

Sumi Agro Europe Limited

**Annual Report and Financial
Statements**

Registered Number: 03073407

31 December 2019



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Strategic report – Company registered number 03073407

Officers and professional advisers

Directors

Mr. A. Meyer (Appointed on 01.04.2020)
Mr. K. Ichinose (Appointed on 01.04.2020)
Mr. T. Tetsu
Mr. K. Suzuki
Mr. W. Wleklík
Mr. T. Yamana
Mr. T. Nishihara
Mr. K. Tameda (Resigned on 01.04.2020)

Secretary

Mr. C. White

Registered office

Vintners' Place
68 Upper Thames Street
London
EC4V 3BJ

Bankers

Citibank N.A.
33 Canada Square
London E14 5LB

Auditor

KPMG LLP
Chartered Accountants
London E14 5GL

Strategic report - Company registered number: 03073407

The directors present their Strategic Report, Directors' Report and the audited financial statements, for the year ended 31 December 2019.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). Sumi Agro Europe Limited (the "Parent Company" or the "Company") financial statements have been prepared and approved by the directors in accordance with, and rely on the disclosure's exemptions set out in, FRS 101. On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

1 Principal activities

The Company acts principally as a holding company for the Sumi Agro Europe Limited Group which comprises of subsidiaries, branches and other investments trading in plant protection and related products and selling principally across Europe. The Company also acts as an intermediary in supply chain operations to coordinate supplies of goods into individual territories.

The Group is operating in a challenging market and competitive pressure is a continuing risk for the Group. The Group mitigates this risk by taking actions to secure and strengthen its position in the market.

2 Business review and Future prospects

2019 was a record year for the Group. Consolidated profit after tax and before non-controlling interest for the year ended 31st December 2019 increased by 3.2% to €19,331,000 compared to the previous year (2018: €18,730,000 [restated]). The Group's profit attributable to equity holders of the parent for the year ended 31st December 2019 increased by 4.7% to €15,507,000 compared to the previous year (2018: €14,816,000 [restated]). Group turnover continued to grow steadily with a further 2.1% increase (2019: €348 million versus 2018: €341 million) through increased sales volumes of established products and a broadening of the Group's product portfolio. The profit attributable to equity holders of the parent as a percentage of turnover increased from 4.3% [restated] in 2018 to 4.5% in 2019.

Group net assets as at 31st December 2019 were €123,451,000 (2018: €112,228,000 [restated]). Net current assets (current assets less current liabilities) increased to €45,073,000 (2018: €39,417,000) where there were movements in short term loan payables (increase €14,552,000), trade and other payables (decrease €7,034,000), inventories (increase €4,545,000) and current trade and other receivables (increase €5,285,000) reflecting the continuing growth of the Group's underlying business.

The Group has organisational guidelines in place to ensure proper internal controls and management policies to secure its operations. It adopts the controls framework of its ultimate parent, the Sumitomo Corporation and this is monitored through a 3-5-year cycle of internal audits across all Group companies.

The management team reviews detailed monthly information covering a range of financial indicators (turnover growth, gross profit margin, working capital levels, stock ageing and overdue receivables), and operational risks including, but not limited to a) the impact of climatic conditions across the different geographies including impacts on the use of fungicides, pesticides, herbicides and other products, b) commodity prices, c) financial strength of customers and suppliers and d) monitoring of potential supply chain management issues. This is becoming increasingly critical given the Covid-19 pandemic.

The progress of key strategic and business development projects is reviewed monthly with individual project teams. Formal meetings, involving the management team and management from subsidiaries and associate companies are held on a quarterly basis where performance against budget, forecast and KPIs is reviewed.

Strategic report *(continued)*

There will be no impact of Brexit until 1 January 2021. Management do not believe that this will have significant impact on the business. Plans are in place to allow trading to continue after 1 January 2021. The dividends received from EU subsidiary companies will also need careful consideration.

By order of the board



Mr. Antoine Meyer
Director
8th July 2020

Vintners' Place
68 Upper Thames Street
London
EC4V 3BJ

Directors' report - Company registered number: 03073407

The directors present their directors' report and the audited financial statements, for the year ended 31 December 2019.

Research and Development

During the year, the Company follows a number of activities, in line with its mid-term plan, to widen its own product portfolio through the development of "S-Line" pesticides containing at least one molecule from Japanese Makers, which could be added to the Group's product range in the future. Research phase (formulation development, evaluation/studies and field trials) costs are charged to the profit and loss account and development phase (annex III/data package generation costs, dossier submission fees and registration fees) costs are capitalised in the balance sheet in the period in which they are incurred.

For the year ended 31 December 2019 Research and Development total costs amounted to €2,712,000 (2018: €2,724,000) of which research costs of €1,351,000 (refer to note 4) (2018: €1,387,000) was charged to profit and loss and development costs of €1,065,000 (refer to note 11) (2018: €1,337,000) was capitalised as balance sheet assets.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks which include currency risk, credit risk, counterparty risk and liquidity risk.

Currency risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Credit risk and counterparty risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Credit risk within the Group is managed by thorough review of customer request for credit and by using credit insurance where available. The review of customers in referencing external agencies such as Dunn and Bradstreet to obtain credit references and up to date status reports for all prospective and existing customers.

Counterparty risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

On the whole the Group has diversified its credit and counterparty risk to limit significant exposure from these risks.

Liquidity risk

The Group has arranged short term debt finance to ensure sufficient funds are available for ongoing operations and future developments. The short-term debt finance is supported by a letter of guarantee from the ultimate parent company in Tokyo and the Directors consider that the Group will be able to maintain this financing for the foreseeable future

Pensions risk

The Company operates a defined benefit pension scheme, which exposes it to material pension risk from equity markets, changes in interest rates and longevity and other factors. The scheme is closed to new entrants and the Company takes expert actuarial and investment advice whilst working closely with the trustees of the scheme to ensure that this risk is appropriately managed and minimised.

Results and dividends

The profit for the 2019 year after taxation amounts and non-controlling interest is €19,331,000 (2018: €18,730,000 [restated]). The profit attributable to equity holders of the parent for the 2019 year is €15,507,000 (2018: €14,815,000 [restated]).

During the year dividends of €10,500,000 (2018: €11,880,000) were paid to Shareholders' of the Company in respect of the previous financial year. At the year-end no dividend in respect of financial year 2019 has been declared.

Directors' report (continued)

Going concern

Management have been considering the impact of COVID-19 ensuring that any impacts are minimised. Each SAE Group company has developed a Business Continuity Plan. These plans are being continually monitored and developed as the COVID-19 situation develops. In many respects SAE is fortunate that it supports the food industry. Through the pandemic, farming and food production will continue to be protected and supported by governments. The majority of staff are fully operational, working from home. The Directors believe that there is little risk of any significant reduction in demand from SAE's customers. Supply chains are to date largely unaffected and SAE now has a 7-month period to put in place stock for the seasonal peak period. The overall conclusion from the Directors is that the business will not be significantly impacted.

Directors

The following directors served throughout the year:

Mr. A. Meyer (Appointed on 01.04.2020)
Mr. K. Ichinose (Appointed on 01.04.2020)
Mr. T. Tetsu
Mr. K. Suzuki
Mr. W. Wleklik
Mr. T. Yamana
Mr. T. Nishihara
Mr. K. Tameda (Resigned on 01.04.2020)

Employee policy

The Company is firmly committed to the continuation and strengthening of communication lines with all its employees and is committed to equality of opportunity in all employment practices, policies and procedures. No employee or potential employee will therefore receive less favourable treatment due to their race, creed, nationality, colour, ethnic origin, age, sex or religious belief.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2018: nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors
and signed on behalf of the Board



Mr. Antoine Meyer
Director
8th July 2020

Vintners' Place
68 Upper Thames Street
London
EC4V 3BJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, Strategic Report and the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUMI AGRO EUROPE LIMITED

Opinion

We have audited the financial statements of Sumi Agro Europe Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Group Balance Sheet, Company Balance Sheet, Statement of Changes in Equity – Group, Statement of Changes in Equity – Company, Consolidated Cash Flow Statements and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Sumi Agro Europe Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

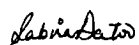
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sabira Dato (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
8th July 2020

Consolidated Income Statement
for year ended 31 December 2019

	<i>Note</i>	2019 €000	Restated 2018 €000
Continuing Operations			
Revenue	2	347,547	341,344
Cost of sales		(276,067)	(272,971)
		71,480	68,373
Gross profit			
Other operating income	3	787	113
Distribution expenses		(2,335)	(1,790)
Administrative expenses	6	(32,815)	(28,685)
Other operating expenses	4	(14,142)	(15,642)
		22,975	22,369
Operating profit			
Financial income	7	650	451
Financial expenses	7	(2,171)	(2,145)
Income from investments	12	2,577	2,657
		24,031	23,332
Profit before tax			
Taxation	8	(4,700)	(4,602)
		19,331	18,730
Profit for the year		19,331	18,730
Profit attributable to:			
Equity holders of the parent		15,507	14,816
Non-controlling interest	12	3,824	3,914
		19,331	18,730
Profit for the year		19,331	18,730

The accompanying notes form part of these consolidated financial statements.

Refer to Note 29 in the Notes to the Financial Statements for the restated 2018 reconciliation.

Consolidated Statement of Other Comprehensive Income
for year ended 31 December 2019

	<i>Note</i>	2019 €000	Restated 2018 €000
Profit for the year		19,331	18,730
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain/(loss) of defined benefit liability/asset - parent company	20	2,002	(414)
		21,333	18,316
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences – foreign operations	25	2,524	(491)
Foreign currency translation differences – non-controlling interest	25	-	(314)
		2,524	(805)
Other comprehensive (loss)/income for the year, net of income tax			
Total comprehensive income for the year		23,857	17,511
Attributable to:			
Equity holders of the parent		20,138	13,911
Non-controlling interest	12	3,719	3,600
		23,857	17,511

The accompanying notes form part of these consolidated financial statements.

Refer to Note 29 in the Notes to the Financial Statements for the restated 2018 reconciliation.

Group Balance Sheet
at 31 December 2019

	<i>Note</i>	2019 €000	Restated 2018 €000	Restated 2017 €000
Non-current assets				
Property, plant and equipment	<i>10</i>	31,025	25,964	21,688
Intangible assets	<i>11</i>	24,983	27,127	28,082
Investments	<i>12</i>	21,244	19,668	20,011
Deferred tax assets	<i>14</i>	4,021	3,633	2,810
Trade and other receivables	<i>16</i>	1,742	2,191	-
Employee benefits	<i>20</i>	2,263	-	-
		<u>85,278</u>	<u>78,583</u>	<u>72,591</u>
Current assets				
Inventories	<i>15</i>	85,480	80,935	69,824
Tax receivable		1,109	1,304	1,416
Trade and other receivables	<i>16</i>	115,890	110,605	102,506
Cash and cash equivalents	<i>17</i>	24,907	18,287	12,947
		<u>227,386</u>	<u>211,131</u>	<u>186,693</u>
Total assets		<u><u>312,664</u></u>	<u><u>289,714</u></u>	<u><u>259,284</u></u>
Current liabilities				
Other interest-bearing loans and borrowings	<i>18</i>	(108,589)	(93,298)	(87,089)
Trade and other payables	<i>19</i>	(67,114)	(74,425)	(69,677)
Tax payable		(877)	(906)	(626)
Accruals		(5,456)	(3,085)	(3,095)
		<u>(182,036)</u>	<u>(171,714)</u>	<u>(160,487)</u>
Non-current liabilities				
Other payables	<i>19</i>	(277)	(236)	-
Other interest-bearing loans and borrowings	<i>18</i>	(5,446)	(3,452)	(1,455)
Redeemable preference shares	<i>21</i>	(76)	(76)	(76)
Employee benefits	<i>20</i>	-	(236)	(404)
Deferred tax liabilities	<i>14</i>	(1,378)	(1,512)	(1,787)
		<u>(7,177)</u>	<u>(5,512)</u>	<u>(3,722)</u>
Total liabilities		<u><u>(189,213)</u></u>	<u><u>(177,226)</u></u>	<u><u>(164,209)</u></u>
Net assets		<u><u>123,451</u></u>	<u><u>112,488</u></u>	<u><u>95,075</u></u>

Group Balance Sheet *(continued)*
at 31 December 2019

	<i>Note</i>	2019 €000	Restated 2018 €000	Restated 2017 €000
Equity attributable to equity holders of the parent				
Share capital	21	29,032	29,032	9,032
Share premium		1,118	1,118	1,118
Translation reserve	25	(6,260)	(7,307)	(6,804)
Revaluation reserve		-	-	-
Legal reserve		3,372	3,372	3,372
Capital redemption reserve		3,536	3,536	3,554
Retained earnings		75,655	67,064	64,153
		<u>106,453</u>	<u>96,815</u>	<u>74,425</u>
Non-controlling interest	12	16,998	15,673	20,650
		<u>123,451</u>	<u>112,488</u>	<u>95,075</u>

Refer to Note 29 in the Notes to the Financial Statements for the restated 2018 and 2017 reconciliation.

