Annual Report

2018

AMATHEON AGRI

Annual Report
2018

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CEO STATEMENT

2018 was a milestone year to start the next phase of Amatheon Agri Holding N.V. ("Amatheon Agri" or the "Group")'s development – connecting our existing operations with higher-value products, international markets and consumer goods. Throughout the year, we developed and finalised a route-to-market strategy in Europe – leveraging our presence in both Europe and Africa – and began the production of a more diversified crop portfolio focused on healthy food. In parallel, the Group focused on operational enhancements, execution and consolidation of the existing businesses with the implementation of a Group wide cost optimisation program, leading to a significant decrease in overheads in the meat business of approximately 30%.

In Zambia, the soya yields were in line with strongly performing farms in the region. However, the six-week dry spell between January and February 2018 negatively impacted crops countrywide, and decreased water availability in our dams, and for our second planting season too. Nevertheless, wheat and potatoes were planted during winter and performed well with gross margins reaching 20% and 50% respectively. For the upcoming summer season, an expansion of the crop portfolio has been assessed and will include higher value products such as chia seeds and quinoa for export to international markets, in line with our diversification strategy.

Our partnerships with smallholder farmers in Zambia were further expanded, having a network of 15,000 farmers across two districts by the end of the year. We continued working alongside our partners USAID, DEG and Musika, and introduced a number of new initiatives to further support the production and earning capabilities of farmers, such as training and sales of hermetic storage bags and other post-harvest techniques. Looking ahead, we see significant potential for these farmers to produce high-value products too – especially the farmers that do not have access to mechanisation.

In Uganda, our carry-over of grain stock from the previous year increased net sales, however did not result in the expected revenue due to a general decline in prices. The fluctuating prices on the local market further strengthens our belief of a more balanced product portfolio - with high-value products being exported to international markets and attracting "hard" currency such as United States Dollars ("USD") and Euros ("EUR"). A significant step towards expanding our range was the production and marketing of chia seeds in both winter and summer seasons. The company sees great potential for further cultivation in the years ahead.

The meat division, Real Meat Africa ("RMA"), simultaneously focused on cost optimisation and further expansion in Zambia mainly through expanding its distribution network by opening additional sales depots and butcheries, and by developing new product lines attracting new target groups. RMA had to cope with several challenges including an outbreak of swine fever as well as foot and mouth disease, combined with a temporary import ban of meat related raw materials. In addition, the cholera outbreak earlier in the year negatively affected sales, in combination with the challenging macroeconomic situation in Zambia. However, the strategy to expand own outlets will improve turnover and cash cycles, as the product range will be within reach of the informal trade sector clients as opposed to the modern trade sector only.

In late June I had the privilege of leading a senior German business delegation to Zimbabwe, to assess diverse investment opportunities and to meet the new President, Emmerson Mnangagwa, and key ministers. The delegation represented various sectors including agriculture, healthcare, energy, mining and housing. The international community expressed its strong willingness to work in Zimbabwe in transforming its economy.

Since the Group's inception we have contributed to numerous social and community projects; this year's focus was mainly on healthcare. In Zambia, we partnered with a leading non-profit welfare organisation, the Arbeiter-Samariter Bund (ASB), one of the largest medical technology companies, B.Braun,

and other German companies to better support rural health care, facilities and services in the Mumbwa District. The partnership involves capacity development of local medical staff, infrastructure improvements at Health Posts, provision of an ambulance, and bicycles for community health volunteers. In Uganda, we have continued our partnership with Anaka Hospital providing quarterly health outreach days to families in remote villages, bringing much-needed personnel and medicine closer to homes.

Looking ahead, we are well-prepared and energised to implement our diversified production and sales strategy across domestic, regional and international markets. Overall, the Group's 2018 EBITDA and EBIT results are the best in the past three years, which was mainly achieved by the optimisation of the Group's structures and processes, leading to lower administration costs and the lower interest expense from the full benefit of the restructuring of the bonds in 2017. Whilst our revenues and gross profits have decreased slightly, mainly due to a lower performance of the meat business combined with water limitations in the farming business, the upcoming year looks likely to increase revenues from the significant increase in high-value products and the related trading activities.

On behalf of the entire Amatheon Agri team, I would like to thank our wide-reaching community of stakeholders and partners for their continuous support and trust, and we look forward to working with you in the exciting year ahead!

Carl Heinrich Bruhn
Chief Executive of Amatheon Agri Holding N.V.

REPORT OF THE SUPERVISORY BOARD

It is my pleasure to present the annual report of the Amatheon Agri Holding N.V. Supervisory Board.

In January 2019 I was re-appointed to the Supervisory Board following the end of my first term. I am delighted to announce that in April 2019 Dr. Dr. Peter Wiesing and Mr. Stefan Kindler joined the Board, with their wealth of experience in finance, investment and risk management, they will bolster the Supervisory Board over the coming years.

On 13 April 2018, Ms Omura resigned from the Supervisory Board due to her appointment to another board and subsequent time commitments. We wish to thank Ms. Omura for the support and service she provided to the Supervisory Board and Amatheon Agri Holding N.V. (company).

Role and Meetings

The Supervisory Board is responsible for supervising the management of the Management Board and the general course of affairs of the Group. It also approves important corporate and strategic decisions and concerns itself with the achievement of the Group's objectives, risk management and legislative compliance, amongst others.

During the year under review, the Supervisory Board held two in-person meetings, and one further formally convened meeting via teleconference of which there was complete member attendance. By virtue of the small size of the Supervisory Board, the board was able to remain in frequent direct contact with the Management Board during the year without the need for formally convening meetings. On a monthly basis, the board reviewed the financial progress reports of the Group, allowing the board members to be fully aware of all results and any possible risks.

In 2018 due to the size of the board and the ability of the members to remain abreast of all board maters, it was resolved that specific committees were unnecessary. However, with the additional members appointed in 2019 this policy will be reviewed and discussed.

Focus in 2018

2018 saw the Supervisory Board focus on the financing strategy of the Group. To do so, the Board examined the operational and financial performance, and the status of the balance sheet. In July 2019 the Amatheon Agri Financing B.V. EUR 125 million bond will mature. Together, the Supervisory Board and Management Board (the "Boards") commenced working on a number of restructuring options, as well as alternative options for attracting new long-term investors.

Together with the Management Board, the Supervisory Board devoted particular attention to securing the Group's immediate cash requirements and to gain a positive and unqualified audit opinion from the company's auditors.

Tied in to the financing discussions, the board also advised on the group's cash flow forecast and overhead costs reductions. The Supervisory Board also continued to monitor the application of its good corporate governance principles and make recommendations for its continuous improvement, in particular regarding its board composition. Upon the departure of Ms Omura, the board worked closely with management and shareholders to fill all open board positions.

Regarding the remuneration of the Management Board, there was no change to the Management Board Remuneration Policy as proposed by the Supervisory Board and adopted by shareholders on 30 June 2015. Further detail can be found in Note [34.4] to these financial statements. The Supervisory Board agreed in June 2017 to extend the CEO's service contract to 31 December 2020 on the same terms.

Unaudited Annual Financial Statements

PricewaterhouseCoopers Accountants N.V. completed their audit of the annual financial statements of Amatheon Agri Holding N.V. for the year ending 31 December 2015 in accordance with the International Financial Reporting Standards ("IFRS"). Due to the looming maturity of the bond then and a number of ancillary items relating to the going concern status of the Group, the auditors have not yet signed their opinion for the annual financial statements 2015. As a result, the Supervisory Board is fully aware that the 2018 annual financial statements have not yet received a final audit opinion. These enclosed financial statements have been prepared in by the Management Board in accordance with the IFRS and provide an insight into the financial position of the Group. The Management Board has prepared these statements to the best of its knowledge and ability. Since the 2018 annual financial statements have not yet received a final audit opinion, the Supervisory Board has decided not sign these accounts in their current form. Once the auditors' opinion has been successfully obtained, the board will sign the financial statements and recommend for their adoption at the annual general meeting of shareholders.

30 October 2019
On behalf of Amatheon Agri Holding N.V.
Supervisory Board

Mr Edwin Eichler
Chairman

AMATHEON AGRI AT A GLANCE

Amatheon Agri is a European agri-business and food company, headquartered in Berlin and operating in sub-Saharan Africa. Focusing on farming, trading and food processing, Amatheon Agri integrates its activities along the agricultural value chain. As a triple-bottom line company, Amatheon Agri acts as an anchor-investor in rural areas to uplift neighbouring communities economically, socially and environmentally. Its combination of international expertise with local Africa know-how, and a long-term vision with a sustainable approach, makes it set to become a leading player in the African agri-sector.

FARMING

TRADING

FOOD

Founded in 2011, Amatheon Agri established its subsidiaries in Zambia in 2012, Uganda in 2013, and Zimbabwe in 2014. During this short timeframe, Amatheon Agri has proven its business model and demonstrated its ability to build large, replicable, scalable platforms – in both farming and food processing. Investments in infrastructure accompanies operational excellence and with over USD 100 million invested in its operations so far, Amatheon Agri believes that the key to unlocking sub-Saharan Africa's vast agricultural potential is combining world-class farming techniques, partnerships with smallholder farmers, and vertical value chain integration.

SUSTAINABILITY

SCALABILITY

FARMING

ZAMBIA
UGANDA
ZIMBABWE


3
S685i

ZAMBIA

During the agricultural season 2017/2018, Amatheon Agri strengthened its business model by connecting its large-scale commodity cultivation with an expansion into high-value crop production for export to European markets.

Maize and soya were planted; the average yield for both crops remained below expectations as they were affected by a severe lack of rain. The planted area for wheat was reduced, resulting in only 50% of the previously cultivated area being operational. While the wheat crop suffered from drought, especially at the grain filling stage, it performed better than in the previous season.

During the year, Amatheon Agri expanded its potato production and was contracted by a local off-taker. Potato yields performed well and yield increases per planting period were visible. Profitable revenues from potatoes sales stabilised Amatheon Agri's working capital requirement. Amatheon Agri aims at further expanding its potato production and is currently evaluating potential partnerships with the potato processing industry, especially with regards to the rising demand for potato chips in the country.

In order to diversify the Group's focus on commodities and leveraging on Amatheon Agri's positive experiences in Uganda, the cultivation of chia was introduced in Zambia this year. A second high-value crop, quinoa, was planted in the second season too. This is a significant step towards establishing the Group as a large-scale supplier of high-value healthy products, and an important part of increasing the Group's overall revenues. In addition to chia and quinoa, an irrigated moringa trial was initiated and is performing well. Following this trial's results, a possible expansion of the moringa cultivation is planned.

Towards the end of the year, Amatheon Agri appointed a team to start the application process of becoming Hazard Analysis and Critical Control Points ("HACCP") certified. This certification is crucial for future exports, and allows the Group to comply with international standards of food trading. The certification process is expected to be successfully completed in the first half of 2019.

Overall, the below average rainfall was neither sufficient to fill Amatheon Agri's dams, nor the underground aquifers in Zambia. Despite the water shortage, the Group's irrigable fields performed in line or exceeded budget assumptions, confirming the locations' high potential.

SUSTAINABLE DEVELOPMENT

Partnerships with smallholder farmers in Zambia continue to expand in terms of the number of farmers supported, the geographic reach, and the variety of new initiatives offered. Through the partnership with "USAID Feed the Future Partnering for Innovation", Amatheon Agri's Outgrower Programme reached around 15,000 smallholder farmers in the Mumbwa and Chibombo districts by year-end. Whilst the core activities of conservation farming and business education trainings, demonstration plots, input sales and grain purchases, and loan facilitation continued, great efforts were made on expanding the seed bank loans to help farmers have better access to high quality seeds for higher-value products. Furthermore, trainings on post-harvest handling techniques were expanded with a special focus on hermetic storage bags, that were then stocked in Amatheon Agri's depots and made available for farmers to purchase. Lastly, community trainings on animal health were supported by the sale of veterinary drugs and the company being one of the participating off-taker markets.

This year's community projects were mainly directed to supporting better health care, medical services and facilities in the Mumbwa district. This was achieved through a new partnership with a leading non-profit welfare organisation, ASB being one of the largest medical technology companies, B.Braun, other German companies, and the Zambian Ministry of Health. The partnership involves capacity development of local medical staff, infrastructure improvements at health posts, provision of an ambulance, and bicycles for community health volunteers. These bicycles will help the community volunteers carry out their services and teach basic health tips to the communities in very remote areas. In October, a variety of workshops and trainings took place for district medical personnel. Five doctors and two technicians from ASB delivered Infection Prevention Control trainings to local health staff, and simultaneously supported maintenance work at four health facilities. This included the reparation of hand pumps and water pipes, and the resettlement of a large swarm of wasps from the waiting area of one health centre. Particularly in geographically isolated areas, facility maintenance, adequate prevention measures, and skilled staff greatly support the overall health and wellbeing of the entire community, and Amatheon Agri is proud to support these developments.

Agricultural and post-harvest handling trainings in Amatheon Agri's Outgrower Programme

Launch of the Healthcare Partnership in Zambia

UGANDA

In 2018, Amatheon Agri Uganda took a significant step towards crop diversification and linked its existing large-scale production of rice with the production of high-value crops for export. After the successful introduction of chia seeds in 2017, the planted area of chia was significantly expanded, increasing Amatheon Agri's trading volume and making Amatheon Agri one of the largest chia producers in the country.

The cultivation of maize and green gram was reduced, while rice was an integral part of the second season cropping scheme. An unusually wet December month led to the simultaneous maturation of rice and chia crops. This unfortunate situation forces parallel harvesting and resulted in losses and yields slightly below expectation.

Amatheon Agri further followed its crop diversification strategy and set-up its first trials of moringa trees, whose immensely versatile leaves can be transformed into powder and used as a nutrient-rich supplement in beverages and cosmetics. The seedlings were grown at the Group's own nursery and the trees are performing well. However, irrigation is required to optimise moringa trees growth and hydrologists have been already requested to evaluate onsite irrigation potential.

Independent from its conventional farming operations, in the second season of 2018 Amatheon Agri gained a first experience in the handling and production of organic crops. As the global demand for organically produced crops is continuously accelerating, Amatheon Agri is working with organic farming experts to assess its current strengths for additional opportunities, for production and trading in 2019.

To fulfil the strict quality standards for processing and handling food products, Amatheon Agri began its application to become HACCP certified. The HACCP certification is an internationally recognised benchmark and includes food safety trainings for staff involved along the food production chain. The certification process is expected to be completed in the first half of 2019.

Vegetable production was introduced to serve local and regional markets. Tomatoes, water melons, cabbages and onions were produced for the first time and the area will be incrementally expanded in 2019. All vegetable and trial plots are irrigable.

SUSTAINABLE DEVELOPMENT

As part of Amatheon Agri's inclusive-growth strategy, and in combination with the Group's long-term vision and sustainable approach, Amatheon Agri is proudly engaged in implementing the vision, mission and values of the UN Sustainable Development Goals ("SDGs"). Similarly, to set a good example for other companies to follow, Amatheon Agri regularly reinforces its commitment to sustainability and is an active partner in the United Nations Global Compact ("UNGC") for a third consecutive year.

In 2018, Amatheon Agri continued its partnership with Anaka Hospital and facilitated the delivery of medical services such as immunisation, nutritional screening, HIV prevention education, and maternal and child healthcare, through its Community Health Outreach Program to 14 villages surrounding Amatheon Agri's farms in northern Uganda. The mobile medical team assess, treats and educates on healthcare needs in remote areas – essentially bringing the much-needed services closer to homes. The initiative is not only benefiting the local communities but also the Group's workforce who often come from neighbouring villages.

Amatheon Agri remains committed to preserving the environment in which it operates, and regularly undertakes water quality assessments of surrounding rivers, wells and boreholes. To protect soils and promote soil health, only good agricultural practices are applied, including growing of cover crops, shallow tillage, contour ploughing and the use of high-tech machinery that does not exhaust soils.




Community Health Outreach Program in villages surrounding Amatheon Agri's farms

ZIMBABWE

Zimbabwe continues to remain high on Amatheon Agri's agenda, and the Group closely monitors the changing socio-economic environment under the country's new leadership. In June, Amatheon Agri organised and led a high-level German business delegation to Harare – meeting President Emmerson Mnangagwa, various ministers and leaders in the business and civil societies. The delegation represented various sectors including agriculture, healthcare, energy, mining and housing, and the visit indicated the willingness of the international community to work in Zimbabwe in transforming the economy. While the country is embarking on a number of reforms to try to attract local, regional and international investors, Amatheon Agri continues to assess the diverse investment opportunities and pipeline.

TRADING

In 2018, Amatheon Agri implemented its Sales and Marketing department at the headquarters and established its first client base in Europe. Throughout the year, the Group positioned itself as a leading and large-scale producer of high-value products such as chia and quinoa – one of the very few producers of these products in Africa. The feedback from European buyers was very positive, as buyers regularly seek out new origins and reliable suppliers. While some offtake contracts were finalised this year, more are expected in 2019 as the volume produced will increase and the important food safety certificates will be received.

Overall, commodity prices dropped in Zambia compared to the previous year with maize prices decreasing by 13% and a soya price reduction of 25% had to be accepted and compensated for. Fortunately, wheat prices increased by 12%, while potato prices stagnated. As a result of the reduction in maize prices, trading activities with small-scale farmers did not scaled-up as initially planned in order to reduce further exposure to risk. However, Amatheon Agri did procure soya beans through its network of small-scale farmers, to complement trading activities from their commercial harvest.


AMATHEON

FOOD

2018 was a year of consolidation for the Real Meat Africa ("RMA") Group. After the successful merger of the former stand-alone entities, multiple product channels including fresh and processed meat items are now managed within a single legal entity. Amatheon Agri has converted most of its shareholder loan to RMA into equity; the Group now controls 99% of the shares.

Throughout the year, there was an extra focus on brand building in Zambia: raising customers' product awareness was achieved by an engaging series of marketing activities - especially road shows hosted at RMA's depots in Lusaka. Specific marketing initiatives targeting the alignment of all staff with RMA's vision and goals, including the first Sales Conference Ignite.

