2018

MONACO RESOURCES
ANNUAL REPORT

MONACO RESOURCES

MONACO RESOURCES

CONTENT

01 MONACO RESOURCES STRATEGIC REPORT

MONACO RESOURCES
WHO WE ARE

Monaco Resources is a global group specialising in natural resources.

Our asset base is well diversified and spans Metals & Minerals, Agribusiness, Energy, Logistics & Technology and Finance & Investments.

The group brings together businesses with decades of experience covering production, trading and services. Our deep knowledge and long term outlook enables us to effectively meet the needs of our international clients.

Headquartered in the Principality of Monaco, the group operates in over 40 countries and employs more than two thousand people.

We take a long term view, focusing on cost effective operations and providing value added integrated services for our international customers. Our business model does not rely on price speculation.

Through our five underlying divisions, we combine our knowledge of natural products with technology investments and strong marketing, finance and distribution capabilities.

Our wide global reach supports our activities; our customers are able to benefit from the resources and expertise of an established, growing group.

MONACO RESOURCES
AT A GLANCE

1 GROUP	+ 2000 EMPLOYEES	40 COUNTRIES

Monaco Resources is an international and diversified natural resources group. Our business is organised within five divisions.

METALS & MINERALS DIVISION

Our metals and minerals division, owns a diversified portfolio of production and processing assets, which has been combined with global marketing and trading activities.

FERROUS

NON-FERROUS

AGRIBUSINESS DIVISION

The agribusiness grows, processes and delivers essential agricultural and food products to local consumer markets in Africa and international suppliers across the globe.

AGRICULTURE

FOOD

ENERGY DIVISION

The Energy division is focused on mature oil fields and on investments into gas and storage opportunities.

GAS / OIL

MARKETING

LOGISTICS & TECHNOLOGY DIVISION

We provide logistics and technological solutions within the natural resources sector including port and terminal management, bulk handling operations and transportation, as well as maintenance and procurement.

LOGISTICS

TECHNOLOGY

FINANCE & INVESTMENTS DIVISION

Our Finance and Investments division provides structured trade finance solutions and makes investments in the natural resources sector.

FINANCE

INVESTMENTS

MONACO RESOURCES
KEY DATA

REVENUES

809 M€

GROSS PROFIT

128 M€

OPERATING PROFIT

54 M€

EQUITY

304 M€

EBITDA

54 M€

MONACO RESOURCES
GLOBAL PRESENCE

6 CONTINENTS

40 COUNTRIES

Monaco Resources Group is a global and diversified natural resources group, with a strategic asset portfolio around the world.

LOCATIONS

Algeria
Australia
Austria
Benin
Brazil
Bulgaria
Burkina Faso
China
Cyprus
France
Gabon
Germany
Ghana
Greece
Indonesia
Ivory Coast
Luxembourg
Madagascar
Mali
Mauritius
Monaco
Mozambique
Netherlands
Niger
Nigeria
Philippines
R. of Congo
R. of Guinea
R. of North Macedonia
Senegal
Serbia
Sierra Leone
Singapore
South Africa
Spain
Switzerland
Togo
UAE - Dubai
UK
USA

MONACO RESOURCES
STRATEGY

Our Strategy is based on five key success factors

01 Diversification

Our diversified model and wide range of products reduces our exposure to changes in demand and market conditions. Operating in both domestic and international markets we are able to leverage our knowledge of the natural resources sector.

02 Integrated Solutions

Our strategy integrates products, services and technology. We leverage our wide product range, strategic presence and human capital to deliver quality products and competitive services. Our approach builds market resilience and helps us to bring value to our customers, suppliers and the group as a whole.

Infrastructure 03

We have a broad asset base including metals and minerals production sites, agricultural facilities, ports and terminals and a network of global offices. We have significant execution capabilities and are strategically located in over 40 countries.

Risk Averse 04

We take a risk averse approach and our business model does not rely on price speculation. Our income is received largely in two currencies - USD and Euro thereby avoiding unnecessary fluctuations and we seek back-to-back operations to avoid inventory risk.

Know-how 05

We build on our strong sector knowledge to create resource efficient operations and routes to market. We maintain long term partnerships with customers and suppliers enabling us to efficiently fulfill the needs of our international customers. Our global reach gives us insight into market flows that yield competitive advantage.

MONACO RESOURCES
SUSTAINABLE BUSINESS

Environmental, Social and Governance principles are at the heart of our operations.

We believe that we are responsible for delivering products and services in respect of the natural and social environment.

We manifest our engagements through our choices of investments, with safe and efficient organisation of our production and socio-economic contributions to local communities.

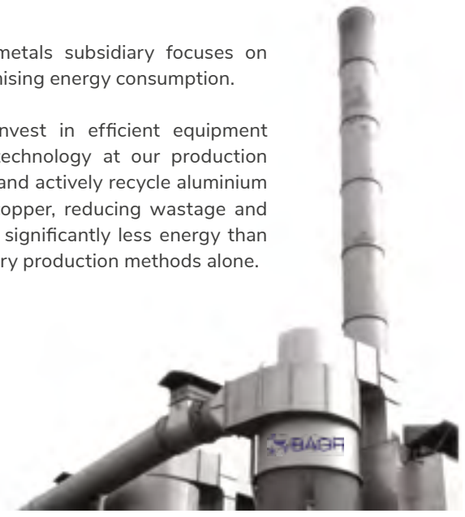
ENVIRONMENT

Monaco Resources delivers benefits to our stakeholders and wider society.

Our agriculture business adopts a scientific approach to crop selection and farming methods to make the most of natural conditions. By selecting areas with higher rainfall and multiple harvest seasons for example, we are able to cultivate efficiently and reduce our impact on the environment.

Our metals subsidiary focuses on minimising energy consumption.

We invest in efficient equipment and technology at our production sites and actively recycle aluminium and copper, reducing wastage and using significantly less energy than primary production methods alone.



SOCIAL

We invest into education and health as part of a sustainable business approach.

In this way we enhance performance as well as support economic growth opportunities.

Through our subsidiaries we bring benefits to our stakeholders and the communities in which we work.

We have funded new schools in the Republic of Guinea, the Republic of Congo and Sierra Leone and support a medical centre in the Republic of Guinea.

We are member of the Foundation of Prince Albert II of Monaco, whose purpose is to protect the environment and to encourage sustainable development.

PRINCE ALBERT II OF MONACO FOUNDATION

GOVERNANCE

We work with national and local governments and encourage good governance.

Through engagement with local stakeholders, we work effectively and safely. By respecting the local environment and conducting ourselves in a manner that will not jeopardise the culture or environment, we build and maintain respected networks.

01 MONACO RESOURCES
STRATEGIC REPORT

MONACO RESOURCES
OUR OPERATIONS
METALS & MINERALS

MONACO RESOURCES
METALS & MINERALS

Our metals and minerals division, is headed by Metalcorp Group, a diversified group with activities that span production, processing, marketing and trading. As both producer and marketer, we are able to realise synergies and develop opportunities.

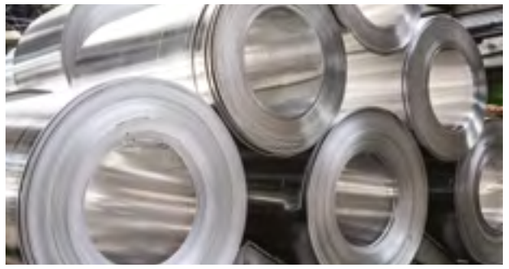
FERROUS METALS

TRADING & MARKETING

Our ferrous trading and marketing activities are managed by Steelcom group, a globally focused steel service provider with a tradition spanning over 60 years.

Our extensive network and ongoing expansion reflects a firm commitment to establishing a direct presence in markets, both on a regional and international basis, encompassing sectors such as construction, engineering, automotive and consumer appliances.

We are committed to offering a comprehensive and competitive range of steel-making raw materials, semi-finished and finished industrial products.



PRODUCTION

We operate a well-established steel facility, founded in 1963, Nikolaidis in Thessaloniki, Greece that produces pipes, tubes and hollow sections.

The facility is optimally organised as a continuous processing line to produce an extensive range of steel pipes, hollow extrusions, galvanised products and industry specific specialised products.

NON-FERROUS METALS

TRADING & MARKETING

Our non-ferrous trading and marketing activities are executed by Tennant Metals Group, which specialises in the **physical supply of non-ferrous products in the form of refined metals, bulk ores and concentrates**.

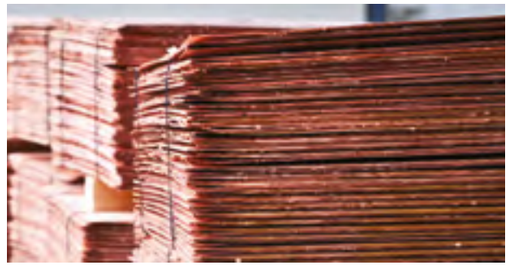
We have a significant number of **offtake agreements in copper and ferrochrome.**

PRODUCTION / ALUMINIUM

We operate two **secondary aluminium plants** in **Germany**:

Berlin - Since 1997, BAGR has been Europe's leading independent aluminium slab producer. Our plant houses a re-melting facility and its own cast house, with a **capacity of 90,000 tonnes** per year.

Stockach - Secondary aluminium smeling facility with a capacity of **50,000 tonnes** per year, acquired in 2017.



RAW MATERIALS

Our group is developping an integrated bauxite and alumina processing project, in the Republic of Guinea.

The Société des Bauxites de Guinée "SBG" holds a 25 year mining concession for a bauxite deposit.

We plan to :

- Produce 8Mt per year of high grade bauxite
- Process 1.6Mt per year of alumina
- Export 3Mt per year of bauxite

PRODUCTION / COPPER

We own a **secondary copper plant**, based near the **port of Bilbao, Spain.**

CR-Industries is a copper scrap recycler with a strong European customer base.

The plant is an energy efficient convertor, processing scrap copper into high quality copper granulates, with an emphasis on minimising waste.

01 MONACO RESOURCES
STRATEGIC REPORT

MONACO RESOURCES
OUR OPERATIONS
AGRIBUSINESS

MONACO RESOURCES
AGRIBUSINESS

Our agribusiness division focuses on farming and processing, as well as trading and marketing.

AGRICULTURE

CROPS

We operate our **Crops activities** in Africa through subsidiaries in **Ghana, Republic of Guinea, Republic of Congo.**

We cultivate crops for domestic and international markets.

With over 90,000 hectares of lands, we work with local teams to develop cost effective goods from sustainable harvests.

Our production spans a portfolio of products including rice, beans, potatoes, and soybeans.

VANILLA & SPICES

Our Vanilla and Spices division is based in **Madagascar**, where we have a strong local presence.

Using traditional processing methods we produce higher vanilla grades thus providing a strong competitive advantage.

We have built a vertically integrated vanilla business, where we can guarantee quality control.

We developed an activity in Indonesia that works mainly in vanilla.

FOOD

PROCESSED FOOD "BONUM"

We process vegetable based shelf-stable food products with a processing capacity in excess of 12,000 tons each year.

We process and package a variety of goods to mostly Eastern European regions including cultivated mushrooms, canned or jarred fruits and vegetables. Most of the products are sold under our own brand Bonum and we also provide Private Label services for our customers.

PROCESSED FOOD "PELTINA"

The production structure includes mainly vegetable and ready dish canned foods which are exported to the market of Germany, Poland, Slovenia, Hungary, Slovakia, Belgium etc, and also includes the traditional canned foods for the home market which are packed in jars and cans of different sizes.

For the production is used only very pure natural raw material which respond to all requirements of the ecological standards.

PRODUCE & SUPERFOODS

We package a range of perishable fresh fruit and vegetables products.

By coordinating production, marketing and logistics activities we minimise the time between harvest and delivery of produce to ensure freshness and maximise shelf life.

We are currently developing the plantation and subsequent processing of stevia.

