

**Don Agro International Limited
and its subsidiaries**

Unaudited condensed consolidated interim financial
statements

For the six-month period ended 30 June 2021

Don Agro International Limited and its subsidiaries
Unaudited condensed consolidated interim statements of financial position
As at 30 June 2021

| | Note | Group | | Company | |
|---|------|---------------|---------------|---------------|---------------|
| | | 30 June | 31 December | 30 June | 31 December |
| | | 2021 | 2020 | 2021 | 2020 |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Assets | | | | | |
| Property, plant and equipment | 6 | 13,915 | 12,770 | – | – |
| Biological assets | 7 | 5,997 | 7,807 | – | – |
| Right-of-use assets | 21 | 4,712 | 4,820 | – | – |
| Investment in subsidiaries | | – | – | 14,009 | 14,009 |
| Goodwill | | 475 | 462 | – | – |
| Other non-current assets | | 32 | 24 | – | – |
| Non-current assets | | 25,131 | 25,883 | 14,009 | 14,009 |
| Biological assets | 7 | 24,174 | 7,444 | – | – |
| Current tax assets | | 10 | 13 | – | – |
| Inventories | 8 | 5,759 | 9,879 | – | – |
| Investments | 9 | – | 4,246 | – | – |
| Trade and other receivables | 10 | 1,738 | 3,173 | 6,079 | 4,326 |
| Cash and cash equivalents | 11 | 6,254 | 9,992 | 1,223 | 3,713 |
| Current assets | | 37,935 | 34,747 | 7,302 | 8,039 |
| Total assets | | 63,066 | 60,630 | 21,311 | 22,048 |
| Equity | | | | | |
| Share capital | 12 | 40,667 | 40,667 | 40,911 | 40,911 |
| Capital reserves | | (10,450) | (10,450) | (21,270) | (21,270) |
| Foreign currency translation reserve | | (6,349) | (7,496) | – | – |
| Accumulated profits | | 23,668 | 20,646 | 1,285 | 1,718 |
| Equity attributable to owners of the Company | | 47,536 | 43,367 | 20,926 | 21,359 |
| Non-controlling interests | | 38 | 32 | – | – |
| Total equity | | 47,574 | 43,399 | 20,926 | 21,359 |
| Liabilities | | | | | |
| Loans and borrowings | 13 | 1,015 | 1,061 | – | – |
| Lease liabilities | 21 | 5,043 | 4,530 | – | – |
| Trade and other payables | 14 | – | – | 70 | 70 |
| Deferred income | | 304 | 336 | – | – |
| Non-current liabilities | | 6,362 | 5,927 | 70 | 70 |
| Loans and borrowings | 13 | 5,352 | 6,085 | – | – |
| Lease liabilities | 21 | 692 | 652 | – | – |
| Current tax liabilities | | 341 | 238 | – | – |
| Trade and other payables | 14 | 2,091 | 3,520 | 315 | 619 |
| Deferred income | | 110 | 109 | – | – |
| Provisions | 15 | 544 | 700 | – | – |
| Current liabilities | | 9,130 | 11,304 | 315 | 619 |
| Total liabilities | | 15,492 | 17,231 | 385 | 689 |
| Total equity and liabilities | | 63,066 | 60,630 | 21,311 | 22,048 |

The accompany notes form an integral part of these unaudited condensed interim consolidated financial statements.

Don Agro International Limited and its subsidiaries
Unaudited condensed consolidated interim statement of profit or loss and other comprehensive income
For the six-months period ended 30 June 2021

| | Note | For the six-month period ended 30 June | |
|---|------|---|-------------------------|
| | | 2021 S\$'000 | 2020 S\$'000 |
| Revenue | 16 | 9,427 | 6,916 |
| Cost of sales | 17 | (8,087) | (5,137) |
| Gain from change in fair value of biological assets and agricultural produce | 7 | 4,910 | 5,470 |
| Gross profit | | 6,250 | 7,249 |
| Administrative expenses | | (1,405) | (1,317) |
| Other operating income/expense, net | | 272 | (1,364) |
| Results from operating activities | | 5,117 | 4,568 |
| Finance income | | 255 | 211 |
| Finance costs | | (446) | (358) |
| Net finance costs | | (191) | (147) |
| Profit before tax | | 4,926 | 4,421 |
| Tax expense | 19 | (159) | (20) |
| Profit for the period | | 4,767 | 4,401 |
| Profit attributable to: | | | |
| Owners of the Company | | 4,761 | 4,398 |
| Non-controlling interests | | 6 | 3 |
| Profit for the period | | 4,767 | 4,401 |
| Other comprehensive income | | | |
| Items that are or may be reclassified subsequently to profit or loss : | | | |
| Foreign currency translation differences arising from functional and presentation currency | | 1,147 | (3,520) |
| Other comprehensive income for the period, net of tax | | 1,147 | (3,520) |
| Total comprehensive income for the period | | 5,914 | 881 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 5,908 | 878 |
| Non-controlling interests | | 6 | 3 |
| Total comprehensive income for the period | | 5,914 | 881 |
| Earnings per share | | | |
| Basic and diluted earnings per share (cents) | 20 | 3.17 | 3.03 |

| Attributable to owners of the Company (Group) | | | | | | | |
|--|-----------------------------|--------------------------------|--|-----------------------------------|------------------|---|----------------------------|
| Note | Share capital S\$'000 | Capital reserves S\$'000 | Foreign currency translation reserve S\$'000 | Accumulated profits S\$'000 | Total S\$'000 | Non- controlling interests S\$'000 | Total equity S\$'000 |
| At 1 January 2021 | 40,667 | (10,450) | (7,496) | 20,646 | 43,367 | 32 | 43,399 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | – | – | – | 4,761 | 4,761 | 6 | 4,767 |
| Other comprehensive income | | | | | | | |
| Foreign currency translation differences | – | – | 1,147 | – | 1,147 | – | 1,147 |
| Total comprehensive income for the period | – | – | 1,147 | 4,761 | 5,908 | 6 | 5,914 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Dividends | – | – | – | (1,739) | (1,739) | – | (1,739) |
| Total transactions with owners | – | – | – | (1,739) | (1,739) | – | (1,739) |
| At 30 June 2021 | 40,667 | (10,450) | (6,349) | 23,668 | 47,536 | 38 | 47,574 |

