DonAgro

Providing Food Security Through Innovation

ANNUAL REPORT 2021

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Chairman's Message

> Food is not only a vital commodity, but a basic human right. Recently, the world has been facing global challenges associated with the geopolitical situation, economic diversification and market reorientation. These events have made food security and scarcity more sensitive issues than ever.

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Don Agro International Limited (the "Company" or "Don Agro") and its subsidiaries (collectively the "Group"), it is my pleasure to present to you our annual report for the financial year ended 31 December 2021 ("FY2021").

Food is not only a vital commodity, but a basic human right. Recently, the world has been facing global challenges associated with the geopolitical situation, economic diversification and market reorientation. These events have made food security and scarcity more sensitive issues than ever. The demand for wheat and other commodities has been rising over the last few years and is now extremely high. The Group plays a constant role in meeting this demand by raising yields, increasing the land bank and improving overall business operations. Don Agro's outstanding FY2021 results prove this with an all-time high of about $10.3m in net profit.

During 2021, we dedicated ourselves to finding and implementing solutions for making our business operations not only efficient but also sustainable and in compliance with the ESG principles. We truly believe in the smart farming concept and see the future for it. With that said, I would now like to share some of the key initiatives.

Expanding our Land Bank

In agriculture, the amount of land is a key factor for growing and further developing business. We have been continuously committed to expanding the Group's land bank, making it our first priority.

In 2021, Don Agro entered into a sale and purchase agreement for a 100.0% stake in Rav Agro Rost LLC ("Rav Agro Rost"). This agricultural company focuses on both crop and milk production. It operates a controlled land bank of approximately 4,100 hectares, 3,220 hectares of them arable, within the Rostov Region's Millerovo District. Rav Agro Rost's controlled land bank has common borders with the Group's main operating division. This area is rich in fertile black soil and experiences stable, predictable weather conditions best suited for producing crops such as winter wheat and sunflower.

Following the acquisition of Rav Agro Rost, the Group now controls an enlarged land bank of approximately 67,340 hectares, representing a 6.5% increase from a high base of 63,240 hectares.

Since 2020, Don Agro has increased its land bank by 26% or 14,100 hectares. For comparison, in 2009, when the Group was incorporated, it owned around 3,500 hectares. We will continue following the prospectus strategy. We aim to increase our land bank by acquiring land or similar businesses located near our current operations or close to ports.

Ensuring Food Security

In FY2021, Don Agro achieved a record yield of 97,525 tonnes of total crops harvested, including 72,300 tonnes of winter wheat and 19,000 tonnes of sunflower. The 8,900 tonne growth in crops harvested compared to FY2020 results was driven by land bank acquisitions and use of innovative technologies.

Rav Agro Rost alone contributed up to 3,100 tonnes of winter wheat and 1,540 tonnes of sunflower. With increased quality and amount of fertilisers, and investments in machinery, Don Agro also managed to upgrade the wheat class from 12.5% protein content to 13.5%, which involved a steep increase in costs.

Speaking of the Group's dairy segment, Don Agro started co-operating with the world's top producers of animal nutrition such as Cargill and Koudijs MKorma (De Heus). This collaboration is expected to make dairy farming more efficient by boosting milk yields, improving animal health and driving cost efficiency.

FY2021 revenues were marginally lower by $0.1m or 0.3%. The major reason for this was that a significant part of the harvested crops remained unsold during the year in expectation of elevated sales prices in FY2022.

We at Don Agro are proud of contributing to the agricultural sector, which is an important pillar for global food security and human wellbeing. We will continue playing our role by producing commodities and implementing green technologies for the Group's sustainable development.

GreenTech and Sustainable Development

As mentioned at the beginning, 2021 was a year of innovations at Don Agro. The Group launched pilot projects with startups and companies sharing our vision of agriculture's future.

In 2021, we made our first step toward eco-friendly products and solutions by allocating 11.0 hectares for organic wheat cultivation. This year we are planning to expand the organic grain area to 44.0 hectares.

The Group continued pursuing its aspirations in developing the ESG direction by adopting AI-powered autonomous driving technology. Cognitive Agro Pilot™, an Artificial Intelligence-based autonomous driving system for agricultural machinery, was installed in Don Agro crop harvesters. The technology estimates the geometry of crop edges and controls the harvester's movement with consistent precision to improve harvesting efficiency. Early estimates show a 5% reduction in consumption of fuel and in carbon dioxide emissions.

One more innovative solution was applied in a joint project with Smart Polymorph Technologies. This company produces well-known plant growth bio-stimulants that have been modified into new crystalline and amorphous forms using the latter's polymorphic modification technology. This helps achieve maximum crop yields at a minimum cost.

Last but not least, GreenTech upgrade was made with the Octaviana startup, which produces a new generation of fertilisers called Live Soil™. The main ingredient is sapropel, also known as bio deposit. This is freshwater, organic-rich mud sediment consisting of the remains of plankton, water plants and other marine-dwelling organisms and it is the same mud that is used for balneological treatments. It is an immunity booster and a bio-stimulator for plant growth, which also increases the protein content in wheat.

Don Agro will continue exploring innovative solutions for agriculture and we are always open to innovative, advanced ideas.

Growth Strategies

We are actively exploring opportunities for mergers and acquisitions, joint ventures and strategic alliances with foreign companies. We are looking to expand our network and learn from our business partners. Within the CIS countries, we are seeking suitable opportunities for expanding onto other high-growth regional markets by leveraging on our expertise and experience.

Our near-term growth plans also include expanding our arable land bank by acquiring similar businesses or arable land. We intend to focus our acquisition of land on plots close to our current operations and/or to ports.

Outlook

The Food Price Index from the Food and Agriculture Organization of the United Nations ("FAO") averaged 140.7 points in February 2022[1], up by 5.3 points (3.9%) from January and as much as 24.1 points (20.7%) year on year. This represents a new all-time high, exceeding the previous peak of February 2011 by 3.1 points. The biggest influence was the increase in prices of cereals, vegetable oil and dairy products. Don Agro is engaged in all three of these businesses.

Wheat prices touched a 14-year peak of $12.09 a bushel on 4 March 2022[2]. This showed the importance of a strong global supply chain, as well as the need for food exporters to have silo storages closer to high-growth markets.

In response to the rising demand for commodities, Don Agro's FY2022 harvest is expected to be bigger in view of the increased acreage for winter wheat and use of new fertilisers.

As for the current geopolitical situation, Don Agro does its best to adapt to constantly changing conditions. Even so, we predict issues in procuring new machinery and technical equipment in the near future, so we are investing preventively in these now, in order to have a significant reserve.

None of the Group, its subsidiaries or its associated companies and its substantial shareholders, directors or executive officers, are on the global sanction lists (including US Sanctions, EU Sanctions and UN Sanctions) or have been engaged in any sanctioned activities.

Russia and Ukraine account for approximately 30% of global wheat exports. Our strategy is to expand the land bank, explore new business opportunities and markets, and implement new technologies for the sake of the Group's sustainable development. The demand for food will always increase owing to the ever-growing population.

Rewarding our Shareholders

The Board is confident that the Group will be able to fulfil its near-term obligations, including bank loans and payables to suppliers. Considering the events associated with Russia and Ukraine, in order to conserve the Group's liquidity, in the interests of both the Group and shareholders, the Board is not recommending a final dividend for FY2021.

Appreciation

On behalf of the Board, I would like to thank our loyal and esteemed shareholders for their confidence and belief in our management team as we work to achieve long-term investor value by implementing our strategies and vision for the future. I would also like to thank our respected stakeholders, including our customers, suppliers and business associates, for their continued support. And, of course, I express our joint gratitude to our employees for their dedication, great everyday job, creativity and commitment to operational excellence. Without your support, our FY2021 results and progress would have been beyond our reach.

EVGENY TUGOLUKOV
Executive Chairman
14 April 2022

1 *https://www.fao.org/worldfoodsituation/foodpricesindex/en/*
2 *https://www.reuters.com/business/commodity-prices-fly-sanctions-disrupt-russian-exports-2022-03-04/*

Board of Directors

EVGENY TUGOLUKOV

Executive Chairman

Evgeny Tugolukov is our Executive Chairman. He was appointed to our Board on 28 November 2018 and is responsible for setting and executing the strategic directions and expansion plans for the growth and development of our Group.

He has over 20 years of experience holding top management positions in various financial and industrial groups. Evgeny Tugolukov began his career in 1993 when he joined MDM Bank, one of the largest private banks in Russia, before going on to build up and manage several sizable holdings. In 2005, he formed EMAlliance Public JSC ("EMAlliance") where he served as chairman of the board of directors until 2007, developing it into one of Russia's largest power machine-building companies. In 2008, he founded Strongbow Investments Pte Ltd ("Strongbow"), a Singapore-incorporated international holding company with a diverse range of investments in the areas of high-tech start-ups, entertainment, healthcare, real estate development and agriculture, and a strong geographical focus on Southeast Asia, Russia and Eastern Europe. He has been the managing director of Strongbow since 2012. From 2007 to 2011, Evgeny Tugolukov was a Member of Parliament of the State Duma of the Russian Federation, as well as the Chairman of the State Duma Committee on Natural Resources. He was also an honorary business representative with Enterprise Singapore, promoting bilateral trade and business relations between Singapore and Russia from 2014 to 2018. Evgeny Tugolukov graduated with a Diploma in Economics and Management from the Ural Federal University in 2000.

MARAT DEVLET-KILDEYEV

Chief Executive Officer

Marat Devlet-Kildeyev is our Chief Executive Officer and has been with our Group since 2012, when he was the chairman of the board of Don Agro JSC and Don Agro LLC. He became the general director of Don Agro LLC in 2014 and chief executive officer of Happy Cow in 2015. In 2017, he became the President of Don Agro LLC, in which capacity he was responsible for developing relationships with potential investors and foreign partners as well as evaluating foreign capital markets. He took on the same role in Tetra JSC in 2018 and was appointed to our Board on 28 November 2018. As Chief Executive Officer, he is responsible for directing and controlling the operations of the Group and its key operational subsidiaries. Marat Devlet-Kildeyev joined Barclays Bank of Canada in 1993 (which was subsequently acquired by Hong Kong Bank of Canada in 1995) where he was deputy treasury manager and head of leasing. He then joined Renaissance Capital Limited in 1998 as head of risk management and then chief financial officer for the company, before becoming the first deputy general director of the Renaissance Insurance Group LLC in 1999. He then joined a media company, Afisha Industries CJSC, as general director in 2001 before joining an investment holding company Rinaco JSC, as managing director in 2003. He subsequently joined a Rinaco JSC-managed engineering company, TKZManagement LLC, as general director in 2005, and EMAlliance as first deputy general director in 2005. In 2006, he became the chief operating officer of power and energy-focused, ESN JSC. He then joined an Aegis Media Russia-related media company, O.K Solutions LLC, as general director from 2007 to 2008, before joining the Moscow representative office of CTC-Media. Inc. as deputy general director and head of international broadcasting in 2009 until 2012. In 2013, he joined ProdAlliance Limited, which was managing the business of our Group, as head of representative office until 2018. Marat Devlet-Kildeyev graduated with a Diploma in Russian Linguistics and Teaching Russian for Foreigners from the Leningrad State University in 1987 and received his Master of Business Administration degree from the University of Toronto Faculty of Management in 1993.

RAVI CHIDAMBARAM

Lead Independent Director

Ravi Chidambaram is our Lead Independent Director and was appointed to our Board on 28 June 2019.

He is currently the president of investment banking firm, TC Capital Pte. Ltd. Ravi Chidambaram started his career as a financial analyst in the investment banking division of Kidder, Peabody & Co. in 1986. In 1989, he left to join Commerzbank AG as a credit officer in the international division, sovereign risk unit until 1991. In 1993, Ravi Chidambaram was an associate in the corporate finance department of Goldman Sachs until 1996 when he joined Deutsche Bank as a director in the investment banking group. In 1998, he joined Credit Suisse Securities (Europe) Limited as a director in the European telecommunications investment banking group until 1999 when he became a managing director of Bear Stearns and was head of the European technology investment banking group. Ravi Chidambaram left Bear Stearns in 2001 and became the president of TC Capital Pte. Ltd. in 2002. Ravi Chidambaram graduated with a Bachelor of Arts in Political Economy from Duke University in 1985 and was a Fulbright Scholar in Political Science at Kiel University from 1985 to 1986. He obtained his Master of Business Administration and Master of Arts degrees at the Wharton School and the Lauder Institute of the University of Pennsylvania in 1993.

Board of Directors

TAN HAN BENG
Independent Director

Tan Han Beng is our Independent Director and was appointed to our Board on 28 June 2019 (re-elected on 24 June 2020).

He is a Chartered Accountant (Singapore) with more than 20 years of professional financial experience. He is currently a Senior Vice President, Corporate Finance at UOB Kay Hian Pte Ltd. He is a Registered Professional licensed by the Singapore Exchange and also holds a Capital Markets Financial Advisory Services license issued by the Monetary Authority of Singapore. Han Beng was also with a Big Four accounting firm where he performed and led numerous financial, internal and special audit engagements.

EDWIN THAM SOONG MENG
Independent Director

Edwin Tham Soong Meng is our Independent Director and was appointed to our Board on 28 June 2019 (re-elected on 24 June 2020).

He is currently a consultant on English law and honorary partner at Danilov & Partners, as well as a general director of Kerensk Farm LLC, a property holding company. Edwin Tham Soong Meng joined Allen & Overy in 1997 as an associate where he was promoted to become the managing partner of the Moscow office and head of the global Russia practice group in 2011. He left Allen & Overy in 2015 before joining Danilov & Partners in the same year. Edwin Tham Soong Meng graduated with a Bachelor of Laws with Honours from the University of Nottingham in 1988 and is qualified as an English barrister-at-law and solicitor, Singapore advocate and solicitor and New York attorney.

Key Management Personnel

ARTUR NAZARYAN
Chief Financial Officer

Artur Nazaryan is our Chief Financial Officer and is responsible for the finance, accounting and taxation matters of our Group and has also been the Financial Advisor to Don Agro LLC since 2014.

Artur Nazaryan began his career in 2004 as an accountant in the receivables department of Zaslon LLC, where his responsibilities included controlling accounts receivables ledgers and preparing presentations for potential customers. He moved to CJSC KPMG's audit department in 2007 as auditor and audit supervisor, where he supervised audit and financial consulting engagements and prepared financial models and financial statements. In 2013, he joined Guardian Glass Rostov LLC, a float glass production company, as head of finance and was in charge of all manner of finance, including taxation, reporting, cash flow and working capital management and the development of management accounting systems. In 2014, he became the chief financial officer of ProdAlliance Limited until 2018. Artur Nazaryan graduated with Specialist Diploma in Organisation Management from the Southern Federal University in 2008. He has also been a member of the Association of Chartered Certified Accountants (ACCA) since 2015.

VADIM NOVIKOV
Chief Operating Officer

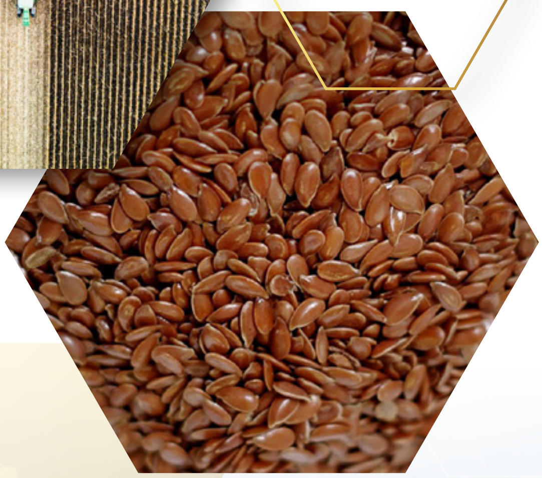
Vadim Novikov is our Chief Operating Officer and is responsible for overseeing the entire operations of our Group and has been the General Director of Tetra JSC and Don Agro JSC since 2012 and 2014, respectively. Vadim Novikov started his career in 2001 as a legal counsel at Law Firm JSC JurCon, a local Russian law firm specialising in advising corporate clients in the power and energy sectors. He moved to an investment company, JSC Rinaco, as a legal counsel in 2003, and provided legal support in corporate and share capital transactions. In 2005, he joined EMAlliance where he was legal counsel, head of corporate and deputy head of tax and legal. Thereafter, Vadim Novikov joined ProdAlliance Limited in 2013 as legal counsel providing legal support for its investment activities until 2018. Vadim Novikov obtained his Diploma with Honours in Law from the Ural State Law University (formerly known as Ural State Law Academy) in 2001.

Financial Review

FINANCIAL PERFORMANCE REVIEW

REVENUE

The revenue for FY 2021 slightly decreased by approximately $0.1 million or 0.3%, from $31.0 million in FY2020 to $30.9 million in FY2021. The decrease is mainly attributable to a decrease in the revenue from sale of crops of approximately $0.5 million. The major reason is that significant portion of harvested crops was not sold within the financial year in an expectation of higher prices in the next financial year. The decrease in revenue from sales of crops is partially offset by higher sales of livestock and milk in FY2021. Sales of milk and livestock increased by approximately $0.4 million due to slight increase in milk's price.



COST OF SALES

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

BARGAIN PURCHASE FROM ACQUISITION OF SUBSIDIARY

The bargain purchase from acquisition of subsidiary increased by $2.6 million or 100% in FY 2021. The increase is mainly attributable to the excess net assets acquired compared to the consideration paid for the acquisition of subsidiary LLC Rav Agro-Rost. For details, please refer to note 30.

GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE

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

Financial Review

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit decreased by approximately $2.7 million from approximately $14.6 million in FY2020 to approximately $11.9 million in FY2021. The decrease is mainly attributable to: (i) decrease in the revenue from sale of crops production of approximately $0.5 million mainly due to a significant portion of harvested crops not sold within the financial year in an expectation of higher prices in the next financial year, which was partly offset by the increase in the sale of winter wheat due to higher volume of winter wheat harvested in FY2020 and sold in FY2021; and (ii) increase in cost of sales of approximately $3.4 million mainly due to an increase in sales volume of winter wheat, higher manpower costs and depreciation costs which was partly offset by an increase in the gain from change in fair value of biological assets and agricultural produce of approximately $0.7 million.

