Don Agro International Limited
and its subsidiaries
Registration Number: 201835258H

Condensed interim financial statements for the six months and full year ended 31 December 2023

Statements of financial position
As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Assets					
Property, plant and equipment	6	40,883	47,280	–	–
Biological assets	7	8,976	10,723	–	–
Right-of-use assets	13	3,200	4,496	–	–
Investments in subsidiaries		–	–	16,422	16,616
Goodwill	27	436	471	–	–
Other non-current assets		14	15	–	–
Non-current assets		53,509	62,985	16,422	16,616
Biological assets	7	8,474	8,739	–	–
Inventories	8	13,582	20,336	–	–
Trade and other receivables	9	1,251	2,856	1,952	2,109
Cash and cash equivalents	10	2,349	3,164	581	1,524
Current assets		25,656	35,095	2,533	3,633
Total assets		79,165	98,080	18,955	20,249
Equity					
Share capital	11	40,667	40,667	40,911	40,911
Capital reserves	11	(10,450)	(10,450)	(21,270)	(21,270)
Revaluation reserves	28	25,451	24,020	–	–
Foreign currency translation reserve		(20,074)	(7,373)	–	–
Accumulated profits (loss)		21,673	25,964	(1,370)	(62)
Equity attributable to the owners of the Company		57,267	72,828	18,271	19,579
Non-controlling interests		45	59	–	–
Total equity		57,312	72,887	18,271	19,579
Liabilities					
Loans and borrowings	12	1,991	1,131	–	–
Lease liabilities	13	3,043	4,283	–	–
Trade and other payables	14	–	–	70	70
Deferred tax liabilities	16	5,045	5,815	–	–
Deferred income		89	192	–	–
Non-current liabilities		10,168	11,421	70	70
Loans and borrowings	12	3,919	5,039	–	–
Lease liabilities	13	1,215	1,175	–	–
Current tax liabilities		233	196	–	–
Trade and other payables	14	5,631	6,587	614	600
Deferred income		68	97	–	–
Provisions	15	619	678	–	–
Current liabilities		11,685	13,772	614	600
Total liabilities		21,853	25,193	684	670
Total equity and liabilities		79,165	98,080	18,955	20,249

Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	Change, %	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000	Change, %
Revenue	17	13,648	19,877	(31.3)	30,979	37,936	(18.3)
Cost of sales	18	(14,453)	(19,977)	(27.7)	(31,647)	(37,068)	(14.66)
(Loss)/gain from changes in fair value of biological assets	7	(1,809)	(1,917)	(5.6)	(348)	1,671	N.M
Gross (loss)/profit		(2,614)	(2,017)	(29.6)	(1,016)	2,539	N.M.
Administrative expenses	19	(1,523)	(1,728)	(11.9)	(3,109)	(3,443)	(9.7)
Other operating income/(expenses), net	19	2,078	214	871,0	2,072	(4)	N.M
Results from operating activities		(2,059)	(3,531)	(45.5)	(2,053)	(908)	(111.3)
Finance income		–	–	(–)	136	398	(65.8)
Finance costs		(655)	(2,106)	(68.9)	(2,070)	(1,266)	63.5
Net finance costs		(655)	(2,106)	(68.9)	(1,934)	(868)	122.8
Loss before tax		(2,714)	(5,637)	(54.2)	(3,987)	(1,776)	124.5
Tax expense	21	(249)	(165)	50.9	(318)	(192)	65.6
Loss for the year		(2,963)	(5,802)	(51.2)	(4,305)	(1,968)	118.8
Loss attributable to:							
Owners of the Company		(2,944)	(5,816)	(51.7)	(4,291)	(1,984)	116.3
Non-controlling interests		(19)	14	N.M.	(14)	16	N.M.
Loss for the year		(2,963)	(5,802)	(51.2)	(4,305)	(1,968)	118.8
Other comprehensive (loss)/income:							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences arising from foreign operations, at nil tax		(1,257)	(26,374)	(95.2)	(12,701)	166	N.M
Items that will not be reclassified subsequently to profit or loss:							
Revaluation of property plant and equipment	28	1,789	8,806	(79.6)	1,789	8,806	(79.6)
Related income tax	16	(358)	(1,761)	(79.7)	(358)	(1,761)	(79.7)
Other comprehensive (loss)/income for the year, net of tax		174	(19,329)	N.M	(11,270)	7,211	N.M
Total comprehensive (loss)/ income for the year		(2,789)	(25,131)	(88.9)	(15,575)	5,243	N.M
Total comprehensive (loss)/ income attributable to:							
Owners of the Company		(2,770)	(25,145)	(89.0)	(15,561)	5,227	N.M
Non-controlling interests		(19)	14	N.M	(14)	16	N.M
Total comprehensive (loss)/ income for the year		(2,789)	(25,131)	(89.0)	(15,575)	5,243	N.M
Loss per share							
Basic and diluted (loss per share (cents)	24	(1.96)	(3.87)	–	(2.86)	(1.32)	–

N.M. denotes not meaningful

Condensed statement of changes in equity (Group)
For the year ended 31 December 2023

	Note	Attributable to owners of the Company							
		Share capital $’000	Capital reserves $’000	Foreign currency translation reserve $’000	Revaluation reserve $’000	Accumulated profits $’000	Total $’000	Non-controlling interests $’000	Total equity $’000
At 1 January 2023		40,667	(10,450)	(7,373)	24,020	25,964	72,828	59	72,887
Total comprehensive income for the year									
Loss for the year		–	–	–	–	(4,291)	(4,291)	(14)	(4,305)
Other comprehensive income/(loss)									
Foreign currency translation differences		–	–	(12,701)	–	–	(12,701)	–	(12,701)
Revaluation of property plant and equipment	28	–	–	–	1,789	–	1,789	–	1,789
Related income tax		–	–	–	(358)	–	(358)	–	(358)
Total comprehensive income/(loss) for the year		–	–	(12,701)	1,431	(4,291)	(15,561)	(14)	(15,575)
At 31 December 2023		**40,667**	**(10,450)**	**(20,074)**	**25,451**	**21,673**	**57,267**	**45**	**57,312**

Condensed statement of changes in equity (cont'd) (Group)
For the year ended 31 December 2022