01 MONACO RESOURCES
STRATEGIC REPORT

MONACO RESOURCES
OUR OPERATIONS
ENERGY

MONACO RESOURCES
ENERGY

Our energy division is run through Gasoil Energy Group. We focus on the production, marketing and monetisation of oil products from mature oil fields.

Our areas of interest are primarily in Europe, Africa and South-East Asia. we provide services and infrastructure maintenance mainly to the operators of pipelines conveying liquid or gaseous fluids (oil, chemicals, gas, water).

In 2019 we are focusing on international development primarily in Africa and Europe.

GAS / STORAGE

We focus on proven conventional natural gas, concentrating on onshore fields in Europe with near production projects and Investments into storage & gas opportunities.

OIL

We run enhanced oil recovery projects with well workover operations leading to an expansion of production capacity.

MARKETING & TRADING

Trading and marketing of oil products especially in the area of the bunkering.

TECHNOLOGY

Activities in energy related infrastructure and technology especially pipelines and energy transport solutions.

01 MONACO RESOURCES
STRATEGIC REPORT

MONACO RESOURCES
OUR OPERATIONS
LOGISTICS & TECHNOLOGY

MONACO RESOURCES
LOGISTICS & TECHNOLOGY

Our logistics and technology division is headed by R-Logitech. We provide strategic logistics, procurement and maintenance services within the natural resources sector.

LOGISTICS

We manage ports and terminals and provide logistics services.

Our logistics division enables the import and export of natural products and raw materials through the management of ports and terminals, dry bulk handling, and the provision of logistics services including freight forwarding, ship agency services and transportation.

PORT & AIRPORT TERMINALS

We operate in Africa and Asia:

- Operation & maintenance
- Construction & development
- Long-term concessionaire
- Services on airport grounds

LOGISTICS SERVICES

FREIGHT FORWARDING

- Airfreight/Customs clearance/Warehousing / Local haulage / Shipping

BULK HANDLING

- Bulk handling equipment / Mobile Bagging Machines / Bulk Hoppers and Grabs
- Bulk handling services

TECHNOLOGY

We provide procurement solutions and maintenance.

Our technology division provides technical solutions, procurement services, equipment and maintenance.

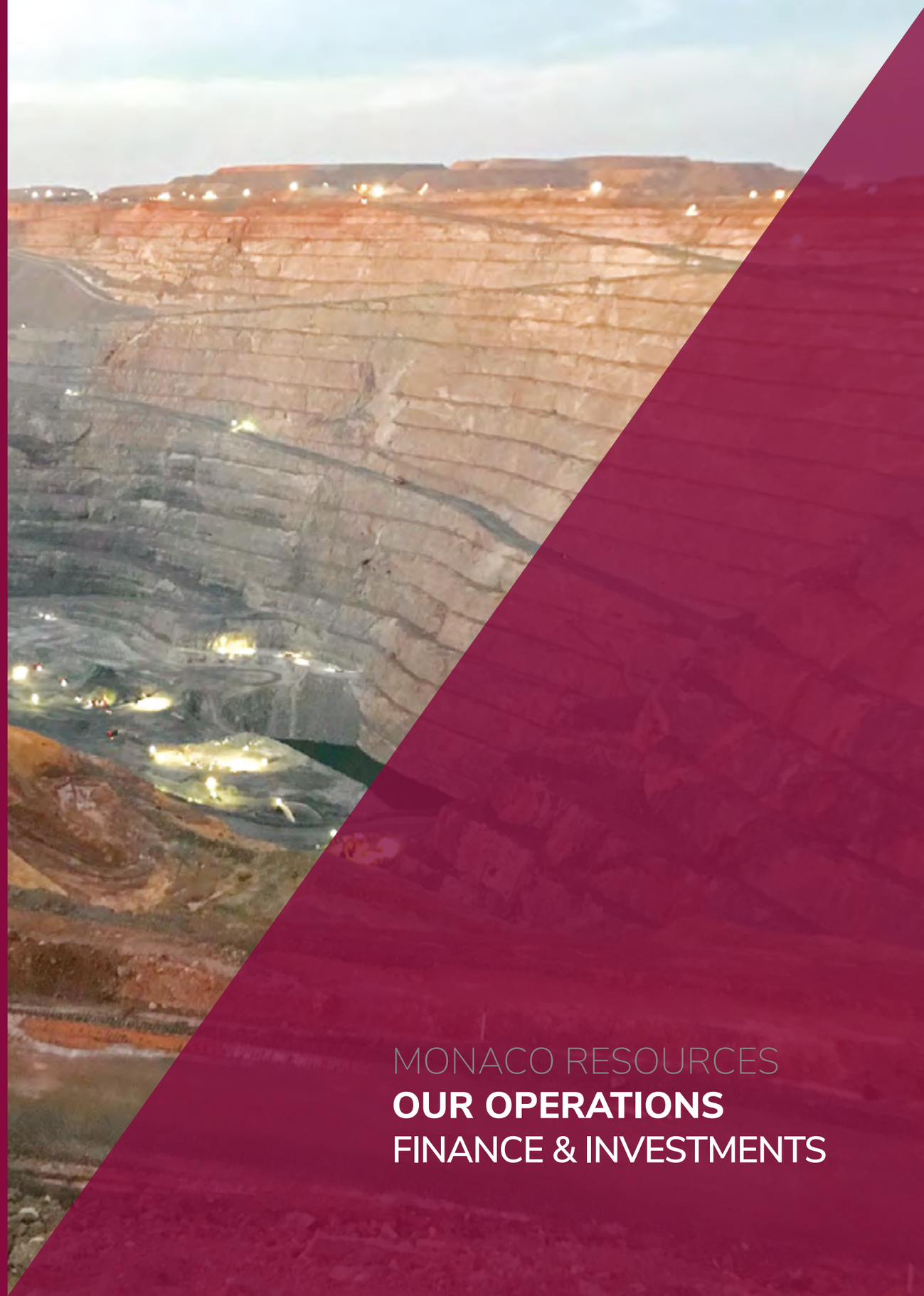
STRUCTURED SOLUTIONS

We provide structured, integrated supply chain solutions, characterised by flexibility and the ability to scale and adapt to the meet the needs of both large and small clients.

The services we provide include:

- Full supply chain solutions based on our logistics capabilities and experience
- Custom made transport solutions for special equipment, sensitive materials and refrigerated products
- Infrastructure and support service from the provision of utilities and storage to full site management
- Mining logistics solutions
- Industrial vehicles and fleet management services

01 MONACO RESOURCES
STRATEGIC REPORT



MONACO RESOURCES
OUR OPERATIONS
FINANCE & INVESTMENTS

MONACO RESOURCES
FINANCE & INVESTMENTS

Our Finance and Investments division provides structured trade finance solutions and makes investments in the natural resources sector.

FINANCE

We provide structured trade finance solutions through fully secured funding of back-to-back commodity trading transactions in all major product categories.

INVESTMENTS

We support natural resources projects as a financial investor.

We make financial investments in the natural resources sector into companies with a high growth potential.

01 MONACO RESOURCES BUSINESS PERFORMANCE

BUSINESS PERFORMANCE

GENERAL

In 2018, the Group continued to develop opportunities and new activities in each of its five business streams, with a focus on expanding niche markets and vertical integration.

The Group applies a risk-averse strategy through which the gross profit on deals is locked in, independent of the market prices.

Metals and Minerals

The Group acquired the second 50% stake in Stockach Aluminium a producer of secondary slabs. This strengthened our market position in the european aluminium industry. The teams in the ferrous sector could execute the business as planned and improve our position in the european steel marketing and trading significantly.

Agribusiness

The Group has continued to develop the land under management and operates lands in Ghana, Republic of Congo, Republic of Guinea and Madagascar.

The food division activities were increased by the acquisition of Peltina in Bulgaria.

Energy

The Group continues to seek out opportunities in the energy sector, and looks to take advantage of a decline in energy prices. It has identified and conducted in-depth appraisals of opportunities in North and West Africa and Europe, with a focus on oil and gas production assets as well as long-term trading initiatives.

Logistics and Technology

The Group has made significant progress to build an international logistic business. As a result, of taking a controlling stake in Nectar and the acquisition of a number of subsidiaries of the former Necotrans group, a presence in 22 countries across Europe, Africa and Asia was created.

Finance and Investments

The group has established several structures to promote and manage investment vehicles dedicated to the resources industry. These structures are envisaged to give returns to investors who seek alternative investment products to traditional deposit schemes. The Group continues to develop its activities in commodity finance.

BUSINESS REVIEW

Despite a volatile environment, the Group was able to increase its traded volumes.

Furthermore, the business model of our group is focused on “locking in” the Gross Margin. This is achieved by structuring deals on a back-to-back basis to eliminate price risk. This significantly reduces the dependency of our profitability towards market prices. Only in the situation that the Group’s margins are expressed in a percentage of the market price, the effect of fluctuations partly influence our results. All divisions increased their volumes, gross margins and results.

The solvency (total group equity divided by the balance sheet total) at the balance sheet date moved from 41.1% in 2017 to 38,5% in 2018. This includes self-liquidating Trade Finance, which is added to the current liabilities. Trade Finance is utilized to finance the deals of the Trading division and leads to a corresponding increase in inventory and accounts receivable, which are both pledged to the Trade Finance Banks. When receivables are paid by our customers, our Company receives the profit made on these deals and the Trade Finance facility is repaid. The solvency excluding self-liquidating Trade Finance (reference is made to note 14 to the consolidated financial statements) is 45,8% at 31 December 2017. The solvency excluding self-liquidating Trade Finance and excluding the subordinated loan provided by the Shareholder is 41,1% at 31 December 2018.

01 MONACO RESOURCES OUTLOOK

OUTLOOK

GENERAL

The Company will further explore and develop niche markets and expects to realize further growth in 2019.

The Group is targeting an increase in its metals and minerals production activities, and also in its trading business, and some significant acquisitions are under discussions.

Further growth is expected from the expansion of the food commodity business and resources development initiatives in the Group's Agribusiness division.

The Company will continue to further develop the synergies between the different divisions, as well as vertical integration through creating value through its supply chain and harnessing its global network.

FINANCING

The long term financing and short term bank facilities are in place and the relationships with these banks will be maintained.

In order to further grow the trading activities, additional trade finance capacity is being developed with the group's current and new banking relationships.

EMPLOYEES

As over the last years, the Company will ensure that the group remains lean in terms of headcount.

Key management positions are filled by personnel with the required experience, background, and entrepreneurial spirit and drive to contribute to our growth and success.

Additional personnel will only be employed, when the growth in our activities requires so.

01 MONACO RESOURCES RISKS & UNCERTAINTIES

RISKS & UNCERTAINTIES

The presentation of financial statements requires the management to make estimations and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

FLUCTUATION IN CURRENCY EXCHANGE RATES

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar and Australian dollar against the euro, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

FINANCING, CASH FLOWS AND LIQUIDITY

The trading activities are dependent on trade financing lines availability. We have significant uncommitted trade lines with major banks. These trade financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks.

PRICE VOLATILITY

The market prices for the various base metals are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company´s financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

COUNTRY RISKS, POLITICAL, COMMUNITY AND FISCAL INTERVENTION

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

OTHER RISKS

Other risks facing the Company include performance risk on offtake agreements; quality of commodities traded and produced, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the Company on a regular basis and appropriate action is taken whenever this is required.