ADMINISTRATIVE EXPENSES

OTHER OPERATING INCOME, NET

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

FINANCE INCOME

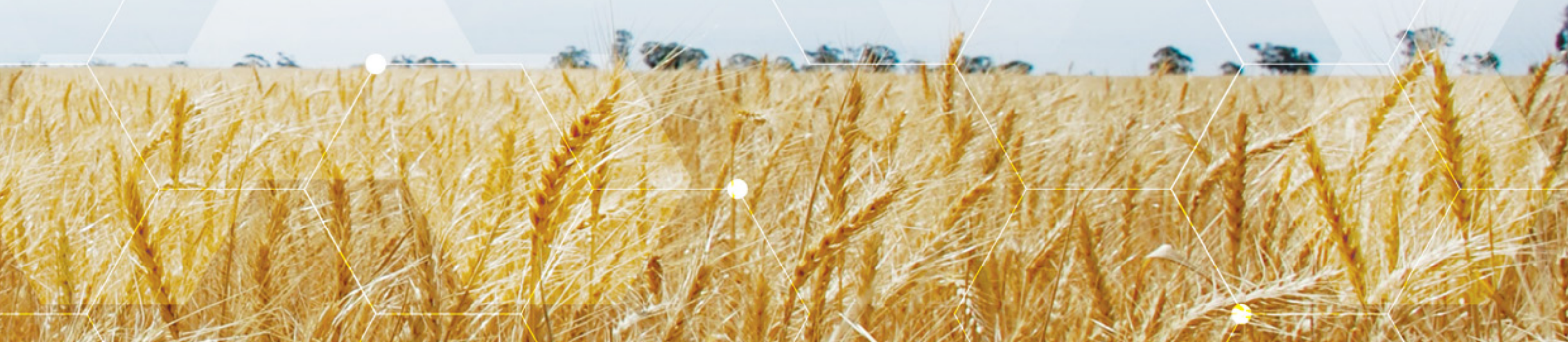
Finance income increased by approximately S$0.1 million or 112.2% from approximately S$0.1 million in FY2020 to approximately S$0.2 million in FY2021 due to change in lease liabilities as result of increase in prices of agricultural produce given to the landlords as a rent-in-kind.

FINANCE COSTS

Finance costs increased by approximately S$0.2 million or 12.5% from S$0.8 million in FY2020 to S$1.0 million in FY2021. The increase is a result of an increase in the finance lease expenses of approximately S$0.2 million due to the acquisition of a land plots as result of the acquisition of subsidiary LLC Ra v-Agro Rost, resulting in higher finance lease expenses incurred.

TAX EXPENSE

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



Financial Review

BALANCE SHEET REVIEW

NON-CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT

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

RIGHT-OF-USE ASSETS

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

BIOLOGICAL ASSETS

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

CURRENT ASSETS

BIOLOGICAL ASSETS

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

INVENTORIES

The Group's inventories increased by approximately $7.6 million or 76.8% from approximately $9.9 million as at 31 December 2020 to approximately $17.5 million as at 31 December 2021 due to increase in the agricultural produce in anticipation of better selling price in future.

INVESTMENTS

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

Financial Review

TRADE AND OTHER RECEIVABLES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise petty cash, bank balances and short-term bank deposits. Cash and cash equivalents decreased by approximately $3.2 million or 32.0% from approximately $10.0 million as at 31 December 2020 to approximately $6.8 million as at 31 December 2021. Please refer the section entitled "Consolidated Statement of Cash Flows" below for further information.

Financial Review

NON-CURRENT LIABILITIES AND CURRENT LIABILITIES

LOANS AND BORROWINGS

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

$'000	As at 31 December 2021	As at 31 December 2020	Change (%)
Non-Current	452	1,061	(57.3)
Current	6,299	6,085	(3.5)
Total	**6,751**	**7,146**	**(5.6)**

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

LEASE LIABILITIES

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

$'000	As at 31 December 2021	As at 31 December 2020	Change (%)
Non-Current	5,396	4,530	19.1
Current	1,123	652	72.2
Total	**6,519**	**5,182**	**25.8**

Financial Review

TRADE AND OTHER PAYABLES

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

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

CASH FLOW ANALYSIS

NET CASH FLOWS FROM OPERATING ACTIVITIES

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

NET CASH FLOWS USED IN INVESTING ACTIVITIES

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

NET CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities amounted to approximately $4.0 million, which was mainly attributable to: (i) repayment of borrowings of approximately $7.2 million in relation to the bank loans; (ii) interest paid of approximately $0.3 million; and (iii) dividends paid of approximately of $2.9 million. This was partially offset by proceeds from borrowings of approximately $6.7 million from the banks.

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

Corporate Information

BOARD OF DIRECTORS

Evgeny Tugolukov
(Executive Chairman)

Marat Devlet-Kildeyev
(Chief Executive Officer and Executive Director)

Ravi Chidambaram
(Lead Independent Director)

Tan Han Beng
(Independent Director)

Edwin Tham Soong Meng
(Independent Director)

COMPANY SECRETARY

Raymond Lam Kuo Wei from 5 April 2019 till 30 June 2021

Lee Lih Feng from 30 June 2021 till 11 March 2022

Chen Chuanjian, Jason from 30 June 2021 till current date

Tan Ching Ching from 11 March 2022 till current date

REGISTERED OFFICE

10 Collyer Quay #10-01
Ocean Financial Centre
Singapore 049315
Tel: (65) 6531 2266
Fax: (65) 6533 1542

PRINCIPAL PLACE OF BUSINESS

12 Sedova St.
City of Millerovo, Millerovskiy District
Rostov Region, 346130, Russia

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Partner-in-charge: Lim Pang Yew, Victor
(a member of the Institute of Singapore Chartered Accountants)
Appointed in the financial year ended 31 December 2019.

PRINCIPAL BANKERS

Rosselkhozbank JSC
Mikhaila Nagibina Street, 14A,
Rostov-on-Don 344038, Russia

Sberbank of Russia PJSC
41, Bratskiy Pereulok,
Rostov-on-Don 344082, Russia

Corporate Governance Report

The board of directors (the "Board") of Don Agro International Limited (the "Company" and together with its subsidiaries, the "Group") is committed to maintaining high standards of corporate governance and transparency within the Company and the Group by complying with the principles and guidelines as set out in the Code of Corporate Governance 2018 (the "Code").

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2021 ("FY2021"), with specific reference made to the principles of the Code.

For FY2021, the Company has complied with the principles of the Code and provisions as set out in the Code and the practice guidance issued by the Monetary Authority of Singapore on 6 August 2018 (the "Guide"), where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the provisions of the Code and the Guide.

The Company did not adopt any alternative corporate governance practices in FY2021.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The board of directors (the "Board") supervises the management of the business and affairs of the Group and holds the management accountable for performance. The Board approves the Group's corporate and strategic direction, the appointment of Directors and key managerial personnel, major funding and investment proposals, and reviews the financial performance of the Group. The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders, and use best efforts to implement the good practices recommended in the Code.

Every Director is required to declare any conflict of interest in any discussions, transactions or proposed transactions with the Company after all relevant facts have come to his knowledge. Directors facing conflicts of interest recuse themselves from discussions involving issues of conflict. Annually, each Director is required to submit details of his associates for the purpose of monitoring interested person transactions

The principal functions of the Board are:

- Set strategic objectives and business plans of the Group;
- Approval of investment and divestment proposals, mergers and acquisitions and disposals of assets;
- Review and approve the appointment/re-appointments of Directors proposed by the Nominating Committee;
- Appointment or removal of the Company Secretary;
- Appointment and re-appointment of internal and external auditors and key management personnel;
- Assume the responsibility for corporate governance of the Group;
- Review and monitor the performance of the Management;
- Announcement of half-year and full-year results, annual reports;
- Declaration of interim dividends and proposal of final dividends for shareholders' approval;

Corporate Governance Report

- Monitoring Company's risk of becoming subject to sanctions; and

- Ensuring timely and accurate disclosures to SGX-ST and the relevant authorities should any enquiries be made regarding the Group's dealings with Sanctioned Subject[3].

Every Director is expected, in the course of carrying out his duties, to act in good faith to provide insights and objectively take decisions in the interest of the Company. Any Director facing a conflict of interests will recuse himself from discussions involving the issue of conflict.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's half-year and full-year results, annual reports, audited financial statements, declaration of dividends and interested persons transactions.

The Board also monitors and evaluates the Group's operations and financial performance, sets targets and goals, works with and monitors the Management in achieving such targets and goals.

The Board of Directors has formed three (3) committees, namely the Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC").

The terms of reference of the respective Board Committees, which are reviewed by the Board on a regular basis, as well as other relevant information on the Board Committees can be found in the subsequent sections of this report.

The Board accepts that while the Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board meets regularly and ad-hoc meetings are convened as warranted by particular circumstances as deemed appropriate by the Board members.

The Company's Constitution provides for meetings of Directors to be held by means of telephone conference or similar communications equipment.

The Board holds at least two (2) meetings each year to approve the half and full year results announcement and to oversee the business affairs of the Group.

[3] "Sanctioned Subjects" : Any individual or entity or government which is: (a) listed or designated on any sanction list(s); and/or (b) owned or controlled by an individual or entity or government listed in (a)

Corporate Governance Report

The table below sets out the number of Board and Board Committees meetings held during FY2021 and the attendance of each Directors at these meetings:

	Board		Board Committees					
			Audit		Nominating		Remuneration	
No. of meetings held	2		2		1		1	
Name of Directors	A	B	A	B	A	B	A	B
Evgeny Tugolukov	2	2	2*	2	1*	1	1*	1
Marat Devlet-Kildeyev	2	2	2*	2	1*	1	1*	1
Ravi Chidambaram	2	2	2	2	1	1	1	1
Tan Han Beng	2	2	2	2	1	1	1	1
Edwin Tham Soong Meng	2	2	2	2	1	1	1	1

Notes:

A – represents number of meetings held

B – represents number of attendances

* – By invitation

In FY2021, the Group held two ARC meetings (on 26 February 2021 and 10 August 2021), one NC meeting (on 26 February 2021) and one RC meeting (on 26 February 2021).

All Directors are expected, in the course of carrying out their duties, to act in good faith to provide insights and objectively take decisions in the interest of the Group.

Management provides the members of the Board with board papers as well as relevant background information or explanatory information and documents relating to items of business to be discussed at a Board meeting before each scheduled meeting. The Board is provided with management reports, and papers containing relevant background or explanatory information required to support the decision-making process on an ongoing basis and in a timely manner. In respect of the annual budgets, the management shall provide any material variance between the budget or projections and actual results to the Board. Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information at least one week prior to the meetings to allow sufficient time for review by the Directors.

Newly appointed Directors will be given briefings by the Management on the business activities and strategic direction of the Group. There are also induction or orientation programmes to familiarize them with the Group's operations. They will also be provided with a formal letter setting out their duties and obligations. Where appropriate and for first time directors with no prior experience as a director of a listed company in Singapore, the Company will also arrange for them to attend training courses organised by the Singapore Institute of Directors (the "SID") or other professional training institutions as appropriate so as to equip them to discharge their duties effectively. Such training must be completed within one year of the appointment.

As part of training for the Board, Directors are briefed either during Board and Board Committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry related matters. All Directors are encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment.

Corporate Governance Report

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. In carrying out their duties and where necessary, Directors individually or as a group may seek independent professional advice where appropriate at the Company's expense.

Mr Tan Han Beng, Mr Edwin Tham Soong Meng, Mr Ravi Chidambaram were appointed as Independent Directors by the Board of Directors on 28 June 2019. On 24 June 2020, Mr Tan Han Beng and Mr Edwin Tham Soong Meng, and on 29 April 2021, Mr Ravi Chidambaram were re-elected as Directors, retiring by rotation under regulation 94 of the Company's Constitution. Mr Tan Han Beng has prior experience as a director of a public listed company in Singapore and is therefore familiar with the roles and responsibilities of a director of a public listed company in Singapore. As such, the NC is of the view that training as prescribed by the Exchange is not required for Mr Tan Han Beng.

The role of the Company Secretary is clearly defined and includes the responsibility for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary or his/her nominee attends all Board meetings and ARC, NC, RC meetings. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and the respective Board Committees and between management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. Under the Constitution, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole and is subject to the Board's approval.

Save for the interested person transactions as disclosed in page 170 to 172 in the Offer Document, none of our Directors, Controlling Shareholders or any of their Associates has an interest, direct or indirect:

(a) in any transaction to which our Group was or is to be a party;

(b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and

(c) in any enterprise or company that is our Group's customer or supplier of goods and services.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this report, the Board comprises five (5) Directors, three (3) of whom are Independent Non-Executive Directors:

Name	Position
Evgeny Tugolukov	Executive Chairman
Marat Devlet-Kildeyev	Chief Executive Officer (the "**CEO**") and Executive Director
Ravi Chidambaram	Lead Independent Director, Chairman of NC
Tan Han Beng	Independent Director, Chairman of ARC
Edwin Tham Soong Meng	Independent Director, Chairman of RC

As the Chairman of the Board and the CEO of the Group are part of the management, majority of the Board is made up of Independent Non-Executive Directors.

There is presently a strong and independent element on the Board with Independent Directors constituting majority of the Board. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment of the Group's affairs.

Corporate Governance Report

None of the Independent Directors have been employed by the Company or any of its related corporations for the current or any of the past three financial years, and none of the Independent Directors have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC.

None of the Directors are related to each other, our Executive Officers or our Substantial Shareholders.

The Independent Directors do not have any existing business or professional relationship of a material nature with the Group, the other Directors or the Company's Substantial Shareholders. None of the Independent Directors sit on the board of our subsidiaries.

The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. The Board comprises individuals who have experience in accounting, finance, business, management, industry knowledge and strategic planning experience. The NC is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Where appropriate, the Independent Directors meets periodically with each other without the presence of the Executive Directors to discuss concerns or matters touching on the management and finances of the Company and provides feedback to the Board and/or Chairman of the Board, as appropriate, after such meetings. Independent Directors fulfil a pivotal role in corporate accountability. Their presence is particularly important as they provide unbiased and independent views, advice and judgement to take care of the interests, not only of the Company but also of the shareholders, employees, customers, suppliers and the many communities with which the Company conducts business with.

The Board has adopted the following steps to maintain or enhance its balance and diversity:

(a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary to enhance the efficacy of the Board; and (b) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors. Taking into account the nature and scope of the Group's business, in concurrence with the NC, the Board believes that the current size of the Board and Board Committees is appropriate, and that the composition of the Board and Board Committees provide sufficient diversity without interfering with efficient decision making. The Board's policy in identifying Directors' nominees is primarily to have an appropriate mix of members with core competencies such as accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management.

The Independent Non-Executive Directors had several informal discussions via teleconference without the presence of the Management in FY2021.

Pursuant to Catalist Rule 406(3)(d)(iii), the independence of any director who served beyond nine years from the date of his first appointment should be subjected to particularly rigorous review. There are no Independent Directors who has served beyond nine years since the date of his first appointment.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The functions of the Executive chairman and CEO in the Company are assumed by different individuals.

Mr Evgeny Tugolukov is an Executive Chairman. He was appointed to our Board on 28 November 2018 and is responsible for setting and executing the strategic directions and expansion plans for the growth and development of our Group.

Corporate Governance Report

Mr Marat Devlet-Kildeyev is the CEO. He was appointed to our Board on 28 November 2018. As CEO, he is responsible for directing and controlling the operations of the Group and its key operational subsidiaries.

The roles of the Chairman and the CEO are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO.

The clear separation of roles of the CEO and Chairman provides a healthy professional relationship between the Board and Management with clarity of roles and robust deliberations on the business activities of the Group.

As the Executive Chairman is part of the Management and therefore not independent, Mr Ravi Chidambaram has been appointed as the Lead Independent Director, as recommended by the Code, as the principal liaison on Board issues between the Independent Directors and the Chairman and CEO. The responsibilities of the Lead Independent Director include:

- Acting as the principal liaison to address shareholders' and other stakeholders' concerns for which contact through the normal channels of communication with the Executive Chairman or Executive Officer are inappropriate or failed to resolve the concerns in question;
- Chairing Board meetings in the absence of the Executive Chairman;
- Working with the Executive Chairman in leading the Board; and
- Providing a channel to Independent Directors for confidential discussions on any concerns they may have and to resolve conflicts of interest, as and when necessary.

Mr Ravi can be contacted via the following electronic mail address: ravi@tccapital.com.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The NC comprises three (3) Independent Directors (including the Lead Independent Director), namely Mr Ravi Chidambaram (Chairman), Mr Tan Han Beng and Mr Edwin Tham Soong Meng.

The NC is responsible for:

(a) reviewing and recommending the nomination or re-nomination of our Directors having regard to each Director's contribution and performance;

(b) reviewing succession plans for our Directors, in particular the appointment and/or replacement of the Chairman of our Board, our Chief Executive Officer and key management personnel;

(c) determining on an annual basis whether or not a Director is independent;

(d) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director;

(e) reviewing training and professional development programmes for our Board and our Directors;

(f) reviewing and approving any new employment of related persons and the proposed terms of their employment; and

(g) undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Corporate Governance Report

The NC also decides how the performance of the Board, the Board Committees and the individual Directors is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how the Board has enhanced long-term shareholders' value and how individual Directors have contributed to the effectiveness of the Board. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of our Board as a whole, and for each Board Committee separately, and for assessing the contribution of each individual Director to the effectiveness of our Board. Please refer to the Board Performance section of this Corporate Governance Report for more details.

Each member of our NC does not take part in determining his own renomination or independence and shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he abstains from participating in the review and approval process relating to that matter.

