

RAFTAN HOLDING LIMITED

FINANCIAL STATEMENTS

31 December 2020

RAFTAN HOLDING LIMITED

FINANCIAL STATEMENTS

31 December 2020

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RAFTAN HOLDING LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: Confida Secretarial Limited

Company Secretary: Confitrust Limited

Independent Auditors: Baker Tilly Klitou and Partners (Limassol) Limited
Certified Public Accountant and Registered Auditor
163 Leontiou Street
Clerimos Building, 1st-2nd Floors
3022 Limassol
Cyprus

Registered office: 16-18 Zinas Kanther Street
Agia Triada
3035 Limassol
Cyprus

Independent Auditor's Report

To the Members of Raftan Holding Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of parent company Raftan Holding Limited (the "Company"), which are presented in pages 4 to 27 and comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of parent company Raftan Holding Limited as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

As at the date of the Statement of Financial Position, the Company had investments in subsidiaries and associates which are shown at a cost of US\$126.429.955 and US\$1.539.214 respectively. We were not provided with sufficient, appropriate and reliable audit evidence to determine the recoverable amount as at 31 December 2020 following indications that an impairment loss may have occurred. As a result, we are unable to determine whether any adjustment would be required for impairment of the cost of the investments as shown in the Company's Statement of Financial Position.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (continued)

To the Members of Raftan Holding Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

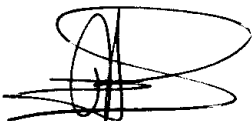
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Christodoulos Loulloupis
Certified Public Accountant and Registered Auditor
for and on behalf of

Baker Tilly Klitou and Partners (Limassol) Limited
Certified Public Accountant and Registered Auditor

Limassol, 20 January 2021

RAFTAN HOLDING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

31 December 2020

	Note	2020 US\$	2019 US\$
Revenue	8	157.864.054	69.443.298
Other operating income	9	7.196	30.030.312
Administration expenses	10	(110.787)	(147.534)
Other expenses	11	(13.739.683)	(22.851.124)
Operating profit		144.020.780	76.474.952
Net finance (costs)/income	12	(3.579.506)	10.415.041
Profit before tax		140.441.274	86.889.993
Tax	13	(7.896.454)	(3.648.606)
Net profit for the year		132.544.820	83.241.387
Other comprehensive income		-	-
Total comprehensive income for the year		132.544.820	83.241.387

The notes on pages 8 to 27 form an integral part of these financial statements.

RAFTAN HOLDING LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2020

	Note	2020 US\$	2019 US\$
ASSETS			
Non-current assets			
Right-of-use assets	15	-	58.668
Investments in subsidiaries	16	126.429.955	124.327.484
Investments in associates	17	1.539.214	1.539.214
Financial assets at fair value through other comprehensive income	18	590.154	590.154
		<u>128.559.323</u>	<u>126.515.520</u>
Current assets			
Trade and other receivables	20	1.768.331	14.630
Loans receivable	19	1.780.000	12.513
Financial assets at fair value through profit or loss	21	21.462.509	36.202.192
Cash and cash equivalents	22	610.117	8.401.101
		<u>25.620.957</u>	<u>44.630.436</u>
Total assets		<u>154.180.280</u>	<u>171.145.956</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	23	75.841	75.841
Share premium		144.699.532	144.699.532
Retained earnings /(accumulated losses)		6.451.510	(1.093.310)
Total equity		<u>151.226.883</u>	<u>143.682.063</u>
Current liabilities			
Trade and other payables	26	935.178	15.167.687
Borrowings	24	2.018.219	12.166.143
Lease liabilities	25	-	65.008
Current tax liabilities	27	-	65.055
		<u>2.953.397</u>	<u>27.463.893</u>
Total equity and liabilities		<u>154.180.280</u>	<u>171.145.956</u>

On 20 January 2021 the Board of Directors of Raftan Holding Limited authorised these financial statements for issue.


CONFIDA SECRETARIAL LIMITED
Confida Secretarial Limited
Director

The notes on pages 8 to 27 form an integral part of these financial statements.