	Note	Share capital $'000	Capital reserves $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company							
At 1 January 2022		40,667	(10,450)	(7,539)	16,975	27,948	67,601	43	67,644
Total comprehensive income for the year									
Loss for the year		–	–	–	–	(1,984)	(1,984)	16	(1,968)
Other comprehensive (loss)/ income									
Foreign currency translation differences		–	–	166	–	–	166	–	166
Revaluation of property plant and equipment	28	–	–	–	8,806	–	8,806	–	8,806
Related income tax		–	–	–	(1,761)	–	(1,761)	–	(1,761)
Total comprehensive (loss)/income for the year		–	–	166	7,045	(1,984)	5,227	16	5,243
At 31 December 2022		**40,667**	**(10,450)**	**(7,373)**	**24,020**	**25,964**	**72,828**	**59**	**72,887**

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed statement of changes in equity (Company)
For the year ended 31 December 2023

	Note	Attributable to owners of the Company (Company-level)			
		Share capital $’000	**Capital reserves $’000**	**Accumulated losses $’000**	**Total equity $’000**
At 1 January 2023		40,911	(21,270)	(62)	19,579
Total comprehensive loss for the period					
Loss for the year		–	–	(1,308)	(1,308)
Total comprehensive loss for the year		–	–	(1,308)	(1,308)
At 31 December 2023		40,911	(21,270)	(1,370)	18,271
At 1 January 2022		40,911	(21,270)	833	20,474
Total comprehensive income for the year					
Loss for the year		–	–	(895)	(895)
Total comprehensive loss for the year		–	–	(895)	(895)
At 31 December 2022		40,911	(21,270)	(62)	19,579

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2023

	2023 $'000	2022 $'000
Cash flows from operating activities		
Loss for the year	(4,305)	(1,968)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	3,200	4,020
Gain on disposal of property, plant and equipment	(22)	(30)
Provision made, net	607	602
Finance costs	2,070	1,266
Finance income	(136)	(398)
Tax expense	318	192
Loss/(gain) from change in fair value of biological assets	348	(1,671)
Impairment loss recognised on trade and other receivables	16	3
Inventories written down	259	427
Provision for inventory obsolescence	34	127
	2,389	2,570
Changes in:		
Trade and other receivables	1,119	638
Inventories	2,806	(3,421)
Biological assets	(2,149)	(479)
Trade and other payables and provisions	(3,383)	2,383
Deferred income	(81)	(90)
Cash from operations	701	1,601
Tax paid	(235)	(116)
Net cash generated from operating activities	466	1,485

Consolidated interim consolidated statement of cash flows (cont'd)
For the year ended 31 December 2023

	Note	2023 $'000	2022 $'000
Cash flows from investing activities			
Security payment received on proposed disposal of subsidiaries		2,366	–
Purchase of property, plant and equipment		(1,732)	(4,438)
Proceeds from sale and disposal of property, plant and equipment		68	155
Interest received		130	321
Acquisition of subsidiary, net of cash acquired	26	(1,684)	–
Net cash used in investing activities		(852)	(3,962)
Cash flows from financing activities			
Proceeds from borrowings		11,078	10,742
Repayment of borrowings		(10,177)	(11,503)
Repayment of lease liabilities		(268)	(294)
Interest paid		(720)	(614)
Net cash used in financing activities		(87)	(1,669)
Net decrease in cash and cash equivalents		(473)	(4,146)
Cash and cash equivalents at 1 January		3,164	6,769
Effect of exchange rate fluctuations on cash held		(342)	541
Cash and cash equivalents at 31 December	10	2,349	3,164

The accompanying notes form an integral part of these condensed interim financial statements.

Notes to the condensed interim consolidated financial statements

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

1 Business and organisation

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% were held by Mr Marat Devlet-Kildeyev and Mr Evgeny Tugolukov, respectively. On 4 February 2020, the Company was converted into a public company limited by shares and changed its name to Don Agro International Limited. The Company was listed on the Catalist Board of Singapore Exchange Securities Trading Limited on 14 February 2020. The Company's registered address is 10 Collyer Quay, #10-01, Ocean Financial Centre, Singapore 049315.

The financial statements of the Group as at the full year ended 31 December 2023 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 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.

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

2 Basis of preparation

The condensed interim consolidated financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS (I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2023.

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

2.1. New standards and amendments

The Group has applied the relevant SFRS (I) s, amendments to and interpretations of SFRS (I) for the first time for the annual period beginning on 1 January 2023.

The application of these amendments to standards and interpretations does not have a material effect on the financial statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments and interpretations.

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 full year ended 31 December 2023 are included in note 7 – determining the fair value of biological assets and agricultural produce on the basis of significant unobservable inputs and included in note 28- determining the fair value of land plots 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.

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, and in note 28 – revaluation of land plots.

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 2022.

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 in separate calender years, while other crops such as sunflower and corn are cultivated between April and October.

The Group attempted 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 second half of the year. Revenue for the crop segment for the six months period ended 31 December 2023 amounted to S$9,923,000 (six month's period ended 31 December 2022: S$14,749,000). Fluctuations of results are minimised by measuring the biological assets as at 31 December at fair value less estimated point-of-sale costs at the time of harvesting.

6 Property, plant and equipment

	Land $'000	Buildings $'000	Plant and equipment $'000	Motor Vehicles $'000	Construction in progress $'000	Total $'000
Valuation/Cost						
At 1 January 2022	26,765	6,226	15,612	1,321	26	49,950
Additions	507	268	3,250	307	106	4,438
Disposals/Write-off	(31)	(47)	(1,637)	(26)	–	(1,741)
Revaluation	8,807	–	–	–	–	8,807
Effect on movements in exchanges rates	(679)	62	33	(13)	(12)	(609)
At 31 December 2022	35,369	6,509	17,258	1,589	120	60,845
Additions	182	165	1,266	119	–	1,732
Acquisition of subsidiary	96	1,387	178	40	–	1,701
Disposals/Write-off	–	(21)	(4)	(20)	(44)	(89)
Revaluation	1,789	–	–	–	–	1,789
Effect on movements in exchanges rates	(6,851)	(1,334)	(3,370)	(310)	(20)	(11,885)
At 31 December 2023	30,585	6,706	15,328	1,418	56	54,093
Accumulated depreciation and impairment losses						
At 1 January 2022	–	(1,756)	(9,740)	(839)	–	(12,335)
Depreciation charge for the year	–	(509)	(2,132)	(169)	–	(2,810)
Disposals/Write-off	–	13	1,577	26	–	1,616
Effect on movements in exchange rates	–	32	(73)	5	–	(36)
At 1 January 2023	–	(2,220)	(10,368)	(977)		(13,565)
Depreciation charge for the year	–	(416)	(1,838)	(162)	–	(2,416)
Disposals/Write-off	–	15	5	23	–	43
Effect on movements in exchange rates	–	448	2,086	194	–	2,728
At 31 December 2023	–	(2,173)	(10,115)	(922)	–	(13,210)
Carrying amounts						
At 1 January 2022	26,765	4,470	5,872	482	26	37,615
At 31 December 2022	35,369	4,289	6,890	612	120	47,280
At 31 December 2023	30,585	4,533	5,213	496	56	40,883