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new director through the business networks of the Board. The NC may consider using third party search firms to identify a broader range of suitable candidates when vacancies in the Board arise in the future.

The NC will assess suitable candidates for appointment to the Board based on the requisite qualification, expertise and experience, will determine of the candidate's independence; and recommend the most suitable candidate to the Board for appointment as director.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;
- Geographical location of Directors;
- Size and composition of the Board;
- Nature and scope of the Group's operations and size; and
- Capacity, complexity and expectations of the other listed directorships and principle commitments held.

In FY2021, there were no appointment of any new Directors.

The Company's Constitution states that at each AGM, one-third (or if their number is not three or a multiple of three, the number nearest to but not less than one-third) of the Directors for the time being, shall retire from office and that all Directors shall retire from office at least once in every three (3) years and such retiring Directors shall be eligible for re-election. Each member of the NC has abstained from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

The NC assesses and recommends to the Board whether retiring directors are suitable for re-election.

The NC, in considering the re-appointment of a director, evaluates such director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board Committees and pro-activeness of participation in meetings.

The NC recommended that Directors, Mr Marat Devlet-Kildeyev and Mr Tan Han Beng be put forward for re-election at the forthcoming Annual General Meeting ("AGM"). The Board accepted the recommendation and being eligible, both Mr Marat Devlet-Kildeyev and Mr Tan Han Beng, will be offering themselves for re-election at the forthcoming AGM. Information on Mr Marat Devlet-Kildeyev and Mr Tan Han Beng as required in Appendix 7F of the Catalist Rules under Rule 720(5) of the Catalist Rules are set out in the "Additional Information on Directors Seeking Re-election" section of this Annual Report.

Corporate Governance Report

Mr Marat Devlet-Kildeyev will, upon re-election as a Director, remain as CEO.

Mr Tan Han Beng will, upon re-election as a Director, remain as the Chairman of ARC and a member of the RC and the NC.

The Board, with the concurrence of the NC, has also considered Mr Ravi Chidambaram, Mr Tan Han Beng and Mr Edwin Tham Soong Meng to be independent for the purposes of Rule 704(7) of the Catalist Rules.

The academic and professional qualifications and the information on shareholdings in the Company held by each Director are set out in the "Board of Directors" and "Directors' Statement" sections of this Annual Report respectively.

The NC conducts an annual review of each Director's independence and takes into consideration the Provision 2.1 of the Code as well as the relevant Catalist Rules. The NC has ascertained that all Independent and Non-Executive Directors are considered independent. They signed the independent confirmation for FY2021.

The NC had reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and principal commitments of each of the Directors (if any), as set out below, and is satisfied that all Directors were able to diligently discharge their duties and sufficient time and attention has been given to the Group by the Directors in FY2021.

Corporate Governance Report

Key information regarding the Directors is set out below:

Name of the Director	Date of first Appointment	Date of last re-election	Date of next re-election	Directorship or Chairmanship both present and held over the preceding three (3) years in other listed companies		Other Principal Commitments
				Present	Past Three Years	
Tan Han Beng	28.06.2019	24.06.2020	At the forthcoming AGM of the Company	1) Challenger Technologies Limited (Director) 2) Old Chang Kee Ltd (Director)	Kitchen Culture Holdings Ltd (Director)	UOB Kay Hian Pte Ltd – Senior Vice President, Corporate Finance
Edwin Tham Soong Meng	28.06.2019	24.06.2020	NA	None	None	1) LLC Kerensk Farm-Director and minority participant (holding a 49% interest in the charter capital) 2) Danilov&Partners-Partner
Evgeny Tugolukov	28.11.2018	29.04.2021	NA	None	None	1) Executive Director in Strongbow Investments Pte Ltd; 2) Non-Executive Director in DDD-Diagnostic, A/S; 3) Non-Executive Director in Dubultu Krasts, SIA; 4) Non-Executive Director in MedScan, Limited Liability Company; 5) Non-Executive Director in Asian American Medical Group Limited; 6) Non-Executive Director in Clinical Hospital on Yauza, Limited Liability Company 7) Non-Executive Director in MedSacn, Limited Liability Company
Marat Devlet-Kildeyev	28.11.2018	29.08.2019	At the forthcoming AGM of the Company	None	None	1) Non-Executive Director in Dubultu Krasts, SIA; 2) Executive Director in Nukleārās medicīnas centrs, SIA; 3) Executive Director in Rīgas Nukleārās Medicīnas Laboratorija, SIA
Ravi Chidambaram	28.06.2019	29.04.2021	NA	None	None	TC Capital Pte. Ltd. – President RIMM Sustainability, Director Watershed Holding

The Company does not have any alternate directors on the Board currently.

Corporate Governance Report

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value.

The assessment of the Board, Board Committees and the Directors are to be carried out once every financial year. Each member of the NC is required to abstain from voting on any resolution in respect of the assessment of his or her performance or re-nomination as a Director. The evaluation of Board's and Board Committees' performance shall consider matters on Board composition, information to the Board, Board procedures and Board accountability. The evaluation of individual Director shall consider matters on attendance at meetings, Directors' duties and know-how and interaction with fellow Directors.

The NC had adopted the following annual assessment forms which required the completion by each Director and respective Board Committees' member:

- Board and Board Committee Performance Evaluation Form; and

- Individual Director Evaluation Form.

The Directors complete the board assessment questionnaire and the results are collated by the Company Secretary and the summary of the assessment are presented to the Chairman of the Board and the NC for review and collective discussion with other Board members to address or recommend any areas for improvement and follow up actions. The appraisal process focuses on a set of performance criteria for the Board, Board Committees and individual Directors' assessment which includes:

a) For the Board: the evaluation of the size and composition of the Board, the Board's access to information, the Board processes and accountability, Board performance in relation to discharging its principal responsibilities, communication with Key Management Personnel and the Directors' standards of conduct; and

b) For an individual Directors: the evaluation of i) director's duties such as preparation for board and committee meetings, willingness to devote time and effort to participate in events outside the Boardroom, contribution to development of strategy and to risk management, Resolution in maintaining own views and resisting pressure from others, compliance with corporate governance requirements; ii) Know How such as Financial, Business, industry and company knowledges; iii) Interaction - How well does the director interact with: Fellow directors, Key management personnel, shareholders and auditors.

NC then makes recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought.

The NC, having reviewed the overall performance of the Board and the Board Committees, as well as the assessment of the individual Director, in terms of its role and responsibilities and the conduct of its affairs as a whole for FY2021, is of the view that the performance of the Board as a whole, Board Committees and contribution by each Director have been satisfactory and that the Board has met its performance objective for FY2021.

The NC did not propose any changes to the performance criteria for FY2021 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same.

No external facilitator was engaged by the Board for the evaluation process in FY2021. The NC has full authority to engage external facilitators to assist the NC to carry out the evaluation process, if the need arises.

Corporate Governance Report

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises three (3) Independent Directors (including the Lead Independent Director), namely Mr Edwin Tham Soong Meng (Chairman), Mr Ravi Chidambaram and Mr Tan Han Beng. The RC was formed to recommend to the Board a framework of remuneration for our Directors and key management personnel, and determine specific remuneration packages for each Director and key management personnel. The recommendations of RC should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, the options to be issued under the Don Agro Employee Share Option Scheme and other benefits in-kind shall be covered by our RC. RC reviews the remuneration packages of Directors and key management personnel to ensure that said packages, including termination terms, are fair.

In addition, our RC performs an annual review of the remuneration of employees related to Directors and/or substantial shareholders of the Company to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees. Each member of our RC abstains from voting on any resolutions in respect of his remuneration package or that of employees related to him.

No remuneration consultants were engaged by the Company in FY2021.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Company has entered into respective Service Agreements with our Executive Chairman, Mr Evgeny Tugolukov, and our CEO, Mr Marat Develet-Kildeyev, Chief Financial Officer ("**CFO**"), Mr Artur Nazaryan and our Chief Operating Officer ("**COO**"), Mr Vadim Novikov (each an "Appointee").

The Service Agreements are valid for an initial period of three (3) years with effect from the date of admission of the Company to Catalist ("**Initial Term**"), being 14 February 2020. Upon the expiry of the Initial Term, the employment of the Appointees shall be automatically renewed on a year-on-year basis on such terms and conditions as the parties may agree unless terminated in accordance with the respective Service Agreements.

Each Appointee's remuneration and annual fixed bonus is a subject to annual review by the RC after the accounts of our Group for the immediate preceding financial year have been audited, in light of their performance and prevailing economic conditions. The Service Agreements provided for, inter alia, the salary payable to the Appointees, annual leave, medical benefits, grounds of termination and certain restrictive covenants (including non-compete obligations).

The Executive Chairman, CEO and CFO may terminate their respective Service Agreements at any time by giving to our Company not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on their respective last drawn monthly salary; while the COO may terminate his Service Agreement at any time by giving to our Company not less than three (3) months' notice in writing, or in lieu of notice, payment of an amount equivalent to three (3) months' salary based on his last drawn monthly salary. The parties may by mutual agreement waive or vary the notice requirement.

Pursuant to the respective Service Agreements, the remuneration received by each Appointee in FY2021 is made up of only fixed compensation consisting annual base salary. The variable component of compensation is in the form of the Company's Don Agro Employee Share Option Scheme (the "ESOS").

Corporate Governance Report

To enhance its remuneration so as to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel, the Company has adopted a share option scheme, the Don Agro Employee Share Option Scheme (the "ESOS"), which was approved at an Extraordinary General Meeting of our Shareholders held on 4 February 2020. The ESOS serves as a long-term incentive scheme for the Directors and employees of the Company. The ESOS serves to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance and to align the interests of Directors with the interests of Shareholders. For details about the ESOS, please refer to the Directors' Statement section of this Annual Report.

The Non-Executive Directors do not have service agreements with the Company. They are paid fixed directors' fees, which are determined by the Board appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each Non-Executive Director.

The Independent Non-Executive Directors' fees are proposed by the RC and recommended by the Board for shareholders' approval at a general meeting of the Company. Non-Executive Directors' fees of S$180,000 for FY2021 had been approved at the AGM held on 29 April 2021. The RC has reviewed and assessed that the remuneration of the Non-Executive Directors for FY2021 is appropriate, considering the effort, time spent and responsibilities.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration (including salary, directors' fees, bonus) paid during FY2021 are set out in the following remuneration bands[4]

	FY2021
Directors	
Evgeny Tugolukov	Band A
Marat Devlet-Kildeyev	Band B
Ravi Chidambaram	Band A
Tan Han Beng	Band A
Edwin Tham Soong Meng	Band A
Executive Officers	
Artur Nazaryan	Band B
Vadim Novikov	Band A

[4] Remuneration bands:
Band A" refers to remuneration of up to S$250,000
Band B" refers to remuneration between S$250,001 and S$500,000

Corporate Governance Report

The breakdown for the remuneration of the Directors in FY2021 was as follows:

Director's Remuneration

Name	Salary (%)	Bonus (%)	Directors' Fees (%)	Benefits-in- kind (%)	Total (%)
Between S$250,001 to S$500,000					
Marat Devlet-Kildeyev	100	–	–	–	100
Below S$250,000					
Evgeny Tugolukov	100	–	–	–	100
Ravi Chidambaram	–	–	100	–	100
Tan Han Beng	–	–	100	–	100
Edwin Tham Soong Meng	–	–	100	–	100

The Company believes that it should not disclose the remuneration paid to each of the Independent Directors, Executive Directors and key management personnel in absolute amount due to the highly competitive market and in the interest of maintaining good morale and building team work within the Group.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) in FY2021 was as follows:

Name	Salary (%)	Bonus (%)	Directors' Fees (%)	Benefits-in-kind (%)	Total (%)
Between S$250,001 to S$500,000					
Artur Nazaryan	32	68	–	–	100
Below S$250,000	–	–	–	–	–
Vadim Novikov	31	69	–	–	100

The total remuneration paid to the key management personnel in FY2021 was S$516,588.

There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2021.

Remuneration to be paid for FY2021 does not take into account any discretionary bonus due to Executive Directors and our key management personnel. As discussed under Principle 7 of this Corporate Governance Report, the terms of employment as set out in the Service Agreements with the Executive Directors and key management personnel shall commence with effect from the date on which the Company is admitted to the Catalist (the "**Commencement Date**") and shall continue for a period of three (3) years thereafter (the "**Initial Term**").

In FY 2021, bonus for successful conducting of listing in SGX in FY 2020 has been paid in benefit of a key management personnel. Total amount of bonus for IPO procedures was included in total remuneration was S$351,166.

There were no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder.

Further details on the Don Agro Employee Option Scheme can be found in the "Director's statement" section of this Annual Report.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board believes in the importance of maintaining a system of risk management and internal controls to safeguard the interests of the shareholders and the Group's assets.

The Board, with assistance of the ARC, is responsible for the effective design, implementation and monitoring of the Company's risk management strategy and internal controls. In addition, the Executive Directors and the management regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews significant control policies and procedures, and highlights the significant matters to the Board and the ARC.

The Company is committed to conducting business in full compliance with all applicable laws and regulations related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including but not limited to those adopted, administered and enforced by the Government of the United States, the European Union and its member states, the United Nations Security Council, the Government of Australia and the Government of Singapore ("**International Sanctions**"), to the extent they apply to the activities of the Group.

In order to protect the interests of our Group and to reduce the risk of our Group infringing any International Sanctions Laws, our Group has adopted a sanctions compliance policy ("**Sanctions Compliance Policy**" and the "**Policy**") which sets out enhanced internal control and risk management measures to help our Group monitor and evaluate our business and take measures to protect the interests of our Group from any material risk relating to International Sanctions Laws.

This Policy (including the Sanctions Risk Rating Policy) was reviewed by Hogan Lovells, (the "**External Sanctions Counsel**"), and the Board. This Policy should be disseminated throughout our domestic operations and overseas offices and branches.

The Policy (including the Sanctions Risk Rating Policy) shall be reviewed by the External Sanctions Counsel on an annual basis to ensure that they are adequate and effective, while our internal auditor will conduct an annual review to ensure that the Policy (including the Sanctions Risk Rating Policy) is being complied with by the Group.

The Group has appointed Unicon Audit and Consulting Group LLC, who is a member of BDO global alliance (Unicon), as its internal auditor for FY2021. Unicon is conducting the following internal audit procedures in relation to sanction policy compliance:

- Know-Your-Client and Screening Resolution;
- Enhanced Due Diligence; and
- World-check.

The ARC has the ultimate responsibility for ensuring that the Group complies with International Sanctions laws and regulations at all times.

The Company's CEO and COO are responsible for, among other things, monitoring the Company's exposure to sanctions risks and our implementation of the related internal control procedures, and report to our ARC in relation there to.

The Group uses the Dow Jones database for sanction's screening of the new counterparties, including suppliers and customers. There were no new sanctioned companies found as a result of this screening.

Corporate Governance Report

The ARC holds at least two (2) meetings each year to monitor our exposure to sanctions risks. Our Company's CEO and/ or COO should be familiar with International Sanctions and be able to identify issues, risks and prohibited activities in relation to International Sanctions.

The External Sanctions Counsel has made the following conclusions in the Memorandum of Advice to the Company dated 13 April 2022:

a) the Group's activities during the Period Under Review do not appear to violate or implicate any breaches of the restrictions under International Sanctions;

b) the Group's activities do not constitute "Sanctioned Activities" as that term is defined in the SGX Conditions; and

c) the Group's dealings with any of the parties that may be deemed to be Sanctioned Subjects within the meaning of the SGX Conditions do not violate any International Sanctions laws and regulations.

   In making the conclusion of the External Sanctions Counsel and to ensure the Sanctions Compliance Policy is adequate and effective, our External Sanctions Counsel carried out the following measures to review the Company's compliance with the Sanctions Compliance Policy. The External Sanctions Counsel reviewed the Group's responses to the "International Sanctions Due Diligence Checklist" dated 5 August 2019 (the "Sanctions DD Checklist"), prepared by Hogan Lovells, and updated responses by e-mail correspondence on and around 3 March 2022. The Group's responses to the Sanctions DD Checklist included disclosure of all counterparties with whom the Group transacted during FY2021, the Group's transactions with the counterparties from the countries, where international sanctions are applicable, with the parties which are included in various list of restricted parties, such as the List of Specially Designated Nationals and Blocked Persons, the Sectoral Sanctions Identification List, maintained by the U.S. Department of the Treasury's Office of Foreign Asset Control and other lists of restricted or sanctioned subjects, entities and organizations maintained by the United States, European Union, the United Nations or other jurisdictions or controlled by persons or entities from such lists. The Group's responses to the Sanctions DD Checklist have included documents and information that relate to the subject matter of the Sanctions DD Checklist. Based on a review of the Company's responses, the External Sanction Counsel assessed the Company's compliance with the Sanctions Compliance Policy and the Company's carrying out of compliance measures as part of the assessment of the adequacy and effectiveness of the Sanctions Compliance Policy. There was no update to the Sanctions Compliance Policy in FY2021.

The Board, with the concurrence of the ARC, are of the opinion that the Group has adequate and effective internal controls (including financial, operational, compliance and information technology controls), risk management systems and sanctions risks management to safeguard the interests of the Group and its shareholders in FY2021.

The Board has received assurance from the CEO and CFO in respect of FY2021 that:

a. the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and

b. the Company's risk management and internal controls system are adequate and effective.

The Board has also relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.

Corporate Governance Report

AUDIT AND RISK COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The ARC comprises three (3) Independent Directors (including the Lead Independent Director), namely Mr Tan Han Beng (Chairman), Mr Ravi Chidambaram and Mr Edwin Tham Soong Meng.

The members of the ARC are appropriately qualified to discharge their responsibilities and have relevant accounting and related financial management experience and expertise. None of the ARC members were previous partners or directors of the Company's external auditor, KPMG LLP (the "**External Auditors**"), within the last two years or hold any financial interest in the external auditor.

