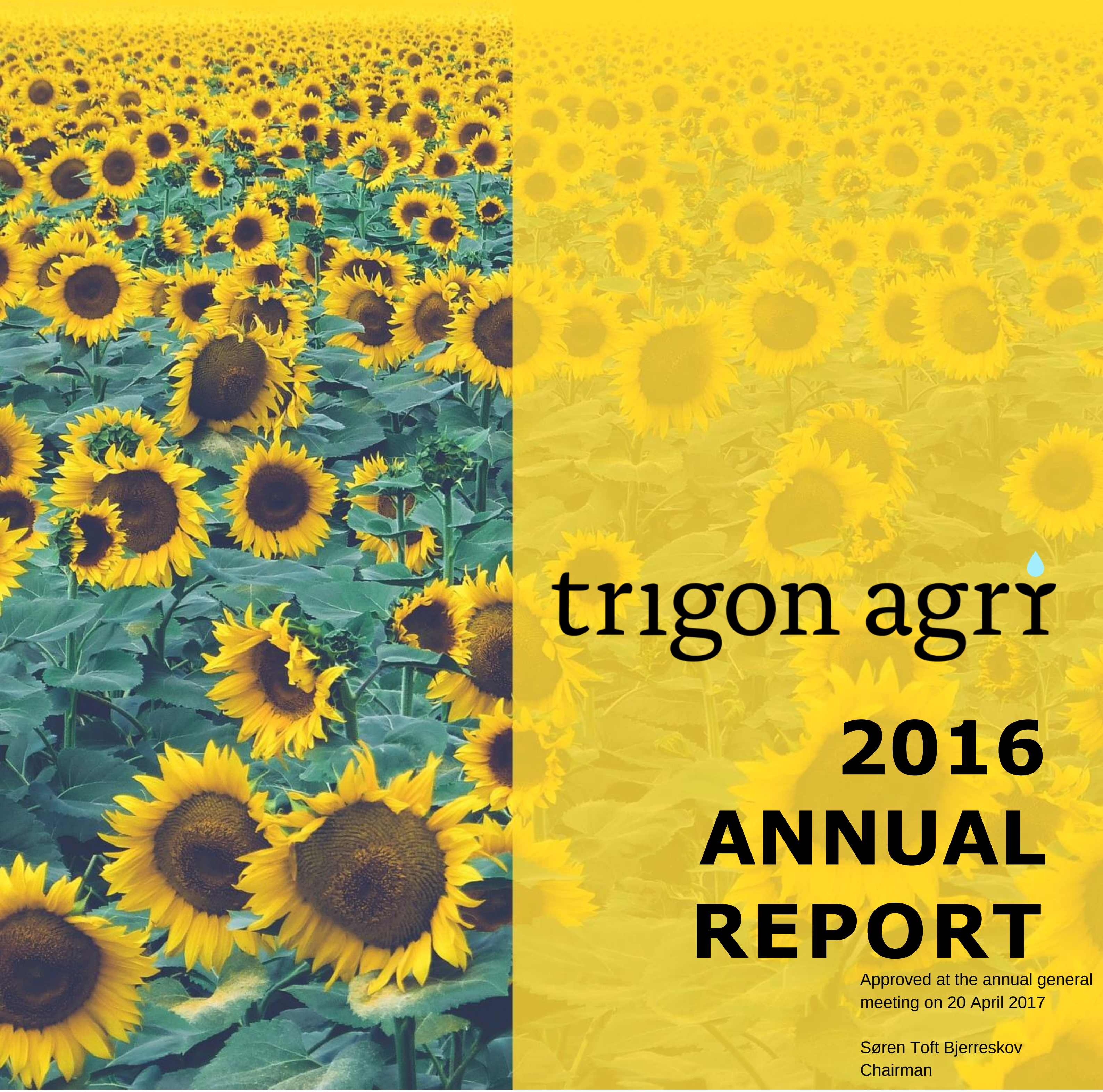
Trigon Agri A/S
Registration number: CVR no. 29801843
Sundkrogsgade 5, DK-2100 København Ø

01.01.2016-31.12.2016



2016 ANNUAL REPORT

Approved at the annual general meeting on 20 April 2017

Søren Toft Bjerreskov
Chairman

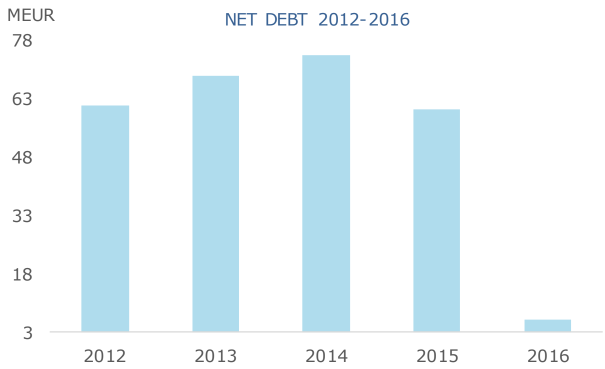
WE ARE AN INTEGRATED SOFT COMMODITIES PRODUCER, STORAGE PROVIDER AND TRADER WITH OPERATIONS IN UKRAINE, RUSSIA AND ESTONIA.

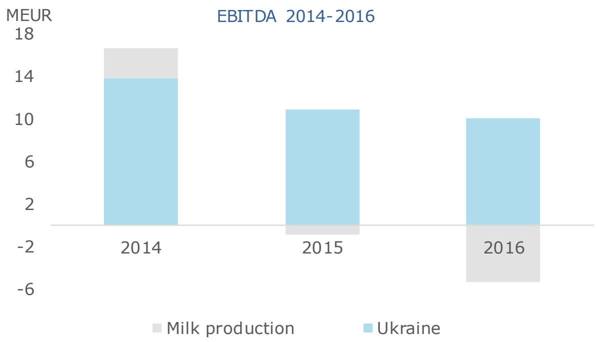
CONTENTS

BUSINESS HIGHLIGHTS

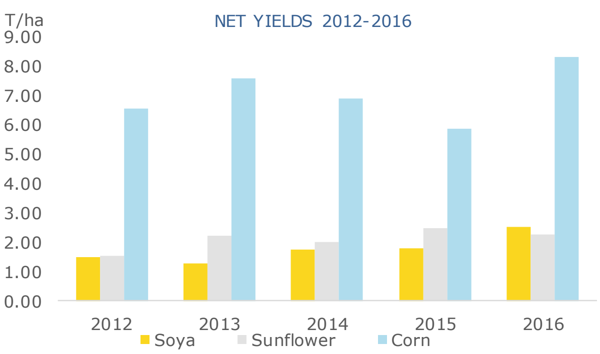
- **Sale of 10% Trigon Agri stake in Trigon Dairy Farming Estonia for €1.5m**
- Restructuring of the senior management team, and cancelation of management fee
- **Sale of 100% Rostov farming cluster for the price of €13.3m**, results in repaid debt and finances Bond interest
- Rostov sale causes a one-off loss of €23.5m, mostly due to the exchange rate differences
- Harvest completed with reasonable winter crop yields and strong summer crop results
- Russian Dairy land bank revalued, leading to a one-off loss of €5.5m included in the income statement
- **Continued strong EBITDA in Ukraine €10.1m**, due to a good harvest, despite a low commodity price environment and unfavorable changes in the Ukraine VAT regime
- **Full Bond Debt to Equity swap completed in December 2016**
- Overall borrowings at year end reduced to €10.1m against €62.3m at the same period previous year
- Continued support from the Ukrainian banks for working capital credits for the 2017 cropping year
- Trigon Agri ends the year with a strong positive equity position of €30.4m against €0.5m at the end of 2015
- 32 thousand hectares of Winter crops sown, to date in good condition

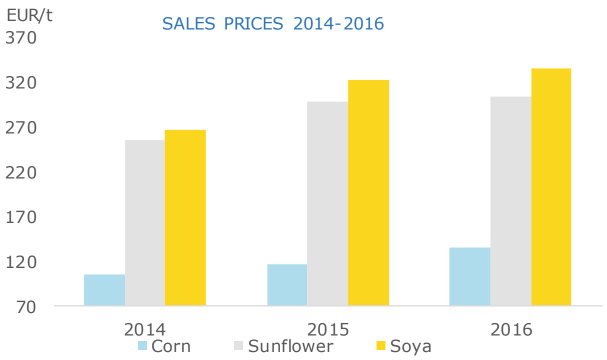
Low Group debt and solid EBITDA in Ukraine





Favorable summer crop results





CEO STATEMENT

2016 has been a turning point for the company. Restructuring of the management, the debt, and sales of non-core assets have had the accumulated result of putting the company in a strong position financially to move forward and focus on achieving solid production and financial results. It has also substantially lowered the overall cost base of the company and we now have a smaller but more effective team.

The 2016 result is inevitably overshadowed by the large losses that have been taken as a result of the divestment program and revaluation of the Russian Dairy land bank. Partly due to the substantial currency translation losses, relating to the Rostov transaction and part due to revaluing Dairy landbank. This led to several one-off losses which have severely reduced the overall financial result, which in turn totally masks the stable profitable EBITDA result of EUR 10.1 million from our core Ukrainian farming businesses.

The debt to equity swap of the SEK 350 million Bonds has been pivotal in the survival of the company and this was completed in December, further strengthening the balance sheet. The previous bond holders are now our major shareholders and are taking an active interest in the development of the company, by assisting the company via the provision of a standby credit facility, which greatly helps with the situation still active in Ukraine with regards to Capital controls. As reported, warrants were offered to the original shareholders, and 95% of all warrants have been subscribed for.

Looking forward to 2017, we established 32 thousand hectares of winter crops, namely wheat, barley and oilseed rape, to date these are in a good condition. Snow cover this winter so far has been excellent with up to a meter deep in the Kharkov region at times, this giving a good protection for the sown crops against winter conditions. The cereal and oilseed commodity markets are likely to remain weak in 2017, as world production and stocks, particularly of cereals remain high. We therefore remain extremely focused on producing the commodities we grow at the lowest possible cost per tonne. This is achieved by a combination of maximizing yield and minimizing costs, our budgeting and planning for 2017 reflects this sentiment. As part of our strategy to manage price risk in business, a proportion of the 2017 crop has already been sold forward in excess of our budgeted price.

STABLE PROFITABLE EBITDA RESULT OF €10.1M FROM THE UKRAINIAN FARMING BUSINESSES.

The focus on the Russian milk production is to continue to increase yield per cow and efficiency through getting the management basics of nutrition, fertility and herd health absolutely correct. The milk price has already been agreed for the 2017 year with our client.

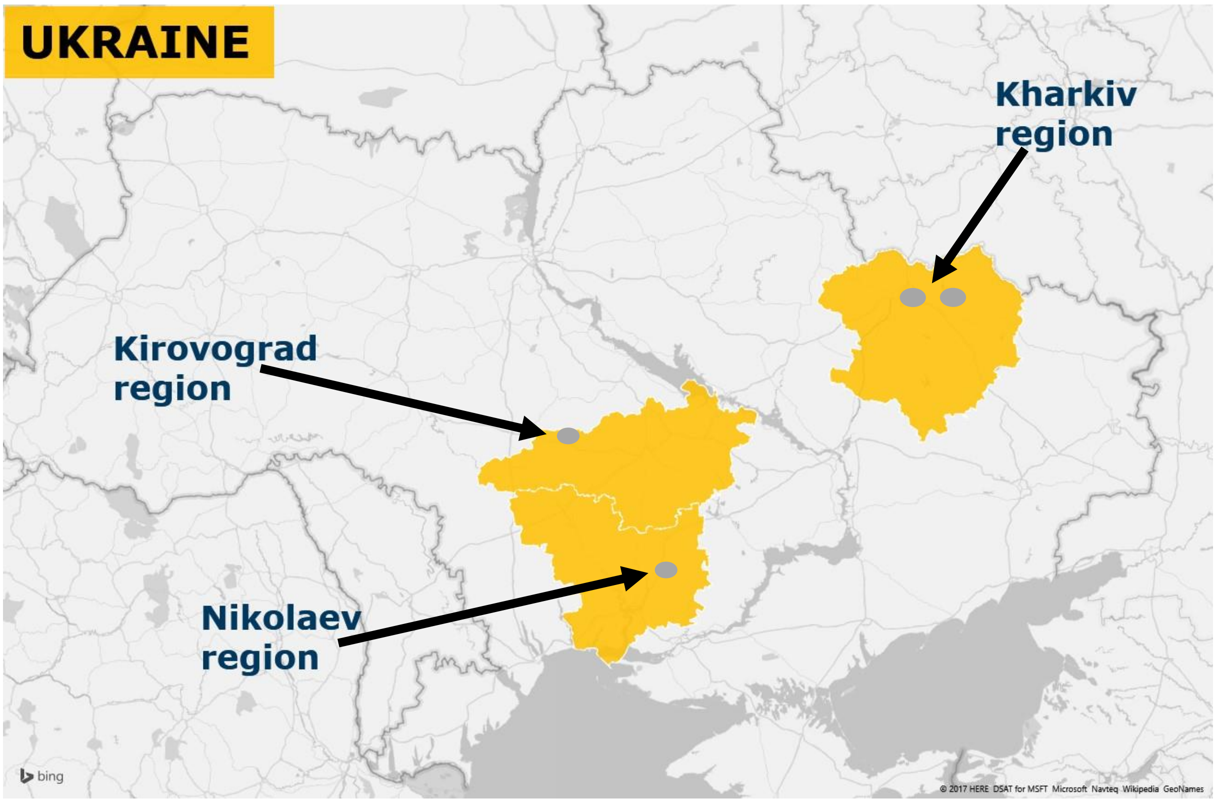
The Group will continue to divest its non-core assets and focus on its Ukrainian production business by investing into machinery, infrastructure and aiming to increase the harvesting area.

Simon Boughton

CEO

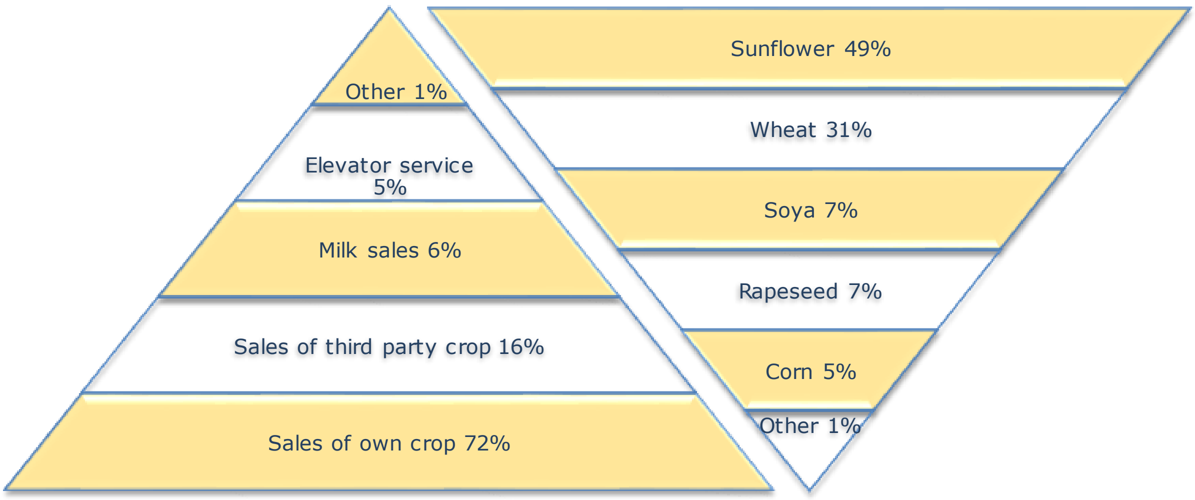
OVERVIEW

Core business locations in Ukraine



Trigon Agri is an integrated soft commodities producer, storage provider and trader with core operations in Ukraine, a dairy farm in Russia and shareholding in milk production business in Estonia.

Revenue by own crop



Revenue by sector

UKRAINE

10,064,637 EUR EBITDA

46,157 HECTARES HARVESTED

149,130 TONNES HARVESTED

176,398 TONNES TRADED

36,582,699 EUR REVENUE

Cereal Production, Storage and Trading in Central Eastern Ukraine

In Ukraine the Group operates a landbank of 46 thousand hectares, under medium to long term rental agreements. 100% of the landbank is cropped annually mainly based on long term (up to 45 years) lease agreements .

To support its cereal operations and to supply third party storage services the group operates five elevators with a useable total capacity of 322 thousand tonnes.

The Group operates its own marketing and trading arm "Trigon Export". This business markets the Group's cereals and trades in third party grains. Trigon Export is also responsible for the procurement of all the Trigon Group's seed, fertilizer, and pesticide requirements.

RUSSIAN

MILK PRODUCTION

1,018 COWS

7,656 TONNES OF MILK

2,607,569 EUR REVENUE

Milk Production in the St Petersburg region of Russia

250 kilometers South West of St Petersburg the group operates a thousand milking cow business. The facilities, which have a capacity of 1,200 cows, were built in 2008. The Group also owns 13,134 hectares of land out of which 10,261 hectares are classified as assets held for sale and today 2,500 thousand hectares are utilised for forage production.

Milk Production in Estonia

Trigon Agri owns a 39.24% shareholding in the Trigon Dairy Farming Estonia business. The business has a herd of 3,532 milking cows and operates around 8,085 thousand hectares on which it grows forage and arable crops.

RESPONSIBLE AGRICULTURAL OPERATION

Trigon Agri is committed to operating the agricultural businesses under its control utilizing environmentally and agronomically sustainable production methods. We recognize the need to honor these responsibilities with respect to protecting the environment and the consumer by ensuring that our operations are conducted in a sustainable manner and the food we produce is both safe and of a high standard.

To achieve this commitment we ensure that all our agronomists and managers are fully trained with the most up to date technical information, to ensure that there is optimal use of seeds, fertilizers and pesticides so as to keep a sound balance between production and the environment. Our cultivation, field application, and harvesting philosophy, focuses on a minimal usage of energy thus minimizing the groups carbon footprint. The crop rotations adopted are carefully planned to ensure no build-up of pests , diseases or weeds. We are highly water conscious and at all times look to preserve this most precious resource. All waste materials are disposed of in an environmentally sensitive way so as to minimize pollution of our planet.

TRIGON AGRI IS A RESPONSIBLE AGRICULTURAL OPERATOR

Trigon Agri will continue to ensure that all its employees are fully conversant with the aims set out in this policy statement in order that all its activities are compliant and represent best practice.

RESPONSIBLE AGRICULTURAL INVESTMENT

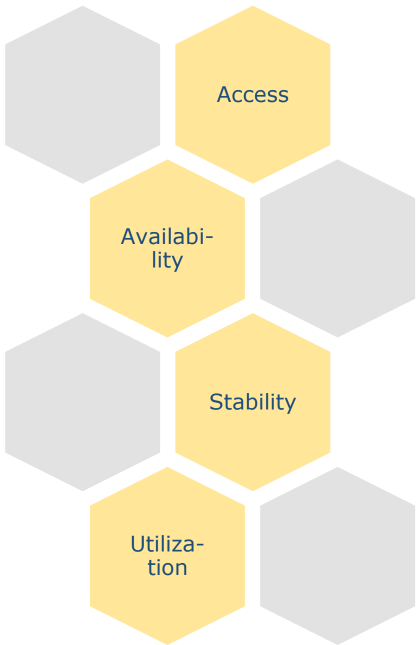
The Committee on World Food Security (CFS) endorsed the Principles for Responsible Investment in Agriculture and Food Systems in 2014. Responsible investment in agriculture and food systems is vital for food security and nutrition as it

- contributes to food security and nutrition
- contributes to sustainable economic development and eradication of poverty
- fosters social and gender equality
- engages and empowers youth
- respects tenure of land, fisheries, forests and access to water
- conserves and sustainably manages natural resources, increases resilience and reduces disaster risks
- respects cultural heritage and traditional knowledge, supports diversity and innovation
- promotes safe and healthy agriculture and food systems
- incorporates inclusive and transparent governance structures, processes and grievance mechanisms
- accesses and addresses impacts and promotes accountability

Agriculture comprises of wide range of activities in the production, processing, marketing, retail, consumption and disposal of goods. Food systems involve a wide range of stakeholders, institutions, as well as the socio-political, economic, technological and natural environment and farmers are a key contributions to food security and nutrition.

TRIGON AGRI IS A RESPONSIBLE AGRICULTURAL INVESTOR

Responsible investment includes four dimensions of food security and nutrition.



VISION, GOALS AND STRATEGY

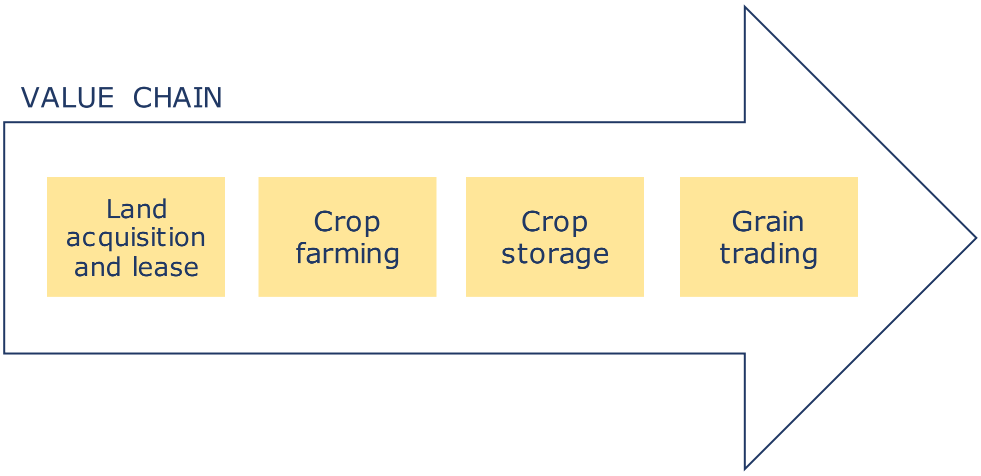
Vision

Trigon Agri's vision is to be one of the top most cost efficient integrated commodities operators, from land acquisitions to grain trading, using sustainable farming methods.

Goal

The main operational focus is on high production coupled with stringent cost management. Therefore, the operational goal is to produce its commodities at the lowest possible cost per tonne. This is achieved through continuous improvements of the efficiency of our production techniques.

Strategy



The Group's overall business strategy covers every value-added activity from the acquisition of long to medium term land leases in Ukraine, subsequent introduction of modern technology and experienced farm management, as well as follow-on storage, sales and trading activities with the purpose of maximising prices achieved for the Group's commodities.

The Group's overall business strategy can be summarised as follows.

Focus on large-scale farming clusters

The Group acquires medium to long term land leases within a limited geographical area (building up land concentration around grain storage capacity within a geographical radius of up to approximately 75 kilometres) with an aim to consolidate and form large cereal farming clusters of a size which justifies significant investment and realises managerial efficiency.

Acquire long to medium term land lease agreements next to road, rail and storage infrastructure

The Group aims to acquire land leases which have access to the required road, rail and storage infrastructure, generally more available in areas next to population centers.

Set up operations next to regional population centers

The Group builds its clusters in vicinity to regional population centers which, in addition to offering more developed production infrastructure, facilitates recruitment and retention of high quality employees.

Use high capacity Western machinery

The Group focuses on using high capacity Western manufactured machinery, which allows for high efficiency in operations.

Use well- trained local management teams

Trigon Agri uses local management teams together with support from European co-managers. This enables the Group to quickly implement technological and operational changes required under modern production standards.

Selectively implementing international best practice

The Group works closely with leading global agronomic advisors and technology providers to pick and choose approaches best suited for its own regional climate, soil and manpower. New technologies are first tested and tried on the Group's test-fields prior to being implemented in large scale on a Group-wide basis.

Acquire or build own elevator storage capacity

The Group only sets up operations where it can either acquire or build its own elevator storage capacity, providing independence from regional traders and storage providers.

Develop integrated commodities production, storage and trading operations

On the basis of its production and storage operations the Group has developed its own trading operations. This allows for maximisation of sales prices for the Group's produce and for capturing available trading margins from consolidating crop from regional farmers.

Setting up production clusters in geographically diversified areas allowing for weather hedge

The Group has set up its production clusters at large distances from each other, allowing for hedging against regional weather conditions and providing for a better Group level predictability of cash flows.

Expansion of agricultural land portfolio in the Black Earth region

The Group continues to build up its cereal farming land portfolio in the Black Earth region of Ukraine, an area known for the very high fertility of the soil and allowing for production of grains and oilseeds at some of the lowest production costs globally.

COMPETITIVE STRENGTHS

The Group believes that its main competitive strengths are:

HIGH-QUALITY EMPLOYEES

Key staff of the Group is highly qualified in the agribusiness and has worked for the Group for more than 5 years and therefore is interested in a long term development of the Group.

HIGH-QUALITY LAND PORTFOLIO

All of the Group's land area for cereal production is located in the Black Earth region, offering some of the lowest production costs of grains and oilseeds globally.

OPTIMAL GEOGRAPHIC LOCATION WITH ACCESS TO REQUIRED INFRASTRUCTURE AND PERSONNEL

The Group's production clusters are contiguous and compact, allowing for low production logistics costs, and are located close to regional population centers providing access to required infrastructure and personnel.

SOME OF THE LOWEST PRODUCTION COSTS IN ITS REGION

Due to high potential for economies of scale from land concentration and high-capacity Western manufactured machinery, the Group obtains some of the lowest production costs in the Black Earth region.

EFFICIENT APPLICATION OF MODERN AGRICULTURAL KNOW-HOW IN THE FORMER SOVIET UNION SETTING

The Western training and Russian language skills of its key management in combination with their knowledge of the post-Soviet environment allows the Group to implement modern agricultural know-how efficiently in the former Soviet Union setting.

INTEGRATED BUSINESS MODEL WITH ACCESS TO GRAIN ELEVATORS AND TRADING AND PROCUREMENT EXPERTISE

The Group has its own elevator storage facilities which strengthens independence from regional traders and storage providers. The Group's trading and procurement business allows the Group to obtain best available prices, be it purchasing or selling. The Group markets and organizes its own logistics, both domestically as well as to export markets. Further, it allows the Group to combine its own goods with third-party commodities thereby increasing sale or purchase volumes and average prices achieved.


500-550Hp tractor class


300-350Hp tractor class


Combine harvesters

MAJOR EVENTS FROM 2015-2017

2015 extending Bond till 2017

2015 TDFE share issue, ownership dropped to 49.98%

2015 Rostov divestment agreement

2016 share disposal in TDFE, ownership now at 39.24%

2016 Rostov divestment

2016 Conversion of SEK 350 million bond to equity

2016 Warrants issue

2017 Credit facility of SEK 20 million with group of shareholders

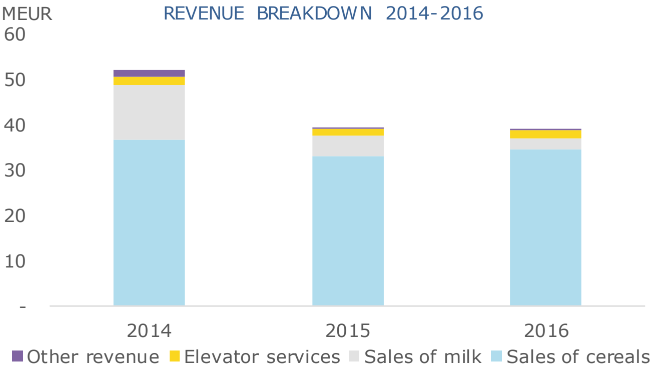
2017 Disposal of a non-core part of its elevator business for EUR 1.1 million

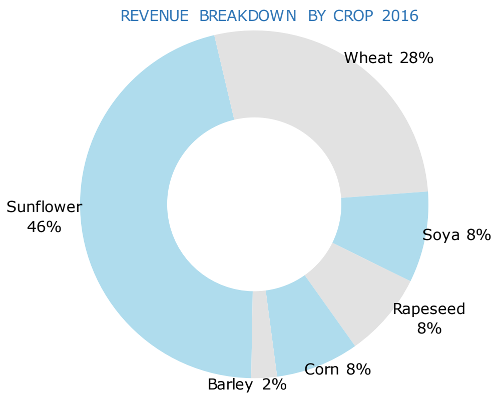
2017 6.9% of warrants exercised for EUR 0.3 million

FINANCIAL AND OPERATIONAL REVIEW

INCOME STATEMENT

The Group's operations are divided into the following operational segments: Ukraine cereals production including storage and trading, and Milk production. Operations in Russian cereals production (Rostov cluster) are considered as discontinued operations (transaction completed on June 2, 2016) and therefore are not part of the segment report.



