

Ergopack LLC

Financial statements

for the year ended 31 December 2019

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Statement of financial position

<i>(in thousands of Ukrainian hryvnias)</i>	Note	As at 31.12.2019	As at 31.12.2018
Tangible Fixed Assets	5	225 061	150 423
Intangible Fixed Assets		16 529	2 397
Rights of use	6	15 806	17 350
Deferred Tax Assets	23	-	17 362
Non current assets		257 396	187 532
Inventories	7	162 738	139 827
Trade receivables	8, 13	252 821	192 815
Other receivables	8, 13	13 982	15 774
Cash & cash equivalents	10	18 795	10 665
Prepayments and accrued income	9	139	214
Current assets		448 476	359 294
Total assets		705 871	546 826
Share capital	11	217 543	151 969
Reserves		34 812	4 307
Carried forward Results		(194 082)	(308 927)
Equity		58 272	(152 651)
Provisions		25 536	30 429
Long Term Loans Liabilities	12	174 396	209 325
Long Term Lease Liabilities	6	13 222	15 119
Deferred tax liability		3 669	-
Non current liabilities		216 823	254 873
Trade payables	14	157 381	133 980
Other payables	14	5 453	8 178
Tax Liabilities	15	2 761	1 071
Short Term Loans Liabilities	12	249 271	289 504
Short Term Lease Liabilities	6	2 818	2 231
Liabilities on transitional accounts	16	13 092	9 640
Current liabilities		430 777	444 604
Total Equity and Liabilities		705 871	546 826

Andriy Dikunov
Director, Ergopack LLC




Andrii Honcharuk
Head of finance, Ergopack LLC

Statement of profit or loss and other comprehensive income

<i>(in thousands of Ukrainian hryvnias)</i>	Note	As at 31.12.2019	As at 31.12.2018
Revenue	17	841 372	811 097
Cost of sales	18	(559 604)	(553 015)
Gross operating profit		281 768	258 082
Income from write-off of interest liabilities		-	178 740
Other Operating Income		8 291	6 090
Administrative Expenses	19	(36 028)	(42 306)
Distribution Expenses	20	(193 329)	(161 845)
Operating profit (loss)		60 702	238 761
Financial Income	22	84 899	24 871
Financial Expenses	22	(11 038)	(26 862)
Earning (loss) before taxes		134 564	236 770
Income Tax	23	(19 719)	(29 172)
Net profit (loss)		114 844	207 599
Other comprehensive income (loss)		-	-
Revaluation of land and buildings		36 964	-
Related income tax		(6 653)	-
Other comprehensive income		30 311	-
Total comprehensive income (loss)		145 155	207 599

Andriy Dikunov
Director, Ergopack LLC




Andrii Honcharuk
Head of finance, Ergopack LLC

Statement of cash flows

(in thousands of Ukrainian hryvnias)

	As at 31.12.2019	As at 31.12.2018
Cash flows from Operating Activities		
Profit before Tax	134 564	236 771
Adjustments:		
Depreciation & amortization	19 474	15 344
Impairment of tangible & Intangible assets	326	340
Foreign exchange differences	(84 214)	(24 495)
Interest expense and other related expenses	11 037	24 244
Gain/Loss from fixed assets sale	(255)	-
Provision for slow-moving items	-	828
Write-down of inventories to net realisable value	-	(1 345)
Expected credit losses of trade receivables and contract assets	(10 910)	1 754
Income from write-off of interest liabilities	-	(178 740)
Interest income and other related income	(685)	(376)
Operational Inflows before Working Capital	69 338	74 326
Plus/minus adjustments for changes in working capital accounts		
Decrease / (increase) in inventories	(22 912)	(18 584)
Decrease / (increase) in receivables	(58 060)	(30 505)
(Decrease) / increase in liabilities (other than to banks)	27 243	(47 102)
Interest and other related expenses, paid	(358)	(7 792)
Tax Paid	(3 318)	(364)
Net inflows / (outflows) from operating activities	11 932	(30 022)
Cash flows from Investment Activities		
Acquisition of tangible and intangible assets	(70 691)	(51 930)
Revenues from sale of tangible and intangible assets	435	-
Interest received	685	376
Net inflows / (outflows) from investment activities	(69 570)	(51 554)
Cash flows from Financial Activities		
Proceeds from borrowings	-	22 300
Repayment of borrowings	-	(66 119)
Income from share capital increase	65 768	125 730
Net inflows / (outflows) from financial activities	65 768	81 911
Effect of FX differences on cash	-	(54)
Net increase / decrease in cash and cash equivalents for the period	8 130	281
Cash and cash equivalents, beginning of the period	10 665	10 384
Cash and cash equivalents, end of the period	18 795	10 665

Andriy Dikunov,
Director, Ergopack LLC



Andrii Honcharuk
Head of finance, Ergopack LLC

Statement of changes for the period in company's equity

(in thousands of Ukrainian hryvnias)