Monaco, April 30th 2019

Pascale Younès
Director

02 MONACO RESOURCES CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(before appropriation of result)

EUR 1.000	Note	2018	2017
Continuing Operations			
Revenue	2	809.085	656.039
Revenue from contract-based assets	2	1.828	-
Cost of sales	2	-682.735	-561.994
Gross profit	**2**	**128.179**	**94.045**
Operating income and expenses			
Other operating income	3	4.401	-
Selling expenses	3	-5.102	-5.940
Administrative expenses	3	-73.527	-44.393
		-74.228	**-50.333**
Operating profit		**53.950**	**43.712**
Depreciation and similar	3	-6.662	-2.107
Non-operating expenses			
Unrealized fair value changes	11	-533	-
Financial income and expense	4	-22.411	-19.201
Profit before tax		**24.344**	**22.404**
Income tax expense	5	-6.144	-5.363
Profit from continuing operations		**18.200**	**17.041**
Profit		**18.200**	**17.041**
Profit attributable to:			
Equity holders of Monaco Resources Group S.A.M.		15.727	13.326
Non-controlling interests		2.473	3.715
		18.200	**17.041**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR 1.000	2018	2017
Profit	**18.200**	**17.041**
Other comprehensive income		
Revaluation tangible fixed assets	5.032	8.881
Translation differences foreign companies	-1.717	135
Total comprehensive income	**21.515**	**26.057**
Total comprehensive income attributable to:		
Equity holders of Monaco Resources Group S.A.M.	20.308	13.805
Non-controlling interests	3.851	12.252
Total result	**21.515**	**26.057**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before appropriation of result)

EUR 1.000	Note	31 12 2018	31 12 2017
Assets			
Non-current assets			
Property plant and equipment	6	328.000	272.712
Intangible fixed assets	7	59.671	52.436
Financial fixed assets	8	13.544	9.822
Total non-current assets		**401.215**	**334.970**
Current assets			
Inventories	9	46.073	40.864
Receivables, prepayments and accrued income	10	267.417	165.586
Securities	11	97	630
Cash and cash equivalents	12	75.609	65.227
Total current assets		**389.196**	**272.307**
Total assets		**790.411**	**607.277**
Equity and liabilities			
Equity			
Share capital		30.000	30.000
Reserves and retained earnings		205.070	154.021
Equity attributable to the equity holders of Monaco Resources Group	13	235.070	184.021
Non-controlling interest	13	69.165	64.103
Total equity		**304.235**	**248.124**
Non-current liabilities			
Loans and borrowings	14	254.976	140.342
Deferred tax liabilities	5	4.079	3.887
Total non-current liabilities		**259.055**	**144.229**
Current liabilities			
Current liabilities and accruals	14	227.122	214.924
Total current liabilities		**227.122**	**214.924**
Total equity and liabilities		**790.411**	**607.277**

CONSOLIDATED STATEMENT OF CASH FLOWS

(before appropriation of result)

EUR 1.000	2018	2017
Operating profit	**53.950**	**41.726**
Adjustments for:		
- Depreciation (and other changes in value)	6.662	2.218
Working capital changes		
- Movements trade receivables	-134.188	-14.989
- Movements inventories	-5.209	-4.922
- Movements on loans receivable	13.664	13.523
- Movements trade payables	89.301	-10.590
- Movements other payables and liabilities	-19.354	9.800
- Movements trade finance	-2.056	-11.600
	-57.842	**-18.778**
Interest paid after corporate income tax		
Corporate income tax expense on operating activities	-6.144	-6.631
	-6.144	**-6.631**
Cash flow from operating activities	**-3.374**	**18.536**
Investments in intangible fixed assets	-10.858	-10.265
Investments in property, plant and equipment	-40.388	-30.543
Disposals of property, plant and equipment	-	5.757
Disposals of group companies	484	-
Acquisitions of non-consolidated companies	-2.762	-
Disposals of non-consolidated companies	330	-
Investments in other financial assets	-4.442	-5.521
Disposals of other financial fixed assets	-	11.713
Acquisition of non-controlling interests	417	15.945
Cash flow from investment activities	**-59.566**	**-12.914**
Receipt of long-term liabilities	130.250	46.556
Repayment of short term liabilities	-36.315	43.067
Movements on loans receivable	1.144	-27.739
Other finance income	5.221	-19.202
Other finance expense	-5.930	-
Interest received	1.577	-
Interest paid	-23.409	-
Cash flow from financing activities	**72.537**	**42.683**
Exchange rate and translation differences on movements in cash	784	-14
Movements in cash	10.382	48.290
Cash and cash equivalents at 1 January 2018	65.227	
Cash and cash equivalents at 31 January 2018	75.609	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(before appropriation of result)

EUR 1.000	Issued share capital	Share premium	Revaluation reserve	Translation reserve	Other reserves	Result for the year	Legal entity share in group equity	Third-party share in group equity	Group Equity
2017									
Opening Balance	**10.000**	**-**	**-**	**149**	**108.144**	**10.960**	**129.253**	**26.009**	**155.262**
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	13 326	13 326	3 715	17 041
Revaluation of Property, Plant & Equipment (note 6)	-	-	644	-	-	-	644	8 237	8 881
Foreign currency translation differences	-	-	-	-165	-	-	-165	300	135
Total comprehensive income and expense for the period	-	-	644	-165	-	13 326	**13 805**	12 252	**26 057**
Other movements in equity									
Allocation of prior year result	-	-	-	-	10 960	-10 960	-	-	-
Acquisitions	-	-	-	-	-	-	-	15 493	15 493
Capital Contribution	20 000	-	-	-	-	-	20 000	-	20 000
Change in accounting estimates (note 1.2.)	-	-	-	-	22 951	-	22 951	10 802	33 753
Other movements in equity	-	-	-	-	905	-	905	-453	452
Total other movements in equity	20 000	-	-	-	34 816	-10 960	**43 856**	25 841	**69 697**
Total	**30 000**	**-**	**644**	**-16**	**142 960**	**13 326**	**186 914**	**64 102**	**251 016**
Change in accounting principles[1]			16 399	3 280	-22 572	-	-2 893	-	-2 893
2018									
Opening Balance	**30 000**	**-**	**17 043**	**3 264**	**120 388**	**13 326**	**184 021**	**64 102**	**248 123**
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	15 727	15 727	2 473	18 200
Revaluation of fixed assets	-	-	1 266	-	5 032	-	6 298	1 378	7 676
Capital Contribution	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-1 717	-	-	1 717	-	-1 717
Total comprehensive income and expense for the period	-	-	1 266	-1 717	5 032	15 727	**20 308**	3 851	**24 159**
Other movements in equity									
Allocation of prior year result	-	-	-	-	13 326	-13 326	-	-	-
Acquisitions	-	-	-	-	561	-	561	417	978
Other movements in equity	-	-	-1 828	-	15 706	-	13 878	-651	13 227
Disposals	-	-	-	-	-3 793	-	-3 793	1 446	-2 347
Capital Contribution	-	20 094	-	-	-	-	20 094	-	20 094
Total other movements in equity	-	20 094	-1 828	-	25 800	-13 326	**30 740**	1 212	**31 952**
Total	**30 000**	**20 094**	**16 481**	**1 547**	**151 220**	**15 727**	**235 069**	**69 165**	**304 234**

[1]The IFRS adjustments are further explained in note 1.2. Moreover, the share premium of Monaco Resources S.A.M. was increased. The disposals are further explained in note 8.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES

1.1 Corporate information

The activities of Monaco Resources Group S.A.M. ("Monaco Resources" or "the Group" or "the Company") and its group companies primarily consist of the trading and production of metals and minerals, the trading and production of agricultural commodities, the trading of energy commodities, providing financial, technical and logistical services. The Company has its legal seat at 2, rue de Lujerneta, 98000 Monaco, and is registered with the number 11S05525.

The Company was incorporated as a limited liability company under the laws of Monaco on 5 September 2011 for the purpose of establishing an industrial holding company. Its major shareholder is Cycorp First Investment Ltd. In Cyprus the financial statements of Cycorp First Investment Ltd. are available at the Chamber of Commerce of Cyprus.

The Company has its corporate headquarters in Monaco, which is also the head of the group of legal entities. The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the laws in Monaco. The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements. The Company is exempted from its obligation to prepare consolidated financial statements. The Company-only financial statements are prepared in accordance with accounting principles applicable in Monaco and are presented and published separately from the consolidated financial statements. This statutory company-only annual report of the Company prevails over this annual report from a legal perspective. The objective of this report is to provide an overview of the activities of the Company and its subsidiaries.

In 2017, the Company has decided to revise its accounting estimates concerning the valuation of its agricultural land assets and the accounting treatment thereof. In previous years, the value was allocated to the holding and minority shareholding not shown. As an improvement it was decided to allocate the value in accordance with the shareholding and this led to an increase in third party share in equity (reference is made to E. Consolidated changes in equity). The main improvement is related to the deferred tax liabilities: as a basic principle, the potential future tax impact following the differences between the statutory valuations and the fair values of the agricultural land assets were accounted for as deferred tax liabilities.

The company's review in 2018 revealed that no depreciation is applicable on the agricultural land assets from the various statutory perspectives and/or that any related depreciation will be insignificant. These facts and the applied accounting policy as elaborated in note 1.14 have led to the improved insight that these deferred tax liabilities do not apply. The effects of these changes in accounting estimates are reflected in the other comprehensive income and equity.

1.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- leasing transactions that are within the scope of IAS 17; and

- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value

NOTE 1.

measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

1.4 New and revised IFRSs

The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) (collectively, the Boards) respectively have issued largly converged new IFRS: IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and amendments to IFRS 2 - Classification and measurments of share-based payment transactions.

As a result, the standards will likely affect an entity's financial statements, business processes and internal controls over financial reporting. Successful implementation will require an assessment of and a plan for managing the change. These IFRSs will need to be implemented for the financial statements 2018.

The consolidated financial statements of the Group will be prepared using the same accounting policies as applied in the audited 2017 Annual Report, except for the adoption of a number of new and revised accounting pronouncements, that became effective as of 1 January 2018 and have been adopted by the Group.

IFRS 2 Share-based payment

The amendments to IFRS 2 clarify the classification and measurement of share-based payments transactions with respect to accounting for cash-settled share-based payment transactions that include a performance obligation, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The adoption of this amendment has had no material impact on the Company.

IFRS 9 and IFRS 15 require retrospective application. The Board (IASB) decided to allow either "full retrospective" adoption in which the standards are applied to all of the periods presented or a "modified retrospective" adoption. The Group performed a comprehensive analysis of the changes and impact. The final position is described in the paragraphs below.

IFRS 9 Financial Instruments

IFRS 9 replaces the former IAS 39 "Financial Instruments: Recognition and Measurement" and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. The new IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and requires Metalcorp Group to reassess classification of financial assets from four to three primary categories (amortised cost, fair value through profit and loss, fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities are measured as before at either fair value through profit and loss or amortised cost. Furthermore IFRS 9 introduced an expected credit loss ("ECL") impairment model, which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments. Changes in accounting policies resulting from IFRS 9 have been applied as at 1 January 2018, with no restatement of comparative information for prior year. Any difference between the carrying amount of financial instruments under IAS 39 and the carrying amount under IFRS 9 will be recognised in the opening retained earnings as at date of initial application. This will be reflected in the Other Comprehensive Income (OCI).

For Monaco Resources Group the impact from the adoption of IFRS 9 is as follows:

- Presentational changes in the trade receivables (note 10) and corresponding supplementary note disclosures to reflect the business model and cash flow characteristics of these assets and liabilities and group them into their respective IFRS 9 category

- additional note disclosures regarding classification and measurement of financial instruments (table 1 below)

- additional net credit loss allowance and fair value adjustment of EUR 7.061 thousand as at January 2018 (table 2)

NOTE 1.

Table 1: Summary of the change in classification and measurement of financial assets and liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018:

EUR 1.000	Note	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amounts under IAS 39	effect of IFRS 9 adoption	new carrying amount under IFRS 9
Financial assets						
- Financial fixed assets (other receivables)	8	loans and receivables	amortised cost	720		720
- Trade receivables	10	loans and receivables	amortised cost	100.002	-7.061	73.564
- Trade receivables (Factoring)	10	loans and receivables	FVTPL		19.377	19.377
- Other receivables, prepayments and accrued income	10	loans and receivables	amortised cost	72.645		72.645
- Securities	11	available for sale	FVTPL	630		630
- Cash and cash equivalents	12	FVTPL	amortised cost	65.227		65.227
Financial liabilities						
- Borrowings (> 1 year)	14	loans and receivables	amortised cost	124.726		124.726
- Trade payables	14	amortised cost	amortised cost	59.085		39.708
- Trade payables (Factoring)	14	loans and receivables	FVTPL		-19.377	19.377
- Trade finance	14	loans and receivables	amortised cost	51.693		51.693
- Current liabilities and accruals	14	loans and receivables	amortised cost	104.145		104.145
					-7.061	

The effect of IFRS 9 adoption regarding trade receivables is composed as follows:

- correction of deferred revenue	EUR 2.964 thousand
- value adjustments	EUR 2.038 thousand
- expected credit loss	EUR 2.059 thousand
	EUR 7.061 thousand

But this effect has no influence on profit or loss for 2018.