RAFTAN HOLDING LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2020

	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2019 as previously reported		75.841	144.699.532	50.667.533	195.442.906
Effect of initial application of IFRS16		-	-	(2.230)	(2.230)
Balance at 1 January 2019 as restated		75.841	144.699.532	50.665.303	195.440.676
Net profit for the year		-	-	83.241.387	83.241.387
Dividends	14	-	-	(135.000.000)	(135.000.000)
Balance at 31 December 2019/ 1 January 2020		75.841	144.699.532	(1.093.310)	143.682.063
Net profit for the year		-	-	132.544.820	132.544.820
Dividends	14	-	-	(125.000.000)	(125.000.000)
Balance at 31 December 2020		75.841	144.699.532	6.451.510	151.226.883

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% and GHS contribution at 1.7%-2,65% for deemed distributions after 1 March 2019 will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 8 to 27 form an integral part of these financial statements.

RAFTAN HOLDING LIMITED

STATEMENT OF CASH FLOWS

31 December 2020

	Note	2020 US\$	2019 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		140,441,274	86,889,993
Adjustments for:			
Depreciation of property, plant and equipment		1,630	19,556
Foreign exchange loss/(profit)		3,504,285	(10,645,763)
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on merger		-	(30,012,556)
Loss from the sale of financial assets at fair value through profit or loss		622,073	-
Fair value losses on financial assets at fair value through profit or loss		13,117,610	2,425,665
Impairment charge - investments in subsidiaries	16	-	20,425,459
Dividend income	8	(157,864,054)	(69,416,436)
	8 &		
Interest income	12	(10,838)	(226,627)
Interest expense	12	83,945	316,691
		(104,075)	(224,018)
Changes in working capital:			
Decrease in trade and other receivables		74,971	3,292
Increase/(Decrease) in trade and other payables		1,347	(10,890,747)
Cash used in operations		(27,757)	(11,111,473)
Interest received		23,350	109,255
Dividends received		143,974,650	130,024,254
Interest paid		(7,152,175)	(1,189,111)
Tax paid		(104,811)	(158,516)
Net cash generated from operating activities		136,713,257	117,674,409
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	16	(7,524,159)	(1,524,874)
Loans granted		(6,780,000)	751,416
Interest received		-	199,765
Net cash used in investing activities		(14,304,159)	(573,693)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(5,079,406)	(1,708,458)
Proceeds from borrowings		2,000,000	-
Dividends paid		(127,120,676)	(179,300,000)
Dividends paid to non-controlling interests		-	2,200,833
Net cash used in financing activities		(130,200,082)	(178,807,625)
Net decrease in cash and cash equivalents		(7,790,984)	(61,706,909)
Cash and cash equivalents at beginning of the year		8,401,101	70,067,687
Effect of exchange rate fluctuations on cash held		-	40,323
Cash and cash equivalents at end of the year	22	610,117	8,401,101

The notes on pages 8 to 27 form an integral part of these financial statements.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. Incorporation and principal activities

Country of incorporation

The Company Raftan Holding Limited (the "Company") was incorporated in Cyprus on 15 May 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus.

Changes in group structure

On 6 June 2019 the Company's subsidiaries, Merique Holding Limited and Larontas Limited were merged into the Company pursuant to the Order of the District Court of Limassol. According to the relevant Merger Agreement, the total assets and liabilities of Merique Holding Limited and Larontas Limited would be reflected in the books of account of the Company as being effected for accounting and taxation purposes, on 1 April 2019.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments, the provision of services and the provision of finance to other related companies as well.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements', has been used. The Company's parent, MHP SE, a company incorporated in Luxembourg and registered in Cyprus produces consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB. These consolidated financial statements can be obtained from its registered office at 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

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

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Subsidiary companies (continued)

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue

Recognition and measurement

Revenue comprises interest received on loans granted and dividend income. Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Tax (continued)

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

Interim dividends are recognised in equity in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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

The Company presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the statement of financial position.

The lease liabilities are presented in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Impairment of non-financial assets

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

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Financial instruments

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial and contract assets". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Financial instruments (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are 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 assets.

Borrowings

Borrowings are recorded initially at the proceeds received, 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 profit or loss over the period of the borrowings using the effective interest method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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6. Financial risk management

Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Market price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the statement of financial position either as fair value through other comprehensive income or at fair value through profit or loss. The Company is not exposed to commodity price risk.