ARC performs the following functions:

(a) review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements made by the external auditors so as to ensure the integrity of the financial statements of our Group and any announcements relating to our Group's financial performance;

(b) review and report to the Board, at least annually, the adequacy and effectiveness of our Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties), and risk management systems;

(c) review the assurance from the CEO and the CFO on the financial records and financial statements;

(d) review the adequacy, effectiveness, independence, scope and results of the external audit and our Group's internal audit function;

(e) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and on the remuneration and terms of engagement of the external auditors;

(f) review the system of internal controls and management of financial risks with our internal and external auditors;

(g) review the co-operation given by our management to external auditors and internal auditors, where applicable;

(h) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time;

(i) review and approve interested person transactions and review procedures thereof;

(j) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(k) review risk management framework, with a view to providing an independent oversight on Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;

(l) investigate any matters within its terms of reference;

(m) review the policy and arrangements concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(n) review the adequacy of and approve procedures put in place related to our Group's policy for entering into any future hedging transactions;

Corporate Governance Report

(o) review the sanctions-related risks of our Group including transactions and business dealings with our customers, suppliers and bankers and assess whether there is a need to obtain independent legal advice and/ or appoint a compliance adviser with respect to the applicable sanctions risks faced by our Group;

(p) monitor the Group's measures and procedures to manage sanctions-related risks and review the Sanctions Compliance Policy and the adequacy of safeguards in relation to potential sanctions-related risks to the Group;

(q) review the utilisation of funds (including any material deviation from such utilisation) raised from the Placement and any secondary fund-raising post-Listing to ensure that they are solely for the purposes disclosed in the listing document and to the SGX, and not to benefit any Sanctioned Subject;

(r) provide their views (which will be stated in our annual report) on whether they concur with our Board's comment on whether the Company has adequate and effective internal controls (including internal controls related to cash flows) and risk management systems to safeguard the interests of the Group and the shareholders, in particular with respect to sanctions risks;

(s) continuously monitor the written undertakings which our Group has provided to SGX-ST and ensure timely and accurate disclosures to SGX-ST and the relevant authorities should any enquiries be made regarding our Group's dealings with Sanctioned Subjects; and

(t) undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the ARC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on Group's operating results and/ or financial position. In the event that a member of our ARC is interested in any matter being considered by ARC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The ARC reviews the independence of the External Auditors annually. The ARC received an audit report from the External Auditors setting out the audit fees charged for FY2021.

KPMG LLP is registered with the Accounting and Corporate Regulatory Authority of Singapore. During FY2021, the aggregate amount of fees paid or payable to the External Auditors for the audit and non-audit services amounted to S$324,277 and S$ nil respectively.

For FY2021, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. In FY2021, the auditor of Don Agro LLC, Don Agro JSC, Rassvet JSC and Selkhoztekhnika JSC was LLC audit firm "Audit-Vela". LLC Stolichnaya Audit Company was appointed as auditor of Tetra JSC in FY2021.

No former partner or director of the Company's existing auditing firm has acted as a member of the ARC.

As disclosed in the Offer Document, based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by the management and the Board, the Board, with the concurrence of ARC, is of the view that the internal control and risk management systems are adequate and effective to address financial, operational, compliance and information technology controls risks.

For FY2021, the Company outsourced its internal audit function to Unicon Audit and Consulting Group LLC ("**Internal Auditors**") that reports directly to the ARC Chairman and administratively to the Management. The Internal Auditors is a member of BDO global alliance who is a member of the Institute of Internal Auditors Singapore ("**IIA**"). The internal audit work carried out was guided by the International Standards for Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA.

Corporate Governance Report

The ARC, in consultation with the management, approves the hiring, removal, evaluation and compensation of the internal auditors. The Internal Auditors have unfettered access to ARC and all the documents, records, properties, and personnel of the Group.

The internal audit plan was approved in the agreement by the Management and reviewed by the ARC.

The Internal Auditors are still in the process of performing the internal audit in relation to the Sanctions Compliance Policy as at the date of this annual report. Notwithstanding, the Board, with concurrence of the ARC, have relied on the Memorandum of Advice by the External Sanctions Counsel dated 13 April 2022 detailed on page 27 and are of the opinion that the Group has adequate and effective internal controls for FY2021.

The ARC reviews annually the independence, adequacy and effectiveness of the internal audit function and internal audit report and the satisfied that the internal audit function is adequately resourced to perform its function effectively for FY2021.

The ARC has met with the External and Internal Auditors at least once in the absence of Management in FY2021 and FY2022 respectively.

Whistle-blowing

The ARC is responsible for oversight and monitoring of whistleblowing and has reviewed the Whistleblowing Policy that the Group has established. The Policy provides mechanisms which ensure a secure and confidential channel that allows employees and external parties to report possible improprieties and disclose any wrongdoings such as fraud, misconduct, breach of any laws or any other illegal acts directly to the ARC Chairman. Reports can be lodged via email to whistleblower@donagroint.com. In addition, there are policies and reporting mechanisms for employees and customers to raise concerns to the management, who will escalate significant issues to the Board as required. Employees making the report in good faith and without malice are protected from reprisals, unfair treatment or victimization. The ARC is satisfied that arrangements are in place to ensure independent investigation of such matters and for appropriate follow-up actions to be taken. There was no whistle blowing report received via the whistle-blowing channels in FY2021.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and conduct of general meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Group's corporate governance practices promote fair and equitable treatment of all shareholders. All shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of general meetings through announcements released on the SGXNet and notices contained in the annual reports or circulars released on the SGXNet. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. In view of the COVID-19 situation, the Company will be putting in place alternative measures and arrangements for its forthcoming AGM. Shareholders are advised to refer to the Company's announcement on SGXNet on the notice of AGM.

The Company takes note that there should be separate resolutions at general meetings on each substantially separate issue and to avoid bundling resolutions. Where the resolutions are "bundled" for issues which are interdependent and linked so as to form one significant proposal, the Company explains the reasons and material implications in the notice of meeting.

Corporate Governance Report

The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings, unless of exigencies. All Directors attended the annual general meeting for the Company's financial year ended 31 December 2020 held on 29 April 2021 via electronic means.

The External Auditors are also present to assist the Board to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report, if necessary.

Voting in absentia and by electronic mail may only be possible following careful study to ensure integrity of the information and authentication of the identity of shareholder through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and the minutes of general meetings will be made available on SGXNet within one (1) month from the date of the general meetings.

The Company currently does not have a fixed dividend policy. However, subject to certain factors, our Directors intend to recommend and distribute dividends of up to 20.0% of net profit after tax attributable to shareholders for each of FY2019, FY2020 and FY2021 to reward shareholders for participating in our growth.

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

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

Any dividend payments will be clearly communicated to shareholders via announcements on SGXNET.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company is committed to disclose to its Shareholders the information in a timely and fair manner via announcements on SGXNet.

The Board will support and encourage active shareholders' participation at AGMs as it believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management, and to interact with them. General meetings have been and are still the principal forum for dialogue with the shareholders. They offer opportunities for the Board to interact with shareholders, understand their views, gather feedback as well as address concerns. Enquiries by shareholders are dealt with as promptly as practicably possible.

The Company does not practice selective disclosure. Results and annual reports are announced or issued within the mandatory period.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis through:

- annual reports that are prepared and released on the SGXNet;
- half yearly and full yearly announcements containing a summary of the financial information;
- notices of AGM and Extraordinary General Meetings ("**EGM**")

Corporate Governance Report

The Company does not have a formal investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Pertinent information is regularly disseminated to the shareholders through SGXNet and the Company's website www.donagroint.com.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, and shareholders and investors.

The Company engages its stakeholders through various channels (announcements via the SGXNet, general meetings and presentations to engage with these material stakeholders, company's website) to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

All shareholders receive the Company's annual report and notice of general meetings. The Board welcomes questions from Shareholders who wish to raise issues, either informally or formally before or during the general meetings.

To ensure that all shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company is conducted by poll where shareholders are accorded voting rights proportionate to their shareholding and all votes are counted and announced immediately at the meeting. The Company puts all resolutions to vote by poll at general meetings and the detailed results of the total number and percentage of votes cast for and against each resolution will be announced via SGXNet after the conclusion of the general meeting on the same day.

DEALING IN SECURITIES

In accordance with the requirements of Rule 1204(19) of the Catalist Rules the Company and its officers should not deal in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial results, and ending on the date of announcement of the relevant results. The restriction extends to the issue of shares or other convertible securities by the Company, and the sale or purchase of shares or other convertible securities by its officers. Under the Securities and Futures Act 2001 ("**SFA**"), officers should note that it is an offence to deal in the Company's securities (as well as securities of other listed companies) while in possession of unpublished material price-sensitive information. They are also discouraged from dealing in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Group has not obtained a general mandate from shareholders for recurrent interested person transactions. As at 31 December 2021 and 31 December 2020, the Group received a number of guarantees from a related party-Chief Executive Officer and Executive Director in connection with certain bank loans obtained by the Group in the amount of $6.8 million and $7.1 million, respectively. As no compensation, fees or other benefits have been paid or are payable by our Group to Mr Marat Devlet-Kildeyev for the provision of the sureties, our Directors are of the view that such sureties provided were not on an arm's length basis and not on normal commercial terms, but were not prejudicial to the interest of our Group and our minority Shareholders. Please refer to pages 170 to 172 of the Company's Offer Document for further details.

Corporate Governance Report

NON-SPONSOR FEES

The total amount of non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., for FY2021 was S$20,000.

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of any Director or controlling shareholder of the Company, either subsisting at the end of the financial year, or if not then subsisting, entered into since the end of the previous financial year.

USE OF IPO PROCEEDS

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

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

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

IPO proceeds totalling S$1.3 million were used for the acquisition of a 100.0% stake in LLC Rav Agro - Rost. on 23 July 2021 for an aggregate consideration of RUB145.0 million (approximately S$2.6 million).

As stated in the Offer Document, we have planned to utilise the IPO proceeds for the above mentioned purposes. In July 2021 the Group acquired a 100% share in LLC Rav Agro-Rost - a company which has arable land, equipment, machinery and working capital. Please refer to note 30.

Director's Statement

The Directors are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages 42 to 102 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date, in accordance with the provisions of the Companies Act 1967, and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Evgeny Tugolukov
Marat Devlet-Kildeyev
Ravi Chidambaram
Tan Han Beng
Edwin Tham Soong Meng

Directors' interests

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Shareholdings in which Directors have a direct interest		Shareholdings in which Directors are Deemed to have an interest	
	As at beginning of the year	As at end of the year	As at beginning of the year	As at end of the year
Company	Fully Paid Ordinary Shares			
Evgeny Tugolukov	117,500,000	117,500,000	–	–
Marat Devlet-Kildeyev	7,500,000	7,500,000	–	–

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares and debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year, nor as at 21 January 2022.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

In conjunction with our listing on the Catalist, we have adopted a share option scheme known as the "Don Agro Employee Share Option Scheme" ("**ESOS**") which was approved at an Extraordinary General Meeting of our Shareholders held on 4 February 2020. The ESOS shall continue in operation for a maximum duration of 10 years commencing on the date on which the ESOS is adopted by our Company in general meeting and may be continued for any further period thereafter with the approval of our Shareholders. No options were issued under the ESOS.

Director's Statement

Summary of the ESOS

The following is a summary of the rules of the ESOS which should be read in conjunction with the Rules of the Don Agro Employee Share Option Scheme:

(1) Participants

Confirmed Group Employees (including Executive Directors) and Non-Executive Directors (including Independent Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, shall be eligible to participate in the ESOS at the absolute discretion of the Committee.

Confirmed Group Employees (including Executive Directors) and Non-Executive Directors (including Independent Directors) who are also Controlling Shareholders or Associates of a Controlling Shareholder are also eligible to participate in the ESOS provided that (a) the participation of, and (b) the terms of any Options to be granted and the actual number of Shares to be granted under the ESOS, to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person.

(2) Administration

The ESOS shall be administered by the Committee with powers to determine, *inter alia*, the following:

(a) persons to be granted Options;

(b) number of Options to be granted; and

(c) recommendations for modifications to the ESOS.

The Committee will consist of Directors who are in the Remuneration Committee (including Directors or persons who may be participants of the ESOS). A member of the Committee who is also a participant of the ESOS must not be involved in any deliberation or decision in respect of Options granted or to be granted to him.

(3) Size of the ESOS

The total number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of (a) all Options granted under the ESOS; and (b) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15.0% of the number of issued Shares (including treasury shares, as defined in the Companies Act) on the day immediately preceding the Offer Date of the Option. Our Directors believe that this limit gives us sufficient flexibility to decide upon the number of Option Shares to offer to our existing and new employees. The number of eligible participants is expected to grow over the years. Our Company, in line with its goal of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible participants will increase as a result. If the number of Options available under the ESOS is limited, our Company may only be able to grant a small number of Options to each eligible participant which may not be a sufficiently attractive incentive. Our Company is of the opinion that it should have sufficient number of Options to offer to new employees as well as to existing ones. The number of Options offered must also be significant to serve as a meaningful reward for contributions to our Group. However, it does not necessarily mean that the Committee will definitely issue Option Shares up to the prescribed limit. The Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each employee which will depend on the performance and value of the employee to our Group.

Director's Statement

Summary of the ESOS (cont'd)

(4) Maximum entitlements

The aggregate number of Shares comprised in any Option to be offered to a participant under the ESOS shall be determined at the absolute discretion of the Committee, which shall take into account (where applicable) criteria such as rank, past performance, years of service, potential for future development of that participant. The aggregate number of Shares in respect of which Options may be granted to the Controlling Shareholders or Associates of the Controlling Shareholders under the ESOS shall not exceed 25.0% of the total number of Shares available under the ESOS. The aggregate number of Shares in respect of which Options may be granted to any individual Controlling Shareholders or Associate of a Controlling Shareholder under the ESOS shall not exceed 10.0% of the total number of Shares available under the ESOS.

(5) Options, exercise period and exercise price

The Options that are granted under the ESOS may have exercise prices that are, at the Committee's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the Shares on the Official List of Catalist for the five (5) consecutive Market Days immediately preceding the relevant date of grant of the relevant Option; or at a discount to the Market Price (subject to a maximum discount of 20.0%). Options which are fixed at the Market Price ("**Market Price Option**") may be exercised after the first anniversary of the date of grant of that Option while Options exercisable at a discount to the Market Price ("**Discounted Option**") may only be exercised after the second anniversary from the date of grant of the Option. Options granted under the ESOS will expire upon the tenth anniversary of the date of grant of that Option (or, in the case of Options granted to a Non-Executive Director, upon the fifth anniversary of the date of grant of that Option).

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Signed by the Board of Directors

Evgeny Tugolukov
Director

Marat Devlet-Kildeyev
Director

14 April 2022

Independent Auditor's Report

Members of the Company Don Agro International Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Don Agro International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the conslidated statements of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 102.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and the Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and Company as at 31 December 2021, and of the consolidated financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 33 of the financial statements, which describes the uncertain financial and economic impact on the Group arising from the armed conflict between Russia and Ukraine. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Valuation of biological assets

The Group operates various farms and plantations for which the following significant biological assets, dairy cows and agricultural crops, are subject to fair valuation. These significant biological assets are fair valued by management using industry/market accepted valuation methodology and approaches. As the measurement of fair value involves judgement on the assumptions and estimates used, we have considered this to be a key audit matter.

Our responses

We had obtained the valuations of biological assets prepared by management. We have reviewed the appropriateness of the fair value methodology used and reasonableness of the key assumptions used, which includes the forecast cash flows, discount rates and market prices for the crops as well as yield rates for the dairy cows and market prices of the livestock. We have also reviewed the adequacy of the Group's disclosures in relation to biological assets as disclosed in Note 7.

Independent Auditor's Report

Members of the Company Don Agro International Limited

Report on the audit of the financial statements (cont'd)

i) Valuation of biological assets (cont'd)

Our findings

We have assessed the valuation of the biological assets, and found that the methodology used is comparable to industry practice, and that the key assumptions used, being the discounted cash flows, discount rates, market prices and yield rates, are reasonable.

We have also considered the adequacy of the disclosures made in the financial statements in respect of estimation uncertainty and judgment applied.

(ii) Business combination

Refer to Note 30 to the financial statements related to acquisition of subsidiaries.

During the year ended 31 December 2021, the Group has acquired 100% interest in LLC Rav Agro Rost, for a total purchase consideration of S$2.6 million.

Management assessed that this acquisition qualified as a business combination and significant management judgement were exercised on the valuation of the land and biological assets acquired.

Following the transaction, management has determined gain on bargain purchase of S$2.6 million. An important element of auditing this business combination transaction relates to the valuation of land assumed under the Purchase Price Allocation (PPA), where management engaged external valuation expert to complete the exercise based on several key assumptions.

We focused on this area as the transaction relates to significant judgement that management exercised on the valuation of land acquired, the PPA, and accordingly gain on bargain purchase.

Our responses

We obtained an understanding of management's process related to the acquisition accounting. We reviewed the sales and purchase agreement and assessed the accounting treatment in accordance with SFRS(I) 3 Business Combinations. We assessed the appropriateness of the methodologies used by management to assess the fair value of the land and biological assets acquired. We involved our internal valuation specialist in evaluating the reasonableness of the key estimates used in the valuation.

We have also considered the adequacy of the disclosures made in the financial statements in respect of estimation uncertainty and judgment applied.

Our findings

The valuation method and key assumptions used were comparable to industry practice and within the range of available industry data.

We also found the disclosures in the financial statements to be adequate and appropriate.

Independent Auditor's Report

Members of the Company Don Agro International Limited

Report on the audit of the financial statements (cont'd)

(iii) *Valuation of Property, plant and equipment*

On 31 December 2021, the Group changed its accounting policy with respect to the subsequent measurement of land in property, plant and equipment from the cost model to revaluation model. As the measurement of fair value involves judgement on the assumptions and estimates used, we have considered this to be a key audit matter.

Our responses

We had obtained the valuations of land prepared by management's specialist.