	Share capital	Reserves	Carried forward Results	Total
Balances as at 31 December 2017	27 550	2 996	(516 526)	(485 980)
Comprehensive income (loss)				
Net loss for the year	-	-	207 599	207 599
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss) for the year	-	-	207 599	207 599
Transactions with shareholders				
Share capital increase	124 419	1 311	-	125 730
Total transactions with shareholders	124 419	1 311	-	125 730
Balances as at 31 December 2018	151 969	4 307	(308 927)	(152 651)
Balances as at 31 December 2018	151 969	4 307	(308 927)	(152 651)
Comprehensive income (loss)				
Net loss for the year	-	-	114 844	114 844
Other comprehensive income (loss)				
Revaluation of land and buildings		36 964		36 964
Related income tax		(6 653)		(6 653)
Total comprehensive income (loss) for the year	-	30 311	114 844	145 155
Transactions with shareholders				
Share capital increase	65 574	194	-	65 768
Total transactions with shareholders	65 574	194	-	65 768
Balances as at 31 December 2019	217 543	34 812	(194 082)	58 272

Andriy Dikunov
Director, Ergopack LLC



Andrii Honcharuk
Head of finance, Ergopack LLC

Notes on the financial statements

1 Background

(a) Organisation and operations

These financial statements are prepared by Ergopack LLC involved in the production and trading of household goods.

Ergopack LLC was incorporated in Ukraine on 20 February 2001 as a limited liability company. The head office is located at 36, the Sobornosti str. Boyarka town, 08154, Kiyv region, Ukraine

Ivybridge Ventures Limited (Cyprus) owned 100% of share capital of Ergopack LLC.

GR Sarantis Cyprus LLC (Cyprus) a member of Gr.Sarantis SA Group owns 90% of share capital of Ivybridge Ventures Limited (Cyprus).

Gr. Sarantis SA has the legal form of a société anonyme and is the parent company of the Gr.Sarantis SA Group.

The Gr. Sarantis SA domicile is located at 26 Amarousiou – Chalandriou Street, Marousi Greece, The Company's central offices are also located at the same address. The shares of Gr. Sarantis SA are listed on the main market of the Athens Exchange.

Ergopack LLC principal activity is production of household consumer products at a plant located in Kaniv, Ukraine, and their distribution. These products are sold in Ukraine and abroad. Raw materials are supplied both by domestic companies and by foreign companies. Major customers are supermarkets, wholesale traders, private entrepreneurs.

The number of employees as at 31 December 2019 and 2018 is 860 and 725, respectively.

(b) Ukrainian business environment

Ukraine's political and economic situation has deteriorated significantly since 2014. Following political and social unrest in early 2014, in March 2014, various events in Crimea led to the accession of the Republic of Crimea to the Russian Federation, which was not recognised by Ukraine and many other countries. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. Following the instability in Crimea, regional tensions have spread to the Eastern regions of Ukraine, primarily Donetsk and Lugansk regions. In May 2014, protests in those regions escalated into military clashes and armed conflict between supporters of the self-declared republics of the Donetsk and Lugansk regions and the Ukrainian forces, which continued till the date of these financial statements. As a result of this conflict, part of the Donetsk and Lugansk regions remains under control of the selfproclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory

Political and social unrest combined with the military conflict in the Donetsk and Lugansk regions has deepened the ongoing economic crisis, caused a fall in the country's gross domestic product and foreign trade, deterioration in state finances, depletion of the National Bank of Ukraine's foreign currency reserves, significant devaluation of the national currency and a further downgrading of the Ukrainian sovereign debt credit ratings. Following the devaluation of the national currency, the National Bank of Ukraine introduced certain administrative restrictions on currency conversion transactions, which among others included restrictions on purchases of foreign currency by individuals and companies, the requirement to convert large part of foreign currency proceeds to local currency, restrictions on payment of dividends abroad, a ban on early repayment of foreign loans and restrictions on cash withdrawals from banks. During 2016-2018 the administrative restrictions imposed by the National Bank of Ukraine were weakened to the extent of introduction of allowable threshold of dividends payments abroad. Nevertheless, these events had a negative effect on Ukrainian companies and banks, significantly limiting their ability to obtain financing on domestic and international markets during 2014-2016.

The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy

Whilst management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Company's results and financial position in a manner not currently determinable. The financial statements reflects management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are not the Company's statutory financial statements

(b) Basis of measurement

The financial statements are prepared on the historical cost basis.

(c) Going concern

The financial statements have been prepared on a going concern basis, which contemplates realisation of assets and the satisfaction of liabilities in the normal course of business and management's assessment did not indicate that there is any doubt about the entity's ability to continue as a going concern. Management's position is based on the fact that losses incurred during recent years were caused by significant foreign currency exchange losses due to dramatic Ukrainian hryvnia devaluation, as the Company has significant loans and borrowings denominated in US dollars. At the same time, the Company generated operating profit and positive operating cash flows.

(d) Functional and presentation currency

Management determined the functional currency to be the Ukrainian Hryvnia (UAH) as it reflects the economic substance of the underlying events and circumstances.

Management elected to use the Ukrainian Hryvnia (UAH) as the reporting currency in these financial statements for the convenience of users of the financial statements.

3 Significant accounting policies

3.1 Foreign currency translation

Transactions in foreign currency are translated to the operating currency using exchange rates in effect during the date of the transactions.

Profit and losses from foreign exchange difference, which arise from the settlement of such transactions during the period and from the conversion of monetary items expressed in foreign currency with the effective exchange rates during the balance sheet date, are registered in the results.

Foreign exchange differences from non-monetary items valued at fair value, are considered as part of the fair value and thus are registered accordingly as fair value differences.