7 Biological assets

	2023 $'000	2022 $'000
Livestock	8,375	10,092
Permanent grasses	601	631
Non-current	8,976	10,723
Current – crops	8,474	8,739

Biological assets - crops

In 2023 and 2022, the Group cultivated wheat, sunflower, corn and other crops. As at 31 December, the unharvested crops are represented by the following types.

	2023 $'000	2022 $'000
Winter wheat	8,431	8,739
Corn	43	–
Balance at 31 December – current	8,474	8,739

Changes in biological assets - crops balances are disclosed below:

	Note	2023 $'000	2022 $'000
Balance at 1 January		8,739	9,757
Increase due to costs on growing crops		23,365	29,644
Gain arising from changes in fair value of biological assets		502	805
Decrease of crops due to harvest		(22,377)	(31,751)
Effect on movements in exchange rates		(1,755)	284
Balance at 31 December – current		8,474	8,739

Biological assets - permanent grasses

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

	2023 $'000	2022 $'000
Balance at 1 January	631	381
Increase due to costs on growing crops	893	1,207
Decrease of crops due to harvest	(797)	(931)
Effect on movements in exchange rates	(126)	(26)
Balance at 31 December – non-current	601	631

Biological assets - livestock

Changes in biological assets - livestock balances are disclosed below:

	2023 $'000	2022 $'000
Balance at 1 January	10,092	7,176
Increase due to cost on growth	9,678	13,668
Disposal due to mortality	(42)	(28)
Decrease due to sales of livestock	(1,459)	(1,804)
Decrease due to sales of milk	(7,114)	(9,526)
Gain/(loss) arising from changes in fair value of biological assets	(850)	866
Effect on movements in exchange rates	(1,930)	(260)
Balance at 31 December – non-current	8,375	10,092

Risk management strategy related to agriculture activities

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

Regulatory and environmental risks

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

Supply and demand risk

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

Climate and other risks

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

Measurement of fair values

Fair value hierarchy

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

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

Level 3 fair value

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

	2023 $'000	2022 $'000
Gain from change in fair value of biological assets and agricultural produce		
- Change in fair value (realised)	(2,695)	(2,926)
- Change in fair value (unrealised)	2,347	4,597
	(348)	1,671
Loss included in OCI		
Effect of movements in exchange rates	(3,811)	(2)

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 - 2023: 2,014; 2022: 2,098 • Number of calves and heifers - 2023: 1,974; 2022: 2,218	*Discounted cash flow*: Fair value is determined using the cash flow model discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset. The cash flow model is based on the physiological characteristics of the animals and management expectations concerning the potential productivity.	• Length of lactation period (years) 2023: -2.80; 2022: -2.80 • Herd average daily milk yield (litres) 2023: 20.98; 2022: 19.78 • Market prices for milk in the same region (in RUB/litre excluding VAT) 2023:-36.26; 2022: -39.04 • Risk-adjusted discount rate 2023: 20.0%; 2022: 15.2%	The estimated fair value would increase (decrease) if: • the lengths of lactation period were longer (shorter); • the herd average daily milk yields were higher (lower); • the market prices for milk in the same region were higher (lower); or • the risk-adjusted discount rates were lower (higher).
Crops: winter wheat Plant area (hectare) - 2023: 24,729; 2022: 18,573	*Discounted cash flow*: The valuation model considers the present value of the net cash flows expected to be generated by the crops that are in growing stage as at the year ended. The cash flow projection include the planted area, expected yield, market price and future cost to grow and sell. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Market prices for crop in the same region (in RUB/tonne excluding VAT) 2023: LLC Don Agro – 12,244; 2022: 13,445 2023: LLC Volgo –Agro –11,459; 2022: 11,311 • Risk-adjusted discount rate 2023: 20.0%; 2022: 15.2% • Expected yield (tonne/hectare) 2023: LLC Don Agro-4.51; 2022: 4.00 2023: LLC Volgo-Agro-2.70; 2022: 2.70; • Future cost to grow and sell (in RUB/hectare) 2023:LLC Don Agro – 14,496; 2022: 9,456 2023:LLC Volgo-Agro –10,653; 2022 6,962	The estimated fair value would increase (decrease) if: • the expected yields were higher (lower); • the market prices for crop in the same region were higher (lower); • future cost to grow and sell were lower (higher); or • the risk-adjusted discount rates were lower (higher)

8 Inventories

	2023 $'000	2022 $'000
Raw materials and consumables	3,757	3,817
Work in progress	1,770	2,732
Finished goods – agricultural produce	8,342	14,101
	13,869	20,650
Less: Provision for inventory obsolescence	(287)	(314)
	13,582	20,336

9 Trade and other receivables

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade receivables	147	106	–	–
Other receivables	32	74	451	271
Less: Impairment losses	(19)	(7)	–	–
Dividends receivable	–	–	1,485	1,833
Financial assets at amortised cost	160	173	1,936	2,104
Advances paid to suppliers	636	1,538	16	5
Value-added tax ("VAT") receivables	447	1,140	–	–
Current tax assets	8	5	–	–
	1,251	2,856	1,952	2,109

In FY2021, a wholly-owned subsidiary declared dividends amounting to RUB174,108,380 ($2,973,000) to the Company for the financial year ended 31 December 2021. The Company expects to receive the remaining dividends receivable within twelve months after the reporting period.

10 Cash and cash equivalents

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Petty cash	3	4	–	–
Bank balances	1,160	1,702	581	1,524
Short-term bank deposits with maturities of three months or less	1,186	1,458	–	–
	2,349	3,164	581	1,524

11 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 year ended 31 December 2023	For year ended 31 December 2022	For year ended 31 December 2023 $'000	For year ended 31 December 2022 $'000
Issued and fully paid ordinary shares, at par value:				
At the beginning and end of the year	150,272,700	150,272,700	40,667	40,667

There was no change in the Company's share capital from 30 June 2023 to 31 December 2023. The Company did not have any outstanding options, convertibles or treasury shares, and there were no subsidiary holdings as at 31 December 2023 and 31 December 2022. The Company was incorporated on 16 October 2018.