The accompany notes form an integral part of these unaudited condensed interim consolidated financial statements.

| Attributable to owners of the Company (Group) | | | | | | | |
|--|--------------------------|-----------------------------|---|--------------------------------|------------------|--------------------------------------|-------------------------|
| Note | Share capital S\$'000 | Capital reserves S\$'000 | Foreign currency translation reserve S\$'000 | Accumulated profits S\$'000 | Total S\$'000 | Non-controlling interests S\$'000 | Total equity S\$'000 |
| At 1 January 2020 | 35,741 | (10,450) | (826) | 12,992 | 37,457 | 32 | 37,489 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | – | – | – | 4,398 | 4,398 | 3 | 4,401 |
| Other comprehensive income | | | | | | | |
| Foreign currency translation differences | – | – | (3,520) | – | (3,520) | – | (3,520) |
| Total comprehensive income for the period | – | – | (3,520) | 4,398 | 878 | 3 | 881 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Dividends | – | – | – | (1,040) | (1,040) | – | (1,040) |
| Shares issued to PPCF | 500 | – | – | – | 500 | – | 500 |
| Placement shares issued | 5,060 | – | – | – | 5,060 | – | 5,060 |
| Offset of listing expenses | (647) | – | – | – | (647) | – | (647) |
| Total transactions with owners | 4,913 | – | – | (1,040) | 3,873 | – | 3,873 |
| At 30 June 2020 | 40,654 | (10,450) | (4,346) | 16,350 | 42,208 | 35 | 42,243 |

The accompany notes form an integral part of these unaudited condensed interim consolidated financial statements.

Don Agro International Limited and its subsidiaries
Unaudited condensed consolidated interim statements of changes in equity
For the six-month period ended 30 June 2021

| | Note | Attributable to owners of the Company (Company) | | | |
|--|------|--|---|--|-------------------------------------|
| | | Share capital S\$'000 | Capital reserves S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
| At 1 January 2021 | | 40,911 | (21,270) | 1,718 | 21,359 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | | – | – | 1,306 | 1,306 |
| Total comprehensive income for the period | | – | – | 1,306 | 1,306 |
| Transactions with owners, recorded directly in equity | | | | | |
| Dividends | 12 | – | – | (1,739) | (1,739) |
| Total transactions with owners | | – | – | (1,739) | (1,739) |
| At 30 June 2021 | | 40,911 | (21,270) | 1,285 | 20,926 |

The accompany notes form an integral part of these unaudited condensed interim consolidated financial statements.

| | Note | Attributable to owners of the Company (Company) | | | Total equity S\$'000 |
|--|------|--|-------------------------------------|--|---------------------------------|
| | | Share capital S\$'000 | Capital reserves S\$'000 | Accumulated profits S\$'000 | |
| At 1 January 2020 | | 35,741 | (21,270) | 962 | 15,433 |
| Total comprehensive income for the period | | | | | |
| Loss for the period | | – | – | (1,451) | (1,451) |
| Total comprehensive income for the period | | – | – | (1,451) | (1,451) |
| Transactions with owners, recorded directly in equity | | | | | |
| Dividends | 12 | – | – | (1,040) | (1,040) |
| Shares issued to PPCF | | 500 | – | – | 500 |
| Placement shares issued | | 5,060 | – | – | 5,060 |
| Offset of listing expenses | | (390) | – | – | (390) |
| Total transactions with owners | | 5,170 | – | (1,040) | 4,130 |
| At 30 June 2020 | | 40,911 | (21,270) | (1,529) | 18,112 |

The accompany notes form an integral part of these unaudited condensed interim consolidated financial statements.

| | For the six-month period ended 30 June | |
|--|---|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Profit for the period | 4,767 | 4,401 |
| <i>Adjustments for:</i> | | |
| Depreciation of property, plant and equipment and right-of-use assets | 1,247 | 1,052 |
| Gain on disposal of property, plant and equipment | (125) | (2) |
| Finance income | (255) | (211) |
| Finance costs | 446 | 358 |
| Tax expense | 159 | 20 |
| Gain from change in fair value of biological assets and agricultural produce | (4,910) | (5,470) |
| Revaluation of sold biological assets recognised in cost of sales | 1,583 | 223 |
| Foreseeable loss on other inventories reversed | – | (49) |
| Allowance for foreseeable losses on inventories | 306 | 33 |
| | 3,218 | 355 |
| Changes in: | | |
| Trade and other receivables | 1,485 | (137) |
| Inventories | 2,397 | 1,391 |
| Biological assets | (9,168) | (9,004) |
| Trade and other payables and provisions | (952) | 838 |
| Deferred income | (43) | 3 |
| | (3,063) | (6,554) |
| Cash used in operations | (3,063) | (6,554) |
| Taxes paid | (63) | (116) |
| Net cash used in operating activities | (3,126) | (6,670) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,697) | (1,462) |
| Proceeds from sale of property, plant and equipment | 191 | 2 |
| Deposits placed | – | (795) |
| Deposits returned | 4,252 | 2,900 |
| Interest received | 246 | 205 |
| Acquisition of subsidiary, net of cash acquired | (981) | – |
| Net cash from investing activities | 2,011 | 850 |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 2,635 | 4,672 |
| Repayment of borrowings | (3,595) | (1,791) |
| Proceeds from placement shares issued | – | 5,060 |
| Interest paid | (154) | (110) |
| Dividends paid | (1,652) | – |
| Net cash(used) in / from financing activities | (2,766) | 7,831 |

Don Agro International Limited and its subsidiaries
Unaudited condensed consolidated interim statements of cash flows
For the six-month period ended 30 June 2021

| | For the six-month period ended | |
|--|---------------------------------------|----------------|
| | 30 June | |
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Net (decrease)/ increase in cash and cash equivalents | (3,881) | 2,011 |
| Cash and cash equivalents at 1 January | 9,992 | 4,646 |
| Effect of exchange rate fluctuations on cash held | 143 | (398) |
| Cash and cash equivalents at 30 June | <u>6,254</u> | <u>6,259</u> |

The accompany notes form an integral part of these unaudited condensed interim consolidated financial statements.