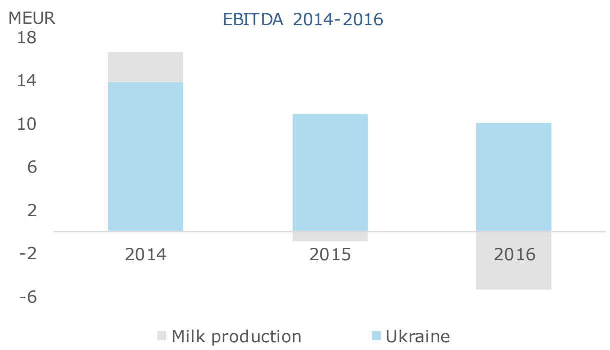


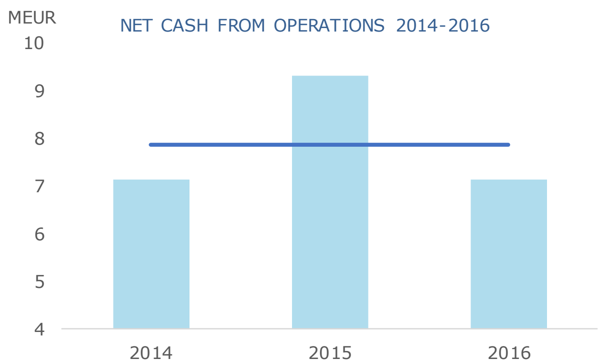
Revenues

The Group generates its main net revenues from the sales of cereals, both own cereals and externally produced. The Group can sell its produce in the local market or in export markets, where the goods are delivered either to the Black Sea or to end-customer ports. Generally, the Group sells maximum amount of wheat, corn, rapeseed and soya to exports and sunflower to local market. Sales of cereals increased in 2016 driven by higher prices, especially for export.

EBITDA

EBITDA for Ukraine has remained firm over the years. Main reasons for the decline in Milk production EBITDA for the last years have been related to the one-off losses, in 2015 EUR 3.7 million derived from deconsolidating Estonian milk business and in 2016 loss from the revaluation of land recognized in the Income Statement totaled EUR 5.5 million. The Group has committed to sell 10.3 thousand hectares of land belonging to the Milk production segment in Russia in the near-term future, hence classifying this land as `Assets held for sale` on the balance sheet.



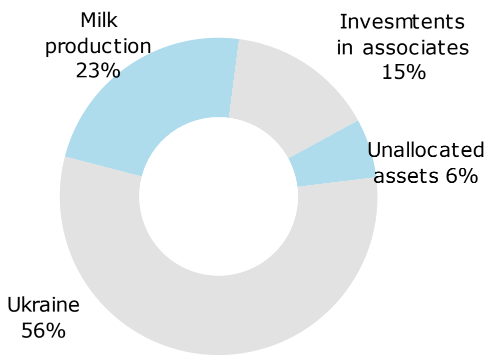


BALANCE SHEET ASSETS

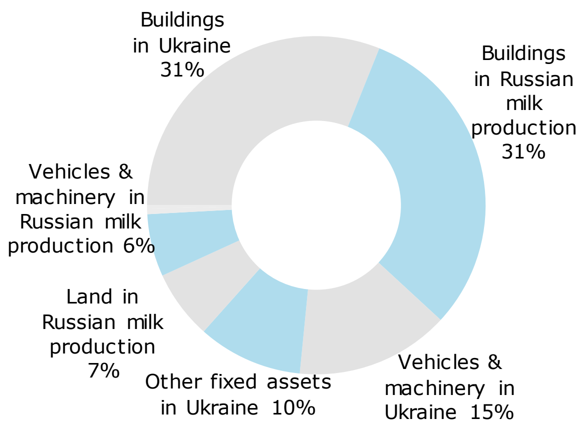
The consolidated assets of the Group as at December 31, 2016 amounted to EUR 45.1 million (EUR 67.8 million at December 31, 2015). As at December 31, 2016 the Group reclassified 10.3 thousand hectares of land in Milk production segment not being used in the production cycle as an asset held for sale in the amount of EUR 1.6 million. This asset is measured at its fair value less costs to sell based on fair value assessment performed by independent valuers. Upon change in use and remeasurement, impairment loss in respect of the asset was recognised in the total amount of EUR 6.0 million, including EUR 1.3 million recognised in Other Comprehensive income. The remaining land of the Milk production was also revalued and impairment loss recognised in the amount of EUR 0.7 million (Note 10). Total land under control as at December 31, 2016 declined as the land held for sale in Cereal production cluster in Russia (Rostov) was sold on June 2, 2016.

Land under control, hectares	**31.12.2016**	**31.12.2015**
Cereal production Ukraine		
Land under rental agreements	45,696	46,223
Total Cereal production Ukraine	**45,696**	**46,223**
Cereal production Russia related to assets held for sale		
Land in ownership	-	47,581
Land under rental agreements	-	14,899
Land in ownership acquisition process	-	1,656
Total Cereal production Russia related to assets held for sale	-	**64,136**
Milk production Russia		
Land in ownership	2,873	13,180
Land under rental agreements	5	5
Total Milk production Russia	**2,878**	**13,185**
Milk production Russia related to assets held for sale		
Land in ownership	10,261	-
Land under rental agreements	-	-
Total Milk production Russia related to assets held for sale	**10,261**	-
Total		
Land in ownership	13,134	60,761
Land under rental agreements	45,701	61,127
Land in ownership acquisition process	-	1,656
Total	**58,835**	**123,544**

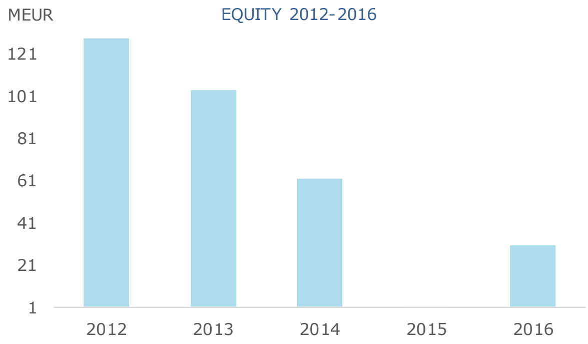
TOTAL ASSETS BY SEGMENTS 31.12.2016

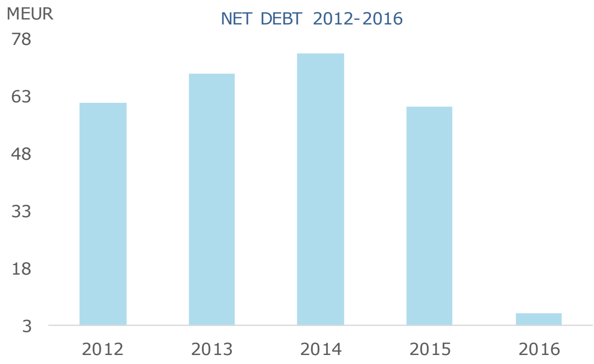


FIXED ASSETS BREAKDOWN 31.12.2016



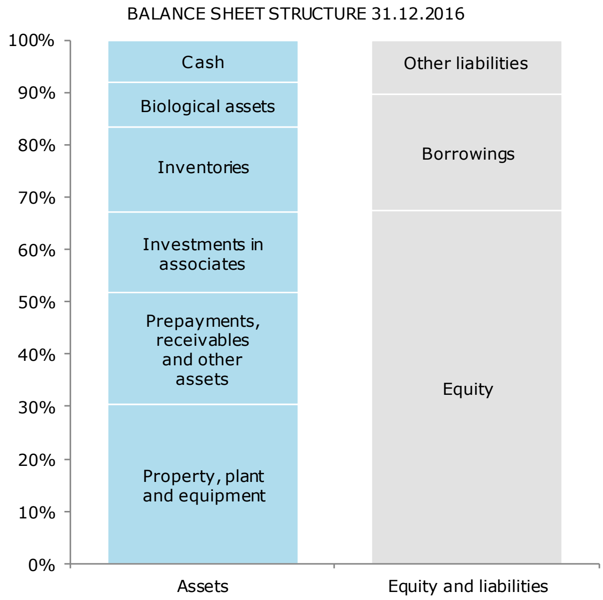
Investments in associates represents the shareholding in the Milk production business in Estonia.





NET DEBT AND LIQUIDITY POSITION

Bond to equity swap was completed during 4Q 2016 contributing to a much stronger liquidity position. Following the conversion of SEK 350,000,000 11% Bond Loan into equity, 1,598,730,000 new shares each of nominally EUR 0.01, corresponding to an aggregate nominal amount of EUR 15,987,300, were issued and former bondholders became new shareholders of Trigon Agri A/S. The liabilities of the Group further declined as Rostov cluster was divested together with the borrowings of the disposal group held for sale (EUR 7.9 million as at December 31, 2015) and the Group also reduced the loan balance in Ukraine. Consequently, as at December 31, 2016, the total borrowings of the Group amounted to only EUR 10.1 million (EUR 54.4 million as at December 31, 2015) and the net debt totaled EUR 6.4 million (EUR 60.4 million as at December 31, 2015).



INVESTMENTS

Recent years have been characterized by the gradual divestments of non-core assets.

In January 2016, the Group announced the partial disposal of the stake in Trigon Dairy Farming Estonia (TDFE) selling 10.74% in TDFE to Ingman Development Oy Ab for EUR 1.5 million. Following the transaction Trigon Agri retains an ownership stake of 39.24% in TDFE.

The Group also completed divestment of its non-core operations in Russian cereal production segment (Rostov) in June 2016 for the price of EUR 13.3 million.

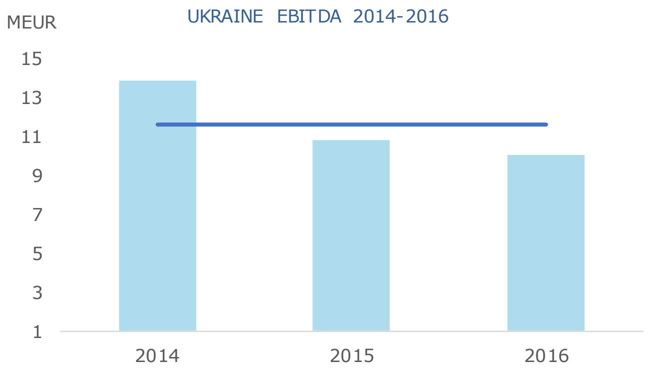
The Group is working towards divesting its shareholding in the Estonian dairy business and Russian Milk Production land plots in Dno and Dedovichi regions and other assets that the Group recognizes as non-core ones. The land of the Russian Milk Production totaling 10.3 thousand hectares has already been reclassified as `Assets held for sale`.

The Group's ongoing and near term investments will mainly be directed towards maintaining its machinery park and infrastructure in Ukraine and in the future, the Group aims to increase its Ukraine operations by acquiring more land lease contracts.

UKRAINE

The Group has its cereals production operations in the Black Earth regions: in Kharkov, Nikolaev and Kirovograd; it owns five operational elevators with total storage capacity of 322 thousand tonnes. The Group is also engaged in intermediation of third-party goods.

The 2016 EBITDA slightly declined from 2015 as cost cuts and stronger prices were offset by lower VAT amount (Page 16) recorded under Other (losses)/gains-net.

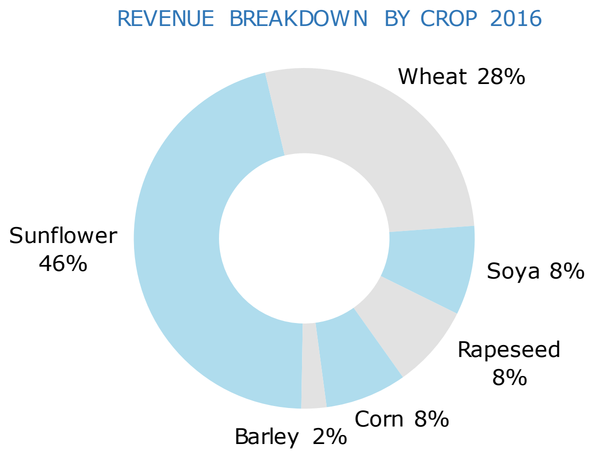


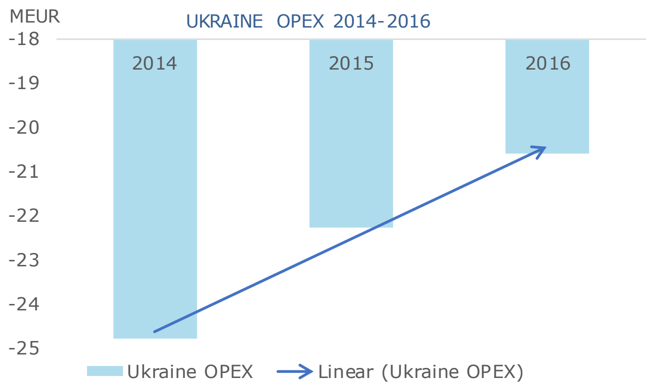
FINANCIAL REVIEW

The segment´s revenue is made up primarily from sales of own produced cereals. Revenue from sales of grain and oilseeds was up by EUR 1.4 million in 2016 from 2015 driven by higher prices and larger volume of sunflower in the sales mix as prices for oilseeds are higher compared with grain prices. In total, the Group sold 176 thousand tonnes of crops, out of which 51% were exported with prices premium to domestic market, for corn, the price even surged 15% from last year lows.

The value of grain available for sale in 2016 declined by EUR 1.3 million due to different crop mix, in total 21.6 thousand tonnes of crop was held for sale as of December 31, 2016, for EUR 4.6 million. The inventory was revalued as of the balance sheet date, using the market/contracted prices, for details about tonnes and prices please refer to the included tables.

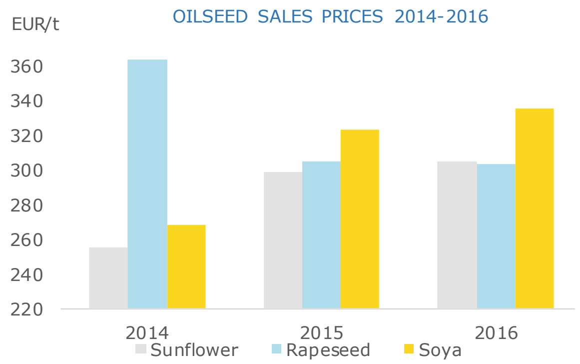
The current biological assets as at December 31, 2016 comprise of winter crops seeded in autumn 2016. The fair value of winter crops was determined by the cost of seeding and preceding fieldworks. The Group seeded 32 thousand hectares of winter crops during autumn 2016 (28 thousand hectares in 2015).

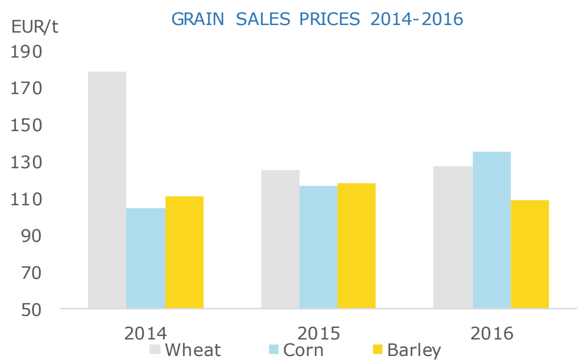




OPEX for 2016 fell by EUR 1.7 million as a positive effect from lower fertilizer costs and cancellation of the management fee was partly offset by inflation rising the production costs. Fertilizer costs fell by EUR 1.6 million as the Group adjusted inputs to consider lower winter crops potential as a result of very dry autumn in 2015. Termination of the management fee for 2016 resulted in a cost saving of EUR 1.8 million. On the other hand, land rental rates increased in Ukraine on the back of high inflation.

As of 2016 the government of Ukraine changed the policy of special VAT treatment for agricultural companies under which the Group can record only 15% of the positive balance between VAT payable and receivable under Other (losses)/gains-net and 85% must be paid back to the State Budget of Ukraine. Therefore, the VAT amount recorded in 2016 decreased by EUR 2.5 million compared to 2015, when 100% of the VAT was recorded on the Income Statement.





Ukraine

	Own produced			Third party			Total		
2016	**Tonnes**	**Revenue, EUR thousand**	**Price EUR/t**	**Tonnes**	**Revenue, EUR thousand**	**Price EUR/t**	**Tonnes**	**Revenue, EUR thousand**	**Price EUR/t**
Wheat	66,965	8,690	130	7,011	788	112	73,976	9,478	128
Barley	1,438	157	109	6,082	662	109	7,520	819	109
Sunflower	45,775	13,937	304	6,206	1,920	309	51,981	15,857	305
Corn	9,522	1,398	147	10,153	1,264	124	19,675	2,662	135
Rapeseed	6,232	1,892	304	2,716	822	303	8,948	2,714	303
Soya	6,036	2,073	343	2,655	845	318	8,691	2,918	336
Other	5,604	154	27	3	-	-	5,607	154	27
Total	**141,572**	**28,301**	**200**	**34,826**	**6,301**	**181**	**176,398**	**34,602**	**196**

	Own produced			Third party			Total		
2015	**Tonnes**	**Revenue, EUR thousand**	**Price EUR/t**	**Tonnes**	**Revenue, EUR thousand**	**Price EUR/t**	**Tonnes**	**Revenue, EUR thousand**	**Price EUR/t**
Wheat	96,578	11,921	123	15,343	2,153	140	111,921	14,074	126
Barley	8	1	125	1,916	227	118	1,924	228	119
Sunflower	27,528	8,260	300	3,137	907	289	30,665	9,167	299
Corn	21,080	2,490	118	11,755	1,346	115	32,835	3,836	117
Rapeseed	8,745	2,676	306	2,417	734	304	11,162	3,410	306
Soya	5,537	1,854	335	2,064	604	293	7,601	2,458	323
Other	789	25	32	-	-	-	789	25	32
Total	**160,265**	**27,227**	**170**	**36,632**	**5,971**	**163**	**196,897**	**33,198**	**169**

CEREALS PRODUCTION OPERATIONAL REVIEW

Trigon Agri focuses on previously cultivated land in the Black Earth region because of its highly fertile soil and the availability of fertile farmland at a relatively low cost compared to other farming regions in the world. The Group's farms are clustered close to major population centers of Kharkov, Nikolaev and Kropivnitskiy (formerly Kirovograd) in the Black Earth region of Ukraine.

The Group introduces modern production technology and farming methods in order to achieve maximum productivity and efficiency in the cereal farming operations, while targeting to seed winter crops and spring crops at approximate equal proportion, in order to exploit the different seeding periods (autumn and spring), allowing for a more efficient use of personnel and machinery.

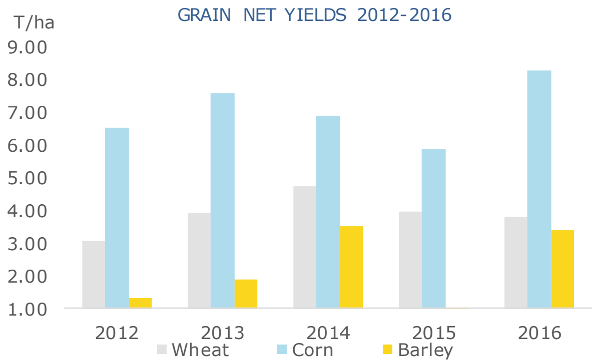
The Group entered 2016 having endured the driest autumn conditions in 2015 for over 50 years, this resulted in the Winter crops being very weak or in some cases nonexistent. Spring 2016 was relatively wet and most importantly cool, this allowed even the weakest of winter crops to develop, the harvest results from these crops although nowhere near record levels were far higher than the Group would have predicted in the early spring.

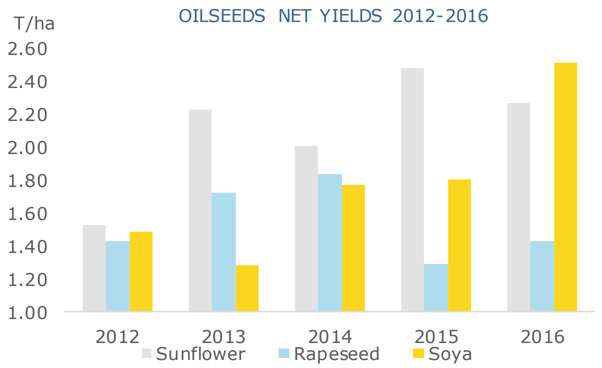
Higher than average summer rainfall in Kharkov has ensured that the hard work and high level of attention to detail applied by the farming team on the ground, was repaid by some very respectable record regional net yields, with Sunflower at 2.7 t/ha and Soya at 2.7 t/ha.

Kirovograd yields were certainly reduced by a combination of low rainfall and high temperatures in August producing net results of Maize at 8.3 t/ha, Soya 2 t/ha and Sunflower 2.7 t/ha. Although these yields not all records they are a reflection on the quality of growing and techniques used in production.

Nikolaev is never an easy area to farm in being both warmer and traditionally drier than the more central areas. This part of the business is farmed assuming a low output with all costs carefully tailored to the risk. Again, although not the top Group performer in yield terms the results have been acceptable and in summary the region had a good Winter crop harvest and an average Summer crop, with Sunflower at 1.4 t/ha.

The 2017 Winter crops are in good condition with 22 thousand hectares of winter wheat and 10 thousand hectares of rape having been sown in Ukraine.





Ukraine Harvested hectares	2011	2012	2013	2014	2015	2016
Wheat	20,519	21,204	20,768	20,756	23,218	19,536
Sunflower	13,115	13,319	10,606	11,934	12,222	16,529
Rapeseed	3,851	6,095	8,814	8,011	6,742	4,416
Corn	4,889	6,053	4,875	3,547	3,199	1,879
Barley	2,014	1,066	379	116	-	424
Soya	4,804	4,003	3,116	2,348	1,248	3,044
Other	922	722	-	176	-	330
Total	**50,114**	**52,462**	**48,560**	**46,888**	**46,629**	**46,157**

Net production, t	2011	2012	2013	2014	2015	2016
Wheat	86,719	65,339	81,588	98,733	92,302	74,788
Sunflower	30,215	20,428	23,674	24,038	30,319	37,619
Rapeseed	4,975	8,753	15,234	14,766	8,739	6,309
Corn	44,510	39,718	37,018	24,490	18,876	15,620
Barley	6,389	1,434	717	411	-	1,449
Soya	9,866	5,959	3,996	4,158	2,256	7,653
Other	13,795	31,702	-	1,165	-	5,693
Total	**196,469**	**173,333**	**162,226**	**167,759**	**152,493**	**149,130**

Net yield, t/ha	2011	2012	2013	2014	2015	2016
Wheat	4.23	3.08	3.93	4.76	3.98	3.83
Sunflower	2.30	1.53	2.23	2.01	2.48	2.28
Rapeseed	1.29	1.44	1.73	1.84	1.30	1.43
Corn	9.10	6.56	7.59	6.91	5.90	8.31
Barley	3.17	1.35	1.89	3.53	-	3.42
Soya	2.05	1.49	1.28	1.77	1.81	2.51
Other	14.96	43.91	-	6.62	-	17.28
Total	**3.92**	**3.30**	**3.34**	**3.58**	**3.27**	**3.23**

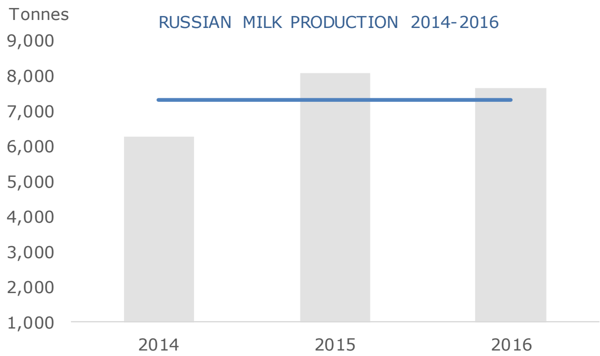
MILK PRODUCTION

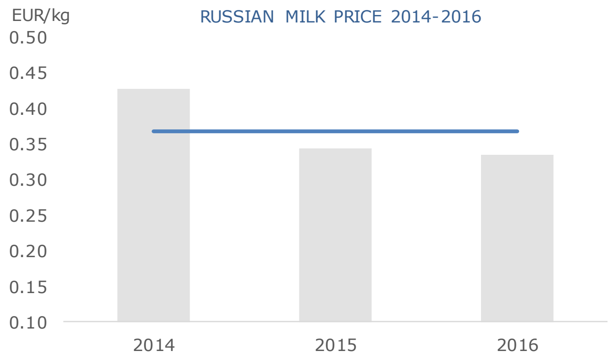
The Group's milk production operations are located in Estonia through associate AS Trigon Dairy Farming Estonia (TDFE) and in the St Petersburg region of Russia.

In 1Q 2015, the Group's Estonian milk production subsidiary TDFE completed a new share issue of EUR 2 million subscribed by Ingman Development Oy Ab. Consequently, as of April 1,2015 the Milk production segment in Estonia is no longer consolidated into Trigon Agri's accounts and starting from 2Q 2015, Trigon Agri's shareholding in TDFE is recorded in Trigon Agri's accounts using the equity method, meaning that Trigon Agri's share in TDFE's profit/loss is shown on the income statement line 'Share of profit of investments accounted for using the equity method'.

In 1Q 2016 the Group sold shares in TDFE for EUR 1.5 million, decreasing Trigon Agri's shareholding in TDFE to 39.24%.

The EBITDA of Milk production segment was down EUR 4.5 million from 2015 owing to the loss of revaluing the land recognised in the Income statement in the amount of EUR 5.5 million. The Group plans to sell 10.3 thousand hectares of land as the Group aims to focus on its profitable assets and release the cash under non-core assets. Please note that the EBITDA result for 2015 includes also Milk production operations in Estonia for 1Q 2015, consequently increasing the revenues and expenses. The revenue of the Milk production operations only for Russia declined as a combination of lower milk production and decreased milk price in euro terms.

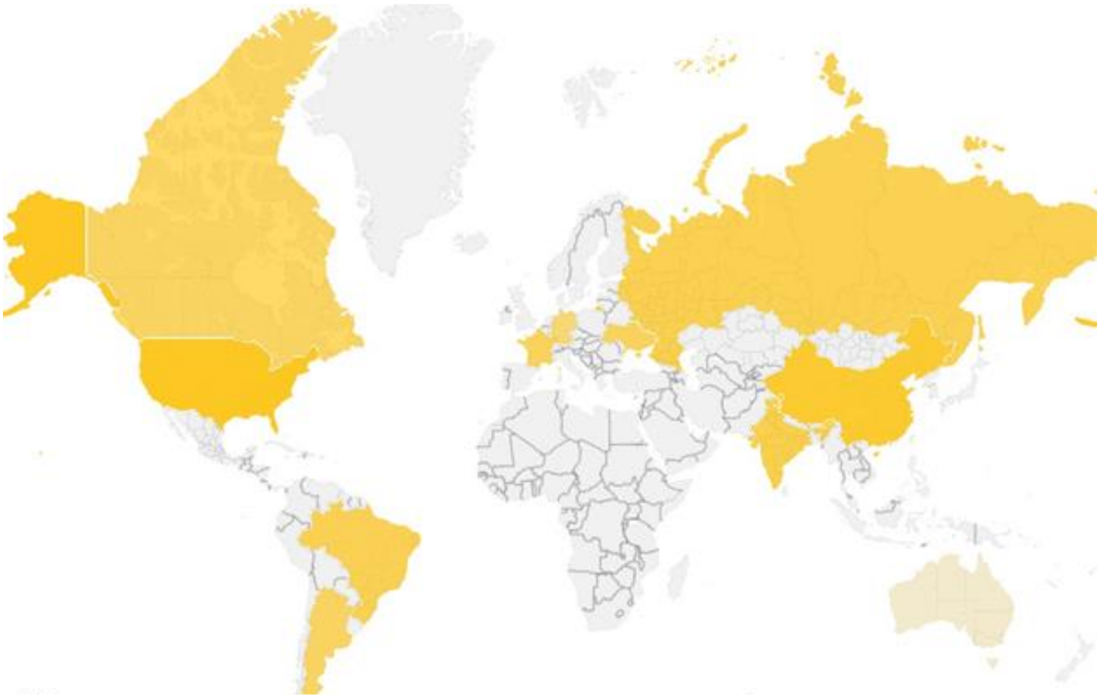




The Estonian milk price has during 2016 remained well below the cost of production at or around the 20 eurocent / litre. Positive news is that due to a now European shortage of raw milk, caused primarily through cow numbers falling as producers have left the industry, that there has been a dramatic increase in the price in 2017 to circa 34 eurocent / litre, this above the cost of production.