Net asset value

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net asset value per ordinary shares (cents)	38.11	48.46	12.16	13.03

Dividends

No dividends were paid in FY2023 and FY2022.

Ordinary shares

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

Capital reserve

Capital reserves mainly relates to the merger reserve recognised in connection with the execution of the share swap agreement between the Company and Vallerd Investments Limited as a result of the Restructuring Exercise and transactions with former shareholders, which has been accounted for as a transaction with shareholders in their capacity as shareholders in accordance with SFRS(I) 1-1 – *Presentation of Financial Statements*.

12 Loans and borrowings

	2023 $'000	2022 $'000
Non-current liabilities		
Secured bank loans	1,991	1,131
	1,991	1,131
Current liabilities		
Secured bank loans	3,919	5,039
	3,919	5,039

Terms and debt repayment schedule

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

				2023		2022	
	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Secured bank loans	RUB	2.75%-18.29%	2024 - 2026	5,910	5,910	6,170	6,170
				5,910	5,910	6,170	6,170

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.

13 Lease liabilities

	2023 $'000	2022 $'000
Non-current		
Lease liabilities	3,043	4,283
Current		
Lease liabilities	1,215	1,175

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

				2023		2022	
	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Lease liabilities	RUB	5% - 13%	2024 – 2040	6,111	4,258	8,051	5,458

Right-of-use assets

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

	Land plots $'000	Agricultural equipment $'000	Total $'000
2022			
Balance at 1 January	5,881	112	5,993
Depreciation charge for the year	(1,141)	(69)	(1,210)
Additions to right-of-use assets	3	–	3
Remeasurement of right-of-use assets	(867)	–	(867)
Modification of right-of-use assets	290	–	290
Effect on movements in exchange rates	277	10	286
Balance at 31 December	4,443	53	4,496
2023			
Balance at 1 January	4,443	53	4,496
Depreciation charge for the year	(748)	(36)	(784)
Remeasurement of right-of-use assets	69	–	69
Modification of right-of-use assets	242	–	242
Effect on movements in exchange rates	(816)	(7)	(823)
Balance at 31 December	3,190	10	3,200

Amounts recognised in profit or loss

	2023 $'000	2022 $'000
Interest expense on lease liabilities	(534)	(834)
Income from remeasurement and modification of lease liabilities presented in 'other income'	6	77
	(528)	(757)

14 Trade and other payables

	Company 2023 $'000	Company 2022 $'000
Non-current		
Loan to a subsidiary	70	70

The loan to a subsidiary is unsecured, interest bearing of 6.10% per annum and is payable no later than 30 June 2025.

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade payables	1,091	427	–	–
Other payables	328	337	443	429
Payables to employees	136	161	–	–
Dividends payable	171	171	171	171
Financial liabilities at amortised cost	1,726	1,096	614	600
Advances received from customers	3,461	5,051	–	–
VAT payables	197	129	–	–
Unified Social Tax ("UST") payables	149	213	–	–
Other taxes payables	98	98	–	–
	5,631	6,587	614	600
Represented by:				
Financial liabilities at amortised cost	1,726	1,096	614	600
Non-financial liabilities	3,905	5,491	–	–
	5,631	6,587	614	600

15 Provisions

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

	2023	**2022**
	$'000	**$'000**
At 1 January	678	628
Provision made during the year	621	662
Acquisition of subsidiary (Note 26)	7	–
Provision utilised during the year	(540)	(556)
Reversal of unutilised annual leave no longer required	(14)	(60)
Effect on movements in exchange rates	(133)	4
At 31 December	619	678

16 Deferred tax liabilities

The movements in the deferred tax account are as follows:

	Note	2023 $'000	2022 $'000
At 1 January		5,815	4,195
Revaluation of land plots	28	358	1,761
Effect on movements in exchange rates		(1,128)	(141)
At 31 December		5,045	5,815

17 Revenue

	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Revenue from sale of crop production	8,862	12,750	20,479	24,555
Revenue from sale of livestock and milk	4,431	7,050	10,036	13,228
Revenue from sale of flour	263	–	292	–
Revenue from services provided	92	77	172	153
	13,648	19,877	30,979	37,936

18 Cost of sales

	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Cost of inventories sold	7,490	11,512	17,649	21,757
Wages and salaries	3,479	3,769	6,437	6,616
Depreciation of property, plant and equipment and right-of-use assets	1,614	1,763	3,103	3,402
Short-term lease expenses	–	257	290	510
Growing and harvesting services	417	704	1,797	1,438
Energy utilities	236	256	453	474
Other taxes	126	90	170	149
Inventories written down	160	347	259	427
Others	931	1,279	1,489	2,295
	14,453	19,977	31,647	37,068

19 Operating income and expenses

	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Administrative expenses				
Wages and salaries	609	953	1,447	1,922
Depreciation property, plant and equipment and right-of-use assets	14	16	35	25
Information, consulting and other professional services	672	535	1,225	1,075
Short-term lease expenses	24	33	56	67
Repair costs	3	19	13	31
Business travel expenses	97	27	126	59
Other material expenses	31	57	66	103
Others	73	88	141	161
	1,523	1,728	3,109	3,443
Other operating income/(expenses)				
Government grants received	63	883	159	1,091
Gain on extinguishment of liabilities	–	9	53	26
Reversal of unutilised annual leave no longer required	14	60	14	60
Impairment loss recognised on trade and other receivables	(16)	(4)	(16)	(4)
Bank services	(47)	(103)	(77)	(141)
Gain on disposal of property, plant and equipment	9	41	22	30
Penalties	(3)	(24)	(10)	(27)
Other tax expenses	(219)	–	(294)	(557)
Provision for inventory obsolescence	(303)	(204)	(34)	(127)
Other income/(expenses)	2,580	(444)	2,255	(355)
	2,078	214	2,072	(4)

20 Employee benefits

	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Salaries and related expenses	(2,660)	(3,918)	(5,460)	(6,710)
Contributions to defined contribution plans	(869)	(1,266)	(1,763)	(2,146)
Provision made for unutilised annual leave	(349)	(374)	(621)	(663)
	(3,878)	(5,558)	(7,844)	(9,519)

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

	6 months ended 31 December 2023 $'000	**6 months ended 31 December 2022 $'000**	**12 months ended 31 December 2023 $'000**	**12 months ended 31 December 2022 $'000**
Biological assets	1,413	822	(1,184)	(1,239)
Inventories	(1,184)	(1,870)	(1,575)	(2,392)
Cost of sales	(3,499)	(3,558)	(3,639)	(3,966)
Administrative expenses	(608)	(952)	(1,446)	(1,922)
	(3,878)	(5,558)	(7,844)	(9,519)

21 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.