6.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from [cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

6.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

6.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.6 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Company's accounting policies

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of investments in subsidiaries/associates**

The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

7. Critical accounting estimates and judgments (continued)

• Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

8. Revenue

	2020 US\$	2019 US\$
Dividend income	157,864,054	69,416,436
Interest income	-	26,862
	<u>157,864,054</u>	<u>69,443,298</u>

9. Other operating income

	2020 US\$	2019 US\$
Operating lease rentals receivable	707	10,277
Amount written off	-	7,479
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on merger	-	30,012,556
Sundry operating income	6,489	-
	<u>7,196</u>	<u>30,030,312</u>

10. Administration expenses

	2020 US\$	2019 US\$
Registrar of Companies annual levy	386	393
Sundry expenses	679	29
Auditor's remuneration - current year	8,000	8,008
Auditor's remuneration - current year - prior years	-	936
Legal fees	24,289	83,653
Other professional fees	-	33,599
Fines	3,238	-
Custody fees	66,539	1,360
Services Provided	6,026	-
Depreciation	1,630	19,556
	<u>110,787</u>	<u>147,534</u>

11. Other expenses

	2020 US\$	2019 US\$
Loss from sales of financial assets at fair value through profit or loss	622,073	-
Fair value losses on financial assets at fair value through profit or loss	13,117,610	2,425,665
Impairment charge - investments in subsidiaries	-	20,425,459
	<u>13,739,683</u>	<u>22,851,124</u>

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

12. Finance income/(costs)

	2020 US\$	2019 US\$
Interest income	10.838	199.765
Foreign exchange transaction profit	-	10.645.763
Finance income	10.838	10.845.528
Foreign exchange transaction losses	(3.504.285)	-
Interest expense	(83.945)	(316.691)
Sundry finance expenses	(2.114)	(113.796)
Finance costs	(3.590.344)	(430.487)
Net finance (costs)/income	(3.579.506)	10.415.041

13. Tax

	2020 US\$	2019 US\$
Corporation tax - current year	-	5.126
Corporation tax - prior years	-	112.729
Overseas tax	7.893.203	3.470.822
Defence contribution - current year	3.251	59.929
Charge for the year	7.896.454	3.648.606

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2020 US\$	2019 US\$
Profit before tax	140.441.274	86.889.993
Tax calculated at the applicable tax rates	17.555.159	10.861.249
Tax effect of expenses not deductible for tax purposes	2.179.251	2.928.661
Tax effect of allowances and income not subject to tax	(19.735.174)	(13.785.250)
Tax effect of tax loss for the year	764	-
10% additional charge	-	466
Defence contribution current year	3.251	59.929
Prior year tax	-	112.729
Overseas tax in excess of credit claim used during the year	7.893.203	3.470.822
Tax charge	7.896.454	3.648.606

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2020, the balance of tax losses which is available for offset against future taxable profits amounts to €4.974 for which no deferred tax asset is recognised in the statement of financial position.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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14. Dividends

	2020	2019
	US\$	US\$
Interim dividend paid	125.000.000	84.332.466
Final dividend paid	-	50.667.534
	<u>125.000.000</u>	<u>135.000.000</u>

On 15 July 2020 and 27 November 2020 the Board of Directors approved the payment of an interim dividend of US\$115.000.000 and US\$10.000.000 respectively. (2019: US\$84.332.466).

No final dividend has been approved during the year US\$- (2019: US\$50.667.534).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled. Dividends payable to non-residents of Cyprus are not subject to such a deduction.

15. Right-of-use assets

	Land and buildings US\$
Cost	
Additions	<u>97.780</u>
Balance at 31 December 2019/ 1 January 2020	97.780
Disposals	<u>(97.780)</u>
Depreciation	
Effect of initial application of IFRS16	19.556
Charge for the year	<u>19.556</u>
Balance at 31 December 2019/ 1 January 2020	39.112
Charge for the year	1.630
Disposal	<u>(40.742)</u>
Net book amount	
Balance at 31 December 2020	<u>-</u>
Balance at 31 December 2019	<u>58.668</u>