RMA's depot expansion program continued and enabled diversified sale channels for consumers within the informal trade. Further depot expansion is pursued with an estimated 8-10 outlets opening in 2019. Two new Pick n Pay stores opened in 2018 and RMA continues its close partnership with the Pick n Pay management in the delivery of butchery services.

The erratic availability of production inputs such as standard beef and mechanically deboned meat in the first quarter of 2018 led to an overall decrease in turnover, resulting in full year sales below expectation. Moreover, the increase in input prices negatively impacted the cost of sales. In order to improve margins and mitigate inflationary costs, price increases for both fresh and processed meat items were implemented in the third quarter of 2018.

The marketing department will continue its actions and initiatives in 2019, with a great emphasis on establishing a Master Corporate Identify, supported by re-aligned printed, media and in-house marketing.

PEOPLE

Breakdown of staff by company, location, status and nationality as at 31 December 2018:

Total Employees: 1,118

Total Expats: 25

Male vs Female Ratio

Male 888

Female 230

Amatheon Agri Holding N.V.:

Total Employees: 12

4

8

Expats: 7

Nationalities:

Australian	2
Russian	2
Dutch	1
UK	1
Irish	1

Casuals: –

-

-

Amatheon Agri Zambia:

Total Employees: 179

164

15

Expats: 6

Nationalities:

Swaziland	1
Zimbabwean	5

Casuals: 121

74

47

Amatheon Agri Katonga Farm Limited:

Zambia

Total Employees: 28

27

1

Expats: –

Nationalities: - -

Casuals: 62

43

19

Amatheon Agri Uganda:

Total Employees: 53

41
12

Expats: 9

Nationalities:

Kenyan 8
Zimbabwean 1

Casuals: 173

137
36

Amatheon Agri Zimbabwe:

Total Employees: 1

1
-

Expats: –

Nationalities: - -

Casuals: –

-
-

Amatheon Agri Real Meat Africa Company:

Zambia

Total Employees: 489

397
92

Expats: 3

Nationalities:

South African 1
Indian 1
Zimbabwean 1

Casuals: –

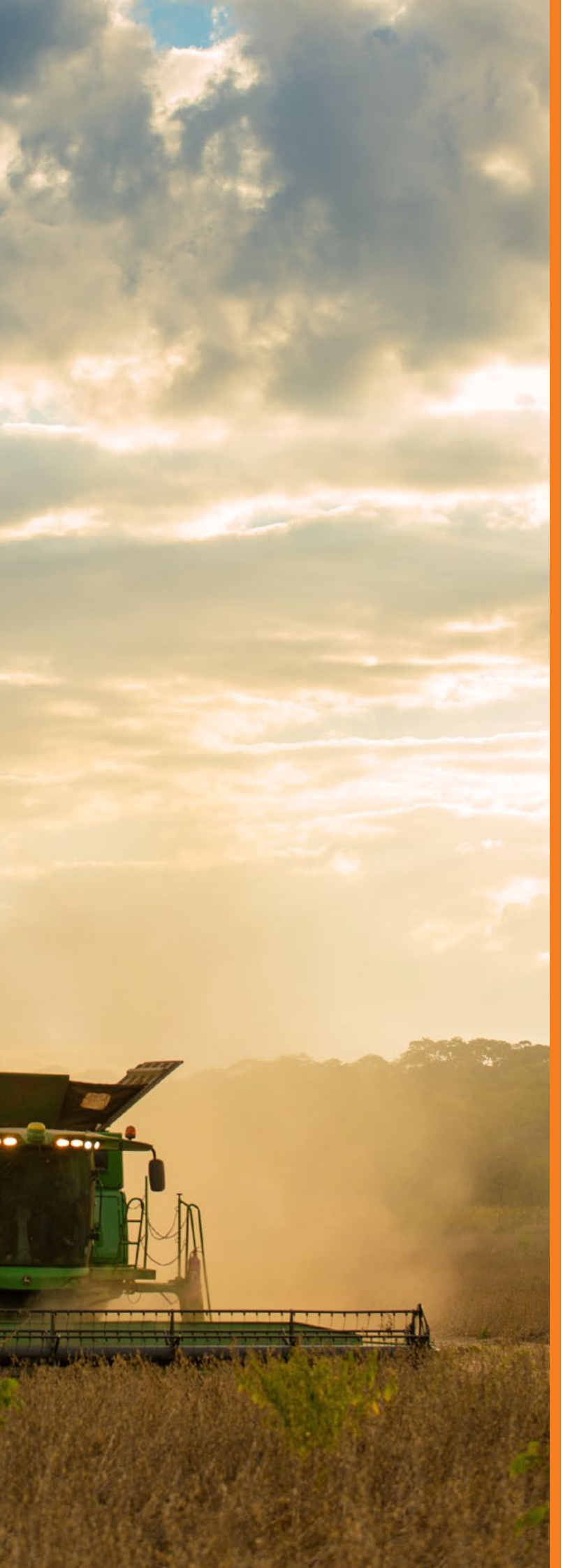
-
-

BUSINESS OUTLOOK

Sub-Saharan Africa is likely to benefit from growth at a modest pace in 2019. Despite internal disputes and external imbalances that slowed down the great potential of the region, the average economic growth is foreseen to increase by 3.4% in 2018, compared to 2.8% in the previous year. It is important to note that the two largest economies, Nigeria and South Africa, remain below trend growth which penalise growth prospects for the entire region. Political uncertainties remain in several countries in sub-Saharan Africa and the region calls for domestic policy steps, to preserve the current growth phase and to prosper in the long term.

In **Zambia** in 2018, overall economic growth slightly lost pace - reflecting an average agricultural harvest as well as fiscal debt challenges that slowed down private sector growth. Despite volatile weather patterns throughout the year, with southern parts of the country experiencing dry spells and extremely high temperatures, the north of Zambia recorded normal rainfall. Both farmers and government were prepared for a possible Armyworm infestation, and this awareness among farmers led to cautious crop sowing. As a result, the area cultivated for maize and wheat declined compared to the previous year, leading to a decreased national harvest. As a respond to the low prices for soya beans received in the previous season, soya bean production also reduced by around 14 percent.

Uganda's agricultural production in 2018 has been characterised by some heavy, localised rainfalls that led to water logging and landslides which in turn caused damaged crops. Nevertheless, overall crop production benefitted from a well-above and evenly distributed rainfall in the first and second seasons of the year. Compared to the previous year, Uganda's GDP growth increased to an estimated 5.3%. Industry and services contributed considerably, and greater investments in public infrastructure were main drivers of growth, while the agricultural contribution to GDP slowed down. The country's economy is projected to grow further in the short and medium term due to expanding infrastructural projects and reforms that



improve the general business environment in Uganda. Such governmental measures are expected to drive the country's economic growth. However, this outlook assumes favourable external conditions such as a rising demand for exports and an increase in foreign direct investments.

Zimbabwe's economy performed better than expected with a 3.5% percent growth in GDP in 2018, mainly driven by a continuously growing agricultural sector. Nevertheless, the country is at a crossroads: a weak financial sector, inefficient bureaucracy and inadequate infrastructure remain key challenges that prevent Zimbabwe from overcoming unresolved problems from the past. Fiscal imbalances continue to constrain development expenditures and social service provision. Job opportunities continue to dwindle, resulting in high unemployment rates. Despite these challenges, the country's economy is projected to grow by 4.2% in 2019 and 4.4% in 2020, with agriculture as the main driver of growth. With this in mind, Amatheon Agri constantly assesses the situation in Zimbabwe carefully, as the country's rich natural resources have an enormous potential for large-scale agriculture.

As a response to the varying degrees of economic growth in sub-Saharan Africa, Amatheon Agri embraced its product diversification strategy and kicked off large-scale production of high-value crops in Uganda in 2018. The rising global demand for nutritious foods confirmed the company's strategy to incrementally complement its existing commodity portfolio with the export of high-value crops to Western markets. This year, Amatheon Agri undertook significant research on consumer trends not only in Europe, but also in the USA. At the end of the year Amatheon Agri formally began the process of becoming IFS Broker certified, to position itself even more broadly as an international trader of quality food products. Furthermore, both subsidiaries in Uganda and Zambia commenced the implementation of a HACCP plan, which is a systematic approach to prevent biological, chemical and physical hazards in the food production process. These certificates are expected to be achieved in the first half in 2019.

CORPORATE GOVERNANCE

1

Management Board & Supervisory Board

Management Board:
Mr Carl Heinrich Bruhn

Supervisory Board:
Mr Edwin Eichler (Chair), Ms Yukiko Omura

Amatheon Agri Holding N.V. is a Dutch incorporated company listed on Euronext Access in Paris (formerly named Paris Marché Libre) and holds its registered address in Berlin, Germany. The Company has a two-tiered board with the Management Board consisting of Mr Carl Heinrich Bruhn, and the Supervisory Board consisting of Mr Edwin Eichler (Chair) and Ms Yukiko Omura. On 13 April 2018, Ms Yukiko Omura resigned from the Supervisory Board. Dr. Dr. Peter Wiesing and Mr. Stefan Kindler were appointed to the Supervisory Board on 5 April 2019.

The Supervisory Board carried out its fourth year with Amatheon Agri, having been appointed by the General Meeting of Shareholders on 8 December 2014 for a term until the Annual General Meeting of 2018. No Annual General Meeting was held in 2018, and Mr. Edwin Eichler was re-appointed to the Board following the ending of his first term. The Board's role is to supervise the management of the Company and to oversee the Company meeting its objectives while concerning itself with matters such as risk management and legislative compliance.

The Supervisory Board Members' remuneration was determined by shareholders on 14 January 2015.

Amatheon Agri prides itself on its diversity and equality throughout the business and in its management. The Dutch regulatory requirement of pursuing a policy of at least 30% of board seats being held by women sadly was unfulfilled at the end of the reporting period. However, as Amatheon Agri looks to the future we will strive to achieve this. Since the Management Board is only composed of one member, we are unable to report the achievement of this policy for the Management Board.

In the short-term, gender targets for the Management Board have not been met on the basis of relevant selection criteria and the availability of suitable candidates. As the Company continues to grow, and greater and more varied expertise is sought, we will continue to pursue a diverse and balanced composition of our boards.

2
Management Board Remuneration

Under the Amatheon Agri Holding N.V.'s Articles of Association, shareholders will agree a remuneration policy for the Management Board. The Supervisory Board is tasked with determining the remuneration for each Management Board member in line with the remuneration policy.

At the Annual General Meeting of Shareholders on 30 June 2015 the Supervisory Board proposed to shareholders a remuneration policy which outlines that a Management Board Member's remuneration shall include a base salary and further may include a short-term incentive (annual bonus); a long-term incentive in the form of a share option plan; a retention bonus; and other arrangements such as the payment of premiums for (life) insurance, use of a company car for business purposes and expense allowances. Contracts may include a severance pay clause.

Mr Bruhn was reappointed to the Management Board by the General Meeting on 8 December 2014. In the absence of a remuneration policy, the Supervisory Board determined Mr Bruhn's remuneration under a new contract beginning 1 January 2015 to consist of a base salary, and housing and insurance allowance. Mr Bruhn is also entitled to an annual bonus in the form of participation in a stock option scheme, should such a scheme be approved by shareholders. To date, no scheme has been presented to shareholders for approval.

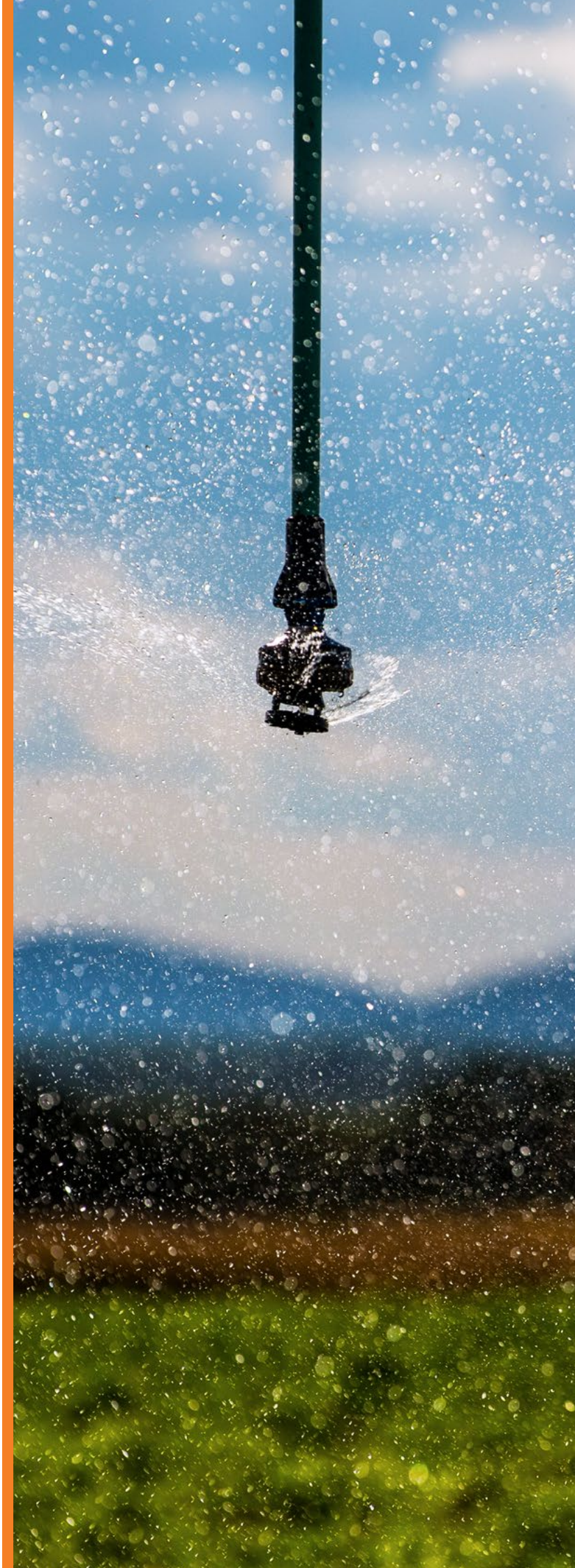
In June 2017, the Supervisory Board agreed to extend Mr Bruhn's service contract until 31 December 2020 on the same terms.

3
List of Companies and Branches in the Amatheon Group Including Country of Incorporation

- Amatheon Agri Holding N.V., the Netherlands
- Amatheon Agri Holding N.V., Branch in Germany
- Amatheon Financing B.V., the Netherlands
- Amatheon Foundation gGmbH, Germany
- Amatheon Farming GmbH, Germany
- Amatheon Food GmbH, Germany
- Amatheon Trading GmbH, Germany
- Amatheon Agri Zambia Ltd, Zambia
- Amatheon Agri Uganda Ltd, Uganda
- Amatheon Agri Zimbabwe (Pvt) Ltd, Zimbabwe
- Kudzaivhu Farm (Pvt) Ltd, Zimbabwe
- Katonga Farm Ltd, Zambia
- The Real Meat Africa Company Ltd, Zambia
- More Beef Ltd, Zambia
- Buccamore Foods Ltd, Zambia
- Best Beef Company Ltd, Zambia
- Best Pork Company Ltd, Zambia

As at 31 December 2018, Mr Carl Heinrich Bruhn was the sole Managing Director of Amatheon Foundation gGmbH.

RISK ASSESSMENT



1
Pricing of Commodities

The pricing of the various commodities produced, chia, maize, soya, wheat and rice, is a key variable to the profitability of our business. In each of the countries we operate, the pricing is impacted by world market trends, local weather conditions and government interference through import/export bans.

By considering the maize harvest performance in Zambia and neighbouring countries the price of white maize fluctuated dramatically and the price of wheat fluctuated to a lesser extent. In Uganda, price fluctuations were less of a risk; we are able to exploit the recurring price fluctuations which are typical for a country which lacks adequate storage facilities.

Amatheon Agri uses its awareness of and engagement in regional production projections and demand to determine beneficial sale conditions and limit the risk of low sale prices.

Through the increase in planting of high value crop like chia, quinoa and potato, the product portfolio become more diversified. The price risk fluctuation of maize and soya has less impact on the Group. The Group continues to build up its trading department and also its storage capacity greatly benefiting our growth. The new product line provides us with access to the world wide market and protects our production from the risks associated with local markets.

2
Loss of Key Talent

Our farming operations are located in remote areas where attracting and retaining talent – in particular in Farm Management and Finance – is a constant challenge. The loss of key professionals can expose the Group to financial control risks. The recruitment and loss of senior management is also a risk since they are experts that guide the business to achieving its performance outcomes.

We mitigate these risks by ensuring a favourable working environment, clear career objectives, regular salary benchmarking as well as on the job training. Training and mentoring staff into senior roles creates a sustainable solution to staff turnover.

3
Political Stability in Emerging Economies

Our strategy highlights the heightened risks involved in operations in Africa and as such we seek to mitigate threats through geographic and sector diversification. In addition, our approach to execution minimizes our exposure through short reporting lines and strong operational involvement from the corporate centre.

Amatheon Agri only enters a country after careful consideration of the country's risks and mitigation strategies. We cannot fully exclude the risk of political instability or government interference having an impact on the business and therefore take steps to mitigate the risks. For example, we keep governments abreast of our business plans and gain their acknowledgement and support for expansion of our activities.

For more specific risks like the risk of government interference in grain prices or import bans, we keep on top of developing policy and in some cases stockpile key imported inputs to ensure continuity of production. One example is our acute monitoring of the political developments in Zimbabwe, such as the change of government ministers and the 2018 national elections. Changes in policies, such as those regarding indigenisation, signal positive change for foreign investment in future.

Reputational and political risks mitigated by carefully vetting partners and projects to avoid political or reputational exposure.

We also place high value on stakeholder engagement as a means to safeguard our reputation and operations. Our sustainable approach to business and our Code of Business Conduct is heavily embedded in all our activities to ensure continuance of our good reputation within and outside the operating countries.