MARKET DYNAMICS AND OUTLOOK

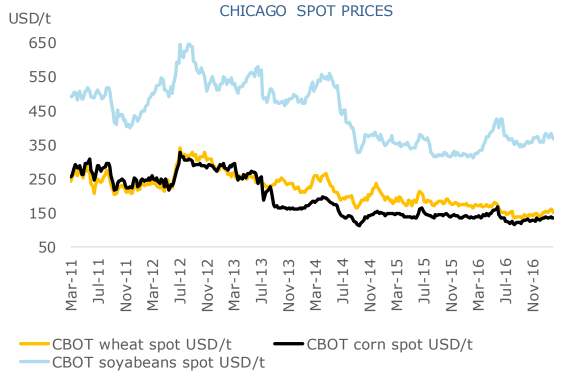
Top grain producers



GLOBAL MARKET FOR GRAINS AND OILSEEDS

According to the latest estimate by the USDA, world output of grain and oilseeds for 2016 broke another record, surpassing previous harvest by 6% as favorable weather conditions boosted yields for USA, South America and India. Higher supply is partly counterbalanced by growing consumption, especially for China as government is trying to reduce its massive stockpiles of grain. Nevertheless, inventories are still predicted to leap 4% from last year, weighting heavily on further price growth.

In the Northern Hemisphere, planting of 2017 winter crops progressed generally very well under good weather conditions, a sign of good harvest for 2017 with the exception of USA, where a winter wheat area is estimated to be the lowest in over 100 years. In the Southern Hemisphere, rapid planting progress of second corn crop in Brazil is expected to boost area and yield prospects, allowing for crop to develop well prior to the end of rainy season, while also offsetting the cut in sowing estimates for Argentina, following a severe flooding.

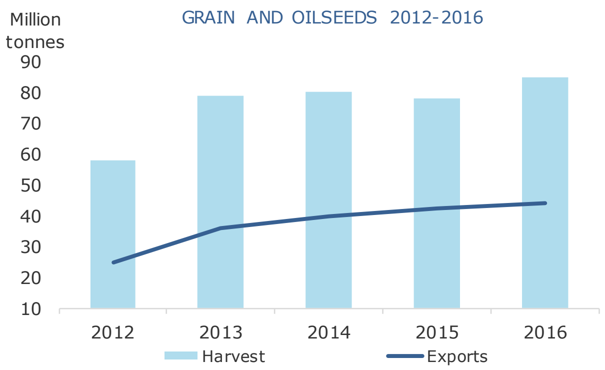


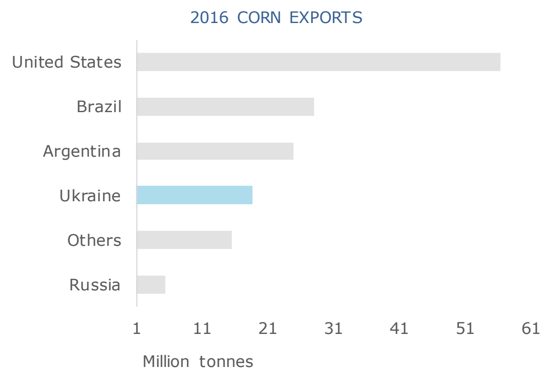
Source:USDA

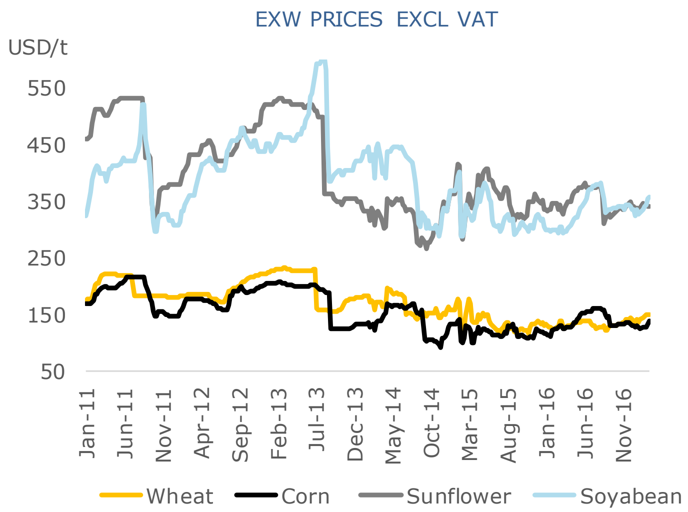
UKRAINIAN MAKRKET FOR GRAINS AND OILSEEDS

In total, production of grain and oilseeds broke another record in 2016, reaching 85 million tonnes and export is estimated to top previous record by 4%. Lower exports of corn to China were replaced with increased shipments to the EU, supported by the tariff-rate quota and inexpensive logistics through ports. Continued devaluation of the national currency is expected to be the major driver for exports in 2017 as well.

Looking further ahead, Ukraine planted 7.2 million hectares of winter crops for the next harvest during autumn 2016 and estimated area for spring crops is set to reach 14.4 million hectares according to the Ministry of Agrarian Policy. Currently 95% of winter crops have leaves and large snow covering at fields is expected to provide significant protection against cold and enough moisture to support good harvest result in 2017.







Source: APK and USDA

CORPORATE GOVERNANCE

INTRODUCTION

The full Report on Corporate Governance during the period of 1 January 2016 - 31 December 2016 ("Report") is published at the same time with the Annual Report on the Company's web page http://www.trigonagri.com/wp-content/uploads/2017/03/Trigon-Agri-Report-on-Corporate-Governance-2016.pdf

The following constitutes Trigon Agri's statutory reporting on corporate governance in accordance with Section 107 b (1)(3) of the Danish Financial Statements Act.

Despite the absence of any Danish law requirement to apply the Danish Recommendations on Corporate Governance ("Code", available at www.corporategovernance.dk), the Board of Directors and Executive Board feel strongly about sound corporate governance and applies the Code within Trigon Agri.

The principles of corporate governance in Trigon Agri are described below and governed by the Articles of Association, applicable laws, the Code, Rules of Procedure for both of the Boards, exchange requirements and market practice. Specific reference is made to any areas in which Trigon Agri deviates from the Code, as is required by the 'comply or explain' principle in the Code.

It is Trigon Agri's declared intention to secure that the standards and principles of good corporate governance will be adhered to at all times.

The governance of Trigon Agri is attended to by:

- The General Meeting of Shareholders
- The Board of Directors
- The Executive Board

GENERAL MEETING

The General Meeting of Shareholders has supreme authority in all matters and things pertaining to the Company subject to the limits set by statute and by the Articles of Association. Any share carries one vote in the General Meeting of Shareholders. The members of the Board of Directors and the auditor are elected by the General Meeting of Shareholders.

BOARD OF DIRECTORS

The Board of Directors consists of four members. In accordance with the Code, at least half of the members must be independent of the company, management and shareholders, and this requirement is fulfilled by Trigon Agri having three independent members of the Board of Directors (Peter Gæmelke, Jens Bruno and David Mathew).

In accordance with the Code the elected members of the Board of Directors are appointed to hold office for one year and thus the election term expires at the annual General Meeting following the election. The Board of Directors shall have a Chairman, which they shall elect from among their members.

More information for the Board of Directors has been presented in the following paragraphs. No member of the Board of Directors has management positions in any other Danish company save for as provided below.

<u>Johannes Bertorp (born in 1977, male)</u>

Chairman of the Board of Directors of Trigon Agri since April 29, 2016.

Shareholding in Company: 116,439,799

Other current active positions:

- Trigon Agri Group companies in Estonia, Supervisory Board Member
- AS Trigon Dairy Farming Estonia, Supervisory Board Member
- Maderna Corporate Services AB, Director

Experience (highlights of former positions):

- Chairman of the Bondholders' Committee of Trigon Agri A/S Bonds
- Mediafy AB, Member of the Board
- Zitius Service Delivery AB, Member of the Board

- Advoco Software AB, Member of the Board
- Sjövillan Ekudden AB, Member of the Board
- Mouli Clothing AB, Member of the Board
- Garde Security AB, Member of the Board
- Easy Ad Venture BVBA, Member of the Board

Jens Bruno (born in 1973, male)

Member of the Board of Directors of Trigon Agri since April 29, 2016.

Shareholding in the Company: 1,000,000

Other current active positions:

- Across Invest AB, Partner, CEO and member of the board
- Across Retail AB, Partner, CEO and member of the board

Experience (highlights of former positions):

- Interfox Resources AB (publ), CEO, Member of Board
- Grain Alliance Ltd, Business controller/Investment Manager
- Swedish government appointed Special Adviser to the Ministry of Finance of Ukraine / Attaché of Economic Affairs
- Special Adviser to the Russian Ministry of Finance, Attaché of Economic Affairs

Peter Gæmelke (born in 1955, male)

Member of Board of Directors of Trigon Agri since April 27, 2015.

Shareholding in Company: None.

Other current active positions:

- an independent farmer since 1983 at Røj Farm
- Danske Spil A/S, Chairman
- Lovenholm Fund, Chairman
- NatureEnergi BioGas A/S, Chairman
- Organization NLP, Chairman
- Kirkbi A/S, member of the Board
- DLR Credit A/S, member of the Board
- Tryghedsgruppen, member of the Board
- HCP A/S, member of the Board
- Nordea Liv & Pension A/S, member of the Board
- Askov Højskole, member of the Board
- Gl. Estrup Manor House Museum, member of the Board
- the liberal party of Denmark, Venstre, member of the Executive Board and Central Committee

Experience (highlights of former positions):

- Danish Agricultural Organization, Chairman
- Danish Agricultural Council, President (1995-2009)
- Danish Bacon and Meat Council, member of the Board
- the Danish Economy Council, member of the Board
- Sydbank, member of the Board
- the Local Agricultural Organizations, member of the Board

David Mathew (born in 1954, male)

Member of Board of Directors of Trigon Agri since April 26, 2012.

Shareholding in Company: None.

Experience (highlights of former positions):

- Director of Robert Fleming
- Director of Baring Brothers Hong Kong
- Director of Jardine Matheson China

All the members of Board of Directors are at the age below 80 which is the retirement age for Board of Directors set by Articles of Association.

A Board of Directors meeting shall constitute a quorum when more than half the directors are present. Resolutions by the Board of Directors shall be passed by a simple majority of votes. The Board of Directors has held four physical meetings during 2016 and several via electronic means.

The Board of Directors is the highest level of the management structure, which primary functions are to be responsible for the overall and strategic management as well as decision outside of the day-to-day management, i.e. decisions of unusual nature or of major importance. The Board of Directors will arrange for the proper organisation of the activities of

Trigon Agri, and will ensure that the keeping of accounts and the administration of property are carried out in a satisfactory way.

The Board of Directors has drawn up rules of procedure governing the performance of its duties.

Fees paid to Board of Directors are resolved by General Meeting and are disclosed under section 'related Party Transactions'.

EXECUTIVE BOARD

The Board of Directors has appointed an Executive Board consisting of two members to be responsible for the day-to-day operations of the company. One of the managers of the Executive Board shall be appointed the CEO.

List of management positions of Executive Board members in other companies is presented in the following paragraphs. No member of the Executive Board has management positions in any other Danish company.

Simon Boughton (born in 1957)

CEO and President of the Executive Board of Trigon Agri since March 31, 2016.

Shareholding in Company: 6,280,725

Other current active positions:

- Member of the Board in Trigon Agri Group Companies in Estonia and Cyprus
- Manager of Trigon Agri A/S branch in Estonia

Experience (highlights of former positions):

- Velcourt Ltd, various management positions
- Velcourt ltd, director for South East England
- Velcourt Ltd, Director for Business Development Overseas

Konstantin Kotivnenko (born in 1978)

Member of the Executive Board of Trigon Agri since October 13, 2010, responsible for administration, legal compliance, structuring, evaluation and execution of the material Trigon Agri Group transactions.

Shareholding in Company: 6,280,725.

Other current active positions:

- Supervisory Board member in Trigon Agri Group companies
- Manager of Trigon Agri A/S branch in Estonia

Experience (highlights of former positions):

- Law Firm Sorainen, Attorney at Law

The Executive Board shall be accountable to the Board of Directors for managing the company in accordance with applicable law in force, the company's Articles of Association, the Rules of Procedure of the Board of Directors and the Guidelines for Segregation of Duties between the Board of Directors and Executive Board.

The Board of Directors has drawn up guidelines to segregation of duties between the Board of Directors and the Executive Board.

Fees paid to Executive Board are disclosed under section 'related Party Transactions'.

The management structure of the Group as at the date of publication of the current report is shown in the following graph.

The average number of employees in 2016 stood at 969 (2015: 1,151).

RULES FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION

Amendments of the Group's Articles of Association may be proposed either by the shareholders or the Board of Directors.

As a general rule, proposed resolutions to amend the Articles of Association shall be passed at a general meeting by the shareholders. The resolution to amend the Articles of Association shall generally be passed by a majority of at least two-thirds of the votes cast as well as of the share capital represented at the general meeting, cf. Section 106(1) of the Danish Companies Act (the "DCA").

For the sake of good order, please note that pursuant to Section 107(2) of the DCA, certain proposals to amend the Articles of Association shall be passed by at least nine-tenths of the votes cast as well as of the share capital represented at the general meeting. Finally, certain decisions which favour certain shareholders to the detriment of other shareholders may contravene with the principle of equal treatment of shares in Section 45 of the DCA and as such requires unanimity.

However, pursuant to the DCA the shareholders may by passing a resolution at a general meeting authorise the Board of Directors to amend the Articles of Association in certain respects e.g. by an increase or decrease of the share capital of the Group. The authorisation is subject to a number of requirements.

Except for the authorisations mentioned under 'Authorisations to Board of Directors' below, the Group's general meeting has not passed resolutions with respect to such authorisations.

AUTHORISATIONS TO THE BOARD OF DIRECTORS

The board of directors is in the period until 31 January 2017 authorized to issue warrants which shall entitle the recipients to subscribe for new shares in the Group for an aggregate amount of up to nominally EUR 2,094 thousand, corresponding to an allocation ration of 21 warrants of nominally EUR 0.01 for each 13 shares of nominally EUR 0.01.

The authorization may only be utilized once.

COMMITTEES

In the autumn of 2010, the Board of Directors established three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee.

Audit committee

The responsibilities of the Audit Committee include: (i) notifying the board of directors of the result of the statutory audit, including the reporting process, (ii) monitoring the reporting process and present recommendations or proposals to ensure the integrity, (iii) monitoring whether the Group's internal control system, the internal audit function (if any) and risk management systems function efficiently with regard to the reporting in the Group without violating its independence, (iv) monitoring the statutory audit of the annual report etc. taking into account the result of the most recent quality control of the audit company, (v) controlling and monitoring the independence of the auditor pursuant to sections 24-24(c) and article 6 of regulation (EU) 537/2014 of the European Parliament and the Council dated 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and approving the auditor's provision of services other than auditing, ref. article 5 of this regulation, and (vi) being responsible for the procedure for selection and recommendation of the auditor for election in accordance with article 16 regulation (EU) 537/2014 of the European Parliament and the Council dated 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. The members of the Audit Committee are appointed by the Board of Directors and among its members. Trigon Agri's Audit Committee currently consists of Jens Bruno (Chairman) and Johannes Bertorp.

The Audit Committee shall meet as frequently as the Chairman of the Audit Committee deems necessary, but it should be at least twice a year.

In 2016, the Audit Committee held 2 physical meetings.

Nomination Committee

The Nomination Committee's duties include: (i) identifying and recommending members to the Board of Directors and Executive Board to the Board of Directors; (ii) evaluating the structure, size, composition and performance of the Board of Directors and Executive Board and to propose any changes in this respect to the Board of Directors; and (iii) considering proposals submitted by relevant persons for candidates for executive positions.

The Nomination Committee shall consist of two to four persons and at least half of its members shall be independent of Trigon Agri and its subsidiaries. The members of the Nomination Committee shall be appointed by the Board of Directors and among its members. The Nomination Committee currently consists of Johannes Bertorp (Chairman), Jens Bruno and Peter Gæmelke.

In 2016, the Nomination Committee held 1 physical meeting.

Remuneration Committee

The Remuneration Committee's duties include to make proposals to the Board of Directors, prior to approval at the general meeting, on the remuneration policy and the principles of the incentive pay schemes for the Board of Directors and the Executive Board and to ensure that the remuneration is consistent with Trigon Agri's remuneration policy and the evaluation of the performance of the persons concerned.

The members of the Remuneration Committee shall be appointed by the Board of Directors and among its members. The Remuneration Committee shall consist of two to three members and the Chairman of the Board of Directors shall always be the Chairman of the Remuneration Committee. At least half of the members shall be independent in relation to Trigon Agri and its subsidiaries. Trigon Agri's Remuneration Committee consists of Johannes Bertorp (Chairman), Peter Gæmelke and David Mathew. The Remuneration Committee shall convene as often as considered necessary by the Chairman of the Committee and at least once a year.

In 2016 the Remuneration Committee held 2 physical meetings.

INTERNAL CONTROL

The Executive Board is responsible for the organisation and administration of the Group, which includes establishing an effective system of internal control. Internal control in this context refers to those measures taken by the Executive Board, the senior executives and other personnel to ensure that the bookkeeping and the Group's financial condition in general are controlled and reported upon in a reliable fashion and in compliance with relevant legislation, applicable accounting standards and other requirements related to the Group's listing on the Stock exchange.

In order to ensure that the organisational structure, chain of command and authority are well defined and clearly communicated, the Group has prepared written instructions and formal routines for division of labour between the Executive Board, the Board of Directors, the management and other personnel. The Executive Board has established general guidelines for the Group's activities in internal policies, manuals and codes. Controls have also been carried out to ensure that the IT-/computer systems involved in the reporting process support a sufficiently high dependability for its task. The Group has established fixed routines and invested in reliable technical applications to guarantee a fast and reliable way of sharing information throughout the organisation. Internal policies and general guidelines for financial reporting are communicated between the Executive Board, senior executives and other personnel through regular meetings and via electronic form.

The internal control system followed in 2016 consisted of risk assessment, reporting instructions, control procedures and monitoring.

The Executive Board and also the Audit Committee assess risks related to financial reporting that the Group is exposed to. The main risks have been identified as risk of fraud and misconduct. Certain risks have been disclosed and explained also in the Annual Report under section Financial Risk Management.

Several control procedures have been integrated in the accounting and reporting systems such as finance policy, internal reporting guidelines and certain internal accounting control routines.

The Executive Board follows up to ensure that any internal control weaknesses are addressed and that potential errors are detected and reported and corrected in timely and orderly fashion.

The policies, guidelines and routines are updated on an on-going basis and are introduced to employees regularly via electronic form or internal training events.

Monitoring over accounting and financial reporting is conducted by the Executive Board and Audit Committee on a regular basis. Monitoring procedures are designed to identify risks, detect errors and correct any weaknesses. The Executive Board receives monthly internal financial reporting and the Audit Committee receives quarterly interim reports.

SUMMARY OF CODE RECOMMENDATIONS NOT FOLLOWED AND REASONS WHY NOT FOLLOWED

The following table is a summary from the Report and outlines the Code recommendations the Group did not follow as well as explanation why the Group did not comply with the recommendation. Regardless, the Group is satisfied with its Code adherence discipline.

Recommendation	**Reason why the Group complied only partially**
2.3.1. The Committee **recommends** appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	The Board of Directors had a Vice-chairman for the first two quarters of 2016. After the resignation of the member of the Board of Directors who was holding a post of the Vice-chairman, the Chairman of the Board of Directors has continued to actively participate in all the meetings of the Board of Directors which is why the need for re-election of the Vice-chairman was not considered high.
4.1.1. The Danish Committee on Corporate Governance (hereinafter the "Committee") **recommends** that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. The remuneration policy should be approved by the general meeting and published on the company's website.	The remuneration of the Board of Directors and the Executive Board members is based on the principle of transparency - each member's remuneration constitutes a flat annual fee which is resolved at the AGM and the remuneration amount is included in the AGM Agenda available for review by each shareholder prior the AGM.
5.2.1. The Committee **recommends** that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	Current arrangements that relate to the wrongdoing reporting did not call for establishment of a separate whistleblower scheme in 2016; the revaluation of the procedure was postponed to 2017.

CORPORATE SOCIAL RESPONSIBILITY

Statutory statement on social responsibility in accordance with section 99a of the Danish Financial Statements Act

The Group management has a policy on social responsibility with the following focus areas:

Human rights

The Group operates in countries where businesses' exposure to human rights violations is limited. Consequently, the Group does not conduct any activities, liaise or contract with business partners or suppliers in countries considered high-risk in terms of human rights abuses. Therefore there is no separate formal human rights policy. However, Trigon Agri is respecting human rights and supports the UN Global Compact principles for human rights and labour. The rights include the rights covered in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

In 2016 there were no registrations of violations of human rights or incidents of discrimination reported.

Health and safety

The Group health and safety policy provides a brief overview of major principles in the field of health and safety.

According to the health and safety policy basic obligations of Trigon Agri in the area of health and safety are to provide:

- safe and healthy systems of work;
- safe and healthy work environment;
- adequate amenities;
- safe and healthy premises of work;
- safe and well maintained plant and machinery;
- safe methods of handling, storing and transporting materials;
- adequate instruction and training for employees;
- adequate supervision by competent and trained personnel;
- relevant and adequate information for all employees;
- responsible person.

According to the health and safety policy each employee of the Group is encouraged to play a vital and responsible role in maintaining a safe and healthy workplace through:

- being involved in the workplace health and safety system;
- sticking to correct procedures and equipment;
- wearing appropriate clothing and equipment as and when required;
- ensuring all accidents and incidents are reported to direct superior and responsible staff member;
- helping new employees, trainees and visitors to the workplace understand the right safety procedures and their objective;
- telling your direct superior immediately of any health and safety concerns;
- keeping the work place tidy to minimise the risk of any trips and falls.

In 2016, The Group continued to implement and follow strict work safety regulations and provide proper training and updates to employees in order to ensure safety and avoid accidents.

The Group employs dedicated work safety officers to ensure compliance with the policy. General health and safety induction training is provided for all new employees.

Community involvement

Trigon Agri contributes to making the communities in which it operates better places to live and do business. Trigon Agri values mutually beneficial relationships with communities where it operates and strives to engage or consult with communities regarding business development plans that have a material impact on those communities.

Trigon Agri strives to support on a targeted basis local municipalities and organizations taking into account the availability of resources. For example, the support can be in the form of organising local events, buying equipment for schools, helping with the renovation works of public facilities, etc. A record of contributions and donations is kept to monitor activities and progress.

In 2016, the Group's subsidiaries in Russia and Ukraine have supported local municipalities and organisations by

- making non-returnable charity and financial aid payments
- buying renovation materials or organizing small renovation works for schools, churches, kindergartens
- buying necessary equipment and furnishing for the various local organisations (incl. machinery and furnishing for schools and other local organisations)
- making gifts for children, students or veteran organisations
- supporting other local activities (for example organising local events, transportation and catering).

The Group has also given financial aid and organised events and training for its employees and bought Christmas gifts for the children of the employees.

The financial resources allocated by the Group for community support amounted to about EUR 55 thousand. The activities have improved the facilities in the local communities and helped to carry out events, increasing the welfare of people in the communities where Trigon Agri operates.

Environment and climate change

Trigon Agri is committed to operating the agricultural businesses under its control utilising environmentally and agronomically sustainable production methods. We recognise the need to honour the responsibilities we have with respect to protecting the environment and to the consumer by ensuring that the food we produce is both safe and of a high standard.

To achieve this commitment we ensure that all our agronomists and managers are fully trained with the most up to date technical information, to ensure that there is optimal use of seeds, fertilisers and pesticides so as to keep a sound balance between production and the environment. Trigon Agri's cultivation, field application, and harvesting philosophy focuses on the minimal usage of energy thus minimising the Group's carbon footprint. The crop rotations adopted are carefully planned to ensure no build-up of pests, diseases or weeds. We are highly water conscious and at all times look to preserve this most precious resource. All waste materials are disposed of in an environmentally sensitive way so as to minimise pollution of our planet.

Our 2016 activities have been focused on the application of the following principles to our business:

- The continued development of the Telematics Management Department, which has been a crucial support service for the group for the past several years, providing a cross Group platform to enable effective planning, monitoring and reporting of all production related operations
- Maintaining soil fertility is ensured by having in place a sustainable rotation, nutrient management plan, soil management plan and crop protection management plan. These are enforced by approving annual budgets where the utilization of hectares and application of nutrients and chemicals is detailed.
- Soil management – Mini-till, No-Till and Strip Till farming is used whenever possible. This helps to preserve soil microbes, preserve natural drainage, results in less nitrogen leaching and lowers fuel consumption. Cultivation is not carried out up and down any slopes wherever possible, to combat soil erosion.
- Crop protection – chemicals are applied strictly adhering to label recommendations that specify which crops the chemical can be applied to, application rate per hectare, permissible frequency of application and harvest interval – i.e. the minimum time period that has to be left between application and harvest to ensure food safety. Reduced application rates are used when they have internally been proven to be sufficient, which also assists to reduce our environmental footprint.
- Nutrient management – appropriate quantities and application practices are used to ensure optimum growing conditions, maintain soil fertility and prevent pollution that would be caused by over-application of nutrients.

- Fertilizer and Pesticide storage – national regulations are followed that specify maximum quantities permissible to store and the required distance from habitation.
- Fuel consumption is monitored using real-time GPS tracking of vehicles which enables Management for example to monitor and enforce optimum driving speeds and engine revolutions which optimises fuel consumption. Waste disposal – washed chemical, fertilizer and seed packaging are delivered to a special factory where they are incinerated to provide energy for power production.
- Accident and emergency plan – in case of chemical spill there is an action plan listing specific steps in each vehicle and all relevant operatives have been trained in the procedure.

The Group has acted in accordance with this policy for several years. No environmental incidents were reported in 2016.

Trigon Agri will continue to ensure that all its employees are fully conversant with the aims set out in this policy statement in order that all its activities are compliant and represent the best practice possible.

Statutory statement on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

The Group strives for gender equality and does not discriminate based on gender. While the Board of Directors (4 members) consists of men, at other management levels the Group has achieved gender balance. The Group rules of procedure state that the Board of Directors must assess every year whether men and women are equally represented on the Board of Director, or whether there is a requirement for the definition of a target ratio for the share of the underrepresented sex on the Board of Directors. The Board of Directors has set the target figure for the proportion of female directors elected by the general meeting to have 1 female Board Member by 2017. The Board did not progress toward this target in 2016. The substantial changes in the shareholder´s base and management structure following the conversion of the bonds procedure carried out throughout 2016 did not enable the Board of Directors to progress towards this target in 2016.