3.2 Intangible assets

Intangible assets of the Company are initially recognized at acquisition cost. Following the initial recognition, intangible assets are calculated at cost minus accumulated amortization and any impairment loss that may have emerged.

The useful economic life and depreciation method are reviewed at least at the end of each financial period. If the estimated useful life or expected burn-up rate of future economic benefits incorporated in another intangible asset have changed, the changes are accounted for as changes in accounting estimations.

The amortization of intangible assets is based on the straight line method during their useful life, which is estimated depending on their usage. Intangible assets mainly include the acquired software used in production or management, as well as trademarks

3.3 Tangible assets

Land-plots and buildings are presented in the financial statements at readjusted values minus accumulated depreciations.

The fair value of land-plots and buildings is defined periodically by an independent evaluator. The mechanical equipment and other tangible fixed assets are presented at acquisition cost minus accumulated depreciations and possible impairment losses

The acquisition cost of fixed assets includes all expenses directly attributed to the acquisition of the assets. Subsequent expenses are registered as an increase of the tangible assets' book value or as a separate fixed asset, only to the extent where such expenses increase the future economic benefits expected to arise from the use of the fixed assets, and the cost of such may be reliably calculated. The cost of repairs and maintenance is registered in the results of the period where such are realized.

Self-produced tangible assets constitute an addition to the acquisition cost of tangible assets at values that include the direct payroll cost for staff that participates in the construction, the cost of used materials and other general costs.

The depreciations of tangible fixed assets are calculated with the straight line method during their useful life, which is as follows:

Buildings	from 20 to 60 years
Mechanical Equipment	from 5 to 10 years
Vehicles	from 5 to 9 years
Other Equipment	from 2 to 20 years

The residual values and useful economic lives of tangible fixed assets are subject to reassessment at each balance sheet date. When the residual values, the expected useful life or expected burn-up rate of future economic benefits incorporated in an asset have changed, the changes are accounted for as changes in accounting estimations.

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the results.

The book value of tangible fixed assets is examined for impairment when there are indications, namely events or changes in circumstances, that the book value may not be recoverable. If there is such an indication and the book value exceeds the estimated recoverable amount, the assets or cash flow creation units are impaired to the recoverable amount. The recoverable amount of property, facilities and equipment is the largest between their net sales price and their value in use. For the calculation of the value in use, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects the market's current expectations for the time value of money and related risks as regards to the asset. When the book values of tangible assets exceed their recoverable value, the difference (impairment) is registered initially as a reduction of the created fair value reserve (if there is such for the relevant fixed asset), which is presented in equity accounts. Any impairment loss that emerges over the created reserve for the specific fixed asset, is recognized directly as an expense in the profit and loss account.

3.4 Investments in Property

The investments in property include privately owned land plots and buildings, which are possessed by the Company with the objective to receive lease payments or / and to generate capital gains. The investments in property are initially recorded at their acquisition cost, which also includes the transaction costs. In a following stage, the investments in property are recorded at fair value.

3.5 Impairment of non financial assets

Assets with an indefinite useful economic life are not depreciated and are subject to impairment reviews annually and also when several events or changes in conditions indicate that the book value may not be recoverable. The assets depreciated are subject to impairment review when there are indications that their book value will not be recovered. Impairment losses are recognized for the amount for which the book value of the fixed asset exceeds its recoverable value. The recoverable value is the largest between fair value less the relevant cost required for the sale and value in use (present value of cash flows expected to be generated according to management's estimation on the future financial and operating conditions). To estimate impairment losses, assets are classified in the smallest possible cash flow generating units. Non-financial assets apart from goodwill that have suffered impairment are re-assessed for possible reversal of the impairment during each balance sheet date.

3.6 Inventories

The cost of inventories is defined using the FIFO method, and includes all the expenses realized in order to render inventories to their current position and condition and which are directly attributable to the production process, as well as part of general expenses related to the production. During the Balance Sheet date, inventories are presented at the lowest price between acquisition cost and net realizable value.

Net realizable value is the estimated sales price during the normal conduct of the company's activities, minus the estimated cost necessary to realize the sale.

3.7 Financial assets

3.7.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.7.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

3.7.3 Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3.7.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.8 Cash & cash equivalents

Cash & cash equivalents include cash in banks and in hand, as well as short-term highly liquid investments such as repos and bank deposits with a maturity less than three months.

3.9 Share capital

The share capital includes the Company's common shares. Direct expenses realized for the issue of shares are presented after the deduction of the relevant income tax, and reduce the product of the issue.

3.10 Loans

Loans are initially registered at fair value, minus any direct expenses realized for the transaction. Subsequently loans are valued at net book cost. Any difference between the received amount (net of relevant expenses) and the repayment value is recognized in the results during the borrowing term according to the effective interest rate method. Loans are characterized as short-term liabilities unless the Group has the final right to postpone payment for at least 12 months following the balance sheet date.

3.11 Leases

At inception of a contract, an entity shall assess whether the 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.

At the commencement date, Company as a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost. The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group interest rate.

After the commencement date, Company as a lessee measures the right-of-use asset applying a cost model. After the commencement date, Company as a lessee measures the lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Company applies an exemption from short-term lease recognition to its short-term leases (ie, to contracts with a lease term of no more than 12 months at the beginning of the lease and which do not include an option to purchase the underlying asset). Short-term leases and low-cost asset leases are recognized as an expense on a straight-line basis over the lease term.