We have furthermore strengthened our governance structure with the introduction of a Supervisory Board that will help to oversee our risk management through the quarterly review of our risk matrix.

4
Environmental & Agricultural

The Group still has a water access risk because of the weather conditions. As such the Group has taken steps to mitigate the risk to its financial outcomes. Firstly, alternative, high value crops are being considered which can better utilise the available water without significant impact to revenues. Secondly, further boreholes are being considered to supplement rainfed crops and the reduced capacity of the two dams in Zambia.

The water shortage has also resulted in electricity shortages in Zambia which has meant higher costs to the businesses through generator usage. The Group is constantly on the lookout for renewable energy solutions to reduce the reliance on grid electricity and generators. This is a long-term solution that will greatly benefit the business and mitigate future energy risks.

Agricultural operations use a great deal of natural resources, and they have a strong link with rural societies and the environment. Exposure to adverse effects and impacts such as those emerging from climate change could present great challenges to the countries' food security and the Company´s profit outcome. Amatheon Agri works to improve distribution and efficiency in the local communities, enhance the crop production scheme through efficient resource usage, achieve increases in yields, and reduce crop losses.

5
Foregin Exchange Exposure

All our operations have costs and financing denominated in a mixture of euro, US dollars and local currency. The devaluation of the Zambian Kwacha ("ZMW") in 2018 saw a negative impact on the foreign exchange losses of the subsidiaries, however in the consolidated annual statement the losses from devaluation of local currency were reclassified from P&L to other comprehensive income (equity).

Despite the stabilisation of the ZMW in 2018, the weaker ZMW value still impacted revenues of the ZMW-based meat group. To mitigate this risk, the meat group has sought to strengthen sales in bulk and lower market prices.

The devaluation of the ZMW has had less of an impact on the revenues of the Zambian farming business as most of the cropping business is USD linked.

The Group has been tackling the foreign exchange exposure by converting USD and EUR loans into local currency loans or into equity. The hedging facilities offered by banks were found to be prohibitively expensive so this mitigation measure was not taken.

In future, geographic diversification will also further reduce our economic foreign exchange exposure

6
Credit Risk

Credit risk is the risk that any counterparty will default on its contractual obligations resulting in financial loss to the Group. A policy implemented by the Group is to only engage in activities with reputable well-established banks and financial institutions. In addition, the credit quality of the customer is assessed, considering its financial position, past experience and other factors. In our trading operations, credit risk is minimal as virtually all sales are paid on delivery.

As referred to in Note [25], during 2018 the Group has experienced delays in drawing down its investment in a UK-regulated financial institution. This led the Boards to view the balance as an investment rather than a cash equivalent therefore clarifying the risk attached to this amount.

At the start of 2019 the Group received the money from this investment, for this reason the investment was reclassified at the end of 2018 from investment to cash and cash equivalents.

The cash received lead to the write up of the investment in 2018, which was originally written off in 2015.

Further, the Boards will continue to monitor this risk to determine whether further actions are necessary to secure the Group's investment and mitigate any risk to the Group's immediate liquidity.

7
Liquidity & Cash Flow Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they come due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate number of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains funding flexibility by maintaining availability under committed credit lines. Management performs cash flow forecasting and monitors the rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs while at all times maintaining sufficient capacity in its undrawn committed borrowing facilities (Note [33]) so that the Group does not exceed the borrowing limits on any of its facilities. The Group's approach when managing liquidity is to ensure that it will always have sufficient liquidity to meet its obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The EUR 93.2 million bond will mature in July 2019. The management has already taken steps to replace the bond with either a conversion into new ordinary shares or a refinancing with another debt instrument.

The Group is in a development stage and, therefore, had negative cash flows from operations in 2017 and 2018. Measures such as the successful EUR 10 million capital increase in 2017 at Ametheon Agri Holding N.V. as well of a sale of an equity stake in an operational vehicle and continual drawdowns from its investment with a UK-regulated financial institution will secure the Group's cash requirements for operational and investment activities for the coming 18 months. As such, the Boards believe the Group has sufficient cash to run the operations for more than twelve months from the date of authorisation by the Boards of these financial statements and therefore believes the financial statements were prepared under the principle of going concern as described more fully in Note [2.2.]. Nevertheless, should the sale of a stake in an operational company not occur, there is still a large risk to the ongoing liquidity and financial stability of the Group.

8
IT Systems Failure

Amatheon Agri's Information Technology ("IT") infrastructure was centralised in 2015 where a uniform Enterprise Resource Planning System is now fully operational in all companies. Integration work relating to costing, sourcing as well as business related management reporting was fully operational in the farming businesses in 2018 and continues to be implemented in the meat group.

Turnover of key finance and administration management remains a risk to the effective use of sophisticated systems in the short-term, however centralised training and support will mitigate this risk.

RISK APPETITE

All significant risks, to which the Group can be and/or is exposed, are identified and assessed – by internal managers and by the Boards. The Group and Boards accept an above average level of risk as a prerequisite for achieving the Group's strategic objectives and financial targets. Both the geography and the long-term nature of the investments create unavoidably a risk profile that requires a higher level of risk appetite from investors.

Each quarter the Supervisory Board reviews and advises on a risk matrix presented to the Supervisory Board. The overall internal risk management system is reviewed periodically by the Boards.

Within our risk management and internal control framework, we have differing risk appetites depending on the type of risk. For instance:

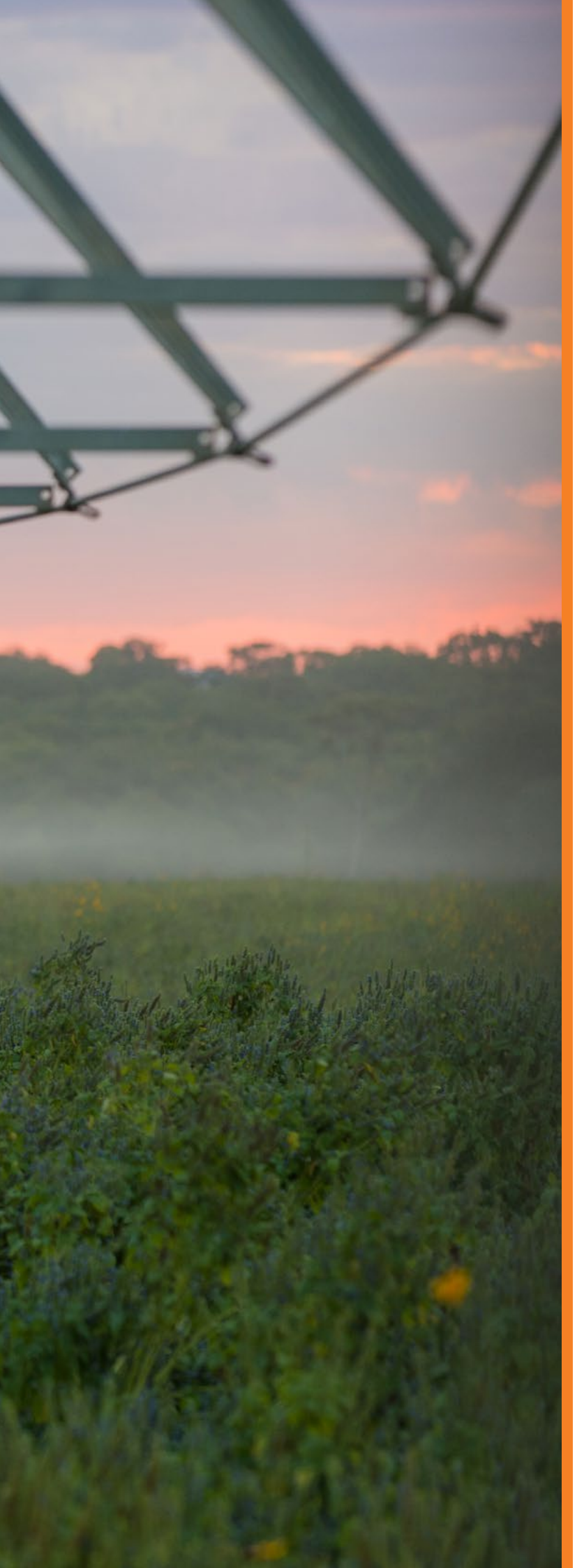
(A) Strategic risks:
Amatheon Agri aims to deliver on its strategic plans and priorities, and is willing to accept reasonable risks to achieve this.

(B) Operational risks:
Amatheon Agri faces operational challenges which require an appropriate level of management attention. The overall objective is to avoid risks that could negatively impact our goal to achieve operational efficiency and expansion.

(C) Financial risks:
Amatheon Agri's financial strategy is focused on building scale fast and thus requires an aggressive financing strategy with a high level of leverage, both at group and at individual operating level.

(D) Reputational risks:
Amatheon Agri is not willing to accept risks that could reasonably be assumed to damage its unique identity and good reputation.

(E) Legal and Regulatory risks:
Amatheon Agri is not willing to accept risks that could reasonably be found as being non-compliant with local and international laws and regulations of the markets in which we operate.



ASSUMPTION OF GOING CONCERN

This Annual Report has been prepared assuming that Amatheon will continue as a going concern, which assumes that the Group will be able to meet its obligations as and when they fall due. It has been audited and a disclaimer audit opinion issued based on the auditors not being able to satisfy themselves as to the going concern status of Amatheon.

As part of the assessment of the going concern assumption applied in the preparation of the financial statements, management has prepared the Group's cash flow forecasts from 1 July 2019 to 31 December 2020, including sensitivities. These forecasts represent management's best estimate of revenues and costs in the coming periods and include cash inflows from harvest sales in Africa and exported to Europe and meat sales in Zambia. Whilst these forecasts contain some uncertainties relating to future contracts, management remains confident that sufficient customer contracts will be secured to generate the Group's positive cash flows in 2020.

The key elements of the business plan until 2022 and 18-month cash plan, which support the application of the going concern assumption, are briefly outlined below:

a) Successful debt-to-equity swap of the EUR 93.2 million 2019 bond reducing all external debt at holding-level

b) Complete withdrawal of funds, including interest, held as an investment at a UK regulated financial institution providing immediate liquidity for the coming 18 months

c) EUR 10 million capital increase completed in December 2017

d) Securing of a working capital facility from an African bank in 2018

e) Successful harvest and sale of high-value crops in Uganda and Zambia providing significantly higher margins and cashflows

f) Contribution of small-scale farmers of high-value crops to trading margins

g) Sale of a stake in one of the Group's operational farming business

h) Business performance: improvement in operating performance compared with previous years since 2016.

i) Reduction of operating costs: as the group matures, processes and skills are consolidated, resulting in significant reduction in indirect costs and financial independence of individual operations.

With the elimination of all external debt at the holding-level of the Group, this provides significant positive equity and removes cash restraints on the Group's businesses. Without these borrowing costs, the Group expects positive and self-sustaining cashflows from its current operations. This debt-to-equity swap also confirms investors' confidence in Amatheon's business.

Taking into account the above elements, the valuation principles of assets and liabilities are based on the going concern assumption.

FINANCIAL STATEMENTS 2018

Amatheon Agri Holding N.V.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
in kEUR	**Note**	**2018**	**2017**
Revenue	**7**	**23,385**	**28,700**
Change in biological assets due to fair value measurement	8	(437)	(1,366)
Cost of sales	9	(21,918)	(26,352)
Gross result		**1,030**	**983**
Distribution costs	10	(466)	(739)
Administrative expenses	11	(9,828)	(11,501)
Other income	13	2,876	1,982
Other expenses	14	(1,247)	(2,694)
Operating loss		**(7,634)**	**(11,969)**
Finance income	15	14,198	259
Finance costs	15	(4,838)	(6,135)
Finance costs - net	**15**	**9,360**	**(5,876)**
Loss before income tax		**1,726**	**(17,845)**
Income tax expenses	16	(115)	(115)
Loss for the period		**1,611**	**(17,960)**
Attributable to :			
Owners of the parent		1,990	(15,127)
Non-controlling interests		(380)	(2,833)
Profit (loss) for the period		**1,611**	**(17,960)**
Items that may be subsequently reclassified to profit and loss			
Currency translation differences		(5,422)	(5,348)
Other comprehensive income for the period, net of tax		**(5,422)**	**(5,348)**
Total comprehensive income for the period		**(3,811)**	**(23,308)**
Attributable to :			
Owners of the parent		(4,528)	(19,976)
Non-controlling interests		716	(3,332)
Basic and diluted earnings per share from operations attributable to owners of the parent during the year		0.02	(0.18)

Notes 1 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

		As at 31 December	
in kEUR	Note	2018	2017
Assets			
Non-current assets			
Property, plant and equipment	19	41,479	48,868
Intangible assets	20	2,467	2,917
Goodwill	20	1,612	1,832
Biological assets	8	248	367
Prepayments and other assets	22	697	12,359
Total non-current assets		**46,503**	**66,342**
Current assets			
Inventories	23	2,746	3,216
Biological assets	8	1,776	1,978
Tax receivables	24	2,968	2,650
Trade and other receivables	25	2,316	3,919
Cash and cash equivalents	26	19,037	4,526
Total current assets		**28,843**	**16,288**
Total Assets		**75,345**	**82,630**

Equity and liabilities			
Equity			
Ordinary shares	28.1	10,606	10,606
Share premium	28.1	70,726	66,837
Other reserves	28.2	(18,152)	(11,634)
Losses carried forward		(97,781)	(79,974)
Profit/Loss for the period		4,671	(15,127)
Total equity attributable to owners of the parent		(29,931)	(29,293)
Non-controlling interests	28.3	(4,479)	(1,306)
Total equity		**(34,410)**	**(30,599)**
Liabilities			
Non-current liabilities			
Borrowings	32	884	93,039
Total non-current liabilities		**884**	**93,039**
Current liabilities			
Trade and other payables	31	13,726	16,255
Borrowings	32	94,492	3,394
Provisions for share-based payments	30	653	541
Total current liabilities		**108,871**	**20,190**
Total liabilities		**109,755**	**113,229**
Total equity and liabilities		**75,345**	**82,630**

Notes 1 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent						
2018 in kEUR	Note	Ordinary shares	Share premium	Currency translation	Losses carried forward	Total	Non-controlling interests	Total Equity
1 January 2018		**10,606**	**66,837**	**(11,634)**	**(95,101)**	**(29,293)**	**(1,306)**	**(30,599)**
Loss for the period		0	0	0	4,500	4,500	(2,890)	1,611
Other comprehensive income for the period, net of tax				(6,518)	0	(6,518)	1,096	(5,422)
Total comprehensive income for the period		**0**	**0**	**(6,518)**	**4,500**	**(2,018)**	**(1,794)**	**(3,811)**
Capital increase of subsidiaries	28	0	3,890	0	(2,510)	1,380	(1,380)	0
Total contributions by and distribution to owners of the parent		**0**	**3,890**	**0**	**(2,510)**	**1,380**	**(1,380)**	**0**
31 December 2018		**10,606**	**70,726**	**(18,152)**	**(93,111)**	**(29,931)**	**(4,479)**	**(34,410)**

In 2018 at AAZim and RMA the minority shareholders were diluted, that leads to restructuring of losses carried forward from “Non-controlling interest” to equity attributable to owners of the parent.

Notes 1 to 35 are an integral part of these consolidated financial statements.

		Attributable to owners of the parent						
2017 in kEUR	**Note**	**Ordinary shares**	**Share premium**	**Currency translation**	**Losses carried forward**	**Total**	**Non-controlling interests**	**Total Equity**
1 January 2017		**8,549**	**58,902**	**(6,786)**	**(79,974)**	**(19,309)**	**2,026**	**(17,282)**
Loss for the period		0	0	0	(15,127)	(15,127)	(2,833)	(17,960)
Other comprehensive income for the period, net of tax				(4,849)	0	(4,849)	(499)	(5,348)
Total comprehensive income for the period		**0**	**0**	**(4,849)**	**(15,127)**	**(19,976)**	**(3,332)**	**(23,308)**
Capital increase of parent	28	2,056	7,935	0	0	9,992	0	9,992
Total contributions by and distribution to owners of the parent		**2,056**	**7,935**	**0**	**0**	**9,992**	**0**	**9,992**
31 December 2017		**10,606**	**66,837**	**(11,634)**	**(95,101)**	**(29,293)**	**(1,306)**	**(30,599)**

On 19th December 2017, Amatheon Agri Holding N.V. completed a capital increase through the issue of 20,562,769 new shares to Sapinda Holding B.V. for a total subscription price of EUR 9,999,999.03. The transaction costs for capital increase (kEUR 8,431) are deducted from share capital movement.

Notes 1 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

in kEUR	Note	Year ended 31 December 2018	2017
Cash flow statement			
Cash flow from operating activities			
Profit or loss before income tax		1,726	(17,845)
Adjustments for:			
Depreciation	19	1,927	2,002
Amortisation	20	208	205
Foreign exchange losses/gains		(1,537)	1,271
Translation differences		156	0
Finance costs - net	15	(9,360)	5,876
Change in fair value of biological assets	8	439	1,366
Purchase/growing/harvesting cost of biological assets	8	405	1,099
Income from the disposal of fixed assets	19	(37)	(26)
Change of provisions		197	48
Changes in working capital:			
Change of trade and other receivables	25	748	14,584
Change of trade and other payables	31	(838)	(3,330)
Change of inventories	23	208	1,675
Cash used in operations		**(5,760)**	**6,925**
Interest received		14,198	259
Interest paid		(3,673)	(1,643)
Taxes paid		(968)	692
Net cash used in operating activities		**3,797**	**6,233**
Cash flow from investing activities			
Investments in tangible assets	19	(511)	(2,829)
Investments in intangible assets	20	(86)	(59)
Investments in prepayments and other assets	22	11,662	(11,717)
Disposal of fixed assets	19	372	617
Net cash used in investing activities		**11,438**	**(19,987)**

Cash flow from financing activities			
Proceeds from issuance of ordinary shares	28	0	9,992
Proceeds from borrowings		531	0
Redemption of borrowings		(1,100)	0
Proceeds from non-convertible bond		(262)	0
Net cash generated from financing activities		**(831)**	**9,992**
Net decrease/increase in cash and cash equivalents		**14,404**	**2,238**
Cash and cash equivalents at the beginning of the period		4,526	2,057
Foreign exchange losses on cash and cash equivalents		109	232
Cash and cash equivalents at the end of the period		**19,039**	**4,526**

Notes 1 to 35 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements and company financial statements for Amatheon Agri Holding N.V. were prepared by the Management Board of the Company and are unaudited due to the delays in acquiring an auditor's statement for 2015. Once the auditor's statements are obtained for the 2015, 2016, 2017, and 2018 financial years, the Supervisory Board will authorise these 2018 statements. These statements are also subject to adoption by the Annual General Meeting of Shareholders.