FINANCIAL HISTORY

Balance sheet, EUR thousand	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2016
Total assets	213,965	185,247	149,591	67,848	45,140
incl Assets of disposal group classified as held for sale and Assets held for sale	-	-	-	8,023	1,576
incl Non-current assets	167,831	155,617	119,792	35,766	24,016
incl Property, plant and equipment	147,473	132,750	104,438	22,787	13,795
Investment in property, plant and equipment	9,059	6,912	24,180	4,478	657
Net debt	61,268	69,080	74,434	60,423	6,436
Total equity	128,566	103,805	61,906	541	30,421
Cash flow statement, EUR thousand	**2012**	**2013**	**2014**	**2015**	**2016**
Cash flows from operating activities	10,842	9,263	7,942	9,127	5,952
Cash flows from investing activities	-19,249	-14,511	-5,673	-1,130	11,213
Cash flows from financing activities	-2,648	2,280	-2,006	-9,622	-15,347
Effects of exchange rate changes	-68	-225	-1,135	-599	-73
Cash and cash equivalents at beginning of period	19,313	8,190	4,997	4,125	1,901
Cash and cash equivalents at end of period	8,190	4,997	4,125	1,901	3,646
Key figures	**31.12.2012**	**31.12.2013**	**31.12.2014**	**31.12.2015**	**31.12.2016**
Number of shares, end of the period	129,627,479	129,627,479	129,627,479	129,627,479	1,728,357,479
Total number of employees	1,569	1,455	1,269	1,011	893
Land under control, hectares	169,811	167,381	144,103	123,544	58,835
Ratios	**2012**	**2013**	**2014**	**2015**	**2016**
Earnings/loss per share (EPS), EUR	0.01	-0.13	-0.10	-0.41	-0.01
Book value per share, EUR	0.99	0.80	0.48	0.00	0.02
Return on assets (ROA)	1%	-9%	-8%	-48%	-44%
Return on equity (ROE)	1%	-15%	-18%	-99%	-166%
Equity ratio, %	60%	56%	41%	1%	67%
Current ratio	1.45	1.51	0.48	1.16	1.52
Acid test*	0.60	0.72	0.20	0.48	0.74

* excl. Assets of disposal group held for sale and Assets held for sale

For definitions of the ratios please refer to page 109.

trigon agri

THE SHARE

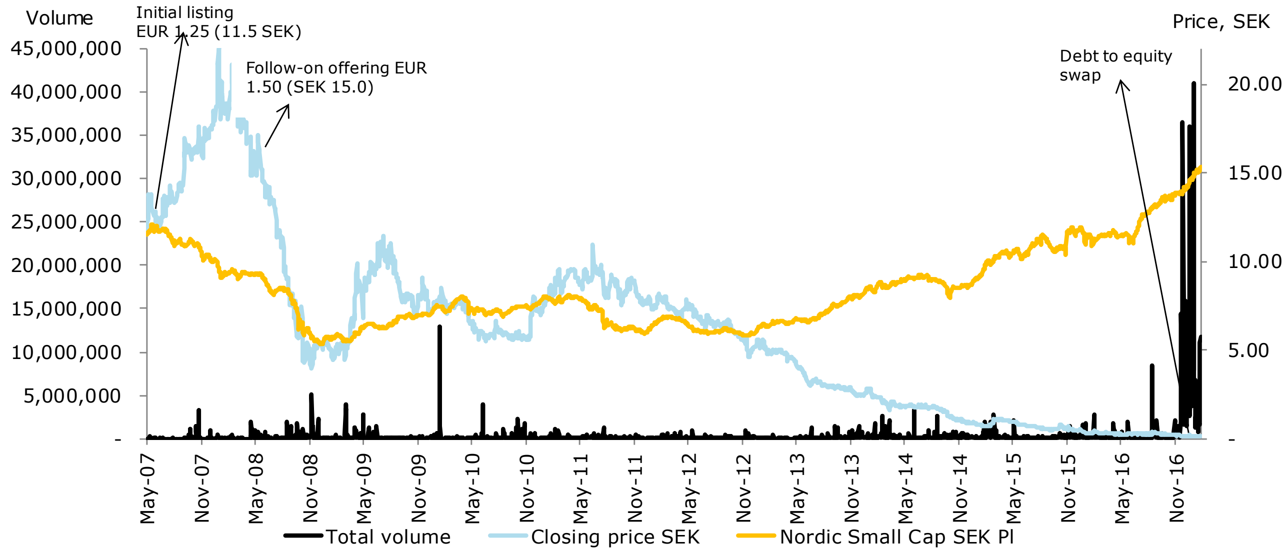
Share information

Official listing:	NASDAQ Stockholm
Form of listing:	Common stock
Round lot:	500
Sector:	Agricultural Products
Exchange ISIN:	DK0060083566
Short name:	TAGR
Reuters ticker:	TAGR.ST
Bloomberg ticker:	TAGR:SS

As at December 31, 2016 Trigon Agri had approximately 2,009 shareholders.

Major nominee shareholders as at 31.12.2016	Country	No of shares	Holdings in %
PHOENIX COMMODITIES PVT. Ltd.	Virgin Islands (GB)	198 250 000	11,5%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	Sweden	131 801 244	7,6%
SKANDINAVISKA ENSKILDA BANKEN S.A., W8IMY	Luxembourg	128 033 577	7,4%
BERTORP, JOHANNES	Sweden	116 439 799	6,7%
SPARINVEST	Luxembourg	91 123 084	5,3%
GOMOBILE NU AB	Sweden	80 363 660	4,6%
LIND VALUE APS	Denmark	65 237 133	3,8%
SEB-STIFTELSEN, SKAND ENSKILDA	Sweden	45 678 000	2,6%
SWEDBANK AS (ESTONIA)	Estonia	45 664 817	2,6%
KDI AFDELING NLP	Denmark	42 176 902	2,4%
OTHER		783 589 263	45,5%
TOTAL		**1 728 357 479**	**100,0%**

Trigon Agri Share trade data	2014	2015	2016
MCap (period end), SEK	108,887,082	66,110,014	276,537,197
Average no of trades per day	44	38	40
Average volume per trade	5,397	6,046	22,711
Average number of traded shares per day	237,264	228,440	916,232
Average turnover per day, SEK	411,785	172,846	180,628
Average turnover per trade, SEK	9,367	4,574	4,477



FINANCIAL CALENDAR

Annual general meeting
April 20, 2017

Interim report 1Q 2017
May 31, 2017

Interim report 2Q 2017
August 31, 2017

Interim report 3Q 2017
November 30, 2017

Interim report 4Q 2017
February 28, 2018

Annual report 2017
March 30, 2018

For further information, please contact:
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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in EUR thousand	Note	31.12.2016	31.12.2015
ASSETS			
Current assets			
Cash and cash equivalents	5,7	3,646	1,901
Trade and other receivables	6,7	6,701	11,462
Inventories	8	7,287	8,447
Biological assets	9	1,914	2,249
Assets of disposal group held for sale	32	-	8,000
Assets held for sale	10	1,576	23
		21,124	**32,082**
Non-current assets			
Prepaid land rents and land usage rights	11	1,045	1,245
Other non-current prepayments and receivables	6,7	234	153
Biological assets	9	1,994	1,662
Deferred tax assets	15	-	2
Intangible assets		24	43
Property, plant and equipment	10	13,795	22,787
Investments in associates	29	6,924	9,874
		24,016	**35,766**
Total assets		**45,140**	**67,848**
LIABILITIES			
Current liabilities			
Trade and other payables	7,12	3,869	4,101
Liabilities directly associated with assets classified as held for sale	13,32	-	7,893
Borrowings	7,13	10,072	15,628
		13,941	**27,622**
Non-current liabilities			
Trade and other payables	7,12	18	28
Borrowings	7,13	10	38,803
Deferred tax liabilities	15	750	854
		778	**39,685**
Total liabilities		**14,719**	**67,307**
EQUITY			
Capital and reserves attributable to equity holders of the Group			
Ordinary shares	16	17,284	64,814
Share premium	16	120,013	99,941
Other reserves	17	-45,936	-64,836
Accumulated deficit		-61,276	-99,696
		30,085	**223**
Non-controlling interest in equity		336	318
Total equity		**30,421**	**541**
Total equity and liabilities		**45,140**	**67,848**

The notes on pages 41 to 89 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

in EUR thousand	Note	2016	2015
Continuing operations:			
Revenue	18	39,190	39,618
Other income	18	286	609
Gain/loss arising from changes in fair value less estimated point-of-sale costs of biological assets	9	380	68
Total revenue, other income and fair value adjustments		**39,856**	**40,295**
Net changes in inventories of agricultural produce and work in process	8	**465**	**1,469**
Cost of purchased goods for trading purposes		-6,238	-5,780
Raw materials and consumables used for production purposes	19	-15,858	-18,350
Employee benefits expense	20	-4,823	-4,979
Depreciation and amortization	10	-1,505	-2,200
Other administrative expenses	22	-2,859	-4,533
Revaluation of land	10	-5,460	-
Other (losses)/gains - net	23	-386	1,832
		3,192	**7,754**
Gains/losses from exchange rate differences		847	-5,141
Finance income	24	2,164	23
Finance costs	24	-6,242	-6,667
Share of loss/profit of investments accounted for using the equity method	29	-1,445	317
Loss before income tax		**-1,484**	**-3,714**
Corporate income tax	14	-91	-7
Loss for the period from continuing operations		**-1,575**	**-3,721**
Discontinued operations			
Loss for the period from discontinued operations (attributable to equity holders of the company)	32	-23,504	-49,234
Loss for the period		**-25,079**	**-52,955**
Attributable to:			
Equity holders of the Company		-25,097	-52,623
Non-controlling interest		18	-332
		-25,079	**-52,955**
Loss/profit per share for loss attributable to the equity holders of the Company during the period, both basic and diluted (expressed in Euros per share)			
From continuing operations	25	0.00	-0.03
From discontinued operations	25,32	-0.01	-0.38
Loss per share for loss attributable to the equity holders of the Company during the period, both basic and diluted (expressed in Euros per share)	25	-0.01	-0.41

The notes on pages 41 to 89 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPEHENSIVE INCOME

in EUR thousand		**2016**	**2015**
Loss for the period		**-25,079**	**-52,955**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Loss on revaluation of land of continuing operations	10,17	-1,303	-5,272
Loss on revaluation of land of discontinued operations	10,17,32	-	-3,185
Items that may be subsequently reclassified to profit or loss			
Currency translation differences from continuing operations	17	1,300	-5,330
Currency translation differences from discontinued operations	17,32	18,903	13,397
Other comprehensive income/expense for the period; net of tax		**18,900**	**-390**
Total comprehensive expense for the period		**-6,179**	**-53,345**
Attributable to:			
Equity holders of the Company		-6,197	-53,013
Non-controlling interest		18	-332
Total comprehensive expense for the period		**-6,179**	**-53,345**
Total comprehensive expense for the period attributable to owners of the Company arises from			
Continuing operations		-1,596	-13,991
Discontinued operations	32	-4,601	-39,022
		-6,197	**-53,013**

The notes on pages 41 to 89 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
in EUR thousand	**Share capital**	**Share premium**	**Other reserves**	**Accumulated deficit**	**Total**	**Non-controlling interest**	**Total Equity**
Balance at 31.12.2014	**64,814**	**99,941**	**-64,446**	**-47,073**	**53,236**	**8,670**	**61,906**
Profit/loss for the period	**-**	**-**	**-**	-52,623	**-52,623**	-332	**-52,955**
Other comprehensive income	**-**	**-**	-14,179	-	**-14,179**	-	**-14,179**
Other comprehensive income recycled to Income statement in relation to discontinued operation (Note 32)	**-**	**-**	13,789	-	**13,789**	-	**13,789**
Total comprehensive income	**-**	**-**	**-390**	**-52,623**	**-53,013**	**-332**	**-53,345**
Decrease due to loss of control in a subsidiary (Note 29)	-	-	-	-	-	-8,020	**-8,020**
Transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**	**-**	**-8,020**	**-8,020**
Balance at 31.12.2015	**64,814**	**99,941**	**-64,836**	**-99,696**	**223**	**318**	**541**
Profit/loss for the period	**-**	**-**	**-**	-25,097	**-25,097**	18	**-25,079**
Other comprehensive income	**-**	**-**	-1,191	**-**	**-1,191**	-	**-1,191**
Other comprehensive income recycled to Income statement in relation to discontinued operation (Note 32)	**-**	**-**	20,091	**-**	**20,091**	-	**20,091**
Total comprehensive income	**-**	**-**	**18,900**	**-25,097**	**-6,197**	**18**	**-6,179**
Reduction in share capital (Note 16)	-63,517	-	-	63,517	-	-	**-**
Issuance of share capital (Note 16)	15,987	20,072	-	-	36,059	-	**36,059**
Transactions with owners in their capacity as owners	**-47,530**	**20,072**	-	**63,517**	**36,059**	-	**36,059**
Balance at 31.12.2016	**17,284**	**120,013**	**-45,936**	**-61,276**	**30,085**	**336**	**30,421**

The notes on pages 41 to 89 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

in EUR thousands	Note	2016	2015
Cash flows from operating activities			
Continuing operations			
Cash receipts from customers		42,928	43,464
Cash paid to suppliers and employees		-36,122	-34,748
Income tax paid	14	152	-96
Subsidies received		166	701
Interest received	24	18	11
Net cash outflow from discontinued operations	32	-1,190	-205
Net cash generated from operating activities		**5,952**	**9,127**
Cash flows from investing activities			
Continuing operations:			
Acquisition of subsidiary, net of cash acquired		-8	-
Cash outflow from loss of control over subsidiary	29	-	-2,564
Proceeds from sales of shares in associate	29	1,504	-
Proceeds from issuance of subsidiary´s shares to non-controlling interest	29	-	2,000
Purchase of property, plant and equipment	10	-878	-1,380
Proceeds from sales of property, plant and equipment	10	90	200
Net cash inflow from discontinued operations (incl proceeds from sale)	32	10,505	614
Net cash generated from/used in investing activities		**11,213**	**-1,130**
Cash flows from financing activities			
Continuing operations:			
Proceeds from borrowings	13	2,406	3,407
Repayments of borrowings	13	-6,586	-2,985
Repayments of finance lease liabilities	13	-151	-184
Short-term loans received from related parties	31	900	-
Short-term loans repaid to related parties	31	-900	-
Interest paid	24	-5,750	-6,599
Net cash outflow from discontinued operations	32	-5,266	-3,261
Net cash used in financing activities		**-15,347**	**-9,622**
Net increase/decrease in cash and cash equivalents		**1,818**	**-1,625**
Effects of exchange rate changes on cash and cash equivalents		-73	-599
Cash and cash equivalents at beginning of period	5	1,901	4,125
Cash and cash equivalents at end of period	**5**	**3,646**	**1,901**

The notes on pages 41 to 89 are an integral part of these consolidated financial statements.

CONTENTS OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Trigon Agri A/S (The Company) is an integrated soft commodities producer (operating commercial cereals and dairy farms), storage provider and trader with operations in Ukraine, Russia and Estonia. The Company was established on December 11, 2006. The Company has subsidiaries in Estonia, Cyprus, Russia and Ukraine (together hereinafter referred to as "the Group").

The parent company is a limited liability company incorporated and domiciled in Denmark. The address of its registered office is Sundkrogsgade 5, DK-2100 Copenhagen. The company listed its shares on the Stockholm First North Stock Exchange in May 18, 2007. From December 8, 2010, the company's shares have been traded on the main market Small Cap segment on NASDAQ Stockholm. The Group's owners are legal and physical persons and no sole shareholder has control over the Group's activities.

These financial statements were authorised for issue by the Board of Directors on March 29, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

This consolidated financial information of Trigon Agri A/S for 2016 ended December 31, 2016 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets, land, available-for-sale financial assets and financial assets at fair value through profit or loss.

The reporting period of the financial statements is the calendar year.

The Company prepares its separate financial statements in accordance with IFRS and the further requirements in the Danish Financial Statements Act.. Parent company financial statements are presented after notes to the consolidated financial statements in the same set of financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

Certain new or revised standards and interpretations have been issued that are mandatory for the Group's annual periods beginning on or after 1 January 2016, and which the Group has not early adopted.

IFRS 15, Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

Revenue from Contracts with Customers - Amendments to IFRS 15 (effective for annual periods beginning on or after 1 January 2018). The amendments do not change the underlying principles of the standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new standard. The Group's current analysis shows that the implementation would not have a significant impact on its financial statements.

IFRS 16, Leases (effective for annual periods beginning on or after 1 January 2019; not yet adopted by the EU). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently assessing the impact of the new standard on its financial statements.

IFRS 9, Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU).

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.·
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the

expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

The Group is currently assessing the impact of the new standard on its financial statements.

CONSOLIDATION

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Any difference between fair value and carrying value of assets transferred is recognised in the income statement. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Losses are also eliminated but considered whether they indicate an impairment that requires recognition in consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

c) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.1 d) below), after initially being recognised at cost.

d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.5.

2.2 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currencies of group entities are the following: for Estonian subsidiaries the Euro, for Ukrainian subsidiaries the Ukrainian hryvna, for Russian subsidiaries the Russian rouble, for Cypriot subsidiaries the Euro and for Danish parent company the Euro. The consolidated financial statements are presented in Euro, which is the functional currency for the parent company and the presentation currency for the group.

b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash equivalents are presented in the income statement within 'Gains/losses from exchange rate differences'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains – net.

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates of a month or a longer period as appropriate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in Other comprehensive income are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment except for land is stated at historical cost less depreciation and impairment, where required. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings 25-40 years
- Machinery 7-20 years
- Vehicles 3-5 years
- Furniture, fittings and equipment 3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within Other gains/losses – net, in the income statement.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

FAIR VALUE OF LAND

Since 2014 land is carried using the revaluation method.

Under the revaluation method an increase in an asset's carrying amount as a result of a revaluation is recognised in other comprehensive income and accumulated in equity under other reserves. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in an asset's carrying amount as a result of a revaluation is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under other reserves (Note 10).

Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.4 INTANGIBLE ASSETS

a) Licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of two to ten years.

2.5 IMPAIRMENT ON NON-FINANCIAL ASSETS

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

2.6 FINANCIAL ASSETS

a) Classification

The Group classifies its financial assets in the following categories: loans and receivables, and at fair value through profit and loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise "Trade and other receivables" (see Note 6) and Cash and cash equivalents (see Note 5) in the balance sheet. See Note 2.10 for measurement of trade receivables.

b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.10.

c) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.7 AGRICULTURE AND BIOLOGICAL ASSETS

Agricultural activity is defined by the management as an activity of the biological transformation of biological assets for sale into agricultural produce or into additional biological assets. Agricultural produce is defined as the harvested product of the Group's biological assets and a biological asset is defined as a living animal or plant. The Group has determined the groups of its biological assets to be livestock and growing crops.

Biological assets are measured on initial recognition and at each balance sheet date at its fair value less estimated point-of-sale cost, except for the case where the fair value cannot be measured reliably on initial recognition. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest and is subsequently recorded as inventories and measured in accordance with the accounting principles of inventory (Note 2.9).

If an active market exists for a biological asset or agricultural produce, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist the most proximate market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date, is used in determining fair value. Cost is used as an approximation of fair value when little biological transformation has taken place since initial cost incurrence, e.g. within short time after seeding the crop.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a subsequent change in fair value less estimated point-of-sale costs of a biological asset is included in profit or loss for the period in which it arises as "Gain/loss arising from changes in fair value less estimated point of sale costs of biological assets".

The biological assets are recorded as current and non-current biological assets based on the operational cycle of the respective biological assets. In general, biological assets of growing plants are recognised as current assets, because the operational cycle is less than 12 months. Dairy herd is recorded as non-current biological asset.

a) Livestock and dairy herd

Livestock are measured at their fair value less estimated point-of sale costs. The fair value measurements are categorized under Level 2 in the fair value hierarchy, as defined by IFRS 13.

b) Crops – cereals and grassland

Crops are measured at their fair value less estimated point-of-sale costs. The fair value measurements are categorized under Level 2 in the fair value hierarchy, as defined by IFRS 13. At initial recognition (after seeding) the crops are measured at cost as the market-determined values are not available for such biological assets. The cost includes direct costs related to the management of the biological transformation of biological assets, like costs of seeds, fertilising, cultivation, labor costs of employees directly involved in production process, fuel and energy and related production overheads (based on normal operating capacity). The crops are measured at fair value once the fair value becomes reliably measurable. Usually the fair value of a crop can be reliably measured only immediately before harvest. This does not create a significant limitation in valuation of crop balances at year-end, as the main increase in fair value is attributable to the same accounting period when the crop is harvested. As the main growth period of the crops is April to July, the change in the fair values is always the highest in the second quarter of the year. The biological assets are revalued using the latest information about actual harvesting results of the early crops, harvest related cash outflows and cereal sales market prices. Yields for the late crops are estimated using the latest field surveys. The cereals sales prices used for revaluation include actual contracted prices and latest market prices.

2.8 GOVERNMENT GRANTS

a) Government grants related to agricultural activity

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable (government grants for dairy herd, general area-aid subsidies). If a government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is conditional, including whereby a government grant requires a Group company not to engage in specified agricultural activity, the Group recognises the government grant as income when the conditions attaching to the government grant are met (investment subsidies, area-aid environmental subsidies) and until then aid received is recognised as a liability.

b) Government grants related to purchase of property, plant and equipment

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are amortised to the income statement on a straight-line basis over the expected lives of the related assets.

c) Ukraine VAT treatment for companies under agricultural regime

In Ukraine there is a special VAT treatment for companies under agricultural regime. Companies under agricultural regime in 2016 were obliged to pay 85% of the VAT to the State Budget of Ukraine and 15% of the VAT (the net of VAT receivable and payable) was recorded under Other Losses/Gains. Amount recognized under Other Losses/Gains is measured as a difference between VAT on sales invoices issued during the year and purchase invoiced received during the year. Input and output VAT are recognized in the Income statement in the period when the respective income/cost is recognized. In 2015 agricultural companies did not have to pay VAT to the State Budget and could record 100% of the VAT amount in their Income Statement.

2.9 INVENTORIES

a) Agricultural produce

i. Milk

Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking and subsequently recorded as inventories. The fair value of milk is determined based on market prices in the local area.

ii. Grain- own produced (harvested)

Grain and feeds produced by the Group are initially measured at its fair value less estimated point-of-sale costs at the time of harvest and recorded in inventories until sold to third parties or used internally for feeding animals or for seeds. Grains and feed produced by the Group is subsequently measured at net realisable value. The net realisable value of feed is determined based on market prices in the local area. The net realisable value of grain is determined based on quoted prices on the nearest market or if multiple markets are available, of the market where the Group's company expects to sell the produce.

iii. Other agricultural produce

Other agricultural produce are initially recorded at cost. Cost of other agricultural produce is determined using weighted average cost method. Write-down of other agricultural produce (excluding grain) to the net realisable value (if lower than cost) is included in income statement as change is inventories. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

b) Grain – purchased from third parties

Purchased grain from third parties is initially recorded at purchase price and subsequently measured at fair value less estimated costs to sell. The fair value of grain is determined based on quoted prices on the nearest market or if multiple markets are available, of the market where the Group's company expects to sell the produce.

c) Work-in-progress related to field preparation

Cost of agricultural preparation on fields before seeding is recorded as work-in-progress in inventories. Work in progress comprises raw materials, direct labor costs, other direct costs and overheads (based on normal operating capacity). After seeding the cost of field preparation is reclassified as biological assets held at fair value (Note 2.7 b)).

d) Raw materials

Inventories are stated at the lower of costs and net realisable value. Cost is determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Deposits over three months are classified as cash and cash equivalents if they are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12 SHARE CAPITAL

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

2.13 TRADE PAYABLES

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

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

2.14 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Income statement as finance income or finance cost. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Income statement, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

2.15 CURRENT AND DEFFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

a) Corporate income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Income tax rate in Ukraine is 18%, in Russia 20%, in Denmark 22% and in Cyprus 12.5%. Agricultural producers in both Ukraine and Russia are exempted from the ordinary corporate income tax system if they meet the requirements to be recognised as agricultural producers (Note 2.15 b)). The income tax in Estonia is calculated only on distributed earnings with the effective rate 20/80 (2015: 20/80) of the distributed amount.

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

b) Agricultural tax regimes in Ukraine and Russia

Both in Ukraine and Russia companies are exempt from ordinary corporate income tax regime if they meet criteria to be recognised as agricultural producers.

In Ukraine, a company is considered to be an agricultural producer if it derived at least 75% of its revenue in the previous tax year from the sales of self-produced agricultural product. Simplified agricultural tax means that the agricultural producer pays tax based not on its profits, but on the total area used for agricultural production.

In Russia a company can apply for the agricultural tax regime if it meets the criteria of an agricultural company. However, the companies on a general tax regime having the revenue from sales of self-produced agricultural produce have reduced tax rates.

2.16 EMPLOYEE BENEFITS

a) Pension obligations and other post-employment obligations

The Group does not operate pension schemes and does not provide post-retirement benefits to their retirees. Pension obligations may arise due to a legal obligation to pay for the incapability to work because of an accident.

The Group has legal obligation to pay contributions to the state pension funds according to the local regulations of each country of location. The contributions to the local pension funds are treated as social security tax payments.

b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

2.17 PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Sales of goods – agricultural produce

The Group's main revenue arises from the sales of agricultural produce – grain and milk. The agricultural produce is subject to quality control at the point of sale and the sales value is depending on the quality. Revenue from sales of agricultural produce is recognised after the results of quality control are available.

b) Sales of biological assets

The Group sells living animals for slaughtering. The revenue from sales of living animals is recognised after the animals have been delivered to the slaughterhouse.

c) Sales of services

The Group occasionally sells services to other agricultural producers. Revenue from the services is recognised when the service has been provided.

d) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

e) Dividend income

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

2.19 LEASES

The Group as a lessee.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Land lease is considered to be operating lease unless the title of the land passes to the lessee at the end of the lease period.

Leases in which the risks and rewards incidental to the ownership of an asset are transferred substantially to the lessee are classified as finance leases. At the commencement of the lease term, the Group recognises the asset purchased on finance lease term on its balance sheet at the amount lower of the present value of future rent payments or fair value of the leased asset.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to the income statement over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over the shorter of their useful life or lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term.

2.20 DIVIDEND DISTRIBIUTION

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

2.21 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board. The Executive Board considers the business from a geographical and operational perspective. Local production units, which are interlinked with each other in operational activities, are aggregated in the internal reporting in production clusters. Segments are presented to the management on aggregated unit basis, indicating separately plant cultivation and animal husbandry if they are both material for the clusters' revenue. Starting from September 30, 2015 the management considers two continuing business segments (Ukraine and Milk production) and cereals production cluster in Russia is considered as discontinued operation (Note 32). As of April 1, 2015 the Group uses the equity method to record the accounts of the Milk production segment in Estonia as the profit/loss on the Income Statement is shown under the line Share of profit of investments accounted for using the equity method. Consequently, Milk production segment Revenue, OPEX and EBITDA for the whole year of 2015 comprises of the results of the Milk production segment in Russia and only first quarter accounts for the Milk production segment in Estonia as the profit for the remaining nine months is recorded under the line Share of profit of investments accounted for using the equity method. See Note 29 for further information on the Milk production segment. Ukraine segment includes cereals production, storage and trading operations.

2.22 NON-CURRENT ASSETS HELD FOR SALE AND DISONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

3. FINACIAL RISK MANAGEMENT

3.1 FINACIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, commodity price risk, cash flow interest rate risk, fair value interest rate risk), credit risk, liquidity risk and capital repatriation risk. The Group's overall risk management program acknowledges the unpredictability of financial markets and on the basis of the current business operations of the Group the management is following financial risk management policies to minimise potential adverse effects on the Group's financial performance from unpredictable fluctuations in the financial markets. The Group's centralised controlling and risk management function carries out risk management activities on a day-to-day basis in close cooperation with the regional management members.