3.12 Employee benefits

Short-term employee benefits (apart from employment termination benefits) in money and in kind, are recognized as an expense on an accrual basis.

3.13 Revenues

According to the IFRS 15, the revenues are being recognized at the amount which an economic entity expects to fairly receive or be entitled to in exchange for the transfer of goods or services to a customer.

Revenue is defined the amount which an economic entity expected to receive in exchange for the goods or services which were transferred to a customer unless the amounts which are being received for the account of third parties (value added tax, other taxes on the sales). The variable amounts are included in the transaction price and are being estimated by utilizing either the "expected value" method, or the "most likely amount" method.

An economic entity recognizes revenues when (or as) a contractual obligation is satisfied by transferring the control of a promised good or service to the customer. The customer obtains control of a good or service if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. Control is transferred over time or at a point in time.

The revenue from the sale of goods is recognized when control of the good is transferred to the customer, usually upon delivery and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. The main products of the Company are food packaging products, plastic garbage bags and household cleaning products.

A trade receivable is recognized when there is an unconditional right possessed from an economic entity to receive a price consideration for the execution of contractual obligations towards the customer. The contractual asset is being recognized when the Company has satisfied all its obligations towards the customer, before the customer receives payment or before the payment is due, for example when goods or services are transferred to the customer before the Company has the right to invoice these goods or services.

A contractual obligation is recognized when there is an obligation to transfer goods or services to a customer for which the Company has received consideration from the customer (prepayment), or when there is an unconditional right possessed by the Company to receive consideration prior to the transfer of the good or service (deferred income). The contractual liability is derecognized when the related obligation is fulfilled and the revenue is recorded in the income statement.

From 1st January 2018, the obligation for execution of contracts with customers is depicted as a deduction from the turnover thus affecting the gross profit margin and the distribution expenses, without however affecting the net profit.

3.14 Government grants

The Company recognizes the government grants that cumulatively satisfy the following criteria:

- There is reasonable certainty that the company has complied or will comply to the conditions of the grant and
- It is probable that the amount of the grant will be received.

Government grants that relate to acquisition of fixed assets are presented as a deferred income in liabilities and recognized in the results during the useful life of the fixed assets such refer to.

3.15 Contingent Liabilities and Provisions

Provisions are booked when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. The provisions are reviewed at every balance sheet date and are adjusted so as to reflect the present value of the expense deemed necessary to settle the liability. Contingent liabilities are not recorded in the financial statements but are disclosed, except if the probability of an outflow of resources that embody economic benefits is very small. Contingent assets are not recorded in the financial statements but are disclosed if the inflow of economic benefits is probable.

3.16 Dividend distribution

Dividend distribution to shareholders of the parent from the period's profit, are recognized as a liability in the financial statements on the date when the distribution is approved by the General Shareholders' Meeting.

3.17 Current and deferred taxation

The period's charge with income tax consists of current taxes and deferred taxes. Tax is recognized in the "Statement of comprehensive income", unless it is related to amounts recognized directly in "Equity". In the latter case tax is also recognized in Equity.

Income tax on earnings, is calculated based on the tax law in effect during the balance sheet date in countries where the Company's activities are carried out and is recognized as an expense during the period when earnings are gained. Management periodically reviews cases where the relevant tax law needs clarifications when interpreted. When deemed necessary provisions are made on the amounts expected to be paid to the tax authorities.

Deferred income tax is calculated according to the liability method which results from the temporary differences between the book value of assets or liabilities in the financial statements with their respective tax base. Deferred income tax is not recorded if such results from the initial recognition of an asset or liability in a transaction, apart from a business combination, which did not affect the accounting or the tax profit or loss when realized. Deferred tax is defined according to the tax rates and laws in effect during the balance sheet date and those expected to be effective when the deferred tax assets will be realized or the deferred tax liabilities repaid.

Deferred tax assets are recognized to the extent that there will be future taxable profit for the use of the temporary difference that creates the deferred tax asset. Deferred tax assets and liabilities are offset only when the law permits the offsetting of tax assets and liabilities and given that the deferred tax assets and liabilities arise from the same tax authority on one entity that is taxed or on different entities when the settlement is intended to take place through offsetting.

3.18 Noncurrent assets held for sale and discontinued operations

Assets held for sale include tangible fixed assets that the Company intends to sell within one year from their classification as "held for sale".

Assets classified as "held for sale" are valued at the lowest between their book value directly prior to their classification as held for sale, and their fair value less any sale cost. Assets classified as "held for sale" are not subject to depreciation. The profit or loss that results from the sale and revaluation of assets "held for sale" is included in the results.

The Company has not classified noncurrent assets as held for sale.

4 Adoption of new and revised IFRSs

The Company adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB, which are relevant to its operations and are effective for accounting periods commencing on 1 January 2019.

The accounting policies adopted for the preparation of the financial statements are consistent with those followed for the preparation of the annual financial statements for the year ended December 2018, except for the adoption by the Company of the following standards, amendments and interpretations as of January 1, 2019, which have material impact on the Company's financial statements. Detailed information was described in the Note #6.

