 December 2016
At 1 January	-	-
Loans received during the year	4,474,883	-
Interest expense	10,287	-
At 31 December	**4,485,170**	**-**

On 15 December 2017, a loan facility was provided to the Company from Takelima Enterprises Limited amounted to RR 6,000,000. This loan bears interest of 7%, is unsecured and repayable on demand, but not later than 1 July 2018. As at 31 December 2017 the undrawn balance was RR1,525,117.

Loans issued – subsidiaries	31 December 2017	31 December 2016
At 1 January	21,461,969	8,669,802
Loans issued during the year	10,539,025	21,423,330
Foreign exchange difference	(351,681)	(1,860,393)
Loans offset against payable (Note 12)	(7,910,568)	-
Loans repaid	(7,331,826)	(7,234,040)
Interest income	1,130,732	909,750
Interest repaid	(1,309,197)	(446,480)
At 31 December	**16,228,454**	**21,461,969**

On 1 June 2015, a loan facility was provided to Limeniko Trade and Invest Limited ("Limeniko") in the amount of up to US Dollar 120,000,000. On 21 February 2017, the Company entered into agreement to increase the total facility amount for up to US Dollar 200,000,000 effective from 17 August 2015. This loan bore interest of 0.15%, was unsecured and repayable on demand, but not later than 31 December 2017. As at 31 December 2016, the undrawn balance was RR1,147,033. As at 31 December 2017, the loan has been fully repaid through an offset agreement (Note 12).

19 Related party transactions (continued)

1. Entities controlled by the Owner and subsidiaries (continued)

On 5 May 2016, a loan facility was provided to Rusagro Group LLC in the amount of up to RR 18,500,000. This loan is denominated in RR, unsecured, bears the variable rate of long-term "GKO-OFZ" rate plus 3,00%, but not more than 9,00% in total and is repayable on demand but not later than 31 December 2020. As at 31 December 2017, the undrawn balance was RR 463,470 (2016: 919,391)

Dividend income	31 December 2017	31 December 2016
Subsidiaries	3,849,241	1,265,000

Guarantees granted to subsidiaries

During 2015 the Company granted a corporate guarantee covering the non - performance by an indirect subsidiary of the Company in respect of a bank loan for the total amount of RR 2,780.000. The guarantee was provided free of charge and is valid until 26 November 2031. The fair value on initial recognition was not recognized as the Board of Directors estimates that the effect on the Company's financial statements is not significant.

2. Members of the Board of Directors and Key Management Personnel

Share-Based Remuneration

In 2014 the Group initiated a share option incentive scheme for its top-management. Under this scheme the employees will be granted GDRs of the Company provided they remain in their position up to a specific date in the future. The amount of GDRs granted will be dependent on the average market prices of GDRs for the period preceding this date.

In 2017 GDRs of the Company amounting to RR 7,612 were transferred the employees of the Group under the share option incentive scheme initiated by the Group in 2014.

In 2017 the Group initiated a new share option incentive scheme for its top-management. Under this scheme the employees will be granted GDRs of the Company provided they remain in their position up to a specific date in the future. The amount of GDRs granted will be dependent on the average market prices of GDRs for the period preceding this date.

Amounts recognised under both option schemes for the year ended 31 December 2017 in the net amount of RR 8,949 (2016: RR 4,026) are presented under the heading "Investments in subsidiaries" in the Balance Sheet with a corresponding increase in equity for services rendered by top-management of the Group to OJSC Rusagro Group.

As at 31 December 2017, the share-based payment reserve accumulated in equity as a result of the share-based payment transactions amounted to RR 1,308,188 (31 December 2016: RR 1,299,239).

19 Related party transactions (continued)

2. Members of the Board of Directors and Key Management Personnel (continued)

Key management personnel compensation

In respect of the year ended 31 December 2017, key management personnel compensation included in administrative expenses comprised of Directors' compensation totaling RR 19,285 (2016: RR 24,559).

Payables to Directors

As at 31 December 2017 the total payables to Directors were RR 2,592 (2016: RR 2,730). These are unsecured, bear no interest and are repayable on demand.

Prepayments to Directors

As at 31 December 2017 the total prepayment to Directors were RR 4,216 (2016: RR 4,277) and relate to remuneration advanced to a Director for his services offered to the Company in this capacity as a Director of the Company.

19 Events after the balance sheet date

During 2018, the direct subsidiary of Company AO Turga has been liquidated.

Subsequent to the year ended 31 December 2017, the Board of Directors recommends the payment of additional dividends out of the profits for the year 2017 and prior years' undistributed reserves to the amount of RR 2,224,024. Given that the Company has already paid interim dividends for the first half of 2017 to the amount of RR 1,861,815, the total dividend out of the profits for 2017 and prior years' undistributed reserves amounts to RR 4,085,839. The dividend per share will be fixed at the dividend record date set on 13 April 2018. The proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect the dividends that have not been approved on the reporting date.

There were no other material post balance sheet events occurring after the end of the reporting period requiring disclosure in these parent company financial statements.

Independent Auditor's Report on pages 8 to 13.