These financial statements were approved by the board of directors on 8th July 2020 and were signed on its behalf by:



Mr. Antoine Meyer

Director

Company registered number: 03073407

The accompanying notes form part of these consolidated financial statements.

Company Balance Sheet
at 31 December 2019

	<i>Note</i>	2019 €000	2018 €000
Non-current assets			
Office Equipment	10	1,086	13
Intangible assets	11	6,088	6,794
Investments	12	18,719	18,719
Investments in group companies	13	51,707	51,707
Trade and other receivables	16	1,500	2,100
Employee benefits	20	2,263	-
		81,363	79,333
Current assets			
Inventories	15	4,038	2,513
Trade and other receivables	16	16,159	19,035
Cash and cash equivalents	17	4	1,604
		20,201	23,152
Total assets		101,564	102,485
Current liabilities			
Other interest-bearing loans and borrowings	18	(36,993)	(30,050)
Trade and other payables	19	(14,770)	(22,433)
Accruals		(3,358)	(1,184)
		(55,121)	(53,667)
Non-current liabilities			
Other interest-bearing loans and borrowings		(2,341)	(2,100)
Redeemable Preference Shares	21	(76)	(76)
Employee benefits	20	-	(236)
		(2,417)	(2,412)
Total liabilities		(57,538)	(56,079)
Net assets		44,026	46,406

The accompanying notes form part of these consolidated financial statements.

Company Balance Sheet *(continued)*
at 31 December 2019

	<i>Note</i>	2019 €000	2018 €000
Equity attributable to equity holders of the parent			
Share capital	21	29,032	29,032
Share premium		1,118	1,118
Translation reserve		(102)	(113)
Retained earnings		13,978	16,369
Total equity		44,026	46,406

These financial statements were approved by the board of directors on 8th July 2020 and were signed on its behalf by:



Mr. Antoine Meyer

Director

Company registered number: 03073407

The accompanying notes form part of these consolidated financial statements.

Statement of Changes in Equity

Group

	Note	Share capital €000	Share premium €000	Translation reserve €000	Revaluation Reserve €000	Legal reserve €000	Capital redemption reserve €000	Retained earnings €000	Total parent equity €000	Non-controlling interest €000	Total equity €000
Balance at 1 January 2018 as previously reported		9,032	1,118	(6,804)	-	3,372	3,554	64,478	74,750	20,650	95,400
Prior year adjustment	29	-	-	-	-	-	-	(325)	(325)	-	(325)
Balance at 1 January 2018 restated		9,032	1,118	(6,804)	-	3,372	3,554	64,153	74,425	20,650	95,075
Total comprehensive income for the period											
Profit or loss restated		-	-	-	-	-	-	14,816	14,816	3,914	18,730
Effect of currency translation	25	-	-	(817)	-	-	-	12	(805)	-	(805)
Effect of currency translation to Non-Controlling Interest	25	-	-	314	-	-	-	-	314	(314)	-
Movement in reserves		-	-	-	-	-	(18)	18	-	-	-
Other comprehensive income		-	-	-	2,781	-	-	(414)	2,367	-	2,367
Adjustment	29	-	-	-	(2,781)	-	-	-	(2,781)	-	(2,781)
Total comprehensive income for the period		-	-	(503)	-	-	(18)	14,432	13,911	3,600	17,511
Transactions with owners recorded directly in equity		20,000	-	-	-	-	-	-	20,000	-	20,000
Dividends	21	-	-	-	-	-	-	(11,880)	(11,880)	(4,877)	(16,757)
Total contributions by and distributions to owners		20,000	-	-	-	-	-	(11,880)	8,120	(4,877)	3,243
Change in ownership interest		-	-	-	-	-	-	-	-	(3,700)	(3,700)
Acquisition of non-controlling interest in subsidiary without a change in control		-	-	-	-	-	-	359	359	-	359
Balance at 31 December 2018 adjusted		<u>29,032</u>	<u>1,118</u>	<u>(7,307)</u>	<u>-</u>	<u>3,372</u>	<u>3,536</u>	<u>67,064</u>	<u>96,815</u>	<u>15,673</u>	<u>112,488</u>

The accompanying notes form part of these consolidated financial statements.

Statement of Changes in Equity *(continued)*

Group *(continued)*

	<i>Note</i>	Share capital €000	Share premium €000	Translation reserve €000	Legal reserve €000	Capital redemption reserve €000	Retained earnings €000	Total parent equity €000	Non- controlling interest €000	Total Equity €000
Balance at 1 January 2019		29,032	1,118	(7,307)	3,372	3,536	67,064	96,815	15,673	112,488
Total comprehensive income for the period										
Profit or loss		-	-	-	-	-	15,507	15,507	3,824	19,331
Effect of currency translation	25	-	-	2,524	-	-	-	2,524	-	2,524
Effect of currency translation to Non-Controlling Interest	25	-	-	105	-	-	-	105	(105)	-
Movement in reserves		-	-	(1,582)	-	-	1,582	-	-	-
Other comprehensive income	25	-	-	-	-	-	2,002	2,002	-	2,002
Total comprehensive income for the period		-	-	1,047	-	-	19,091	20,138	3,719	23,857
Transactions with owners recorded directly in Equity										
Dividends	21	-	-	-	-	-	(10,500)	(10,500)	(2,394)	(12,894)
Total contributions by and distributions to owners		-	-	-	-	-	(10,500)	(10,500)	(2,394)	(12,894)
Balance at 31 December 2019		<u>29,032</u>	<u>1,118</u>	<u>(6,260)</u>	<u>3,372</u>	<u>3,536</u>	<u>75,655</u>	<u>106,453</u>	<u>16,998</u>	<u>123,451</u>

The accompanying notes form part of these consolidated financial statements.

Statement of Changes in Equity

Company

	<i>Note</i>	Share capital €000	Share premium €000	Translation reserve €000	Retained earnings €000	Total Parent equity €000
Balance at 1 January 2018		9,032	1,118	(101)	16,430	26,479
Total comprehensive income for the period						
Profit or loss		-	-	-	12,233	12,233
Other comprehensive income		-	-	(12)	(414)	(426)
Total comprehensive income for the period		-	-	(12)	11,819	11,807
Transactions with owners recorded directly in equity		20,000	-	-	-	20,000
Dividends	21	-	-	-	(11,880)	(11,880)
Total contribution by and distribution to owners		20,000	-	-	(11,880)	8,120
Balance at 31 December 2018		<u>29,032</u>	<u>1,118</u>	<u>(113)</u>	<u>16,369</u>	<u>46,406</u>

The accompanying notes form part of these consolidated financial statements.

Statement of Changes in Equity *(continued)*

Company *(continued)*

	<i>Note</i>	Share capital €000	Share premium €000	Translation reserve €000	Retained earnings €000	Total Parent equity €000
Balance at 1 January 2019		29,032	1,118	(113)	16,369	46,406
Total comprehensive income for the period						
Profit or loss		-	-	-	6,101	6,101
Other comprehensive income	20	-	-	11	2,008	2,019
Total comprehensive income for the period		-	-	11	8,109	8,120
Transactions with owners, recorded directly in equity						
Dividends	21	-	-	-	(10,500)	(10,500)
Total contribution by and distribution to owners		-	-	-	(10,500)	(10,500)
Balance at 31 December 2019		<u>29,032</u>	<u>1,118</u>	<u>(102)</u>	<u>13,978</u>	<u>44,026</u>

The accompanying notes form part of these consolidated financial statements.

Group Cash Flow Statement
for year ended 31 December 2019

	Note	2019 €000	Restated 2018 €000
Cash flows from operating activities			
Profit for the year		19,331	18,730
<i>Adjustments for:</i>			
Depreciation, amortisation		8,046	5,131
Impairment loss		-	20
Foreign exchange (losses)/gains		2,524	(805)
Financial income	7	(650)	(449)
Financial expense	7	2,171	2,145
(Gain) on sale of property, plant and equipment		(186)	(113)
Change in value of investment		(2,577)	(2,655)
Taxation	8	4,700	4,602
		<u>33,359</u>	<u>26,606</u>
Increase in trade and other receivables		(4,791)	(10,290)
Increase in inventories		(4,545)	(11,111)
Increase in trade and other payables		(5,755)	5,144
Decrease in provisions and employee benefits		(220)	(854)
		<u>18,048</u>	<u>9,495</u>
Tax paid		(5,056)	(4,778)
Net cash from operating activities		<u>12,992</u>	<u>4,717</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		250	554
Interest received		650	449
Acquisition of property, plant and equipment (including asset transfer)	10	(4,227)	(7,699)
Foreign currency translation adjustment on property, plant and equipment		591	109
Acquisition of non-controlling interest in a subsidiary		-	(3,342)
Dividend received from Associated company	12	1,000	3,000
Acquisition of other intangible assets	11	(1,288)	(1,853)
Net cash from investing activities		<u>(3,024)</u>	<u>(8,782)</u>
Cash flows from financing activities			
Proceeds from new issue of share capital		-	20,000
Proceeds from new loan and repayment of borrowings	18	13,744	8,307
Interest paid		(2,171)	(2,145)
Repayment of borrowings	18	(600)	-
Payment of lease liabilities		(1,427)	-
Dividends paid		(12,894)	(16,757)
Net cash from financing activities		<u>(3,348)</u>	<u>9,405</u>
Net increase in cash and cash equivalents		6,620	5,340
Cash and cash equivalents at 1 January		18,287	12,947
Cash and cash equivalents at 31 December	17	<u>24,907</u>	<u>18,287</u>

The accompanying notes form part of these consolidated financial statements.

Notes to the financial statements for the year ended 31 December 2019

1 Accounting policies

Sumi Agro Europe Limited (the “Company”) is a company incorporated and domiciled in the UK.