We have evaluated the appropriateness of the fair value methodology used, namely the direct comparison method, and the reasonableness of the key assumptions used, being the market discount applied, possessing rights adjustment and shared ownership rights. We also assessed the price per square metre, against historical trends and available industry data, taking into consideration comparability and market factors, as well as understand how the implications of the COVID-19 pandemic were considered in the valuations.

We also considered the adequacy of the disclosures in the financial statements in respect of estimation uncertainty and judgment applied.

Our findings

We are satisfied with the competency and objectivity of the external valuer.

The valuation method and key assumptions used were comparable to industry practice and within the range of available industry data.

We also found the disclosures in the financial statements to be appropriate in their description of judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and their fair values.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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 when it becomes available 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, 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.

Independent Auditor's Report

Members of the Company Don Agro International Limited

Report on the audit of the financial statements (cont'd)

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 SSAs 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 SSAs, 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 controls.

- Obtain an understanding of internal controls 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 Group's internal controls.

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

- Conclude on the appropriateness of management's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

Members of the Company Don Agro International Limited

Report on the audit of the financial statements (cont'd)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors 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 the directors, 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. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Pang Yew, Victor.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 April 2022

Statements of Financial Position

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Assets					
Property, plant and equipment	6	37,615	12,770	–	–
Biological assets	7	7,557	7,807	–	–
Right-of-use assets	14	5,993	4,820	–	–
Investments in subsidiaries		–	–	16,639	14,009
Goodwill	31	465	462	–	–
Other non-current assets		22	24	–	–
Non-current assets		51,652	25,883	16,639	14,009
Biological assets	7	9,757	7,444	–	–
Current tax assets		41	13	–	–
Inventories	8	17,549	9,879	–	–
Investments	9	–	4,246	–	–
Trade and other receivables	10	3,376	3,173	3,069	4,326
Cash and cash equivalents	11	6,769	9,992	1,544	3,713
Current assets		37,492	34,747	4,613	8,039
Total assets		89,144	60,630	21,252	22,048
Equity					
Share capital	12	40,667	40,667	40,911	40,911
Capital reserves	12	(10,450)	(10,450)	(21,270)	(21,270)
Revaluation reserves		16,975	–	–	–
Foreign currency translation reserve		(7,539)	(7,496)	–	–
Accumulated profits		27,948	20,646	833	1,718
Equity attributable to the owners of the Company		67,601	43,367	20,474	21,359
Non-controlling interests		43	32	–	–
Total equity		67,644	43,399	20,474	21,359
Liabilities					
Loans and borrowings	13	452	1,061	–	–
Lease liabilities	14	5,396	4,530	–	–
Trade and other payables	15	–	–	–	70
Deferred tax liabilities	17	4,195	–	–	–
Deferred income		286	336	–	–
Non-current liabilities		10,329	5,927	–	70
Loans and borrowings	13	6,299	6,085	–	–
Lease liabilities	14	1,123	652	–	–
Current tax liabilities		156	238	–	–
Trade and other payables	15	2,887	3,520	778	619
Deferred income		78	109	–	–
Provisions	16	628	700	–	–
Current liabilities		11,171	11,304	778	619
Total liabilities		21,500	17,231	778	689
Total equity and liabilities		89,144	60,630	21,252	22,048

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	18	30,944	30,996
Cost of sales	19	(29,025)	(25,587)
Gain from change in fair value of biological assets and agricultural produce	7	9,956	9,217
Gross profit		11,875	14,626
Administrative expenses	20	(3,335)	(3,117)
Bargain purchase from acquisition of subsidiary	30	2,567	–
Other operating income/(expenses), net	20	276	(1,807)
Results from operating activities		11,383	9,702
Finance income		191	90
Finance costs		(962)	(781)
Net finance costs	22	(771)	(691)
Profit before tax		10,612	9,011
Tax expense	23	(280)	(315)
Profit for the year		10,332	8,696
Profit attributable to:			
Owners of the Company		10,321	8,696
Non-controlling interests		11	–
Profit for the year		10,332	8,696
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation differences arising from functional and presentation currency		(43)	(6,670)
Revaluation of property, plant and equipment	6	21,219	–
Related income tax	17	(4,244)	–
Other comprehensive (loss)/income for the year, net of tax		16,932	(6,670)
Total comprehensive income for the year		27,264	2,026
Total comprehensive income attributable to:			
Owners of the Company		27,253	2,026
Non-controlling interests		11	–
Total comprehensive income for the year		27,264	2,026
Earnings per share			
Basic and diluted earnings per share (cents)	28	6.87	5 .79

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Attributable to owners of the Company							
		Share Capital $'000	Capital reserves $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2021		40,667	(10,450)	–	(7,496)	20,646	43,367	32	43,399
Total comprehensive income for the year									
Profit for the year		–	–	–	–	10,321	10,321	11	10,332
Other comprehensive income		–	–	–	–	–	–	–	–
Foreign currency translation differences arising from functional and presentation currency		–	–	–	(43)	–	(43)	–	(43)
Revaluation of property, plant and equipment	6	–	–	21,219		–	21,219	–	21,219
Related income tax	17			(4,244)		–	(4,244)	–	(4,244)
Total comprehensive income for the year			–	16,975	(43)	10,321	27,253	11	27,264
Transactions with owners, recognised directly in equity									
Dividends	12	–	–	–	–	(3,019)	(3,019)	–	(3,019)
Total transactions with owners		–	–	–	–	(3,019)	(3,019)	–	(3,019)
At 31 December 2021		40,667	(10,450)	16,975	(7,539)	27,948	67,601	43	67,644

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 $'000	2020 $'000
Cash flows from operating activities		
Profit for the year	10,332	8,696
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	2,958	2,139
(Gain)/loss on disposal of property, plant and equipment	(46)	60
Income from trade payable write-off	(22)	–
Income from write back of unused vacation	(19)	–
Finance costs	962	780
Finance income	(191)	(90)
Tax expense	280	315
Gain from change in fair value of biological assets and agricultural produce	(9,956)	(9,217)
Revaluation of sold biological assets recognised in cost of sales	7,771	7,847
Impairment loss/(reversal of impairment) on trade and other receivables and short-term investments	1	(219)
Impairment loss on inventories relating to agricultural produce	457	83
Impairment loss/(reversal of impairment) on other inventories made	165	(54)
Bargain purchase from acquisition of subsidiary	(2,567)	–
	10,125	10,340
Changes in:		
Trade and other receivables	(168)	(405)
Inventories	(16,915)	(13,647)
Biological assets	9,867	8,304
Trade and other payables and provisions	(1,167)	1,596
Deferred income	(85)	66
Cash from operations	1,657	6,254
Tax paid	(258)	(144)
Net cash from operating activities	1,399	6,110

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,607)	(4,072)
Proceeds from sale and disposal of property, plant and equipment		120	287
Deposits returned		4,246	2,751
Deposits placed with financial institutions		–	(4,481)
Interest received		173	223
Acquisition of subsidiary, net of cash acquired	30	(2,636)	(747)
Net cash used in investing activities		(704)	(6,039)
Cash flows from financing activities			
Proceeds from borrowings		6,653	8,848
Repayment of borrowings		(7,293)	(6,293)
Repayment of lease liabilities		(121)	(86)
Proceeds from placement shares issued		–	5,060
Interest paid		(362)	(313)
Dividends paid		(2,900)	(990)
Net cash (used in)/from financing activities		(4,023)	6,226
Net (decrease)/increase in cash and cash equivalents		(3,328)	6,297
Cash and cash equivalents at 1 January		9,992	4,646
Effect of exchange rate fluctuations on cash held		105	(951)
Cash and cash equivalents at 31 December	11	6,769	9,992

Significant non-cash transactions

Significant non-cash transactions are disclosed in the following notes:

- Note 12 – Capital and reserves

Notes to the Consolidated Financial Statements

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

The financial statements were authorised for issue by the Board of Directors on 14 April 2022.

1 Business and organisation

1.1 The Company

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

The financial statements of the Group comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity accounted investees.

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

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

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

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

In February 2022, following the recognition of republics of Donetsk and Lugansk and the commencement of military operations in Ukraine by the Russian Federation, additional sanctions were introduced by the United States of America, the European Union and some other countries against Russia. Moreover, there is an increased risk that even further sanctions may be introduced. This may have significant adverse impact on Russia's economy. These events have led to depreciation of the Russian rouble, increased volatility of financial markets and significantly increased the level of economic uncertainty in the Russian business environment.

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

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

Notes to the Consolidated Financial Statements

1 Business and organisation (cont'd)

1.2 The restructuring exercise ("Restructuring Exercise")

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

The Restructuring Exercise was accounted for as a combination of businesses under common control by Mr Evgeny Tugolukov and Mr Marat Devlet-Kildeyev, as they control the entities within the Group before and after the Restructuring Exercise. The presentation reflects the economic substance of the combining entities, which were under common control throughout the relevant periods, as a single economic enterprise, notwithstanding that the Restructuring Exercise was completed during 2020.

1.3 Transfer of entities under common control

The Restructuring Exercise is considered to be an acquisition of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to the restructuring have been accounted for in a manner similar to the pooling-of-interest method. Accordingly, the assets and liabilities of these entities have been included in the consolidated financial statements at their historical carrying amounts. Although the share swap agreement was entered on 21 November 2019, the consolidated financial statements present the financial condition, results of operations and cash flows as if the restructuring had occurred as of the beginning of the earliest period presented.

1.4 Subsidiaries

The consolidated financial statements of the Group have been prepared to reflect the operations of the Company and the subsidiaries as a single economic enterprise and consist of those companies under common control during the years ended 31 December 2021 and 2020.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for:

- land, which is measured at fair value;
- biological assets, which are measured at fair value less costs to sell; and
- agricultural produce (included in inventories), which are measured at fair value less cost to sell at the point of harvest.

2.3 Functional and presentation currency

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

Notes to the Consolidated Financial Statements

2 Basis of preparation (cont'd)

2.4 Changes to accounting policies

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

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

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

This change in accounting policy is applied prospectively. The change in accounting policy did not result in any restatement of comparatives.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.4, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) *Business combinations (cont'd)*

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in surplus or deficit. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) *Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.2 Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to RUB at exchange rates at the reporting date. The income and expenses of foreign operations are translated to RUB at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) *Recognition and initial measurement*

The Group initially recognised trade receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss ("FVTPL")) and financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) *Classification and subsequent measurement*

Non-derivative financial assets

On initial recognition, the Group's financial assets are classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets, on which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost and comprise loans and borrowings, lease liabilities and trade and other payables.

Such financial liabilities are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(iii) *Derecognition of financial assets and financial liabilities*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Group enters into transactions whereby it transfers assets recognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iv) *Offsetting of non-derivative financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits placed with financial institutions.

3.4 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.5 Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on weighted average basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity).

The cost of agricultural produce transferred from biological assets is its fair value less costs to sell at the date of harvest.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale.

3.6 Biological assets and agricultural produce

Biological assets of the Group consist of unharvested crops (grain crops and other plant crops), permanent grasses and livestock (dairy cows which are able to produce milk (mature livestock), heifers and calves, being raised to produce milk in the future (immature livestock)). Bearer livestock and permanent grasses are classified as non-current assets, unharvested crops are classified as current assets in the statement of financial position.

Crops are measured at fair value less costs to sell, which include all costs that would be necessary to sell the assets. Permanent grass is stated at cost less accumulated depreciation and accumulated impairment losses as the fair value of permanent grass cannot be measured reliably. The permanent grass is grown for internal consumption and has neither comparable nor observable market sales data.

The fair value of agricultural produce at the point of harvest is based on the market price less costs to sell.

Upon harvest, grain crops and other plant crops are included into inventory for further processing or for sale and are initially measured at their fair value less estimated point-of-sale costs at the time of harvesting. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is recognised in profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.6 Biological assets and agricultural produce (cont'd)

Livestock is measured at their fair value less estimated point-of-sale costs. The fair value of livestock is based on cash flows model discounted using a pre-tax rate that reflects current market assessment of the time value of money and risks specific to the asset. The fair value of livestock was previously determined based on the market price less estimated costs to sell.

All the gross gains or loss arising from initial recognition of biological assets and from changes in fair value less costs to sell of biological assets are included as a separate line "Gain/(loss) from change in fair value of biological assets" above the gross profit line.

Cost to sell include all costs that would be necessary to sell the assets, including transportation costs.

3.7 Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost or valuation, less accumulated depreciation and accumulated impairment losses.

Any revaluation increase arising from the revaluation of freehold land is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that if reverses a revaluation, decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising on the revaluation of freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserves relating to a previous revaluation of that asset.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.7 Property, plant and equipment (cont'd)

(ii) *Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of assets, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and properties under construction in progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and previous years are as follows:

Buildings	7 – 50 years
Plant and equipment	3 – 12 years
Motor vehicles	3 – 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.8 Leases

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end if the lease term or the cost of the right-of-use assets reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.8 Leases (cont'd)

(i) As a lessee (cont'd)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In accordance with SFRS(I) 16 variable payments which do not depend on index or rate, i.e. do not reflect changes in market rental rates, should not be included in calculation of lease liability. In respect of municipal (or federal) land leases where the lease payments are based on cadastral value of the land plot and do not change until the next potential revision of that value or payments (or both) by the authorities, the Group determined that these lease payments are not considered as either variable (that depend on an index or rate or reflect changes in market rental rates) or in-substance fixed, and therefore these payments are not be included in the measurement of the lease liability.

The Group leases a number of land plots under lease agreements that typically run for a period of 10 years, with an option to renew the lease after expiration. The Group determined the lease term as a contract term.

For majority of lease agreements, rent is established as a payment in-kind in a form of agricultural produce harvested by the Group. At the commencement date, the Group measures the lease liability at the present value of the payments in-kind that are not paid at that date. The following payments are not included in the measurement of lease liability: plowing services, ritual services, and reimbursement of land tax to the lessor.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.9 Impairment

(i) *Non-derivative financial assets*

The Group recognises loss allowances for ECLs (expected credit loss) on financial assets measured at amortised costs.

Loss allowance for the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12-months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risks.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(i) *Non-derivative financial assets (cont'd)*

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and current tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(ii) *Non-financial assets (cont'd)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

3.12 Revenue

Revenue from sale of crops and dairy milk and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised crop or dairy milk or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.12 Revenue (cont'd)

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised crop or dairy milk or services. The individual standalone selling price of a crop or dairy milk or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to crop, dairy milk and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised crop or dairy milk or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.13 Finance costs

Finance costs comprise interest expense on loans and borrowings, and lease liabilities. Interest expense is recognised using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.14 Government grants

A conditional government grant related to property, plant and equipment are recognised initially as "deferred income" at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are presented at gross presentation basis in the financial statements. These grants are then recognised in profit or loss as "other operating income" on a systematic basis over the useful life of the asset. Grants that compensate the Group for finance cost incurred are recognised in profit or loss as reduction in "finance costs" on a systematic basis in the same periods in which the finance costs are recognised.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes; if any.

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.15 Tax (cont'd)

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Fair value measurement

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

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

Notes to the Consolidated Financial Statements

3 Significant accounting policies (cont'd)

3.16 Fair value measurement (cont'd)

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

Significant valuation issues are reported to the Board of directors.

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

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

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

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

Further information about the assumptions made in measuring fair values are included in note 6 Property, plant and equipment and note 7 Biological assets.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Directors of the Company (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Directors of the Company include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Notes to the Consolidated Financial Statements

4 Use of judgements and estimates

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in note 3.7(iii) – useful lives of property, plant and equipment.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2021 is included in the following notes:

– Note 6 – land: key assumptions affecting the valuation of land;

– Note 7 – determining the fair value of biological assets and agricultural produce on the basis of significant unobservable inputs.

The COVID-19 pandemic has continued to create additional uncertainty in the business environment. The consolidated financial statements reflects management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

5 New standards and amendments

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

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

The application of these standards and interpretations does not have a material effect on the financial statements.

Notes to the Consolidated Financial Statements

6 Property, plant and equipment

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

* As at 31 December 2021 the Group elected to measure its land at fair value. The remaining groups of property, plant and equipment are stated at cost.

Security

Property, plant and equipment of the Group with carrying amounts, $7,711,000 and $2,356,000 have been pledged to secure bank loans (see note 13) at 31 December 2021 and 2020, respectively.

Notes to the Consolidated Financial Statements

6 Property, plant and equipment (cont'd)

Depreciation

Depreciation for the year are charged to the accounts stated as follows:

	2021 $'000	2020 $'000
Biological assets	873	656
Inventories	909	480
Cost of sales	230	389
Administrative expenses	22	19
	2,034	1,544

Depreciation expense, useful lives and residual value

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group regularly reviews the estimated useful lives of the assets in order to determine the amount of depreciation expense to be recorded at each financial year. Useful lives are derived based on management's judgement of the period in which the assets will generate revenue, which are periodically reviewed for continued appropriateness. Due to the long lives of assets, changes to the estimates used can result in significant variations in the carrying value.

Valuation of land

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

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

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

Valuation technique

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

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

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

Notes to the Consolidated Financial Statements

6 Property, plant and equipment (cont'd)

Valuation technique (cont'd)

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

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

7 Biological assets

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

Biological assets - crops

In 2021 and 2020, the Group cultivated wheat, sunflower, corn and other crops.

In 2021 the Group harvested approximately 72,240 tons of winter wheat (2020: 64,923 tons) and 18,949 tons of sunflower (2020: 17,683 tons). As at 31 December, the unharvested crops are represented by the following types.

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

Notes to the Consolidated Financial Statements

7 Biological assets

Biological assets - crops (cont'd)

Changes in biological assets - crops balances are disclosed below:

	Note	2021 $'000	2020 $'000
Balance at 1 January		7,444	6,747
Increase due to costs on growing crops		19,659	14,907
Acquisition of subsidiary	30	1,748	622
Gain arising from changes in fair value less estimated cost to sell		12,002	10,935
Decrease of crops due to harvest		(31,120)	(24,478)
Effect on movements in exchange rates		24	(1,289)
Balance at 31 December – current		9,757	7,444

Biological assets - permanent grasses

In 2021 the Group produced approximately 15,979 thousand litres of milk (2020: 16,015 thousand litres).