1. Market risk

(i) Foreign exchange risk

The Group operations in Ukraine and Russia are exposed to foreign exchange risk arising primarily from exposures to the US dollar, Russian rouble and Ukrainian hryvna. Foreign exchange risks from US dollar, Russian rouble and Ukrainian hryvna arise mainly from recognised assets and liabilities. Foreign exchange risk from Swedish krona seized to exist after the bond to equity conversion in December 5, 2016. The Group has not implemented any formal currency risk management policies.

The average value of Ukrainian hryvna relative to euro depreciated by 15% in 2016 (depreciated in 2015 by 35%).

The average value of Russian rouble depreciated by 8% in 2016 (depreciated in 2015 by 25%).

The average value of Swedish krona depreciated by 1% in 2016 (depreciated in 2015 by 3%).

The changes in exchange rates of Russian rouble and Ukrainian hryvna have been unfavorable to the Group's business in 2016 (unfavorable in 2015). The change in exchange rate of Swedish krona was favorable to the Group´s business in 2016 as the devaluation of the Swedish krona decreased the value of the SEK-nominated Bond. The changes in exchange rates of rouble and hryvna decreased the value of the net investment in 2016 (decreased in 2015).

(ii) Commodity price risk

The Group is exposed to commodities price risk because of the significant size of its business operations in the production of cereals. In case cereals produced by the Group are primarily exported, a significant share of the Group's revenues will be exposed to global fluctuations in agricultural commodity prices. The milk production operations of the Group are to a lesser extent affected by global commodity prices since the raw milk is sold regionally and cannot be exported over long distances. This is further supported by the fact that milk powder, a milk product commodity which can be transported over long distances, does not directly compete with raw milk due to the inferiority of milk powder based end-product quality. Such lower quality makes milk powder a secondary raw material to the milk processing companies operating in the target countries of the Group and allows the Group to negotiate fresh high quality raw milk price relatively independently of global milk powder price levels.

The Group's strategy is not to hedge against any commodity price movements in order to provide its shareholders a direct exposure to the fluctuation in the market. Unlike traditional large-scale farming enterprises that have typically used a financial hedging strategy to protect against adverse price fluctuations or the risks inherent in a highly seasonal business, the Group does not engage in any commodity hedging. The Group believes that its diversified geographic production base, its crop rotation system and its combination of cereal production and dairy farming provide its business with sufficient operational stability, while enabling investors to pursue their own individual hedging strategies.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant floating interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Cash (see Note 5) is invested in short term deposits and no material interest rate risk arises from these assets.

The Group's interest rate risk arises from borrowings (Note 13). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

Breakdown between floating and fixed interest rates for the existing borrowings of the Group is shown below:

in EUR thousand	**31.12.2016**	**31.12.2015**
Borrowings and finance leases (outstanding amount)		
Floating rate	4,817	4,565
incl. related to 3-month EURIBOR	-	39
incl. related to bank´s base interest rate	725	608
incl. related to LIBOR	4,092	3,918
Fixed rate	5,265	49,866
	10,082	**54,431**

At 31 December 2016, if interest rates on floating interest rate borrowings at that date had been 50 basis points higher with all other variables held constant, net loss for the year would have been EUR 24 thousand higher (2015: EUR 23 thousand higher), as a result of higher interest expense on floating rate borrowings.

2. Credit risk and counterparty business risk

Credit risk for the Group arises from cash and cash equivalents, deposits with banks and financial institutions and customers, including outstanding receivables and committed transactions. Credit limits are not normally set for individual companies, as all balances are closely monitored specifically (see also Note 6 for details). For banks and financial institutions, the Group's policy is to work with institutions, which have an internationally reputable strategic shareholder as the majority investor. (See also Note 5 for details).

3. Liquidity risk

The Group's main liquidity risks derive from the cyclical nature of agricultural production. Field-works in spring and harvest in autumn entails concentration of costs and working capital need in the spring season and concentration of revenues in the autumn season. The cyclicality is stronger in cereals production and much lower in dairy production, as dairy production revenues accrue evenly throughout the whole operating year. The Group has been lowering the cyclicality also in cereals production by acquiring its own warehousing infrastructure to store grain for longer time periods and to be able to sell cereal products more evenly throughout the year. In January, 2017 the Group signed a short-term standby credit facility with a group of its shareholders to finance the cyclical cash gap in the spring (Note 34). In addition, the management monitors the liquidity risk by following the main key performance indicators on a continuous basis, including cash flows.

The undiscounted gross payments of all borrowings and trade payables are presented in the included tables. The amounts include interest payments. Majority of Group´s borrowings as at December 31, 2016 are short-term working capital loans in Ukraine under general agreements with banks, that the loan facilities are available to the Group until 2018 and 2019, if all conditions are met. Based on the positive results from operations in Ukraine in the past and also expected going forward, Management do not expect any issues regarding renewal of the loans as the fall due.

in EUR thousand	**Total 31.12.2016**	**Less than 6 months**	**Between 6 and 12 months**	**between 1 and 2 years**	**between 2 and 5 years**	**Maturity**	**Interest rate**
Borrowings and finance leases (Note 13)	10,988	4,099	6,878	11	-		
incl. related to LIBOR	*4,487*	*209*	*4,278*	*-*	*-*	*2017*	*LIBOR+9.5%*
incl bank´s base rate	*763*	*511*	*252*	*-*	*-*	*2017*	*CBR+3%*
inc.with fixed interest rate	*5,738*	*3,379*	*2,348*	*11*	*-*	*2017-2018*	*no interest, 9.5%-25.5%*
Trade payables (Note 12)	1,661	1,549	94	6	12	2017-2020	no interest rate
Total	**12,649**	**5,648**	**6,972**	**17**	**12**		

in EUR thousand	**Total 31.12.2015**	**Less than 6 months**	**Between 6 and 12 months**	**between 1 and 2 years**	**between 2 and 5 years**	**Maturity**	**Interest rate**
Borrowings and finance leases (Note 13)	63,914	10,204	8,863	44,848	-		
incl. related to 3 month EURIBOR	*39*	*39*	*-*	*-*	*-*	*2016*	*3 month EURIBOR+0.0%*
incl. related to LIBOR	*4,318*	*217*	*4,101*	*-*	*-*	*2016*	*LIBOR +11%*
incl bank´s base rate	*683*	*290*	*186*	*207*	*-*	*2017*	*CBR+3%*
inc.with fixed interest rate	*10,122*	*9,657*	*386*	*79*	*-*	*2016-2017*	*no interest rate, 2%-25%*
incl. fixed interest rate bond	*48,752*	*-*	*4,190*	*44,562*	*-*	*2017*	*11%*
Borrowings classified as held for sale (Note 32)	8,502	1,401	7,101	-	-	2016	10%
Trade payables (Note 12)	2,463	1,986	449	28	-	2016-2017	no interest rate
Total	**74,879**	**13,591**	**16,413**	**44,876**	-		

3.2 CAPITAL MANAGEMENT

The Group considers as capital its equity and borrowings.

All significant bank borrowings of the Group will be approved by the Board of Directors of the Group prior to being drawn upon. The Board of Directors will also approve the leveraging strategy to be worked out by the management, keeping in mind (i) safeguarding the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and (ii) development of an optimal capital structure so as to reduce the cost of capital.

in EUR thousand	31.12.2016	31.12.2015
Financial indebtedness (Note 13)	10,082	62,324
Total shareholders´ equity	30,421	541

The Group was financed in addition to the owners' equity and bank borrowings by bond from 2011 until December 5, 2016 when the Group completed the conversion of the bond to equity.

On February 26, 2015, the term of the bonds was extended until August 31, 2017 while interest rate remained unchanged to 11%. The Group had an option to early repay the bonds, and the nominal amount to be repaid depended on the timing of the repayment: if payment will be done by December 31, 2016 – 104%, and by August 31, 2017 – 106%. Please refer to the Annual report 2015 for restrictions in place until cancellation of the bond. In 2016 the bondholders and shareholders agreed to convert the bond into new shares of the Trigon Agri (Note 16). Following the conversion, share capital increased by EUR 15,987 thousand, share premium increased by EUR 20,072 thousand and a gain representing the difference between carrying value of the debt and fair value of issued equity of EUR 2,121 thousand (Note 24) was recorded under financial income.

Impact of currency fluctuation to the equity of the Group

The total Group capital is influenced by exchange rate fluctuations of Ukrainian hryvna, Russian rouble and Swedish krona, as described also in Note 3.1. The total recognised decrease in equity from currency translation differences amounted to EUR 45,936 thousand at December 31, 2016 (EUR 66,139 thousand at December 31, 2015).

2016	Reasonably possible change	Impact on Income statement
UAH	+/- 30%	+/-449
RUB	+/- 30%	-/+296
USD	+/- 5%	-/+312

2015	Reasonably possible change	Impact on Income statement
UAH	+/- 30%	+/-366
RUB	+/- 30%	-/+172
SEK	+/- 5%	-/+1,997
USD	+/- 5%	-/+636

The assets on the Group's balance sheet in Russia and Ukraine are denominated in local currency and will decrease in euro terms when rouble and hryvna weaken against the euro. In 2016 the hryvna devalued against euro and rouble strengthened against euro (2015: hryvna weakened and rouble weakened).

Capital repatriation risk

The capital repatriation risk derives from the Group's investments into Ukrainian and Russian subsidiaries. Potential changes in the political environment in Ukraine or Russia may impose restrictions on repatriating capital invested into these countries. Currently, Ukraine has in place currency controls (Note 4.3). The advantageous double taxations treaties with Ukraine and Russia make Cyprus a favored location of inward investments to these regions by several internationally recognised investors as well as for Ukrainian and Russian own capital, which seeks to have foreign domiciliation. In the assessment of the Group's management, carrying out investments into Ukraine and Russia via Cypriot holding companies is the best possible hedge for minimising capital repatriation risks.

3.3 FAIR VALUE ESTIMATION

The different levels for assets carried at fair value have been defined as follows:

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

See Note 10 for disclosures of the land that is measured at fair value, Note 8 for inventories, Note 9 for biological assets and Note 13 for borrowings.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a) Fair value of biological assets

The Group's biological assets are measured at fair value less point-of-sale costs at each balance sheet date (value at December 31, 2016 was EUR 3,908 thousand, value at December 31, 2015 was EUR 3,911 thousand) (Note 9). Due to the specifics of the agricultural production, fair value of some crops and animals cannot be determined reliably in their present status. The biological assets in the countries where the Group operates (Ukraine, Russia (Estonia till April 2015)) are mostly not traded on active market. Therefore, the fair value is determined using the alternative methods described in Note 2.7. The use of alternative methods of fair value estimation requires the Group to refer to latest transactions and use price averages, or to use cost as an approximation of fair value in case when little biological transformation has taken place since initial cost incurrence, e.g. within short time after seeding the crop. Because the carrying value of the biological assets in the plant cultivation is based on cost upon initial recognition, no variability analysis is relevant. Were the actual prices for the biological assets in animal husbandry higher by 10% from management's estimates, the net loss would decrease by EUR 188 thousand (EUR 154 thousand in 2015), if the prices were lower by 10%, the net loss would increase by the same amount.

b) Useful lives of property, plant and equipment

The depreciable items of property, plant and equipment amounted to EUR 11,462 thousand as at December 31, 2016 (EUR 12,964 thousand as at December 31, 2015) (Note 10). The remaining balance includes land, which does not depreciate; and construction in process. Management has estimated useful lifetimes for depreciable property, plant and equipment. However, the actual useful lifetimes can be different than those estimated by the management. If the average useful lifetime would be 10% longer (shorter) than estimated by the management, it would decrease (increase) the depreciation charge by EUR 144 thousand (EUR 261 thousand in 2015).

c) Net realisable value and fair value less costs to sell of inventories

The Group has its agricultural produce in inventory as of the year end. The agricultural produce and inventories for commodities trading have been valued to fair value less costs to sell. The fair value of the grain is determined based on the market statistics published by APK-Inform or in case the Group had sold or had sales contracts for its inventory then those actual prices were used. Would the prices been lower (higher) than estimated by 10%, the value of the inventories would be EUR 464 thousand less (more) and the equity smaller (bigger) by the equal amount (in 2015: EUR 595 thousand).

d) Recoverable values of property, plant and equipment

In 2016 impairment test was carried out, no impairment was identified. The value-in-use method was applied to determine the recoverable values of non-current assets in milk production Russia. Total value of the non-current assets and net working capital in milk production in Russia at December 31, 2016 amounted to EUR 8,335 thousand (EUR 8,104 thousand at December 31, 2015). No impairment test was necessary in 2016 for assets in Ukraine, at December 31, 2015the total value of the non-current assets and net working capital amounted to EUR 7,147 thousand. Cash flows were projected in each cluster, including revenues, operating expenses, investment requirements and working capital needs. In 2016, the test demonstrated that the segment´s assets recoverable value is higher than the carrying amount of these assets. The Group has used in the model its target yields and prices for milk based on forecasts. The Group applied 1.5% (1.5% in 2015) long-term growth rate that has been aggregated from the long-term growth perspective in the respective country and estimation of the growth in food prices in relation to other inputs. The discount rates applied were the following: 14.3% (17.1% in 2015).

The following reasonable changes in major sensitive inputs would cause the decrease of recoverable amount below the carrying amount:

Major sensitive inputs:

EUR thousand	Change	Impairment
Increase in discount rate	2%	-755
Decrease in milk price from 2018 onwards	5%	-857
Increase in OPEX per cow from 2017 onwards	5%	-2,149

The reasonable change in terminal growth rate by 0.5% would not cause any decrease of recoverable amount below the carrying value. For the impairment test performed at December 31, 2015, no reasonable change in major sensitive inputs would have caused the decrease of recoverable amounts below the carrying amounts.

Fair value of land

The fair value of land is reliant on significant assumptions and unobservable inputs. See Note 10.1 for the measurement of fair value of land and financial impact of a potential change in the value per hectare.

4.2 OTHER RISK FACTORS

RISKS RELATED TO UKRAINIAN LAND RENTAL

Ukrainian law imposes several restrictions on ownership of agricultural land. Foreign citizens or foreign legal entities are not allowed to acquire agricultural land, and it is unclear whether a Ukrainian company controlled by non-Ukrainians may own agricultural land in Ukraine. Moreover, there is a blanket moratorium against selling freeholds of agricultural land until adoption of particular legal act on the land market and land cadaster in Ukraine.

The Group owns the buildings and structures of its Ukrainian farms and controls the Ukrainian land through registered long-term leases supplemented with a right of first refusal to acquire the freehold, or through signed, but not yet registered, leases. However, under the current legislation, the Group may not be able to exercise its right of first refusal to acquire the freehold. In the event that the Group's title to any of its land is challenged, and the Group is unable to defend such a claim, the Group risks losing its rights to such land which could materially affect the Group's business, financial condition, and operational results.

RISKS RELATED TO LAND OWNERSHIP IN RUSSIA

Russian law does not allow a foreign entity nor a foreign controlled Russian entity to own agricultural land in Russia. A Russian entity is considered a foreign controlled entity when more than 50 per cent of its share capital is owned by a foreign entity.

The Russian agricultural land (Note 10) of the Group is currently owned by Russian operating companies, which are wholly-owned subsidiaries of the relevant holding companies incorporated in Russia. The Russian parent holding companies are, in turn, owned (depending on the Company, directly or indirectly) by parent company. While this structure technically complies with the Russian law restriction on the foreign ownership of Russian agricultural land, no assurances can be given that the ownership structure could not be challenged on the basis that they possibly violate the spirit of the law. The Russian courts and legal system generally tend to adopt a formal approach to legislative interpretation. However, no assurance can be given as to how a Russian court would treat each particular situation brought to its consideration or as to future developments in the Russian legal system which may give greater weight to substance over form.

If the Russian agricultural land holding structure of the Group is found to breach the above mentioned Russian law restriction, the Group could be forced to either sell its land, or return the land to the previous owner (in which case it will be entitled to require the purchase price back from the previous owner), or introduce Russian shareholders to its subsidiaries, which may have a material adverse effect on the Group's business, financial condition and operational results.

4.3 SITUATION IN UKRAINE AND RUSSIA AND POTENTIAL IMPACT ON THE GROUPS´S OPERATIONS

Ukraine

The ongoing political and economic instability in Ukraine has led to a deterioration of State finances, volatility of financial markets, illiquidity on capital markets, higher inflation and a depreciation of the national currency against major foreign currencies has continued in 2016, though to lesser extent as compared to 2014–2015. The inflation rate in Ukraine during 2016 reduced to 12% (as compared to 43% in 2015). Devaluation during 2016 has been moderate. As at March 13, 2017 the official exchange rate of Hryvnia against euro was UAH 28.43 per EUR 1, compared to UAH 28.42 per EUR 1 as at 31 December 2016 (31 December 2015: UAH 26.22 per EUR 1). In 2016 the National Bank of Ukraine ("NBU") has made certain steps to ease the currency control restrictions introduced in 2014–2015. In particular, the required share of foreign currency for mandatory sale was decreased from 75% to 65% starting from 9 June 2016 and the settlement period for export-import transactions in foreign currency was increased from 90 to 120 days starting from 28 July 2016. Also starting from 13 June 2016, NBU allowed Ukrainian companies to pay dividends to non-residents with a limit of USD 5 million per month. Restrictions about export proceeds and settlement deadlines for export and import transactions remain in force till June 15, 2017, other restrictions have no expiration date.

IMF continued to support Ukrainian government under four-year Extended Fund Facility ("EFF") Program approved in March 2015 by providing third tranche of approximately USD 1 billion in September 2016 and a fourth tranche of USD 1 billion in March 2017. Further disbursements of IMF tranches depend on the implementation of Ukrainian government reforms, and other economic, legal and political factors.

The banking system remains fragile due to its: weak level of capital; its weakening asset quality caused by the economic situation; currency depreciation; and other factors. NBU has also agreed with the owners of top 40 commercial banks the three-year plans for their recapitalisation, first stage of which has been completed in 2016.

The conflict in the parts of Eastern Ukraine which started in spring 2014 has not been resolved to date. However, there was no substantial escalation of the conflict since the signing of ceasefire agreements in September 2014. The relationships between Ukraine and the Russian Federation remained strained. On 1 January 2016, the agreement on the free trade area between Ukraine and the EU came into force. The Russian government reacted to this event by implementing a trading embargo on many key Ukrainian export products. In response, the Ukrainian government implemented similar measures against Russian products. Despite certain improvements in 2016, the final resolution and the ongoing effects of the political and economic situation are difficult to predict but they may have further severe effects on the Ukrainian economy and the Company's business.

Russia

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2016 the Russian economy continued to be negatively impacted by low oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

5. CASH AND CASH EQUIVALENTS

in EUR thousand	31.12.2016	31.12.2015
Cash on hand	1	2
Short-term bank deposits	3,635	1,830
Cash in transaction	10	69
	3,646	**1,901**

Short-term bank deposits bear interest of 0%-12% on annualised base (in 2015 0.0% – 12%)

The credit quality of cash at bank according to banks external credit rating (Moody's) is given in the following table:

in EUR thousand	31.12.2016	31.12.2015
A1**	176	3
A2**	-	134
Aa3**	2,336	159
Baa3**	438	-
Ba2	3	1,091
Ca	234	67
Other*	458	445
	3,645	**1,899**

*As at December 31, 2016 Other includes cash in UkrSibbank (Ukraine), Energomashbank (Russia), Megabank (Ukraine), First Ukrainian International Bank (Ukraine)- not rated.

** As at December 31, 2016 the parent company ratings were used for the money at AS SEB Pank (Estonia), AS Swedbank (Estonia), PJSC OTP Bank (Ukraine) and PJSC Credit Agricole Bank (Ukraine).

The split of cash between currencies:

in EUR thousand	31.12.2016	31.12.2015
Ukrainian hryvna	707	1,336
US dollar	2,830	376
Euro	104	91
Russian rouble	3	96
Other currencies	2	2
	3,646	**1,901**

6. TRADE AND OTHER RECEIVABLES

in EUR thousand	31.12.2016	31.12.2015
Trade receivables	951	554
Other receivables	228	7,435
Prepayments	5,756	3,626
Total receivables and prepayments	**6,935**	**11,615**
Less non-current portion:		
Prepayments for non-current assets	-222	-146
Other receivables	-12	-7
Total non-current portion	**234**	**153**
Current portion	**6,701**	**11,462**

The fair values of trade and other receivables are not materially different from the carrying values based on the expected discounted cash flows. All non-current receivables are due within more than one year from the balance sheet date. Non-current prepayments will realize in non-current assets, like property, plant and equipment.

At December 31, 2016, Other receivables do not include any receivables from the related parties (EUR 284 thousand as at December 31, 2015) (Note 31). As at December 31, 2015 EUR 6,500 thousand represented the receivable for the sale of assets of disposal group (Note 32). As at December 31, 2015, Non-current prepayments for non-current assets in amount of EUR 1,634 thousand were revalued to fair value less cost to sell to amount of zero as part of assets held for sale (Note 32). For breakdown of trade and other receivables by category please refer to Note 7.

The expected timing of proceeds from trade receivables is as follows:

in EUR thousand	**31.12.2016**	**31.12.2015**
Up to 3 months	934	509
3 to 6 months	6	13
Over 6 months	11	32
	951	**554**
including receivables not due	704	505
including receivables overdue up to 3 months	242	23
including receivables overdue up 3 to 6 months	1	1
including receivables overdue over 6 months	4	25

The expected timing of proceeds from other receivables is as follows:

in EUR thousand	**31.12.2016**	**31.12.2015**
Up to 3 months	204	553
3 to 6 months	3	2
Over 6 months	21	6,880
	228	**7,435**
including receivables not due	227	7,400
including receivables overdue up to 3 months	-	-
including receivables overdue over 6 months	1	35

Trade receivables less than 3 months past due from balance sheet date are not considered impaired based on the individual assessment of each significant receivable.

The credit quality of Trade receivables that are not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Counterparties without external credit ratings:

in EUR thousand	**31.12.2016**	**31.12.2015**
Group 1	108	54
Group 2	594	445
Group 3	249	55
	951	**554**
Total unimpaired trade receivable	**951**	**554**

Group 1 – new customers/related parties (less than 6 months).
Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.
Group 3 – existing customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

As at December 31, 2016 Other receivables not due are from counterparties with no or some defaults in the past (some defaults in the past in as at December 31, 2015).

Total impairment loss recognized from the trade receivables in 2016 was EUR 1 thousand (2015:5 thousand). EUR 55 thousand was write-off of other receivables (in 2015 EUR 26 thousand) (Note 23).

in EUR thousand	**2016**	**2015**
At January 1	**-163**	**-372**
Provision for receivables impairment	-1	-5
Receivables written off during the year as uncollectible	175	168
Currency translation differences	-12	46
At December 31	**-1**	**-163**

The maximum exposure to credit risk arising from trade and other receivables at the reporting date is the carrying amount of each class of receivable mentioned above. The Group does not hold any collateral as security for the trade receivable.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

in EUR thousand	**31.12.2016**	**31.12.2015**
Russian rouble	156	202
Ukrainian hryvna	985	726
Euro	38	7,061
	1,179	**7,989**

7. FINANCIAL INSTRUMENTS BY CATEGORY

	31.12.2016 Loans and receivables	**31.12.2015 Loans and receivables**
Assets as per balance sheet		
Cash and cash equivalents (Note 5)	3,646	1,901
Trade and other receivables excluding prepayments (Note 6)	1,179	7,989
	4,825	**9,890**

	31.12.2016 Financial liabilities at amortised cost	**31.12.2015 Financial liabilities at amortised cost**
Liabilities as per balance sheet		
Trade and other payables excluding social security, other taxes and prepayments from clients (Note 12)	1,661	2,463
Borrowings excluding finance lease liabilities (Note 13)	10,054	54,271
Finance lease liabilities (Note 13)	28	160
Liabilities directly associated with assets classified as held for sale (Note 32)	-	7,893
	11,743	**64,787**

Prepayments are excluded as this analysis is required only for financial assets.

8. INVENTORIES

Inventory breakdown, EUR thousand	31.12.2016	31.12.2015
Grain for sale	4,643	5,954
Raw materials, supplies	2,137	1,669
Fieldworks in process	507	824
Total	**7,287**	**8,447**
Incl. own produced inventory	**6,010**	**7,018**

Grain for sale as at December 31, 2016 includes grain from third parties in amount of EUR 3 thousand (EUR 1 thousand as at December 31, 2015). Raw materials, supplies includes materials and supplies purchased from third parties in amount of EUR 1,274 thousand as at December 31, 2016 (EUR 1,428 thousand as at December 31, 2015). Net changes in inventories for 2016 include a loss of EUR 437 thousand from discontinued operations (gain of EUR 234 thousand in 2015) (Note 32).

in EUR thousand	2016	2015
At 1 January	**7,018**	**11,220**
Changes in balances of finished product stocks:	28	1,703
- Agricultural production recognised at the fair value (Note 9)	26,142	29,616
- Dairy production recognised at the fair value	2,626	4,660
- Capitalization of costs to fieldworks in process	1,151	1,703
- Reclassification from fieldworks in process to biological assets at the moment of seeding	-1,419	-1,521
- Cost of own production on realization to third parties	-28,389	-30,685
- Inventory revaluation	354	-2,070
- Remeasurement of inventory to fair value less cost to sell (Note 32)*	-437	-
For internal use*	-904	-1,613
Decrease due to loss of control over subsidiary (Note 29)	-	-1,514
Currency translation differences	-132	-2,778
At 31 December	**6,010**	**7,018**

*Inventories in total amount of EUR 437 thousand were reclassified to the assets of disposal group held for sale and remeasured to their fair value less cost to sell resulting in a total loss of EUR 437 thousand.

Inventories that are measured at fair value are categorized under Level 2 in the fair value hierarchy, as defined by IFRS 13.

Grain for sale is revalued by the Group on each balance sheet date using contracted and market prices. Market prices were retrieved from APK-Inform as at the end of January for both years as the year-end prices do not reflect the realistic market situation due to long holiday season in Ukraine and therefore very low volume of trades. The Group uses market prices from the moment when trading volumes are restored and market becomes active. The judgement as to whether a market is active includes the consideration of availability of prices for different grains, and the volatility of prices over a period – the prices tend to be less volatile the more frequent the trading activity becomes. Own produced inventories are measured at net realizable value. In determining the NRV (net realizable value), the Group also considers existing sales agreements at balance sheet date, and actual sales transactions by the Group shortly after the balance sheet date.

As at December 31, 2016 no inventories were pledged at a carrying value for the benefit of the bank (2015: EUR 4,461 thousand) as the Group pledged biological assets instead of inventories in 2016.