The Group financial statements consolidate the performance and position of the Company and its subsidiaries (together referred to as the “Group”) and equity account the Group’s interest in associates. The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”). The Parent financial statements have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

In these financial statements, the Company has applied the exemption available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Certain disclosures regarding revenues;
- Disclosure in respect of Capital Management
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

This is the first set of the Group’s annual financial statements in which IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments* have been applied. The changes to significant accounting policies are described in Note 29. A prior year adjustment has been made. A Group Subsidiary previously accounted for land and buildings using the “Revaluation Method”, and now accounts for the fixed assets under the “Cost Method”. Group adjustments were subsequently revised to reflect this change. The detail behind this prior year adjustment is described in Note 29.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Net defined benefit liability

Fair value of plan assets less the present value of the defined benefit obligation, limited as explained in Note 1.18.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. This indicates that, taking account of potential downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the shareholders and SAE's receivable financing providing additional financial support during that period. The shareholders indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Group has subsequently assessed the impact of the COVID-19 outbreak on its ability to continue its operations. Future adverse impacts from the COVID-19 outbreak may include, but are not limited to, employees contracting the disease and employees being unable to perform their normal duties during government-imposed lock downs. However, the Group has seen increased overall demand and does not expect a reduction in revenues as a result of the COVID-19 outbreak.

The Group's consolidated profit after tax and non-controlling interest for the year ended 31st December 2019 increased by 3.2% to €19,331,000 (2018: €18,730,000 [restated]). The Group's profit attributable to equity holders of the parent for the year ended 31st December 2019 increased by 4.7% to €15,507,000 (2018: €14,816,000 [restated]).

Group turnover continued to grow steadily across all operating entities with a further 2.1% increase (2019: €348 million versus 2018: €341 million) through increased sales volumes of established products and a broadening of the Group's product portfolio. The profit attributable to equity holders of the parent ratio against turnover increased from 4.3% [restated] in 2018 to 4.5% in 2019.

Group net assets as at 31st December 2019 were €123,451,000 (2018: €112,228,000 [restated]). Net current assets (current assets less current liabilities) increased to €45,073,000 (2018: €39,417,000) where there were movements in short term loan payables (increase €14,552,000), trade and other payables (decrease €7,034,000), inventories (increase €4,545,000) and current trade and other receivables (increase €5,285,000) reflecting the continuing growth of the Group's underlying business.

Notes (continued)

1 Accounting policies (continued)

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Application of the equity method to associates

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Separate parent company financial statements

In the parent company financial statements, all investments in subsidiaries and associates are carried at cost less impairment.

Reclassification of prior year figures

During the preparation of the financial statements, a number of prior year comparative figures have been reclassified to better reflect the financial position of the entity. The effect of these reclassifications is not considered material to the users of these financial statements. These reclassifications include:

- Disclosures in the notes to the financial statements.

Notes (continued)

1 Accounting policies (continued)

1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Notes (continued)

1 Accounting policies (continued)

1.5 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in joint ventures, associates and subsidiaries are accounted for in accordance with IFRS 9.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

1.5 Financial instruments (continued)

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

1 Accounting policies (continued)

1.5 Financial instruments (continued)

(iii) Derivative financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(iv) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes (continued)

1 Accounting policies (continued)

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the income statement.

No depreciation is provided on freehold land. The cost less residual value of other fixed assets is written off over their estimated useful lives on the basis and at the rates set out below:

Freehold buildings	Straight-line basis at 5% per annum
Leasehold land and buildings	Straight-line basis over the term of the leases
Motor vehicles	Reducing balance basis at 33.3% per annum
Plant and machinery	Straight-line basis at 20%, 10% or 7.5% per annum dependent on estimated useful life

1.7 Leases

The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019, refer to Note 1.19 for the impact on transition for this change in accounting policy.

Policy applicable from 1 January 2019

At inception of a contract, the Group 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 Group uses the definition of a lease in IFRS 16, whether:

- the contract involves the use of an identified asset. This identified asset 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 Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group 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 Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

i. As a lessee

The Group 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 used.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes (continued)

1 Accounting policies (continued)

1.7 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by using the interest rate that reflects the credit worthiness of the Group's parent, Sumitomo Corporation.

Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, amounts expected to be payable under a residual value guarantee, and the exercise price under a purchase option.

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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. 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.

ii. Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (determined as being less than or equal to €5,000) and short-term leases (less than or equal to 12 months). The Group recognises the lease payments associated with these lease as an expense on a straight-line basis over the lease term.

iii. As a lessor

The Group does not hold any leases that are leased to third parties.

Policy applicable before 1 January 2019

In the comparative period, as a lessee, leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset were classified as finance leases. Where land and buildings were held under leases the accounting treatment of the land was considered separately from that of the buildings. Leased assets acquired by way of finance lease were stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Payments made under operating leases were recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received were recognised in the income statement as an integral part of the total lease expense.

1.8 Business combinations

Business combinations are accounted for by applying the acquisition method. On the acquisition of a business, fair values are attributed to the Group's share of the identifiable assets and liabilities acquired. Where the cost of the acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off in accordance with the policy stated on intangible assets and goodwill.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquire in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquire at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Notes (continued)

1 Accounting policies (continued)

1.9 Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

1.10 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Licenses, patents, trademarks, research and development and software costs

Material costs are capitalised following the point when technical and commercial feasibility are satisfactorily assured, and amortised, once commercial activities commence, on a straight-line basis over the estimated useful lives of the assets as follows:

Patents and trademarks	10 years
Licence and development costs	generally 5 to 10 years
Software costs	generally 5 to 10 years

Provision is made for any impairment. Costs of technical feasibility studies and expenditure on research are written off to the profit and loss account in the year in which they are incurred.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of the attributable overheads.

1.12 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising since 1/1/2014, the transition date to Adopted IFRSs, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Legal reserve

The transfer of reserves from Retained earnings to un-distributable Legal reserves relates to legal requirements in Romania to hold certain elements of retained earnings within an un-distributable reserve.

Notes (continued)

1 Accounting policies (continued)

1.13 Reserves (continued)

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment. The cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

1.14 Revenue recognition

The Company acts principally as a holding company in the Sumi Agro Europe Limited Group and comprises of subsidiaries, branches and other investments trading in plant protection and related products and selling principally in Europe. The Company also acts as an intermediary in supply chain operations to coordinate supplies of goods into individual territories.

Turnover represents the net invoiced amount of goods sold and services provided, excluding value added tax. Whilst some order line discounts are registered at the time of sale, as is common in the industry, end of sales season rebates are settled with key customers when catalogued sales prices are revised to reflect the achievement of targeted sales volumes and any other conditions written in the customers' distribution agreements. Provisions for rebates are accrued during the year based on contracted conditions and market experience. Revenue is recognised on the date when risks and rewards of ownership are transferred under the terms of the relevant sales contract.

The Company has adopted IFRS 15: Revenue from Contract with Customers.

IFRS 15 'Revenue from Contracts with Customers' is based on the principle that revenue is recognised when control of goods or services is transferred to the customer. The standard provides a single, principles-based five-step model to be applied to all contracts with customers to determine whether, how much and when revenue is recognised. IFRS 15 replaces the separate models for goods, services and construction contracts under IAS 11 'Construction Contracts' and IAS 18 'Revenue'. The Company assessed the contracts with customers for the application of the new standard and no material impact has been identified on the timing and recognition of revenue.

1.15 Expenses

Financing income and expenses

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.17 Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

1 Accounting policies (continued)

1.18 Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Notes (continued)

1 Accounting policies (continued)

1.19 Standards issued but not effective:

The following Adopted IFRSs have been issued but have not been applied in these financial statements. The Group is yet to analyse the impact of the following amended standards and interpretations however their adoption is not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards (effective 1 January 2020);
- Amendments to IFRS 3: Definition of a Business (effective date to be confirmed);
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date 1 January 2020);
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective date to be confirmed).

All other new or amended IFRS standards and interpretations issued but not yet effective are not expected to have any material impact on the Group's annual consolidated financial statements.

Notes (continued)

2 Revenue

	2019 €000	2018 €000
Sale of goods	347,547	341,344
Total revenues	<u>347,547</u>	<u>341,344</u>

The disaggregation of revenue by geographic region is:

	2019 €000	2018 €000
Europe	325,683	323,948
Rest of World	21,864	17,396
Total revenues	<u>347,547</u>	<u>341,344</u>

3 Other operating income

Included in the income statement are the following:

	2019 €000	2018 €000
Net gain on disposal of property, plant and equipment	186	113

4 Other operating expenses

Included in the income statement are the following:

	2019 €000	Restated* 2018 €000
Depreciation and amortisation of tangible and intangible assets	8,046	5,131
Research and development expensed as incurred	1,351	1,387
Impairment loss	-	20

*Refer to note 29

5 Auditor's remuneration

	2019 €000	2018 €000
Auditor's remuneration		
Audit of these financial statements	93	89
Amount receivable by the Company's auditor and its associates in respect of: Audit of financial statements of subsidiaries of the Company	238	202
Total auditor's remuneration	<u>331</u>	<u>291</u>

Notes *(continued)*

6 Staff numbers and costs

Included in administration expenses are staff costs:

Directors' emoluments

	2019	2018
	€000	€000
Total directors' emoluments	196	276
Emoluments of the highest paid director.	196	139

The number of directors who received emoluments from the Company during the year was one (2018: two). There were no pension contributions paid in respect of Directors' emoluments.

Employees

The average number of persons employed by the Group during the year, including directors was:

Group	2019	2018
Total employees	703	659

Staff costs incurred during the year in respect of these employees was:

	2019	2018
	€000	€000
Wages and salaries	22,894	21,470
Social security costs	2,072	1,693
Other pension costs	46	18
	25,012	23,181

Notes *(continued)*

7 Finance income and expense

7.1 Finance income

Recognised in the income statement

	2019 €000	2018 €000
Interest receivable	650	449
Net interest on net defined benefit pension plan liabilities	-	2
	650	451
Total finance income	650	451

7.2 Finance expense

	2019 €000	2018 €000
Interest payable	(2,171)	(2,145)
Net interest on net defined benefit pension plan liabilities	-	-
	(2,171)	(2,145)
Total finance expense	(2,171)	(2,145)

8 Taxation

Recognised in the income statement

	2019 €000	Restated 2018 €000
Current tax expense		
Current year	(5,577)	(5,841)
Adjustments for prior years	315	106
	(5,262)	(5,735)
Deferred tax expense		
Origination and reversal of temporary differences	562	1,133
	562	1,133
Deferred tax expense		
	(4,700)	(4,602)
Total tax expense in income statement	(4,700)	(4,602)

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2019 €000	Restated 2018 €000
Profit for the year	19,331	18,730
Total tax expense	<u>4,700</u>	<u>4,602</u>
Profit excluding taxation	<u>24,031</u>	<u>23,332</u>
Tax using the UK corporation tax rate of 19% (2018: 19%)	(4,566)	(4,433)
Effect of tax rates in foreign jurisdictions	1,187	1,344
Foreign Tax	(237)	(431)
Non-Taxable dividends	-	-
Non-deductible expenses	(247)	(46)
R&D tax credit	263	231
Current year losses for which no deferred tax asset was recognised	(1,415)	(1,373)
Over provided in prior years	315	106
Total tax expense (including tax on discontinued operations and equity accounted investees)	<u>(4,700)</u>	<u>(4,602)</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This change was substantively enacted on 17 March 2020 and will have a consequential effect on the company's future tax charge."

The deferred tax asset at 31 December has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

9 Profit of parent undertaking

As permitted by Section 408 of the Companies Act, the profit and loss account of the parent undertaking is not presented as part of these accounts. The parent undertaking's profit for the financial year amounted to €6,101,000 (2018: €12,233,000).