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

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

Biological assets - livestock

Changes in biological assets - livestock balances are disclosed below:

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

Notes to the Consolidated Financial Statements

7 Biological assets (cont'd)

Risk management strategy related to agriculture activities

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

Regulatory and environmental risks

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

Supply and demand risk

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

Climate and other risks

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

Measurement of fair values

Fair value hierarchy

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

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

Level 3 fair value

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

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

Notes to the Consolidated Financial Statements

7 Biological assets (cont'd)

Valuation techniques and significant unobservable inputs

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Bearer livestock: milk cow • Number of dairy cows - 2021: 2,191; 2020: 2,096 • Number of calves and heifers - 2021: 2,242; 2020: 1,965	*Discounted cash flow*: Fair value is determined using the cash flow model discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset. The cash flow model is based on the physiological characteristics of the animals and management expectations concerning the potential productivity.	• Length of lactation period (years) 2021: 2.43; 2020: 2.90 • Herd average daily milk yield (litres) 2021: 20.03; 2020: 20.11 • Market prices for milk in the same region (in RUB/litre excluding VAT) 2021: 39.32; 2020: 30.01 • Risk-adjusted discount rate 2021: 15.2%; 2020: 15.2%	The estimated fair value would increase (decrease) if: • the lengths of lactation period were longer (shorter); • the herd average daily milk yields were higher (lower); • the market prices for milk in the same region were higher (lower); or • the risk-adjusted discount rates were lower (higher).
Crops: winter wheat • Plant area (hectare) - 2021: 24,032; 2020: 23,984	*Discounted cash flow*: The valuation model considers the present value of the net cash flows expected to be generated by the crops that are in growing stage as at the year ended. The cash flow projection include the planted area, expected yield, market price and future cost to grow and sell. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Market prices for crop in the same region (in RUB/tonne excluding VAT) 2021:LLC Don Agro - 14,958; 2020: 12,613 2021: LLC Volgo-Agro-13,188 2021: LLC Rav Agro-Rost-14,958 • Risk-adjusted discount rate 2021:15.2%; 2020: 15.2% Expected yield (tonne/hectare) 2021: LLC Don Agro – 3.65; 2020: 3.75 2021: LLC Volgo-Agro: 2.25 2021: LLC Rav Agro-Rost-3.65 • Future cost to grow and sell (in RUB/hectare) 2021: LLC Don Agro-15,630; 2020: 14,367 2021: LLC Volgo-Agro: 6,415; 2021: LLC Rav Agro-Rost: 23,859.	The estimated fair value would increase (decrease) if: • the expected yields were higher (lower); • the market prices for crop in the same region were higher (lower); • future cost to grow and sell were lower (higher); or • the risk-adjusted discount rates were lower (higher)

Notes to the Consolidated Financial Statements

8 Inventories

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

Work in progress is mainly represented by the cost incurred after the harvest of corn, sunflower and other crops.

Inventories of $9,568,000 and $8,639,000 were recognised as an expense during the years ended 31 December 2021 and 2020, and included in "cost of sales", respectively (see note 19).

Provision is mainly represented by the write-down to net realisable value due to slow moving and obsolete inventories.

The write-downs and reversals are included in "cost of sales".

9 Investments

	2021 $'000	2020 $'000
Short-term bank deposits with maturities of three months or more (RUB denominated, 5.8%-6.4%)	–	4,246
	–	4,246

The Group's exposure to credit risk and impairment losses for investments are disclosed in note 24.

Notes to the Consolidated Financial Statements

10 Trade and other receivables

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

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

The Group's exposure to credit and currency risks, and impairment losses for trade and other receivables are disclosed in note 24.

11 Cash and cash equivalents

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

Interest rates relating to short-term bank deposits with maturities of three months or less with financial institutions range between 6.8% and 8.6% per annum and range between 3.6% and 4.5% per annum for the years ended 31 December 2021 and 2020, respectively. Cash and cash equivalents are denominated in RUB.

Notes to the Consolidated Financial Statements

12 Capital and reserves

Share capital

Share capital as presented in the statements of financial position refers to shares issued to the controlling shareholders pursuant to the Restructuring Exercise as described in note 1.2, which is deemed to have taken place since the beginning of the earliest period presented.

	Number of shares		Amount	
	2021	2020	2021 $'000	2020 $'000
Issued and fully paid ordinary shares, at par value:				
In issue at 1 January	150,272,700	10,000,000	40,667	35,741
Share split in the proportion of 1 share for 12.5 shares	–	115,000,000	–	–
Placement Shares issued pursuant to the Placement	–	23,000,000	–	4,426*
Issue of PPCF Shares	–	2,272,700	–	500
In issue at 31 December	150,272,700	150,272,700	40,667	40,667

* *Listing expenses incurred amounted to approximately $4.4 million, of which $0.7 million has been capitalised against share capital in accordance with the SFRS(I)32 while the remaining amount of approximately $3.7 million has been included in profit or loss.*

Ordinary shares

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

Capital reserves

Capital reserves mainly relates to merger reserves recognised in connection with the execution of the share swap agreement between the Company and Vallerd Investments Limited as a result of the Restructuring Exercise (note 1.2) and transactions with former shareholders.

Capital management

The primary objective of the Group's capital management is to maximise participants' return while sustaining a reasonable level of financial risks. The Group does not have a quantified target level of participants' return or capital ratios. To fulfil capital management objectives while providing for external financing of regular business operations and investment projects, the Group's management compares expected return of these operations and projects with the costs of debt and maintains prudent financial risk management as described above. The amount of capital that the Group managed at 31 December 2021 and 2020 was $67,644,000 and $43,399,000, respectively. The Group considers the amount of equity attributable to the owners of the Company as capital.

Notes to the Consolidated Financial Statements

12 Capital and reserves (cont'd)

Capital management (cont'd)

The Group monitors capital on the basis of net debt to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio. Net debt is calculated as total borrowings (including current and non-current loans, borrowings and lease liability as shown in the consolidated statement of financial position) less cash and cash equivalents. As at 31 December 2021 and 2020, net debt to EBITDA ratio is calculated as follows:

	2021 $'000	2020 $'000
Net debt	6,501	2,336
EBITDA	13,960	11,598
Net debt to EBITDA ratio	**0.47**	**0.20**

13 Loans and borrowings

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

Bank loans received in RUB are secured by pledge of property, plant and equipment (see note 6).

The Group's exposure to interest rate and liquidity risks related to loans and borrowings is disclosed in note 24.

Terms and debt repayment schedule

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

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

Notes to the Consolidated Financial Statements

13 Loans and borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

Agricultural producers are supported by government through provision of subsidised loans with a reduced interest rate by the government approved banks. Low interest rate is provided so long as the Group complies with the specific conditions in relation to agricultural companies operating in the Russian Federation but could be cancelled in case of violation or lack of government financial support provided to the bank. The lower interest rate of 2.88% (2020: 2.5%) per annum is treated as government grants in 2021. Government grants amounting to $250,000 and $370,000 were received during the year ended 31 December 2021 and 2020, respectively, and recognised in finance costs (see note 22).

Reconciliation of movements of liabilities to cash flows arising from financing activities

Agricultural producers are supported by government through provision of subsidised loans with a reduced interest rate by the government approved banks. Low interest rate is provided so long as the Group complies with the specific conditions in relation to agricultural companies operating in the Russian Federation but could be cancelled in case of violation or lack of government financial support provided to the bank. The lower interest rate of 2.88% (2020: 2.5%) per annum is treated as government grants in 2021. Government grants amounting to $250,000 and $370,000 were received during the year ended 31 December 2021 and 2020, respectively, and recognised in finance costs (see note 22).

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Secured bank loans $'000	Loans from third parties $'000	Lease liabilities $'000	Total $'000
Balance at 1 January 2020	5,661	6	4,974	10,641
Changes from financing cash flows				
Proceeds from borrowings	8,848	–	–	8,848
Repayment of borrowings	(6,293)	–	–	(6,293)
Repayment of leases	–	–	(86)	(86)
Interest paid	(264)	–	(49)	(313)
Total changes from financing cash flows	2,291	–	(135)	2,156
Liability-related other changes				
Acquisition of subsidiary	54	–	72	72
Finance costs	264	3	556	823
Finance income	–	–	133	133
Remeasurement of right-of-use assets	–	–	1,415	1,415
Modification of right-of-use assets	–	–	250	250
New leases	–	–	9	9
Payment-in-kind	–	–	(1,159)	(1,159)
Total liability-related other changes	318	3	1,276	1,597
Effect on movement in exchange rates	(1,130)	(3)	(933)	(2,066)
Balance at 31 December 2020	7,140	6	5,182	12,328

Notes to the Consolidated Financial Statements

13 Loans and borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			
	Secured bank loans $'000	Loans from third parties $'000	Lease liabilities $'000	Total $'000
Balance at 1 January 2021	7,140	6	5,182	12,328
Changes from financing cash flows				
Proceeds from borrowings	6,653	–	–	6,653
Repayment of borrowings	(7,099)	(194)	–	(7,293)
Repayment of leases	–	–	(121)	(121)
Interest paid	(296)	(3)	(63)	(362)
Total changes from financing cash flows	(742)	(197)	(184)	(1,123)
Liability-related other changes				
Acquisition of subsidiary	–	194	420	614
Finance costs	296	2	735	1,033
Finance income	–	–	(18)	(18)
Remeasurement of right-of-use assets	–	–	1,121	1,121
Modification of right-of-use assets	–	–	534	534
New leases	–	–	9	9
Payment-in-kind	–	–	(1,299)	(1,299)
Total liability-related other changes	296	196	1,502	1,994
Effect on movement in exchange rates	54	(2)	19	71
Balance at 31 December 2021	6,748	3	6,519	13,270

14 Lease liabilities

	2021 $'000	2020 $'000
Non-current		
Lease liabilities	5,396	4,530
Current		
Lease liabilities	1,123	652

Notes to the Consolidated Financial Statements

14 Lease liabilities (cont'd)

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

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

Right-of-use assets

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

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

Amounts recognised in profit or loss

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

Notes to the Consolidated Financial Statements

15 Trade and other payables

	Company 2021 $'000	Company 2020 $'000
Non-current		
Amount due to subsidiary	–	70

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

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

Taxes payable other than on income tax is mostly related to VAT payable of $184,000 and $329,000 as at 31 December 2021 and 2020, respectively.

Other payables at 31 December 2020 includes the payables to New Invest Group in accordance with an assignment agreement between Volgo-Agro LLC, JSC Tetra and New Invest Group of $980,000 which had been repaid prior to 31 December 2021

The Group's exposures to currency risk and liquidity risk related to trade and other payables are disclosed in note 24.

16 Provisions

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

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

Notes to the Consolidated Financial Statements

17 Deferred tax liabilities

The movements in the deferred tax account are as follows:

	Note	2021 $'000	2020 $'000
At 1 January		–	–
Revaluation of land plots	6	4,244	–
Effect on movements in exchange rates		(49)	–
At 31 December		4,195	–

18 Revenue

	2021 $'000	2020 $'000
Revenue from sale of crop production	20,583	21,060
Revenue from sale of livestock and milk	10,263	9,834
Revenue from services provided	98	102
	30,944	30,996

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Nature of goods or services	The Group is growing, processing and distributing agricultural and dairy products, mainly grain and milk at farms.
When revenue is recognised	Revenue is recognised when the crops, livestock and milk are collected by the customer or delivered to the customer's premises.
Significant payment terms	Invoices are issued when the products are delivered. Payment for these products is due within period of 10 days. Advance payment is collected from most of the customers upon confirmation of orders. Payment of the outstanding amount is due within period of 10 days from the date of the products are delivered to the customer. The Group applied the practical expedient not to recognise any financing element as the contracts are typically completed within a year.

Notes to the Consolidated Financial Statements

19 Cost of sales

	2021 $'000	2020 $'000
Biological assets sold	17,339	16,486
Wages and salaries	5,100	4,504
Depreciation of property, plant and equipment and amortisation of ROU assets	2,555	1,877
Operating lease expenses	266	172
Growing and harvesting services	896	706
Energy utilities	418	393
Taxes	114	101
Impairment loss on inventories relating to agriculture produce	457	83
Others	1,880	1,265
	29,025	25,587

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

20 Operating income and expenses

	2021 $'000	2020 $'000
Administrative expenses		
Wages and salaries	1,729	1,599
Depreciation property, plant and equipment and amortisation of ROU assets	22	19
Information, consulting and other professional services	1,268	1,238
Operating lease expenses	48	52
Repair costs	18	10
Business travel expenses	58	58
Other material expenses	102	57
Others	90	84
	3,335	3,117
Other operating income/(expenses)		
Government grants received	887	631
Income from trade payable write-off	22	–
Income from write back of unused vacation	19	–
Impairment loss on trade and other receivables and short-term investments reversed	(4)	219
Bank services	(102)	(90)
Gain/(loss) on disposal of property, plant and Equipment	46	(60)
Penalties	(21)	(153)
Other taxes	(137)	(110)
(Impairment loss)/Reversal of impairment on other inventories	(165)	54
Other expenses	(269)	(1,003)
Listing expenses	–	(1,295)
	276	(1,807)

Notes to the Consolidated Financial Statements

20 Operating income and expenses (cont'd)

The Group, as an agricultural producer, recognised government grants amounting to $1,138,000 and $1,001,000 during the years ended 31 December 2021 and 2020, respectively.

The government grants recognised during the year are attributable to:

	2021 $'000	2020 $'000
Operational activities – other operating income	887	631
Financing activities – finance costs	251	370
	1,138	1,001

21 Employee benefits

	2021 $'000	2020 $'000
Salaries and related expenses	(5,369)	(4,677)
Contributions to defined contribution plans	(1,637)	(1,468)
Provision made for unused vacation	(679)	(433)
Provision for bonuses	–	(272)
	(7,685)	(6,850)

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

	2021 $'000	2020 $'000
Biological assets	(1,151)	(806)
Inventories	(1,203)	(703)
Cost of sales	(3,602)	(3,742)
Administrative expenses	(1,729)	(1,599)
	(7,685)	(6,850)

Notes to the Consolidated Financial Statements

22 Finance income and finance costs

	2021 $'000	2020 $'000
Finance income		
Interest income	173	223
Other income	18	(133)
	191	90
Finance costs		
Interest expense	(546)	(635)
Government grants compensating finance cost	251	370
Foreign exchange differences	68	40
Lease expense	(735)	(556)
	(962)	(781)
Net finance costs	(771)	(691)

23 Tax expense

	2021 $'000	2020 $'000
Current tax expense		
Current year	(280)	(315)
Total expense	(280)	(315)

	2021 $'000	2020 $'000
Reconciliation of effective tax rate		
Profit before tax	10,612	9,011
Tax at the domestic rates applicable in the respective jurisdiction (20%)	(2,122)	(1,802)
Tax effect of income of agricultural subsidiaries taxed at Nil%	2,265	1,904
Withholding tax on dividends	(159)	(240)
Change in unrecognised temporary differences	(264)	(177)
	(280)	(315)

The income tax rate applicable to the majority of the Group's 2021 and 2020 income is 0% as activities related to agricultural production; other activities are taxed at 20% respectively.

Notes to the Consolidated Financial Statements

23 Tax expense (cont'd)

Unrecognised deferred tax assets

	2021 $'000	2020 $'000
Tax losses	4,240	2,920

Due to amendments to the Russian tax legislation, starting from 1 January 2017 tax losses carried forward do not expire, but may be set off only against 50% of taxable profits. The deferred tax assets are not recognised as there is no evidence of probable future taxable profits related to the Group's non-core activities.

Unrecognised deferred tax liabilities

At 31 December 2021 and 2020, deferred tax liabilities associated with the Group's investments in subsidiaries amounted to $8,901,000 and $2,812,000, respectively. These have not been recognised as the Group is able to control the timing of reversal of the difference, and reversal is not expected in the foreseeable future.

24 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing those risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Group, as and when they fall due. Management has a credit policy in place which establishes credit limit for customers and monitors their balances on an ongoing basis.

Notes to the Consolidated Financial Statements

24 Financial risk management (cont'd)

Trade and other receivables

Exposure to credit risk

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

		Group		Company	
	Note	2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Short-term bank deposits with maturities of three months or more	9	–	4,246	–	–
Trade and other receivables*	10	83	215	3,061	4,326
Cash and cash equivalents	11	6,769	9,992	1,544	3,713
		6,852	14,453	4,605	8,039

* *exclude advances paid to suppliers, VAT receivables and prepaid listing expenses*

The maximum exposure to credit risk for financial assets at the reporting date by customer type was:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Corporate customers	55	175	–	–
Financial institutions	6,769	14,238	1,544	3,713
Others	28	40	3,061	4,326
	6,852	14,453	4,605	8,039

The maximum exposure to credit risk for financial assets at the reporting date by geographical segment was:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Singapore	1,551	3,713	1,544	3,713
Russian Federation	5,301	10,740	3,061	4,326

Notes to the Consolidated Financial Statements

24 Financial risk management (cont'd)

Trade and other receivables

Expected credit loss assessment for individual customers

The Group uses an allowance matrix to measure the ECLs of trade receivables from customer. The allowance matrix is based on actual credit loss experience over the past three years. The ECLs computed is derived from the historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

The Group's historical experience is that the write-offs of trade receivables fall within the recorded allowances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables:

Group	Weighted average loss rate	Gross	Impairment	Credit impaired
	%	$'000	$'000	
31 December 2021				
Not past due		83	–	No
Between 1 to 365 days		–	–	No
More than one year		4	(4)	Yes
		87	(4)	
31 December 2020				
Not past due	*%	215	–	No
Between 1 to 365 days	*%	–	–	No
More than one year	100%	3	(3)	Yes
		218	(3)	
Company				
31 December 2021				
Not past due		3,061	–	No
31 December 2020				
Not past due	*%	4,326	–	No

* *The weighted average loss rate for accounts was negligible*

Notes to the Consolidated Financial Statements

24 Financial risk management (cont'd)

Movement in allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Lifetime ECL – credit impaired	
	2021	**2020**
	$'000	**$'000**
At 1 January	(3)	(4)
Impairment loss made	(1)	–
Amounts written off	–	–
Effect on movements in exchange rates	–	1
At 31 December	(4)	(3)

Cash and cash equivalents

Cash and bank balances are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and low credit risk of the exposures. The amount of allowance on cash and cash equivalents was negligible.