Breakdown of the grain for sale, agricultural produce inventory, 31.12.2016	**Grain for sale, agricultural produce, EUR thousand**	**Tonnes**	**Average price used, EUR/t**
Wheat	443	2,926	152
Barley	3	23	113
Sunflower	2,897	8,744	331
Corn	1,230	9,494	130
Rapeseed	3	8	337
Soya	5	16	323
Other	62	383	162
Total	**4,643**	**21,594**	**215**

Breakdown of the grain for sale, agricultural produce inventory, 31.12.2015	**Grain for sale, agricultural produce, EUR thousand**	**Tonnes**	**Average price used,EUR/t**
Wheat	35	288	123
Barley	9	79	116
Sunflower	5,427	16,916	321
Corn	461	3,524	131
Rapeseed	1	5	292
Soya	-	1	286
Other	21	356	55
Total	**5,954**	**21,169**	**281**

9. BIOLOGICAL ASSETS

in EUR thousand	**Plant cultivation**	**Animal husbandry**	**Total**
Carrying amount at 31.12.2015	**2,367**	**1,544**	**3,911**
Non-current biological assets	118	1,544	1,662
Current biological assets	2,249	-	2,249
2016			
Increases due to purchases	373	-	373
Decrease due to sales	-373	-	-373
Gain/loss arising from changes in fair value less estimated point of sale costs of biological assets:	-290	-49	-339
- Increases due to new plantations/birth	*26,650*	*154*	26,804
- Harvest	*-26,142*	*-*	*-26,142*
- Decreases due to written-off biol.assets	*-79*	*-374*	-453
*-Remeasurement of biological assets to fair value less cost to sell (Note 32)**	*-719*	*-*	-719
- Other changes in fair value	*-*	*171*	171
Currency translation differences	-50	386	336
Carrying amount at 31.12.2016	**2,027**	**1,881**	**3,908**
Non-current biological assets	113	1,881	1,994
Current biological assets	1,914	-	1,914

in EUR thousand	Plant cultivation	Animal husbandry	Total
Carrying amount at 31.12.2014	**4,132**	**8,309**	**12,441**
Non-current biological assets	554	8,763	9,036
Current biological assets	4,629	-	3,405
2015			
Decrease due to disposal of subsidiary	*-879*	-6,646	-7,525
Gain/loss arising from changes in fair value less estimated point of sale costs of biological assets:	-224	57	-167
- Increases due to new plantations/birth	*29,400*	*509*	29,909
- Harvest	*-29,616*	-	-29,616
- Decreases due to written-off biol.assets	*-8*	*-812*	-820
- Other changes in fair value	-	*360*	360
Currency translation differences	-662	-176	-838
Carrying amount at 31.12.2015	**2,367**	**1,544**	**3,911**
Non-current biological assets	118	1,544	1,662
Current biological assets	2,249	-	2,249

* Biological assets (fieldwork in progress) in total amount of EUR 719 thousand were reclassified to the assets of disposal group held for sale and remeasured to their fair value less cost to sell resulting in a total loss of EUR 719 thousand (Note 32).

	Animals, pcs	Winter crops, hectares
Physical quantities at 31.12.2016	1,852	32,133
Physical quantities at 31.12.2015	1,834	42,820

Gain/loss arising from changes in fair value less estimated point of sale costs of biological assets for 2016 include a loss of EUR 719 thousand from discontinued operations (loss of EUR 235 thousand in 2015) (Note 32).

As at the balance sheet date, Current biological assets in plant cultivation include winter crops seeded in autumn 2016. The fair value of these crops has been determined by the cost of seeding and preceding fieldworks. Non-current biological assets in plant cultivation include grasslands, which are used for harvesting animal feed. Non-current assets in animal husbandry include dairy herd, both mature and immature. Animal husbandry is measured at fair value less costs to sell.

The gain arising from changes in fair value includes changes in both physical quantities due to the growth of plants/animals and changes in market prices of the biological assets.

As at December 31, 2016 biological assets in Ukraine were pledged at a carrying value of EUR 664 thousand (2015:0) for the benefit of the bank as the Group pledged biological assets instead of inventories in 2016. In 2015 biological assets in amount of EUR 1 thousand in Russia were pledged for the benefit of the bank.

The fair value of livestock is based on market prices of livestock of similar age, breed and genetic merit based on the relevant market, taking into account transaction prices, sales opportunities in local and export markets, and the market situation in the dairy sector. The fair value measurements are categorized under Level 2 in the fair value hierarchy, as defined by IFRS 13.

10. PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2016 the Group owned a total of 13,134 hectares of land out of which 10,261 hectares are classified as land held for sale. As at December 31, 2016 the Group has reclassified land in Milk production segment not being used in production cycle as an asset held for sale in the amount of EUR 1,554 thousand. The land lost its value as no proper cultivation was being carried out, resulting in a potential high cost necessary to bring this land into production. This asset is measured at its fair value less costs to sell based on fair value assessment performed by independent valuers (Note 10.1), using sales comparison approach adjusted by significant unobservable inputs. The outcome of the independent valuation was analysed against bids obtained by management from potential customers and no significant differences were identified. Land market in Pskov region in Russia is not a very liquid market and therefore volatile, the prices are set by the buyers willing to buy a land plot in this area and therefore valuation of the land depends not only on the economic situation of the country, but also on the demand in the region. In 2016 the number of market transactions in this region declined and as more and more landlords were trying to sell the land, the prices for the land dropped significantly. Upon change in use and remeasurement, revaluation loss in respect of the asset was recognised in the total amount of EUR 6,041 thousand, including EUR 1,303 thousand recognised in other comprehensive income (Note 17) to the extent of the existing revaluation surplus in respect of that asset. The Group has revalued its remaining land carried using the revaluation method to fair value based on fair value assessment performed by independent valuers (Note 10.1), using sales comparison approach adjusted by significant unobservable inputs. Impairment loss in respect of the land was recognised in the total amount of EUR 722 thousand. Total remeasurement recognised in the income statement amounted to EUR 5,460 thousand.

As of December 31, 2015 the Group owned 13,180 hectares of land in Russia as land in Rostov cluster (Russia) in amount of 47,581 hectares was classified as held for sale (Note 32). 38,684 hectares were disposed in 2015 for which the Group had an EUR 6,500 receivable on the balance sheet (Note 6).

Depreciation charge during 2016 in amount of EUR 86 thousand is presented within discontinued operations (Note 32) (EUR 581 thousand in 2015). The Group's acquisitions of property, plant and equipment during the period amounted to EUR 657 thousand (EUR 4,478 thousand in 2015).

In 2016, property, plant and equipment in total amount of EUR 947 thousand were reclassified to the assets of disposal group held for sale and remeasured to their fair value less cost to sell resulting in a total loss of EUR 947 thousand (2015: EUR 29,694 thousand)(Note 32).

The change in total property, plant and equipment carrying value was also influenced by the change in the exchange rate of Russian rouble and Ukrainian hryvna. Ukrainian hryvna in 2016 decreased its value in relation to the euro by 8% (decreased in 2015 by 27%). Russian rouble in 2016 strengthened its value in relation to the euro by 25% (decreased in 2015 by 10%). Please see Note 3.3 for further information.

Land in Russian Milk production was mortgaged at a carrying value of EUR 226 thousand (2015: EUR 296 thousand). Buildings, machinery and equipment in Russia were pledged at a carrying value of EUR 390 thousand (2015: EUR 202 thousand). Buildings, machinery and equipment in Ukraine were pledged at a carrying value of EUR 4,484 thousand (2015: EUR 5,555 thousand).

The net book value of assets leased under finance lease (vehicles and machinery) as at December 31, 2016 stood at EUR 52 thousand (as at December 31, 2015 EUR 156 thousand). Information on operating lease liabilities of the assets used under the terms of an operating lease is presented in Note 21.

in EUR thousand	Land	Buildings	Vehicles & machinery	Furniture, fittings & equipment	Construction in process	Total
31.12.2015						
Cost	8,460	11,158	18,779	807	1,363	40,567
Accumulated depreciation		-2,669	-14,363	-748	-	-17,780
Net book amount	**8,460**	**8,489**	**4,416**	**59**	**1,363**	**22,787**
2016						
Additions		18	466	50	123	657
Revaluation through Other Comprehensive Income	-1,303	-	-	-	-	-1,303
Revaluation through Income statement	-5,460	-	-	-	-	-5,460
Reclassification to assets held for sale	-1,554	-	-	-	-	-1,554
Remeasurement to fair value less cost to sell (Note 32)	-	-	-935	-5	-7	-947
Disposals	-3	-29	-31	-	-104	-167
Reclassification balance sheet items/between groups	-	1	-114	3	110	-
Depreciation charge		-439	-973	-29	-	-1,441
Currency translation differences	773	494	24	-3	-65	1,223
Closing net book amount	**913**	**8,534**	**2,853**	**75**	**1,420**	**13,795**
31.12.2016						
Cost	913	11,640	15,359	836	1,420	30,168
Accumulated depreciation	-	-3,106	-12,506	-761	-	-16,373
Net book amount	**913**	**8,534**	**2,853**	**75**	**1,420**	**13,795**

in EUR thousand	Land	Buildings	Vehicles & machinery	Furniture, fittings & equipment	Construction in process	Total
31.12.2014						
Cost	65,475	33,624	31,992	976	1,206	133,273
Accumulated depreciation	-	-7,382	-20,662	-791	-	-28,835
Net book amount	**65,475**	**26,242**	**11,330**	**185**	**1,206**	**104,438**
2015						
Additions	3,201	79	569	16	613	4,478
Changes due to revaluation through Other Comprehensive Income	-8,457	-	-	-	-	-8,457
Decrease due to loss of control in subsidiary	-7,159	-13,993	-4,344	-22	-	-25,518
Remeasurement to fair value less cost to sell (Note 32)	-29,019	-634	-	-23	-18	-29,694
Assets classified as held for sale (Note 32)	-14,171	-309	-	-12	-8	-14,500
Disposals	-	-10	-264	-3	-	-277
Reclassification balance sheet items/between groups	-	115	153	-4	-264	-
Depreciation charge	-	-729	-1,826	-51	-	-2,606
Currency translation differences	-1,410	-2,272	-1,202	-27	-166	-5,077
Closing net book amount	**8,460**	**8,489**	**4,416**	**59**	**1,363**	**22,787**
31.12.2015						
Cost	8,460	11,158	18,779	807	1,363	40,567
Accumulated depreciation	-	-2,669	-14,363	-748	-	-17,780
Net book amount	**8,460**	**8,489**	**4,416**	**59**	**1,363**	**22,787**

10.1 FAIR VALUE OF LAND

The fair value of freehold land as at December 31, 2016 is EUR 913 thousand (EUR 8,460 thousand as at December 31, 2015). Had the assets been carried under the cost model, the balance as at December 31, 2016 would have been EUR 1,635 thousand (EUR 7,158 thousand as at December 31, 2015). In 2016, revaluation of land shown in the Income statement amounted to EUR 5,460 thousand, decrease in amount of EUR 1,303 thousand was recorded through Other Comprehensive Income and reclassification to land held for sale amounted to EUR 1,554 thousand.

Decrease in 2015 related to remeasurement to fair value less cost to sell amounted to EUR 29,019 shown in the Income statement of the Discontinued operations (Note 32). Decrease in amount of EUR 8,457 thousand was recorded through Other Comprehensive Income (Note 17).

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. The valuation as at December 31, 2016 was performed by Pskovskaja Fondovaja Kompania LLC for the land in Russian Dairy cluster. The valuation as at December 31, 2015 was performed by Everest Consulting LLC for the land in Russian Dairy cluster.

in EUR thousand	Russian dairy cluster (Level 3)	Rostov cluster (Russia) (Level 3)	Estonian dairy cluster (Level 2)
31.12.2014	**6,193**	**46,915**	**12,358**
Additions	3,201	-	-
Changes due to revaluation through Other Comprehensive Income (Note 17)	-72	-3,185	-5,199
Decrease due to loss of control over subsidiary (Note 29)	-	-	-7,159
Remeasurement to fair value less cost to sell (Note 32)	-	-29,019	-
Assets classified as held for sale (Note 32)	-	-14,171	-
Exchange rate differences	-870	-540	-
31.12.2015	**8,452**	**-**	**-**
Changes due to revaluation through Other Comprehensive Income (Note 17)	-1,303		
Revaluation through Income statement	-5,460		
Assets classified as held for sale	-1,554		
Exchange rate differences	773		
Closing balance	**908**	**-**	**-**

Gdov (land carried using the revaluation method as at December 31, 2016)

Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31.12.2016 (EUR thousand)	Unobservable inputs	Range	Weighted average
Agricultural land Sales comparison approach				
Russian dairy cluster	908	Rate per hectare (EUR)	188-417	305
		Adjustments applied to comparison data:		
		Size adjustment	from -11% to -4%	
		Location adjustment	0%	
		Bargaining discount	-5%	

Dedovichi/Dno(land classified as held for sale as at December 31, 2016)

Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31.12.2016 (EUR thousand)	Unobservable inputs	Range	Weighted average
Agricultural land Sales comparison approach				
Russian dairy cluster	1,554	Rate per hectare (EUR)	42-362	156
		Adjustments applied to comparison data:		
		Size adjustment	from -12% to -4%	
		Location adjustment	0%	
		Bargaining discount	from -23% to -5%	

Gdov(land carried using the revaluation method as at December 31, 2016)

Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31.12.2015 (EUR thousand)	Unobservable inputs	Range	Weighted average
Agricultural land Sales comparison approach				
Russian dairy cluster	1,188	Rate per hectare (EUR)	374-448	405
		Adjustments applied to comparison data:		
		Size adjustment	from -10% to -5%	
		Location adjustment	from -62% to -12%	
		Bargaining discount	-20%	

Dedovichi/Dno(land classified as held for sale as at December 31, 2016)

Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31.12.2015 (EUR thousand)	Unobservable inputs	Range	Weighted average
Agricultural land Sales comparison approach				
Russian dairy cluster	7,264	Rate per hectare (EUR)	634-836	684
		Adjustments applied to comparison data:		
		Size adjustment	from -10% to -5%	
		Location adjustment	from -36% to 64%	
		Bargaining discount	-20%	

Sales comparison approach was applied. It is a valuation methodology whereby the subject property is compared to recently sold or to sales quotes of properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing attributes.

Unobservable inputs within the sales comparison approach:

Size adjustment – the valuer's assessment of the price differential between the valued property and compared property attributable to their size difference.

Location adjustment – the valuer's assessment of the price differential between the valued property and compared property attributable to differences in their location.

Bargaining discount – the valuer's assessment of the average price discount generally obtained compared to quoted asking prices of property.
Relationship of unobservable inputs to fair value: The fair value measurements listed above are all sensitive to significant increase (decrease) in the unobservable inputs. The higher the rate per hectare, the higher the fair value. If the value per hectare had been 10% higher/lower, the fair value as at December 31, 2016 would have been EUR 91 thousand higher/lower (EUR 845 thousand as at December 31, 2015). If a bargaining discount of 15% were used for Gdov instead of 5% then the fair value would have been EUR 131 thousand lower and if a bargaining discount of 30% were used for Denovichi/Dno instead of 5%-23% then fair value would have been EUR 291 thousand lower.

11. PREPAID LAND RENTS AND LAND USAGE RIGHTS

The Group's land in Ukraine is used mainly based on long term (up to 45 years) lease agreements. There was 46 thousand hectares of land in use based on mostly long-term lease agreements as of December 31, 2016 (as of December 31, 2015: 46 thousand hectares).

The Group has made prepayments or has recognised land usage rights in business combinations to get access to that land. These prepayments and land usage rights are amortised during the period of lease (Note 21).

in EUR thousand	**31.12.2016**	**31.12.2015**
Balance at the beginning of the period	**1,246**	**1,736**
Additional prepayments made	2	8
Amortization recognised	-134	-144
Unrealised exchange rate differences	-69	-354
Balance at the end of the period	**1,045**	**1,246**

12. TRADE AND OTHER PAYABLES

in EUR thousand	**31.12.2016**	**31.12.2015**
Trade payables	447	854
Prepayments from clients	472	688
Social security and other taxes	1,365	758
Accrued expenses	1,060	1,139
Amounts due to related parties (Note 31)	95	75
Other payables	448	615
	3,887	**4,129**
Less: non-current portion	-18	-28
	3,869	**4,101**

Fair values of trade and other payables are not materially different from book values due to short maturities.

The carrying amounts of the Group's trade payables are denominated in the following currencies:

in EUR thousand	**31.12.2016**	**31.12.2015**
US dollar	9	-
Russian rouble	132	129
Ukrainian hryvna	195	234
Euro	1,325	2,100
	1,661	**2,463**

13. BORROWINGS

The total borrowings of the Group as at December 31, 2016 amounted to EUR 10,082 thousand (EUR 54,431 thousand as at December 31, 2015). In 2016, following the conversion of SEK 350,000,000 11% Bond Loan (EUR 39,933 thousand including accrued interest as at December 31, 2015) into equity (Note 16), the amount of borrowings decreased significantly.

During 2016 the Group received new loans in amount of UAH 40 million (EUR 1,479 thousand) and RUB 20 million (EUR 261 thousand) with maturity dates in 2016 (fully repaid), RUB 15 million (EUR 217 thousand) with maturity date in 2017, overdraft with a maximum limit of RUB 4,290 thousand with a maturity date in 2016 (fully repaid) and new leasing in Russian Milk production with maturity date in 2018. In 2016 the Group refinanced factoring in amount of RUB 34,533 thousand (EUR 449 thousand). Working capital loans in Ukraine in amount of USD 9,395 were prolonged with maturity dates in 2017.

Also, at June 2, 2016 the divestment of the Rostov business was finalized and therefore at December 31, 2016 there are no Liabilities directly associated with assets classified as held for sale (EUR 7,893 thousand as at December 31, 2015) (Note 32).

Details of the borrowings' currencies, interest rates and maturities are shown in the included tables. Total finance costs for continuing operations in 2016 amounted to EUR 6,242 thousand (EUR 6,667 thousand in 2015) (Note 24). In the Cash flow statement proceeds/repayments of borrowings and interests are shown in a different amount due to changes in foreign exchange rates, different periodization of interest payments compared with accrual of interest expenses and due to finance lease payables (Cash flow statement reflects only actual payments and not changes in Balance sheet items).

The Group has transferred its trade receivables (current and future) for milk sales to the factor. The Group retains credit risk related to trade receivables thus the arrangement is accounted for as borrowing that is secured by the trade receivable. The amount of the trade receivable related to the borrowing as at December 31, 2016 is EUR 22 thousand (2015: EUR 57 thousand).

31.12.2016, in EUR thousand	**31.12.2016**	**Maturity**	**Interest rate**
RUB-nominated	290	2017-2018	13.5%-25.5%
RUB-nominated	725	2017	CBR base rate+3%
USD-nominated	4,974	2017	9.5%
USD-nominated	4,092	2017	LIBOR+9.5%
UAH-nominated	1	2017	no interest
	10,082		
Less: non-current portion	10		
	10,072		

31.12.2015, in EUR thousand	**31.12.2015**	**Maturity**	**Interest rate**
SEK-nominated (bonds incl accrued interest)	39,933	2017	11%
RUB-nominated	134	2016-2017	2-15%
RUB-nominated	608	2017	CBR base rate+3%
USD-nominated	9,083	2016	10.5-11%
USD-nominated	3,918	2016	LIBOR+11%
USD-nominated	96	2017	no interest
EUR-nominated	39	2016	3m EURIBOR+0.0%
EUR-nominated	12	2016	no interest
UAH-nominated	604	2016	25%
UAH-nominated	4	2016-2017	no interest
	54,431		
Less: non-current portion	38,803		
	15,628		

in EUR thousand	**31.12.2016**	**31.12.2015**
Current		
Bonds and Bank borrowings	10,054	15,520
Finance lease payables	18	108
	10,072	**15,628**
Non-current		
Bonds and Bank borrowings	-	38,751
Finance lease payables	10	52
	10	**38,803**
Total borrowings	**10,082**	**54,431**

	31.12.2016		**31.12.2015**	
in EUR thousand	**Bank borrowings**	**Finance lease payables**	**Bonds and Bank borrowings**	**Finance lease payables**
Euro	-	-	-	51
US dollar	9,066	-	13,001	96
Swedish krona	-	-	39,933	-
Russian rouble	988	27	733	9
Ukrainian hryvna	-	1	604	4
	10,054	**28**	**54,271**	**160**

	31.12.2016		**31.12.2015**	
	Bank borrowings	**Finance lease payables**	**Bonds and Bank borrowings**	**Finance lease payables**
Floating rate:				
– Expiring within one year	4,817	-	4,336	38
– Expiring beyond one year	-	-	191	-
Fixed rate:				
– Expiring within one year	5,237	18	11,184	70
– Expiring beyond one year	-	10	38,560	52
	10,054	**28**	**54,271**	**160**

Total future minimum payments in EUR thousand	**31.12.2016**	**31.12.2015**
up to 12 months	23	119
1-5 years	11	54
	34	**173**
Future interests	6	13
Present value of the lease	28	160

All the loan and lease arrangements have been concluded under regular terms in the respective country. Lease agreements are related to the purchase of buildings, machinery and equipment in the Group's production clusters of Ukraine and Russia. All these leases are classified as finance lease because the ownership of leased assets passes to the Group at the end of lease term. The Group has operating lease of land, office premises and machinery in several locations (for further details on operating lease payments please refer to Note 21. The fair value of borrowings (with the exception of bonds) equals their carrying amount, as the impact of discounting is not significant or market rates are not significantly different from actual borrowing rates. The borrowings are classified as Level 3 under the fair value hierarchy, as defined by IFRS 13. At December 31, 2015 there were indications that the bonds are traded on the market with a discount to nominal value, although fair value could not be measured reliably.

14. INCOME TAX

Income tax expense* in EUR thousand	2016	2015
Current tax:		
Current tax on profits for the year	129	44
Adjustments in respect of prior years	-2	35
Total current tax	**127**	**79**
Deferred tax (Note 15):		
Origination and reversal of temporary differences	-36	-48
Impact of change in tax rate (Ukraine)	-	-
Total deferred tax	**-36**	**-48**
Income tax expense	**91**	**31**

*Income tax expense includes continuing and discontinuing operations (Note 32).

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

in EUR thousand	2016	2015
Profit/loss before tax	**-1,484**	**-26,042**
Loss before tax from entities not subject to Income tax by statutory legislation	2,124	-15,022
Profit/loss before tax from entities subject to income tax	**-3,608**	**-11,020**
Tax calculated at domestic tax rates applicable to profits in the respective countries	-1,037	-702
Tax effects of:		
Income not subject to tax	-8,321	-4,307
Expenses not deductible for tax purposes	7,773	3,948
Utilisation of previously unrecognised tax losses	-140	-362
Tax losses for which no deferred income tax asset was recognised	1,818	1,419
Adjustments in respect of prior years	-2	35
Tax charge	**91**	**31**

The weighted average applicable tax rate was 28.7% (2015: 6.4%). The increase is caused by a change in the profitability of the Group's subsidiaries in the respective countries.

The Group does not have material deferred tax assets or liabilities in companies, which are active in agricultural production. This is due to the following reasons:

1) The Group companies in Estonia are subject to income tax only when the profits are distributed. No corporate income tax is imposed on earnings; therefore, there are no temporary differences between the tax and accounting bases of assets and liabilities.

2) All of the Group companies in Ukraine that are producing agricultural produce are not subject to income tax, but to the unified agricultural tax. The agricultural tax is based on hectares of arable land the company uses, not on its earnings and therefore no deferred tax arises. All other companies in Ukraine (companies that are related to sales and trading and storage elevators) are under regular tax regime and subject to income tax.

3) The Group companies in Russia, except for sub-holding companies, are subjects of the agricultural tax and not income tax. Agricultural tax regime means that the agricultural producer pays tax only from non-agricultural profits. Major income not subject to tax relates to currency translation differences. Major expenses not deductible for tax purposes relate to interests on intra-group borrowings.

15. DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

in EUR thousand	2016	2015
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	-	-
– Deferred tax asset to be recovered within 12 months	-	-2
	-	**-2**
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	750	854
– Deferred tax liability to be recovered within 12 months	-	-
	750	**854**
Deferred tax liabilities (net)	**750**	**852**

The gross movement on the deferred income tax account is as follows:

in EUR thousand	2016	2015
At 1 January	852	1,222
Currency translation differences	-66	-322
Income statement charge related to change in deferred tax assets/ liability (Note 14)	-36	-48
At 31 December	**750**	**852**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group did not recognise deferred income tax assets of EUR 1,818 thousand (EUR 1,419 thousand in 2015) in respect of losses amounting to EUR 8,901 thousand (EUR 7,247 thousand in 2015) that can be carried forward against future taxable income.

The accumulated amount of tax losses where tax asset was not recognized as at December 31, 2016, was 26,649 EUR thousand (2015: EUR 31,006 thousand) that can be carried forward against future taxable income. Losses amounting to EUR 26,642 thousand (EUR 16,895 thousand 2015) have unlimited usage, rest of losses will expire during 4 to 10 years.

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred tax liabilities	Accelerated tax depreciation	Other	Total
At 31 December 2014	**1,209**	**28**	**1,237**
Charged/(credited) to the income statement	-58	-	-58
Currency translation differences	-325	-	-325
At 31 December 2015	**826**	**28**	**854**
Charged/(credited) to the income statement	-38	-	-38
Currency translation differences	-66	-	-66
At 31 December 2016	**722**	**28**	**750**

Deferred tax assets	Other	Total
At 31 December 2014	**-15**	**-15**
Charged/(credited) to the income statement	11	11
Currency translation differences	2	2
At 31 December 2015	**-2**	**-2**
Charged/(credited) to the income statement	2	2
Currency translation differences	-	-
At 31 December 2016	**-**	**-**

16. SHARE CAPITAL

in EUR thousand	Number of shares	Incl. ordinary shares	Share capital	Share premium	Total
31.12.2014	**129,627,479**	**129,627,479**	**64,814**	**99,941**	**164,755**
31.12.2015	**129,627,479**	**129,627,479**	**64,814**	**99,941**	**164,755**
Reduction in share capital	129,627,479	129,627,479	-63,517	-	-63,517
Issuance of share capital	1,598,730,000	1,598,730,000	15,987	20,072	36,059
31.12.2016	**1,728,357,479**	**1,728,357,479**	**17,284**	**120,013**	**137,297**

As at December 31, 2016 the total authorized number of ordinary shares was 1,728,357,479 (as of December 31, 2015: 129,627,479 shares) with a par value of 0.01 EUR per share (0.5 EUR per share as at December 31, 2015). All shares have been fully paid.

The shares of Trigon Agri A/S are listed on main market of Small Cap segment on NASDAQ Stockholm.

In 2016 the share capital was reduced by nominally EUR 63,517,464.71 from nominally EUR 64,813,739.50 to nominally EUR 1,296,274.79 to cover losses, by way of decreasing the nominal value of each share from EUR 0.5 to EUR 0.01. In 2016 share capital increased as a result of the issuance of 1,598,730,000 shares following the debt to equity conversion (Note 13), which was completed on December 5, 2016. As a result of this conversion share capital increased by EUR 15,987 thousand, share premium increased by EUR 20,072 thousand and a gain representing the difference between carrying value of the debt and fair value of issued equity of EUR 2,121 thousand (Note 24) was recorded under financial income.

17. OTHER RESERVES

in EUR thousand	Revaluation of land*	Translation differences	Total
31.12.2014	**9,760**	**-74,206**	**-64,446**
Currency translation differences	-	-5,330	-5,330
Other comprehensive income recycled to Income statement in relation to discontinued operation (Note 32)	-	13,397	13,397
Revaluation of land (Note 10)	-8,457	-	-8,457
31.12.2015	**1,303**	**-66,139**	**-64,836**
Currency translation differences	-	1,300	1,300
Other comprehensive income recycled to Income statement in relation to discontinued operation (Note 32)	-	18,903	18,903
Revaluation of land (Note 10)	-1,303	-	-1,303
31.12.2016	**-**	**-45,936**	**-45,936**

As at December 31, 2016 there is no land revaluation reserve (December 31, 2015: EUR 1,303 thousand) included in Other reserves attributable to the holders of the parent.

18. REVENUE AND OTHER INCOME

in EUR thousand	2016	2015
Sales of cereals	34,602	33,198
Sales of milk	2,478	4,467
Revenue from elevator services	1,833	1,397
Other revenue	277	556
TOTAL revenue	**39,190**	**39,618**
Subsidies	178	377
Other income	108	232
Total other income	**286**	**609**

Decline in sales of milk and subsidies is attributable to the Milk production segment as the Group no longer consolidates Trigon Dairy Farming Estonia as of April 1, 2015 (Note 29). Government grants recognized as income include subsidies for both plant cultivation and animal husbandry. Government grants have been received within the framework of the Russian government. Revenues of EUR 10,581 thousand (2015: EUR 6,555 thousand) are derived from one external customer and revenues of EUR 4,087 thousand (2015: EUR 648 thousand) are derived from second external customer. These revenues are attributable to the Ukraine segment.

19. RAW MATERIALS AND CONSUMABLES USED FOR PRODUCTION PURPOSES

in EUR thousand	2016	2015
Seeds, fertilizers, chemicals	5,241	6,602
Animal feed	1,281	2,584
Repairs	1,778	1,528
Fuel, gas, electricity	1,947	2,114
Land tax and land rental	3,138	2,610
Other services and materials	2,473	2,912
	15,858	**18,350**

Reduction in costs for 2016 resulted from deconsolidation of Milk production segment in Estonia (Note 29) and lower application of fertilizers in Ukraine.