22 Contingencies and commitments

Insurance

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

Taxation

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

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

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

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

23 Related parties

Key management personnel compensation

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

Key management received the following remuneration during the year, which is included in employee benefits expense (see note 20):

	6 months ended 31 December 2023 $'000	**6 months ended 31 December 2022 $'000**	**12 months ended 31 December 2023 $'000**	**12 months ended 31 December 2022 $'000**
Salaries and related expenses	268	436	613	885
Contributions to defined contribution plans	54	92	146	202
	322	528	759	1,087

Guarantees

At 31 December 2023 and 2022, the Group received a number of guarantees from a related party in connection with certain bank loans obtained by the Group amounting to $5,910,000 and $6,170,000 respectively.

24 Loss per share

Basic loss per share

The calculation of basic loss per share for the six months period ended and for the twelve months period 31 December 2023 and 2022 is based on the loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding during the period/ year, as follows:

	For the six months period ended31 December		For the twelve months period ended 31 December	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
(Loss)/ profit attributable to owners of the Company	(2,810)	(5,816)	(4,157)	(1,984)
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares during the period	150,272,700	150,272,700	150,272,700	150,272,700

Diluted earnings per share

Diluted earnings per share are the same as basic earnings per shares as there were no potential dilutive ordinary shares existing during the respective periods in 2023 and 2022.

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 they require different technology and marketing strategies.

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

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

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

Other operations include other non-significant segments. None of these segments met the quantitative thresholds for reportable segments in 2023 and 2022.

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

Information about reportable segments

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

	Reportable segments		**Total reportable segments**	**All other segments**
	Crops $'000	**Livestock $'000**	**$'000**	**$'000**
2023				
External revenue	20,479	10,036	30,515	464
Inter-segment revenue	2,992	–	2,992	–
Segment revenue	23,471	10,036	33,507	464
Segment (loss)/profit before tax	(3,425)	(621)	(4,046)	59
Other income	1,421	646	2,067	5
Finance income	93	43	136	–
Finance costs	(1,633)	(416)	(2,049)	(21)
Depreciation	(2,825)	(282)	(3,107)	(31)
Segment assets	65,353	13,359	78,712	453
Capital expenditure	1,577	107	1,684	48
Acquisition of subsidiary	–	–	–	1,701
Segment liabilities	19,062	2,553	21,615	67
Unallocated liabilities:				
Dividends payable	–	–	–	171
2022				
External revenue	24,553	13,228	37,781	155
Inter-segment revenue	4,235	–	4,235	–
Segment revenue	28,788	13,228	42,016	155
Segment profit/(loss) before tax	(2,816)	1,286	(1,530)	(246)
Other income/(expenses)	417	(417)	–	(4)
Finance income	260	140	400	(2)
Finance costs	(1,248)	(18)	(1,266)	–
Depreciation	(2,870)	(355)	(3,225)	(202)
Segment assets	81,516	16,544	98,060	20
Capital expenditure	4,111	226	4,337	101
Segment liabilities	22,735	2,274	25,009	13
Unallocated liabilities:				
Dividends payable	–	–	–	171

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

	2023 $'000	2022 $'000
Revenue		
Total revenue for reportable segments	33,507	42,016
Revenue for other segments	464	155
Elimination of inter-segment revenue	(2,992)	(4,235)
Consolidated revenue	30,979	37,936
Loss before tax		
Total loss before tax for reportable segments	(4,046)	(1,530)
Profit/(loss) before tax for other segments	59	(246)
Consolidated loss before tax	(3,987)	(1,776)

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

	2023 $'000	2022 $'000
Assets		
Total assets for reportable segments	78,712	98,060
Assets for other segments	453	20
Consolidated total assets	79,165	98,080
Liabilities		
Total liabilities for reportable segments	21,615	25,009
Liabilities for other segments	67	13
Unallocated liabilities: Dividend payable	171	171
Consolidated total liabilities	21,853	25,193

Other material items

	Reportable segment totals $'000	Adjustments $'000	Combined Totals $'000
2023			
Finance income	138	(2)	136
Finance costs	(2,049)	(21)	(2,070)
Capital expenditure	1,684	48	1,732
Depreciation	(3,107)	(31)	(3,138)
2022			
Finance income	400	(2)	398
Finance costs	(1,266)	–	(1,266)
Capital expenditure	4,337	101	4,438
Depreciation	(3,225)	(202)	(3,427)

	Reportable segments		Total	
	Crops $'000	Livestock $'000	reportable segments $'000	All other segments $'000
For the six-month period ended 31 December 2023				
External revenues	8,862	4,431	13,293	355
Inter-segment revenue	1,061	–	1,061	–
Segment revenue	9,923	4,431	14,354	355
Segment (loss)/profit before tax	(6,098)	1,871	(4,227)	1,513
31 December 2022				
External revenues	12,750	7,050	19,800	77
Inter-segment revenue	1,999	–	1,999	–
Segment revenue	14,749	7,050	21,799	77
Segment profit/(loss) before tax	(8,625)	3,342	(5,283)	(354)

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

	For the six-month period ended 31 December	
	2023 $'000	2022 $'000
Revenue		
Total revenue for reportable segments	14,354	21,799
Revenue for other segments	355	77
Elimination of inter-segment revenue	(1,061)	(1,999)
Consolidated revenue	13,648	19,877
(Loss) before tax		
Total (loss) before tax for reportable segments	(4,227)	(5,283)
Profit/(loss) before tax for other segments	1,513,	(354)
Consolidated (loss) before tax	(2,714)	(5,637)