- IFRS 16 Leases. The standard superseded the current lease guidance including IAS 17 Leases and the related interpretations. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees except for short-term leases and leases of low value assets. There are some other changes of lessee accounting. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. In leasing operations the Company mainly is a lessor, so the management of the Company does not see a significant impact on the amounts recognized in the financial statements. For operations when the Company is a lessee related mainly to renting land, productions buildings and offices the Company recognized right-of-use and a corresponding lease liability for all relevant material assets.

5 Property, plant and equipment

Movements in property, plant and equipment for the ended 31 December 2018 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Land	Buildings - Technical Works	Equipment & Other Equipment	Means of Transportation	Furnitures	Fixed Assets under construction and prepayments	Total
Cost							
As at 1 January 2018	1 459	64 789	122 463	5 105	5 903	8 138	207 857
Additions	-	-	-	-	-	50 845	50 845
Disposals	-	-	(1 507)	(10)	(349)	-	(1 867)
Reclassifications	-	1 088	3 027	1 781	484	(6 381)	-
As at 31 December 2018	1 459	65 878	123 981	6 876	6 039	52 602	256 835
Depreciation							
As at 1 January 2018	-	22 053	63 919	3 890	5 373	-	95 235
Depreciation charge	-	1 870	10 558	322	293	-	13 044
Disposals	-	-	(1 507)	(10)	(349)	-	(1 867)
As at 31 December 2018	-	23 923	72 971	4 202	5 317	-	106 412

Movements in property, plant and equipment for the ended 31 December 2019 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Land	Buildings - Technical Works	Equipment & Other Equipment	Means of Transportation	Furnitures	Fixed Assets under construction and prepayments	Total
Cost							
As at 1 January 2019	1 459	65 878	123 981	6 876	6 039	52 602	256 835
Additions	-	-	-	-	-	53 995	53 995
Disposals	-	(15)	(4 438)	(987)	(721)	-	(6 161)
Reclassifications	-	3 392	72 314	446	1 242	(77 395)	-
Revaluation	1 350	64 469	-	-	-	-	65 819
As at 31 December 2019	2 809	133 724	191 857	6 335	6 560	29 202	370 488
Depreciation							
As at 1 January 2019	-	23 923	72 971	4 202	5 317	-	106 412
Depreciation charge	-	869	14 131	748	378	-	16 126
Disposals	-	-	(4 377)	(869)	(720)	-	(5 966)
Revaluation	-	28 855	-	-	-	-	28 855
As at 31 December 2019	-	53 647	82 724	4 081	4 975	-	145 427
Net book value							
As at 31 December 2018	1 459	41 955	51 010	2 674	722	52 602	150 423
As at 31 December 2019	2 809	80 077	109 132	2 254	1 586	29 202	225 061

As at 31 December 2019, the Company's land and buildings were revalued by an independent appraiser in order to determine their fair value which was determined using depreciated replacement cost method

Depreciation

The total depreciation charge for the ended 31 December is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Cost of sales	14 292	9 895
Administrative Expenses	1 579	1 468
Distribution Expenses	255	1 681
Total depreciation charge	16 126	13 044

6 Lease agreements

The Company first applied IFRS 16 using a modified retrospective application method on January 1, 2019. According to this method, the standard is applied retrospectively with the cumulative effect of its initial application at the date of initial application. The Company decided to use practical simplification that allows the standard to be applied to contracts that were previously identified as leases using IAS 17 and IFRIC 4 at the date of initial application. The Company also decided to use recognition exemptions for leases for which the lease term at the start date of the lease is no more than 12 months and which do not contain an option to purchase (short-term leases), as well as for leases in which asset is a low-value.

The impact of the application of IFRS 16 is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Rights of use	15 806	17 350
Total assets	15 806	17 350
Long Term Lease Liabilities	13 222	15 119
Short Term Lease Liabilities	2 818	2 231
Total Liabilities	16 040	17 350

For implementation IFRS 16 Company used discount rate determined by Sarantis Group as 2.5% annual.

Movements in right of use and lease liabilities for the 2019 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Land-Fields	Rights of use Buildings	Total	Lease liabilities
As at 31 December 2018	7 810	9 540	17 350	17 350
Additions	-	788	788	-
Depreciations	(283)	(2 050)	(2 333)	-
Interest expenses	-	-	-	392
Payments	-	-	-	(1 702)
As at 31 December 2019	7 527	8 279	15 806	16 040

7 Inventories

Inventories as at 31 December 2019 and 31 December 2018 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Finished Goods	92 328	71 449
Raw Materials	49 199	42 967
Packaging & Other Auxiliary Materials	4 304	2 867
Work in Process Semifinished Goods	5 498	6 841
Advances to Third Party Suppliers	4 259	5 553
Goods in transit	7 151	10 150
Total	162 738	139 827

The results of provision for impairment of slow-moving items are as follows :

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Finished Goods - Book Value	(1 476)	(1 859)
Raw Materials - Book Value	(3 583)	(3 590)
Packaging & Other Auxiliary Materials - Book Value	(1 844)	(1 566)
Work in Process Semifinished Goods - Book Value	(104)	(794)
	(7 007)	(7 809)

8 Trade and other receivables

Trade and other receivables as at 30 June 2019 and 31 December 2018 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Trade receivables - Third Party	267 032	222 998
Trade receivables - Related Parties	9 045	4 594
Allowance for expected credit losses for Receivables from Customers	(23 257)	(34 777)
Doubtfull Debts -Gross Book Value	397	225
Allowance for expected credit losses for Doubtfull Debts	(397)	(225)
Advances / Sundry Debtors - Third Party	14 905	15 389
Advance payment of Income Tax	(923)	384
	266 803	208 589

9 Prepayments

As at 31 December 2019 and 31 December 2018, prepayments to suppliers represent prepayments made for raw materials, goods and services. As at 31 December 2019 and 31 December 2018, the Group's management recognised no provision for impairment of prepayments.