20. EMPLOYEE BENEFITS EXPENSE

in EUR thousand	2016	2015
Wages and salaries	4,143	3,950
Social security costs	680	1,029
	4,823	**4,979**

The average number of employees in 2016 stood at 969 (2015: 1,151). Remuneration to the Board of Directors and Executive Board is disclosed under Note 31.

21. OPERATING LEASE PAYMENTS

In 2016, operating lease payments amounted to EUR 2,997 thousand (in 2015 EUR 2,726 thousand). Lease expense are included in Raw material and consumables used (Note 19), in Other administrative expenses (Note 22) and in Loss for the period from discontinued operations (Note 32) in the Income statement. The future aggregate estimated operating lease payments under non-cancellable operating lease agreements include mainly land lease agreements and are as follows:

in EUR thousand	2016	2015
up to 12 months	2,771	3,030
1-5 years	10,504	11,154
Over 5 years	29,029	29,214
	42,304	**43,398**

Lease agreements have been concluded under regular terms, there are no renewal or purchase options for the underlying assets.

Calculating future land lease payments in Ukraine include uncertainties as the land rental cost per hectare is not fixed, but depends on a number of variables. For example, land rental cost is calculated as a certain percentage of the value of the land, land rent might be dependent on the financial results and position of the lessee, land rent should be adjusted with the inflation and depends on other matters regulated in the rental agreements.

22. OTHER ADMINISTRATIVE EXPENSES

in EUR thousand	2016	2015
Legal and consulting fees	1,737	3,300
Office and administration expenses	946	982
Other expenses	176	251
	2,859	**4,533**

23. OTHER (LOSSES)/GAINS-NET

in EUR thousand	2016	2015
VAT in Ukraine	-23	2,437
Write down of doubtful receivables and prepayments (Note 6)	-56	-27
Foreign exchange losses/gains net	441	585
Loss of control over subsidiary	-	-1,116
Other losses / gains net	-748	-47
	-386	**1,832**

As of 2016 the government of Ukraine changed the policy of special VAT treatment for agricultural companies under which the Group can record only 15% of the positive balance between VAT payable and receivable under Other (losses)/gains-net and 85% must be paid back to the State Budget of Ukraine. Therefore, the VAT amount recorded in 2016 decreased by 2,460 thousand compared with 2015, when 100% of the VAT was recorded on the Income Statement. Loss of control over subsidiary in 2015 was related to the loss of disposing Milk production in Estonia (Note 29).

24. FINANCE INCOME AND FINANCE COST

in EUR thousand	**2016**	**2015**
Interest income	20	23
Gain from debt to equity conversion (Note 16)	2,121	-
Other finance income	23	-
	2,164	**23**
Interest expense at effective interest rate:		
Finance lease liabilities	-7	-13
Bank borrowings	-1,556	-1,692
Bond interests	-4,646	-4,932
Related parties (Note 31)	-28	-
Other finance costs	-5	-30
	-6,242	**-6,667**

As a result of conversion of bond to share capital, the share capital increased by EUR 15,987 thousand, share premium increased by EUR 20,072 thousand (Note 16) and a gain representing the difference between carrying value of the debt and fair value of issued equity of EUR 2,121 thousand was recorded under financial income.

25. LOSS PER SHARE

Basic earnings/loss per share is calculated by dividing the profit attributable to the equity holders of the Group by the year- end number of ordinary shares outstanding. Diluted loss per share is not materially different from basic loss per share.

in EUR thousand	**2016**	**2015**
Loss attributable to equity holders of the parent (EUR thousand)	-25,097	-52,623
Year-end number of ordinary shares outstanding (thousands)	1,728,357	129,627
Basic loss per share (EUR per share)	**-0.01**	**-0.41**
From continuing operations	0.00	-0.03
From discontinued operations (Note 32)	-0.01	-0.38

26. SEGMENT REPORTING

Primary measures monitored by the Executive Board are segment OPEX (which is defined as operating expenses less Depreciation and amortization) and segment EBITDA (which is defined as Total segment revenue, other income and fair value adjustments adjusted with Changes in inventories of agricultural produce and work in process less operating expenses before Depreciation and amortization).

The following changes have been made regarding segment reporting. Starting from September 30, 2015 the management considers two continuing business segments (Ukraine and Milk production) and cereals production cluster in Russia is considered as discontinued operation (Note 32). As of April 1, 2015 the Group uses the equity method to record the accounts of the Milk production segment in Estonia as the profit/loss on the Income Statement is shown under the line Share of loss/profit of investments accounted for using the equity method (Note 29). Consequently, Revenue, OPEX and EBITDA of the Milk production segment for the 2015 comprises of the results of the Milk production segment in Russia for twelve months and three months for Estonia, while the loss of Milk production in Estonia for 2016 is recorded under the line Share of loss of investments accounted for using the equity method. See page 19 for further information on the Milk production segment. Ukraine segment includes cereals production, storage and trading operations.

Cereals are produced for sale only in cereal production segment located in the Black Earth regions in Ukraine. In the Milk production segment, cereals are produced only in crop rotation order and used mainly as animal feed. In this segment, cereals are considered to be side production.

The Group's business is seasonal by its nature. The largest increase in fair value of biological assets occurs during the plant growth season from March to September and consequently the largest gains are recognized in the second quarter. The harvest starts in the last days of June and usually lasts until the end of October but subject to weather conditions can continue also to November. During the harvest time, the prices for the cereals are usually lowest and the Group may use its storage capacities to keep the crops until the price increases.

The income from milk sales has the least seasonal nature.

2016, in EUR thousand	**Ukraine**	**Milk production**	**Total**
Revenue from external customers	36,583	2,607	39,190
Total segment revenue	**36,583**	**2,607**	**39,190**
Subsidies	-	178	178
Other income	105	3	108
Gain/loss arising from changes in fair value less estimated point-of-sale costs of biological assets	430	-50	380
Total revenue, other income and fair value adjustments	**37,118**	**2,738**	**39,856**
Net changes in inventories of agricultural produce and work in process	60	405	465
Cost of purchased goods	-6,231	-7	-6,238
OPEX	-20,584	-2,956	-23,540
Revaluation of land	-	-5,460	-5,460
Other (losses)/gains - net	-299	-87	-386
EBITDA	**10,064**	**-5,367**	**4,697**
Depreciation and amortization			-1,505
Finance income/costs			-3,231
Share of loss of investments accounted for using the equity method		-1,445	-1,445
Loss before income tax			-1,484
Additions of Property, plant and equipment	**408**	**249**	**657**

2015, in EUR thousand	Ukraine	Milk production	Total
Revenue from external customers	34,799	4,819	39,618
Total segment revenue	**34,799**	**4,819**	**39,618**
Subsidies	-	377	377
Other income	191	41	232
Gain/loss arising from changes in fair value less estimated point-of-sale costs of biological assets	-41	109	68
Total revenue, other income and fair value adjustments	**34,949**	**5,346**	**40,295**
Net changes in inventories of agricultural produce and work in process	1,019	450	1,469
Cost of purchased goods	-5,773	-7	-5,780
OPEX	-22,282	-5,580	-27,862
Other (losses)/gains - net	2,933	-1,101	1,832
EBITDA	**10,846**	**-892**	**9,954**
Depreciation and amortization			-2,200
Finance income/costs			-11,785
Share of profit of investments accounted for using the equity method		317	317
Loss before income tax			-3,714
Additions of Property, plant and equipment	**1,003**	**3,382**	**4,385**

27. CONTINGENCIES

TAXES

ESTONIA:

The tax authorities may at any time inspect the books and records within three to five years subsequent to the reported tax year, and may impose additional tax assessments and penalties in Estonian subsidiaries of the Group. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

UKRAINE:

Tax legislation. Ukrainian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. The tax authorities in Ukraine may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The tax consequence of transactions for Ukrainian taxation purposes is frequently determined by the form in which transactions are documented and the underlying accounting treatment prescribed by Ukrainian GAAP.

RUSSIA:

Tax legislation. Russian tax legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Russian tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. This includes them following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions, the list of which is established by the Russian Tax Code.

Controllable transactions include transactions with interdependent parties, all cross-border transactions (irrespective whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. There is no formal guidance as to how these rules should be applied in practice. The arbitration court practice has not yet taken shape.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Given the brief nature of the current Russian transfer pricing rules, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

28. COMMITMENTS

The Group leases land and passenger cars under non-cancellable operating lease agreements. Future rent payments from non-cancellable lease agreements are disclosed in Note 21. The Group has no other commitments.

29. INTEREST IN ASSOCIATE

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship		Measurement method		Carrying amount	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Trigon Dairy Farming Estonia	Estonia	39.24%	49.98%	Associate	Associate	Equity method	Equity method	6,924	9,874

Due to loss of control as a result of share issues carried out by Trigon Dairy Farming Estonia, as of April 1, 2015, Trigon Dairy Farming Estonia became an associate and is no longer consolidated into Trigon Agri Group's accounts.

Starting from April 1, 2015, the Group's interest in Trigon Dairy Farming Estonia is carried using the equity method. During 2016 10,74% share in associate at carrying value of EUR 2,122 thousand was disposed for a consideration of EUR 1,504 thousand. A total loss of EUR 617 thousand was recognised in the Income statement under Share of loss/profit of investments accounted for using the equity method.

Loss of control over subsidiary in EUR thousand	**2015**
Cash	564
Property, plant and equipment (Note 10)	25,518
Inventories (Note 8)	1,514
Biological assets (Note 9)	7,525
Borrowings (Note 13)	-16,384
Other net assets	-44
Derecognized net assets	18,693
Less non-controlling interest	-8,020
Fair value of retained investment recognised as associate*	9,557
Loss recognised on the loss of control	**-1,116**

*Fair value of associate was determined based on the transaction where the associate (former subsidiary) issued new shares.

Loss recognised on the loss of control is shown under Other (losses)/gains in the Income statement (Note 23).

Summarised balance sheet	**As at 31 December**	
in EUR thousand	**2016**	**2015**
Current		
Assets	6,664	8,660
Liabilities	-2,514	-2,249
Total current net assets	**4,150**	**6,411**
Non-current		
Assets	38,016	37,960
Liabilities	-15,524	-15,870
Total non-current net assets	**22,492**	**22,090**
Net assets	**26,642**	**28,501**

Summarised income statement	**For period ended 31 December**	
in EUR thousand	**2016**	**2015**
Revenue	9,940	9,917
Profit/(loss) before income tax	-1,873	-162
Post-tax profit	-1,873	-162
Other comprehensive income/expense	14	-14
Total comprehensive expense	**-1,859**	**-176**

Reconciliation to carrying amounts:

As at December 31

in EUR thousand	**2016**	**2015**
Opening net assets	28,501	23,760
Profit/(loss) for the period	-1,873	634
Other comprehensive income/expense	14	-14
New capital invested	-	4,121
Closing net assets	**26,642**	**28,501**
Group's share in %	39.24%	49.98%
Group's share in EUR thousand	10,455	14,245
Adjusment to equity value	-3,531	-4,371
Carrying amount	**6,924**	**9,874**

Carrying amount of investment into associate is comprised of Fair value of investment recognised on loss of control (EUR 9,557 thousand), decreased due to disposal of 10,74% share during 2016 (EUR 2,122 thousand) and Group's share in associate loss for the period 2016 of EUR 828 thousand (2015: profit of EUR 317 thousand). Difference between Carrying amount of investment in associate and Group's share of associate's net assets is due to difference between Subsidiary's net assets and its fair value at loss of control.

30. GROUP STRUCTURE

The Group's parent company A/S Trigon Agri is registered in Denmark. The parent company owns directly twelve subsidiaries (including a branch in Estonia), which are holding companies for the Group operations in Estonia, Ukraine, Russia. These holdings are: Trigon Farming AS (Estonia); TC Farming Russia Ltd. (Cyprus), TC Farming Ukraine Ltd. (Cyprus), Trigon Dairy Farming AS (Estonia), Trigon Security Llc. (Ukraine), Ludmilovsky elevator (Ukraine), CJSC CT-2 (Russia), CJSC Novaya ferma (Russia), CJSC Agrokompleks (Russia), CJSC CT-1 (Russia), LLC Trigon Moloko (Russia), Trigon Agri A/S Eesti filiaal (Estonia).

Trigon Dairy Farming AS owns 39.24% stake in AS Trigon Dairy Farming Estonia (a holding company for milk production operations in Estonia).

Transfer of funds from subsidiaries to A/S Trigon Agri is not restricted. However, transfer of funds from Ukraine and Russia to intermediary holdings may be subject to restrictions in relation to foreign currency transactions due to the occasional limitations in local legislation. Currently there are currency controls in place in Ukraine.

As of December 31, 2016 and 2015 the Group included the following companies:

	Country of registration	**Segment**	**Ownership percentage in 2016**	**Ownership percentage in 2015**	**Legal Status in the Group**
Trigon Agri Ltd.	Denmark	-	100%	100%	Parent company
TC Farming Ukraine Ltd.	Cyprus	-	100%	100%	Subsidiary
TC Farming Russia Ltd.	Cyprus	-	100%	100%	Subsidiary
Arsetta Investments Ltd.	Cyprus	-	-	100%	Subsidiary
Kenuria Holding Limited	Cyprus	-	-	100%	Subsidiary
Ennivolorous Holding Limited	Cyprus	-	-	100%	Subsidiary
Costwern Ltd.	Cyprus	-	-	100%	Subsidiary
Trigon Farming Ltd.	Estonia	-	100%	100%	Subsidiary
United Grain (SUISSE) SA	Switzerland	-	-	100%	Subsidiary

	Country of registration	Segment	Ownership percentage in 2016	Ownership percentage in 2015	Legal Status in the Group
LLC Trigon Security	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon Farming Kharkiv	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon Agro 2	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Agro Capital Center	Ukraine	Ukraine	100%	100%	Subsidiary
OJSC Krasnokutskagrohim	Ukraine	Ukraine	65.04%	65.04%	Subsidiary
LLC Kirovograd agroinvestment company	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Topas	Ukraine	Ukraine	-	100%	Subsidiary
LLC Forest-3	Ukraine	Ukraine	-	100%	Subsidiary
LLC Objedinjonnye Agrarnye Sistemy	Ukraine	Ukraine	100%	100%	Subsidiary
PAC Molniya-1	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon Farming	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon-Export	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon-Elevator	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Kovyaqovskoye	Ukraine	Ukraine	100%	100%	Subsidiary
CJSC Vovchanskiy Combinat Khliboproduktiv	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Ludmilovsky elevator	Ukraine	Ukraine	100%	100%	Subsidiary
OJSC Yavkinskiy elevator	Ukraine	Ukraine	92.33%	92.33%	Subsidiary
OJSC Novomirgorodski elevator	Ukraine	Ukraine	85.70%	85.70%	Subsidiary
Trigon Dairy Farming Ltd.	Estonia	Milk production	100%	100%	Subsidiary
LLC Trigon Moloko	Russia	Milk production	100%	100%	Subsidiary
LLC Dobruchi-2	Russia	Milk production	100%	100%	Subsidiary
CJSC ST-1	Russia	Milk production	100%	100%	Subsidiary
LLC Novaja Ferma	Russia	Milk production	100%	100%	Subsidiary
CJSC Agrokompleks	Russia	Milk production	100%	100%	Subsidiary
LLC Agrokompleks	Russia	Milk production	100%	100%	Subsidiary
CJSC ST-2	Russia	Milk production	100%	100%	Subsidiary
LLC Korovka	Russia	Milk production	100%	100%	Subsidiary
CJSC Novaja Ferma	Russia	Milk production	100%	100%	Subsidiary
LLC Schastlivaja Burjonka	Russia	Milk production	100%	100%	Subsidiary
LLC Schastlivy bychok	Russia	Milk production	100%	-	Subsidiary
LLC Morskoi Klub	Russia	Milk production	100%	100%	Subsidiary
LLC Russtroi	Russia	Milk production	100%	100%	Subsidiary
LLC Russian Agro Investors	Russia	Discontinued operations	100%	99%	Subsidiary
LLC Trigon Export Vostok (Volga-Grain)	Russia	Discontinued operations	-	100%	Subsidiary
LLC Trigon-Elevator Vostok	Russia	Discontinued operations	-	100%	Subsidiary
LLC Surskoe Zerno	Russia	Discontinued operations	-	100%	Subsidiary
LLC Agroholding Moskovie	Russia	Discontinued operations	-	100%	Subsidiary
LLC Agro	Russia	Discontinued operations	-	100%	Subsidiary
CJSC Markon	Russia	Discontinued operations	-	99%	Subsidiary
OJSC Plemennoy zavod Gashunskiy	Russia	Discontinued operations	-	100%	Subsidiary
LLC Agropromoshlennoe predpriatie nr1	Russia	Discontinued operations	-	100%	Subsidiary
OOO "Teppa-Arpo"	Russia	Discontinued operations	-	100%	Subsidiary
Trigon Dairy Farming Estonia Ltd.*	Estonia	Interest in associates	39.24%	49.98%	Associate

*As at December 31, 2016 the Group has an interest in associate in amount of 39.24% (2015:49,98%) in Trigon Dairy Farming Estonia Ltd (Note 29).

31. RELATED PARTY TRANSACTIONS

The Group's owners are legal and physical persons and no sole shareholder has control over the Group's activities.

AS Trigon Capital, which owns less than 5% of the total voting shares (7.81% at December 31, 2015) provided management services to the Group up until the end of 2015.

AS Trigon Dairy Farming Estonia (a holding company for milk production operations in Estonia where the Group has a 39.24% stake) is considered a related party.

Other related parties comprise companies which are controlled by the Group´s management personnel.

in EUR thousand **Sales and purchases**	**2016**	**2015**
Interest paid to related parties (Companies under control of Members of Board of Directors)	-28	-
Interests from related parties (Associates)	-	12
Purchase of management services from related parties (Trigon Capital)	-	-2,487
Purchase of goods and services from related parties (Trigon Capital)	-83	-156

The following table sets forth the aggregate gross amounts of salaries and other remuneration by the Group to the members of its Board of Directors and Executive Board in 2016 and in 2015.

in EUR thousand	**Salary (incl social security costs)**	**Bonuses**	**Total**
2016			
Members of Board of Directors	92	-	92
Members of the Executive Board	325	-	325
	417	**-**	**417**
2015			
Members of Board of Directors	66	-	66
Members of the Executive Board	168	-	168
	234	**-**	**234**

The payments from the company to the Executive Board members in 2016 amounted to EUR 325 thousand (in 2015 EUR 168 thousand). The management agreement between the Group and Trigon Agri Advisors was terminated as of January 1, 2016 and no management fee was paid in 2016. In 2015 in accordance with the management agreement signed between the Group and Trigon Agri Advisors, Executive Board members' compensation formed a part of the management fee payable to Trigon Agri Advisors. Therefore, in each reporting period where payments were made directly from the Group to any Executive Board members, the management fee for such period was reduced by the corresponding amount as the payment to the Executive Board members during the period. The respective deduction of the management fee in 2015 stood at EUR 144 thousand.

As of December 31,2016 the Group had liability to Board of Directors members in the amount of EUR 23 thousand (EUR 40 thousand as of December 31, 2015).

Balances from sales/purchases of goods/services	31.12.2016	31.12.2015
Payable to related parties (Companies under control of Members of Board of Directors) (Note 7)	95	-
Payable to related parties (Trigon Capital) (Note 7)	-	45
Payable to related parties (Associates) (Note 7)	-	30

Loans from related parties (Companies under control of Members of Board of Directors)

in EUR thousand	2016	2015
Beginning of the year	-	-
Loans advanced	900	-
Loan repayments made	-900	-
Interest charged	28	-
Interest paid	-28	-
End of the period	**-**	**-**

Other balances with related parties	31.12.2016	31.12.2015
Receivable from related parties (Trigon Capital) (Note 3)	-	245
Receivable from related parties (Associates) (Note 3)	-	39

32. DISCONTINUED OPERATIONS AND DISPOSAL GROUP

On November 3, 2015, the Group announced that a framework agreement for the divestment of its Rostov cluster was signed (Russian cereals production) and land (including prepayment for land), buildings and liabilities related to the operations in Russia cereals production were classified to held for sale as at December 31, 2015. As at December 31, 2015 Land and buildings (Note 10), including prepayment for non-current assets (Note 6) were remeasured to fair value less cost to sell of EUR 14,500 thousand resulting in a total loss of EUR 31,238 thousand. Fair value was measured based on the signed framework agreement for the divestment of its Rostov cluster, as referred above. As a result assets held for sale in total amount of EUR 14,500 thousand and Liabilities directly associated with assets classified as held for sale in total amount of EUR 7,893 thousand were recognized. It was agreed that the Group will repay the liability of EUR 7,893 thousand prior to disposal (Note 13).

In December 2015 part of Rostov cluster was disposed of at carrying value EUR 6,500 thousand and consideration receivable was recorded under Other receivables (Note 6) and as a result Currency translation differences were recycled from Other comprehensive income to Income statement in total amount of EUR 13,789 thousand, the respective loss was presented within discontinued operations.

On June 2, 2016 the divestment transaction was completed, for the total price of EUR 13,300 thousand. This represented a total EUR 1,200 thousand price decrease as compared to the framework agreement signed in 2015. Furthermore, scope of the agreement was amended for it to include inventories, biological assets (fieldwork in progress) and certain property, plant and equipment of Rostov cluster, that were initially excluded from the scope of the agreement. Respective assets were reclassified to the assets of disposal group held for sale and remeasured to their fair value less cost to sell resulting in a further loss of EUR 2,103 thousand (Notes 8, 9, 10).

As a result of the divestment there are no liabilities related to the disposal group as of December 31, 2016 (EUR 7,893 thousand as at December 31, 2015). The net proceeds from the sale of the Rostov cluster were used also to pay the annual interest rate SEK 38,500 thousand (EUR 4,046 thousand) of the Bonds on 31 August 2016 and to finance working capital needs of the Group.

The loss from discontinued operations in 2016 amounted to EUR 23,504 thousand, including

Currency translation differences in amount of EUR 20,091 thousand that were recycled from Other comprehensive income to the Income Statement. The remaining loss includes one-off re-measurement due to change in agreement terms in the amount of EUR 3,303 thousand as set out above and a loss of EUR 110 thousand from the operations of the segment during 2016.

The results of operations related to Rostov cluster are distinguished from continuing operations and shown as discontinued operations. Financial information related to the Rostov cluster is set out below.

Disposal group **In EUR thousand**	**31.12.2016**	**31.12.2015**
Assets classified as held for sale		
Property, plant and equipment	-	8,000
Total assets of disposal group held for sale	**-**	**8,000**
Liabilities directly associated with assets classified as held for sale		
Borrowings	-	7,893
Total liabilities of the disposal group held for sale	**-**	**7,893**
Total net assets of the disposal group	**-**	**107**

Income statement information **in EUR thousand**	**31.12.2016**	**31.12.2015**
Total revenue, other income and fair value adjustments and net changes in inventories	3,501	4,682
Expenses	-4,333	-7,671
Gain/losses from exchange rate differences*	722	-1,104
Profit before income tax from discontinued operations	**-110**	**-4,093**
Income tax	-	-24
Profit after income tax from discontinued operations	**-110**	**-4,117**
Remeasurement to fair value less cost to sell (Note 8,9,10)	-3,303	-31,328
Currency translation differences recycled from Other comprehensive income to Income statement	-20,091	-13,789
Loss from discontinued operations	**-23,504**	**-49,234**

Comprehensive income information **in EUR thousand**	**31.12.2016**	**31.12.2015**
Loss for the period from discontinued operations	**-23,504**	**-49,234**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Gain/loss on revaluation of land from discontinued operations	-	-3,185
Items that may be subsequently reclassified to profit or loss		
Currency translation differences from discontinued operations	-1,188	-392
Currency translation differences recycled from Other comprehensive income to Income statement	20,091	13,789
Other comprehensive income/expense for the period; net of tax from discontinued operations	**18,903**	**10,212**
Total comprehensive income/expense for the period from discontinued operations	**-4,601**	**-39,022**

Liabilities directly associated with assets classified as held for sale

in EUR thousand	**31.12.2016**	**31.12.2015**	**Maturity**	**Interest rate**
EUR-nominated	-	7,893	2016	3m EUR LIBOR+6.0%, min 10%

33. FEES TO THE AUDITORS APPOINTED BY THE SHAREHOLDERS

The following fees have been paid to PricewaterhouseCoopers:

in EUR thousand	2016	2015
Audit	241	266
Other assurance engagements	-	9
Tax advice and consultations	33	50
Other services	62	5
	336	**330**

PricewaterhouseCoopers was not elected as the statutory auditor, and thus did not audit the annual report for the following companies:

- LLC Dobruchi-2
- OJSC Yavkinskiy elevator
- OJSC Novomirgorodski elevator
- LLC Russian Agro Investors

Audit fees, other than fees to PricewaterhouseCoopers, amounted to EUR 13 thousand in 2016 (EUR 41 thousand in 2015).

34. EVENTS AFTER THE BALANCE SHEET DATE

On January 23, 2017 Trigon Agri announced that the standby credit facility agreement with a group of its shareholders has been signed. The standby credit facility agreement has a maximum limit of SEK 20,000 thousand which can be drawn at any time during the period 23 January 2017 – 31 December 2017 to finance its overhead costs in Tallinn in the period from March to August 2017.

From January 31, 2017 the warrants have been admitted to trading on NASDAQ FIRST NORTH. On November 30, 2016, Trigon Agri /AS issued up to 209,398,236 warrants. All shareholders holding shares on the record day, December 2, 2016, were offered to receive 21 gratuitous warrants for every 13 shares held. Each warrant of nominally EUR 0.01 entitles the holder to subscribe for one share of nominally EUR 0.01 in Trigon Agri A/S. The subscription period for the warrants ended December 30, 2016 with total of 199,563,420 (95.30%) warrants subscribed. The first period for the exercise of warrants commences on February 1, 2017 and ends on February 28, 2017. During this period one warrant entitles the holder to subscribe for one new share at a price of EUR 0.02 per share. The second period for the exercise of warrants commences on January 1, 2020 and ends on January 31, 2020. During this period one warrant entitles the holder to subscribe for one new share at a price of EUR 0.03 per share.

On February 24, 2017 the Group announced the disposal of a non-core part of its elevator business. The proceeds from sale of the Elevator shall constitute USD 1,195 thousand less a transactional commission fee in the amount of EUR 49 thousand. The closing net assets of the Elevator on the date of the transaction recorded at EUR 406 thousand. The preliminary estimated effect from the transaction is a profit of EUR 676 thousand (subject to future FX differences) to be accounted for in 1Q 2017 financial interim report.

On March 9, 2016 the Group announced that the warrant holders had exercised 13,773,792 warrants (6.90%) during the 1st exercise period at a subscription price of EUR 0.02 each for a total cash consideration of EUR 275 thousand subscribing for 13,773,792 new shares in the Company of nominal value EUR 0.01 each.