1. GENERAL INFORMATION

Amatheon Agri Holding N.V. (the "Parent" or the "Company" or "AAH") and its subsidiaries (together the "Group" or "Amatheon") is a farming, trading and food group developing sustainable projects in Sub-Saharan Africa. The Group operates in Europe and Africa.

The Company was incorporated on the 19th of December 2011 as a public limited company under Dutch law (*naamloze vennootschap*). The Company has its official seat in Amsterdam, the Netherlands; its office address is Friedrichstraße 95, 10117 Berlin, Germany, and it is registered in the Commercial Register (*Kamer van Koophandel* in Amsterdam under number 54152038 and Amtsgericht Charlottenburg in Berlin under the number HRB 142605 B). The Company conducted a Qualified Public Offering ("QPO") and was listed on the Euronext Access (former Euronext Paris Marche Libre) in Paris on the 4 February 2013.

The list of all companies belonging to the Group is disclosed in note 5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee ("IFRS IC") as adopted by the European Union as well as applicable Dutch law. The measurement basis applied is the historical cost basis, except for biological assets, which have been measured at fair value.

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

2.2. ASSUMPTION OF GOING CONCERN

This Annual Report has been prepared assuming that Amatheon will continue as a going concern, which assumes that the Group will be able to meet its obligations as and when they fall due. It has been audited and a disclaimer audit opinion issued based on the auditors not being able to satisfy themselves as to the going concern status of Amatheon.

As part of the assessment of the going concern assumption applied in the preparation of the financial statements, management has prepared the Group's cash flow forecasts from 1 July 2019 to 31 December 2020, including sensitivities. These forecasts represent management's best estimate of revenues and costs in the coming periods and include cash inflows from harvest sales in Africa and exported to Europe and meat sales in Zambia. Whilst these forecasts contain some uncertainties relating to future contracts, management remains confident that sufficient customer contracts will be secured to generate the Group's positive cash flows in 2020.

The key elements of the business plan until 2022 and 18-month cash plan, which support the application of the going concern assumption, are briefly outlined below:

a) Successful debt-to-equity swap of the EUR 125 million 2019 bond reducing all external debt at holding-level

b) Complete withdrawal of funds, including interest, held as an investment at a UK regulated financial institution providing immediate liquidity for the coming 18 months

c) EUR 10 million capital increase completed in December 2017

d) Securing of a working capital facility from an African bank in 2018

e) Successful harvest and sale of high-value crops in Uganda and Zambia providing significantly higher margins and cashflows

f) Contribution of small-scale farmers of high-value crops to trading margins

g) Sale of a stake in one of the Group's operational farming business

h) Business performance: improvement in operating performance compared with previous years since 2016.

i) Reduction of operating costs: as the group matures, processes and skills are consolidated, resulting in significant reduction in indirect costs and financial independence of individual operations.

With the elimination of all external debt at the holding-level of the Group, this provides significant positive equity and removes cash restraints on the Group's businesses. Without these borrowing costs, the Group expects positive and self-sustaining cashflows from its current operations. This debt-to-equity swap also confirms investors' confidence in Amatheon's business.

Taking into account the above elements, the valuation principles of assets and liabilities are based on the going concern assumption.

2.3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(i) **New and amended standards and interpretations adopted by the Group.**

Topic	Key requirements	Effective for periods beginning on or after	Impact on the group
Recognition of deferred tax assets for unrealised losses – Amendments to IAS 12	Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that: – A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. – An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit. – Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type. – Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.	1 January 2017	No
Disclosure Initiative – Amendments to IAS 7	Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as reconciliation from opening and closing balances, but a specific format is not mandated.	17 January2017	No
Annual improvements 2014-2016 cycle: Amendments to IFRS 12	The amendments clarify that the disclosure requirements of IFRS 12 apply to interests in entities that are classified as held for sale, except for the summarised financial information.	1 January 2017	No

IFRS 9 Financial Instruments and associated amendments to various other standards	IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value. All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss). For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss. The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce: – a third measurement category (FVOCI) for certain financial assets that are debt instruments – a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.	1 January 2018	Yes

	For financial years commencing before 1 February 2015, entities could elect to apply IFRS 9 early for any of the following: - the own credit risk requirements for financial liabilities - classification and measurement (C&M) requirements for financial assets - C&M requirements for financial assets and financial liabilities, or - C&M requirements for financial assets and liabilities and hedge accounting.		
IFRS 15 Revenue from contracts with customers and associated amendments to various other standards	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised: – identify contracts with customers – identify the separate performance obligation – determine the transaction price of the contract – allocate the transaction price to each of the separate performance obligations, and – recognise the revenue as each performance obligation is satisfied. Key changes to current practice are: – Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal. – The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa. – There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few. – As with any new standard, there are also increased disclosures.	1 January 2018	No

	These accounting changes may have flow-on effects on the entity's business practices regarding systems, process and control and controls, compensation and bonus plans, contracts, tax planning and investor communications. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.		
Classification and measurement of share-based payment transactions – Amendments to IFRS 2	The amendments made to AASB 2 in July 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in AASB 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature. Entities with the following arrangements are likely to be affected by these changes: – equity-settled awards that include net settlement features relating to tax obligations – cash-settled share-based payments that include performance conditions, and – cash-settled arrangements that are modified to equity-settled share-based payments.	1 January 2018	No
Applying IFRS 9 Financial instruments with IFRS 4 insurance contracts -Amendments to IFRS 4	In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.	1 January 2018 or when the entity first applies IFRS 9	No
Annual improvements 2014-2016 cycle	The following improvements were finalised in December 2016: – IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. – IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.	1 January 2018	No

Transfers of investment property – Amendments to IAS 40	The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle. The Board provided two option for transition: – prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or – retrospectively - only permitted without the use of hindsight. Additional disclosures are required if an entity adopts the requirements prospectively.	1 January 2018	Yes
Interpretation 22 Foreign currency transactions and advance consideration	The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. Entities can choose to apply the interpretation: – retrospectively for each period presented – prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or – prospectively from the beginning of a prior reporting period presented as comparative information.	1 January 2018	Yes

(ii) New standards and interpretations that have not yet taken effect and have not been adopted by the Group

As at 30 June 2018, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 December 2017. These have not been applied by the Group. None of these are expected to have a significant effect on the financial statements of the Group.

Topic	Key requirements	Effective for periods beginning on or after
IFRS 16 Leases	IERS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IEFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFERS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IEFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following: – Whether an entity considers uncertain tax treatments separately – The assumptions an entity makes about the examination of tax treatments by taxation authorities – How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates – How an entity considers changes in facts and circumstances	1 January 2019

	An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.	
IFRS 9: Prepayment Features with Negative Compensation	Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.	1 January 2019
IFRS 17 Insurance contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: – discounted probability-weighted cash flows – an explicit risk adjustment, and – a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.	1 January 2021

IAS 19: Plan Amendment, Curtailment or Settlement	The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to: – Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event – Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset). The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.	1 January 2019
IAS 28: Long-term interests in associates and joint vent ures	The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments a lso clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 investments in Associates and Joint Ventures.	1 January 2019
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures*. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.	n/a

Annual improvements 2015-2017 cycle: Amendments to: IFRS 3 Business combinations and IFRS 11 Joint arrangements;	IFRS 3 and 11 The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.	1 January 2019
IAS 12 Income taxes;	The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.	1 January 2019
IAS 23 Borrowing costs	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings.	1 January 2019

2.4. CONSOLIDATION

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Group.

2.5. BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2.6. SEGMENT REPORTING

Operational segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The CEO has been identified as the chief operating decision-maker who is responsible for the allocation of resources and the assessment of the performance of the operational segments. In 2015, the Group disclosed segment information for the reportable segments "Farming" and "Food". More information on segment reporting is disclosed in note 6.

2.7. FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). AAH, AFa, AT, AFo, AFin, and AFn use the Euro (EUR) as their functional currency, while AAZ, KF, RMA, BB, BP, MB, and BF use the Zambian Kwacha (ZMW), AAU uses the Ugandan Shilling (UGX), and AAZim together with KuFL use the US Dollar (USD) as their functional currency, respectively. The consolidated financial statements are presented in Euro, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items were recalculated. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of comprehensive income within other expenses. Differences resulting from the translation of financial assets and liabilities on the balance sheet date are included in other comprehensive income, if settlement is neither planned nor likely to occur in the foreseeable future.

(c) Group companies

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

1. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
2. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
3. All resulting exchange differences are recognised as a reserve in equity.

2.8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is shown at historical cost less depreciation, if applicable. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

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

Leasehold land is not depreciated. The directors believe that the residual value of leasehold land is greater than the carrying amount and as such no depreciation charge has been recorded in respect of leasehold land in the current and prior year. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives, as follows:

Buildings	8-50 years
Technical equipment and machines	5-15 years
Furniture, fixtures and other equipment	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other expenses' in the consolidated statement of comprehensive income.

2.9. INTANGIBLE ASSETS

(a) Goodwill

Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They are subsequently carried at cost less accumulated amortisation and impairment losses.

The amortisation for customer relations was calculated based on the remaining period of agreements. A useful life of 5 years was determined for brands which will remain in use but will not be actively developed.

An infinite useful life was determined for the brands which will be further developed and invested into to strengthen the Group´s positioning on the market.

(c) Computer software

Computer software is valued at historical cost less amortisation. Amortisation of computer software is calculated using the straight-line method to allocate the cost or re-value amounts to their residual values over their estimated useful lives of 3-5 years. Amortisation is assigned in the income statement to administrative expenses.

2.10. IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11. BIOLOGICAL ASSETS

Biological assets comprise of growing crops, eucalyptus, and livestock (note 8). Biological transformation comprises the processes of growth, degeneration, production, and procreation. These processes cause qualitative or quantitative changes in biological assets.

Livestock is measured at fair value less estimated costs to sell, based on market prices of animals of similar age, breed and genetic merit with adjustments, where necessary, to reflect the differences. Livestock is not depreciable. Costs to sell include the incremental selling costs, including auctioneers' fees and commissions paid to brokers and dealers. All changes in biological assets are recognised in the consolidated statement of comprehensive income in the year in which they arise.

The crops, eucalyptus as well as livestock are recorded at fair value less cost to sell. Immature plants at an early stage of their development are recorded at cost which is approximately comparable to the fair value. Growing crops are not depreciated. Because of the early stage in the life of growing crops and eucalyptus, little biological transformation has taken place since the initial costs were incurred.

All costs of breeding, planting, upkeep and maintenance of biological assets are recognised in profit or loss within 'Cost of Sales' in the period in which they were sold.

2.12. CURRENT AND DEFERRED INCOME TAXES

The tax income and expenses for the period include current and deferred taxes. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity.

Current income tax charge is calculated on the basis of the tax laws enacted, or substantively enacted on the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

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

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

2.13. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined by using the weighted average cost method (WAC) less a provision for write-offs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of crops transferred from biological assets to inventory is at fair value, less the cost to sell at the date of harvest.

2.14. FINANCIAL ASSETS

Financial assets and liabilities are recognised on the Group's consolidated balance sheet when the Group becomes a party to the contractual provision of the instrument.

2.14.1. CLASSIFICATION

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

2.14.2. RECOGNITION AND MEASUREMENT

Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

2.14.2.1 TRADE AND OTHER RECEIVABLES

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities longer than 12 months after the end of the reporting period, which are classified as non- current assets.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group for a period of greater than 1 year past due.

2.14.2.2 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held on call with banks and financial institutions as well as short-term bank deposits.

2.14.3. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset, and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14.4. IMPAIRMENT

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

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

2.15. FINANCIAL LIABILITIES

The Group classifies all of its financial liabilities in the category "trade and other payables and borrowings". Liabilities are classified as current if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.15.1. TRADE AND OTHER PAYABLES

Trade and other payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business.

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

2.15.2. BORROWINGS

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

2.16. EQUITY

Issued shares are classified as “ordinary shares” in equity.

Share premium shows the difference between the nominal value and market value of ordinary shares as well as other contributions by shareholders, for which no additional shares are issued. Incremental costs directly attributable to the issuance of new ordinary shares or options are shown under share premium as a deduction, net of tax, from the proceeds.

Other reserves include the reserve for currency translation.

2.17. EMPLOYEE BENEFITS

2.17.1. RETIREMENT BENEFIT OBLIGATIONS

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

2.17.2. PROFIT-SHARING AND BONUS PLANS

The Group recognises liabilities and expenses for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged.

2.17.3. SHARE-BASED PAYMENTS

AAZ operates cash-settled, share-based compensation plans, under which the entity receives services from directors, employees and consultants.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee for the entirety of a specified time period);
- including the probability that the options will vest;
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances, employees may provide services in advance of the grant date, and therefore the fair value at the end of the reporting year is estimated for the purposes of recognising the expense during the period between the service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. Further, options are re-evaluated. The impact is recognised under profit and loss.

2.18. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

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

2.19. REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax, during the year.

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

Sales of goods are recognised in the period in which the Company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customer.

2.20. PRESENTATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The consolidated statement of comprehensive income is prepared according to the "cost of sales" method (function of expenses method). This method indicates expenses according to functional areas (manufacture, administration, distribution). In addition, revenues are matched solely against those production costs, which were causal to the particular revenue.

2.21. INTEREST INCOME AND INTEREST COST

Interest expense and income are recognised using the effective interest method.

2.22. LEASING

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All lease agreements are classified as operating leases in the Group. Costs are charged to the consolidated statement of comprehensive income.

2.23. ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Euro (kEUR) unless otherwise stated.

3. FINANCIAL RISK MANAGEMENT

3.1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks through its financial assets and financial liabilities. The most important risks include price risk, foreign exchange exposure, credit risk as well as liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group did not use any derivative financial instruments during fiscal years 2017 or 2018.

Financial risk management is executed by the Board of Directors and under the supervision of the Supervisory Board. Management judgement and estimates are based on historical experience and other assumptions which are considered to be reasonable being under constant review.

3.1.1. MARKET RISK

The Group is focused on operations in Sub-Saharan Africa. These markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Emerging economies such as Zambia, Uganda and Zimbabwe are subject to rapid changes.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Zambian Kwacha (ZMW), Uganda Shilling (UGX), the US Dollar (USD) and the Euro (EUR). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations. The Group is reducing its exposure to this risk, at least in the short term, by diversifying its currency portfolio among the different countries in which it operates and, as far as possible, removing foreign currency loans through debt conversions and replacing with local currency loans. Management's policy in managing foreign exchange risk is to hold foreign currency bank accounts, which act as a natural hedge for purchases of imported raw materials.

As at the 31st of December 2018, the Group carried some loans in US Dollar.

RMA was granted with a loan from the FNB Bank in US Dollar of an amount of kUSD 462. Additionally, AAZ was granted with a bank loan as well in US Dollar of an amount of kUSD 550.

The major part of intercompany financing is organised in Euro, hence local companies have to record exchange gains/losses based on foreign currency differences when applicable. The gains/losses on the currency exchange gains/losses (EUR/ZMW, USD/ZMW, EUR/UGX and EUR/USD) are included in the consolidated statement of comprehensive income. The Group reduces this financial risk by increasing the proportion of equity financing, where applicable.

As at the 31st of December 2018, if the ZMW currency had weakened by 5% against the Euro with all other variables held constant, comprehensive income and equity would have been kEUR 3,026 (2017: kEUR 4,037) lower, mainly as a result of Euro denominated borrowings.

As at the 31st of December 2018, if the UGX currency had weakened by 5% against the Euro with all other variables held constant, comprehensive income and equity would have been kEUR 65 (2017: kEUR 1,211) lower, mainly as a result of Euro denominated borrowings.

As at the 31st of December 2018, if the ZMW currency had weakened by 5% against the USD with all other variables held constant, comprehensive income and equity would have been kEUR 305 (2017: kEUR 520) lower, mainly as a result of US dollar denominated borrowings and bank balances.

As at the 31st of December 2018, if the USD currency had weakened by 5% against the EUR with all other variables held constant, comprehensive income and equity would have been kEUR 198 (2017: kEUR 191) lower, mainly as a result of Euro dollar denominated borrowings and bank balances.

(b) Price Risk

The pricing of the various commodities produced, chia, maize, soya, wheat and rice, is a key variable to the profitability of our business. In each of the countries we operate, the pricing is impacted by world market trends, local weather conditions and government interference through import/export bans.

By considering the maize harvest performance in Zambia and neighbouring countries the price of white maize fluctuated dramatically and the price of wheat fluctuated to a lesser extent. In Uganda, price fluctuations were less of a risk; we are able to exploit the recurring price fluctuations which are typical for a country which lacks adequate storage facilities.

Amatheon Agri uses its awareness of and engagement in regional production projections and demand to determine beneficial sale conditions and limit the risk of low sale prices.

Through the increase in planting of high value crop like chia, quinoa and potato, the product portfolio become more diversified. The price risk fluctuation of maize and soya has less impact on the group. The Group continues to build up its trading department and also its storage capacity greatly benefiting our growth. The new product line provides us with access to the world wide market and protects our production from the risks associated with local markets.