10 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2019 and 31 December 2018 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Balances in UAH	4 052	5 823
Balances in other currencies	14 743	4 520
Cash in transit	-	322
	18 795	10 665

11 Equity

As at 31 December 2018 the share capital of Ergopack LLC was 151 969 009 Ukrainian hryvnias.

As at 11 June 2019 the share capital was increased by the 65 574 106 Ukrainian hryvnias (the equivalent of 2 200 000 Euro).

The additional growth of share capital was full paid as at 13 June 2019 .

The differences of amount in Ukrainian hryvnias were recognized as reserve in the Equity.

From 31 December 2018 till 31 December 2019 Ivybridge Ventures Limited owned 100% of share capital of Ergopack LLC.

12 Loans and borrowings

This note provides information about the contractual terms of loans and borrowings.

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
<i>Long Term Liabilities</i>		
Loan from GR Sarantis Cyprus Limited	174 396	209 325
	174 396	209 325
<i>Short Term Liabilities</i>		
Loan from GR Sarantis Cyprus Limited	14 023	8 459
Loans from Ivybridge Ventures Limited	235 247	281 045
	249 271	289 504
	423 666	498 829

As at 31 December 2018, the terms and debt repayment schedule of the outstanding loans are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Currency	Interest rate	Maturity	Face value in currency	Face value in KUAH	Carrying amount in KUAH
Loan from GR Sarantis Cyprus Limited	EUR	4,00%	31.12.2022	6 600 384	209 325	217 785
Loan from Ivybridge Ventures Limited #1	USD	0,50%	31.03.2019	2 997 095	82 984	89 343
Loan from Ivybridge Ventures Limited #2	USD	0,50%	31.03.2019	680 000	18 828	28 176
Loan from Ivybridge Ventures Limited #3	USD	0,50%	31.03.2019	535 000	14 813	16 735
Loan from Ivybridge Ventures Limited #4	USD	0,50%	31.03.2019	2 395 489	66 327	72 268
Loan from Ivybridge Ventures Limited #5	USD	0,50%	31.03.2019	2 219 620	61 457	74 523

As at 31 December 2019, the terms and debt repayment schedule of the outstanding loans are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Currency	Interest rate	Maturity	Face value in currency	Face value in KUAH	Carrying amount in KUAH
Loan from GR Sarantis Cyprus Limited	EUR	4,00%	31.12.2022	6 600 384	174 395	188 419
Loan from Ivybridge Ventures Limited #1	EUR	0,50%	31.03.2019	2 617 550	69 161	74 806
Loan from Ivybridge Ventures Limited #2	EUR	0,50%	31.03.2019	593 886	15 692	23 561
Loan from Ivybridge Ventures Limited #3	EUR	0,50%	31.03.2019	467 249	12 346	14 009
Loan from Ivybridge Ventures Limited #4	EUR	0,50%	31.03.2019	2 092 130	55 278	60 506
Loan from Ivybridge Ventures Limited #5	EUR	0,50%	31.03.2019	1 938 532	51 220	62 365

At 3 May 2018 GR Sarantis Cyprus Limited, Ergopack LLC, Ivybridge Ventures Limited, Bedivere Investments Limited and European Bank for Reconstruction and Development signed the Conditional loan assignment and settlement agreement (the "CLAASA"), according to which GR Sarantis Cyprus Limited paid to the EBRD the Ergopack LLC loan and current interest liabilities debt, and receive all rights as a creditor by the Mezzanine loan between Ergopack LLC, Ivybridge Ventures Limited and European Bank for Reconstruction and Development dated by 17 December 2009.

At 4 May 2018 according to the CLAASA conditions, EBRD wrote off the Ergopack LLC compound interest liabilities debt in amount of 6 824 341 USD.

13 Allowance for expected credit losses of trade and other receivables

Changes in Allowance for expected credit losses of trade and other receivables during 2019 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Balance as at 1 January	35 001	34 516
Expected credit losses (incomes) recognised on trade and other receivables	(10 910)	1 754
Amounts written off against provision	(437)	(1 269)
Balance as at 31 December	<u>23 654</u>	<u>35 001</u>

14 Trade and other payables

Trade and other payables as at 31 December 2019 and 31 December 2018 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Suppliers (Goods, Raw Mat, Pack,FA) - Third Party	59 498	41 351
Suppliers (Goods, Raw Mat, Pack,FA) - Related Parties	6 523	-
Suppliers (Services, Consum, other) - Third Party	21 031	11 554
Suppliers (Sevices, Consum, other) - Related Parties	70 329	81 075
Customer Advances - Third Party	6	758
Social Security	723	626
Sundry Creditors - Third Party	4 725	6 794
	<u>162 835</u>	<u>142 158</u>

15 Tax Liabilities

Tax liabilities as at 31 December 2019 and 31 December 2018 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Personal income tax	416	677
Other taxes	2 345	394
	<u>2 761</u>	<u>1 071</u>

16 Liabilities on transitional accounts

As at 31 December 2019 and 31 December 2018, liabilities on transitional accounts represent accruals for trade expenses, distribution and other services from vendors, which are related to the current operational activity.