Notes to the unaudited condensed consolidated interim financial statements

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

1. Reporting entity

1.1 The Company

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

The financial statements of the Group as at and for the six-month period ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity accounted investees.

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

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

2. Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") I-34 *Interim Financial Reporting*, and should be read in conjunction with the last issued audited consolidated financial statements of the Group as at and for the years ended 31 December 2020. They do not include all of the information required for a complete set of SFRS(I) financial statements. However, selected explanatory notes are included to explain the events and transactions that are significant to understanding of the changes in the Group's financial position and performance since the last issued audited consolidated financial statements.

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

These unaudited condensed consolidated interim financial statements were authorised for issue by the Company's board of directors on 13 August 2021.

3. Use of judgements and estimates

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

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the six-month period ended 30 June 2021 is included in note 7 – determining the fair value of biological assets and agricultural produce on the basis of significant unobservable inputs.

Measurement of fair values

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

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

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

Significant valuation issues are reported to the Board of directors.

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

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

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

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

Further information about the assumptions made in measuring fair values is included in note 7 – biological assets.

4. Changes in significant accounting policies

The accounting policies applied in these unaudited condensed interim consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

5. Seasonality of operations

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

The Group attempts to minimise the seasonal impact by managing inventories to meet demand during this period. However, this segment typically has lower revenues and results for the first half of the year. Revenue for the crop segment for the six months period ended 30 June 2021 amounted to S\$5,971,000 (six months period ended 30 June 2020: S\$2,886,000). Fluctuations of results are minimized by measuring the biological assets as at 30 June at fair value less estimated point-of-sale costs at the time of harvesting.

6. Property, plant and equipment

Acquisitions and disposals

During the six-month period ended 30 June 2021, the Group acquired property, plant and equipment with a cost of S\$1,690,000 (the year ended 31 December 2020: S\$4,072,000).

Assets were disposed during the six-month period ended 30 June 2021 with carrying amount of S\$66,000 (the year ended 31 December 2020: carrying amount of S\$366,000), resulted in a gain of S\$125,000 (the year ended 31 December 2020: loss of S\$60,000).

Depreciation

During the six-month period ended 30 June 2021, the Group's depreciation charge amounted to S\$870,000 (six-month period ended 30 June 2020: S\$748,000).

7. **Biological assets**

| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
|-----------------|-------------------------------------|---|
| Livestock | 5,732 | 7,503 |
| Permanent grass | 265 | 304 |
| Non-current | 5,997 | 7,807 |
| Current – crops | 24,174 | 7,444 |
| | 30,171 | 15,251 |

Biological assets – crops

During the six-month period ended 30 June 2021, the Group cultivated winter wheat, sunflower, corn and other crops.

The unharvested crops are represented by the following types.

| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
|--------------|-------------------------------------|---|
| Winter wheat | 15,823 | 7,444 |
| Sunflower | 7,158 | – |
| Corn | 1,193 | – |
| | 24,174 | 7,444 |

During the six-month period ended 30 June 2021, the cost incurred on growing crops was S\$7,450,000 (the year ended 31 December 2020: S\$14,907,000). The gain arising from changes in fair value less estimated cost to sell due to price changes was S\$7,372,000 (six-month period ended 30 June 2020: gain of S\$5,332,000).

Biological assets - permanent grass

During the six-month period ended 30 June 2021, the cost incurred on growing permanent grass was S\$444,000 (year ended 31 December 2020: S\$540,000).

Permanent grass was stated at cost less accumulated depreciation and accumulated impairment losses as the fair value cannot be measured reliably. The cultivation of permanent grass was for internal consumption and has neither comparable nor observable market prices.

Biological assets - livestock

During the six-month period ended 30 June 2021, the cost incurred on breeding livestock was S\$4,481,000 (the year ended 31 December 2020: S\$8,104,000). The loss arising from changes in fair value less estimated cost to sell due to price changes was S\$2,462,000 (six-month period ended 30 June 2020: gain of S\$138,000).

Measurement of fair values

Fair value hierarchy

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

Level 3 fair value

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

| | Six-month period ended | |
|--|-------------------------------|----------------|
| | 30 June | |
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Gain from change in fair value of biological assets and agricultural produce | | |
| - Change in fair value (realised) | - | - |
| - Change in fair value (unrealised) | 4,910 | 5,470 |
| | <u>4,910</u> | <u>5,470</u> |

Valuation techniques and significant unobservable inputs

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

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurements |
|---|--|---|--|
| Bearer livestock : milk cow • Number of dairy cows - 30 June 2021: 2,206 (31 December 2020: 2,096) • Number of calves and heifers - 30 June 2021: 1,994 (31 December 2020: 1,965) | <i>Discounted cash flow:</i> Fair value is determined using the cash flow model discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset. The cash flow model is based on the physiological characteristics of the animals and management expectations concerning the potential productivity. | <ul style="list-style-type: none"> • Length of lactation period (years) 30 June 2021: 2.55 (31 December 2020: 2.90) • Herd average daily milk yield (litres) 30 June 2021: 20.75 (31 December 2020: 20.11) • Market prices for milk in the same region (in RUB/litre excluding VAT) 30 June 2021: 32.45 (31 December 2020: 30.01) • Risk-adjusted discount rate 30 June 2021: 15.2% (31 December 2020: 15.2%) | The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • the lengths of lactation period were higher (lower); • the herd average daily milk yields were higher (lower); • the market prices for milk in the same region were higher (lower); or • the risk-adjusted discount rates were lower (higher). |

Don Agro International Limited and its subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
For the six-month period ended 30 June 2021