(c) Cash flow and fair value interest rate risk

The Group faces no interest rate risk from borrowings because the interest rates are fixed. Therefore, interest rate risk is currently negligible. The Group regularly monitors available financing options to ensure optimum interest rates are obtained. Future financing activities are planned to have fixed interest rates.

3.1.2. CREDIT RISK

Credit risk is the risk that any counterparty will default on its contractual obligations resulting in financial loss to the Group. A policy implemented by the Group is to only engage in activities with reputable well-established banks and financial institutions. In addition, the credit quality of the customer is assessed, considering its financial position, past

experience and other factors. In our trading operations, credit risk is minimal as virtually all sales are paid on delivery. As of 31 December 2018, there was a concentration of credit risk because EUR 15 million (2017: EUR 12 million) of cash holdings are held with one financial institution.

As referred to in Note 25, during 2018 the Group has experienced delays in drawing down its investment in a UK-regulated financial institution. This led the Boards to view the balance as an investment rather than a cash equivalent therefore clarifying the risk attached to this amount.

At the start of 2019 the Group received the money from this investment, for this reason the investment was reclassified at the end of 2018 from investment to cash and cash equivalents.

The cash received lead to the write up of the investment in 2018, which was originally written off in 2015.The Boards have continued to take the necessary steps to drawing down this account on a recurrent basis.

Further, the Boards will continue to monitor this risk to determine whether further actions are necessary to secure the Group's investment and mitigate any risk to the Group's immediate liquidity.

3.1.3. LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they come due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate number of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains funding flexibility by maintaining availability under committed credit lines. Management performs cash flow forecasting and monitors the rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs while at all times maintaining sufficient capacity in its undrawn committed borrowing facilities (Note 33) so that the Group does not exceed the borrowing limits on any of its facilities. The Group's approach when managing liquidity is to ensure that it will always have sufficient liquidity to meet its obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The 93.2 mEUR bond will mature in July 2019. Management has taken steps to replace the bond with equity financing or refinance with another debt instrument.

The Group is in a development stage and, therefore, had negative cash flows from operations and investments in 2017 and 2018. Measures such as the successful EUR 10 million capital raise in 2017 in the Holding entity as well of a sale of an equity stake in an operational vehicle and continual drawdowns from its investment with a UK-regulated financial institution will secure the Group's cash needs for operational and investment activities for the coming 18 months. As such, the Boards believe the Group has sufficient cash to run the operations for more than twelve months from the date of authorisation by the Boards of these financial statements and therefore believes the financial statements were prepared under the principle of going concern as described more fully in Note 2.2.

Further, the Group has taken measures to mitigate liquidity risk from its investment holdings in a UK regulated financial institution by securing a guarantee for the investment.

2018 in kEUR	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Total
Trade and other payables	13,726	0	0	13,726
Borrowings	1,353	93,139	884	95,376
Total	**14,079**	**93,139**	**884**	**109,102**

2017 in kEUR	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Total
Trade and other payables	16,255	0	0	16,255
Borrowings	2,297	1,097	93,039	96,433
Total	**18,552**	**1,097**	**93,039**	**112,688**

3.1.4. AGRICULTURAL RISK

The Group still has a water access risk because of the weather conditions. As such the Group has taken steps to mitigate the risk to its financial outcomes. Firstly, alternative, high value crops are being considered which can better utilise the available water without significant impact to revenues. Secondly, further boreholes are being considered to supplement rainfed crops and the reduced capacity of the two dams in Zambia.

The water shortage has also resulted in electricity shortages in Zambia which has meant higher costs to the businesses through generator usage. The Group is constantly on the lookout for renewable energy solutions to reduce the reliance on grid electricity and generators. This is a long-term solution that will greatly benefit the business and mitigate future energy risks.

Agricultural operations use a great deal of natural resources, and they have a strong link with rural societies and the environment. Exposure to adverse effects and impacts such as those emerging from climate change could present great challenges to the countries' food security and the Company´s profit outcome. Amatheon Agri works to improve distribution and efficiency in the local communities, enhance the crop production scheme through efficient resource usage, achieve increases in yields, and reduce crop losses.

3.2. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may limit the amount of the dividends paid to shareholders, issue new bonds, or sell assets to reduce debt. There are no externally imposed capital requirements.

The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total debt divided by total equity and liabilities.

The debt ratio on the 31st of December was as follows:

	As at 31 December	
in kEUR	2018	2017
Total debt	109,755	113,229
Total equity and liabilities	75,345	82,630
Debt ratio	**146%**	**137%**

3.3. FAIR VALUE ESTIMATION

The fair value measurement is based on the fair value hierarchy, which results in a market-based, rather than entity-specific, measurement. The different levels of fair value disclosures are defined as follows:

Level 1: Quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

The fair values of the Group's biological assets are shown in note 8. The fair values of the Group's borrowings are disclosed in note 32.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.1. INVESTMENTS

In assessing the long-term investment at a UK-regulated financial institution management has considered the likelihood of recoverability. As at 31 December 2017 the balance of kEUR 11,675 is presented within trade and other receivables. In 2017, the Group experienced delays in drawdowns of its investment from the financial institution. This led the Boards to view the balance as an investment rather than a cash equivalent therefore clarifying the risk attached to this amount as explained in 3.1.2. Credit Risk.

Due to the delays experienced in drawdown from this investment, the Boards considered it necessary in 2015 to write down an amount of EUR 14 million, being approximately the 50% balance of the account at 31 December 2016, to adequately reflect the risk to this investment.

At the start of 2019 the Group received the money from this investment, for this reason the investment was reclassified at the end of 2018 from investment to cash and cash equivalents.

The cash received lead to the write up of the investment in 2018, which was originally written off in 2015. The Boards have continued to take the necessary steps to drawing down this account on a recurrent basis.

4.2. BIOLOGICAL ASSETS

In measuring the fair value of biological assets, management's estimates and judgements are required in order to determine the fair values. These estimates and judgements relate to market prices, average weight, the quality of the animals, and mortality rates.

(a) Livestock

The market price of livestock is obtained from the Zambia National Farmers Union website. The quality of livestock sold at the local market is considered to approximate the Group's breeding livestock.

Livestock grows at different rates. This can lead to a considerable spread in the quality and weight of animals, which affects the price achieved. An average weight is assumed for animals that are not yet at marketable weight.

(b) Crops and eucalyptus

The crops, eucalyptus as well as livestock were recorded at fair value less cost to sell. Immature plants at an early stage of their development are recorded at cost which is approximately comparable to the fair value. The cost of growing crops includes raw materials, labour, machinery, energy costs as well as allocated direct depreciation. The fair value of livestock is measured at fair value less cost to sell, based on market prices at auction of livestock of similar age, breed and genetic merit with adjustments, where necessary, to reflect the differences.

The carrying amounts of biological assets and key assumptions made in estimating these amounts are set out in Note 8.

4.3. USEFUL LIVES OF PLANT AND EQUIPMENT

The Group's management determines the estimated useful life and related depreciation charges for its plant and equipment. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful life is less than previously estimated life or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The Directors reviewed the residual values, useful lives, and carrying amounts of its equipment and other moveable assets to control the appropriate level of depreciation and to review whether there is any indication that these assets have suffered an impairment loss.

The Directors determined a residual value of zero, since equipment and other moveable assets are not held for trading and are normally scrapped at the end of their useful life.

The carrying amounts of property, plant and equipment as well as key assumptions made in estimating these amounts, are set out in note 19.

4.4. LAND

The Group accounts land at historical cost. The land is estimated to have a fair value above its historical cost and is therefore not subject to overvaluation. In the event that the value of the land changes due to any unforeseen events, management will write-down the land.

The carrying amounts of land and key assumptions made in estimating these amounts are set out in note 19.

4.5. USEFUL LIVES OF INTANGIBLE ASSETS

Group' management determines the estimated useful lives and related amortisation charges for its intangible assets. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives are less than previously estimated, or it will write-down technically obsolete or non-strategic assets that have been abandoned. The basis for calculation of useful life is described in note 2.9

4.6. INCOME TAX

The Group is subject to income taxes in various jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact the current and deferred income tax assets in the period in which the determination was made.

The carrying amounts for income tax liabilities and key assumptions made in estimating these amounts are found in Note 16.

5. SUBSIDIARIES

5.1. Overview

The Group had the following subsidiaries as at 31 December 2018:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent %	Proportion of ordinary shares held by group %	Proportion of ordinary shares held by non-controlling interests
Amatheon Farming GmbH (AFa)	Germany/ Germany	Formation of and participation in companies in the agricultural industry, including production and processing of agricultural products, raw products and plant foods as well as associated supervision and administration	100	100	0
Amatheon Food GmbH (AFo)	Germany/ Germany	Formation of and participation in companies in the industry of production and processing of plant and animal-derived foods and raw products as well as associated supervision and administration	100	100	0
Amatheon Trading GmbH (AT)	Germany/ Germany	Formation of and participation in companies in the industry of trading and distribution of plant and animal-derived foods and raw products and agricultural products as well as associated supervision and administration	100	100	0
Amatheon Foundation gGmbH (AFn)	Germany/ Germany	Planning and execution of charitable and cultural activities, distribution of scholarships, support of small-holders etc.	100	100	0

Amatheon Agri Zambia Ltd.(AAZ)	Zambia/ Zambia	Farming and marketing, business of commercial agriculture, agro-processing and mechanized agriculture, importing and selling agricultural equipment, machinery for use by commercial farmers	0	82%	18%
Amatheon Agri Uganda Ltd. (AAU)	Uganda/ Uganda	Farming and marketing, business of commercial agriculture, agro processing and mechanized agriculture, importing and selling agricultural equipment, machinery for use by commercial farmers	0,0012	100	0
Amatheon Agri Zimbabwe PVT LTD (AAZim)	Zimbabwe/ Zimbabwe	Farming and marketing, business of commercial agriculture, agro processing and mechanized agriculture, importing and selling agricultural equipment, machinery for use by commercial farmers	0	100	10
Kudzaivhu Farm Limited	Zimbabwe/ Zimbabwe	Commercial farming operations, crop production, animal husbandry and production of food stuffs.	0	100 %	0
Amatheon Financing BV (AFin)	The Netherlands/ The Netherlands	Borrowing, lending and raising funds, including but not limited to the issue and/or acquiring of bonds, on behalf of or to companies of the Amatheon Group	100	100	0
Katonga Farm Limited (KF)	Zambia/ Zambia	Farming and marketing, business of commercial agriculture, agro-processing and mechanized agriculture, importing and selling agricultural equipment, machinery for use by commercial farmers	0	71	29
Real Meat Company Ltd (RMA)	Zambia/ Zambia	Meat processing and slaughterhouses, producing and marketing meat products	0	99.02	0.98
Best Beef Company Ltd (BB)	Zambia/ Zambia	Meat processing and slaughterhouses, producing and marketing meat products	0	99.02	0.98
Best Pork Company Ltd (BP)	Zambia/ Zambia	Meat processing and slaughterhouses, producing and marketing meat products	0	99.02	0.98
More Beef Ltd (MB)	Zambia/ Zambia	Meat processing and slaughterhouses, producing and marketing meat products	0	99.02	0.98
Buccamore Food Ltd (BF)	Zambia/ Zambia	Meat processing and slaughterhouses, producing and marketing meat products	0	99.02	0.98

All subsidiary activities are included in the consolidation. The proportion of voting rights in the subsidiary that are held directly by the parent company does not differ from the proportion of ordinary shares held.

5.2. Significant Restrictions

The Zimbabwean Government imposes exchange control regulations which can affect the ability of investors to transfer cash from Zimbabwe. With the approval of AAZim's investment licence by the Zimbabwean Investment Authority and the registration of its loan from AFin, AAZim is able to repatriate loan interest and principal to the Netherlands. Thus, the Group has not experienced any significant restriction on its ability to access or use the assets and settle the liabilities of the Group in Zimbabwe.

The cash of Amatheon Foundation gGmbH as at 31 December 2018 of kEUR 9 (2016: kEUR 6) is restricted as it is a non-profit organisation which is governed by rules for charities, which include certain conditions limiting expenditures.

5.3. Summarised financial information on subsidiaries with material non-controlling

Below is the summarised financial information for entities which have material non-controlling interests in 2018 and 2017. In 2018 the RMG minority shareholders were diluted to less than 1 %.

Summarised balance sheet	As at 31 December 2018	
in kEUR	AAZ	KF
Non-current		
Assets	33,915	12,034
Liabilities	(53,685)	(3,930)
Total non-current net assets	**(19,770)**	**8,104**
Current		
Assets	9,909	4,682
Liabilities	(15,148)	(6,831)
Total current net assets	**(5,240)**	**(2,149)**
Total net assets	**(25,010)**	**5,955**

Summarised income statement	Year ended 31 December 2018	
in kEUR	AAZ	KF
Revenue	4,719	1,620
Loss before income tax	(11,505)	(1,678)
Income tax expenses	(115)	0
Other comprehensive income for the period, net of tax	3,400	(879)
Total comprehensive income for the period	(8,220)	(2,558)
Dividends paid to non-controlling interest	0	0

Summarised cash flows	Year ended 31 December 2018	
in kEUR	AAZ	KF
Cash flow from operating activities		
Cash used in operations	233	75
Interest paid	232	116
Net cash used in operating activities	320	227
Cash flow from investing activities	(765)	(27)
Cash flow from financing activities	580	(198)
Net decrease/increase in cash and cash equivalents	**134**	**1**
Cash and cash equivalents at the beginning of the period	**244**	**4**
Foreign exchange losses on cash and cash equivalents	(15)	(0)
Cash and cash equivalents at the end of the period	**134**	**2**

Summarised balance sheet	As at 31 December 2017		
in kEUR	AAZ	KF	RMG
Non-current			
Assets	38,815	14,057	8,565
Liabilities	(52,545)	(3,751)	(421)
Total non-current net assets	**(13,730)**	**10,306**	**8,145**
Current			
Assets	9,386	3,204	3,225
Liabilities	(12,445)	(4,998)	(10,431)
Total current net assets	**(3,059)**	**(1,793)**	**(7,207)**
Total net assets	**(16,683)**	**8,512**	**938**

Summarised income statement	Year ended 31 December 2017		
in kEUR	AAZ	KF	RMG
Revenue	4,792	1,421	22,967
Loss before income tax	(14,768)	(983)	(3,327)
Income tax expenses	(119)	0	4
Other comprehensive income for the period, net of tax	2,020	(1,301)	(248)
Total comprehensive income for the period	(12,866)	(2,284)	(3,570)
Dividends paid to non-controlling interest	0	0	0

Summarised cash flows	Year ended 31 December 2017		
in kEUR	AAZ	KF	RMG
Cash flow from operating activities			
Cash used in operations	419	771	(3,035)
Interest paid	(4,741)	3	(754)
Net cash used in operating activities	(3,964)	816	(3,636)
Cash flow from investing activities	(1,672)	(790)	(27)
Cash flow from financing activities	5,415	(29)	4,060
Net decrease/increase in cash and cash equivalents	**(220)**	**(3)**	**397**
Cash and cash equivalents at the beginning of the period	**244**	**4**	**(2,485)**
Foreign exchange losses on cash and cash equivalents	(9)	(0)	282
Cash and cash equivalents at the end of the period	**15**	**1**	**(1,810)**

The information above is before inter-company eliminations.

6. SEGMENT INFORMATION

The Group provides information about its reportable segments "Farming" and "Food".

The Farming segment operates large-scale commercial farming in Zambia, Uganda and Zimbabwe. Operations in 2018 included crop production and the ranching of cattle. More information about the size of the operations can be found in note 8. The Farming segment includes the subsidiaries AAZ, AAU and AAZim.

The Food segment is a business unit including a number of meat processing and retailing companies in Zambia: Real Meat Africa Company Ltd, Best Beef Company Ltd, Best Pork Company Ltd, More Beef Ltd and Buccamore Foods Ltd.

The segment reporting is based on internal reporting to the CEO of the Group, who is responsible for the allocation of resources and the assessment of the segment's revenues. The segment information is based on IFRS.

The column "Head Office" includes operating activities of the Group's parent company AAH, the sub- holding companies AFa, AT, AFo as well as AFin and AFn, which are not part of the operating business of the Group. All holding companies carry out management functions and organise the financing for each production entity.

The column "Consolidation Adjustments" includes the elimination of transactions between the Food and Farming segments in revenue and cost of sales lines. Sales between segments are carried at arm's length. The eliminated intercompany sales of kEUR 519 (2017: kEUR 777) contain the livestock sales from the Farming to the Food segment.

All intercompany transactions after the gross profit line are transactions between Farming/Food segments and Head Office. These transactions include management fees and financing costs provided by Head Office.

The foreign exchange line includes the movement of unrealised foreign exchange losses from P&L to equity.

The profit or loss for segments is determined on the basis of gain or loss before income tax.

Segment revenues, assets and liabilities are items that are directly or reasonably attributable to the segment.

The reconciliation of the relevant segment information to the Group financials (profit and loss as well as balance sheet) is presented in the following tables.