Investments

Investments are loan issued to a related corporation and short-term bank deposits with maturities of three months or more. The Group uses a similar approach for assessment of ECLs for short term bank deposits to those used for cash and cash equivalents. Loan issued to a related corporation has been fully written down.

The movement in the allowance for impairment in respect of investments during the year was as follows:

	Lifetime ECL – credit impaired	
	2021	**2020**
	$'000	**$'000**
At 1 January	–	(251)
Reversal of impairment loss	–	219
Effect on movements in exchange rates	–	32
At 31 December	–	–

Liquidity risk

Risk management policy

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Management believes that the Group will have the continued support of its creditor-banks to renew its short-term loans as and when they fall due.

Notes to the Consolidated Financial Statements

24 Financial risk management (cont'd)

Liquidity risk (cont'd)

Risk management policy (cont'd)

The following are the expected contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**	**More than 5 years $'000**
Group					
2021					
Non-derivative financial liabilities					
Loans and borrowings	6,751	7,046	6,560	483	3
Lease liabilities	6,519	9,711	1,861	5,701	2,149
Trade and other payables*	1,782	1,782	1,782	–	–
	15,052	18,539	10,203	6,184	2,152
2020					
Non-derivative financial liabilities					
Loans and borrowings	7,146	7,617	6,400	1,214	3
Lease liabilities	5,182	7,816	1,255	4,440	2,121
Trade and other payables*	2,448	2,448	2,448	–	–
	14,776	17,881	10,103	5,654	2,124

* *exclude advances received from customers*

			Cash flows		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**	**More than 5 years $'000**
Company					
2021					
Non-derivative financial liabilities					
Trade and other payables*	778	778	778	–	–
2020					
Non-derivative financial liabilities					
Trade and other payables*	689	700	619	81	–

* *exclude advances received from customers*

Notes to the Consolidated Financial Statements

24 Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its interest-bearing financial liabilities. The Group's objective is to maintain a balance of fixed and floating rate borrowings as well as a balanced maturity period.

The Group does not hedge its exposure to changes in interest rates on interest-bearing borrowings.

	Nominal amount	
	2021	**2020**
	$'000	**$'000**
Fixed rate instruments		
Loans and borrowings	6,751	7,146
Lease liabilities	6,519	5,182
	13,270	12,328

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect the profit or loss.

Foreign currency risk

The Group has minimal exposure to foreign currency risks as transactions are mainly denominated in the respective functional currencies of the Group entities. The currencies in which these transactions primarily denominated are the EUR and USD. The changes in the exchange rates at the reporting date would not significantly affect profit or loss and equity.

25 Contingencies and commitments

Insurance

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

Notes to the Consolidated Financial Statements

25 Contingencies and commitments (cont'd)

Taxation

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

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

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

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

26 Fair value of financial instruments

(a) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, short-term investments, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Carrying amounts of non-current financial liabilities approximate their fair values.

Notes to the Consolidated Financial Statements

26 Fair value of financial instruments (cont'd)

(b) Accounting classification and fair value

The carrying amounts and fair values of financial assets and financial liabilities are as follows:

	Amortised cost $'000	Other financial liabilities $'000	Total $'000
Group			
2021			
Financial assets not measured at fair value			
Trade and other receivables*	389	–	389
Cash and cash equivalents	6,769	–	6,769
	7,158	–	7,158
Financial liabilities not measured at fair value			
Loans and borrowings	–	6,751	6,751
Trade and other payables**	–	1,782	1,782
	–	8,533	8,533
2020			
Financial assets not measured at fair value			
Trade and other receivables*	652	–	652
Investments	4,246	–	4,246
Cash and cash equivalents	9,992	–	9,992
	14,890	–	14,890
Financial liabilities not measured at fair value			
Loans and borrowings	–	7,146	7,146
Trade and other payables**	–	2,448	2,448
	–	9,594	9,594

* *exclude, advances paid to suppliers and prepaid listing expenses*

** *exclude advances received from customers*

Notes to the Consolidated Financial Statements

26 Fair value of financial instruments (cont'd)

(b) Accounting classification and fair value (cont'd)

	Amortised cost $'000	Other financial liabilities $'000	Total $'000
Company			
2021			
Financial assets not measured at fair value			
Trade and other receivables*	3,061	–	3,061
Cash and cash equivalents	1,544	–	1,544
	4,605	–	4,605
Financial liabilities not measured at fair value			
Trade and other payables**	–	778	778
2020			
Financial assets not measured at fair value			
Trade and other receivables*	4,326	–	4,326
Cash and cash equivalents	3,713	–	3,713
	8,039	–	8,039
Financial liabilities not measured at fair value			
Trade and other payables**	–	689	689

* *exclude, advances paid to suppliers and prepaid listing expenses*

** *exclude advances received from customers*

Notes to the Consolidated Financial Statements

27 Related parties

Key management personnel compensation

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

Key management received the following remuneration during the year, which is included in employee benefits expense (see note 21):

	2021 $'000	2020 $'000
Salaries and related expenses	1,082	699
Contributions to defined contribution plans	221	157
	1,303	856

Guarantees

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

28 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2021 and 31 December 2020 is based on the profit attributable to ordinary shareholders $10,321,000 and $8,696,000 respectively, and the weighted-average number of ordinary shares outstanding during the year, as follows:

	2021 No. of shares	2020 No. of shares
Issued ordinary shares at 1 January	150,272,700	10,000,000
Issued ordinary shares immediately after the Restructuring Exercise	–	10,000,000
Sub-division of ordinary shares via share split	–	125,000,000
Share based payment	–	2,272,700
Placement Shares issued pursuant to the Placement	–	23,000,000
Number of shares issued at 31 December	150,272,700	150,272,700
Weighted average number of shares at 31 December	150,272,700	147,749,603

Diluted earnings per share

As at 31 December 2021 and 31 December 2020, there were no outstanding dilutive potential ordinary shares. Basic earnings per share is 6.87 cents and 5.79 cents during the year ended 31 December 2021 and 31 December 2020, respectively.

Notes to the Consolidated Financial Statements

29 Operating segments

Basis of segmentation

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

29 Operating segments (cont'd)

Information about reportable segments

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

	Reportable segments			
	Crops $'000	Livestock $'000	Total reportable segments $'000	All other segments $'000
2021				
External revenue	20,582	10,263	30,845	99
Inter-segment revenue	3,497	–	3,497	–
Segment revenue	24,079	10,263	34,342	99
Segment profit/(loss) before tax	9,972	697	10,669	(56)
Other (expenses)/income	(98)	376	278	(2)
Bargain purchase	1,708	851	2,559	8
Finance income	130	65	195	(4)
Finance costs	(996)	34	(962)	–
Depreciation	(2,262)	(262)	(2,524)	(53)
Segment assets				
Capital expenditure	2,424	167	2,591	16
Acquisition of subsidiary	2,627	628	3,255	70
Segment liabilities	19,956	1,368	21,324	5
Unallocated liabilities: Dividends payable	–	–	–	171
2020				
External revenue	21,059	9,834	30,893	103
Inter-segment revenue	2,505	–	2,505	–
Segment revenue	23,564	9,834	33,398	103
Segment profit/(loss) before tax	10,000	408	10,408	(102)
Other (expenses)/income	(593)	82	(511)	(1)
Finance income	64	30	94	(4)
Finance costs	(759)	(23)	(782)	1
Depreciation	(1,596)	(220)	(1,816)	(80)
Unallocated expenses: Listing expenses	–	–	–	(1,295)
Segment assets	45,220	15,363	60,583	47
Unallocated assets: Prepaid listing expenses	3,945	127	4,072	–
Capital expenditure	952	–	952	–
Segment liabilities	15,331	1,836	17,167	12
Unallocated liabilities: Accrued listing expenses	–	–	–	52

Notes to the Consolidated Financial Statements

29 Operating segments (cont'd)

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

	2021 $'000	2020 $'000
Revenue		
Total revenue for reportable segments	34,342	33,398
Revenue for other segments	99	103
Elimination of inter-segment revenue	(3,497)	(2,505)
Consolidated revenue	30,944	30,996
Profit before tax		
Total profit before tax for reportable segments	10,668	10,408
Loss before tax for other segments	(56)	(102)
Unallocated expenses: Listing expenses	–	(1,295)
Consolidated profit before tax	10,612	9,011
Assets		
Total assets for reportable segments	89,119	60,583
Assets for other segments	25	47
Consolidated total assets	89,144	60,630
Liabilities		
Total liabilities for reportable segments	21,324	17,167
Liabilities for other segments	5	12
Unallocated liabilities: Dividend payable	171	52
Consolidated total liabilities	21,500	17,231

Other material items

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

Notes to the Consolidated Financial Statements

29 Operating segments (cont'd)

Geographical information

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

Major customers

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

	2021 $'000	2020 $'000
LLC Grain Service	12,001	13,921
JSC Voronezhsky Milk Combinat	9,095	8,735
LLC MEZ Yug Rusi	2,388	6,554
	23,484	29,210

30 Subsidiaries

As at 31 December 2021 and 31 December 2020, the subsidiaries of the Group are as follows:

Name of subsidiaries	Principal activities	Principal place of business	Ownership interest 2021 %	Ownership interest 2020 %
LLC Don Agro	Production of agricultural products	Russia	100	100
JSC Selkhoztechnika	Lease of assets	Russia	91.8	91.8
JCS Rassvet	Lease of assets	Russia	86.2	86.2
JSC Don-Agro	Holding company	Russia	100	100
JSC Tetra	Holding company	Russia	100	100
LLC Degtevskoe	Lease of assets	Russia	98.4	98.4
LLC Happy Cow	Construction of livestock building	Russia	100	100
LLC Volgo-Agro	Production of agricultural products	Russia	99.9	99.9
LLC Rav Agro-Rost	Production of agricultural products	Russia	100	–

(i) Non-controlling interests

The subsidiaries of the Company have non-controlling interest that are not material to the Group.

Notes to the Consolidated Financial Statements

30 Subsidiaries (cont'd)

Acquisition of subsidiary

a) On 23 July 2021, the Group acquired 100.00% of equity shares of LLC Rav Agro-Rost from LLC Agro Proekt for an aggregate consideration $2,636,000 that was settled in cash. This acquisition resulted in bargain purchase of $2,567,000 primarily due to geographical location of land plots leased by the acquired entity.

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

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

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

Notes to the Consolidated Financial Statements

30 Subsidiaries (cont'd)

Acquisition of subsidiary (cont'd)

b) On 5 November 2020, LLC Volgo-Agro was acquired by the Group due to the sales of 99.9% of equity shares owned by New Invest Group LLC for an aggregate consideration $1,801,000. This consideration includes the purchase of a 99.99% stake in Volgo-Agro for $766,000 was settled in cash and of outstanding debt carried by Volgo-Agro for $1,035,000.

	2020 $'000
Property, plant and equipment	952
Right-of use assets	36
Biological assets	622
Current tax assets	16
Inventories	111
Trade and other receivables	60
Cash and cash equivalents	19
Loans and borrowings	(54)
Lease liabilities	(72)
Current tax liabilities	(9)
Provision for liabilities	(15)
Trade and other payables	(353)
Net assets acquired	1,313
Total consideration transferred	1,801
Goodwill from acquisition of LLC Volgo-Agro	488

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

	2020 $'000
Cash paid	766
Less: cash and cash equivalents in subsidiary acquired	(19)
Net cash outflow from acquisition of subsidiaries	747

ii) **Measurement of fair values**

The valuation techniques used for measuring the fair value of the following material assets, property, plant and equipment and biological assets, acquired have been disclosed in the Note 6 and Note 7 respectively.

Notes to the Consolidated Financial Statements

30 Subsidiaries (cont'd)

Acquisition of subsidiary (cont'd)

b) (cont'd)

iii) **Goodwill**

The acquired subsidiary is involved in the sale of crops. It operates a land bank of approximately 10,040 hectares in the area which provides favourable levels of precipitation and quality of soil that is highly suited for winter wheat production. Volgo-Agro also owns important assets including a grain cleaning machine and grain storage facilities for 10,000 tonnes. The goodwill of $488,000 is attributable to significant expansion opportunity of the agricultural business expected to arise after the acquisition.

Following the acquisition of Volgo-Agro, the Group will harness an enlarged land bank of approximately 63,240 hectares in total, representing a growth rate of 18.9%. This new land capacity will accelerate growth for the Group's winter wheat production to capture the strong and growing global demand for wheat. Tapping on this new land bank, the Group also intends to expand its income stream by diversifying its range of offerings through crop rotation. This includes producing highly demanded crops such as chickpeas which could be sold to India and other Asian countries in the region. Operationally, the Group intends to increase the utilisation of its machinery and equipment such as seeders and cultivators by re-allocating underutilised resources to the new land bank. Due to the increased scale of operations, the Group will also enjoy synergies relating to procurement due to economies of scale, while being able to adopt new sales strategies to negotiate better prices for its crops as they will be sold in larger quantities.

31 Goodwill

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

Notes to the Consolidated Financial Statements

31 Goodwill (cont'd)

Impairment testing for CGUs containing Goodwill

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

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

	2021 %
Pre-tax discount rate	**15.2**
Terminal value growth rate	**3.5**

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

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

32 Dividends

	2021 $'000	2020 $'000
Dividends	1,280	1,739

After 31 December 2020, the Directors proposed to pay dividends in amount of 1.16 cents per ordinary share amounting $1,739,000.

During the twelve months ended 31 December 2021, the Group declared an interim dividends in amount of $1,280,000 ($0.008517848 per ordinary share) for FY 2021 and paid this year.

The directors did not recommend a final dividend for the FY 2021.

33 Subsequent events

In February 2022, following the commencement of special military operations in Ukraine by the Russian Federation, additional severe sanctions were imposed by the United States of America, the European Union and numerous other countries on the Russian government, major financial institutions and certain other entities and individuals in Russia. In addition, restrictions were introduced on the supply of various goods and services to Russian entities. These events have led to depreciation of the Russian rouble, increased volatility of financial markets and significantly increased the level of economic uncertainty in the Russian business environment.

Notes to the Consolidated Financial Statements

33 Subsequent events (cont'd)

As far as the Group's businesses are concerned, the conflict has not caused any immediate concern to the operations as outlined below:

Operations

For the current seeding and harvesting season, the Group has all the necessary key raw materials to allow the business to continue its operations in a normal way. The stock of raw materials includes: fertilizers, seeds, chemicals andother items, including spare parts to facilitate the maintenance support of agricultural equipment needed in the immediate future. However, given the international sanctions imposed by various countries on Russian Federation, which have resulted in disruption in logistics and supply chain, it is uncertain at present whether the Group is able to obtain new supply of seeds of sunflower and corn that it used to plant in recent years , agricultural equipment and machinery spare parts. The Group expects to incur higher cost of machinery maintenance and supplies for foreign machinery for the coming year.

Correspondingly, prices of the Group's agricultural produce have increased in average by 19% (Winter wheat by 9%, sunflower by 34%, corn by 15%) as compared to previous year, given the food shortage within the Group's operating markets. Therefore, the Group believes that the demand for the produce, such as winter wheat, sunflower, and milk will continue to be high in the near term.

As the situation is fast evolving, the effect of the conflict is subject to significant levels of uncertainty, with the full range of possible financial effects still unknown.

Currency risk

The depreciation of Russian Rouble against foreign currencies has no immediate impact to the Group's financial performance as the Group has minimal exposure to foreign currency risk as the transactions and agreements are predominantly denominated in Russian Rouble.

The Group has business relationships with Russian retailers of the overseas suppliers for the replacement of machinery (when necessary) and purchase of raw materials (such as seeds). Although, there is no immediate needs for such transactions to be made currently.

Liquidity risk

As at 31 December 2021, the Group had insignificant amount of approximately 266,000 Russian Roubles placed with a financial institution that was later included in the in the Specially Designated Nationals And Blocked Persons list. This bank account is no longer used and is in the process of closure.

The Group has significant transactions with 2 other financial institutions, these are mostly of borrowings and placement of fixed-term deposits. Fixed-term deposits have made 71% of the Group's total cash and cash equivalent as at 31 December 2021. The Group has sufficient cash and cash equivalents for redemption of existing loans as at the 31 of December 2021 if necessary.

Management believes it is able to replace and refinance its placed deposit and existing loans with other financial institutions, should the need arise.

Given the restriction on the access to international financial markets, there may be difficulties for the Group to transfer funds out of the Russian Federation due to sanctions against its financial system.. Presently, the Company has sufficient funds in Singapore to meet its ongoing obligation as and when it falls due for at least the next 12 months from the date of these financial statements.

Notes to the Consolidated Financial Statements

33 Subsequent events (cont'd)

Interest rate risk

The Central Bank of the Russian Federation increased its key interest rate from 9.5% to 20% per annum on 28 February 2022. On 8 April 2022, key interest rate decreased from 20% to 17%. As a result, commercial banks increased the cost of borrowings up to approximately 18-25% per annum. However, this does not affect existing borrowings of the Group as the interest rate of existing borrowings is fixed.

With the significant increase in the cost of borrowing, the Government of Russia continues to support agricultural business and is subsidizing the interest rates of loans for agricultural activities. In March 2022, the group received a subsidised 100 million Roubles loan at 4.2%. In the event that this subsidy program is not forthcoming, the Group has assessed that it will still be able to service bank loans with interest rates higher than 20%, if the need arises.

Credit risk

As at 31 December 2021 and date of these financial statements, the Group has no concern over any overdue receivables as the harvested crops for FY 2021 had been sold and payments have been settled on time.