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated Totals $'000
For the six-month period 31 December 2023			
Finance costs	(655)	–	(655)
Capital expenditure	364	24	388
Depreciation	(1,628)	–	(1,628)
31 December 2022			
Finance costs	(2,098)	(8)	(2,106)
Capital expenditure	2,027	89	2,116
Depreciation	(1,690)	(89)	(1,779)

Geographical information

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

Major customers

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

	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
LLC Grain Service	5,134	9,519	7,001	9,519
JSC Voronezhsky Milk Combinat	3,678	5,927	8,569	10,845
LLC MEZ Yug Rusi	–	776	–	10,052
LLC TD Zerno Zavolzhia	–	–	4,361	–
LLC Gefest Agro	–	–	2,234	–
LLC Demetra Trading	–	–	1,762	–
	8,812	16,222	23,927	30,416

26 Acquisition of subsidiary

On 17 March 2023, LLC ZMK 161 was acquired by the Group through the sales of 90% of equity shares owned by IE Varchich Alexey for an aggregate consideration $1,684,000. This consideration includes the purchase of a 90% stake in LLC ZMK 161 for $3,000 and the purchase of flour milling equipment of $1,681,000 was settled in cash for $1,684,000.

	2023 $'000
Property, plant and equipment	1,701
Other non-current assets	1
Current tax assets	10
Inventories	10
Trade and other receivables	2
Loans and borrowings	(71)
Provisions	(7)
Trade and other payables	(19)
Current tax liabilities	(1)
Net assets acquired	1,626
Total consideration transferred	1,684
Goodwill from of LLC ZMK 161	58

Effect on cash flows of the Group

	2023 $'000
Cash paid	1,684
Less: cash and cash equivalents in subsidiary acquired	–
Net cash outflow from acquisition of subsidiaries	1,684

Goodwill

The acquired subsidiary is involved in the sale of flour. Flour milling segment also owns flour production equipment with a total annual capacity of 13.0 thousand tonnes of flour. The goodwill of $58,000 is attributable to Group opportunity expected to arise after the acquisition, namely flexibility in deciding whether to sell grain to traders or to mill it into two different flour grades, bran or semolina.

With higher flour prices per tonne compared to 12.5% protein wheat and the lower worldwide shipping costs, producing flour will enable the Group to enter the markets of South-East Asia and the MENA countries.

27 Goodwill

	2023 $'000	2022 $'000
2023		
Balance at 1 January	471	465
Acquisitions through business combination (Note 26)	58	–
Effect on movements in exchange rates	(93)	6
Balance at 31 December	436	471

Impairment testing for CGUs containing Goodwill

Goodwill that arose from the acquisition LLC Volgo-Agro has been allocated to the Group's CGU - LLC Volgo-Agro.

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

	2023 %	2022 %
Pre-tax discount rate	20.0	15.2
Terminal value growth rate	4.0	4.0

The discount rate was a pre-tax measure estimated based on management's estimate of the segment's weighted-average cost of capital. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual revenue growth rate, consistent with the assumptions that a market participant would make. Revenue growth was projected taking into account the estimated sales volume and price growth for the next five years. In 2023 and 2022, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately $3,890,000 and $3,576,000 respectively and no impairment was recorded.

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

28 Revaluation of land

In 2022 and in 2023, management commissioned LLC AAR to independently appraise land as at 31 December 2023 and as at 31 December 2022 which, in accordance with the Group's accounting policy, is measured at fair value. The fair value of land was determined to be $30,585,000 as at 31 December 2023 (31 December 2022: $ 35,369,000) and reflects market prices in recent transactions.

Valuation

As of 31 December 2023, had the freehold land been carried at historical costs, the carrying amount would have been $5,359,000 (31 December 2022: $6,295,000).

The carrying amounts of the freehold properties as at 31 December 2023 and 31 December 2022 were based on independent valuations undertaken by an independent valuer, having appropriate professional qualifications and recent experience in the location and category of property being valued.

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

Valuation technique

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

In 2023, the key unobservable input used in the valution are the sales price per hectare of $ 1,672 (2022: $2,117) for the argicultural lands in Rostov region, the sales price per hectare of $300 (2022: $267) for the argicultural lands in Volgograd region, the sales price per hectare of $25,223 (2022: $22,613) for the industrial lands derived from market data from an active and transparent market. The estimated fair value will increase when the sale price increases.

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

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

	Land 2023 $'000	Land 2022 $'000
At 1 January	35,369	26,765
Additions	182	507
Addition of subsidiary	96	–
Disposals/Write-off	–	(31)
Revaluation	1,789	8,807
Effect of movement in exchange rates	(6,851)	(679)
At 31 December	30,585	35,369

29 Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

30 Other information required by Catalist Rule Appendix 7C

30.1 Review

The condensed consolidated statements of financial position of Don Agro International Limited and its subsidiaries as at 31 December 2023 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 and full year then ended and certain explanatory notes have not been audited or reviewed.

The Group's latest financial statements for the year ended 31 December 2023 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

30.2 Review of performance of the Group

Consolidated Statement of Profit/Loss and Other Comprehensive Income

Revenue

The revenue for the financial year ended 31 December 2023 ("FY2023") decreased by approximately $7.0 million or 18.3%, from $38.0 million for the financial year ended 31 December 2022 ("FY2022") to $31.0 million in FY2022. The decrease is mainly attributable to i) depreciation of Russian Ruble of approximately $8.6 million; ii) the decrease in the revenue from sale of livestock and milk in FY2023 of approximately S$0.1 million due to the decrease in milk's price, which was partly offset to i) increase in the revenue from sale of crop production mainly due to higher volume in sale of agricultural produce of approximately S$1.6 million; ii) increase in the revenue from sale of flour production due to acquisition of flour milling business in FY2023 of approximately S$0.3 million.

Cost of sales

The cost of sales decreased by approximately $5.0 million or 14.6% from approximately $37.0 million in FY2022 to approximately $32.0 million in FY2023. The decrease in the cost of sales is mainly attributable to depreciation of Russian Ruble of approximately $8.6 million, which was partly offset to increase:
(i) an increase in biological assets sold of approximately $1.0 million as a result of higher crop yield; (ii) an increase in wages and salaries of approximately $1.4 million due to increase in the productivity wages per person in line with the higher crop yield in FY2023, iii) an increase in growing and harvesting costs of approximately $0.7 million due to higher volume of agricultural produce harvested and iv) an increase in depreciation of approximately $0.5 million due to additions of the equipment for flour milling production.