The Liabilities on transitional accounts as at 31 December 2019 and 31 December 2018 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Accounts, auditors, consultants, etc	(1 241)	(969)
Other services	(82)	(445)
Marketing Expenses	(1 135)	(278)
Trade Expenses	(8 596)	(5 964)
Distribution	(2 020)	(1 929)
IT services	(17)	(55)
	(13 092)	(9 640)

17 Revenue

Revenue is presented net of sales incentives, including bonuses for volume of purchases and early payment discounts, which are paid to customers.

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Gross revenue (Net billings)	990 810	945 506
Sales incentives	(149 438)	(134 409)
Net revenue	841 372	811 097

18 Cost of sales

Cost of sales for the years ended 31 December is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Direct materials	435 919	442 917
Salary and related charges	81 697	61 034
Direct production services	12 381	6 227
Depreciation	15 828	9 895
Other production overheads	34 440	48 985
Inventory stock counting result	-	192
Changes in the stock	(20 660)	(16 234)
	559 604	553 015

19 Administrative expenses

Administrative expenses for the years ended 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Employee expenses	24 334	27 155
Third - Party fees	3 036	7 417
Third - Party Benefits	3 893	2 634
Taxes - Duties	98	341
Sundry Expenses	1 848	1 929
Tangible Fixed Assets Depreciation	1 579	1 468
Intangible Fixed Assets Depreciation	1 240	1 362
	36 028	42 306

20 Distribution expenses

Distribution expenses for the years ended 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Employee expenses	41 843	52 325
Third - Party fees	40 530	39 195
Third - Party Benefits	35 883	14 564
Sundry Expenses	74 638	53 141
Tangible Fixed Assets Depreciation	255	1 681
Intangible Fixed Assets Depreciation	180	939
	193 329	161 845

21 Employee costs

Employee costs, the majority of which are included in cost of sales and distribution expenses are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Wages, salaries and bonuses	113 141	116 240
Salary related charges (social securities)	22 539	22 269
Provision for unused vacations	10 101	1 881
	145 781	140 390

22 Finance income and expenses

Finance income and expenses for the years ended 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Forex income	84 214	24 495
Interest income	685	376
	84 899	24 871
Interest expense	(8 700)	(24 244)
Interest on Leasing	(392)	-
Bank charges	(1 946)	(2 618)
	(11 038)	(26 862)
	73 861	(1 991)

23 Income tax expenses

The corporate income tax rate was 18% for 2019 and 2018.

Income tax expense for the years ended 31 December was as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Current tax expense	5 342	-
Deferred tax income	14 377	29 172
	19 719	29 172

Movements in deferred tax assets for the years ended 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Balance as at 1 January 2018	Recognised in profit or loss	Balance as at 31 December 2018	Recognised in profit or loss	Balance as at 31 December 2019
Tax loss carry-forwards	46 533	(29 172)	17 362	(17 362)	-
Revaluation of Fixed assets	-	-	-	(6 653)	(6 653)
Difference in Tax and Balance value of Tangible assets	-	-	-	(2 719)	(2 719)
Difference in Tax and Balance value of In-Tangible assets	-	-	-	242	242
Accruals for trade and other services	-	-	-	4 201	4 201
Provision for stock	-	-	-	1 261	1 261
	46 533	(29 172)	17 362	(21 031)	(3 669)

24 Financial risk management

Exposure to credit, interest rate and currency risks arises in the normal course of business. Ergopack LLC does not hedge its exposure to such risks.

(a) Overview

Ergopack LLC has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Management has overall responsibility for the establishment and oversight of the risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Ergopack LLC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Ergopack LLC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The shareholders oversee how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

(b) Credit risk

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

(i) Trade and other receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base has less of an influence on credit risk.

Management established a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring additional approval from management. These limits are reviewed on a monthly / quarterly basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, whether they are wholesale or retail, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to wholesale customers.

Ergopack LLC does not require collateral in respect of trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company establishes an allowance for expected credit losses of trade receivables and contract assets that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this provision are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective impairment provision is determined based on historical data of payment statistics for similar financial assets.

The ageing analysis of trade and other receivables as at 31 December is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31 December 2019		As at 31 December 2018	
	Overdue	Provision	Overdue	Provision
Not due	257 094	(13 001)	211 831	(20 276)
Due from 1 to 30	23 588	(3 415)	20 493	(5 123)
Due from 31 to 60	4 411	(2 205)	6 652	(4 989)
Due from 61 to 90	1 326	(994)	2 540	(2 540)
Due more than 90	4 961	(4 961)	2 074	(2 074)
	<u>291 380</u>	<u>(24 577)</u>	<u>243 590</u>	<u>(35 001)</u>

(ii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Trade receivables	252 821	192 815
Other receivables	13 982	15 774
Cash & cash equivalents	18 795	10 665
	<u>285 598</u>	<u>219 254</u>

The Company is also exposed to the risk of non-recovery in respect of prepayments to suppliers. The carrying amount of prepayments to suppliers represents the maximum exposure and is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Prepayments and accrued income	139	214
	139	214