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurements |
|---|---|---|---|
| <p>Crops:</p> <p>Winter wheat</p> <ul style="list-style-type: none"> • Plant area (hectare) - 30 June 2021: 22,477 (31 December 2020: 23,984) <p>Sunflower</p> <ul style="list-style-type: none"> • Plant area (hectare) - 30 June 2021: 10,168 (31 December 2020: n/a) | <p><i>Discounted cash flow:</i> The valuation model considers the present value of the net cash flows expected to be generated by the crops that are in growing stage as at the year ended. The cash flow projection include the planted area, expected yield, market price and future cost to grow and sell. The expected net cash flows are discounted using a risk-adjusted discount rate.</p> | <ul style="list-style-type: none"> • Risk-adjusted discount rate 30 June 2021: 15.2% (31 December 2020: 15.2%) <p><u>Winter wheat</u></p> <ul style="list-style-type: none"> • Market prices for crop in the same region (in RUB/tonne excluding VAT) 30 June 2021: Don Agro LLC:12,818, LLC Volgo-Agro:12,051 (31 December 2020: 12,613) • Expected yield (tonne/hectare) 30 June 2021: Don Agro LLC 3.53, Volgo Agro LLC 1.70 (31 December 2020: 3.75) • Future cost to grow and sell (in RUB/hectare) 30 June 2021: Don Agro LLC 1,997, Volgo-Agro LLC 5,585 (31 December 2020: 14,367) <p><u>Sunflower</u></p> <ul style="list-style-type: none"> • Market prices for crop in the same region (in RUB/tonne excluding VAT) 30 June 2021: 30,843 (31 December 2020: n/a) • Expected yield (tonne/hectare) 30 June 2021: 2.0 (31 December 2020: n/a) • Future cost to grow and sell (in RUB/hectare) 30 June 2021: 4,220 (31 December 2020: n/a) | <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • the expected yields were higher (lower); • the market prices for crop in the same region were higher (lower); • future cost to grow and sell were lower (higher); or • the risk-adjusted discount rates were lower (higher). |

8. Inventories

| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
|--|-------------------------------------|---|
| Raw materials and consumables | 2,940 | 3,504 |
| Work in progress | 1,963 | 1,922 |
| Finished goods – agricultural produce | 874 | 4,470 |
| | <hr/> | <hr/> |
| | 5,777 | 9,896 |
| Less: Provision for foreseeable losses | (18) | (17) |
| | <hr/> | <hr/> |
| | 5,759 | 9,879 |

9. Investments

As at 30 June 2021, short-term bank deposits amounted to S\$nil with maturities of three months or more are RUB-denominated deposits. As at 31 December 2020, short-term bank deposits amounted to S\$4,246,000 with maturities of three months or more were RUB-denominated deposits with interest rates of 5.8% - 6.4% per annum that matured in January-June 2021.

10. Trade and other receivables

| | Group | | Company | |
|-------------------------------------|-------------------------------------|---|-------------------------------------|---|
| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
| Trade receivables | 151 | 175 | – | – |
| Other receivables | 32 | 43 | – | – |
| Less: Impairment losses | (3) | (3) | – | – |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 180 | 215 | – | – |
| Dividends receivable | – | – | 6,041 | 4,326 |
| Advances paid to suppliers | 622 | 2,521 | 38 | – |
| Value-added tax (“VAT”) receivables | 936 | 437 | – | – |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,738 | 3,173 | 6,079 | 4,326 |

During the year, a wholly-owned subsidiary has declared an interim dividend of RUB91,108,380 ((RUB1.45 (2.59 cents) (2020: RUB4.08 (7.29 cents)) per share, amounting to RUB91,108,380 (S\$1,715,000) (2020: RUB255,000,000 (S\$4,326,000)) to the Company for the financial year ended 31 December 2020. The dividends have not been paid to the shareholders.

11. Cash and cash equivalents

| | Group | | Company | |
|--|-------------------------------------|---|-------------------------------------|---|
| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
| Petty cash | 2 | 3 | – | – |
| Bank balances | 5,774 | 4,504 | 1,223 | 3,713 |
| Short-term bank deposits with maturities of three months or less | 478 | 5,485 | – | – |
| | 6,254 | 9,992 | 1,223 | 3,713 |

12. Capital and reserves

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

Share capital

| | Number of shares | | Amount | |
|---|--|--|--|--|
| | For six-month period ended 30 June 2021 | For year ended 31 December 2020 | For six-month period ended 30 June 2021 S\$'000 | For year ended 31 December 2020 S\$'000 |
| Issued and fully paid ordinary shares, at par value: | | | | |
| At 1 January | 150,272,700 | 10,000,000 | 40,667 | 35,741 |
| Issued during the year | | | | |
| Share split in the proportion of 1 share for 12.5 shares | – | 115,000,000 | – | – |
| Placement Shares issued pursuant to the Placement | – | 23,000,000 | – | 4,426* |
| Issue of PPCF Shares | – | 2,272,700 | – | 500 |
| At end of the period | 150,272,700 | 150,272,700 | 40,667 | 40,667 |

* Listing expenses incurred pursuant to the IPO amounted to approximately S\$4.4 million, of which S\$0.1 million has been capitalised against share capital in accordance with the SFRS(I) while the remaining approximate amount of S\$3.7 million has been included in our Group's statements of profit or loss and other comprehensive income.

The Company did not have any outstanding options, convertibles or treasury shares, and there were no subsidiary holdings as at 30 June 2021 and 30 June 2020. The Company was incorporated on 16 October 2018.

The issuance and allotment of PPCF Shares (2,272,700) and the placement shares (23,000,000) occurred on 6 February 2020 and 12 February 2020 respectively. The Company did not have any treasury shares as at 31 December 2020 and 30 June 2021.

Net asset value

| | Group | | Company | |
|---|-------------------------|-----------------------------|-------------------------|-----------------------------|
| | 30 June 2021 | 31 December 2020 | 30 June 2021 | 31 December 2020 |
| Net asset value per ordinary shares (cents) | 31.63 | 28.86 | 13.93 | 14.21 |

Dividends

During the six months ended 30 June 2021, the Group declared dividends in amount of S\$1,739,000 (S\$0.01157363 per ordinary share) (six-months period ended 30 June 2020: S\$1,040,000 (S\$0.00693406 per ordinary share)). The dividends were paid partly, unpaid dividends are included as a dividends payable in 'trade and other payables' in the statement of financial position.