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

16. Investments in subsidiaries

	2020	2019
	US\$	US\$
Balance at 1 January	124.327.484	171.503.046
Additions	2.102.471	1.158.298
Impairment charge	-	(20.425.459)
Capital Contribution	-	366.576
Transfer from financial assets at fair value through profit or loss (Note 21)	-	10.000
Elimination of investments in subsidiaries	-	(65.361.197)
Investments in subsidiaries transferred from acquiree	-	37.076.220
Balance at 31 December	<u>126.429.955</u>	<u>124.327.484</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2020 Holding %	2019 Holding %
Myronivsky Hliboproduct PrJSC	Ukraine	Management, marketing and sales	95,36	95,36
Vynnytska Ptakhofabryka LLC	Ukraine	Chicken farm	100	100
Scylla Capital Limited (note 1 and 2)	British Virgin Islands	Trading activity	100	100
SPF Urozhay LLC	Ukraine	Grain cultivation	95	95
MHP Food Trading L.L.C	Emirate of Dubai	Trading in poultry meat	100	100
MHP East Europe s.r.o.	Slovakia	Production and trading in poultry meat	99,99	99,99
MHP EU GmbH	Germany	Production and trading in poultry meat	100	100
Nile Food Distribution LLC	Egypt	Trading in poultry meat	99	99
MHP Saudi Arabia Trading Company LLC	Saudi Arabia	Wholesale of agricultural products	75	75
MHP Trading FZE	Dubai	Trading in sunflower oil, grains and poultry meat	100	100
MHP-Podillia-Kolodno LLC (note 2)	Ukraine	Farming asetholding andoperating entity	50,81	50,81
Starynska Ptakhofabryka ALLC (note 2 and 3)	Ukraine	Farming asetholding andoperating entity	100	99,15

Notes:

1. During the prior year, the investment was reclassified from financial assets at fair value through profit or loss to investments in subsidiaries.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

16. Investments in subsidiaries (continued)

2. During the prior year, the investments in subsidiaries were transferred from Larontas Limited (acquiree).

3. During the current year, the subsidiary was fully acquired by the Company.

17. Investments in associates

	2020 US\$	2019 US\$
Balance at 1 January	1.539.214	-
Investment in associate transferred from acquiree	-	1.539.214
Balance at 31 December	1.539.214	1.539.214

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2020 Holding %	2019 Holding %
MHP-LK Ukraine Group LLC	Ukraine	Farming, asset holding and operating entity	47,93	47,93

During the prior year, the investment in associate was transferred from Larontas Limited (acquiree).

18. Financial assets at fair value through other comprehensive income

	2020 US\$	2019 US\$
Balance at 1 January	590.154	-
Transfer from merged company	-	590.154
Balance at 31 December	590.154	590.154

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2020 Holding %	2019 Holding %
Zakhid-Agro MHP LLC	Ukraine	Grain cultivation	0,26	0,26

19. Non-current loans receivable

	2020 US\$	2019 US\$
Loans receivable	1.780.000	-
Loans to related companies (Note 28.4)	-	12.513
	1.780.000	12.513

The loan receivable is denominated in Saudi Riyal, bears no interest rate and is repayable on demand.

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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20. Trade and other receivables

	2020	2019
	US\$	US\$
Receivables from own subsidiaries (Note 28.3)	1.768.198	617
Receivables from associates (Note 28.3)	-	4.365
Receivables from parent (Note 28.3)	-	4.365
Deposits and prepayments	-	5.150
Other receivables	133	133
	<u>1.768.331</u>	<u>14.630</u>

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

21. Financial assets at fair value through profit or loss

	2020	2019
	US\$	US\$
Balance at 1 January	36.202.192	38.637.857
Disposals	(622.073)	-
Change in fair value	(13.117.610)	(2.425.665)
Transfer to investment in subsidiaries (Note 16)	-	(10.000)
Balance at 31 December	<u>21.462.509</u>	<u>36.202.192</u>

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

In the statement of cash flows, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

22. Cash and cash equivalents

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2020	2019
	US\$	US\$
Cash at bank and in hand	<u>610.117</u>	<u>8.401.101</u>
	<u>610.117</u>	<u>8.401.101</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

23. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €1 each	<u>50.000</u>	<u>50.000</u>	50.000	50.000
		US\$		US\$
Issued and fully paid				
Balance at 1 January	<u>50.000</u>	<u>75.841</u>	50.000	75.841
Balance at 31 December	<u>50.000</u>	<u>75.841</u>	50.000	75.841

24. Borrowings

	2020 US\$	2019 US\$
Current borrowings		
Loans from subsidiaries (Note 28.6)	<u>2.018.219</u>	<u>12.166.143</u>

25. Lease liabilities

	2020 US\$	2019 US\$
Balance at 1 January	65.008	-
Additions	-	65.008
Disposal	<u>(65.008)</u>	-
Balance at 31 December	<u>-</u>	<u>65.008</u>

	The present value of minimum lease payments			
	Minimum lease payments		lease payments	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Not later than 1 year	-	21.533	-	65.008
Later than 1 year and not later than 5 years	-	<u>47.103</u>	-	-
	-	68.636	-	65.008
Future finance charges	-	<u>(3.628)</u>	-	-
Present value of lease liabilities	<u>-</u>	<u>65.008</u>	<u>-</u>	<u>65.008</u>

The Company leases office premises. The average lease term is 60 months. For year ended 31 December 2020, the average effective borrowing rate was 5,45% (2019: 5,45%). Interest rates are fixed at the contract date, and thus expose the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The lease was terminated on 1 February 2020 and as a result was written off.