Notes (continued)

10 Property, plant and equipment – Group

	Leasehold Land and buildings	Restated* Freehold Land and buildings	Motor Vehicles	Plant and equipment	Fixtures & fittings	Under construction	Total
	€000	€000	€000	€000	€000	€000	€000
Cost							
Balance at 1 January 2018	35	11,817	7,155	5,640	1,267	4,216	30,130
Additions	-	3,225	1,776	249	157	2,292	7,699
Assets transferred	-	2,945	179	656	4	(3,789)	(5)
Disposals	(6)	(449)	(715)	(67)	(46)	-	(1,283)
Revaluations	-	-	-	-	-	-	-
Effect of movements in foreign exchange	(1)	(210)	(56)	(39)	(5)	(20)	(331)
Balance at 31 December 2018	28	17,328	8,339	6,439	1,377	2,699	36,210
Balance at 1 January 2019	28	17,328	8,339	6,439	1,377	2,699	36,210
Recognition of right-of-use asset on initial application of IFRS 16 (Note 23)	5,601	-	384	-	-	-	5,985
Adjusted balance at 1 January 2019	5,629	17,328	8,723	6,439	1,377	2,699	42,195
Additions	68	271	1,253	405	74	2,296	4,367
Assets transferred	-	1,898	172	847	33	(2,923)	27
Disposals	-	-	(1,005)	(109)	(61)	-	(1,175)
Effect of movements in foreign exchange	(34)	(459)	(68)	(215)	(29)	(71)	(876)
Balance at 31 December 2019	5,663	19,038	9,075	7,367	1,394	2,001	44,538
Depreciation and impairment							
Balance at 1 January 2018	18	2,523	2,340	2,713	848	-	8,442
Depreciation charge for the year	1	728	1,209	759	126	-	2,823
Disposals	(6)	(33)	(656)	(67)	(46)	-	(808)
Revaluations	-	-	-	-	-	-	-
Effect of movements in foreign exchange	-	(153)	(33)	(21)	(4)	-	(211)
Balance at 31 December 2018	13	3,065	2,860	3,384	924	-	10,246

*Refer to note 29

Notes (continued)

10 Property, plant and equipment – Group (continued)

	Leasehold Land and buildings €000	Restated* Freehold Land and buildings €000	Motor Vehicles €000	Plant and equipment €000	Fixtures & fittings €000	Under construction €000	Total €000
Depreciation and impairment							
<i>(continued)</i>							
Balance at 1 January 2019	13	3,065	2,860	3,384	924	-	10,246
Depreciation charge for the year	1,253	838	1,530	870	123	-	4,614
Assets transferred	-	-	-	14	4	-	18
Disposals	-	-	(943)	(109)	(60)	-	(1,112)
Effect of movements in foreign exchange	1	(80)	(55)	(100)	(19)	-	(253)
Balance at 31 December 2019	1,267	3,823	3,392	4,059	972	-	13,513
Net book value							
At 1 January 2018	17	9,294	4,815	2,927	419	4,216	21,688
At 31 December 2018	15	14,263	5,479	3,055	453	2,699	25,964
At 31 December 2019	4,396	15,215	5,683	3,308	422	2,001	31,025

*Refer to note 29

The net book value of land and buildings includes:

	2019 €000	Restated 2018 €000
Freehold land not depreciated	1,601	1,492

Notes (continued)

10 Plant and equipment – Company

	Freehold Land and buildings €000	Office equipment €000	Total €000
Cost			
Balance at 1 January 2018	-	126	126
Additions	-	13	13
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	-	139	139
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2019	-	139	139
Recognition of right-of-use asset on initial application of IFRS 16 (Note 23)	1,246	-	1,246
	<hr/>	<hr/>	<hr/>
Adjusted balance at 1 January 2019	1,246	139	1,385
Additions	-	52	52
Disposals	-	(21)	(21)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	1,246	170	1,416
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation and impairment			
Balance at 1 January 2018	-	118	118
Depreciation charge for the year	-	8	8
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	-	126	126
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2019	-	126	126
Depreciation charge for the year	207	18	225
Disposals	-	(21)	(21)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	207	123	330
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 1 January 2018	-	8	8
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2018	-	13	13
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2019	1,039	47	1,086
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

11 Intangible assets – Group

	Goodwill	Patents and	Development	Total
	€000	trade-marks	costs	€000
		€000	€000	
Balance at 1 January 2018	8,547	23,919	4,699	37,165
Additions	-	516	1,337	1,853
Disposals	-	(503)	-	(503)
Effect of movements in foreign exchange	-	(11)	-	(11)
Balance at 31 December 2018	8,547	23,921	6,036	38,504
Balance at 1 January 2019	8,547	23,921	6,036	38,504
Additions	-	296	1,065	1,361
Assets transferred	-	(77)	-	(77)
Disposals	-	(213)	-	(213)
Effect of movements in foreign exchange	-	(3)	-	(3)
Balance at 31 December 2019	8,547	23,924	7,101	39,572
Amortisation and impairment				
Balance at 1 January 2018	-	7,416	1,667	9,083
Amortisation for the year	-	1,555	753	2,308
Disposals	-	(4)	-	(4)
Effect of movements in foreign exchange	-	(10)	-	(10)
Balance at 31 December 2018	-	8,957	2,420	11,377
Balance at 1 January 2019	-	8,957	2,420	11,377
Amortisation for the year	-	2,016	1,416	3,432
Assets transferred	-	(4)	-	(4)
Disposals	-	(213)	-	(213)
Effect of movements in foreign exchange	-	(3)	-	(3)
Balance at 31 December 2019	-	10,753	3,836	14,589
Net book value				
At 1 January 2018	8,547	16,503	3,032	28,082
At 31 December 2018	8,547	14,964	3,616	27,127
At 31 December 2019	8,547	13,171	3,265	24,983

Notes (continued)

11 Intangible assets – Group (continued)

Amortisation and impairment charge

The amortisation charge is recognised within other operating expenses in the Income Statement (see note 4).

Impairment testing

Goodwill considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units ("CGU") or groups of cash generating units as follows:

	2019 €000	2018 €000
Goodwill	8,547	8,547

The recoverable amount of the Alcedo CGU, to which the goodwill is the attributable, was based on its value in use, determined by discounting the future cash flow expected to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount, so no impairment is required.

The key assumptions used in the estimation of the recoverable amount are set out below:

	2019	2018
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied beyond approved forecast period	0%	0%
Discount rate	8.39%	8.74%
Terminal growth rate	2.8%	2.6%

The table below shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

	2019	2018
Discount rate	+1.063%	+1.36%
Terminal growth rate	- 1.38%	- 2.07%

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The discount rate was a post-tax measure estimated based on the historical industry (agricultural input distributor) average weighted –average cost of capital (WACC) with a possible debt leveraging of 70.3% at market interest rate of 8.1% (before tax) and also with size risk premium 3.4%.

The cash flow projections included specific estimates for five years and terminal growth rate thereafter. The terminal growth rate was set just as inflation rate, which was also taken into account WACC, which is also based on management's estimated long-term compound annual EBITDA growth rate consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows:

- Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase (5%) also with following forecast inflation.

Risk of COVID19 issue is taken into consideration that 10% sales is declined in 2020 due to delayed delivery and lack of production after April 2020. Meantime, it won't affect much on the growth in the five years projection as the business shall be recovered next season under the fact that agriculture is fundamental and growing sustainably.

Notes (continued)

11 Intangible assets – Company

	Patents and trade-marks	Development costs	Total
	€000	€000	€000
Cost			
Balance at 1 January 2018	4,412	4,499	8,911
Additions	440	1,337	1,777
Disposals	(500)	-	(500)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	4,352	5,836	10,188
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2019	4,352	5,836	10,188
Additions	171	1,065	1,236
Assets transferred	(63)	-	(63)
Disposals	(196)	-	(196)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	4,264	6,901	11,165
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Amortisation and impairment			
Balance at 1 January 2018	628	1,682	2,310
Amortisation for the year	330	754	1,084
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	958	2,436	3,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2019	958	2,436	3,394
Amortisation for the year	759	1,120	1,879
Disposals	(196)	-	(196)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	1,521	3,556	5,077
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 1 January 2018	3,784	2,817	6,601
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2018	3,394	3,400	6,794
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2019	2,743	3,346	6,088
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

12 Investments

Group	Other Investments €000	Associates €000	Total €000
Cost			
At 1 January 2018	13	19,998	20,011
Income from investments	-	2,657	2,657
Dividends received from associates	-	(3,000)	(3,000)
	<u>13</u>	<u>19,655</u>	<u>19,668</u>
At 31 December 2018	<u>13</u>	<u>19,655</u>	<u>19,668</u>
At 1 January 2019	13	19,655	19,668
Effect of movements in foreign exchange	(1)	-	(1)
Income from investments	-	2,577	2,577
Dividends received from associates	-	(1,000)	(1,000)
	<u>12</u>	<u>21,232</u>	<u>21,244</u>
At 31 December 2019	<u>12</u>	<u>21,232</u>	<u>21,244</u>
Net book value			
At 1 January 2018	13	19,998	20,011
At 31 December 2018	13	19,655	19,668
At 31 December 2019	12	21,232	21,244

Other investments and associates:

Name	Investment held by	%	Nature of business
Registered in Hungary			
Mariavolgy Rt..	Sumi Agro Hungary Ltd	0.01%	Golf activity
Registered in Hungary			
Cseber Kft	Sumi Agro Hungary Ltd	2.14%	Recycling company
Registered in Italy			
Sipcam Europe Spa	Sumi Agro Europe Ltd	20.0%	Agrochemical company
Registered in Spain			
Futureco Bioscience S.A	Sumi Agro Europe Ltd	30.0%	Agro-biotechnology company
Registered in Hungary			
Magyar Szója Non-profit K.ft	Sumi Agro Hungary Ltd	10.99%	Soybean production and regulation support

Notes (continued)

12 Investments (continued)

The Company has the following investments:

Cost	€000
At 1 January 2018	18,719
Additions	-
	<hr/>
At 31 December 2018	18,719
	<hr/>
At 1 January 2019 and 31 December 2019	18,719
	<hr/> <hr/>
Net book value	
At 1 January 2018	18,719
	<hr/>
At 31 December 2018	18,719
	<hr/>
At 31 December 2019	18,719
	<hr/> <hr/>

Associated company

Group	2019	2018
	€000	€000
Net book value		
Sipcam Europe Spa	15,900	14,437
Futureco Bioscience S.A.	5,332	5,218
	<hr/>	<hr/>

Company	2019	2018
	€000	€000
Net book value		
Sipcam Europe Spa	13,719	13,719
Futureco Bioscience S.A.	5,000	5,000
	<hr/>	<hr/>

Notes (continued)

12 Investments (continued)

Associated company (continued)

	2019 €000	2018 €000	2019 €000	2018 €000
	Sipcam Europe Spa	Sipcam Europe Spa	Futureco Bioscience S.A.	Futureco Bioscience S.A.
Percentage ownership interest	20%	20%	35%	30%
Non-current assets	5,524	4,247	8,373	6,636
Current assets	106,716	99,304	7,903	8,608
Non-current liabilities	(3,115)	(1,668)	(1,511)	(1,437)
Current liabilities	(39,891)	(39,327)	(4,512)	(4,421)
Net assets (100%)	69,234	62,556	10,253	9,386
Group share of net assets	13,847	12,511	3,589	2,816
Dividend received from associate	(1,000)	(3,000)	-	-
Equity earnings	2,462	2,223	114	432
Consolidation adjustment	591	2,703	1,629	1,970
Carrying amount of associated company	15,900	14,437	5,332	5,218

Non-controlling interests

The following table summarises the information relating to the Group's subsidiaries; Sumi Agro Limited with material Non-Controlling Interests, before intra-group eliminations.