Ordinary shares

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

13. Loans and borrowings

| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
|--------------------------|-------------------------------------|---|
| Non-current | | |
| Secured bank loans | 1,011 | 1,058 |
| Loans from third parties | 4 | 3 |
| | 1,015 | 1,061 |
| Current | | |
| Secured bank loans | 5,350 | 6,082 |
| Loans from third parties | 2 | 3 |
| | 5,352 | 6,085 |

| | Currency | Nominal interest rate % | Year of maturity | 30 June 2021 | | 31 December 2020 | |
|---------------------------------|----------|-------------------------|------------------|--------------------|-------------------------|--------------------|-------------------------|
| | | | | Face value S\$'000 | Carrying amount S\$'000 | Face value S\$'000 | Carrying amount S\$'000 |
| Secured bank loans | RUB | 2.5%-10.7% | 2020-2023 | 6,361 | 6,361 | 7,140 | 7,140 |
| Loans from third parties | RUB | 3% | 2023 | 6 | 6 | 6 | 6 |
| | | | | 6,367 | 6,367 | 7,146 | 7,146 |

Details of any collateral

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

14. Trade and other payables

| | Company | |
|--------------------------|----------------------|--------------------------|
| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
| Non-current | | |
| Amount due to subsidiary | 70 | 70 |

| | Group | | Company | |
|------------------------------------|----------------------|--------------------------|----------------------|--------------------------|
| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
| Current | | | | |
| Trade payables | 766 | 324 | – | – |
| Other payables | 190 | 1,467 | 176 | 545 |
| Payables to employees | 536 | 87 | – | – |
| Advances received from customers | 65 | 1,072 | – | – |
| Dividends payable | 139 | 52 | 139 | 52 |
| Tax payables other than income tax | 395 | 518 | – | 22 |
| | 2,091 | 3,520 | 315 | 619 |

15. Provisions

As at 30 June 2021, provisions were created mainly for staff's unused vacation for amount of S\$544,000 (31 December 2020: S\$442,000), provision staff's year-end bonuses of S\$Nil (31 December 2020: S\$258,000). The unused vacation and tax provision are expected to be utilised within the next 12 months.

16. Revenue

| | For the six-month period ended 30 June | |
|---|---|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Revenues from contracts with customers | | |
| Revenue from sale of crop production | 4,342 | 1,690 |
| Revenue from sale of livestock and milk | 5,040 | 5,179 |
| Revenue from services provided | 45 | 47 |
| | 9,427 | 6,916 |

17. Cost of sales

| | For the six-month period ended 30 June | |
|---|---|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Biological assets sold | 4,122 | 2,148 |
| Wages and salaries | 1,874 | 1,592 |
| Depreciation of property, plant and equipment | 767 | 593 |
| Operating lease expenses | 66 | - |
| Growing and harvesting services | 364 | 284 |
| Energy utilities | 168 | 180 |
| Taxes | 45 | 43 |
| Allowance for foreseeable loss on inventories | 306 | 33 |
| Others | 375 | 264 |
| | 8,087 | 5,137 |

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

18. Employee benefits

The following items have been included in arriving at profit before tax:

| | For the six-month period ended 30 June | |
|---|---|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Employee benefits expenses | | |
| Salaries and related expenses | 2,405 | 2,199 |
| Contributions to defined contribution plans | 710 | 689 |
| Provision made for unused vacation | 261 | 226 |
| | <u>3,376</u> | <u>3,114</u> |

Employee benefits expenses for the periods are charged to the accounts stated as follows:

| | For the six-month period ended 30 June | |
|-------------------------|---|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Biological assets | 1,875 | 1,814 |
| Inventories | 25 | 202 |
| Cost of sales | 550 | 369 |
| Administrative expenses | 926 | 729 |
| | <u>3,376</u> | <u>3,114</u> |

19. Tax expense

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

20. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2021 and 30 June 2020 is based on the profit attributable to ordinary shareholders of S\$4,761,000 and S\$4,398,000 respectively and the weighted-average number of ordinary shares outstanding during the periods, as follows:

| | For the six-month period ended 30 June | |
|---|---|----------------------|
| | 2021 | 2020 |
| | No. of shares | No. of shares |
| Weighted average number of shares during the period | <u>150,272,700</u> | <u>145,198,780</u> |

Diluted earnings per share

As at 30 June 2021 and 30 June 2020, there were no outstanding dilutive potential ordinary shares.

21. Lease liabilities

| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
|--------------------|-------------------------------------|---|
| Non-current | | |
| Lease liabilities | 5,043 | 4,530 |
| Current | | |
| Lease liabilities | 692 | 652 |

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

| | Currency | Nominal interest rate % | Year of maturity | 30 June 2021 | | 31 December 2020 | |
|----------------------|----------|----------------------------------|---------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|
| | | | | Face value S\$'000 | Carrying amount S\$'000 | Face value S\$'000 | Carrying amount S\$'000 |
| Lease liabilities | RUB | 5% - 13% | 2020 – 2040 | 8,361 | 5,735 | 7,816 | 5,182 |

Right-of-use assets

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

| | Land plots S\$'000 | Agricultural equipment S\$'000 | Total S\$'000 |
|---------------------------------------|-------------------------------|---|--------------------------|
| 2021 | | | |
| Balance at 1 January | 4,775 | 45 | 4,820 |
| Depreciation charge for the period | (375) | (6) | (381) |
| Modification of right-of-use assets | 139 | – | 139 |
| Effect on movements in exchange rates | 132 | 2 | 134 |
| Balance at 30 June | <u>4,671</u> | <u>41</u> | <u>4,712</u> |
| 2020 | | | |
| Balance at 1 January | 4,508 | 76 | 4,584 |
| Depreciation charge for the year | (580) | (15) | (595) |
| Additions to right-of-use assets | 9 | – | 9 |
| Remeasurement of right-of-use assets | 1,415 | – | 1,415 |
| Modification of right-of-use assets | 234 | – | 234 |
| Buy-out of the leased assets | 36 | – | 36 |
| Effect on movements in exchange rates | (847) | (16) | (863) |
| Balance at 31 December | <u>4,775</u> | <u>45</u> | <u>4,820</u> |