The fair values of lease obligations approximate to their carrying amounts as presented above.

RAFTAN HOLDING LIMITED

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31 December 2020

26. Trade and other payables

	2020	2019
	US\$	US\$
Shareholders' current accounts - credit balances (Note 28.7)	-	2,120,677
Payables to parent (Note 28.5)	1,154	-
Accruals	8,003	8,012
Other creditors	3,788	3,465
Payables to own subsidiaries (Note 28.5)	922,233	13,035,533
	<u>935,178</u>	<u>15,167,687</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

27. Current tax liabilities

	2020	2019
	US\$	US\$
Corporation tax	-	5,126
Special contribution for defence	-	59,929
	<u>-</u>	<u>65,055</u>

28. Related party transactions

The Company is controlled by MHP SE, registered in Cyprus, which owns 100% of the Company's shares. The ultimate controlling party is Mr. Yuriy Kosyuk, resident in Ukraine.

The following transactions were carried out with related parties:

28.1 Interest income from subsidiary

	2020	2019
	US\$	US\$
Loan interest income	-	26,862
	<u>-</u>	<u>26,862</u>

28.2 Interest expense to related parties

	2020	2019
	US\$	US\$
Loan interest expense	83,657	313,325
	<u>83,657</u>	<u>313,325</u>

28.3 Receivables from related parties (Note 20)

Name	Nature of transactions	2020	2019
		US\$	US\$
Receivables from parent company	Rent	-	4,365
Receivables from related company	Rent	-	4,365
Receivables from own subsidiaries	Dividends and Disposal of GDRs	1,768,198	617
		<u>1,768,198</u>	<u>9,347</u>

RAFTAN HOLDING LIMITED

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28. Related party transactions (continued)

28.4 Loans to related parties (Note 19)

	2020	2019
	US\$	US\$
	-	12,513
	-	12,513

The amounts consisted of interests receivable and was fully received during current the year.

28.5 Payables to related parties (Note 26)

Name	2020	2019
	US\$	US\$
Payable to own subsidiaries	922,233	13,035,533
Payable to parent company	1,154	-
	923,387	13,035,533

28.6 Loans from related parties (Note 24)

	2020	2019
	US\$	US\$
Loan from own subsidiaries	2,018,219	12,166,143
	2,018,219	12,166,143

The loans from own subsidiaries are denominated in United States Dollars, bear interest at the rate of 2.5% per annum and are repayable in 2021.

28.7 Shareholders' current accounts - credit balances (Note 24 and 26)

	2020	2019
	US\$	US\$
Shareholders' current accounts - credit balances	-	2,120,677
	-	2,120,677

The shareholders' current accounts are interest free, and are repayable on demand.

29. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

RAFTAN HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

30. Commitments

The Company had no capital or other commitments as at 31 December 2020.

On 10 May 2017 the Company's parent, company "MHP SE"(Issuer), issued and sold up to US\$500.000.000 guaranteed notes bearing a yield to maturity of up to 7.75% and a maturity of 7 years. The Company provided guarantee to and for the benefit of each registered holder of the Notes and the due payment of all sums expressed to be payable by the Issuer under the Notes and the Indenture.

The Company provided a guarantee under the facility agreement dated 31 August 2017, as further amended, entered into between, among others, MHP Food Trading LLC, as borrower, MHP S.E. and the Company as guarantors and ING Bank N.V. as lender. The aggregate amount of the facility shall not exceed U.S. \$ 100.000.000.

On 3 April 2018 the related Company MHP Lux SA (issuer), issued and sold up to US\$550.000.000 guaranteed notes bearing a yield to maturity of up to 6.95% and a maturity of 8 years. The Company provided guarantee to and for the benefit of each registered holder of the Notes the due payment of all sums expressed to be payable by the Issuer under the Notes and the Indenture.

On 19 September 2019 the related Company MHP Lux SA (Issuer), issued and sold US\$350.000.000 guaranteed notes bearing a yield to maturity of up to 6.25% and a maturity of 10 years. The Company provided guarantee to and for the benefit of each registered holder of the Notes the due payment of all sums expressed to be payable by the Issuer under the Notes and the Indenture.

31. Events after the reporting period

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 2 to 3