	2018 €000	2018 €000	2018 €000	2018 €000
	Alcedo	Sumi Agro Limited	Summit Agro Russia	Summit Agro Ukraine
NCI percentage	2%	32%	20%	20%
Non-current assets	42,426	4,816	-	-
Current assets	102,272	94,294	-	-
Non-current liabilities	(1,352)	(10)	-	-
Current liabilities	(92,033)	(52,656)	-	-
Net assets (100%)	51,313	46,444	-	-
<i>Carrying amount of NCI</i>	794	14,862	-	-
Revenue	161,827	131,691	12,447	12,730
Net profit	6,331	9,141	1,845	2,463
OCI	(40)	(623)	(779)	231
Total comprehensive income	6,291	8,518	1,066	2,694
Profit allocated to NCI	110	2,925	369	493
OCI allocated to NCI	(5)	(199)	(156)	46
Dividends paid to non-controlling interests	77	4,800	-	-

Notes *(continued)*

12 Investments *(continued)*

Non-controlling interests *(continued)*

	2019 €000 Alcedo	2019 €000 Sumi Agro Limited
NCI percentage	2%	32%
Non-current assets	37,909	6,176
Current assets	107,781	94,971
Non-current liabilities	(2,850)	(1,388)
Current liabilities	(96,160)	(49,138)
Net assets (100%)	<u>46,680</u>	<u>50,621</u>
<i>Carrying amount of NCI</i>	796	16,186
Revenue	170,798	139,766
Net profit	5,736	11,635
OCI	(986)	(273)
Total comprehensive income	<u>4,750</u>	<u>11,362</u>
Profit allocated to NCI	99	3,725
OCI allocated to NCI	(17)	(88)
Dividends paid to non-controlling interests	54	2,340

Movement in Non-controlling Interests

	2019 €000	Restated* 2018 €000
At beginning of year	15,673	20,650
Retained profit for the year	3,824	3,914
Change in non-controlling interest in subsidiary without a change in control	-	(3,700)
Effect of currency translation	(105)	(314)
Dividend payment	(2,394)	(4,877)
At the end of the year	<u>16,998</u>	<u>15,673</u>

*Refer to note 29

Notes (continued)

13 Investment in group companies

Company	Subsidiaries €000
Cost	
At 1 January 2018	37,365
Additions	14,342
At 31 December 2018	<u>51,707</u>
At 1 January 2019 and 31 December 3019	<u><u>51,707</u></u>
Net book value	
At 1 January 2018	<u>37,365</u>
At 31 December 2018	<u>51,707</u>
At 31 December 2019	<u><u>51,707</u></u>

Details of the subsidiary undertakings, all of which are consolidated are as follows:

Name	Investment held by	%	Nature of business
Registered in UK Sumi Agro Ltd.	Sumi Agro Europe Limited	68%	Distribution of agrochemical products
Registered in Ukraine Summit Agro Ukraine LLC	Sumi Agro Europe Limited	100%	Marketing and distribution of agrochemical and associated products
Registered in Russia Summit Agro	Sumi Agro Europe Limited	100%	Marketing and distribution of agrochemical and associated products
Registered in Romania S.C. Alcedo S.R.L.	Sumi Agro Europe Limited	98.3%	Formulation, Marketing and distribution of agrochemical and associated products
Registered in France Sumi Agro France S.A.S.	Sumi Agro Limited	68%	Marketing and distribution of agrochemical and associated products
Registered in Poland Sumi Agro Poland Sp. Z o.o.	Sumi Agro Limited	68%	Marketing and distribution of agrochemical and associated products

Notes (continued)

13 Investments in group companies (continued)

Registered in Romania					
Summit Agro Romania S.R.L.	Sumi Agro Limited	68%		Marketing and distribution of agrochemical and associated products	
Registered in Bulgaria					
Summit Agro Romania S.R.L. – Branch Office in Bulgaria	Sumi Agro Limited	68%		Marketing and distribution of agrochemical and associated products	
Registered in Hungary					
Sumi Agro Hungary Ltd	Sumi Agro Limited	68%		Marketing and distribution of agrochemical and associated products	
Registered in Czech Republic					
Sumi Agro Czech s.r.o.	Sumi Agro Limited	68%		Marketing and distribution of agrochemical and associated products	
Registered in Romania					
Alchimex SA	S.C. Alcedo S.R.L.	100%		Production of Pesticides	
Registered in Romania					
Minerva SRL	S.C. Alcedo S.R.L.	100%		Storage Services	
Registered in Romania					
GEEA SA	S.C. Alcedo S.R.L.	99.9%		Publishing services	

14 Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2019 €000	Restated* 2018 €000	2019 €000	Restated* 2018 €000
Property, plant and equipment	-	-	(49)	(24)
Intangible assets	-	-	(1,326)	(1,484)
Provisions	4,021	3,633	(3)	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
Net tax assets / (liabilities)	4,021	3,633	(1,378)	(1,512)

A deferred tax asset has not been recognised by the Company and the Group in respect of capital losses (€429,316), total revenue losses (€5,337,189), pension surplus (€384,791) and accelerated capital allowances (€6,061) as there is insufficient evidence regarding the availability of future taxable profits.

The total amount of the asset not recognised by the Company and the Group is €6223,644 (2018: €5,596,259). This is the tax value of the unrecognised asset calculated at 19%.

*Refer to note 29

Notes (continued)

14 Deferred tax assets and liabilities – Group (continued)

Movement in net deferred tax during the prior year

	1 January 2018 €000	Recognised in income €000	Recognised in equity €000	31 December 2018 €000	31 December 2018 Prior year Adjustment €000	Restated* 31 December 2018 €000
Property, plant and equipment	(137)	14	(530)	(653)	629	(24)
Intangible assets	(1,648)	164	-	(1,484)	-	(1,484)
Provisions	2,808	856	(35)	3,629	-	3,629
	<u>1,023</u>	<u>1,034</u>	<u>(565)</u>	<u>1,492</u>	<u>629</u>	<u>2,121</u>

*Refer to note 29

Movement in net deferred tax during the year

	1 January 2019 €000	Recognised in income €000	Recognised in equity €000	31 December 2019 €000
Property, plant and equipment	(24)	13	60	49
Intangible assets	(1,484)	158	-	(1,326)
Provisions	3,629	391	(100)	3,920
	<u>2,121</u>	<u>562</u>	<u>(40)</u>	<u>2,643</u>

Notes (continued)

15 Inventories

	Group		Company	
	2019	2018	2019	2018
	€000	€000	€000	€000
Finished goods & goods for resale	88,036	83,165	4,038	2,513
Provision for slow moving stock	(2,556)	(2,230)	-	-
	<u>85,480</u>	<u>80,935</u>	<u>4,038</u>	<u>2,513</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €265,573,000 (2018: €261,874,000). The write-down of inventories to net realisable value amounted to €2,120,000 (2018: €1,573,000). The reversal of write-downs, arising due to the Group's subsidiaries being able to sell old products that were previously provided for, amounted to €1,972,000 (2018: €821,000). The write-down and reversal are included in cost of sales.

16 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	€000	€000	€000	€000
Trade receivables due from third parties	100,452	94,269	3,545	5,061
Amounts owed by group undertakings	984	544	9,824	3,783
Other receivables	11,222	11,246	4,117	12,148
Prepayments	4,974	6,737	173	143
	<u>117,632</u>	<u>112,796</u>	<u>17,659</u>	<u>21,135</u>
Non-current	1,742	2,191	1,500	2,100
Current	115,890	110,605	16,159	19,035
	<u>117,632</u>	<u>112,796</u>	<u>17,659</u>	<u>21,135</u>

Trade receivables due from third parties consists of €100,311,000 expected to be recovered within 12 months and €141,000 greater than 12 months.

17 Cash and cash equivalents / bank overdrafts

	Group		Company	
	2019	2018	2019	2018
	€000	€000	€000	€000
Cash and cash equivalents per balance sheet	24,907	18,287	4	1,604
Cash and cash equivalents per cash flow statements	24,907	18,287	4	1,604

Notes (continued)

18 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 22.

	Group 2019 €000	2018 €000	Company 2019 €000	2018 €000
Current liabilities				
Secured bank loans	107,042	93,298	36,789	30,050
Lease liabilities	1,547	-	204	-
	<u>108,589</u>	<u>93,298</u>	<u>36,993</u>	<u>30,050</u>
Non-current liabilities				
Secured bank loans	1,500	2,100	1,500	2,100
Finance lease liabilities	774	1,352	-	-
Lease liabilities	3,172	-	841	-
	<u>5,446</u>	<u>3,452</u>	<u>2,341</u>	<u>2,100</u>
Total liabilities	<u>114,035</u>	<u>96,750</u>	<u>39,334</u>	<u>32,150</u>

Included within lease liabilities above is €272,000 (2018: nil) repayable after five years by instalments.

Terms and repayment schedule

Group

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rates	Year of maturity	2019		2018	
				Face value €000	Carrying value €000	Face value €000	Carrying value €000
Secured loan	EUR	LIBOR + 1.4%	2021	29,699	29,699	14,792	14,792
Secured loan	RON	ROBOR + 0.5%	2021	23,988	23,988	47,500	21,348
Secured loan	EUR	EURIBOR + 0.5%	2021	37,265	37,265	35,000	34,824
Secured loan	EUR	6.35% (2018: 7.85%)	2021	1,581	1,581	2,894	2,768
Secured loan	CZK	3.05% (2018: 2.80%)	2021	1,257	1,257	922	922
Secured loan	BGN	EURIBOR + 1.3%	2021	4,654	4,654	7,648	3,910
Secured loan	RON	EURIBOR + 1.1%	2021	4,681	4,681	628	628
Secured loan	RON	ROBOR + 0.5%	2021	-	-	10,045	10,045
Secured loan	EUR	0.56% (2018: 0.51%)	2021	3,918	3,918	4,061	4,061
Secured loan	EUR	1.60%	2023	1,500	1,500	2,100	2,100
Finance Lease	RON	ROBOR + 0.5%	2020-22	774	774	1,352	1,352

Notes (continued)

18 Other interest-bearing loans and borrowings (continued)

	Currency	Nominal interest rates	Year of maturity	2019		2018	
				Face value €000	Carrying value €000	Face value €000	Carrying value €000
Lease liability	EUR	0.5% - 1.8%	2020-2025	2,102	2,102	-	-
Lease liability	HUF	4.6%	2024	43	43	-	-
Lease liability	PLN	2.6%	2022	201	201	-	-
Lease liability	RON	0.5% - 1.3%	2020-2028	2,147	2,147	-	-
Lease liability	RUB	7.0% - 8.0%	2021-2022	225	225	-	-
Total interest-bearing liabilities				114,035	114,035	126,942	96,750

The secured loans are funded and guaranteed by the Ultimate Parent Company Sumitomo Corporation, Tokyo.

Company

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rates	Year of maturity	2019		2018	
				Face value €000	Carrying value €000	Face value €000	Carrying value €000
Secured loan	EUR	LIBOR + 1.4%	2021	36,789	36,789	30,050	30,050
Secured loan	EUR	1.60%	2023	1,500	1,500	2,100	2,100
Lease liability	EUR	1.2%	2025	1,045	1,045	-	-
Total interest-bearing liabilities				39,334	39,334	32,150	32,150

The secured loans are funded and guaranteed by the Ultimate Parent Company Sumitomo Corporation, Tokyo.