Amounts recognised in profit or loss

| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
|---|-------------------------------------|---|
| Interest on lease liabilities | (295) | (556) |
| Income from remeasurement and modification of lease liabilities presented in 'other income' | 9 | (133) |
| | <u>(286)</u> | <u>(689)</u> |

22. Earnings before interest, tax, depreciation and amortisation (EBITDA)

The Group has presented the performance measure EBITDA for the purposes of capital management. EBITDA is not a defined performance measure in SFRS(I). The Group's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit

| | For the six-month period ended 30 June | |
|-----------------------|---|-------------------------|
| | 2021 S\$'000 | 2020 S\$'000 |
| Profit for the period | 4,767 | 4,401 |
| Adjusted for: | | |
| Depreciation | 778 | 603 |
| Finance income | (255) | (211) |
| Finance costs | 446 | 358 |
| Tax expense | 159 | 20 |
| EBITDA | 5,895 | 5,171 |

23. Contingencies and commitments

Insurance

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

Taxation

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

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

In addition, a number of new laws introducing changes to the Russian tax legislation have been recently adopted. In particular, starting from 1 January 2015 changes aimed at regulating tax consequences of transactions with foreign companies and their activities were introduced, such as concept of beneficial ownership of income, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation and practice of its application is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

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

24. Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors is considered as key management personnel of the Group.

Key management personnel received the following remuneration during the period, which is included in employee benefits expenses:

| | For six-month period ended 30 June | |
|---|---|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Salaries and related expenses | 710 | 376 |
| Contributions to defined contribution plans | 151 | 97 |
| | <u>861</u> | <u>473</u> |

Guarantees

As at 30 June 2021, the Group received a number of guarantees from a related party in connection with certain bank loans obtained by the Group in amount of S\$6,361,000 (31 December 2020: S\$7,140,000).

25. Operating segments

Basis of segmentation

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

The following summary describes the operations of each reportable segment.

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

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

Other operations include other non-significant segments. None of these segments met the quantitative thresholds for reportable segments during the period.

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

Information about reportable segments

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

| | Reportable segments | | Total reportable segments S\$'000 | All other segments S\$'000 |
|--|----------------------------|------------------------------|--|---|
| | Crops S\$'000 | Livestock S\$'000 | | |
| For the six-month period ended 30 June 2021 | | | | |
| External revenues | 4,342 | 5,040 | 9,382 | 45 |
| Inter-segment revenue | 1,629 | – | 1,629 | – |
| Segment revenue | 5,971 | 5,040 | 11,011 | 45 |
| Segment profit/(loss) before tax | 6,627 | (1,727) | 4,900 | 26 |

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| | Reportable segments | | Total reportable segments | All other segments |
|--|---------------------|----------------------|---------------------------------|-----------------------|
| | Crops S\$'000 | Livestock S\$'000 | | |
| For the six-month period ended 30 June 2020 | | | | |
| External revenues | 1,690 | 5,179 | 6,869 | 47 |
| Inter-segment revenue | 1,196 | – | 1,196 | – |
| Segment revenue | 2,886 | 5,179 | 8,065 | 47 |
| Segment profit/(loss) before tax | 4,662 | 1,030 | 5,692 | 25 |
| | | | | |
| | Reportable segments | | Total reportable segments | All other segments |
| | Crops S\$'000 | Livestock S\$'000 | | |
| As at 30 June 2021 | | | | |
| Segment assets | 50,667 | 12,337 | 63,004 | 62 |
| Capital expenditure | 1,658 | 18 | 1,676 | 14 |
| Segment liabilities | 13,450 | 1,890 | 15,340 | 13 |
| Unallocated liabilities: Dividends payable | – | – | – | 139 |
| As at 31 December 2020 | | | | |
| Segment assets | 45,220 | 15,363 | 60,583 | 47 |
| Capital expenditure | 3,945 | 127 | 4,072 | – |
| Segment liabilities | 15,331 | 1,836 | 17,167 | 12 |
| Unallocated liabilities: Dividends payable | – | – | – | 52 |

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

| | For the six-month period ended 30 June | |
|---|---|-------------------------|
| | 2021 S\$'000 | 2020 S\$'000 |
| Revenue | | |
| Total revenue for reportable segments | 11,011 | 8,065 |
| Revenue for other segments | 45 | 47 |
| Elimination of inter-segment revenue | (1,629) | (1,196) |
| Consolidated revenue | 9,427 | 6,916 |
| | | |
| Profit before tax | | |
| Total profit before tax for reportable segments | 4,900 | 5,692 |
| Profit before tax for other segments | 26 | 25 |
| Unallocated expenses: Listing expenses | – | (1,296) |
| Consolidated profit before tax | 4,926 | 4,421 |

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For the six-month period ended 30 June 2021

| | 30 June 2021 S\$'000 | 31 December 2020 S\$'000 |
|--|-------------------------------------|---|
| Assets | | |
| Total assets for reportable segments | 63,004 | 60,583 |
| Assets for other segments | 62 | 47 |
| Consolidated total assets | 63,066 | 60,630 |
| Liabilities | | |
| Total liabilities for reportable segments | 15,340 | 17,167 |
| Liabilities for other segments | 13 | 12 |
| Unallocated liabilities: Dividends payable | 139 | 52 |
| Consolidated total liabilities | 15,492 | 17,231 |

Other material items

| | Reportable segment totals S\$'000 | Adjustments S\$'000 | Consolidated Totals S\$'000 |
|---|--|--------------------------------|--|
| For the six-month period ended 30 June | | | |
| 2021 | | | |
| Finance income | 184 | 71 | 255 |
| Finance costs | (450) | 4 | (446) |
| Capital expenditure | (1,690) | – | (1,690) |
| Depreciation and amortisation | (700) | (78) | (778) |
| | | | |
| 2020 | | | |
| Finance income | 209 | 2 | 211 |
| Finance costs | (358) | – | (358) |
| Capital expenditure | (1,454) | – | (1,454) |
| Depreciation and amortisation | (569) | (34) | (603) |
| | | | |

Geographical information

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

Major customers

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

| | For the six-month period ended 30 June | |
|------------------------------------|---|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Molochniy Combinat Voronejskiy JSC | 4,619 | 4,692 |
| LLC Zerno-Trade | 2,755 | – |
| LLC Grain Service | 988 | 1,085 |
| | 8,362 | 5,777 |

26. Subsequent events

Don Agro International Limited has entered into a sale and purchase agreement dated 9 July 2021 to acquire a 100.0% stake in Rav Agro Rost LLC (“Rav Agro Rost”) for an aggregate consideration of RUB 145.0 million (approximately S\$2.7 million). The consideration was financed by the Group's internal funds.