The 2017 winter crops are in good condition with 22 thousand hectares of winter wheat and 10 thousand hectares of rape having been sown in Ukraine under favorable weather conditions.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

STATEMENT OF FINACIAL POSITION OF THE PARENT COMPANY

in EUR thousand	Note	31.12.2016	31.12.2015
ASSETS			
Current assets			
Cash and cash equivalents	5	2,333	127
Trade and other receivables	7	12,928	25,278
		15,261	**25,405**
Non-current assets			
Investments in subsidiaries	6	59,976	57,909
Trade and other receivables	7	1,111	14,982
Tangible assets		36	-
		61,123	**72,891**
Total assets		**76,384**	**98,296**
LIABILITIES			
Current liabilities			
Trade and other payables	8	6,485	7,622
Borrowings	9	805	1,459
		7,290	**9,081**
Non-current liabilities			
Borrowings	9	-	39,219
		-	**39,219**
Total liabilities		**7,290**	**48,300**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	10	17,284	64,814
Share premium	10	120,014	99,941
Accumulated deficit	10	-68,204	-114,759
Total equity		**69,094**	**49,996**
Total equity and liabilities		**76,384**	**98,296**

STATEMENT OF THE COMPREHENSIVE INCOME OF THE PARENT COMPANY

in EUR thousand	**Note**	**2016**	**2015**
Revenues	11	12,974	14,402
Other income		3,031	1,278
Cost of purchased goods for trading purposes	12	-11,059	-7,736
Employee benefits expense	13	-881	-768
Other expenses		-1,883	-4,087
Impairment losses	15	-16,867	-65,289
Gains/losses from exchange rate differences		4,717	-2,415
Interest income	14	3,370	3,213
Interest expense	14	-4,824	-4,963
Other finance income/costs	14	-5,540	-
Net loss before income tax		**-16,962**	**-66,365**
Corporate income tax		-	-
Net loss for the period		**-16,962**	**-66,365**
Other comprehensive income		-	-
Total comprehensive loss for the period		**-16,962**	**-66,365**

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

in EUR thousand	**Share capital**	**Share premium***	**Accumulated deficit**	**Total**
Balance at 31.12.2014	**64,814**	**99,941**	**-48,394**	**116,361**
Total comprehensive loss for the period	-	-	-66,365	**-66,365**
Balance at 31.12.2015	**64,814**	**99,941**	**-114,759**	**49,996**
Reduction in share capital	-63,517	-	63,517	-
Share capital increase	15,987	20,073	-	36,060
Total comprehensive loss for the period	-	-	-16,962	-16,962
Balance at 31.12.2016	**17,284**	**120,014**	**-68,204**	**69,094**

* Share premium can be distributed as dividend.

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

in EUR thousand	Note	2016	2015
Cash flows from operating activities			
Cash receipts from customers	11	18,747	12,772
Cash paid to suppliers and employees	12,13,16	-14,996	-9,499
Interest received		2	-
Net cash used in/generated from operating activities		**3,753**	**3,273**
Cash flows from investing activities			
Investments to subsidiary	16	-6	-
Contribution to share capital of subsidiary	16	-1,950	-
Subsidiary share capital decrease	16	-	170
Loans issued to subsidiaries	16	-9,882	-4,105
Proceeds from loan repayments from subsidiaries	16	5,951	4,234
Proceeds from interest repayments from subsidiaries	16	24	-
Purchase of tangible assets		-49	-
Net cash used in/generated from investing activities		**-5,912**	**299**
Cash flows from financing activities			
Lease repayments	9	-39	-98
Interest paid	14	-4,077	-4,727
Interest paid to subsidiaries	16	-8	-
Loans received from loans from subsidiaries	16	8,493	-
Loans received from loans from related parties	16	900	-
Loans received from loans		450	-
Repayments of loans from subsidiaries	16	-32	-50
Repayments of loans from related parties	16	-900	-
Loan repayments		-450	-
Net cash generated from used in financing activities		**4,337**	**-4,875**
Net increase in cash and cash equivalents		2,178	-1,303
Effects of exchange rate changes on cash and cash equivalents		28	76
Cash and cash equivalents at beginning of period	5	127	1,354
Cash and cash equivalents at end of period	5	**2,333**	**127**

<u>Non-cash transactions 2016</u>

During 2016 the parent company has received assigned loan receivable from a group company in amount of 248 thousand euros which was set-off against liabilities.

Loan payable in amount of 1,950 thousand euros was fully set-off with shareholder's contribution.

The parent company acquired shares from subsidiary in amount of EUR 10,702 thousand which was fully set-off against loan receivable.

Dividends receivable from subsidiary were set-off against loan payable in amount of EUR 4,085 thousand.

Due to the conversion of Bond Loan into equity liabilities decreased by EUR 38,181 thousand and equity increased by EUR 36,059 thousand. This did not result in cash movements (Note 10).

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. GENERAL INFORMATION

The Company was established on December 11, 2006. Trigon Agri A/S ('the Company") is the parent company of the Trigon Agri Group. The Company is a limited liability company incorporated and domiciled in Denmark. The address of its registered certificates of subscription office is Sundkrogsgade 5, DK-2100 Copenhagen. The Parent Company has in 2011 established a branch "Trigon Agri Eesti Filiaal" in Estonia. The branch employs the people who perform overall management of the subsidiaries, consolidation, legal, controlling etc. The Company prepares its separate financial statements in accordance with IFRS and the additional Danish requirements for annual reports. The principal accounting policies applied in the preparation of these financial statements are set out below.

2. ACCOUNTING PRINCIPLES

Basis of preparation of the financial statements of the parent company

The financial statements of Trigon Agri A/S have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU (IFRS) and further requirements in the Danish Financial Statements Act. The parent company has applied the same accounting policies as the Group, except for the investments in subsidiaries as described below. See Note 2 to the Consolidated Financial Statements, for the summary of significant accounting policies of the Group.

Long-term investments in subsidiaries and associate companies

In the separate financial statements of the parent company the investments in subsidiaries are recognised and measured at cost. Equity interests in foreign currencies are translated to the reporting currency using the historical exchange rate prevailing at the time of transaction. Where cost exceeds the recoverable amount, the carrying value is written down to the recoverable amount. Dividends from investments in subsidiaries, joint ventures and associates are recognized as income in the financial year when the dividends are distributed.

3. CRITICAL ACCOUNTING ESTIMATES

Recoverable value of investment in subsidiaries

Impairment test was performed as at December 31, 2016 and 2015.

The value-in-use method was applied to determine the recoverable value of investment in subsidiaries in Ukraine and milk production in Russia. Cash flows were projected in each segment, in which subsidiaries operate, including revenues, operating expenses, investment requirements and working capital needs. The test demonstrated that the Ukraine segment assets recoverable value is higher than the carrying amount of the investment as at December 31, 2016 and 2015. Based on the test performed impairment of investments in Russian milk production segment's subsidiaries in total amount of EUR 8,635 thousand was recognised in 2016 (no impairment identified at December 31, 2015). The parent company has used in the model its target yields and prices for cereals and milk based on forecasts. The parent company has applied 1.5% (1.5% in 2015) long-term growth rate that has been aggregated from the long-term growth perspective in the respective country and estimation of the growth in food prices in relation to other inputs for both Ukrainian and Russian milk production segments. The discount rates applied were the following: in Ukraine 21.8% (24.6% in 2015), in Russian milk production 14.3% (17.1% in 2015).

4. FINANCIAL RISK MANAGEMENT

Financial risk management principles of Trigon Agri A/S correspond to the principles used for the whole Group. For further information of the financial risk management principles used please refer to the consolidated financial statements Note 3. For details concerning the parent company please refer to the other Notes of the financial statements of the parent company.

5. CASH AND CASH EQUIVALENTS OF THE PARENT COMPANY

in EUR thousand	**2016**	**2015**
Cash at bank and on hand	2,333	127
	2,333	**127**

As at December 31, 2016 (and December 31, 2015) there were no cash on bank deposits. The credit rating (Moody`s) of the banks where the cash was held was Aa3.

6. LONG TERM INVESTMENTS IN SHARES OF SUBSIDIARIES

Breakdown of investments in subsidiaries by companies is given in the table below:

in EUR thousand	**2016**	**2015**
TC Farming Ukraine Ltd.	40,513	40,513
Arsetta Investments Ltd.	-	2
United Grain (SUISSE) Ltd.	834	834
Ltd Trigon Dairy Farming	14,345	14,345
Llc Trigon Security	28	28
Trigon Farming Ltd.	2,187	2,187
LLC Trigon Moloko	515	-
CJSC ST-2	107	-
CJSC ST-1	787	-
LLC Novaja Ferma	511	-
LLC Agrokompleks	149	-
	59,976	**57,909**

In 2016 the parent company has sold shares of Kenuria Holding Limited for EUR 4,084 thousand. Profit from sale of investment was recorded in amount of EUR 4,084 thousand (Note 14).

In 2016 the parent company has purchased shares of milk production companies in amount of EUR 10,702 thousand. Investment was assessed for impairment as at December 31, 2016 and impairment loss in amount of EUR 8,635 thousand was recognised (Note 15).

During 2015 Ennivolorous Holding Limited was sold to the group companies which resulted in loss in amount of EUR 59,954 thousand (Note 15). In the beginning of 2016 sales contract of Ennivolorous Holding Limited shares was terminated and the company returned to the parent company's ownership. During 2016 it was sold as a result of divestment of Rostov cluster. Loss from sale of investment amounted to EUR 14,165 thousand (Note 14).

As of December, 31 2016 the parent company owned directly the following companies:

	Country of registration	**Segment**	**Ownership persentage**	**Legal Status in the Group**
TC Farming Ukraine Ltd.	Cyprus	-	100%	Subsidiary
TC Farming Russia Ltd.	Cyprus	-	100%	Subsidiary
United Grain (SUISSE) Ltd.	Switzerland	Trading	100%	Subsidiary
Ltd Trigon Dairy Farming	Estonia	Milk production	69%	Subsidiary
Llc Trigon Security	Ukraine	-	100%	Subsidiary
Trigon Farming Ltd.	Estonia	-	100%	Subsidiary
LLC Trigon Moloko	Russia	Milk production	100%	Subsidiary
CJSC ST-2	Russia	Milk production	100%	Subsidiary
CJSC ST-1	Russia	Milk production	100%	Subsidiary
LLC Novaja Ferma	Russia	Milk production	100%	Subsidiary
LLC Agrokompleks	Russia	Milk production	100%	Subsidiary

As of December, 31 2015 the parent company owned directly the following companies:

	Country of registration	**Segment**	**Ownership persentage**	**Legal Status in the Group**
TC Farming Ukraine Ltd.	Cyprus	-	100%	Subsidiary
TC Farming Russia Ltd.	Cyprus	-	100%	Subsidiary
Arsetta Investments Ltd.	Cyprus	-	100%	Subsidiary
United Grain (SUISSE) Ltd.	Switzerland	Trading	100%	Subsidiary
Ltd Trigon Dairy Farming	Estonia	Milk production	69%	Subsidiary
Llc Trigon Security	Ukraine	-	100%	Subsidiary
Trigon Farming Ltd.	Estonia	-	100%	Subsidiary
Kenuria Holding Limited	Cyprus	-	100%	Subsidiary

7. TRADE AND OTHER RECEIVABLES

Receivables from subsidiaries as at December 31, 2015 include receivables for sale of Ennivolorous Holding Limited to the group companies in amount of EUR 14,165 thousand (Note 6).

in EUR thousand	2016	2015
Current receivables:		
Receivables from subsidiaries (Note 16)	7,770	24,312
Short-term loans given to subsidiaries (Note 16)	5,065	746
Other receivables	25	127
Total current receivables	**12,860**	**25,185**
Current prepayments:		
Prepayments	-	76
Prepayments for indirect taxes	68	17
Total current prepayments	**68**	**93**
Total current receivables and prepayments	**12,928**	**25,278**
Non-current receivables:		
Loans to subsidiaries (Note 16)	1,104	14,981
Other non-current receivables	7	1
Total non-current receivables	**1,111**	**14,982**
Total receivables and prepayments	**14,039**	**40,260**

Breakdown of the receivables from subsidiaries and group companies by companies is given below:

in EUR thousand	31.12.2016	31.12.2015
TC Farming Ukraine Ltd.	12,360	15,544
TC Farming Russia Ltd.	-	14,023
Trigon Dairy Farming Ltd.	1,122	10,223
LLC Trigon Farming Kharkiv	257	249
LLC Agro Capital Center	200	-
Total receivables	**13,939**	**40,039**

During 2016 receivables from the group companies were impaired in amount of EUR 3,130 thousand (2015: EUR 3,831 thousand) and loans to the group companies were impaired in amount of EUR 5,102 thousand (2015: EUR 1,504 thousand) (including interest receivable) to reflect the losses from the discontinued operations (Note 15).

The timing of proceeds of trade receivables and short-term loans is as follows:

in EUR thousand	31.12.2016	31.12.2015
Up to 6 months	12,860	25,185
Total current receivables	**12,860**	**25,185**
including receivables not due	12,860	25,185

The expected timing of proceeds from other receivables is as follows:

in EUR thousand	**31.12.2016**	**31.12.2015**
Up to 3 months	25	64
3 to 6 months	-	-
Over 6 months	-	63
	25	**127**
including receivables not due	25	127

The effective interest rates on non-current receivables were as follows:

	2016	**2015**
Loans to related parties	7.0-11.0%	7.0-11.0%

The carrying amounts of the trade and other receivables were denominated in the following currencies:

in EUR thousand	**31.12.2016**	**31.12.2015**
US dollar	457	995
Euro	13,582	39,265
	14,039	**40,260**

8. TRADE AND OTHER PAYABLES

in EUR thousand	**31.12.2016**	**31.12.2015**
Trade payables	696	892
Trade payables to related parties (Note 16)	2,860	2,950
Social security and other taxes	12	16
Accrued expenses	415	383
Amounts due to related parties (Note 16)	2,502	3,381
	6,485	**7,622**
Less: non-current portion	-	-
	6,485	**7,622**

The carrying amounts of the trade and other payables were denominated in the following currencies:

in EUR thousand	**31.12.2016**	**31.12.2015**
Euro	6,485	7,622
	6,485	**7,622**

9. BORROWINGS

As at December 31, 2015 borrowings in amount of EUR 40,678 thousand included liability for SEK-nominated bonds with maturity date in August 31, 2017. Liability was fully swapped to equity on November 30, 2016. As a result of this conversion share capital increased by EUR 15,987 thousand, share premium increased by EUR 20,072 thousand and a gain representing the difference between carrying value of the debt and fair value of issued equity of EUR 2,121 thousand was recorded under finance income (Note 24).

in EUR thousand	**31.12.2016**	**31.12.2015**
Current borrowings:		
Bonds	-	1,397
Borrowings from subsidiaries (Note 16)	710	23
Borrowings from related parties (Note 16)	95	-
Finance lease payables	-	39
Total current borrowings	**805**	**1,459**
Non-current borrowings:		
Bonds	-	38,537
Borrowings from subsidiaries (Note 16)	-	682
Total non-current borrowings	**-**	**39,219**
Total borrowings	**805**	**40,678**

Total future finance lease minimum payments

in EUR thousand	**31.12.2016**	**31.12.2015**
up to 12 months	-	138
1-5 years	-	34
	-	**172**
Future interests		1
Present value of the lease	**-**	**171**

10. SHARE CAPITAL OF THE PARENT COMPANY

in EUR thousand	**Number of shares**	**Ordinary shares**	**Share capital**	**Share premium**	**Total**
Balance at 31.12.2014	**129,627,479**	**129,627,479**	**64,814**	**99,941**	**164,755**
Balance at 31.12.2015	**129,627,479**	**129,627,479**	**64,814**	**99,941**	**164,755**
Reduction in share capital	-	-	-63,517	-	-63,517
Share capital increase	1,598,730,000	1,598,730,000	15,987	20,073	36,060
Balance at 31.12.2016	**1,728,357,479**	**1,728,357,479**	**17,284**	**120,014**	**137,297**

During 2016 share capital was reduced by EUR 63,517 thousand to cover losses of prior periods. On November 30, 2016 the company has completed debt-to-equity swap transaction. As a result additional 1,598,730 thousand shares were issued. Increase of share capital amounted to EUR 15,987 thousand and share premium EUR 20,073 thousand.

11. REVENUE

in EUR thousand	**2016**	**2015**
Sales of cereals	12 759	10 641
Sales of services	215	3 761
TOTAL revenue	**12 974**	**14 402**

Revenues of EUR 3,240 thousand (2015: EUR 7,092 thousand) are derived from the external customer A, revenues of EUR 2,860 thousand (2015: EUR 1,948 thousand) are derived from the external customer B, revenues of EUR 2,721 thousand (2015: EUR 0) are derived from the external customer C and revenues of EUR 1,487 thousand (2015: EUR 0) are derived from the external customer D. These revenues are attributable to Sales of cereals. Sale of services includes revenue from related parties in amount EUR 197 thousand (2015: EUR 3,404 thousand) (Note 16).

12. COST OF PURCHASED GOODS FOR TRADING PURPOSES

in EUR thousand	**2016**	**2015**
Cost of goods sold (Note 16)	-11,059	-7,736
Total cost of goods sold	**-11,059**	**-7,736**

13. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense in amount of EUR 881 thousand (EUR 768 thousand in 2015) includes salary expenses in amount of EUR 739 thousand (EUR 595 thousand in 2015) and social tax expenses in amount of EUR 142 thousand (EUR 173 thousand in 2015).

The average number of employees in 2016 was 16 (16 in 2015).

in EUR thousand	**2016**	**2015**
Fees of Members of Board of Directors and Executive Board (Note 16)	393	196
Social security costs related to fees of Members of Board of Directors and Executive Board (Note 16)	24	38
	417	**234**
Wages and salaries	346	399
Social security costs	118	135
	464	**534**
	881	**768**

14. FINANCE INCOME AND FINANCE COST

in EUR thousand	2016	2015
Interest income from related parties (Note 16)	3,370	3,213
TOTAL interest income	**3,370**	**3,213**
Bond interests (Note 9)	-4,646	-4,932
Other interests	-178	-31
TOTAL interest expense	**-4,824**	**-4,963**
Dividend income from subsidiary (Note 16)	2,463	-
Gain from debt to equity conversion (Note 10)	2,121	-
Profit from sale of investment (Note 6)	4,085	-
Other finance gain	6	-
Loss from investments (Note 6)	-14,215	-
TOTAL other finance income/costs	**-5,540**	-

15. IMPAIRMENT LOSSES

in EUR thousand	2016	2015
Receivables impairment (Note 7)	-3,130	-3,831
Impairment of investments (Note 6)	-8,635	-59,954
Loans impairment (Note 7)	-5,102	-1,504
	-16,867	**-65,289**

16. RELATED PARTY TRANSACTIONS

in EUR thousand

Sales and purchases	2016	2015
Sale of services to group companies (Note 11)	197	3,404
Including re-charged expenses	-	2,606
Cost of purchased goods for trading purposes (Note 12)	11,059	7,736
Purchase of management services - AS Trigon Capital and its subsidiaries	-	2,412
Purchase of goods and services from AS Trigon Capital and its subsidiaries	83	153
Shares purchase from group company (Note 6)	10,702	-
Dividend income (Note 14)	2,463	
Interest expense	123	-
Interest income from group companies (Note 14)	3,370	3,213

Cash flow transactions (in EUR thousand)	2016	2015
Contribution to share capital of subsidiary	-1,950	-
Cash paid to subsidiaries	-12,120	-5,049
Cash paid to related parties	-129	-194
Loans issued to subsidiaries	-9,882	-4,105
Proceeds from loan repayments from subsidiaries	5,951	4,234
Proceeds from interest repayments from subsidiaries	24	-
Loans received from related parties	8,493	-
Loan repayments to related parties	900	-
Repayments of loans from subsidiaries	-32	-50
Interest payment to group companies	-900	-

The following table sets forth the aggregate gross amounts of salaries and other remuneration to the Board of Directors and Executive Board in 2016 and 2015.

in EUR thousand	Salary (incl social security costs)
2016	
Members of Board of Directors	92
Members of the Executive Board	325
	417
2015	
Members of Board of Directors	66
Members of the Executive Board	168
	234

Balances from subsidiaries and other group companies

in EUR thousand	31.12.2016	31.12.2015
Receivables (Note 7)	7,770	24,315
Loan receivables (Note 7)	6,169	15,724
Payables (Note 8)	5,362	2,950
Borrowings (Note 9)	710	705

Balances from Balances from other related parties	31.12.2016	31.12.2015
Payable to AS Trigon Capital and its subsidiaries	-	45
Interest payable to related parties (Note 9)	95	-

17. FEES TO THE AUDITORS OF THE PARENT COMPANY

in EUR thousand	2016	2015
Audit	218	212
Other assurance engagements	-	4
Tax advice and consultations	25	19
Other services	62	17
	305	**252**

MANAGEMENT´S STATEMENT

The Board of Directors and Executive Board have today considered and adopted the Annual Report of Trigon Agri A/S for the financial year 1 January – 31 December 2016.

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Moreover, the Annual Report is prepared in accordance with further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Group and the Company and of the results of the Group and Company operations and cash flows for the financial year 1 January – 31 December 2016.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, March 29, 2017

Johannes Bertorp	Jens Bruno	Peter Gæmelke
Chairman of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors
David Mathew		
Member of the Board of Directors		
Simon Boughton	Konstantin Kotivnenko	
Chairman of the Executive Board	Member of the Executive Board	

INDEPENDENT AUDITOR´S REPORT

To the shareholders of Trigon Agri A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

What we have audited

Trigon Agri A/S's Consolidated Financial Statements and Parent Company Financial Statements for the financial year 1 January to 31 December 2016 comprise balance sheet, income statement and statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "financial statements".

Basis for Opinion

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

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

Independence

We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter

Situation in Ukraine and Russia

We draw your attention to Note 4.3 to the consolidated financial statements, which states that the operations of the Group have been adversely affected and may continue to be affected for the foreseeable future, be the continuing political and economic uncertainties in Ukraine and Russia. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2016. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of land and accounting for assets held for sale	
As set out in Note 10 of the financial statements, as at 31 December 2016 the Group owned land in Dobruchi region, North-Western Russia, both for own use (with the carrying amount of EUR 913 thousand) and held for sale (with the carrying amount of EUR 1,554 thousand). The land held for own use is accounted for at fair value. The land held for sale is measured at the lower of its carrying amount and fair value less costs to sell. The management engaged external independent valuers to assess the fair value of land. The land was valued using sales comparison approach adjusted by significant unobservable inputs. In case of land held for own use, the valuation resulted in an impairment loss of EUR 722 thousand recognised in the income statement. In case of land held for sale an impairment loss was recognised in the total amount of EUR 6,040 thousand, including EUR 1,303 thousand recognised in other comprehensive income to the extent of the existing revaluation surplus in respect of that asset, and the EUR 4,737 thousand in the income statement. We focused on this area due to the significant impact on the financial results and related estimation uncertainty.	We obtained explanations from the management regarding their commitment to a plan to sell the land in Dairy production cluster not being used in the production cycle, their activities to locate a buyer, and their view that the sale is expected within one year. We inspected the correspondence with potential buyers, evidencing that the assets have been marketed at a reasonable price in comparison to fair value. We found the explanations to be consistent with the classification as held for sale. We obtained and evaluated the fair value assessments for all the land in Dairy production cluster performed by independent valuers. We involved our internal valuation experts to test the appropriateness of the assessment, by agreeing the inputs to independent sources and ensuring that the fair value assessment assumes the following: • appropriate characteristics of the assets being measured (e.g. purpose, location) have been taken into account; • the transaction is assumed to take place in the principal market; • basis of measurement agreed to take into account use of land in its highest and best use, being agricultural land. We also performed inquiries with management to understand the reasons for significant change in the value as compared to 31 December 2015 and checked if the reasons are appropriately disclosed in the financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment testing of non-current assets in Dobruchi dairy cluster As set out in Note 4.1(d) of the financial statements, the Group operates dairy production cluster in Dobruchi, North-Western Russia. During 2016 the Russian economy continued to reflect high inflation rates and negative economic growth. Management has considered the adverse economic circumstances in Russia to be an impairment indicator and it has carried out an impairment test for non-current assets located in Dobruchi cluster. The impairment test performed on non-current assets located in Dobruchi cluster with the total carrying amount of EUR 8,480 demonstrated that their recoverable amount was higher than their carrying amount, thus no need for impairment loss was identified by management. The impairment test on non-current assets is considered a key audit matter due to its potential magnitude as well as the judgment involved in assessing the recoverability of the assets. The judgement involved relates predominantly to future cluster performance, which is, among others, dependent on the expected milk yields and milk price levels on the local market. Furthermore determining the weighted average cost of capital (WACC) is judgemental.	We obtained and evaluated management's impairment model. Our audit procedures included challenging management on the reasonableness of the key assumptions underlying the cash flow forecast such as revenue growth through performing the following: • assessing the reliability of cash flow forecasts through a review of actual past performance, comparison to previous forecasts and comparison to management's internal forecasts; • performing sensitivity analyses of the models; • where possible comparison of assumptions with external data sources and market outlooks. We assessed the impact of the developments of the Russian economic environment on the revenues and EBITDA, for example through estimating the impact of inflation and foreign currency movements on the cost of goods or services. We also involved our internal valuation experts to evaluate the reasonableness of WACC applied and to assist us with the audit of the impairment calculation model. An independent WACC calculation was prepared and compared to the WACC that was used by management. The audit of the model included verification that the impairment methodology was consistently applied and that the model was mathematically accurate.

Key Audit Matter	How our audit addressed the Key Audit Matter
Disposal of Russian cereal production (Rostov) segment As disclosed in Note 32, during the year ended 31 December 2016 the Group has completed the disposal of Russian cereal production segment that was commenced in 2015, resulting in an additional loss of EUR 23,504 thousand. This loss included currency translation differences related to the disposal group in the amount of EUR 20,091 thousand that was recycled from other comprehensive income to the income statement when the disposal was completed. The remaining loss of EUR 3,303 thousand resulted from the change in the terms of sales agreement that were made in 2016. We focused on this area due to the magnitude of the loss arising from the transaction, including the complexity of identifying the amount of accumulated foreign exchange losses related to the segment that were reclassified from other comprehensive income to income statement upon disposal of the segment.	We read underlying contractual agreements for the disposal of Rostov segment, including amendments entered into during 2016. We verified that the accounting entries, and associated calculations prepared by management, reflected the substance of these agreements. We also compared the receipt of net proceeds received to the amount agreed in the agreements. We obtained the management's calculation of the currency translation differences and checked, by verifying the inputs and performing recalculations, whether the currency translation differences related to the Russian cereal production segment have been correctly recycled from other comprehensive income to the income statement. We verified and recalculated the loss of EUR 3,303 thousand resulting from the changes of contractual terms that were negotiated with the buyer in 2016.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Responsibilities for the Financial Statements and the Audit

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- 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 and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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.

Copenhagen, March 29, 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Tue Stensgård Sørensen
State Authorised Public Accountant

Thomas Lauritsen
State Authorised Public Accountant

DEFINITIONS

Acid test	*(Total current assets – Inventories (inventories including biological assets)-Assets held for sale (including Assets of disposal group classified as held for sale)/Total current liabilities*. The acid test or quick ratio measures a company's ability to use its near cash or quick assets to immediately extinguish or retire its short-term liabilities (liabilities due within the next twelve months).
Current ratio	*Total current assets/Total current liabilities*. The current ratio measures a company's ability to meet short-term obligations (liabilities due within the next twelve months).
Earnings per share	*Net result attributable to the shareholders of the Company/ year-end number of common shares outstanding during the period* (in accordance with IAS 33). Earnings/loss per share for profit attributable to the equity holders of the Company during the year, both basic and diluted.
EBITDA	EBITDA is calculated by adding to the operating profit the annual depreciation of the fixed assets and amortisation of land-related long-term prepayments.
Equity ratio	*Total equity/Total assets.* The equity ratio indicates how much debt a company uses to finance its assets relative to equity.
Net debt	*Total borrowings and the fair value of derivative financial instruments (including Liabilities directly associated with assets classified as held for sale -Cash and cash equivalents.* Net debt is a measure of a company's ability to repay its debts if they were all due today.
Return on assets (ROA)	*Net profit attributable to the owners of the parent company/Average total assets.* Return on assets compares income with total assets measuring management's ability and efficiency in using the firm's assets to generate profits.
Return on equity (ROE)	*Net profit attributable to the owners of the parent company/Average equity excluding minority interest.* Return on equity relates income with the equity capital measuring management´s ability and efficiency in generating return to the shareholders of the Company
Book value per share	*Total Stockholders' equity/ year-end number of common shares outstanding during the period (in accordance with IAS 33).* The book value per share measures the per share value of a company based on its equity available to shareholders.