Notes (continued)

19 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	€000	€000	€000	€000
Current				
Trade payables due to third parties	41,737	48,382	10,777	12,366
Trade payables due to related parties	16,148	11,316	2,923	4,398
Non-trade payables and accrued expenses	9,229	14,727	1,070	5,669
	<u>67,114</u>	<u>74,425</u>	<u>14,770</u>	<u>22,433</u>
Non-current				
Other payables	277	236	-	-
	<u>277</u>	<u>236</u>	<u>-</u>	<u>-</u>

20 Employee benefits

Movements in net defined benefit liability/asset

Group and Company

Company pension plan

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2019 €000	2018 €000	2019 €000	2018 €000	2019 €000	2018 €000
Balance at 1 January	28,958	31,381	(28,722)	(31,007)	236	374
Included in profit or loss						
Current service cost	94	96	-	-	94	96
Interest cost/(income)	778	731	(778)	(733)	-	(2)
Past service cost	-	377	-	-	-	377
Included in OCI						
Re measurements loss/(gain):						
Actuarial loss (gain) arising from						
- Changes in demographic assumptions	(824)	(197)	-	-	(824)	(197)
- Change in financial assumptions	1,803	(805)	-	-	1,803	(805)
- Experience adjustment	79	(200)	-	-	79	(200)
Return on plan assets excluding interest income	-	-	(3,065)	1,616	(3,065)	1,616
Effect of movements in exchange rates	1,654	(388)	(1,666)	401	(12)	13
Other						
Contributions paid by the employer	-	-	(574)	(1,036)	(574)	(1,036)
Benefits paid	(1,986)	(2,047)	1,986	2,047	-	-
Participant Contribution	11	10	(11)	(10)	-	-
	<u>30,567</u>	<u>28,958</u>	<u>(32,830)</u>	<u>(28,722)</u>	<u>(2,263)</u>	<u>236</u>

Notes *(continued)*

20 Employee benefits *(continued)*

Plan assets

	Group and Company	
	2019	2018
	€000	€000
Equity Securities	4,920	5,539
Corporate bond securities	8,037	5,780
Government bond securities	14,543	11,570
Diversified growth funds	4,911	5,765
Other (cash)	419	68
	<hr/>	<hr/>
Total	32,830	28,722
	<hr/> <hr/>	<hr/> <hr/>

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group and Company	
	2019	2018
	%	%
Discount rate at 31 December	1.90	2.70
Future salary increases	3.30	3.70
Rate of price inflation (RPI)	2.80	3.20
Future pension increases	2.70	3.10
	<hr/>	<hr/>

Notes (continued)

20 Employee benefits (continued)

The Company operates a UK registered trust based pension scheme, Sumi Agro Europe Limited Pension Fund that provides defined benefits.

Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Fund in accordance with the Fund's Trust Deed and Rules, which sets out their powers. The Trustees of the Fund are required to act in the best interests of the beneficiaries of the Fund. There is a requirement that at least one-third of the Trustees are nominated by the members of the Fund.

There are three categories of pension scheme members:

- Active members: currently employed by the Company
- Deferred members: former employees of the Company not yet in receipt of pension
- Pensioner members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgo (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method. The approximate overall duration of the Fund's defined benefit obligation as at 31 December 2019 was 13 years.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 63 in 2019: 23.5 years for male, 25.3 years for female.

At the age 63 for an individual age 43 in 2019: 24.9 years for male, 26.8 years for female.

Risks

Through the Fund, the Company is exposed to a number of risks:

- Asset volatility: The Fund's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields; however, the Fund invests significantly in equities. These assets are expected to outperform corporate bonds in the long term but provide volatility and risk in the short term.
- Changes in bond yields: a decrease in corporate bond yields would increase the Fund's defined benefit obligation; however, this would be partially offset by an increase in the value of the Fund's bond and gilt holdings.
- Inflation risk: a significant proportion of the Fund's defined benefit obligation is linked to inflation; therefore, higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). Almost half of the Fund's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.
- Life expectancy: if Fund members live longer than expected, the Fund's benefits will need to be paid for longer, increasing the Fund's defined benefit obligation.

The Trustees and Company manage risks in the Fund through the following strategies:

- Diversification: investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- Investment strategy: The Trustees are required to review their investment strategy on a regular basis.

Notes (continued)

20 Employee benefits (continued)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by 25 basis points. The monetary impact of a change in 25 basis points would be €7,642 on the defined benefit obligation of €30,567,000

Assumption	Group and Company 2019	
	% Change in defined benefit obligation	
	-0.25% pa change	+0.25% pa change
Discount rate	+3.4%	-3.2%
RPI inflation	-2.5%	+2.5%
Future salary increases	-0.1%	+0.1%
Assumed life expectancy is 1 year longer	+8.0%	

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

Funding

The Trustees are required to carry out an actuarial valuation every 3 years.

The last actuarial valuation of the Fund was performed by the Scheme Actuary for the Trustees as at 30 September 2018. This valuation revealed a funding shortfall of £540,000. The Company agreed to pay annual contributions of 48.9% of members' pensionable salaries each year to meet the cost of future service accrual. In respect of the deficit in the Fund as at 30 September 2018, the Company has agreed to pay £71,000 per month until June 2019. The Company therefore expects to pay a total of £96,000 to the Fund during the accounting year beginning 1 January 2020.

Defined contribution plans

The total expense relating to these plans in the current year was €110,000 (2018: €94,000).

Notes *(continued)*

21 Share capital

	2019 €000	2018 €000
Equity share capital:		
Called up, allotted and fully paid:		
26,289,660 (2018: 26,289,660) ordinary shares of £1 each	29,032	29,032
	2019 €000	2018 €000
Balance		
As at 1 January 2019	29,032	9,032
Shares issued during the year	-	20,000
	29,032	29,032
As at 31 December 2019	29,032	29,032

Redeemable preference shares are classified as a non-current liability.

73,000 redeemable preference shares of £1 each are included within creditors at 31 December 2019 (2018: 73,000 redeemable preference shares of £1 each).

For the preference shares, profits which the Company may determine in respect of any financial year shall be distributed in such manner as the directors in their absolute discretion shall think fit but in case of any distribution of profits, the preference shareholders shall first receive such profit in proportion to the number of shares held. Interest rate on the preference shares is nil. Voting rights do not apply to the holders of the preference shares. Redeemable preference shares are redeemable within three months of shareholder's request at an amount equal to the amount paid up on each share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Previously amounts of Share capital, share premium and capital redemption reserve were shown in presentational currency of the financial statement at the amount originally translated into the presentational currency when first recognised.

Dividends

Group

2018

For the financial year 2018, the Company declared dividends of €10,500,000 (2017: €11,880,000) on 3 December 2019 which was paid on 20th December 2019.

2019

There was no dividend declared for the current financial year.

Notes (continued)

22 Financial instruments

22 (a) Fair values of financial instruments

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (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 (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input)

Fair value

Set out below is a comparison of the fair value and book value of all the Group's financial instruments by category. Fair values are determined by reference to market values, where available, or calculated by discounting cash flows at prevailing interest rates.

	2019		2018	
	Book value	Fair value	Book value	Fair value
	€000	€000	€000	€000
Financial assets				
Cash and cash equivalents				
Cash at bank and in hand	24,907	24,907	18,287	18,287
	=====	=====	=====	=====
Receivables				
Trade receivables	101,436	101,436	94,813	94,813
Other receivables	16,196	16,196	17,983	17,983
	=====	=====	=====	=====
	117,632	117,632	112,796	112,796
	=====	=====	=====	=====
Financial liabilities				
Trade payables	57,885	57,885	59,698	59,698
Other creditors	9,506	9,506	14,963	14,963
	=====	=====	=====	=====
	67,391	67,391	74,661	74,661
	=====	=====	=====	=====

Estimation of fair values:

Trade and other receivables / payables

The notional amount for all receivables / payables is deemed to reflect the fair value.

Notes (continued)

22 Financial instruments (continued)

22 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Group

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Credit risk within the Group is managed by using credit insurance where available and other external agencies such as Dunn and Bradstreet to obtain credit references and up to date status reports for all prospective and existing customers.

Counterparty risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

On the whole the Group has diversified its credit and counterparty risk to limit significant exposure from these risks.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was;

	Group	
	2019	2018
	€000	€000
Cash	24,907	18,287
Trade receivables and other receivables	117,632	112,796
	<u>142,539</u>	<u>131,083</u>

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	Group	
	2019	2018
	€000	€000
Europe	95,427	91,528
Rest of World	6,008	3,285
	<u>101,435</u>	<u>94,813</u>

Notes (continued)

22 Financial instruments (continued)

22 (b) Credit risk (continued)

Trade Receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Notes 22 (b).

The SAE Group risk department based in London together with our shareholders Sumitomo Corporation risk department based in Tokyo have established credit policies in place under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group's review incorporates assessments of both internal and external ratings, financial statements, credit agency information, industry information coupled with available security by way of credit insurance, company and or bank guarantees. Customer credit limits are established for each customer and reviewed annually. Any credit exceeding those limits require approval from local company president or Group CEO via the risk department depending on the authority threshold of the group company in question.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to two years of its customers.

The aging of trade receivables primarily Alcedo at the balance sheet date was:

Group	Gross 2019 €000	Impairment 2019 €000	Gross 2018 €000	Impairment 2018 €000
Past due - 0-90 days	81,551	-	77,072	-
Past due - 90-180 days	9,916	-	11,298	-
Past due - 180-365 days	3,313	-	3,129	-
More than 365 days	12,931	(6,276)	9,709	(6,395)
	<u>107,711</u>	<u>(6,276)</u>	<u>101,208</u>	<u>(6,395)</u>

Other receivables are not considered to be past due or impaired and do not represent any significant credit risk.

Notes (continued)

22 Financial instruments (continued)

22 (b) Credit risk (continued)

Trade Receivables and contract assets (continued)

Expected credit loss assessment for customers as at 31 December 2019

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections as well as available security and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by aging of sales and its subsequent realisation. An ECL rate is calculated for each age bucket based on realisation status and actual credit loss experience over the past 3 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As per the Group's assessment, a credit risk was identified only with one of the Group's subsidiaries, S.C. Alcedo S.R.L. There were no other ECLs identified by the Group for any of the other entities.

The following table provides information about the exposure to credit risk and ECLs of Alcedo for trade receivables and contract assets for customers as at 31 December 2019.

31 December 2018	AR outstanding balance	Expected credit loss	Additional provision
	€000	%	€000
0 – not yet due	29,678	0.57%	169
1 – 30 days past due	1,441	0.57%	8
2 – past due between 31 and 60 days	4,669	0.57%	27
3 – past due between 61 and 90 days	4,777	0.57%	27
4 – past due between 91 and 120 days	2,629	0.57%	15
5 – past due between 121 and 180 days	4,690	0.57%	27
6 – past due between 181 and 365 days	1,079	0.57%	6
7 – past due between 1 and 1.5 years	1,481	0.57%	8
Total	50,444		287

31 December 2019	AR outstanding balance	Expected credit loss	Additional provision
	€000	%	€000
0 – not yet due	25,190	0.76%	192
1 – 30 days past due	1,206	0.76%	9
2 – past due between 31 and 60 days	3,893	0.82%	32
3 – past due between 61 and 90 days	7,941	0.76%	61
4 – past due between 91 and 120 days	3,238	0.57%	18
5 – past due between 121 and 180 days	4,642	0.76%	35
6 – past due between 181 and 365 days	1,572	0.76%	12
7 – past due between 1 and 1.5 years	6,023	0.81%	49
Total	53,705		408

Notes (continued)

22 Financial instruments (continued)

22 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Group

The Group has arranged short term debt finance to ensure sufficient funds are available for ongoing operations and future developments. The short-term debt finance is supported by a letter of guarantee from the ultimate parent company in Tokyo and the Directors consider that the Group will be able to maintain this financing for the foreseeable future

Liquidity risk – Group

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount	Contractual cash flows	2019				2018					
			1 year or less	1 to <2years	2 to <5years	5years and over	Carrying amount	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Non-derivative financial liabilities												
Secured bank loans	108,542	108,542	107,642	600	300	-	95,398	95,398	93,898	600	900	-
Finance leases	774	774	578	196	-	-	1,352	1,352	578	578	196	-
Lease liabilities	4,719	4,719	1,547	1,010	1,890	272	-	-	-	-	-	-
	<u>114,035</u>	<u>114,035</u>	<u>109,767</u>	<u>1,806</u>	<u>2,190</u>	<u>272</u>	<u>96,750</u>	<u>96,750</u>	<u>94,476</u>	<u>1,178</u>	<u>1,096</u>	<u>-</u>

Other short-term financial liabilities do not represent any significant liquidity risk.