Monaco Resources Group applies a simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Company´s provision matrix.

Table 2:

EUR 1.000	Expected default rate by historic observations	Gross carrying amount in EUR	Credit Loss allowance
Current	1,54%	79.708	1.224
1-30 days past due	1,84%	11.824	217
31-60 days past due	1,79%	2.354	42
61-90 days past due	2,03%	1.350	27
more than 90 days past due	5,63%	10.282	549
		105.518	2.059

NOTE 1.

The company sells trade receivables as part of factoring. In addition to the characteristics of the contractual cash flows, the decisive factor for the classification according to IFRS 9 is the business model according to which the company manages the receivables. If receivables are sold as part of factoring and is derecognised on the balance sheet, the business model is no longer (only) the receipt of the contractual cash flows at maturity of the receivables, since the assignment or the sales is substantial for the control. The sale of receivables as part of a factoring program is therefore usually based on a liquidity management intent, so that an assignment to the business model "held for trading" no longer seems appropriate. Valuation in this case is at fair value through profit and loss. The impact as at January 2018 belongs to an amount of EUR 19.377 thousand without any effect on profit or loss for 2018 and leads to a separate (additional) disclosure of trade receivables (Factoring) as well as the corresponding trade payables (Factoring).

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognize revenue and the related cash flows.

Monaco Resources Group has undertaken a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognized could differ under IFRS 15. Changes in accounting policies resulting from IFRS have been applied as at 1 January 2018, with no restatement of comparative information for prior year in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period or have been completed as at 1 January 2017. As the majority of the Group's revenue is derived from arrangements in which the transfer of risks and rewards coincides with the fulfilment of performance obligations and transfer of control as defined by IFRS 15, the adoption of IFRS 15 has had no material impact in respect of timing and amount of revenue currently recognized by the Monaco Resources Group. Therefore prior period amounts were not restated.

Monaco Resources group has only one group of revenues that derives from arrangements with performance obligations over time. This relates to the commissions that are guaranteed by an Offtake agreement and payed/agreed at the end of the Offtake period between parties, but these are earned on every fulfilled service (metal back-to-back trade). As this is a distinct part of the contract the group will present this as a contract based asset and recognize the share of total commission revenue. In connection to that, the group will change the accounting principles for licenses and Offtake agreements according to fair value measurement which will present the full value of the Offtakes (and final value of the contract based asset) at any reporting date. As addition the amortization of the Offtakes will offset the revenue from the contracts, to show a fair presentation of Profit and Loss.

The impact of the adoption as of 1 January 2018 is the identification of an additional contract-based asset at fair value instead of a trade receivable of EUR 10.517 thousand.

IFRS 16 Leases

The new and revised IFRS 16 regarding Leases that is relevant for the Company has been issued but is not yet effective (effective for year ends beginning on or after 1 January 2019). The Directors are currently evaluating the impact that these new standards and interpretations will have on the financial statements of the Company.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are

NOTE 1.

sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1.6.) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy

NOTE 1.

decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognize an impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any Impairment loss recognized forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment tis classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

NOTE 1.

1.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

The majority of Group's revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group has one type of revenues that derives from arrangements with performance obligations satisfied over time (contract based assets) in accordance with IFRS 15. The method of this specific revenue recognition is described in note 1.4 and note 2.2.

1.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to quaffing assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized an expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits form the leased asset are consumed.

1.11 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future therefore forming part of the net investment in the foreign operation}, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that

NOTE 1.

period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.12 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.13 Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized., based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from

NOTE 1.

the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.14 Property, plant and equipment and Intangible fixed assets

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Intangible assets include goodwill and off-take contracts. The offtake contracts as per 31 December 2017 were valued at cost. As the value of Offtakes is mainly driven by their use of the Company and is therefore calculable through the value of the outputs, the Group includes according to IAS 8.14(b) to improve the presentation of it's intangible fixed assets containing an Offtake Portfolio and measured them. For the accounting policies concerning mineral rights reference is made to note 1.15.

Property, plant and equipment (with the exception of land and buildings) are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. Identifiable intangible assets with a finite life are amortized on a straight-line basis and/or in accordance with the unit-of-production method ("UOP") over their expected useful life. Reference is made to note 1.27 for more details on the application of the UOP method. Goodwill is not amortized. Land and buildings are valued at Fair Value in accordance with IFRS 13 and changes are accounted for in other comprehensive income.

The major categories of property, plant and equipment (with the exception of land and buildings) and intangible assets are depreciated/amortized on a UOP and/or straight-line basis as follows (per annum):

Land and Buildings:	fair value model
Plant and Equipment:	10% - 33%
Other operating assets:	up to 10%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.15 Biological assets

Monaco Resources Group points in its consolidated financial statements land for the cultivation of vanilla and spices measured at fair value. Through the long lifecycle and harvest cycle a fair value approach according to IFRS respective IAS 41 was not applicable in the previous years. In the financial year 2018 significant progress was made and therefore it became apparent that Agro Natural Resources Madagascar S.A. has to account for their biological assets according to IAS 41. It is the Group's position that the vanilla plant has to be separated into a bearer plant part (vanilla tendril) and biological assets / agricultural produce.

The vanilla tendril as a bearer plant falls within the scope of IAS 16 with the result that the initial recognition of the vanilla tendril has to be accounted at cost. The initial recognition is finished after the bearer plant is classified by the Group as ready to use. The subsequent measurement of the vanilla tendril is initial recognition less amortization measured over the useful lifetime. As a consequence, all costs relating to the vanilla tendril are classified as maintenance cost.

The Group recognizes the vanilla beans as a biological asset, as vanilla beans are a biological asset, which are not classified as a bearer plant and clearly identifiable on the bearer plant. Also the entity controls the asset as a result of past events, if the company will have probable future economic benefits, and the fair value or cost of the asset can be measured reliably. Therefore the company has to value the not harvested vanilla beans on initial recognition at fair value (market value) less estimated costs to sell. The Group accounted for the profit resulting from fair value measurement of the not harvested vanilla beans within the financial year 2018. The gain on initial recognition of these biological assets at fair value less costs to sell is included in profit or loss (other financial income, see note 4). The vanilla beans will be subsequent measured at fair value less estimated costs to sell at the point of harvest or a subsequent reporting period.

NOTE 1.

1.16 Mineral rights

Mineral rights consist of exploration and evaluation expenditure, mineral resources, mineral reserves, and mineral rights.

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral resources and includes costs such as researching and analyzing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies.

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another company, is charged to the statement of income as incurred except when:

- the expenditure is expected to be recouped from future exploitation or sale of the area of interest; and it is planned to continue with active and significant operations in relation to the area;
- or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalized.

Purchased exploration and evaluation assets are recognized at their fair value at acquisition.

Capitalized exploration and evaluation expenditure is recorded as a component of mineral rights in property, plant and equipment. All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalized expenditure is not expected to be recovered it is charged to the statement of income.

Mineral reserves, resources and rights (together Mineral Rights) which can be reasonably valued, are recognized

In the assessment of fair values on acquisition, Mineral Rights for which values cannot be reasonably determined are not recognized. Exploitable Mineral Rights are amortized using the UOP over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortization calculations where there is a high degree of confidence that they will be extracted in an economic manner.

1.17 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTE 1.

1.18 Inventories

Production Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The Trading inventories are stated at Fair Value less costs to sell.

1.19 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.20 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Since 1 January 2018 the Group classifies its financial instruments as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The classification depends on the Group´s business model for managing the financial assets and contractual terms of the cash flows.

Amortised cost : Assets that are held for collection of contractual cash flows represent solely payments of principal and interest. Interest income from those financial is included in finance income.

FVTOCI : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the cash flows of the assets represent solely payments of principal and interest.Interest income from these financial assets is included in finance income using the effective interest rate method. Unrealized gains or losses are recorded as a fair value adjustment in the consolidated statement of comprehensive income and transfered to the consolidated income statement when this financial asset is sold. Exchange gains and losses and impairments related to these financial assets are immediately recognized in the consolidated income statement.

FVTPL : Assets that do not meet the criterias for amortised cost or FVTOCI. Changes in fair value of financial instruments at FVPL are immediately recognized in the consolidated income statement.

Listed redeemable notes held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value at the end of each reporting period. Changes in the carrying amount of FVTPL monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on FVTPL equity investments are recognized in profit or loss. Other changes in the carrying amount of FVTPL financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on FVTPL equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of FVTPL monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

FVTPL equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

NOTE 1.

Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recordedat fair value through profit or loss, directly attributable costs. Other investments, provisionally priced trade receivables and derivates are carried at fair value. Trade receivables (without provisional price features), loans and other receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities (except derivates and liabilities with provisional price features) are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Derivates and financial liabilities including provisional price features are carried at FVTPL.

1.21 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.
A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. Metalcorp Group applies the simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information. For all other financial assets at amortised cost the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

For financial assets carried at amortised cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.
In respect of FVTPL equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized

NOTE 1.

in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of FVTPL debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.22 De-recognition of financial assets and financial liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

1.23 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either
(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unreconized firm commitment, or
(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity

NOTE 1.

and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.24 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical of understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Depreciation and amortization of property plant and equipment and mineral rights

Mineral rights and certain plant and equipment are depreciated / amortized using UOP rate of depreciation / amortization, and therefore the annual charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mineral reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight line basis, where those lives are limited to the life of the project, which in turn is limited to the life of the proven and probably mineral reserves. Estimates of proven and probable reserves are prepared by experts in extraction, geology and reserve determination.

Assessments of extraction, geology and reserve determination, assessments of UOP rates against the estimated reserve and resource base and the operating and development plan are performed regularly.

Impairments

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Valuation of derivative instruments

Derivative instruments are carried at fair value and the company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 7.
Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiably inputs (Level2); or using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3).

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of fair value of assets and liabilities is also required in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing

inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist. The company applies the fair value model to its agricultural land assets for which valuations are obtained using generally accepted valuation techniques that have been reviewed and approved by third party experts.

NOTE 2. SEGMENT INFORMATION

2.1 General

The Company is organized in five divisions, Metals and Minerals, Agribusiness, Energy, Logistics and Technology and Investment and Finance. This structure is used by management to assess the performance of the Company.

The Metals and Minerals division, headed by Metalcorp Group S.A., based in Luxembourg, has two business areas – ferrous and non-ferrous operations. The ferrous business segment is focused on producing steel pipes and tubes as well as trading a variety of steel products and steel- related raw materials. The non-ferrous business segment specializes in producing aluminium slabs, copper granulate and trading a variety of non-ferrous metals, and delivering a bauxite and alumina complex.

The Agribusiness division consists of two distinct business streams – agriculture and food processing. In the agribusiness, the Group is developing a number of agricultural farming projects in Africa. In the food-processing business, the Group has acquired an existing food production facility.

In the Energy division, the Group is analyzing investment opportunities resulting from the downturn in the petroleum market.

In the Logistics and Technology division, the Group is developing further its logistics capabilities and has established a technical services business unit and has acquired a portfolio of companies conducting its business activities in port and airport operations.

The Investment and Finance division is focused on developing investment structures and finance structures related to natural resources.

NOTE 2.

2.2 Segment Revenues and Results

The following is an analysis of the Group's revenue and gross profit ("GM") from continuing operations by reportable segment.

	Revenue		GM	
EUR 1.000	2018	2017	2018	2017
- Metals and minerals	620.728	592.688	50.341	46.922
- Logistics and technical services	160.902	40.618	57.466	37.895
- Agribusiness and other	27.455	22.733	20.372	9.228
Total	**809.085**	**656.039**	**128.179**	**94.045**

Segment revenue reported above represents revenue generated from external customers. Apart from service fees charged between entities for services provided, there were no inter-segment sales in the current year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1.