Other information required by Catalist Rule Appendix 7C

27.1 Review

The condensed consolidated statement of financial position of Don Agro International Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

27.2 Review of performance of the Group

Consolidated Statement of Comprehensive Income

Revenue

The revenue for HY2021 increased by approximately S\$2.5 million or 36.2%, from approximately S\$6.9 million in HY2020 to approximately S\$9.4 million in HY2021. The increase is mainly attributable to increase in the revenue from sale of crop production of approximately S\$2.6 million mainly due to higher volume in sale of winter wheat sold in HY2021; which was partly offset by the decrease in the revenue from sale of livestock and milk in HY2021 of approximately S\$0.1 million due to the decrease in the milk yield per cow per day from 20.84 to 20.75 litres and the decrease in the lactation period.

Cost of sales

The cost of sales increased by approximately S\$3.0 million or 58.8% from approximately S\$5.1 million in HY2020 to approximately S\$8.1 million in HY2021. The increase in the cost of sales is mainly attributable to (i) an increase in biological assets sold of approximately S\$2.0 million mainly due to an higher volume in sale of winter wheat which had been harvested in FY2020 and sold in HY2021; (ii) an increase in wages and salaries of approximately S\$0.3 million due to the increase in volume of winter wheat's sold; (iii) an increase in depreciation from S\$0.6 million in HY2020 to S\$0.8 million in HY2021, due to additions of Property, plant and equipment in HY2021; (iv) an increase in foreseeable losses on inventories relating to agriculture produce by approximately S\$0.3 million mainly due to write-down of the permanent grasses due to failure.

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

The gain from change in fair value of biological assets and agricultural produce decreased by approximately S\$0.5 million or 9.3% from a gain from change in fair value of approximately S\$5.4 million in HY2020 to a gain from change in fair value of approximately S\$4.9 million in HY2021. The decrease is mainly attributable to decrease in the gain from change in fair value of livestock in HY2021 of approximately S\$2.6 million mainly due to the increase in herd management expenses due to i) higher volume of feed consumption, in accordance with protein diet of the main herd; and ii) higher prices of agricultural produce used as feeds for the cows which was partly offset by an increase in the gain from change in fair value of crops in HY2021

of approximately S\$2.1 million due to i) increase in the prices of agricultural produce in line with world economic trend; ii) the acquired plant area of the subsidiary, Volgo-Agro LLC.

Gross profit and gross profit margin

| | HY2021 | HY2020 | Change (%) |
|-------------------------|---------------|---------------|-------------------|
| Gross profit (S\$'000) | 6,250 | 7,249 | (13.8) |
| Gross profit margin (%) | 66.3 | 104.8 | |

The gross profit decreased by approximately S\$1.0 million from approximately S\$7.2 million in HY2020 to approximately S\$6.2 million in HY2021. The decrease is mainly attributable to an i) increase in cost of sales of approximately S\$0.5 million due to higher depreciation costs and foreseeable losses of unharvested crops and ii) decrease in the gain from change in fair value of biological assets and agricultural produce of approximately S\$0.5 million due to decrease in fair value of livestock.

Other operating income/expense, net

The net other operating income increased by approximately S\$1.6 million or 123.1% from a net other operating expense of approximately S\$1.3 million in HY2020, resulting in a net operating income of approximately S\$0.3 million in HY2021. This increase is mainly attributable to i) the absence of listing expenses of approximately S\$1.3 million in HY2021 and (ii) the absence of tax reserve in HY2020 after onsite audit in Don Agro LLC for assessment period 2016-2017 of approximately S\$0.1 million.

Tax expense

Tax expenses increased by approximately S\$0.1 million or 695.0% from approximately S\$20,000 in HY2020 to approximately S\$159,000 in HY2021. Our effective income tax rate in HY2021 was approximately 3.2% and approximately 0.5% in HY2020. The increase in income tax rate was due mainly to an accrual the withholding tax from dividends in amount of S\$85,000.

Consolidated Statement of Financial Position

Non-current assets

Property, plant and equipment

Property, plant and equipment increased in HY2021 due to i) the Group's acquisitions of agricultural equipment, motor vehicles, computers, construction of warehouses, and land plots from land owners, of approximately S\$1.7 million ii) gain on movements in exchange rate amounting to approximately S\$0.4 million., and offset by (i) depreciation of approximately S\$0.9 million; and (ii) disposal of property, plant and equipment amounting to approximately S\$0.1 million.

Biological assets

Non-current biological assets comprised mainly livestock and permanent grasses. Non-current biological assets decreased by approximately S\$1.8 million as at 30 June 2021 mainly due to the decrease in fair value of livestock due to an increase in management herd costs.

Current assets

Biological assets

Current biological assets comprised mainly unharvested crops. Current biological assets increased by approximately S\$16.7 million in HY2021, mainly due to increase in fair value of our crops as a result of higher prices for agricultural produce in line with world economic trend.

Inventories

The Group's inventories decreased by approximately S\$4.2 million or 42.4% from approximately S\$9.9 million as at 31 December 2020 to approximately S\$5.7 million as at 30 June 2021 as a result of the sale of most of the Group's agricultural produce.

Investments

Short term investments represent bank deposits placed with tenures not exceeding 3 months. Investments decreased by approximately S\$4.2 million or 100% in HY2021, compared to the balance outstanding as at 31 December 2020, due to the using of the short-term bank deposits for purposes of the Group's working capital.