Notes (continued)

22 Financial instruments (continued)

22 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments

Market risk - foreign currency risk

Group

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts

31 December 2018

	Sterling €000	US Dollar €000	Romanian New Lei €000	Other €000	Total €000
Cash and cash equivalents	2	2,302	297	7,290	9,891
Trade receivables and other receivables	31	1,594	71,116	24,234	96,975
Secured bank loans	(10,846)	(775)	(32,013)	(9,193)	(52,827)
Trade payables and other payables	-	(4,638)	(34,952)	(2,926)	(42,516)
Net exposure	<u>(10,813)</u>	<u>(1,517)</u>	<u>4,448</u>	<u>19,405</u>	<u>11,523</u>

31 December 2019

	Sterling €000	US Dollar €000	Romanian New Lei €000	Other €000	Total €000
Cash and cash equivalents	3	1,095	985	20,128	22,211
Trade receivables and other receivables	1,891	1,806	71,506	22,561	97,764
Secured bank loans	(81)	(615)	(27,634)	(7,647)	(35,977)
Trade payables and other payables	(651)	(1,573)	(25,702)	(4,750)	(32,676)
Net exposure	<u>1,162</u>	<u>713</u>	<u>19,155</u>	<u>30,292</u>	<u>51,322</u>

Notes *(continued)*

22 Financial instruments *(continued)*

22 (d) Market risk *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis

Group

A 10 percent weakening of the following currencies against the Euro at 31 December 2019 would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Equity		Profit or loss	
	2019 €000	2018 €000	2019 €000	2018 €000
Hungarian Forint	(700)	(707)	(27)	(24)
Polish Zloty	(1,108)	(920)	(45)	(28)
Romanian New Lei	(3,855)	(3,821)	(58)	(50)
Bulgarian Lev	(322)	(336)	(10)	(11)
Czech Koruna	(479)	(469)	(15)	(15)
Russian Rouble	(812)	(552)	(15)	(18)
Ukrainian Hryvnia	(1,508)	(1,199)	(17)	(33)
	<u>(8,784)</u>	<u>(8,004)</u>	<u>(187)</u>	<u>(179)</u>

A 10 percent strengthening of the above currencies against the Euro at 31 December 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes *(continued)*

22 Financial instruments *(continued)*

22 (d) Market risk *(continued)*

Market risk – interest rate risk

Profile

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Group	
	2019	2018
	€000	€000
Variable rate instruments		
Financial liabilities	(114,035)	(96,750)
	<u> </u>	<u> </u>

Sensitivity analysis

An increase of 25 basis points in interest rates at the balance sheet date would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 2018.

	Group	
	2019	2018
	€000	€000
Equity		
Decrease	(285)	(242)
Profit or loss		
Decrease	(285)	(242)

Notes (continued)

22 (e) Capital management

Group

The Board's policy is to maintain an appropriate level of capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The objective for managing capital is to ensure that it maintains a robust capital ratio in each of its Group entities in order to support its business in individual operating territories and maximise shareholder value, thus enabling its Group entities to operate as going concerns and sustain future growth and development of the business. The Company manages the capital structure of the Group and makes adjustments according to economic conditions. To maintain or adjust the capital structure, the Company may adjust the level of dividend payment to shareholders, return capital to shareholders, issue new shares, draw down additional debt or reduce debt.

The Group's capital structure consists of debt, which includes the loans and borrowings disclosed in Note 18, cash and cash equivalents disclosed in Note 17 and the equity attributable to the parent, comprising share capital, reserves and retained earnings, as disclosed in the consolidated statement of changes in equity. The Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23 Leases as a lessee

23 (a) Right-of-use assets

Both the group and company lease office buildings and motor vehicles under IFRS 16. These right-of-use assets are presented within Property, Plant and Equipment as follows:

	Leasehold Land and Buildings €000	Motor Vehicles €000	Total €000
Group			
Balance at 1 January 2019	5,601	384	5,985
Additions to -right-of-use assets	68	80	148
Depreciation charge for the year	(1,252)	(154)	(1,406)
Effect of movements in foreign exchange	(35)	-	(35)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	<u>4,382</u>	<u>310</u>	<u>4,692</u>
		Leasehold Land and Buildings €000	Total €000
Company			
Balance at 1 January 2019		1,246	1,246
Depreciation charge for the year		(207)	(207)
		<hr/>	<hr/>
Balance at 31 December 2019		<u>1,039</u>	<u>1,039</u>

Notes (continued)

23 Leases as a lessee (continued)

23 (b) Amounts recognised in the income statement

Expenses recognised in the Income Statement for right-of-use assets:

	2019
	€000
Group	
Interest on lease liabilities	60
	<u> </u>

	2019
	€000
Company	
Interest on lease liabilities	14
	<u> </u>

23 (c) Amounts recognised in statement of cash flows

Expenses recognised in the Cash Flow for right-of-use assets:

	2019
	€000
Group	
Payment of lease liabilities	1,428
	<u> </u>

	2019
	€000
Company	
Payment of lease liabilities	230
	<u> </u>

23 (d) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group			
	Land and building		Motor vehicles	
	2019	2018	2019	2018
	€000	€000	€000	€000
Within one year	259	616	-	627
Within two and five years	8	798	-	593
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	267	1,414	-	1,220
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Group leases a number of office buildings and warehouses under operating leases. These have not been classified as leases under IFRS 16 as the rental contracts have short term notice periods less than 1 year.

Group

During the year €575,000 was recognised as an expense in the income statement in respect of operating leases (2018: €1,724,000).

Notes (continued)

24 Related parties

Income statement items

2018	Sales €000	Management fees received €000	Dividend received €000	Expenses €000	Management fees paid €000	Dividend paid €000
Transactions between:						
Parent company and subsidiaries	47,826	1,716	13,970	4,625	-	-
SAE Group subsidiaries	4,229	428	6,595	47,430	2,144	20,565
SAE Group and other SC Group Companies	4,026	-	-	(982)	600	11,880
SAE Group and other related party	1,850	80	-	982	-	-
Key Management Personnel	-	-	-	271	-	-
	<u>57,931</u>	<u>2,224</u>	<u>20,565</u>	<u>52,326</u>	<u>2,744</u>	<u>32,445</u>

2019	Sales €000	Management fees received €000	Other income €000	Dividend received €000	Expenses €000	Management fees paid €000	Dividend paid €000
Transactions between:							
Parent company and subsidiaries	48,174	1,869	379	10,710	4,756	-	-
SAE Group subsidiaries	11,412	330	3	11,133	55,242	2,199	21,843
SAE Group and other SC Group Companies	2,773	234	230	-	2,545	653	10,500
SAE Group and other related party	2,269	-	68	-	2,279	-	-
Key Management Personnel	-	-	-	-	271	-	-
	<u>64,628</u>	<u>2,433</u>	<u>680</u>	<u>21,843</u>	<u>65,093</u>	<u>2,852</u>	<u>32,343</u>

Balance sheet Items

2018	Accounts receivables €000	Other receivables €000	Loan receivable €000	Accounts payables €000	Other payables €000	Loan payable €000
Transactions between:						
Parent company and subsidiaries	303	1,884	15,258	3,979	-	-
SAE Group subsidiaries	5,530	-	1,133	4,769	1,884	16,391
SAE Group and other SC Group Companies	524	-	-	7,732	-	-
SAE Group and other related party	20	-	-	690	-	-
	<u>6,377</u>	<u>1,884</u>	<u>16,391</u>	<u>17,170</u>	<u>1,884</u>	<u>16,391</u>

Notes *(continued)*

24 Related parties *(continued)*

2019	Accounts receivables	Other receivables	Loan receivable	Accounts payables	Other payables	Loan payable
Transactions between:	€000	€000	€000	€000	€000	€000
Parent company and subsidiaries	474	-	7,091	9,265	-	184
SAE Group subsidiaries	13,885	-	2,619	5,108	-	9,526
SAE Group and other SC Group Companies	202	-	-	11,186	-	1,257
SAE Group and other related party	781	-	-	4,956	-	-
	<u>15,342</u>	<u>-</u>	<u>9,710</u>	<u>30,515</u>	<u>-</u>	<u>10,967</u>
	<u><u>15,342</u></u>	<u><u>-</u></u>	<u><u>9,710</u></u>	<u><u>30,515</u></u>	<u><u>-</u></u>	<u><u>10,967</u></u>

The “other related party” item above involves normal business operations with a party related to one director of the Company’s subsidiaries and with Sipcam S.p.A. and Oscar Agro Limited.

Notes (continued)

25 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

26 Ultimate parent company and parent company of larger group

In the opinion of the directors, the immediate and ultimate parent and controlling company is Sumitomo Corporation, incorporated in Japan. This is also the parent undertaking of the largest and smallest group which includes the Company and for which group accounts are prepared. Copies of Sumitomo Corporation's accounts can be obtained from Otemachi Place East Tower, 3-2 Otemachi 2-Chome, Chiyoda-ku, Tokyo 100-8601, Japan.

27 Subsequent events

There have been no significant subsequent events affecting the Group since the year end.

28 Changes in significant accounting policies

The Group has applied IFRS 16 *Leases* from 1 January 2019. IFRIC 23 *Uncertainty over Income Taxes* has also come into effect from 1 January 2019 but this does not have a material impact on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated, i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of this change in accounting policy is disclosed below.

As a lessee

As a lessee, the Group leases buildings and structures and vehicles. The Group previously classified leases as operating or finance leases based on the assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for these leases when the IFRS 16 criteria are met, as explained in Note 1.7.

i. Leases classified as operating leases under IAS 17

Previously, the Group classified property and vehicle leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments and discounted at the Group's incremental borrowing rate as at 1 January 2019.

The Group has used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. The Group did not recognise right-of-use assets and liabilities:

- for which the lease term ends within 12 months of the date of initial application;
- for lease of low value assets, being less than or equal to €5,000;
- for leases that do not meet the IFRS 16 lease definition criteria.

ii. Leases classified as finance leases under IAS 17

The Group leases a number of motor vehicles. Several of these were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The Group does not hold any leases that are leased to third parties.

Notes (continued)

28 Changes in significant accounting policies (continued)

Impact of transition on financial statements

On transition to IFRS 16, the Group recognised an additional €5,985k of right-of-use assets and €6,049k of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is between 0.5% - 8.0%.