2.3 Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

	Assets		Liabilities	
EUR 1.000	2018	2017	2018	2017
- Metals and minerals	432.601	433.030	285.363	295.711
- Logistics and technical services	114.020	72.662	78.764	48.846
- Agribusiness and others	243.790	101.585	122.050	14.596
Total	**790.411**	**607.277**	**486.177**	**359.153**

	Depreciation and amortization		Additions to non-current assets	
EUR 1.000	2018	2017	2018	2017
- Metals and minerals	1.746	1.071	35.388	600
- Logistics and technical services	3.684	729	5.829	31.339
- Agribusiness and others	1.232	418	25.028	3.583
Total	**6.662**	**2.218**	**66.245**	**35.522**

The additions to non-current assets in the trading division also include the additions of financial instruments as reported in Note 8 Financial Fixed Assets. It is included in this overview, as it is a significant position that is reported to management on a regular basis.

NOTE 2.

2.4 Geographical Information

The Group operates globally and operations are managed by the following geographical analysis:

	Revenue		GM	
EUR 1.000	2018	2017	2018	2017
Region				
Europe	576.360	512.449	69.128	42.266
Middle East	5.897	6.903	107	496
Asia-Pacific	41.210	36.940	1.826	1.540
Americas	37.654	13.546	1.461	587
Africa	147.964	86.201	55.657	49.157
Total	**809.085**	**656.039**	**128.179**	**94.046**

The allocation of Revenue is based on the country of incorporation of the sales counterparty. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product. None of the Group's customers contribute over 10% of revenue.

NOTE 3. INCOME AND EXPENSES

EUR 1.000	2018	2017
Other operating income	4.401	-
Selling expenses		
Personnel	4.768	5.659
Sales and marketing expenses	334	281
Total selling expenses	**5.102**	**5.940**
Administrative expenses		
Personnel	24.517	34.635
Professional services fees	14.013	5.043
Facilities and offices	23.074	4.724
Other operating expenses	11.923	
Depreciation and amortization		
Total administrative expenses	**73.527**	**44.402**
Operating income and expenses	**74.228**	**50.342**
Breakdown: depreciation and amortization		
Property Plant and Equipment	5.042	1.977
Intangible assets	1.511	241
Allocated to production costs	110	-111
total depreciation and amortization	**6.662**	**2.107**

The average number of employees of the Group during the year, converted to full-time equivalents was 2.098 of which 47 are employed in Monaco. In the personnel expenses an amount of EUR 5.083 thousand related to social security premiums and an amount of EUR 333 thousand related to pension premiums are included.

The other operating expenses include a loss on the sale of the entire shares of a subsidiary of A&A Metals S.A., Switzerland, in the amount of EUR 257 thousand. As the Group lost control of its subsidiary as per 30 September Monaco Resources Group deconsolidated the subsidiary at this time and calculated the loss as like stated above in accordance with IFRS 10.25. Furthermore expenses for expected loss assurance in amount of EUR 297 thousand are included in the other financial expenses.
The other operating income include a gain on initial recognition of biological assets at fair value less costs to sell with an amount of EUR 125 thousand (reference is made to note 1.15 and note 6).

NOTE 4. FINANCIAL INCOME AND EXPENSES

EUR 1.000	2018	2017
Financial income and expense		
Other interest income and similar income	1.577	5
Interest expenses and similar charges	-23.409	-17.785
interest income associated companies	130	-
Other financing income	4.750	-3.582
Other financing expenses	-5.930	-
Total financial income and expense	**-22.882**	**-21.362**
Income from foreign exchange		
Forex gains	4.808	6.641
Forex losses	-4.337	-4.480
Total income from foreign exchange	**471**	**2.161**
Total financial income and expense	**-22.411**	**-19.201**

NOTE 5. TAXATION

Income taxes consist of the following:

EUR 1.000	2018 %	2018 EUR	2017 %	2017 EUR
Taxable result		24.344		22.404
Tax burden based on Monegasque nominal rate	33,3%	8.107	33,3%	7.461
Tax rate differences.	-8,1%	-1.963	-9,4%	-2.098
Taxation on result on ordinary activities	**25,2%**	**6.144**	**23,9%**	**5.363**

The effective tax rate on the group results from the statutory Monegasque corporate income tax rate applicable to the Company mainly due to its activities in other European countries, the newly acquired logistics operations and the increased activity in the farming operations in Africa.

The movement in the deferred tax liability of is mainly related to value adjustments of assets.

NOTE 6. PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

EUR 1.000	Agricultural Land	Land and buildings	Plant and machinery	Transportation vehicles	Biological assets	Other operating assets	Mineral rights	Total
Gross carrying amount								
1 January 2017	109.779	18.723	25.862	307	-	3.436	92.625	250.732
Additions	-	3.316	10.864	-	-	3.795	2.288	20.263
Acquisition	-	2.290	1.129	5.212	-	1.649	-	10.280
Disposal	-	-	-	-	-	-	-5.757	-5.757
Revaluation	8.881	-	-	-	-	-	-	8.881
31 December 2017	**118.660**	**24.329**	**37.855**	**5.519**	**-**	**8.880**	**89.156**	**284.399**
Accumulated depreciation and impairments								
1 January 2017	0	143	7.340	143	-	2.084	-	9.710
Depreciation	0	-	1.096	302	-	579	-	1.977
31 December 2017		**143**	**8.436**	**445**	**-**	**2.663**	**-**	**11.687**
Net book value at 31 December 2017	**118.660**	**24.186**	**29.419**	**5.074**	**-**	**6.217**	**89.156**	**272.712**

EUR 1.000	Agricultural Land	Land and buildings	Plant and machinery	Transportation vehicles	Biological assets	Other operating assets	Mineral rights	Total
Gross carrying amount								
1 January 2018	118.660	24.329	37.855	5.519	-	8.880	89.156	284.399
Reallocations	-	-2.286	-5.324	-	-	7.610	-	-
Additions	-	2.421	9.617	269	125	2.563	30.199	45.194
Acquisition	-	13.476	2.918	-	-	-	-	16.394
Disposals	-	-170		-3.490	-	-2.789	-	-6.449
Revaluation	5.190	-	-	-	-	-	-	5.190
31 December 2018	**123.850**	**37.770**	**45.066**	**2.298**	**125**	**16.264**	**119.355**	**344.728**
Accumulated depreciation and impairments								
1 January 2018	-	143	8.436	445	-	2.663	-	11.687
Depreciation	-	1.835	211	210	-	2.786	-	5.042
31 December 2018	**-**	**1.978**	**8.647**	**655**	**-**	**5.449**	**-**	**16.729**
Net book value at 31 December 2018	**123.850**	**35.792**	**36.419**	**1.643**	**125**	**10.815**	**119.355**	**328.000**

NOTE 6.

Agricultural land

The agricultural land assets are related to the assets held in Ghana, Republic of Congo, Republic of Guinea and Madagascar.

The overview of the assets is as follows:

Ghana: secured lands for the cultivation of crops: maize, soybean and poultry breeding. Our operation includes a waterway and grain drying facility.

Republic of Congo: lands for the cultivation of crops, mainly rice - 50 years lease in Dolisie/Louvakou.

Republic of Guinea: lands for farming in Moriah for the cultivation of seed rice and Bouliwell - Duration of 35 years.

Madagascar: Secured land for the cultivation of vanilla and spices - Long-term leases of 99 years.

Our operation owns processing and storage facilities.

The valuation is executed by internal experts and then reviewed and confirmed by third party experts. As there is no direct market or comparable market data available, the fair value is determined in accordance with the level 3 principles under IFRS. This means that the valuation is based on generally accepted valuation methods (discounted cash flow models).

The main parameters used are local sales prices, expenses and investments that are derived from company data or other sources and converted to the applicable situation.
The weighted average costs of capital that is used in the calculations ranges from 9% to 11,93%.

The biological assets are the vanilla beans, which are not classified as a bearer plant and clearly identifiable on the bearer plant, reference is made to note 1.14.

Buildings, Plant and Machinery and Transportation Vehicles

The Buildings as well as the Plant and Machinery as at 1 January 2018 mainly represent the production facilities in the Metals division (BAGR, Stockach, CRI and Nikolaïdis) and the food production facility of Bonum and Peltina.

Part of the equipment for the BAGR and Stockach facilities are leased for which reference is made to Note 15 – Leasing.

The acquisitions of 2018 are mainly related to Peltina and an investment in London.

The additions of 2018 are mainly related to expansion of the agricultural activities as well as capitalized maintenance expenses that extend the economic life of the metals production facilities, which are written off in line with the accounting principles as set out in Note 1.

The disposals relate to the deconsolidation effect of subsidiaries. For further description see note 8.

Other operating assets

This line item is mainly related to offices and office equipment all activities around the globe. The additions consist of small refurbishments and replacement of equipment.

Mineral rights

The additions in Mineral rights are related to the further development of Societe des Bauxites de Guinee (SBG), an integrated bauxite and alumina facility in Guinea. They result from investments in the infrastructure and from the license reached in May 2018 and ratified by the Guinean Parliament in July 2018.

For the accounting treatment of Mineral rights reference is made to note 1.15

Impairment

The annual impairment test did not lead to any write offs. For the accounting treatment of impairments, reference is made to note 1.16.

NOTE 7. INTANGIBLE FIXED ASSETS

A summary of the movements of intangible fixed assets is given below:

EUR 1.000	Off-take contracts	Goodwill	Other intangible assets	Total
Gross carrying amount				
1 January 2017	12.719	33.567	1.109	47.395
Adjustment due to accounting policy change	3.927	-	-	3.927
Acqutions	-	9.029	1.236	10.265
31 December 2017	**16.646**	**42.596**	**2.345**	**61.587**
Accumulated amortization and impairments				
1 January 2017	-	8.151	1.000	9.151
Adjustment due to accounting policy change	-241	-	-	-241
Amortization	241	-	-	241
31 December 2017	**-**	**8.151**	**1.000**	**9.151**
Net book value at 31 December 2017	**6.646**	**34.445**	**1.345**	**52.436**

EUR 1.000	Offtake contracts	Goodwill	Other intangible assets	Total
Gross carrying amount				
1 January 2018	16.646	42.596	2.345	61.587
Acquisitions		10.504	354	10.858
Disposals / Write-Off's	-1.828	-	-74	-1.902
Exchange rate differences	-210	-	-	-210
31 December 2018	**14.608**	**53.100**	**2.625**	**70.333**
Accumulated amortization and impairments				
1 January 2018	-	8.151	1.000	9.151
Amortization	527	-	984	1.511
31 December 2018	**527**	**8.151**	**1.984**	**10.662**
Net book value at 31 December 2018	**14.081**	**44.949**	**641**	**59.671**

Offtake contracts

The Offtake contracts as per 31 December 2017 are related to a portfolio of supply contracts that the Company obtained through past acquisitions (in 2017 referred to as contract based intangible assets). According to IAS 8.14(b) the Group intends to improve the presentation of its intangible fixed assets containing an Offtake Portfolio valued at cost. As the value of Offtakes is mainly driven by their use of the company and is therefore calculable through the value of the outputs, the fair value measurement is the favorable approach to clear estimate the value. The impact of this change in accounting principles amounts to total EUR 4.168 thousand. To show more transparent the correlation between contract based assets and Offtake contracts all Offtake contracts that existed on 31 December 2018 were pooled and revaluated at fair value.

This new portfolio includes two Offtake contracts in South Africa and Indonesia.

The fair value of Offtake contracts can be derived from the development of contract based assets. To the extent that contract based asset is built on the right to commission, the Offtake portfolio is written off, in 2018 with an amount of EUR 1.828 million, see correspondingly note 2.2 and note 10.