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 $2.1 million from a gain from change in fair value of approximately $1.7 million in FY2022 to a loss from change in fair value of approximately $0.4 million in FY2023. The decrease is mainly attributable in FY2023 due to i) depreciation of Russian Ruble of approximately $0.4 million; ii) a decrease in the gain from change in fair value of crops of approximately $0.1 million due to decrease in the prices of agricultural produce as a result a higher harvest; and iii) a decrease in the gain from change in fair value of livestock of approximately $1.6 million, mainly due to the decrease in milk price.

Gross profit and gross profit margin

	FY2023	FY2022	Change (%)
Gross profit/(loss) ($’000)	(1,016)	2,539	N.M
Gross profit/(loss) margin (%)	(3.3)	6.7	(10.0)

The gross profit decreased by approximately $3.5 million from approximately $2.5 million in FY2022 to approximately gross loss $1.0million in FY2023. The decrease is mainly attributable to:

i) depreciation of Russian Ruble of approximately $0.4 million;
ii) the decrease in the revenue from sale of livestock and milk in FY2023 of approximately S$0.1 million due to the decrease in milk’s price;
iii) increase in cost of sales of approximately $3.6 million mainly due to i) an increase in sales volume of agricultural produce and ii) increase in higher manpower costs, depreciation costs; and
iv) significant decrease in the gain from change in fair value of biological assets and agricultural produce of approximately $2.1 million.

The decrease was partially offset by:

i) increase in the revenue from sale of crops of approximately $1.6 million due to higher volume in sale of agricultural produce; and
ii) increase in the revenue from sale of flour production due to acquisition of flour milling business in FY2023 of approximately S$0.3 million.

Administrative expenses

The administrative expenses decreased by approximately S$0.3 million or 9,7 % from approximately S$3.4 million in FY2022 to approximately S$3.1 million in FY2023 due to depreciation of Russian Ruble of approximately $0.5 million which was partly offset i) increase in consulting services of approximately $0.1 million due to the preparing the sale of shares Don Agro LLC, Volgo-Agro LLC, HAPPY COW, LLC, Don Agro JSC (Target Group); ii) increase in a business travel expenses of approximately $0.1 million as a result of a business trip from Russia to Singapore for the attendance of extraordinary general meeting.

Other operating income/ expenses, net

Other operating income, net increased by approximately $2 million from other operating cost of approximately $4,000 to other operating income of approximately $2 million. The increase in mainly attributable to accrual of approximately $2,5 million as an income non-refundable advance from prospective purchaser of Target Group- LLC Volgo-Don Agroinvest as a result of cancelled deal from the purchaser's side which was partly offset i) a decrease of approximately $0.6 million due the decrease in government grants received from the Ministry of Agriculture as a result decrease support for agricultural producers from unfriendly jurisdictions and ii) depreciation of Russian Ruble of approximately $0.1 million.

Finance cost, net

Finance cost /income, net increased by $1.0 million or 122.8% from finance cost of approximately $0.9 million in FY2022 to finance costs of approximately $1.9 million in FY2023. The increase is mainly attributable to i) increase in interest costs of approximately $0.2 million due to higher interest rates as result of increase the Key rate of Central Bank Russian Federation and ii) negative foreign currency differences of approximately $0.8 million as a result of depreciation of Russian Ruble.

Tax expense

Tax expenses increased by approximately $0.1 million or 65.6% from approximately $0.2 million in FY2022 to approximately $0.3 million in FY2023. Our effective income tax rate in FY2023 was approximately 10.8% and approximately 8.2% in FY2022. The increase in income tax rate was mainly due to a higher share of the Group's profits being generated from qualifying non-agriculture production which are taxable mainly non-refundable advance related to a cancelled sale of Target Group.

Consolidated Statement of Financial Position

Non-current assets

Property, plant and equipment

Property, plant and equipment decreased significantly in FY2023 by $6.4 million mainly due to i) loss on movements in exchange rates of approximately $9.2 million; and ii) depreciation of approximately $2.4 million, which is offset by i) additions of an agricultural equipment of approximately $1.7 million; ii) additions of an equipment for a flour milling as a result of the acquisition subsidiary LLC ZMK 161 of approximately $1.7 million; and iii) revaluation of land plots of approximately $1.8 million.

Biological assets

Non-current biological assets comprised mainly livestock and permanent grasses. Non-current biological assets decreased by approximately $2.0 million as at 31 December 2023 mainly due to loss on movements in exchange rates of approximately $2.0 million.

Right-of-use assets

Right-of-use assets decreased by approximately $1.3 million or 29.0% from approximately $4.5 million as at 31 December 2022 to approximately $3.2 million as at 31 December 2023. The decrease is mainly due to loss on movements in exchange rates and the decrease in depreciation of right-of-use assets.

Current assets

Biological assets

Current biological assets comprised mainly unharvested crops. Current biological assets decreased by approximately $0.3 million in FY2023 due to loss on movements in exchange rates of approximately $1.7 million which was partly offset and i) the gain from change in fair value of biological assets and agricultural produce of approximately $0.5 million; and ii) the increase in costs on growing crops of approximately $1.0 million.

Inventories

The Group's inventories decreased by approximately $6.7 million or 33.0% from approximately $20.3 million as at 31 December 2022 to approximately $13.6 million as at 31 December 2023 due to i) decrease in the agricultural produce as a result of the sale of a part harvest and decrease in crop prices of approximately $2.9 million: and ii) loss on movements in exchange rates of approximately $3.7 million

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 $1.7 million or 58.6% from approximately $2.9 million as at 31 December 2022 to approximately $1.2 million as at 31 December 2023. This was mainly due to i) a decrease in advances made to suppliers, as a result of settlement with suppliers of approximately $0.7 million; ii) the decrease in VAT receivables as a result of VAT refund approximately $0.5 million and ; ii) loss on movements in exchange rates of approximately $0.5 million.

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 $0.9 million or 28.1% from approximately $3.2 million as at 31 December 2022 to approximately $2.3 million as at 31 December 2023. 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.

The Group's borrowings decreased by approximately $0.3 million or 4.9% from approximately $6.2 million as at 31 December 2022 to approximately $5.9 million as at 31 December 2023. This is mainly attributable i) to the repayments of borrowings of approximately $10.1 million by the Group; and ii) loss on movements in exchange rates of approximately $1.2 million.
This was partially offset by an increase in new borrowings of approximately $11.1 million in FY2023 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.