€'000	1 January 2019
Undiscounted IFRS 16 lease liabilities balance at 1 January 2019	6,374
Discounted using the incremental borrowing rate at 1 January 2019	6,049
Finance lease liabilities recognised as at 31 December 2018	1,352
- Recognition exemption for leases of low-value assets	-
- Recognition exemption for leases with less than 12 months of lease term at transition	-
- Leases do not meet the IFRS 16 lease definition criteria	(64)
Lease liabilities recognised at 1 January 2019	7,337

29 Prior year adjustment

During 2019, the Group discovered that whilst the Group's accounting policy is to measure land and buildings under the "Cost Method", on consolidation its subsidiary S.C. Alcedo S.R.L.'s land and buildings have been measured using the "Revaluation Method". As a consequence, the net assets as at 1 January 2018 and 31 December 2018 Property, plant and equipment, Revaluation Reserve and total comprehensive income have been overstated.

The 2018 financial statements have been restated to remove any previous revaluation entries relating to S.C. Alcedo S.R.L. An explanation of how these adjustments have affected the Group's financial position, financial performance and cash flow statement are set out in the following tables and the notes that accompany the tables

Notes (continued)

29 Prior year adjustment (continued)

Reconciliation of the Group Balance Sheet for the year ended 31 December 2018

Group	Note	1 January 2018			31 December 2018		
		Original Revaluation Method €000	Effect of the adjustment €000	Restated Cost Method €000	Original Revaluation Method €000	Effect of the adjustment €000	Restated Cost Method €000
Non-current assets							
Property, plant and equipment	a	22,013	(325)	21,688	28,722	(2,758)	25,964
Intangible assets		28,082	-	28,082	27,127	-	27,127
Investments in investees and associates		20,011	-	20,011	19,668	-	19,668
Deferred tax assets	b	2,810	-	2,810	3,103	530	3,633
Trade and other receivables		-	-	-	2,191	-	2,191
		<u>72,916</u>	<u>(325)</u>	<u>72,591</u>	<u>80,811</u>	<u>(2,228)</u>	<u>78,583</u>
Current assets							
Inventories		69,824	-	69,824	80,935	-	80,935
Tax receivable		1,416	-	1,416	1,304	-	1,304
Trade and other receivables		102,506	-	102,506	110,605	-	110,605
Cash and cash equivalents		12,947	-	12,947	18,287	-	18,287
		<u>186,693</u>	<u>-</u>	<u>186,693</u>	<u>211,131</u>	<u>-</u>	<u>211,131</u>
Total assets		<u>259,609</u>	<u>(325)</u>	<u>259,284</u>	<u>291,942</u>	<u>(2,228)</u>	<u>289,714</u>
Current liabilities							
Other interest-bearing loans and borrowings		(87,089)	-	(87,089)	(93,298)	-	(93,298)
Trade and other payables		(69,677)	-	(69,677)	(74,425)	-	(74,425)
Tax payable		(626)	-	(626)	(906)	-	(906)
Provisions		(3,095)	-	(3,095)	(3,085)	-	(3,085)
		<u>(160,487)</u>	<u>-</u>	<u>(160,487)</u>	<u>(171,714)</u>	<u>-</u>	<u>(171,714)</u>
Non-current liabilities							
Other payables		-	-	-	(236)	-	(236)
Other interest-bearing loans and borrowings		(1,455)	-	(1,455)	(3,452)	-	(3,452)
Redeemable preference shares		(76)	-	(76)	(76)	-	(76)
Employee benefits		(404)	-	(404)	(236)	-	(236)
Deferred tax liabilities		(1,787)	-	(1,787)	(1,611)	99	(1,512)
		<u>(3,722)</u>	<u>-</u>	<u>(3,722)</u>	<u>(5,611)</u>	<u>99</u>	<u>(5,512)</u>
Total liabilities		<u>(164,209)</u>	<u>-</u>	<u>(164,209)</u>	<u>(177,325)</u>	<u>99</u>	<u>(177,226)</u>
Net assets		<u>95,400</u>	<u>(325)</u>	<u>95,075</u>	<u>114,617</u>	<u>(2,129)</u>	<u>112,488</u>

Notes (continued)

29 Prior year adjustment (continued)

Reconciliation of the Group Balance Sheet for the year ended 31 December 2018 (continued)

Group	Note	1 January 2018			31 December 2018		
		Original Revaluation Method €000	Effect of the adjustment €000	Restated Cost Method €000	Original Revaluation Method €000	Effect of the adjustment €000	Restated Cost Method €000
Equity attributable to equity holders of the parent							
Share capital		9,032	-	9,032	29,032	-	29,032
Share premium		1,118	-	1,118	1,118	-	1,118
Translation reserve		(6,804)	-	(6,804)	(7,307)	-	(7,307)
Revaluation reserve	c	-	-	-	2,781	(2,781)	-
Legal reserve		3,372	-	3,372	3,372	-	3,372
Capital redemption reserve		3,554	-	3,554	3,536	-	3,536
Retained earnings	d	64,478	(325)	64,153	66,429	635	67,064
		<u>74,750</u>	<u>(325)</u>	<u>74,425</u>	<u>98,961</u>	<u>(2,146)</u>	<u>96,815</u>
Non-controlling interest	e	20,650	-	20,650	15,656	17	15,673
Total equity		<u>95,400</u>	<u>(325)</u>	<u>95,075</u>	<u>114,617</u>	<u>(2,129)</u>	<u>112,488</u>

Additional Commentary

- a) Reversal of the revaluation of land and building impacting the opening balance at 1 January 2018 and 31 December 2018 closing balance.
- b) Reversal of deferred tax charge on previous revaluations of land and buildings impacting 2018 31 December closing balance.
- c) The revaluation reserve has been cleared to €nil in line with the reversal of the revaluation method.
- d) Retained earnings impact for the reversal of revaluation.
- e) Non-controlling interest portion of the Income Statement adjustments.

Notes (continued)

29 Prior year adjustment (continued)

Reconciliation of the Group Income Statement for the year ended 31 December 2018

Group	Note	Original Revaluation Method €000	2018 Effect of the adjustment €000	Restated Cost Method €000
Revenue		341,344	-	341,344
Cost of sales		(272,971)	-	(272,971)
Gross profit		<u>68,373</u>	-	<u>68,373</u>
Other operating income		113	-	113
Distribution expenses		(1,790)	-	(1,790)
Administrative expenses		(28,685)	-	(28,685)
Other operating expenses	<i>a</i>	(16,520)	878	(15,642)
Operating profit before net financing costs		<u>21,491</u>	878	<u>22,369</u>
Financial income		451	-	451
Financial expenses		(2,145)	-	(2,145)
Income from investments		2,657	-	2,657
Profit before tax		<u>22,454</u>	878	<u>23,332</u>
Taxation	<i>b</i>	(4,701)	99	(4,602)
Profit for the year		<u><u>17,753</u></u>	<u><u>977</u></u>	<u><u>18,730</u></u>
Attributable to:				
Equity holders of the parent		13,856	960	14,816
Non-controlling interest	<i>c</i>	3,897	17	3,914
Profit for the year		<u><u>17,753</u></u>	<u><u>977</u></u>	<u><u>18,730</u></u>

Additional commentary

- a) Reversal of the loss on revaluation of land and building in 2018.
- b) Reversal of deferred tax charge on previous revaluations of land and buildings.
- c) Non-controlling interest portion of the Income Statement adjustments.

Notes (continued)

29 Prior year adjustment (continued)

Reconciliation of Group Other Comprehensive Income for the year ended 31 December 2018

Group	Note	Original Revaluation Method €000	2018 Effect of the adjustment €000	Restated Cost Method €000
Profit for the year	<i>a</i>	17,753	977	18,730
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial loss of defined benefit liability/asset - parent company		(414)	-	(414)
Revaluation of land and Buildings	<i>b</i>	3,311	(3,311)	-
Deferred tax	<i>c</i>	(530)	530	-
		<u>20,120</u>	<u>(1,804)</u>	<u>18,316</u>
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences – foreign operations		(491)	-	(491)
Foreign currency translation differences – non-controlling interest		(314)	-	(314)
		<u>(805)</u>	<u>-</u>	<u>(805)</u>
Other comprehensive (loss)/income for the year, net of income tax		<u>(805)</u>	<u>-</u>	<u>(805)</u>
Total comprehensive income for the year		<u>19,315</u>	<u>(1,804)</u>	<u>17,511</u>
Attributable to:				
Equity holders of the parent		15,732	(1,821)	13,911
Non-controlling interest	<i>d</i>	3,583	17	3,600
		<u>19,315</u>	<u>(1,804)</u>	<u>17,511</u>

Additional commentary

- a) Effect of Income Statement adjustments, as listed in detail above in the Reconciliation of Income Statement for the prior year adjustment.
- b) The revaluation of land and buildings movement has been reversed.
- c) Reversal of the deferred tax movement.
- d) Minority interest portion of the Other Comprehensive Income adjustments.

Notes (continued)

29 Prior year adjustment (continued)

Reconciliation of Group Cash Flow Statement for the year ended 31 December 2018

Group	Note	Original Revaluation Method €000	2018 Effect of the adjustment €000	Restated Cost Method €000
Cash flows from operating activities				
Profit for the year	<i>a</i>	17,753	977	18,730
<i>Adjustments for:</i>				
Depreciation, amortisation.		5,131	-	5,131
Loss on the revaluation of assets	<i>b</i>	898	(898)	-
Impairment loss		-	20	20
Foreign exchange (losses)/gains		(805)	-	(805)
Financial income		(449)	-	(449)
Financial expense		2,145	-	2,145
(Gain) on sale of property, plant and equipment		(113)	-	(113)
Change in value of investment		(2,655)	-	(2,655)
Taxation	<i>c</i>	4,701	(99)	4,602
		<u>26,606</u>	<u>-</u>	<u>26,606</u>
Increase in trade and other receivables		(10,290)	-	(10,290)
Increase in inventories		(11,111)	-	(11,111)
Increase in trade and other payables		5,144	-	5,144
Decrease in provisions and employee benefits		(854)	-	(854)
		<u>9,495</u>	<u>-</u>	<u>8,965</u>
Tax paid		(4,778)	-	(4,778)
Net cash from operating activities		<u>4,717</u>	<u>-</u>	<u>4,187</u>
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		554	-	554
Interest received		449	-	449
Acquisition of property, plant and equipment (including asset transfer)		(7,699)	-	(7,699)
Foreign currency translation adjustment on property, plant and equipment		109	-	109
Acquisition of non-controlling interest in a subsidiary		(3,342)	-	(3,342)
Dividend received from Associated company		3,000	-	3,000
Acquisition of other intangible assets		(1,853)	-	(1,853)
Net cash from investing activities		<u>(8,782)</u>	<u>-</u>	<u>(8,782)</u>
Cash flows from financing activities				
Proceeds from new issue of share capital		20,000	-	20,000
Proceeds from new loan and repayment of borrowings		8,307	-	8,307
Interest paid		(2,145)	-	(2,145)
Dividends paid		(16,757)	-	(16,757)
Net cash from financing activities		<u>9,405</u>	<u>-</u>	<u>9,405</u>

Notes *(continued)*

29 Prior year adjustment *(continued)*

Reconciliation of Group Cash Flow Statement for the year ended 31 December 2018 (continued)

Group	Original Revaluation Method	2018 Effect of the adjustment	Restated Cost Method
	Note		
	€000	€000	€000
Net increase in cash and cash equivalents	5,340	-	5,340
Cash and cash equivalents at 1 January	12,947	-	12,947
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at 31 December	18,287	-	18,287
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Additional commentary

- a) Effect of Income Statement adjustments, as listed in detail above in the Reconciliation of Income Statement for the prior year adjustment.
- b) Reversal of the revaluation of land and building in 2018.
- c) Reversal of deferred tax charge on previous revaluations of land and buildings.