The production related to these contracts has started or is expected to commence within one to four years. The contracts are expected to produce over a period between 10 and 16 years. The valuation of these contracts is assessed by calculating the net present values of the supply that will be provided over the contract-term using long term price forecast for the metals provided by third parties. As the contracts relate to operations that are in development, the discount rates are set at similar levels used for project development applicable to the regions in which the operations are located.

NOTE 7.

Goodwill

The increase in goodwill in 2018 with an amount of EUR 3.204 thousand results from the acquisition of the remaining shares in Stockach Aluminium GmbH through the Group's subsidiary BAGR Berliner Aluminiumwerk GmbH, after the Group acquired only a majority of the shares in 2017 without the need to capitalize any goodwill. In 2018 the Group recalculated the Goodwill following IFRS 3.45-50 as the measurement period with the available information is still applicable. The reported goodwill results from the difference between the purchase price and the equity of 100% of the shares in Stockach Aluminium GmbH as of 1 January 2018.

Goodwill is related to the investments in the production activities (2018: EUR 24.024 thousand; 2017: EUR 20.820 thousand) and the trading activities (2018: EUR 1.814 thousand; 2017: EUR 1.814 thousand). The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of 5 years, based on the financial plans as approved by the Company's management.

Further addition in Goodwill is related to the investments in the logistics activities (EUR 8,924 thousand) and the technical activities (EUR 282 thousand).

In 2018 the Group recalculated the Goodwill of the Nectar and Necotrans acquisition following IFRS 3.45-50 as the measurement period with the available information is still applicable. The reported goodwill results from the difference between the purchase price and the equity as per 31 December 2018 of the shares in Nectar and several African logistics acquisitions in 2017.

Impairment

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal

forecasts that cover a period of multiple years, based on the financial plans. The annual impairment test did not lead to any impairments of goodwill. The present value of estimated cash flows has been calculated using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

NOTE 8. FINANCIAL FIXED ASSETS

EUR 1.000	Associated companies	Other receivables	Total
Book Value			
Balance at 1 January 2017	3.581	12.433	16.014
Additions	5.521	-	5.521
Sales, redemptions and other	-	-11.713	-11.713
Balance at 31 December 2017	**9.102**	**720**	**9.822**
Book Value			
Balance at 1 January 2018	9.102		9.102
Additions	2.082	2.360	4.442
Balance at 31 December 2018	**11.184**	**2.360**	**13.544**

NOTE 8.

The "Associated companies" mainly consist of investments in port operations in the Philippines and Gabon, an investment in a precious metals project in Australia, as well as the shares and participations in the deconsolidated subsidiaries.

The addition in 2018 results of the deconsolidation of subsidiaries following the conditions of IFRS 10. Consequently the group derecognized assets and liablities of subsidiaries as per 1 January 2018. The resulting net asset value is accounted as associate companies. Any profit or loss resulting from deconsolidation is accounted as other operating income or expense within the profit and loss statement. For disclosure of derecognition effects reference is made also to note 3 and 6.

The "Other receivables" are mainly related to deposits that have been provided to service providers for utilities of port operation facilities and includes loans given to various companies to finance the start-up of production facilities for which we will receive potential off-takes in return.
All these loans are secured by underlying assets of those companies.

NOTE 9. INVENTORIES

EUR 1.000	31/12/2018	31/12/2017
Manufacturing		
Raw materials and consumables	10.320	4.980
Finished products	10.603	11.821
Logisitcs		
Consumables	3.762	3.467
Trading		
Finished products	21.388	19.864
Agriculture		
Raw materials and consumables	739	69
Work in process	271	271
Finished products	383	392
Total inventories	**46.073**	**40.864**

Manufacturing

The manufacturing inventories consist of finished products and raw materials and consumables of BAGR, CRI, Stockach and Nikolaïdis. The finished products are already sold and in the course of delivery to the client.

Logistics

The consumables conists of items of normal logistic operations, e.g., gas for trucks.

Trading

The trading inventories are commodities that are already sold by, but still held by the Trading companies as the Company still retains the principal risks and rewards of ownership. These inventories are pledged as a security for trade finance facilities.

Agricultural

The raw materials and consumables are the acquired input resources for the new harvests in the various companies. The finished goods are mainly related to the vanilla operation in Madagascar. All material is pre-sold, which implies that the Company does not run any price risk.

This stock is valued at fair value by using the sales prices minus costs to sell and costs to process further.

No impairment has been recorded for the inventories during the year.

Impairments

No impairment has been recorded for the inventories during the year.

NOTE 10. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

EUR 1.000	31/12/2018	31/12/2017
Trade receivables	183.412	73.564
Shareholder	-	8.457
Associated companies	3.313	-
Related parties	-	1.144
Trade receivables (Factoring)	24.340	19.377
Contract-based assets	12.345	10.517
Other receivables	29.833	37.978
Taxation	1.753	1.221
Prepayments and accrued income	12.422	13.328
Total receivables, prepayments and accrued income	**267.417**	**165.586**

Regarding the trade receivables the Group applies a simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision (see note 1.4 regarding the new IFRS 9). The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Groups´s provision matrix:

EUR 1.000	expected default rate	Gross carrying amount in EUR	Credit Loss allowance
Current	0,89%	173.586	1.539
1-30 days past due	1,19%	28.857	344
31-60 days past due	1,15%	4.884	56
61-90 days past due	1,38%	2.649	37
more than 90 days past due	4,69%	12.692	596
		222.667	2.571

The provision for doubtful receivables as at 31 December 2018 amounts to a total of EUR 2.571 thousand (2017: 2.059, see note 1.4, table 2). The difference between the Credit loss allowance as per 31 December 2017 and 31 December 2018 amounts to EUR 512 thousand and is recognized as other expenses.

Part of the trade receivables are pledged as collateral for trade financed loans. The credit risk of the Trade receivables is insured at renowned insurance firms and all related due trade receivables were collected in the first quarter of 2019.

Regarding the trade receivables (Factoring) reference is made to note 1.4./IFRS 9. These trade receivables are valued at fair value through profit and loss and show the value as per 31 December 2018. They correspond with the trade payables (Factoring), see note 14.

The contract based assets are explained under note 1.4./IFRS 15 and correspond to the Offtake contracts as described in note 7.

Within other receivables an amount of EUR 5,3 million is included concerning products already delivered and to be invoiced to a customer. Furthermore, an amount of EUR 4,7 million is included (2017: EUR 4,7 million) in relation to a manganese project that Metalcorp initiated and then sold to a third party for further development. The amount is outstanding and the Company deems it reasonable to collect it as the total nominal value of the project is EUR 7,0 million. Furthermore VAT refund claims are an important part of the other receivables.

Prepayments and accrued income include prepayments for material purchased and down payments received from customers.

NOTE 11. SECURITIES

EUR 1.000	01/01/2017	Acquisition	Disposal	Revaluation	31/12/2017
Unlisted securities	751	-	-	-121	630
Listed securities	-	-	-	-	-
Total	**751**	**-**	**-**	**-121**	**630**

EUR 1.000	01/01/2018	Acquisition	Disposal	Revaluation	31/12/2018
Unlisted securities	630	-		-533	97
Listed securities	-	-	-	-	-
Total	**630**	**-**	**-**	**-533**	**97**

These securities are held, mainly to secure Offtake contracts and are valued at market value.

NOTE 12. CASH AND CASH EQUIVALENTS

Part of the amount of EUR 75,6 million of the Cash and Cash Equivalents is restricted as this cash is mainly deposited at multiple renowned trade finance banks and serve as cash collateral for trade finance transactions at 31 December 2018. Trade finance has a self-liquidating character, which means that the cash becomes unrestricted upon completion of the trade finance transaction.

NOTE 13. SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Consolidated statement of changes in equity.

Isued Share Capital

The share capital amounts to EUR 30 million divided into 30 million ordinary shares with a nominal value of EUR 1,00 each, owned 100% by Cycorp First Investment Ltd.

Share Premium

The share capital amounts to EUR 20,1 million and represents a capital contribution of the shareholder.

Revaluation Reserve

This reserve is related to the result that applies to the revaluations of assets is non-distributional and allocated to the revaluation reserve.

Translation Reserve

The translation reserve comprises of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

NOTE 14. LIABILITIES

EUR 1.000	31/12/2018	31/12/2017
Long-term liabilities		
Bank loans (> 1 year)	-	3.677
Bonds	235.654	113.405
Long term leasing	2.006	1.361
Other Long-term Liabilities	17.316	6.283
	254.976	**124.726**
Current liabilities and accruals		
Bank loans (< 1 year)	73.814	83.166
Short term portion of bonds	13.425	42.720
Short term portion of leasing	-	233
Trade payables	129.009	39.708
Trade payables (Factoring)	24.340	19.377
Associated companies	-	-
Related parties payable	1.905	1.397
Taxes and social security charges payable	861	3.403
Other current liabilities	2.461	9
		958
Accrued liabilities and deferred income	5.645	14.961
	251.462	**214.924**

Long Term Liabilities

The Long term liabilities are those bank loans and lease obligations which are due in more than 1 year. None of these are due in more than 5 years.

Bonds represent the several Bond issued by the Group ;

The Metalcorp 2017-2022 bonds which were launched in 2017 on the Norway Exchange (EUR 70 million) and the Frankfurt Exchange (EUR 80 million)– including the tap of EUR 30 million during 2018. The term of both bonds is 5 years with an interest of 7,00% per annum. The Fair value of the bonds amount to EUR 150,8 million at 31 December 2018. These placements have secured the repayment of the German bond that expired on 27 June 2018

The Agricorp bond is included that was launched in 2016 on the Frankfurt Exchange. The term is 5 years (maturity on 17 June 2021) with an interest of 8% per annum. The Fair value of the bonds amount to EUR 13.565 thousand at 31 December 2018.

The R-Logitech 2018 – 2023 bond which were launched in 2018 on the Frankfurt Exchange (EUR 25 million) is included. The term of the bond is 5 years with an interest of 8,50 % per annum. Ther Fair value of the bond amounts to EUR 27 million at 31 December 2018.

The MRG Finance UK plc 2018 / 2023 bond which were launched in 2018 on the London Exchange (EUR 50 million) is included. The term of the bond is 5 years with an interest of 8,75 % per annum. Ther Fair value of the bond amounts to EUR 48,8 million at 31 December 2018.

With regards to Long term leasing, reference is made to Note 15.

Other long-term liabilities represent the loan given by a Greek bank to our steel production facility, Nikolaïdis. The loan has a term of 10 years with an interest of Euribor plus 3,75% and various long term bank loans.

NOTE 14.

Current Liabilities and Accruals

All liabilities due in less than a year plus bank credit related to trade finance are classified as current liability. Inventory and debtors have been pledged as collateral. The following rates with respective amounts apply to the bank loans:

EUR 1.000	Max. Facility	Amount 2018	Amount 2017
Trade finance			
Uncommitted facilities - interest applied deal by deal based on framework agreements	Deal-by-deal basis	49.637	51.693
Working capital facilities			
Metals: Euribor + markup 3% - 7%	14.500	10.993	12.430
Metals 4% - 10% fixed	5.455	5.403	5.455
Logisitcs: 7,5% - 9% fixed	13.589	6.291	13.588
others: Euribor + markup 3% - 7%	2.000	1.491	-
Total bank loans (< 1 year)		**73.814**	**83.166**

Regarding the trade payables (Factoring) reference is made to note 1.4./IFRS 9. These trade payables are valued at fair value through profit and loss and show the value as per 31 December 2018. They correspond with the trade receivables (Factoring), see note 10.

NOTE 15. PROVISIONS

The provisions comprise of employment benefit related matters as well as legal matters that have resulted from the acquisition of the former Necotrans companies. No legal provision exceeds EUR 200 thousand except for a provision related to a dispute that dates back to the year 2000. In 2000 the former Necotrans company also deployed trading activities and did not deliver properly under one of the contracts. The claim has been fully provided for and amounts to EUR 2,569 thousand. No trading activities are deployed by any former Necotrans company. In the specialized trading companies of the group risk mitigating measures are covered either through the back-to-back principle or the coverage by an adequate insurance.