(c) Liquidity risk

Liquidity risk is the risk that Ergopack LLC will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The contractual maturities of non-derivative financial liabilities including interest payments (undiscounted cash flows) are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	<1 year	1-4 year	>4 years	Total
As at 31 December 2018				
Loans and borrowings	291 735	224 444	-	516 179
Trade payables	133 980	-	-	133 980
Other payables	8 178	-	-	8 178
Tax Liabilities	1 071	-	-	1 071
Liabilities on transitional accounts	9 640	-	-	9 640
	444 604	224 444	-	669 048
As at 31 December 2019				
Loans and borrowings	252 089	187 617	-	439 706
Trade payables	157 381	-	-	157 381
Other payables	5 453	-	-	5 453
Tax Liabilities	2 761	-	-	2 761
Liabilities on transitional accounts	13 092	-	-	13 092
	430 777	187 617	-	618 394

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by management

(i) Currency risk

Ergopack LLC is exposed to currency risk on sales, purchases, bank balances and loans and borrowings that are denominated in a currency other than the respective functional currency of Company (Ukrainian hryvnia (UAH)). The currencies in which these transactions primarily are denominated are US dollars, Euro (EUR) and Russian Rouble (RUB).

In respect of monetary assets and liabilities denominated in foreign currencies, Ergopack LLC ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The exposure to foreign currency risk is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	USD	EUR	RUB
As at 31 December 2018			
Trade and other receivables	65 209	15 977	1 785
Cash & cash equivalents	276	4 244	-
Loans and borrowings	(281 045)	(217 785)	-
Trade and other payables	(85 350)	(19 127)	-
Net (short) long position	(300 910)	(216 690)	1 785
As at 31 December 2019			
Trade and other receivables	60 680	18 056	2 316
Cash & cash equivalents	3 854	10 363	526
Loans and borrowings		(423 666)	
Trade and other payables	(4 689)	(98 902)	
Net (short) long position	59 845	(494 150)	2 842

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Company's exposure should be to fixed or variable rates. However, at the time of obtaining new financing management uses its judgment to decide whether a fixed or variable rate would be more favourable to the Company over the expected period until maturity.

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Fixed rate instruments		
Loans and borrowings	423 666	498 829

25 Related party transactions

Ergopack LLC performs transactions with related parties in the ordinary course of business. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party when making financial and operational decisions. Related parties comprise shareholders of the Parent Company, key management personnel and their close family members, and companies that are controlled or significantly influenced by these parties. Prices for related party transactions are determined on an ongoing basis.

(a) Transactions with Key management

Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Company. Key management received the following remuneration during the years ended 31 December:

<i>(in thousands of Ukrainian hryvnias)</i>	2019	2018
Salaries and bonuses	16 040	19 696
	16 040	19 696

(b) Balances and transactions with Related Parties

Outstanding balances with Related Parties are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2019	As at 31.12.2018
Trade receivables - Hoztorg LLC	8 897	4 594
Trade receivables - Sarantis Bulgaria Ltd	38	
Trade receivables - Sarantis Polska SA	108	
	9 043	4 594
Loan from GR Sarantis Cyprus Limited	(188 419)	(217 784)
Loans from Ivybridge Ventures Limited	(235 247)	(281 045)
Suppliers (Goods, Raw Mat, Pack,FA) - GR. SARANTIS AVEE (GR. SARANTIS S.A.)	(6 126)	-
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Polska SA	(397)	
Suppliers (Sevices, Consum, other) - Ivybridge Ventures Limited	(69 970)	(81 075)
Suppliers (Sevices, Consum, other) - SARANTIS POLSKA SA	(359)	-
	(500 519)	(579 905)

Revenue and expenses incurred from transactions with Related Parties for the years ended 31 December are as follows:

(in thousands of Ukrainian hryvnias)

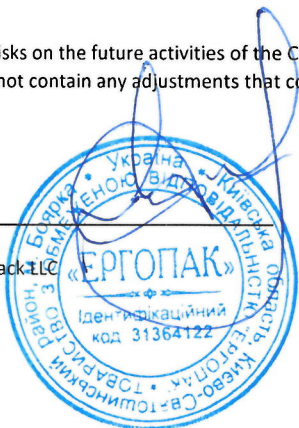
	2019	2018
Revenue	42 087	35 447
Royalty expenses	(1 569)	(1 373)
Interest expenses	(8 700)	(6 743)

26 Subsequent events

We note that, as of March 14, 2020, according to the Presidential Decree "On the decision of the National Security and Defense Council of March 13, 2020" on urgent measures to ensure national security in an emergency COVID-19 respiratory disease caused by SARS-CoV-2 dated 13/03/2020, No. 87/2020, in order to prevent the negative epidemic situation and ensure adherence to Art. 49 of the Constitution of Ukraine of June 28, 1996 No. 254k / 96-VR, the National Security and Defense Council of Ukraine declared an emergency situation and a number of restrictions for at least 24.04.2020.

The impact of risks on the future activities of the Company cannot be determined at this time due to the existing uncertainty. Therefore, the separate financial statements do not contain any adjustments that could result from such risks. They will be reflected in financial statements as soon as they are identified and evaluated.

Andriy Dikunov
Director, Ergopack LLC



Andrii Honcharuk
Head of finance, Ergopack LLC