Lease liabilities

The lease liabilities mainly relate to the lease arrangements for agricultural equipment and land plots. The Group's lease liabilities decreased by approximately $1.2 million from approximately $5.5 million as at 31 December 2022 to approximately $4.3 million as at 31 December 2023. This is attributable to the decrease in agricultural produce prices and the loss on movements in exchange rates.

Deferred tax liabilities

Deferred tax liabilities mainly relate to deferred tax from revaluation of the land. Deferred tax liabilities decreased by approximately $1.8 million from approximately $5.8 million as at 31 December 2022 to approximately $5.0 million as at 31 December 2023 due to the loss on movements in exchange rates which was offset the Increase of revaluation the free-hold land.

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 $1.0 million or 15.1% from approximately $6.6 million as at 31 December 2022 to approximately $5.6 million as at 31 December 2023. The decrease is mainly attributable to i) a decrease in advances received from customers of approximately $0.7 million for agricultural produce; ii) the loss on movements in exchange rates of approximately $1.1 million. This was offset increase in trade payables of approximately $0.8 million which will be paid in FY 2024.

Consolidated Statement of Cash Flows

Net cash flows from operating activities

Cash flows from operating activities of $0.5 million in FY2023 was mainly due to (i) a gain from change in fair value of biological assets and agricultural produce amounting to $0.4 million and (ii) changes in working capital.

Net cash flows used in investing activities

Cash flows used in investing activities of $0.9 million was mainly due to (i) Security Payment received on the proposed disposal of subsidiaries of S$2.3 million; (ii) proceeds from sale of property, plant and equipment $0.1 million, (iii) proceeds from interest received of $0.1 million; (iii) outflow from purchase of property, plant and equipment of $1.7 million and iv) outflow from purchase of property, plant and equipment as result of the acquisition of subsidiary LLC ZMK 161 of $1.7 million

Net cash flows used in financing activities

Net cash used in financing activities amounted to approximately $0.1 million, which was mainly attributable to (i) repayment of borrowings of approximately $10.1 million in relation to the bank loans, (ii) interest paid of approximately $0.7 million, (iii) repayment of finance lease of approximately $0.3 million and (iv) proceeds from borrowings of approximately $11.1 million.

As a result of the above, cash and cash equivalents decreased by approximately $0.8 million during FY2023. Cash and cash equivalents as at 31 December 2023 amounted to $2.3 million.

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

As stated in the Company's results announcement for the six months ended 30 June 2023 the Company has entered into a conditional framework sale and purchase agreement ("Agreement") with LLC Volgo-Don Agroinvest ("Purchaser") pursuant to which the Company has agreed to dispose the shares: (i) 99.99% of the shares in Don Agro LLC ("Don Agro Shares"); (ii) 99.99% of the shares in Volgo-Agro LLC ("Volgo-Agro Shares"); (iii) 99% of the shares in HAPPY COW, LLC ("HAPPY COW Shares"); and (iv) 99.99% of the shares in JSC Don Agro ("Don Agro JSC Shares") to the Purchaser ("Proposed Disposal"). The parties to the Agreement should make all reasonable efforts to ensure that the Conditions Precedent are fulfilled before 29 August 2023 ("Long Stop Date"). If the Condition Precedents are not fulfilled before the Long Stop Date, the Long Stop Date can be extended for a period of up to 60 days. However the proposed disposal was terminated on 14 November 2023 due to the wish of the Purchaser to re-negotiate the consideration for the Proposed Disposal to a lower amount. For further details, please refer to the general announcement dated 14 November 2023.

30.4 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.

Ongoing geopolitical tensions with Ukraine have resulted in sanctions introduced by the United States of America, the European Union, and some other countries. Sanctions and counter measures have increased the level of economic uncertainty in the Russian business environment.

Ongoing geopolitical tensions with Ukraine have resulted in sanctions introduced by the United States of America, the European Union, and some other countries. Sanctions and counter measures have increased the level of economic uncertainty in the Russian business environment. In FY2023, Russia collected a big harvest, but lower than in FY2022. Big harvest and high export duties resulted in saving low prices for agricultural products within Russia.

The expected depreciation of the Russian Rouble will increase export prices and as a result increase in prices for agricultural produce in Russian Roubles.

Management expects that these factors may have a marginal positive impact to the Group's revenue in 2024. Furthermore, an expected reduction of inflation and the sowing of seeds of Russian selection will reduce the material expenses which would lead to a slight improvement in margins.

The Group also expects a slight increase in average milk prices and feed costs as a result of possible increases in agricultural product prices. Also, the Group does not expect subsidies from the Ministry of Agriculture because of decreased support for agricultural producers from unfriendly jurisdictions.

Thus, the Group expects a slight increase in the margin in the dairy segment in FY2024 due to the slowdown in the growth of inflation and the renewal of logistic chains

30.5 Dividend information

There is no final dividend declared or recommended for FY2023 as the Group plans to conserve cash for its working capital requirements and future expansion plan.

There was no final dividend declared or recommended for FY2022.

30.6 Interested person transactions

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

As at 31 December 2023 and 31 December 2022, 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 $5.9 million and $6.2 million, respectively.

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

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

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

Please refer to Paragraph 30.2 for the review of performance of the Group.

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

		FY2023	FY2022	Increase/ (Decrease)
		$'000	$'000	%
(a)	Revenue reported for first half year	17,331	18,059	(4.0)
(b)	(Loss)/profit after tax before deducting non-controlling interests reported for first half year	(1,342)	3,834	(135.0)
(c)	Revenue reported for second half year	13,648	19,877	(31.5)
(d)	(Loss) after tax before deducting non-controlling interest reported for second half year	(2,963)	(5,802)	(48.9)

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

	FY2023 $'000	FY2022 $'000
Ordinary shares (tax exempt 1- tier)		
- Interim	–	–
Total Annual Dividend	–	–

30.10 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.

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

Pursuant to the sale purchase agreement dated 17 March 2023, the Company acquired a subsidiary LLC ZMK 161 from IE Varchich Alexey. The details are set out below.

S/N	Subsidiary	Date of acquisition	Country of incorporation	% acquired	Paid up capital, S$	Principal activity
1.	LLC ZMK 161	17 March 2023	Russia	90.0%	132	Flour milling activity

30.12. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual, Don Agro International Limited confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Marat Devlet-Kildeyev

Chief Executive Officer and Executive Director

29 February 2024

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.

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