NOTE 16. LEASING

The obligations for leases entered into are shown below:

EUR 1.000	2018	2017
Lease installments < 1 year	-	233
Lease installments 1 - 5 years	2.006	1.361
Lease installments > 5 years	-	-
Total lease installments	**2.006**	**1.594**

The lease obligations contain financial lease liabilities of plant and equipment. The assets leased under financial leasing terms have been accounted for in the balance sheet under tangible fixed assets at EUR 2.006 thousand at 31 December 2018 (2017: EUR 1.594 thousand). BAGR and Stockach are not the legal owners of these assets.

The charge in the profit and loss account for FY 2018 amounts to EUR 64 thousand (2017: EUR 81 thousand).

The company has operating leases in the amount of EUR 4.176 thousand related to cars and equipment at BAGR and Stockach and qualify as off-balance positions. The duration of these contracts is between one and five years.

NOTE 17. FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the Group divided into the classes amortised cost and fair value through profit and loss ("FVTPL"). Financial instruments of the class fair value through other comprehensive income ("FVTOCI") are not applicable.

2017 EUR 1.000	note	amortised cost	FVTPL	total
Financial fixed assets (other receivables)	8	720	-	720
Trade receivables	10	73.564	-	73.564
Trade receivables (Factoring)	10	-	19.377	19.377
Receivables, prepayments and accrued income	10	72.645	-	72.645
Securities	11	-	630	630
Cash and cash equivalents	12	65.227	-	65.227
Total financial assets		**212.156**	**20.007**	**232.163**
Sub-ordinated borrowing	14	10.680	-	10.680
Borrowings (> 1 year)	14	124.726	-	124.726
Trade payables	14	39.708	-	39.708
Trade payables (Factoring)	14	-	19.377	19.377
Trade finance	14	51.693	-	51.693
Current liabilities and accruals	14	104.125	20	104.145
Total financial liabilities		**320.252**	**19.397**	**339.649**

2018 EUR 1.000	note	amortised cost	FVTPL	total
Financial fixed assets (other receivables)	8	2.360	-	2.360
Trade receivables	10	207.752	-	207.752
Trade receivables (Factoring)	10	-	24.340	24.340
Receivables, prepayments and accrued income	10	59.665	-	59.665
Securities	11	-	97	97
Cash and cash equivalents	12	75.609	-	75.609
Total financial assets		**345.386**	**24.437**	**369.823**
Borrowings (> 1 year)	14	254.976	-	254.976
Trade payables	14	129.009	-	129.009
Trade payables (Factoring)	14	-	24.340	24.340
Trade finance	14	49.637	-	49.637
Current liabilities and accruals	14	48.101	375	48.476
Total financial liabilities		**481.722**	**24.715**	**506.437**

Fair Value Measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Monaco Resources Group S.A.M. classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:
Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Monaco Resources Group S.A.M. can assess at the measurement date; or
Level 2 - Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
Level 3 - Unobservable inputs for the assets or liabilities, requiring Monaco Resources Group S.A.M to make market based assumptions.

NOTE 17.

The table below provides a summary :

2017 EUR 1.000	Level 1	Level 2	Level 3	Total
Financial fixed assets (other receivables)	-	-	-	-
Trade receivables				
Trade receivables (Factoring)	19.377	-	-	19.377
Receivables, prepayments and accrued income	-	-	-	-
Securities	-	-	630	630
Cash and cash equivalents	-	-	-	-
Total financial assets	19.377	-	630	20.007
Sub-ordinated borrowing				
Borrowings (> 1 year)	-	-	-	-
Trade payables				
Trade payables (Factoring)	19.377	-	-	19.377
Trade finance				
Current liabilities and accruals	-	-	-	-
Total financial liabilities	19.377	-	-	19.377

2018 EUR 1.000	Level 1	Level 2	Level 3	Total
Financial fixed assets (other receivables)	-	-	-	-
Trade receivables				
Trade receivables (Factoring)	24.340	-	-	24.340
Receivables, prepayments and accrued income	-	-	-	-
Securities	-	-	97	97
Cash and cash equivalents	-	-	-	-
Total financial assets	24.340	-	97	24.437
Borrowings (> 1 year)				
Trade payables	-	-	-	-
Trade payables (Factoring)	24.340	-	-	24.340
Trade finance	-	-	-	-
Current liabilities and accruals	-	-	-	-
	-	-	-	-
Total financial liabilities	24.340	-	-	24.340

During the year no amounts were transferred between Level 1, Level 2 and Level 3 of the fair value hierarchy.

As at 31 December 2018 no financial assets and liabilities were subject to offsetting.

The level 3 securities are mainly related to unlisted shares. In circumstances where Monaco Resources Group S.A.M. cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

NOTE 17.

Financial and Capital Risk Management

The Group has exposure to the following risks arising from financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

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 loans related to raw materials:

- The financial fixed assets are secured by underlying assets of those companies. Reference is made to note 8.

- The receivables, prepayments and accrued income mainly consists of trade receivables which is secured by adequate credit insurance.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During 2018 and 2017 none of the Group's revenue attributable to sales transactions with a single multinational customer exceeded 10% of the total revenue.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance banks and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all trade receivables.

Furthermore the Group applies a simplified approach to measure the loss allowance for trade receivables using the lifetime expected loss provision (reference is made to note 1.4 regarding the new IFRS 9 and note 10).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation. With regards to its hedging activities, that primarily take place in the trading activities, the Company implemented a policy that hedging is only allowed under a tri-partite agreement in order to avoid margin calls.

Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the Group'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 optimizing the return.
The Group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Production facilities mainly enter in to euro agreements and therefore, the currency risk is insignificant.
The Trading activities are mainly exposed to the USD/EUR exchange rate, as the trades are predominantly in USD and the reporting currency is in EUR. However, the currency risk is limited as contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

Market price risk

The production facilities mainly produce on the basis of tolling agreements. In these agreements the purchase of material is related to the sale and the price risk is mitigated.

The Group mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes

NOTE 17.

in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 31 December 2018, the Company has a limited number of hedging instruments, which are presented under Current liabilities and accruals. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.

It is the Group's policy that transactions and activities in trade related financial instruments are netted. Note that the Company only purchases futures and options. In principle the Company does not write futures and options.

2018	EUR 1.000
Commodity related contracts	
Futures	375
Options	-
Total Current liabilities FVTPL	375

The total loss in the consolidated statement of income amounts to EUR 478 thousand (2017: EUR 413 thousand). All derivatives mature within the first three months of 2019. The Company had instruments for a total of EUR 375 thousand at 31 December 2018 (2017: EUR 20 thousand).

Equity price risk

The Company invested into listed and unlisted shares of junior mining companies to secure its (future) off-take contracts. These securities are presented in Note 11 Securities. The Company is closely involved in these mining companies and monitors the progress on an on-going basis. Management is of the opinion that, by nature, the market index of junior mining companies increases when production starts.

NOTE 18. REMUNERATION OF KEY MANAGEMENT

The remuneration of key management is as follows:

EUR 1.000	2018	2017
short-term employee benefits	2.201	1.275
post-employment benefits	-	-
other long-term benefits	-	-
Total	**2.201**	**1.275**

NOTE 19. TRANSACTIONS WITH RELATED PARTIES

In 2017, the Company conducted various transactions with related parties.

EUR 1.000	Note	2018	2017
Shareholder >1yr	10	0	-
Shareholder <1yr		0	8.457
Related parties (associated Companies) <1yr	10	3.313	1.144
Total Receivables		**3.313**	**9.601**
Subordinated Shareholder >1yr	13	-	10.680
Related parties <1yr	14	1.905	1.397
Total Liabilities		**1.905**	**12.077**
Net receivable (- liability)		1.407	-2.476

The related party receivables of 2018 are related to loans provided to associated companies. The related party liabilities of 2018 are mainly related to loans provided by minority shareholders or parties related to these minority shareholders. Those loans are provided at market conditions.

NOTE 20. GUARANTEES

The Company has provided several corporate guarantees to subsidiaries and related parties and in principle these are all related to trade finance. The possibility of any cash outflow with regards to these guarantees is remote. Furthermore, Monaco Resources Group is the guarantor for the Bond issued by MRG Finance UK plc in 2018.

NOTE 21. CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. At year end, no claims against the company existed - if any - that were assessed to be probable, nor possible to be successful.

NOTE 22. AUDITOR'S REMUNERATION

EUR 1.000	2018	2017
Audit of the financial statements	737	440
Other audit engagements	-	-
Total professional service fees	**737**	**440**

NOTE 23. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2018	2017
Consolidated (direct)			
Agricorp S.A.M.	Luxembourg	100,0%	100,0%
M2i S.A.M.	Monaco	100,0%	100,0%
Gasoil Energy Group Ltd	Cyprus	95,0%	95,0%
Lunala Investments S.A.	Luxembourg	100,0%	100,0%
MRG Finance S.A.R.L.	Luxembourg	100,0%	100,0%
R-Logitech S.A.M.	Monaco	100,0%	100,0%
Resources Management Services GmbH	Switzerland	100,0%	0,0%
M2i UK Ltd.	United Kingdom	100,0%	0,0%
MRG Finance UK Plc	United Kingdom	100,0%	0,0%
Consolidated (indirect)			
Metals & Minerals			
Metalcorp Group S.A.	Luxembourg	100,0%	100,0%
BAGR Non-Ferrous Group mbH	Germany	100,0%	100,0%
Tennant Metals Group S.A.R.L.	Luxembourg	100,0%	100,0%
Metalcorp Finance B.V.	The Netherlands	100,0%	100,0%
Metalcorp Services UK Ltd.	United Kingdom	100,0%	0,0%
Steelcorp Industries S.A.R.L.	Luxembourg	100,0%	100,0%
Steelcom Group S.A.R.L.	Luxembourg	100,0%	100,0%
Tennant Metals UK Ltd.	United Kingdom	0,0%	100,0%
A&A Metals S.A.	Switzerland	100,0%	100,0%
Stockach Aluminium GmbH	Germany	94%	47,0%
BAGR Berliner Aluminiumwerk GmbH	Germany	94,0%	94,0%
Cable Recycling Industries S.L.	Spain	94,0%	94,0%
MCG-SRR B.V.	The Netherlands	100,0%	100,0%
Norwich S.A.R.L.	Luxembourg	100,0%	94,0%
NB Investments B.V.	The Netherlands	100,0%	100,0%
Nikolaidis Th. Bros. S.A.	Greece	70,0%	70,0%
Orlyplein Investment B.V.	The Netherlands	100,0%	100,0%
Société des Bauxites de Guinée S.A.	Republic of Guinea	73,1%	76,1%
Steelcom Pipe International LLC	USA	0,0%	100,0%
Steelcom Austria GesmbH	Austria	100,0%	100,0%
Steelcom International GmbH	Switzerland	0,0%	100,0%
Steelcom USA LLC	USA	100,0%	100,0%
Steel and Commodities S.A.M.	Monaco	100,0%	100,0%
Steel and Commodities Iberica S.L.	Spain	100,0%	100,0%
Steel and Commodities Singapore PTE Ltd.	Singapore	0,0%	100,0%
Steel and Commodities India private Ltd.	India	0,0%	100,0%
Steelcom Steel and Commodities GmbH	Germany	100,0%	100,0%
Tennant Metals GmbH	Germany	100,0%	100,0%
Tennant Metals (Pty) Ltd.	Australia	100,0%	100,0%
Tennant Metals S.A.M.	Monaco	100,0%	100,0%
Tennant Metals South Africa (Pty) Ltd.	South Africa	100,0%	100,0%
SBG Bauxite and Alumina N.V.	The Netherlands	94,0%	94,0%
Tennant Metals Trade B.V.	The Netherlands	100,0%	100,0%