Trade and other receivables

Trade and other receivables comprised mainly trade receivables from external parties, advances paid to suppliers, tax receivable and prepaid listing expenses. Trade and other receivables decreased by approximately S\$1.4 million or 45.2% from approximately S\$3.1 million as at 31 December 2020 to approximately S\$1.7 million as at 30 June 2021. This was mainly due to a decrease in advance made to suppliers, as a result of the purchase of the seeds and fertilisers accordingly for spring sowing in HY2021 which was partly offset the increase in VAT receivable as a result of the acquisition of the inventories.

Cash and cash equivalents

Cash and cash equivalents comprise petty cash, bank balances and short-term bank deposits. Cash and cash equivalents decreased by approximately S\$3.7 million or 37.4% from approximately S\$9.9 million as at 31 December 2020 to approximately S\$6.2 million as at 30 June 2021.

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

Non-current liabilities and Current liabilities

Loans and borrowings

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

The Group's borrowings decreased by approximately S\$0.7 million or 10.9% from approximately S\$7.1 million as at 31 December 2020 to approximately S\$6.4 million as at 30 June 2021. This is mainly attributable to the repayments of borrowings of approximately S\$3.6 million by the Group. This was partially offset by an i) increase in new borrowings of approximately S\$2.7 million in HY2021 for acquisition of supplies and new agriculture equipment, for construction of the warehouses for the storage of the agricultural produce, and for working capital financing and ii) gain from effect of movements in exchange rate of approximately S\$0.2 million.

Lease liabilities

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

The Group's lease liabilities increased by approximately S\$0.5 million from approximately S\$5.2 million as at 31 December 2020 to approximately S\$5.7 million as at 30 June 2021. This is attributable to the increase in agricultural produce prices.

Trade and other payables

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

The trade and other payables decreased by approximately S\$1.4 million or 40.0% from approximately S\$3.5 million as at 31 December 2020 to approximately S\$2.1 million as at 30 June 2021. The decrease is mainly attributable to decrease in other payables of approximately S\$1.8 million due to payment by the Group the outstanding debt to New Invest Group LLC for acquisition of subsidiary Volgo-Agro LLC in FY2020.

Provisions

The provisions decreased by S\$0.2 million from S\$0.7 million as at 31 December 2020 to S\$0.5 million as at 30 June 2021. This decrease is mainly attributable to payment of the bonus to the management for IPO of approximately S\$0.3 million.

Consolidated Statement of Cash Flows

Net cash flows used in operating activities

Cash flows used in operating activities of S\$3.1 million in HY2021 was mainly due to (i) adjustment for the revaluation of biological assets and agricultural produce in amount of S\$4.9 million; and (ii) the relatively higher value of biological assets as at 30 June 2021 compared to that as at 30 June 2020, as all crops had not been harvested as at 30 June 2021, and majority of the crops are expected to be harvested and sold in the second half of FY2021. This was partly offset the revaluation of winter wheat of S\$1.6 million due to sales in HY2021 winter wheat harvested in FY2020.

Net cash flows generated from investing activities

Cash flows generated from investing activities of S\$2.0 million was mainly due to (i) proceeds from deposit returned of S\$4.2 million; (ii) proceeds from interest received of S\$0.3 million; (iii) proceeds from sale of property, plant and equipment of S\$0.2 million; (iii) outflow from purchase of property, plant and equipment of S\$1.7 million. and (iv) outflow from the acquisition of subsidiary: payment of the debt as at 31 December 2020 of S\$ 1.0 million in benefit to LLC New Invest Group for acquisition of LLC Volgo Agro.

Net cash flows used in financing activities

Net cash used in financing activities amounted to approximately S\$2.8 million, which was mainly attributable to (i) repayment of borrowings of approximately S\$3.6 million in relation to the bank loans; (ii) interest paid of approximately S\$0.2 million and (iii) dividends paid of approximately of S\$1.7 million.

This was partially offset by proceeds from borrowings of approximately S\$2.7 million from the banks.

As a result of the above, cash and cash equivalents decreased by approximately S\$3.7 million during HY2021. Cash and cash equivalents as at 30 June 2021 amounted to S\$6.2 million.

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

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

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

In International Grain Council (IGC)'s report release in July 2021, the entire production of winter wheat in the season 2021/2022 both in the world and Russian Federation was forecasted to decrease as result of unfavorable weather conditions. As a result, world prices for agricultural produce are expected to be in line with the prior year and the Russian Government does not intend to cancel implemented export duties to support local agricultural producers in the near future. In this case, the Group does not expect any significant impact on the Group's margin and expect it to remain in line with previous financial years. The Group expects harvest yield for FY2021 to be in line with the average yield of previous financial years.

In the dairy segment, the Group expects a slight increase in average milk prices as a result of a growth in milk consumption in Russia, which will be compensated by higher feed prices.

27.5 Dividend information

The Directors are pleased to recommend a tax exempt one-tier interim dividend of S\$0.008517848 per ordinary share (0.8517848 Singapore cents per ordinary share) in respect of six months ended 30 June 2021.

The directors did not recommend an interim dividend for the six-months period ended 30 June 2020.

The dividend is one-tier tax exempt.

Payment of the Interim Dividend will be made on 23 September 2021.

Date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined: 15 September 2021, 5.00pm

27.6 Interested person transactions

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

As at 30 June 2021 and 30 June 2020, the Group received a number of guarantees from a related party-Chief Executive Officer and Executive Director in connection with certain bank loans obtained by the Group in the amount of S\$6.4 million and S\$8.0 million, respectively.

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

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

27.7 Use of IPO Proceeds

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

As at the date of this condensed interim financial statements, there was no utilisation of the IPO proceeds.

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

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

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

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

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

27.9 Negative confirmation pursuant to Rule 705(5)

The Board of Directors (the “Board”) of the Company hereby confirm that to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the six-month period ended 30 June 2021 for the Company and the Group set out above to be false or misleading in any material aspect.

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

Not applicable, as the Company did not acquire or dispose of any shares in HY2021 which would require disclosure under Catalist Rule 706A.

BY ORDER OF THE BOARD

Marat Devlet-Kildejev

Chief Executive Officer and Executive Director

13 August 2021

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

This announcement has been reviewed by the Company’s Sponsor. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.