2018 in kEUR	Food	Farming	Head Office	Consolidation adjustments	Group
Revenue	17,329	6,574	0	(519)	23,385
Cost of sales	(16,920)	(5,517)	0	519	(21,918)
Gross result	**409**	**1,058**	**0**	**0**	**1,467**
Gross result margin (%)	2.4%	16.1%	0.0%	0.0%	6.3%
Distribution costs	(112)	(354)	0	0	(466)
Contribution margin	**298**	**704**	**0**	**0**	**1,002**
Contribution margin (%)	1.7%	10.7%	0.0%	0.0%	4.3%
Indirects	(2,714)	(2,740)	(3,519)	802	(8,170)
Adjust. CoS depreciation	232	119	0	0	352
Other income	815	688	1,251	(802)	1,953
EBITDA	**(1,368)**	**(1,229)**	**(2,267)**	**0**	**(4,864)**
Depreciation and Amortisation	(566)	(1,867)	(54)	0	(2,487)
EBIT (excl. ForEx)	**(1,934)**	**(3,096)**	**(2,321)**	**0**	**(7,351)**
Change in biological assets due to fair value measurement	1	(438)	0	0	(437)
ForEx	(17)	(8,911)	108	8,973	154
EBIT	**(1,949)**	**(12,445)**	**(2,214)**	**8,973**	**(7,634)**
Net Finance Costs	(556)	(3,512)	13,428	0	9,360
Tax	(0)	(115)	0	0	(115)
Profit after tax	**(2,505)**	**(16,072)**	**11,215**	**8,973**	**1,611**

2017 in kEUR	Food	Farming	Head Office	Consolidation adjustments	Group
Revenue	22,967	6,511	0	(777)	28,700
Cost of sales	(21,812)	(5,318)	0	777	(26,352)
Gross result	**1,155**	**1,194**	**0**	**0**	**2,348**
Gross result margin (%)	5.0%	18.3%	0.0%	0.0%	8.2%
Distribution costs	(98)	(641)	0	0	(739)
Contribution margin	**1,057**	**553**	**0**	**0**	**1,609**
Contribution margin (%)	4.6%	8.5%	0.0%	0.0%	5.6%
Indirects	(3,541)	(3,778)	(2,609)	342	(9,587)
Adjust. CoS depreciation	502	78	0	0	580
Other income	98	709	835	(342)	1,300
EBITDA	**(1,885)**	**(2,438)**	**(1,775)**	**0**	**(6,098)**

Depreciation and Amortisation	(942)	(1,775)	(70)	0	(2,787)
EBIT (excl. ForEx + BA)	**(2,827)**	**(4,213)**	**(1,845)**	**0**	**(8,885)**
Change in biological assets due to fair value measurement	0	(1,366)	0	0	(1,366)
ForEx	90	(11,761)	(185)	10,096	(1,719)
EBIT	**(2,737)**	**(17,340)**	**(2,029)**	**10,096**	**(11,969)**
Net Finance Costs	(590)	(6,640)	1,395	0	(5,876)
Tax	4	(119)	(0)	0	(115)
Profit after tax	**(3,323)**	**(24,099)**	**(635)**	**10,096**	**(17,960)**

Further foreign translation loss of kEUR 8,973 (2017: loss of kEUR 9,621) are included in "other comprehensive income". The adjustments were recorded in the column "consolidation adjustments".

In the Farming segment, the position of "Finance costs-net" includes finance income of kEUR 0 (2017: kEUR 0) and finance costs of kEUR 3,512 (2017: kEUR 6,640). In the Food segment, the position "Finance costs-net" includes finance income of kEUR 0 (2017: kEUR 0) and finance costs of kEUR 556 (2017: kEUR 590).

In the column "Head office", the position "Finance costs-net" includes finance income of kEUR 20,158 (2017: kEUR 8,987) and finance costs of kEUR 6,730 (2017: kEUR 9,681). In 2018, the finance income considers the write up kEUR 14,000 of investment in the financial institution.

2018 in kEUR	Food Group	Farming Group	Head Office	Consolidation Adjustments	Group
Non-current assets	7,201	39,169	195,738	(195,606)	46,503
Current assets	2,716	6,335	35,851	(16,059)	28,843
Total Assets	**9,917**	**45,504**	**231,589**	**(211,666)**	**75,345**
Non-current liabilities	1,631	57,850	69,993	(128,589)	884
Current liabilities	5,523	13,317	104,866	(14,836)	108,871
Total liabilities	**7,154**	**71,167**	**174,859**	**(143,425)**	**109,755**
Additions to non-current assets	215	438			

2017 in kEUR	Food Group	Farming Group	Head Office	Consolidation Adjustments	Group
Non-current assets	8,565	45,876	165,841	(153,635)	66,342
Current assets	3,225	8,006	75,346	(70,288)	16,288
Total Assets	**11,790**	**53,882**	**241,187**	**(221,835)**	**82,630**
Non-current liabilities	421	78,035	161,675	(147,092)	93,039
Current liabilities	10,431	14,306	33,996	(38,544)	20,190
Total liabilities	**10,852**	**92,341**	**195,672**	**(185,635)**	**113,229**
Additions to non-current assets	74	2,818			

Total non-current assets attributable to the Farming segment are located in Zambia, Uganda, and Zimbabwe. The total non-current assets attributable to the Food segment are fully located in Zambia. Total non-current assets of the "Head Office" less consolidation adjustments are located in Germany.

The revenues from external customers were generated by the Farming and Food segment in Africa. More information on revenues is included in note 7.

7. REVENUE

The revenue in 2018 was generated through sales of processed and fresh meat, grain and sales by the farm shop. The revenue was largely generated in Zambia (94%). Uganda and Zimbabwe generated 6% and 0% respectively.

The decrease in revenue compared to prior year results from the lower fresh meat sales and lower yields in grain production.

In 2018, there have been sales to customer Pick'N'Pay of kEUR 10,453 (2017: kEUR 13,342), which represents 44.7% (2017: 46.5%) of the total revenue.

	Year ended 31 December	
in EUR	2018	2017
Fresh meat	8,564	11,090
Processed meat	8,638	11,845
Harvested crop	6,021	5,536
Farm shop	93	84
Services	0	1
Other	69	116
Total	**23,385**	**28,700**

In 2018, livestock sales of kEUR 519 (2017: kEUR 777) from AAZ to MB were consolidated

8. BIOLOGICAL ASSETS AND CHANGE IN FAIR VALUE

The items below include changes in the carrying amounts of biological assets:

in kEUR	Forestry >1 year	Livestock >1 year	Livestock <1 year	Growing crop < 1 year	Total
1 January 2017	**23**	**662**	**287**	**2,631**	**3,603**
Increase due to purchases and work performed	0	0	733	6,615	7,348
Changes due to fair value measurement	0	0	(104)	(1,262)	(1,366)
Harvested / Sold	0	0	(702)	(6,155)	(6,857)
Currency translation differences	(2)	(59)	(56)	(266)	(383)
31 December 2017	**20**	**347**	**415**	**1,563**	**2,345**
Increase due to purchases and work performed	0	0	569	4,984	5,553
Changes due to fair value measurement	0	0	344	(94)	(437)
Harvested / Sold	0	(164)	(371)	(4,699)	(5,234)
Currency translation differences	(2)	(26)	(37)	(136)	(201)
31 December 2018	**18**	**231**	**158**	**1,618**	**2,025**
Fair Value Level	**Level 3**	**Level 2**	**Level 2**	**Level 2**	

The losses arising from the change in fair value measurement are presented in a separate line in the consolidated statement of comprehensive income. In 2018, the changes due to fair value measurement were all changes due to price changes. Currency translation differences are presented in other comprehensive income.

In 2018 and 2017, harvested crop was transferred to inventories at fair value when harvested (Level 1).

As at 31 December 2018, the Group had approximately 1,705 Ha (2017: 1,686 Ha) of immature soy beans, 1,506 Ha of immature maize (2017: 3,259 Ha), none of immature groundnuts (2017: 164 Ha), 1,512 Ha of immature rice (2017: 341 Ha) located in Zambia and Uganda. Ha refers to hectares. The eucalyptus trial plantation is in a continuous developmental stage, with a current plantation size of less than one Ha.

As at 31 December 2018, the Company had 1,809 cattle (2016: 2,050) and 30 sheep (2016: 113) distributed as follows:

	As at 31 December	
	2018	2017
Category	Quantity	Quantity
Steers (immature)	199	452
Steers (mature)	0	6
Heifers (immature)	359	190
Calves (immature)	161	243
Cows (immature)	2	0
Cows (mature)	200	881
Bulls (mature)	33	37
Sheeps (mature)	0	30
Total	**954**	**1,839**

Biological assets comprise of crops, forestry as well as livestock. All these assets were recorded at fair value less cost to sell. Immature plants in an early stage of their development are recorded at cost which is approximately the fair value. The cost of growing crops includes raw materials, labour, machinery, energy costs as well as allocated direct depreciation. The fair value of livestock is measured at fair value less cost to sell, based on market prices at auction of livestock of similar age, breed and genetic merit with adjustments, where necessary, to reflect the differences.

Costs to sell include the incremental selling costs, including fees and commission paid to brokers and dealers.

The change in unrealised gains or losses for the period that were included in profit or loss for immature plants held at the end of 2018 was zero (same to end of 2017), since the approximate fair vaue equalled to the cost of production.

9. COST OF SALES

	Year ended 31 December	
in kEUR	2018	2017
Raw materials and supplies	(18,753)	(18,190)
Costs of services	(1,846)	(6,838)
Labour expenses (CoS)	(1,318)	(1,325)
Total	**(21,918)**	**(26,352)**

Raw materials and supplies include the cost of production for goods sold. The largest expense is related to meat production. The cost of services and labour cost includes the directly attributable salaries and services expenses related to the production process.

10. DISTRIBUTION COSTS

	Year ended 31 December	
in kEUR	2018	2017
Distribution costs	(466)	(739)
Total	**(466)**	**(739)**

Distribution costs include marketing and selling expenses for products. The largest portion of the cost is the transport cost of the agricultural products to the market.

11. ADMINISTRATIVE EXPENSES

	Year ended 31 December	
in kEUR	2018	2017
Personnel expenses	(4,427)	(5,699)
Legal and consulting costs	(871)	(849)
Vehicle and machinery costs	(112)	(457)
Depreciation / Amortisation	(2,135)	(2,207)
Rent, energy, office costs	(648)	(794)
Travel expenses	(256)	(216)
Tools and minor equipment, EDV	(195)	(138)
Incidental monetary transaction costs	(57)	(27)
Marketing and advertising	(156)	(220)
Insurance premiums, contributions and other expenses	(253)	(329)
Operating and maintenance costs	(39)	(118)
Outsourced jobs expenses	(89)	(4)
Other administrative expenses	(567)	(442)
Total	**(9,828)**	**(11,501)**

Lease rentals of kEUR 321 (2017: kEUR 412) for office and warehouse rent are included in the administrative expenses.

The fees of the auditor for auditing and other services included in the consolidated statement of comprehensive income are as follows:

For 2018

in kEUR	FSV	Other FSV network	Total FSV network
Audit of the financial statements	92	40	132
Tax advice	3	0	3
Other non-audit activities	8	0	8
Total	**103**	**40**	**143**

For 2017

in kEUR	FSV	Other FSV network	Total FSV network
Audit of the financial statements	74	48	122
Tax advice	1	0	1
Other non-audit activities	12	0	12
Total	**86**	**48**	**135**

12. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December	
in kEUR	2018	2017
Wages and salaries	(3,813)	(5,146)
Social security and other employee benefit expenses	(417)	(504)
Share based payments	(197)	(48)
Total	**(4,427)**	**(5,699)**

Social security and other employee benefit expenses include contributions to pension insurance of kEUR 152 (2017: kEUR 347), as well as health and safety expenses.

In 2018, the Group employed 1,154 FTE (2017: 1,035 FTE) on average, of which 13 FTE (2017: 13 FTE) are employed in Germany, 338 FTE (2017: 433 FTE) are employed in Zambia-Farming, 577 FTE (2017: 511 FTE) are employed in Zambia-Food, 0 FTE (2017: 3 FTE) are employed in Zimbabwe-Farming, and 226 FTE (2017: 75 FTE) are employed in Uganda-Farming.

13. OTHER INCOME

	Year ended 31 December	
in kEUR	2018	2017
Currency translation gains	923	682
Other operating income	400	335
Gain from disposal of tangible assets	63	26
Other gains	1,282	939
Gain from reversal of provision	208	0
Total	**2,876**	**1,982**

Currency translation gains include foreign exchange gains for cash at bank in African countries.

14. OTHER EXPENSES

	Year ended 31 December	
in kEUR	2018	2017
Currency translation losses	(770)	(2,442)
Loss on disposal of assets	(26)	(128)
Other losses	(451)	(165)
Total	**(1,247)**	**(2,694)**

Currency translation losses include foreign exchange losses for borrowings and other liabilities in African countries.

Loss on disposal of assets refers to AAH and African subsidiaries.

15. FINANCE INCOME AND COSTS

in kEUR	Year ended 31 December 2018	2017
Finance income		
Interest income on short-term deposits with financial institutions	0	259
Other interest and similar income	14,198	0
Total	**14,198**	**259**
Finance costs		
Non-convertible bond interest	(3,982)	(2,391)
Interest on convertible notes		0
Other interest costs	(856)	(3,744)
Total	**(4,838)**	**(6,135)**
Finance income/costs - net	**9,360**	**(5,876)**

The other interest and similar income position, includes the write-up of an investment amounting to 14 mEUR in a financial institution.

16. TAXES

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the result of the consolidated entities as follows:

in kEUR	Year ended 31 December 2018	2017
Profit before tax	1,726	(17,845)
Tax calculated at domestic tax rates applicable to profit or loss in the respective countries	(534)	(5,256)
Tax effects of:		
Non-recognition of taxable losses *	(1.686)	5,124
Income not subject of tax	1,811	(745)
Expenses not deductible for tax purposes	449	987
Overprovision of deferred tax	(126)	0
Other effects	201	5
Income tax expense	115	115

*The adjustment was applied in respect to the assumption that the Group will not be able to use losses carried forward within the near future.

The weighted average applicable tax rate for AAH, AFa, AFn, AFo, and AAT is 30.2% (2017: 30.2%), for AAZ, KF 10% (2017: 10%), for AAU 30% (2017: 30%), for RMA, BB, BP, BF, MB 35% (2017: 35%) and for AAZim 25.8% (2017: 25.8%). AAH is fully taxed in Germany; therefore the 25% Dutch tax rate is not applicable. AFin is fully taxed in the Netherlands with the 25% Dutch tax rate.

in kEUR	As at 31 December 2018	
Balance sheet item	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment		2,024
Loss carry forwards	(796)	
Investment	2,465	
Unrealized exchange gains		1,428
Unrealized exchange losses	3,650	
Fair value gain on Biological assets	**309**	
Other temporary differences		(289)
Total:	**3,162**	**3,162**
of which current	3,162	1,139
of which non-current		**2,024**
3	**3,162**	**2,162**

in kEUR	As at 31 December 2017	
Balance sheet item	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment		1,956
Loss carry forwards	(3,694)	
Investment	2,465	
Unrealized exchange gains		(535)
Unrealized exchange losses	2,218	
Fair value gain on Biological assets		(355)
Other temporary differences		(78)
Total:	**988**	**988**
of which current	(1,477)	(968)
of which non-current	2,465	1,956
Offset	988	988

The parent company and some subsidiaries did not accrue tax expenses because they generated taxable losses of total kEUR 11,484 (2017: kEUR 25,756).

The tax expenses were recorded for AAZ (kEUR 115) (2017: kEUR 119).

In 2018 there were temporary differences on losses carried forward. Due to non-recoverability, possible deferred tax assets of kEUR 9,933 (2017: kEUR 11,575) were not recognised.

17. EARNINGS PER SHARE

Earnings per share are calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
in kEUR	2018	2017
Loss attributable to equity holders of the parent	1,990	(15,127)
Weighted average number of ordinary shares in issue	106,058	86,171
Earnings per share	0.02	(0.18)

There were no convertible bonds or stock options in 2018 and 2017 that would increase the weighted average number of ordinary shares. Thus, there are no dilutive share interests.

18. CURRENCY TRANSLATION DIFFERENCES

The exchange differences charged to the consolidated statement of comprehensive income are included as follows:

	Year ended 31 December	
in kEUR	2018	2017
Currency translation gains	923	682
Currency translation losses	(770)	(2,401)
Total	**154**	**(1,719)**

Currency translation gains are included in “other income”. Currency translation losses are included in “other expenses”.

Further foreign translation loss of kEUR 8,973 (2017: loss of kEUR 9,621) are included in “other comprehensive income”.

19. PROPERTY, PLANT AND EQUIPMENT

in kEUR	Land and buildings	Technical equipment and machines	Furniture, fixtures and other equipment	Construction in progress	Total
Cost					
At 1 January 2017	26,227	23,831	594	15,926	66,579
Additions	1,545	418	85	807	2,854
Disposals	(62)	(1,005)	(64)	(3)	(1,134)
Transfers	38	100	3	(141)	0
Currency translation differences	(3,548)	(3,019)	(56)	(2,142)	(8,765)
At 31 December 2017	24,199	20,324	562	14,448	59,534
At 1 January 2018	**24,199**	**20,369**	**542**	**14,448**	**59,559**
Additions	143	199	108	123	573
Disposals	0	(848)	(2)	(2)	(851)
Transfers	11,073	51	36	(11,160)	(0)
Currency translation differences	(3,675)	(1,342)	(44)	(714)	(5,774)
At 31 December 2018	**31,740**	**18,430**	**640**	**2,696**	**53,506**
Accumulated depreciation					
At 1 January 2017	(1,021)	(7,522)	(327)	0	(8,870)
Depreciation	(459)	(3,021)	(112)	0	(3,592)
Disposals	1	351	36	0	388
Transfers	0	0	0	0	0
Currency translation differences	171	1,204	32	0	1,407
At 31 December 2017	**(1,308)**	**(8,988)**	**(371)**	**0**	**(10,667)**
At 1 January 2018	(1,308)	(9,021)	(363)	0	(10,691)
Depreciation	(359)	(2,225)	(64)	3	(2,648)
Disposals	0	439	13	0	453
Transfers	0	0	0	0	(1)
Currency translation differences	92	743	23	0	859
At 31 December 2018	**(1,574)**	**(10,064)**	**(390)**	**3**	**(12,028)**
Net Book Value					
Cost	24,199	20,369	542	14,448	59,559
Accumulated depreciation	(1,308)	(9,021)	(363)	0	(10,691)
At 31 December 2017	**22,892**	**11,348**	**179**	**14,448**	**48,868**
Cost	31,740	18,430	640	2,696	53,506
Accumulated depreciation	(1,574)	(10,064)	(390)	3	(12,028)
At 31 December 2018	**30,166**	**8,366**	**250**	**2,699**	**41,479**

Some assets are pledged as securities for the loan facilities with the carrying amount of kEUR 1,859 (2017: kEUR 2,499). The transfers consider assets which were ready for use.