Impairment

Given the intensifying concerns of a supply shortage due to the Russia-Ukraine conflict, raising the spectre of soaring global food inflation, the Group expects the significant increase in agricultural produce's prices for the next year's harvest.

As such, the Group has no concern over impairment arising from the valuation of the biological assets.

34 New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendments to SFRS(I) 16)*
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, plant and equipment – Proceeds before Intended use* (Amendments to SFRS(I) -16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to SFRS(I) 37
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Annual Improvments to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(i) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)

Additional Information on Directors Seeking Re-Election

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to the retiring directors is set out below and to be read in conjunction with their respective biographies under the section entitled "Board of Directors" in the Annual Report 2021:

Name of director	**Marat Devlet-Kildeyev**	**Tan Han Beng**
Age	56	46
Country of principal residence	Latvia	Singapore
Date of Appointment	28 November 2018	28 June 2019
Date of last re-appointment (if applicable)	29 August 2019 (Re-elected at the annual general meeting held on 29 August 2019 prior to the listing of the Company)	24 June 2020 (Re-elected at the annual general meeting held on 24 June 2020)
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board having considered the NC's recommendations, the qualifications and working experience of Mr Marat Devlet-Kildeyev, is of the view that he has the requisite experience and capabilities as an Executive Director of the Company.	The Board having considered the NC's recommendations, the qualifications and working experience of Mr Tan Hang Beng, is of the view that he has the requisite experience and capabilities as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Chief Executive Officer and Executive Director, the area of responsibility: directing and controlling the operations of the Group and its key operational subsidiaries.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer and Executive Director	Independent Director, ARC Chairman, NC member and RC member
Professional qualifications	Diploma in in Russian Linguistics and Teaching Russian for Foreigners, Russia, MBA Degree, Canada	Bachelor of Accountancy from Nanyang Technological University, member of the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	- 2018 to present – Don Agro International Limited, Chief Executive Officer and Executive Director; - 2018 to present: TETRA, Joint Stock Company, President. - 2018 to present: Don Agro, Limited Liability Company, President. - 2018 to present: Rīgas Nukleārās Medicīnas Laboratorija, SIA, Director. - 2013 to 2018: Prodalliance Limited, Head of Representative Office. - 2009 to 2012: Representative of CTC Media. Inc. (USA) in Moscow / Network of Television Stations, Closed Joint Stock Company, Deputy General Director, Head of International Broadcasting.	- 2019 to present - UOB Kay Hian Pte. Ltd-A senior vice president of corporate finance - 23 March 2019 to 3 May 2019 - Serrano Limited LLC-CEO - 2014 to 2018 - PrimePartners Corporate Finance Pte. Ltd- Registered professional for continuing sponsorship - 2011 to 2014 - CNP Compliance Pte Ltd- Registered professional for continuing sponsorship

Additional Information on Directors Seeking Re-Election

Name of director	**Marat Devlet-Kildeyev**	**Tan Han Beng**
Shareholding interest in the listed issuer and its subsidiaries	Holding of 7,500,000 shares of the listed issuer	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships		
Past (for the last 5 years)	Nil	Kitchen Culture Holdings Ltd
Present	TETRA, Joint-Stock Company, Chairman of the Broad of Directors, Don Agro, Limited Liability Company, Chairman of the Board of Directors, Don Agro, Joint Stock Company, Chairman of the Board of Directors, Volgo-Agro, Limited Liability Company, Chairman of the Board of Directors, Dulbultu Krasts, SIA, Non-Executive Director	Challenger Technologies Limited Old Chang Kee Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

Additional Information on Directors Seeking Re-Election

Name of director	Marat Devlet-Kildeyev	Tan Han Beng
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

Additional Information on Directors Seeking Re-Election

Name of director	Marat Devlet-Kildeyev	Tan Han Beng
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, In connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

Additional Information on Directors Seeking Re-Election

Name of director	Marat Devlet-Kildeyev	Tan Han Beng
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A. This is a re-election of a Director.	N/A. This is a re-election of a Director.

Shareholding Statistics

As at 29 March 2022

Issued and fully paid-up share capital	:	S$41,301,100
Class of shares	:	Ordinary shares
Number of shares issued	:	150,272,700
Voting rights	:	One (1) vote per ordinary share (excluding treasury shares and subsidiary holdings)
Number of treasury shares and percentage	:	Nil
Number of subsidiary holdings and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholdings	No. of Shares	% of Shareholdings
1 – 99	0	0.00	0	0.00
100 – 1000	10	12.34	7,800	0.01
1,001 – 10,000	32	39.51	169,300	0.11
10,001-1,000,000	33	40.74	2,324,800	1.55
1,000,001 and above	6	7.41	147,770,800	98.33
Grand Total	**81**	**100.00**	**150,272,700**	**100.00**

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS
(as shown in the Register of Members)

No	Name of Shareholder	No. of Shares	% of Shareholdings
1.	EVGENY TUGOLUKOV	117,500,000	78.19
2.	UOB KAY HIAN PTE LTD	13,034,100	8.67
3.	HSBC (SINGAPORE) NOMINEES PTE LTD	7,591,500	5.05
4.	RAFFLES NOMINEES (PTE) LIMITED	6,109,100	4.07
5.	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	1,940,300	1.29
6.	CITIBANK NOMINEES SINGAPORE PTE LTD	1,595,800	1.06
7.	ABN AMRO CLEARING BANK N.V.	499,500	0.33
8.	KWOK SENG LOON	200,000	0.13
9.	ROSLI LIM BIN ABDULLAH @ LIM HUI SEONG	178,800	0.12
10.	DBS NOMINEES PTE LTD	176,500	0.12
11.	BIN BOON KIM	137,300	0.09
12.	ANGELA CHOONG CHIEW FOONG	136,000	0.09
13.	LEE KANG HOE	113,000	0.08
14.	TIGER BROKERS (SINGAPORE) PTE. LTD.	109,600	0.07
15.	YAP HUEY HENG ALEC	87,000	0.06
16.	LIM YAN HONG RICHARD	81,600	0.05
17.	OCBC NOMINEES SINGAPORE PTE LTD	66,500	0.04
18.	TAN SIANG TANG	50,000	0.03
19.	PHILLIP SECURITIES PTE LTD	39,000	0.03
20.	MAYBANK SECURITIES PTE. LTD.	33,600	0.02
Total		**149,679,200**	**99.59**

Based on the information available to the Company as at 29 March 2022, approximately 16.82% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Catalist Rules has been complied with.

Shareholding Statistics

As at 29 March 2022

LIST OF SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
EVGENY TUGOLUKOV	117,500,000	78.19	–	–

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Don Agro International Limited ("**Company**") will be held by way of electronic means on Friday, 29 April 2022 at 4:00 p.m. (Singapore time) for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021, together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Marat Devlet-Kildeyev, retiring by rotation under regulation 94 of the Company's Constitution. **(Resolution 2)**

3. To re-elect Mr Tan Han Beng (Chen Hanming), retiring by rotation under regulation 94 of the Company's Constitution. **(Resolution 3)**

4. To approve Directors' fees of S$180,000 for the financial year ending 31 December 2022, payable by the Company in arrears not later than 31 December 2022. **(Resolution 4)**

5. To note that KPMG LLP has expressed that they will not seek re-appointment as auditors of the Company. (See Explanatory Notes: Note (i))

6. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

7. Authority to allot and issue shares

"THAT, pursuant to section 161 of the Companies Act 1967 ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);

Notice of Annual General Meeting

(2) (subject to such manner of calculation and adjustments as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all legal requirements under the Companies Act and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in general meeting, whichever is the earlier."

(See Explanatory Notes) **(Resolution 5)**

8. Authority to grant options and issue Shares under the Don Agro Employee Share Option Scheme

"THAT pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to grant options, and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted under the Don Agro Employee Share Option Scheme ("**ESOS**") provided always that the aggregate number of Shares in respect of which such options may be granted and which may be issued pursuant to the ESOS, when added to the aggregate number of Shares issued and issuable pursuant to all other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the issued share capital of the Company from time to time, and in this resolution, "subsidiary holdings" has the same meaning ascribed to it in the Catalist Rules."

(See Explanatory Notes) **(Resolution 6)**

BY ORDER OF THE BOARD

CHEN CHUANJIAN, JASON
TAN CHING CHING
Company Secretaries

Singapore
14 April 2022

Notice of Annual General Meeting

Explanatory Notes:

Resolution 2

If re-elected, Mr Marat Devlet-Kildeyev will remain as the Chief Executive Officer of the Company.

Resolution 3

If re-elected, Mr Tan Han Beng (Chen Hanming) will remain as member of the Nominating Committee and the Remuneration Committee of the Company and will also remain as the Chairman of the Audit and Risk Committee of the Company. He is considered an independent director pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST.

Note (i)

KPMG LLP has expressed that they would not be seeking re-appointment as auditors of the Company at this AGM. Efforts are being made by the Company to appoint new auditors as soon as possible. Further announcement would be released in due course once the proposed new appointment has been confirmed.

Resolution 5

The proposed Resolution 5, if passed, will empower the Directors, from the date of the Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings if any, with a sub-limit of 50% for Shares other than on a pro rata basis to shareholders.

Resolution 6

The proposed Resolution 6, if passed, will empower the Directors of the Company, to grant options and to allot and issue Shares upon the exercise of such options in accordance with the ESOS.

IMPORTANT NOTICE TO SHAREHOLDERS IN RELATION TO THE CONDUCT AND PROCEEDINGS OF THE COMPANY'S AGM ON 29 APRIL 2022 AT 4:00 P.M. (SINGAPORE TIME)

This AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will NOT be sent to shareholders. Instead, this Notice will be sent to shareholders solely by electronic means via publication at the URL https://conveneagm.sg/donagrointernationalagm2022 and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

Alternative arrangements relating to shareholders' participation at the AGM are:

(a) observing and/or listening to the AGM proceedings contemporaneously via a "live" audio-visual webcast or a "live" audio-only stream (collectively, "**Live Webcast**") respectively;

(b) submitting questions in advance in relation of the resolutions set out in the Notice of AGM; and

(c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

Shareholders may participate at the AGM by taking note of the following steps:

1. Pre-Registration for the Live Webcast

A shareholder will be able to follow the proceedings of the AGM through the Live Webcast via mobile phone, tablet, computer or any such electronic device.

In order to do so, shareholders MUST pre-register online at the URL https://conveneagm.sg/donagrointernationalagm2022 by 4:00 p.m. (Singapore time) on 26 April 2022 (the "**Registration Deadline**") to enable the Company to verify their shareholders' status.

Following the verification and upon the closure of pre-registration, authenticated shareholders will receive email instructions to access the Live Webcast of the AGM proceedings by 4:00 p.m. (Singapore time) on 28 April 2022.

Shareholders are reminded that the AGM proceedings are private. Accordingly, shareholders must not forward the abovementioned email instructions to other persons who are not shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast. In addition, recording of the Live Webcast by shareholders in whatever form is also strictly prohibited.

Notice of Annual General Meeting

Shareholders who register by the Registration Deadline but do not receive the abovementioned email instructions by 4:00 p.m. (Singapore time) on 28 April 2022 may contact the Company's technical support by email at vnovikov@donagroint.com for assistance, with the following details included for verification purpose:

(a) Full name of the shareholder; and

(b) His/her/its national registration identity card ("**NRIC**") number/passport number/company registration number.

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS Investors, and who wish to participate in the AGM should, in addition to pre-registering online, contact their relevant intermediary (which would include, in the case of CPF and SRS Investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

2. Submission of Questions

Shareholders will NOT be able to speak or ask questions during the AGM via the Live Webcast, and therefore it is important for them to submit their questions in advance of the AGM.

Shareholders may submit any questions related to the resolutions to be tabled for approval at the AGM via the URL https://conveneagm.sg/donagrointernationalagm2022 or by email at anazaryan@donagroint.com no later than 4:00 p.m. (Singapore time) on 21 April 2022 (the "**Submission Deadline**").

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS Investors, can also submit their questions related to the resolutions to be tabled for approval at the AGM based on the abovementioned instructions.

The Company will endeavour to provide its answers and responses to the substantial and relevant questions received from shareholders relating to the resolutions to be tabled for approval at the AGM by 4:00 p.m. (Singapore time) on 24 April 2022 via publication on (i) the SGXNet at the URL https://www.sgx.com/securities/company-announcements and (ii) the Company's corporate website at the URL http://www.donagroint.com.

The minutes of the AGM will thereafter be published on (i) the SGXNet at the URL https://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at the URL http://www.donagroint.com; within (1) one month after the date of the AGM.

3. Voting by Proxy

Due to the current COVID-19 restriction orders in Singapore, a shareholder will NOT be able to attend the AGM in person. A member (whether individual or corporate) MUST appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM.

The accompanying Proxy Form for the AGM may be accessed at the URL https://conveneagm.sg/donagrointernationalagm2022 and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS Investors, and who wish to appoint the Chairman of the AGM as proxy should contact their relevant intermediary (which would include, in the case of CPF and SRS Investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to submit their votes at least (7) seven working days before the AGM and in any case, no later than 4:00 p.m. (Singapore time) on 19 April 2022.

The Proxy Form appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted to the Company in the following manner:

(a) if submitted by post, be deposited at the registered office of the Company's Share Registrar at

Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#11-02 Singapore 068898;

or

Notice of Annual General Meeting

(b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com,

in either case, not less than 72 hours before the time appointed for holding the AGM, i.e. no later than 4:00 p.m. (Singapore time) on 26 April 2022.

A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the ongoing COVID-19 situation and the safety measures imposed by the Singapore Government which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the Chairman of the AGM as proxy.

4. Documents for the AGM

All the documents (including the Annual Report 2021, the proxy form and the Notice of AGM) or information relating to the business of the AGM have been, or will be, published on the URL https://conveneagm.sg/donagrointernationalagm2022 and on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNet. Shareholders are advised to check the SGXNet regularly for updates on the AGM.

The Company wishes to thank all shareholders for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

Personal Data Privacy:

By (a) submitting a form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via a "live" audio-visual webcast or a "live" audio-only stream, or (c) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to shareholders (or their corporate representatives in the case of shareholders which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from shareholders received before the AGM and if necessary, following up with the relevant shareholders in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The shareholder's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

DON AGRO INTERNATIONAL LIMITED

Company Registration No. 201835258H
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

1. The Annual General Meeting of the Company ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will NOT be sent to shareholders. Instead, the Notice of AGM will be sent to shareholders solely by electronic means via publication at the URL https://conveneagm.sg/donagrointernationalagm2022 and will also be available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to the attendance at the AGM by way of electronic means via a "live" audio-visual webcast or a "live" audio-only stream, submission of questions to the Chairman of the AGM in advance in relation to any resolution set out in the Notice of AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Notice of AGM.
3. **Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person. A shareholder (whether individual or corporate) MUST appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM.**
4. By submitting the Proxy Form appointing the Chairman of the AGM as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in this Proxy Form.

Please read the notes overleaf which contains instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

*I/We, ______________________________ (name),

______________________________ *NRIC/Passport number/Company registration number

of ______________________________ (address)
being *a member/members of **DON AGRO INTERNATIONAL LIMITED** (the "**Company**"), hereby appoint the Chairman of the AGM, as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the AGM to be convened and held by way of electronic means via a "live" audio-visual webcast or a "live" audio-only stream on 29 April 2022 at 4:00 p.m. (Singapore time) and at any adjournment thereof. *I/We direct the Chairman of the AGM to vote for or against or abstain from the Resolutions to be proposed at the AGM as indicated hereunder.

*** Delete accordingly**

No.	Resolutions	No. of votes for(1)	No. of votes against(1)	Abstain from voting(1)
Ordinary Business				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021, together with the Auditors' Report thereon.			
2.	To re-elect Mr Marat Devlet-Kildeyev, who is retiring by rotation under regulation 94 of the Company's Constitution.			
3.	To re-elect Mr Tan Han Beng (Chen Hanming), who is retiring by rotation under regulation 94 of the Company's Constitution.			
4.	To approve Directors' fees of S$180,000 for the financial year ending 31 December 2022, payable by the Company in arrears not later than 31 December 2022.			
Special Business				
5.	To authorise the directors to issue and allot shares and/or instruments pursuant to Section 161 of the Companies Act 1967.			
6.	To authorise the directors to grant options and issue shares under the Don Agro Employee Share Option Scheme.			

Notes:

(1) If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.

(2) In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this __________ day of ____________________ 2022.

Total number of shares in:	Number of shares
(a) CDP Register	
(b) Register of Members	
TOTAL	

____
Signature(s) of Member(s)/Common seal
IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. **Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person. A shareholder (whether individual or corporate) MUST appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM.** This Proxy Form may be accessed at the URL https://conveneagm.sg/donagrointernationalagm2022 and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. Investors who hold shares through relevant intermediaries, including investors who buy shares using CPF monies ("**CPF Investor**") or SRS monies ("**SRS Investor**"), and who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective relevant intermediaries, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the AGM and in any case, no later than 4:00 p.m. (Singapore time) on 19 April 2022.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. The Proxy Form appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the Proxy Form appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney duly authorised. Where the Proxy Form appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the Proxy Form appointing the Chairman of the AGM as proxy is submitted by post, be lodged with the Proxy Form, or if the Proxy Form appointing the Chairman of the AGM as proxy is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.

6. The instrument appointing the Chairman of AGM as proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the registered office of the Company's Share Registrar at

   Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) 80 Robinson Road, #11-02 Singapore 068898; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com,

   in either case, not less than 72 hours before the time appointed for holding the AGM, i.e. no later than 4:00 p.m. (Singapore time) on 26 April 2022.

   A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the ongoing COVID-19 situation which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. A Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for holding the AGM.

8. The Company shall be entitled to reject the Proxy Form appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form appointing the Chairman of the AGM as proxy lodged if such shareholders are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting this Proxy Form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2022.

DonAgro

Company Registration No. : 201835258H