Property, plant and equipment are derecognised when sold or when no further economic benefit is expected from the continued use or the disposal of the asset. The gains or losses resulting from derecognition of the asset are recognised directly in profit or loss in the consolidated statement of comprehensive income.

20. INTANGIBLE ASSETS

in kEUR	Goodwill	Brand Value	Customer Relation	Software	Total
Cost					
1 January 2017	2,099	3,184	162	474	5,919
Additions	0	0	0	59	59
Currency translation differences	(270)	(413)	(21)	(37)	(741)
31 December 2017	**1,829**	**2,771**	**141**	**496**	**5,237**
1 January 2018	1,829	2,771	141	496	5,237
Additions	0	0	0	86	86
Currency translation differences	(221)	(338)	(17)	(24)	(601)
31 December 2018	**1,608**	**2,433**	**124**	**558**	**4,722**
Accumulated amortisation					
1 January 2017	0	(162)	(67)	(103)	(331)
Amortisation	0	(99)	(33)	(73)	(205)
Currency translation differences	0	31	12	5	49
31 December 2017	**0**	**(230)**	**(87)**	**(171)**	**(487)**
1 January 2018	0	(230)	(87)	(171)	(487)
Amortisation	0	(86)	(28)	(95)	(209)
Currency translation differences	0	36	13	5	54
31 December 2018	**0**	**(280)**	**(102)**	**(261)**	**(642)**
Net book value					
Cost	1,829	2,771	141	496	5,237
Accumulated amortisation	0	(230)	(87)	(171)	(487)
31 December 2017	**1,829**	**2,541**	**54**	**325**	**4,749**
Cost	1,608	2,433	124	558	4,722
Accumulated amortisation	0	(280)	(102)	(261)	(642)
31 December 2018	**1,608**	**2,153**	**22**	**297**	**4,080**

For more information to the goodwill, brand and customer relations see notes 2.9.

As at 31 December 2018, kEUR 2,042 (2017: kEUR 2,327) was classified as brand values with indefinite useful lives. The net book value for the Real Meat Company brand amounts to kEUR 1,520 (2017: kEUR 1,732) with historical costs of kEUR 2,728 and the net book value Best Pork Company brand amounts to kEUR 522 (2017: kEUR 595) with historical costs of kEUR 901. Management plans to invest continuously into these brands within the next few years and views the useful life as indefinite.

An amortisation of 5 years is made for the brand value allocated to Best Beef Company with historical costs of kEUR 673. The net book value as at 31 December 2018 amounts to kEUR 111 (2017: kEUR 215). It is not planned to develop this brand further.

Goodwill is not amortised, but it is tested for impairment annually, Goodwill is allocated to cash-generating units: Real Meat Africa Company Ltd, More Beef Ltd, Best Beef Company Ltd and Best Pork Company Ltd for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The main assumptions for the goodwill and brand impairment test are:

- Revenue increase, %
- Gross margins,%, Delta Gross margin Branded products vs. not branded, %
- WACC
- Growth rates used to extrapolate cash flows beyond the forecast period

The assumptions below are presented for the period after the ramp up phase 3-4 years. During the ramp up phase the growth of the business is more aggressive and has a low Gross Margin The growth is driven through expansion project in marketing and sales which the management team takes at the moment.

Assumption for Goodwill impairment test

Cash generating units:	Revenue increase, %	Gross margin, %	WACC, %	Growth rates used to extrapolate cash flows beyond the forecast period, %
Real Meat Africa Company Ltd (RMA)	15%	22%	12%	4.1%
Best Beef Company Ltd (BB)	4%	20%	12%	4.1%
Best Pork Company Ltd (BP)	4%	20%	12%	4.1%
More Beef Ltd (MB)	4%	20%	12%	4.1%

Assumption for Brand impairment test

Cash generating units:	Revenue increase, %	Delta Gross margin Branded products vs. not branded, %	Discount rates (WACC), %	Growth rates used to extrapolate cash flows beyond the forecast period, %
Real Meat Africa Company Ltd (RMA)	4%	5%	12%	4.1%
Best Pork Company Ltd (BP)	0%	8%	12%	4.1%

Revenue increase (4%) is in line with the projection of economy growth in the country (3,9-4,1%). For RMA was assumed more aggressive Revenue Growth because the management is working now on aggressive expansion of own retail chain – depots sales. Although the terminal growth after projection period is 4%.

Gross margins represent the common Gross Margin for meat industry. Similar or even higher Gross Margin was achieved by RMG entities in the past. The delta Gross Margin Branded vs. not Branded products was defined based on the actual data.

WACC weighted average cost of capital. The WACC assessment was done based on available published market information for the food retail and farming industry in the country. The WACC was compared as well to the calculation presented in chapter "share based payments".

Growth rate estimates — Rates are based on published industry research.

21. FINANCIAL INSTRUMENTS BY CATEGORY

		As at 31 December	
in kEUR	Note	2018	2017
Trade and other receivables	25	2,316	3,199
Cash and cash equivalents	26	19,037	4,526
Total		**21,353**	**8,455**

		As at 31 December	
in kEUR	Note	2016	2015
Non-current borrowings		884	93,039
Current borrowings		94,492	3,394
Trade and other payables		13,726	16,255
Total		**109,102**	**112,688**

All financial assets are classified as "loans and receivables". All financial liabilities belong to the category "other financial liabilities at amortised cost". If not otherwise disclosed, fair values of financial instruments equal their carrying amounts.

22. PREPAYMENTS AND OTHER ASSETS

Prepayments and other assets mainly include one long-term investment at a UK-regulated financial institution of kEUR 0 (2017: kEUR 11,675). The investment was classified in 2018 as cash and cash equivalents.

Payments for operating leases relating to land titles of kEUR 576 (2017: kEUR 561) and security deposits of kEUR 29 (2017: kEUR 106) are included.

23. INVENTORIES

in kEUR	As at 31 December 2018	2017
Raw materials and supplies	2,007	1,880
Work in progress	90	7
Finished goods and goods for resale	650	1,328
Total	**2,746**	**3,216**

Finished goods and goods for resale mainly include the harvested and farm shop crop.

24. TAX RECEIVABLES

The tax receivables of kEUR 2,968 (2017: kEUR 2,650) include the VAT and WHT balances.

25. TRADE AND OTHER RECEIVABLES

in kEUR	As at 31 December 2018	2017
Trade receivables	2,020	3,199
Specific valuation on receivable	(722)	(640)
Prepayments	250	349
Receivables from related parties and affiliated companies	309	309
Other receivables	459	701
Total	**2,316**	**3,919**

Prepayments include advance payments for goods, insurance and services.

More information about receivables from related parties and affiliated companies is included in chapter 35.

The average age of these receivables is as follows:

	As at 31 December	
in kEUR	2018	2017
Current	1,001	2,155
30 - 60 days	195	220
60 - 90 days	587	114
Over 90 days	238	710
Total	**2,020**	**3,199**

The maximum exposure to credit risk as of the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

Customer credit risk is managed by each subsidiary. Outstanding customer receivables are regularly monitored. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables were analyzed how they should be grouped based on shared credit risk characteristics and the days past due. The main groups of trade receivables are receivable for good sales to third party and receivables to the employees. The group receivables to the employees is not significant.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are revised to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

	As at 31 December 2018		
in kEUR	Expected Credit Loss Rate	Expected Credit Loss	Total Receivables
Current	1%	10	1,001
30 - 60 days	5%	12	195
60 - 90 days	2%	12	587
Over 90 days	50%	118	238
Total		**151**	**2,020**

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

in kEUR	As at 31 December 2018	2017
Zambian Kwacha (ZMW)	1,713	2,249
Uganda Schilling (UGX)	(63)	92
US Dollar (USD)	341	1,161
Euro (EUR)	25	416
British Pound (GPB)	0	0
	2,020	**3,919**

26. CASH AND EQUIVALENTS

in kEUR	As at 31 December 2018	2017
Cash on hand and at financial institutions	19,008	4,509
Short-term bank deposits	8	15
Other cash equivalents	21	3
Total	**19,037**	**4,526**

The Zimbabwean Government imposes exchange control regulations which can affect the ability of investors to transfer cash from Zimbabwe. With the approval of AAZim's investment licence by the Zimbabwean Investment Authority and the registration of its loan from AFin, AAZim is able to repatriate loan interest and principal to the Netherlands. Thus, the Group has not experienced any significant restriction on its ability to access or use the assets and settle the liabilities of the Group in Zimbabwe.

Cash is at the free disposal of the Group, except for the cash of Amatheon Foundation gGmbH as at 31 December 2018 of kEUR 9 (2017: kEUR 6). These balances are restricted as it is a non-profit organisation which is governed by rules for charities, which include certain conditions limiting expenditures.

27. OFFSETTING FINANCIAL LIABILITIES

The following borrowings were subject to offsetting:

	As at 31 December	
in kEUR	2018	2017
Non-convertible bond issued	93,139	124,779
Thereof held by AAH	0	(31,744)
Net amounts of bonds presented in the balance sheet	**93,139**	**93,035**

In April 2017 the bond repayment was extended to July 2019. The interest rate was reduced from 8.25% to 2% plus 2.25% accrued PIK interest upon maturity.

In 2017, these bonds are offset in the consolidated balance sheet.

On 3 January 2018, EUR 31.8m of bonds were transferred from AAH to AFin and subsequently cancelled.

28. EQUITY

28.1. ORDINARY SHARES AND SHARE PREMIUM

For a full overview of the equity please see the consolidated statement of changes in equity.

Authorized Company capital is one hundred million Euro (EUR 100,000,000). The authorised capital is divided into one billion (1,000,000,000) shares, with a nominal value of EUR 0.10 each.

in kEUR	Number of shares	Ordinary shares	Share premium from share issue	Total
1 January 2017	**85,495**	**8,549**	**35,568**	**44,117**
Issued during the year	20,563	2,056	7,944	10,000
31 December 2017	**106,058**	**10,606**	**43,512**	**54,117**
Issued during the year	0	0	0	0
31 December 2018	**106,058**	**10,606**	**43,512**	**54,117**

The share premium in the table relates only to the share premium from the issuance of ordinary shares. Please see the consolidated statement of changes in equity for a full presentation of share premium.

On 19 December 2017, AAH completed a capital increase through the issue of 20,562,769 new shares to Sapinda Holding B.V. for a total subscription price of EUR 9,999,999.03.

The subscription price per new share was determined in tranches, being 77 eurocents for 3,896,103 new shares calculated as equal to the average closing price of the current issued shares in the capital of the Company quoted on Euronext Access in Paris between 1 and 30 May 2017. The subscription price for the second tranche of 16,666,666 new shares was determined as equal to the average closing price on Euronext Access in Paris between 26 May and 4 December 2017, being 42 eurocents.

Authorisation for the capital increase was granted by shareholders at an extraordinary general meeting held on 27 December 2012 where the general meeting of the Company resolved to transfer the authority to the Management Board to, subject to approval of the Supervisory Board of the Company, (i) issue new shares in the capital of the Company (the New Shares and each a New Share) up to 30% of the entire issued share capital of the Company on a fully diluted basis (the Share Issue); and (ii) exclude or limit pre-emptive rights of the Company's existing shareholders in connection to the share issue and which authorities were granted for a period of five years until 31 December 2017.

Information about non-controlling interests is included in note 28.3.

28.2. OTHER RESERVES

	As at 31 December	
in kEUR	2018	2017
Currency translation differences	(18,152)	(11,634)
Total	**(18,152)**	**(11,634)**

28.3. NON-CONTROLLING INTERESTS

On 04 July 2018 Amatheon Financing B.V. ("AFin"), Amatheon Food FmbH ("AF") and Real Meat Africa Company Ltd (RMA) entered into an agreement for the consolidation and assignment of loans. The total loan value was USD 5,776,769. Upon assignment of the AFin loan to AF, RMA and AF agreed to convert the total loan into equity and thereby the loan was terminated. The equity increase was authorised by the shareholders at an extraordinary general meeting held on 19 July 2018. Through the equity increase the minority shareholders were diluted to less than 1%.

29. PROVISIONS FOR SHARE-BASED PAYMENTS

	As at 31 December	
in kEUR	2018	2017
Provisions for share-based payments	653	541
Total	**653**	**541**

30. SHARE-BASED PAYMENTS

Stock options were granted to the AAZ project initiators. The exercise price of the granted options is equal to the nominal value of ZMW 1. Options were conditional based on the company's achievement of performance-related milestones between 2012 and 2016. A milestone would be completed if a certain amount of land is cultivated. Each year, beginning in 2012 and ending in 2016, it is verified whether a milestone has been reached. Depending on performance, a certain number of options can be exercised during the following month. Further, employees can acquire shares for services already rendered. Since employees need to remain in service until the deadline of the respective milestone, there is a graded vesting. When exercising the options, the employees can acquire shares in AAZ. If the employees leave the entity or plan to sell the shares after 2016 (lockup period), the Group has to re-purchase the shares under certain conditions.

Lock-up period: The selected persons were prohibited from selling any share or interest (direct or indirect) in AAZ until the 31st of December 2016. If the selected persons wanted to redeem their shares, the Group had a pre-emption right for a period of 30 days. If they could not sell their shares in six months, the Group was obligated to re-purchase them.

If the service or employment contracts of the project initiators were terminated by the Group, the share options would vest in full.

In March 2015, AAZ and AAH terminated the service and employment contracts of the project initiators therefore triggering the vesting of all performance shares and a put and call option for a period of 6 months after the termination date. All vested shares were granted (in total: 18% thereof 10.75% in 2015, 2.25% in 2014 and 5% in 2013) to the holders of the share options. On 30 September 2015, AF exercised its call option on all shares held by the project initiators (18%). At December 2018, the parties were in a process to determine the "fair value" of the shares.

As at end of 2018 and 2017 there are no options outstanding. The related weighted average exercise prices are as follows:

Year ended 31 December	Average exercise price per 1% stock option, EUR
2017	30,055
2018	36,377

1% represents 12,052 stock options. Total options represent 216,944 shares as at 31st December 2018 (18% of AAZ).

Accordingly, the fair value of the options will be equal to the fair market value of the underlying shares, unless any other terms and conditions should be taken into account when estimating the fair value. The market value of 1% is kEUR 36.3. This was determined by using a discounted cash flow model. The model's significant inputs were the weighted average cost of capital (WACC) of 11.38% (2017: 9.07%), a discount equity rate of 16,6% (2017: 14.2%) and a discount debt rate of 9,45% (2017: 7.65%). The discount rate of equity was calculated using the market risk premium of 5,3 (2017: 5.4%), a beta of 0.72% (2017: 0.74%), a risk free interest rate of 0.96% (2017: 1.30%) and a country specific risk premium of 10.4% (2017: 7.5%). The net present value was calculated over a period of 9 years by using a perpetual annuity beyond the time horizon. As only options for shares in AAZ are granted, the expected cash flows are calculated on the basis of AAZ´s business plan model. See note above for the total expense recognised in the consolidated statement of comprehensive income for stock options granted to directors, employees and consultants.

The liability as at 31 December 2018 was kEUR 653 (2016: kEUR 541). Changes in liabilities as at 31 December 2018 and expenses in 2018 amounted to kEUR 112 (2017: kEUR 31), which was calculated as expenses related to the share-based payments for all options.

31. TRADE AND OTHER PAYABLES

	As at 31 December	
in kEUR	2018	2017
Trade payables	4,738	6,200
Short-term liabilities to related parties	616	536
Liabilities from interests	4,019	3,642
Other payables	4,353	5,887
Total	**13,726**	**16,255**

Short-term liabilities to related parties include outstanding supervisory board remuneration, short term loan and other payables. More information is included in Note 34.

Liabilities from interest include interest accrued by AFin on the EUR 93.2 million bond.

Other payables contain accruals for rent, payments to employees, period end closing cost, cost for bookkeeping, and contributions to the tax authority.

32. BORROWINGS

in kEUR	As at 31 December 2018	2017
Non-current borrowings		
Non-convertible bond issued	0	124,779
Thereof hold by AAH	0	(31,744)
Other borrowings	884	4
Total non-current borrowings	**884**	**93,039**
Current borrowings		
Non-convertible bond	93,139	1,097
Other Borrowings	1,353	2,297
Total current borrowings	**94,492**	**3,394**
Total	**95,376**	**96,433**

The bond kEUR 93,200 (In 2017: kEUR 125,000) is valued using the effective interest method at a rate of 4.36%

As of 31 December 2018, it is unknown whether entities with joint control of AAH or significant influence over AAH held any of the two bonds issued with nominal values kEUR 93,200 (in 2017: kEUR 125,000).

The bond is openly tradable bonds and therefore the identities of all the bondholders could not be determined.

On 10 April 2017, AFin held its first bondholders meeting for Noteholders of its 8.25% EUR 125 million July 2017 bond (ISIN: DE000A1ZML05) (the "Bond"). At this meeting Noteholders agreed to amend the terms and conditions of the Bond, including extension of the maturity date for two years to 31 July 2019, a reduction in the interest rate from 8.25% to 2% plus 2.25% accrued PIK interest upon maturity, and deferral of the remaining 2017 interest payments.

In order to provide more security and assurance to Noteholders, the new terms and conditions also included further negative pledge restrictions, a share pledge over the Group's intermediary holding companies, and expanded mandatory redemption clauses.

The agreed restructuring of the Bond improved the short to medium term financial flexibility of the Group and provided a stable basis for raising future equity and debt capital to finance further growth.

In accordance with the amended terms and conditions of the Bond, on 3 January 2018, the Company transferred all its holding in the Bonds, being EUR 31.8m, to AFin which Bonds were subsequently devalued and cancelled.

As at 31 December 2018 AAH had a liability to Sapinda Asia Ltd of kEUR 506 on interest (2017: kEUR 506).

Fair value

At the end of 2018 for the bond and borrowings, the fair value is not materially different to the carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

In 2017 material differences are identified for the long term-bond.

	As at 31 December 2017	
in kEUR	Carrying amount	Fair value
Non convertible bond non-current	125,000	116,570

The fair value is based on cash flows discounted using a rate based on the borrowing rate of 10.5% and is within level 3 of the fair value hierarchy.

The market value of the bonds is calculated using a discounted cash flow (DCF) method (Level 3), rather than the market price listed on the Frankfurt Stock Exchange (Level 1). The DCF method is used since the bonds are seldom traded on the market.

The maturity analysis of the borrowings is shown in note 3.1.3

33. COMMITMENTS

The Group leases premises like offices and warehouses in Germany, Zambia, Zimbabwe and Uganda.

The headquarters office in Germany was terminated by the lessor as at the 31 January 2018.

The first lease term in Zambia is for a period one month.

The second lease term for Zambia is subject to renewal for a period of three months and with a notice period of three months.

The first lease terms for Zimbabwe are for a period until 28 November 2018 and subject to renewal.

The second lease terms for Zimbabwe are for a period until 31 March 2018 and subject to renewal. The notice period of the contract is three months.

The future aggregate minimum lease payments under non-cancellable operating leases are shown in the table below.

	As at 31 December	
	2018	2017
No later than 1 year	39	50
Total	**39**	**50**

The cost of operating leases is presented within administrative expenses under position “Rent, energy, office costs”. More information is included in notes 11 and 19.

34. RELATED PARTIES

Amatheon has no current information at hand regarding the ultimate parent of the Group. Amatheon is publicly listed on the Euronext Access Paris market (previously – Euronext Paris Marche Libre), which does not have any shareholding notification requirements.

Key AAH management personnel include:

Carl Heinrich Bruhn	Chief Executive Officer
Herwig Tilly	Managing Director of Amatheon Farming, Managing Director of AAU

Additional senior management include:

Troy Minne	Managing Director AAZ
Dr Sekai Nzenza	Non-Executive Board Member of AAZim (until 30 April 2018) Managing Director of AAZim (until 7 September 2018)

The Supervisory Board, appointed on the 8 of December 2015, includes:

Edwin Eichler	Chair of the Supervisory Board (re-appointed after end of first term)
Yukiko Omura	Member of the Supervisory Board (resigned on 13 April 2018)

34.1. PURCHASE OF SERVICES

Transactions between the Company and its subsidiaries, which are related parties to the Company, were eliminated in consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties during 2016 are as follows:

	Year ended 31 December	
in kEUR	2018	2019
Key management personnel	45	0
Supervisory Board	20	60
Total	**65**	**60**

The position of key management personnel includes remuneration to Dr. Sekai Nzenza accordance with the service agreement and travel expenses of Herwig Tilly.

The summary includes supervisory board remuneration expenses. There were no travel expenses for the supervisory board members. The summary does not include travel expenses of the Chief Executive Officer of kEUR 76 (2017: kEUR 55).

Management services are purchased under normal commercial terms and conditions at arm's length.

34.2. COMPENSATION OF THE KEY MANAGEMENT

The compensation paid or payable to key management is shown below:

	Year ended 31 December	
in kEUR	**2018**	**2017**
Salaries and other short-term employee benefits	772	773
Post-employment benefits	6	6
Total	**778**	**779**

34.3. COMPENSATION OF THE MANAGEMENT BOARD

As at 31 December 2017, the Management Board only included the CEO, Carl Heinrich Bruhn.

	Year ended 31 December	
in kEUR	**2018**	**2017**
Carl Heinrich Bruhn		
Salaries and other short-term employee benefits	602	632
Post-employment benefits	6	6
Total	**608**	**638**

Travel expenses for the CEO amounted to kEUR 76 (2017: kEUR 55). In 2018 and 2017, the CEO was not provided with secondary emoluments.

34.4. COMPENSATION OF THE SUPERVISORY BOARD

	Year ended 31 December	
in kEUR	2018	2017
Yukiko Omura	20	60
Total	**20**	**60**

Travel expenses for Yukiko Omura did not occur in 2018 (2017: kEUR 0).

34.5. YEAR-END BALANCES FROM SERVICES

Payables to related parties are as follows:

	Year ended 31 December	
in kEUR	2018	2017
Other related parties	616	536
Total	**616**	**536**

Liabilities to other related parties consist of liability to Sapinda Asia of kEUR 506 (2017: kEUR 506) and supervisory board remuneration for Prince Max von und zu Lichtenstein of kEUR 30 (2017: kEUR 30) and Yukiko Omura of kEUR 20 (2017: kEUR 60).

The receivables from related parties are shown in the following table:

	Year ended 31 December	
in kEUR	2018	2017
Entities with joint control or significant influence over the entity	250	250
Supervisory board	57	57
Other related parties	2	2
Total	**309**	**309**

34.6. LOANS TO AND FROM RELATED PARTIES

There are no loans and/or interest liabilities to any related parties in 2018.

35. EVENTS AFTER THE REPORTING PERIOD

AAZ minority shareholder buyout

In April 2019 AAH and AFa entered into an agreement to buy 18% of the shares in AAZ from minority shareholders. Together AAH and AFa now own 100% of AAZ.

Closure of account

In April 2019 AAH closed the account it held with a UK regulated financial institution with all remaining monies and interest transferred to AAH. The success of closing this account will allow AAH to continue with its operational strategy and roll out of the 2021 business plan.

Supervisory Board appointments

January 2019 saw the re-appointment of Mr. Edwin Eichler to the Supervisory Board. Mr. Eichler is Chair of the board. Later, on 5 April 2019 AAH welcomed two new members to the Supervisory Board, Dr. Dr. Peter Wiesing and Mr. Stefan Kindler until the close of the Annual General Meeting 2021. They will strengthen the board with their significant experience in finance, risk and investment. In accordance with the Articles of Association of AAH, the remuneration of all Supervisory Board members was determined by the shareholders of the general meeting.

Amatheon Organic Goods

On 1 March 2019 Amatheon Organic Goods Ltd was incorporated in Uganda. The central focus of the company will be on organic farming practices. This will add value addition to the export business in trading in organic high value crops.

Bond debt-to-equity swap

On 19 June 2019 in Berlin, Bondholders of the Amatheon Financing 2% EUR 125 million July 2019 bond (ISIN: DE000A1ZML05) agreed to convert all outstanding bonds into newly issued shares in Amatheon Agri. Subsequently on 24 June 2019, shareholders of AAH agreed to effect the issuance of new shares.

Bondholders agreed to transfer all outstanding notes to a settlement agent which would contribute the notes to AAH as part of a capital increase against contribution in kind. Each Bondholder is entitled with respect to each note with the nominal amount of EUR 100,000 to acquire 527,704 newly issued shares in AAH. If a bondholder does not exercise its right to acquire shares in AAH, it will receive payment of the net proceeds from the sale of such new shares by the settlement agent.

AAH's shareholders authorised its Management Board for a period of 18 months to resolve upon the issuance of up to 491,820,128 shares in the capital of the Company to the settlement agent in relation to the debt-to-equity swap and to determine the price and further terms and conditions of such issuance. Further, shareholders authorised the Management Board to resolve to limit or exclude pre-emptive rights in respect of any issuance of such shares. On 1 August 2019, the Management Board and Supervisory Board resolved to issue these 491,820,128 shares to Quirin Bank AG as settlement agent.

After this capital increase, AAH's issued share capital was increased by EUR 49,182,012.80.

COMPANY FINANCIAL STATEMENTS OF AMATHEON AGRI HOLDING N.V.

COMPANY INCOME STATEMENT OF AMATHEON AGRI HOLDING N.V.

	Year ended 31 December	
in kEUR	**2018**	**2017**
Share of loss of subsidiaries	(11,805)	(13,309)
Other income (expenses)	13,796	(1,819)
Loss for the period	1,990	(15,127)

The notes 36 to 45 are an integral part of these company's financial statements.

COMPANY BALANCE SHEET OF AMATHEON AGRI HOLDING N.V.

		As at 31 December	
in kEUR	**Note**	**2018**	**2017**
Assets			
Non-current assets			
Property, plant and equipment	37	32	37
Intangible assets	38	65	100
Total non-current assets		**97**	**137**
Current assets			
Trade and other receivables	41	4,834	35,315
Cash and cash equivalents	42	18,072	3,740
Total current assets		**22,905**	**39,055**
Total Assets		**23,004**	**39,193**
Equity and liabilities			
Equity			
Equity attributable to owners of the parent	43		
Ordinary shares	43	10,606	10,606
Share premium	43	70,726	66,837
Other reserves	43	(18,152)	(11,34)
Losses carried forward		(97,781)	(81,278)
Loss for the period		4,671	(13,823)
Total equity attributable to owners of the parent		**(29,931)**	**(29,293)**
Liabilities			
Non-current liabilities			
Borrowings	45	0	0
Total non-current liabilities		**0**	**0**
Current liabilities			
Borrowings current		0	15,555
Trade and other payables	44	985	10,973
Provision for negative equity	**40**	**55,950**	**41,959**
Total current liabilities		**52,935**	**68,486**
Total liabilities		**52,935**	**68,486**
Total equity and liabilities		**23,004**	**39,193**

The notes 36 to 45 are an integral part of these company's financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS OF AMATHEON AGRI HOLDING N.V.

36. GENERAL

The accounting policies for the Company's financial statements are the same as for the consolidated financial statements. If no further policies are mentioned, reference is made to the accounting policies for the consolidated financial statements.

36.1. BASIS FOR PREPARATION OF COMPANY FINANCIAL STATEMENTS

The Company financial statements of Amatheon Agri Holding N.V. have been prepared in accordance with the provisions of part 9 of Book 2 of The Netherlands Civil Code. In preparing these financial statements, the Company availed itself of the facility offered by Section 362(8), Book 2 of The Netherlands Civil Code to use the same accounting policies (including those for the presentation of financial instruments as equity or loan capital) for the Company and the consolidated financial statements. The measurement basis applied is the historical cost basis.

With regard to the Company income statement, article 2:402 of the Dutch Civil Code has been applied, allowing a simplified format.

In this Company financial statements the investments in subsidiaries are measured at net asset value. The net asset value of a participation interest is determined by valuing the assets, provisions and liabilities and calculating in the result using the accounting principles applied to the consolidated financial statements.

The Company financial statements of Amatheon Agri Holding N.V. are presented in Euro.

36.2. FINANCIAL ASSETS

For the principles of valuation of assets and liabilities and for the determination of the result reference is made to the notes to the balance sheet and income statement. The investments in subsidiaries, other than the affiliates, are carried at net asset value.

37. PROPERTY, PLANT AND EQUIPMENT

in kEUR	Furniture, fixtures and other equipment
Cost	
At 1 January 2017	179
Additions	(8)
At 31 December 2017	**171**
At 1 January 2018	171
Additions	1
At 31 December 2018	**172**
Accumulated depreciation	
At 1 January 2017	(113)
Depreciation	(28)
Disposal	7
At 31 December 2017	**(134)**
At 1 January 2018	(134)
Depreciation	(6)
At 31 December 2018	**(140)**
Net Book Value	
Cost	171
Accumulated depreciation	(134)
At 31 December 2017	**37**
Cost	172
Accumulated depreciation	(140)
At 31 December 2018	**32**

Operating and office equipment are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation on operations and office equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture, fixtures and other equipment 3-13 years

38. INTANGIBLE ASSETS

in kEUR	Software
Cost	
1 January 2017	195
Additions	21
31 December 2017	**216**
1 January 2018	216
Additions	5
31 December 2018	**221**
Accumulated amortisation	
1 January 2017	(76)
Amortisation	(40)
31 December 2017	**(116)**
1 January 2018	(116)
Amortisation	(40)
31 December 2018	**(157)**
Net book value	
Cost	216
Accumulated amortisation	(116)
31 December 2017	**100**
Cost	221
Accumulated amortisation	(157)
31 December 2018	**65**

39. INVESTMENTS IN SUBSIDIARIES

	Year ended 31 December	
in kEUR	2018	2017
1 January	**0**	**0**
Share of loss of subsidiaries	(11,805)	(13,309)
Share of non-controlling interest	3,890	0
Currency translation	(6,518)	(4,848)
Deduction from loan receivables	14,434	18,157
31 January	**0**	**0**

Negative investments in subsidiaries are not presented. The negative balance was deducted from loan receivables instead. Share of non-controlling interest includes the movement of equity because of the dilution of minority shareholders to < 1%.

40. PROVISION FOR NEGATIVE EQUITY

	Year ended 31 December	
in kEUR	2018	2017
Non-current financial assets	36,468	32,025
Deduction from loan receivables	(88,418)	(73,984)
31 January	**51,950**	**(41,959)**

The non-current financial assets include a loan receivable to subsidiaries which equals the fair value. The interest rate of the loans granted was 4.5 % (2017: 2%).

41. TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from subsidiaries for services. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets.

Trade receivables are recognised initially at fair value.

	As at 31 December	
in kEUR	2018	2017
Trade receivables	24	48
Short term loans to related companies	0	31,744
Receivables from related parties and affiliated companies	2,958	2,450
Receivables from interest	1,690	934
Prepayments	34	58
Tax receivables	127	80
Specific Valuation Receivable	(217)	(217)
Other receivables	217	217
Total	**4,834**	**35,315**

Trade and other receivables are due within three months. The maximum exposure to credit risk as of the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security. All of the Company's trade and other receivables are denominated in Euro.

42. CASH AND CASH EQUIVALENTS

	As at 31 December	
in kEUR	2018	2017
Cash on hand and at financial institutions	18,057	3,726
Short-term bank deposits	15	15
Total	**18,072**	**3,740**

Cash is at the free disposal of the Company.

43. EQUITY

	Attributable to owners of the parent				
2018 in kEUR	Ordinary shares	Share premium	Currency translation	Losses carried forward	Total
1 January 2018	**10,606**	**66,837**	**(11,634)**	**(95,102)**	**(29,293)**
Loss for the period	0	0	0	4,500	4,500
Other comprehensive income for the period, net of tax	0	0	(6,518)	0	(6,518)
Capital increase of subsidiaries	0	3,890	0	(2,510)	1,380
31 December 2018	**10,606**	**70,726**	**(18,152)**	**(93,112)**	**(29,931)**

	Attributable to owners of the parent				
2017 in kEUR	Ordinary shares	Share premium	Currency translation	Losses carried forward	Total
1 January 2017	**8,549**	**58,902**	**(6,786)**	**(79,975)**	**(19,309)**
Loss for the period	0	0	0	(15,127)	(15,127)
Other comprehensive income for the period, net of tax	0	0	(4,849)	0	(4,849)
Capital increase of parent	2,056	7,935	0	0	9,992
Capital increase of subsidiaries	0	0	0	0	0
31 December 2017	**10,606**	**66,837**	**(11,634)**	**(95,101)**	**(29,293)**

Authorised Company capital is one hundred million EUR (EUR 100,000,000). The authorised capital is divided into one billion (1,000,000,000) shares, with a nominal value of EUR 0.10 each.

The shares issued were:

	As at 31 December
	Ordinary Shares
2018	106,058,109
2017	106,058,109

On 19 December 2017, AAH completed a capital increase through the issue of 20,562,769 new shares to Sapinda Holding B.V. for a total subscription price of EUR 9,999,999.03.

The subscription price per new share was determined in tranches, being 77 eurocents for 3,896,103 new shares calculated as equal to the average closing price of the current issued shares in the capital of the Company quoted on the Marché Libre of Euronext in Paris between 1 and 30 May 2017. The subscription price for the second tranche of 16,666,666 new shares was determined as equal to the average closing price on the Marché Libre between 26 May and 4 December 2017, being 42 eurocents.

Authorisation for the capital increase was granted by shareholders at an extraordinary general meeting held on 27 December 2012 where the general meeting of the Company resolved to transfer the authority to the Management Board to, subject to approval of the Supervisory Board of the Company, (i) issue new shares in the capital of the Company (the new shares and each a new share) up to 30% of the entire issued share capital of the Company on a fully diluted basis (the share issue); and (ii) exclude or limit pre-emptive rights of the Company's existing shareholders in connection to the share issue and which authorities were granted for a period of five years until 31 December 2017.

44. TRADE AND OTHER PAYABLES

	As at 31 December	
in kEUR	2018	2017
Trade payables	58	11
Short-term liabilities to related parties	618	10,348
Other payables	309	614
Total	**985**	**10,973**

Other payables contain accruals for rent, bonus payments to employees, costs for bookkeeping, period and closing, audit cost and contributions to the chamber of commerce.

The short-term liabilities to related parties included outstanding interest liability to Sapinda Asia Ltd. of kEUR 506 (2017: kEUR 506), outstanding supervisory board remuneration of kEUR 110 (2017: kEUR 110), and interest to AFin of kEUR 0 (2017: kEUR 9,700).

45. BORROWINGS

	As at 31 December	
in kEUR	2018	2017
Long term borrowing from related parties	0	0
Short term borrowing from related parties	0	14,457
Non-convertible bond non-current	0	0
Non-convertible bond current	0	1,097
Total non-current borrowings	**0**	**15,554**

Berlin, Germany, 30 October 2019

Management Board

The Management Board signs these financial statements aware that they are unaudited and therefore subject to adjustment. The Management Board has prepared these statements to the best of its knowledge and ability.

Carl Heinrich Bruhn

CEO

Supervisory Board

Since the 2015 annual financial statements have not received a final audit opinion, the Supervisory Board has decided not to sign these accounts in their current form. Once the auditor's opinion has been successfully obtained, the board will sign the financial statements and recommend for their adoption at the annual general meeting of shareholders.

OTHER INFORMATION

According to article 23 of the Articles of Association, the annual net profit is at the free disposal of the annual shareholders meeting. The Management Board proposes to add the loss of kEUR 1,611 for the financial year 2018 to the losses carried forward.

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