NOTE 23. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2018	2017
Logistics & Technology			
Nectar Holdings Ltd.	United Kingdom	30,0%	30,0%
Riviera Marine S.A.M.	Monaco	29,6%	0,0%
R-Logitech UK Ltd.	United Kingdom	100,0%	100,0%
R-Logisitc Group Ltd.	Cyprus	100,0%	0,0%
Southern Meditteranean Logistics S.A.M.	Monaco	100,0%	100,0%
ATS Handling	Republic of Congo	50,0%	50,0%
Citraco	Togo	64,4%	64,4%
Handling Partner Gabon	Gabon	39,0%	39,0%
Dakar Oil Base	Senegal	99,0%	0,0%
NAT Shipping Bagging Services Limited	Bermuda	30,0%	30,0%
Nectar (East Africa) Limited	United Kingdom	30,0%	30,0%
Nectar (West Africa) Limited	United Kingdom	30,0%	30,0%
Nectar (West Africa) Nigeria Limited	Nigeria	30,0%	30,0%
Nectar Coal Handling (Mozambique) Ltda	Mozambique	22,5%	22,5%
Nectar Ghana Limited	Ghana	30,0%	30,0%
Nectar Group Limited	United Kingdom	30,0%	30,0%
Nectar Mozambique Ltda	Mozambique	22,5%	22,5%
Nectar Sierra Leone Bulk Terminal Limited	Sierra Leone	24,0%	24,0%
Oakguild Limited	United Kingdom	30,0%	30,0%
R-Logistic Africa	Mauritius	100,0%	100,0%
R-Logistic Algerie	Algeria	100,0%	100,0%
R-Logistic Benin	Benin	99,8%	99,8%
R-Logistic Burkina Faso	Burkina Faso	70,0%	70,0%
R-Logistic Afrique	Ivory Coast	75,0%	0,0%
R-Logistic Gabon	Gabon	99,0%	100,0%
R-Logistic Niger	Niger	100,0%	100,0%
R-Logistic Terminals	Mauritius	100,0%	100,0%
R-Logistic Togo	Togo	99,0%	99,0%
R-Logistic Mali	Mali	100,0%	100,0%
Technipipe Solutions SAS	France	48,0%	48,0%
Technipipe Development SAS	France	92,7%	92,7%
R-Logistic S.A.S.	France	100,0%	100,0%
R-Logistic France S.A.S.	France	100,0%	100,0%

NOTE 23. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2018	2017
Agribusiness			
Agricorp Invest S.A.	Luxembourg	100,0%	100,0%
Agri Resources Group S.A.	Luxembourg	100,0%	100,0%
Agri Resources International S.A.R.L.	Luxembourg	100,0%	100,0%
Agro Resources Congo S.A.	Republic of Congo	80,0%	80,0%
Agro Resources Mauritius Ltd.	Mauritius	80,0%	100,0%
Agro Resources Madagascar S.A.	Madagascar	99,0%	78,0%
Prang Agro Resources Ltd.	Ghana	90,0%	90,0%
Societe Agricole de Guinee S.A.	Republic of Guinea	75,0%	75,0%
Ghana Agri S.A.	Luxembourg	100,0%	100,0%
PT Agri Resources Indonesia	Indonesia	75,0%	0,0%
Agri Vanilla and Spices Asia Pte. Ltd.	Singapore	100,0%	0,0%
Agri Food and Vegetables S.A.	Luxembourg	100,0%	100,0%
Agro Resources UK Ltd.	United Kingdom	100,0%	100,0%
Bonum D.O.O.	Republic of North Macedonia	51,0%	51,0%
Bonum M D.O.O.	Republic of North Macedonia	51,0%	51,0%
Karma International S.A.	Luxembourg	51,0%	100,0%
Karma Produce S.L.	Spain	100,0%	51,0%
Agro Resources S.A.M.	Monaco	100,0%	100,0%
Peltina E.O.O.D.	Bulgaria	51,0%	0,0%
Integrated Food S.A.R.L.	Luxembourg	98,0%	98,0%
Energy			
Gasoil Integrated Gas Ltd.	Cyprus	100,0%	100,0%
Gasoil Integrated UK Ltd.	United Kingdom	100,0%	0,0%
Gasoil Petroleum Ltd.	Cyprus	100,0%	100,0%
Energies du Sud S.A.M.	Monaco	100,0%	100,0%
Four Trees Energy Ltd.	United Kingdom	55,0%	0,0%
Finance & Investments			
R-Cap Management (UK) Ltd.	United Kingdom	100,0%	100,0%
R-Cap Resources Capital (Cyprus) S.A.	Cyprus	0,0%	100,0%
R-Cap Resources Capital S.A.	Luxembourg	100,0%	100,0%
R-Cap Resources GP S.A.	Luxembourg	100,0%	100,0%
R-Cap Trade Finance Invest S.A.	Luxembourg	100,0%	100,0%
R-Cap Trade Ltd.	United Kingdom	100,0%	100,0%
R-Cap Trade Management (Cayman) Ltd	Cayman Islands	0,0%	100,0%
Resource Insurance Brokerage B.V.	the Netherlands	0,0%	100,0%
Structured Resource Finance B.V.	the Netherlands	100,0%	0,0%
SRF Financial Services GmbH	Germany	100,0%	0,0%

NOTE 23. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2018	2017
Non-consolidated (Associates)			
Rescap Investments Pty Ltd.	Australia	19,0%	19,0%
Kanabeam Zinc Ltd.	Namibia	0,0%	24,4%
Corex	Gabon	50,0%	60,0%
M&N Freight (Ghana) Limited	Ghana	0,0%	15,0%
Necotrans Asia Ltd.	Hong Kong	50,0%	50,0%
Necotrans Korea	Korea	33,3%	33,3%
Necotrans Myanmar	Myanmar	35,0%	33,3%
Seasia Nectar Port Services Inc.	Philippines	12,0%	12,0%
TPK	Cameroon	60,0%	50,0%
ICS Procurement Solutions S.A.M.	Monaco	60,0%	60,0%
ICS Transmine	Nigeria	70,0%	70,0%
ICS Algerie SARL	Algeria	29,4%	29,4%

In 2018 the following key changes are effected:

- Agro Resources Mauritius Ltd. acquired 100% of the shares of Agri Vanilla and Spices Asia Pte. Ltd. PT Agri Resources
- Indonesia was incorporated in 2018 by Agri Vanilla and Spices Asia Pte. Ltd.
- The Company became a majority stake holder at Stockach Aluminium GmbH
- Tennant Metals Group B.V. was relocated to Luxembourg as Tennant Metals Group S.à.r.l.
- Steelcorp Industries B.V. was relocated to Luxembourg as Steelcorp Industries S.à.r.l.
- Steelcom Group B.V. was relocated to Luxembourg as Steelcom Group S.à.r.l.
- The Company dissolved Tennant Metals UK Ltd.
- The Company created Metalcorp Services Ltd in the United Kingdom
- ET Investment B.V. was renamed to Tennant Metals Trade B.V.
- The Company dissolved Steelcom International GmbH
- The Company dissolved Steel and Commodities Singapore PTE Ltd.
- The Company dissolved Steel and Commodities India private Ltd.

SIGNING OF THE FINANCIAL STATEMENTS

Monaco, April 30th 2019

Pascale Younès
Director

03 MONACO RESOURCES OTHER INFORMATION

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 97.

SUBSEQUENT EVENTS

The Group acquired a majority stake in Euroports Holding in February 2019 which will contribute significantly to the growth of the Group. Furthermore there was a bond-tap with an amount of EUR 100 Million on the Frankfurt Stock Exchange as of 8 March 2019.

APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2017

The Company-only annual report of 2017 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2017 to the other reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2018

The Board of Directors proposes to transfer the result over the financial year 2018 to the other reserves. The financial statements do not yet reflect this proposal.

04 MONACO RESOURCES INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders of Monaco Resources Group S.A.M.

OUR OPINION

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of Monaco Resources Group S.A.M. as at 31 December 2018 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

WHAT WE HAVE AUDITED

We have audited the accompanying financial statements for the year ending 2018 of Monaco Resources Group S.A.M. Monaco ('the Company'). The financial statements include the consolidated financial statements of Monaco Resources Group S.A.M. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- Consolidated statement of profit or loss
- Consolidated statement of other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the financial statements

The financial reporting framework that has been applied in the preparation of the consolidated financial statements are International Financial Reporting Standards as adopted by the European Union.

THE BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibility under those standards is further described in the section 'Our responsibilities for the audit of the financial statements' of our report.
We are independent of Monaco Resources Group S.A.M. in accordance with the IFAC Code on independence requirements. Furthermore, we have complied with the §§ 43, 49, 55 WPO (German Auditor's Regulations), §§ 2f, 20ff (statue for German Auditors) and § 319 HGB (German Commercial Code).
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the general meeting of Monaco Resources Group S.A.M., but these are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

ACQUISITIONS, DISPOSALS AND VALUATIONS

Key Audit Matter Description

In 2018, new acquisitions and a disposal were completed. There was an investigation on the valuation of these acquisitions and the disposal of 2018 following the requirements of IFRS 3 and the measurement period of business combinations as well as regarding the disposal the requirements of IFRS 10 and IFRS 12.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to determination of whether the transaction represented a business combination, and reasonableness of the key inputs used in the valuation of assets acquired and liabilities assumed, included the following, among others:

- We tested the effectiveness of controls over management's accounting assessment for the transaction and determination of the key inputs used in the valuation of assets acquired, including fixed assets, and liabilities assumed.
- We evaluated the terms of the Agreement to determine whether the transaction qualified as a business combination.
- We performed a detailed analysis on the valuations and audited the validity and completeness of the stated positions.
- Furthermore, we assessed whether the disclosures were made in accordance with IAS 7 and IFRS 3 business combinations.

IMPAIRMENT OF MINERAL RIGHTS, GOODWILL AND OTHER INTANGIBLE ASSETS

Key Audit Matter Description

The Group has disclosed an amount of EUR 119,35 million assumed to be mineral rights under property plant and equipment. An amount of EUR 59,67 million is reported as intangible assets. The corresponding goodwills, Offtake contracts and mineral rights are subject to the future performances of the companies, industries, commodity prices, projects as well as foreign exchange rates. This requires management to closely monitor the carrying values. The impact of revaluation of the Offtake contracts at fair value amounts to total EUR 4.168 thousand.

Fair Value of biological assets

The company successfully started and expanded its agricultural projects in Africa during the year 2017. In the financial year 2018 significant progress was made and therefore it became apparent that the Group has to account for their biological assets according to IAS 41.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the impairment of mineral rights, goodwill and other intangible assets included the following, among others:

- We reviewed management's assessment of the indicators of any impairment and challenged significant underlying assumptions.
- We assessed the appropriateness of management's recoverable value models, which included the inherent model inputs and significant assumptions.
- We challenged the significant inputs and assumptions used in impairment testing for intangible assets.
- We also assessed the adequacy and completeness of impairment related disclosures in the financial statements, including the key assumptions used as well as the sensitivity.
- We performed procedures to assess the adequacy and completeness of the valuation of biological assets according to IAS 41. In addition we performed audit procedures on the existence and presentation of the biological assets.

APPLICATION OF NEW IFRS

Key Audit Matter Description

The Group has to comply with new mandatory IFRS in 2018, which could have a major impact to its actual and retroactive figures.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the new mandatory IFRS included the following, among others:

- We perform procedures check the adequacy and completeness of the application of the new standards.
- We perform audit procedures on the disclosures. The calculation of the expected loss Model and correct application and presentation according to IFRS 9 and IFRS 15.

RESPONSIBILITIES OF THE MANAGEMENT BOARD

The management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and for the preparation of the directors' report, and for
- such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management should prepare the financial statements using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

OUR REPORT ON THE DIRECTORS' REPORT & THE OTHER INFORMATION

We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

OUR APPOINTMENT

We were appointed as auditors of Monaco Resources Group S.A.M. on December 6th, 2018 by engagement letter dated on December 6th, 2018.

Berlin, April 30th 2019

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft (Düsseldorf)
Charlottenstraße 68
10117 Berlin

Stephan Martens
Partner

Detlef Schröder
Partner

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2018 OF MONACO RESOURCES GROUP S.A.M.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with International Standards on Auditing, ethical requirements and independence requirements. 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. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Concluding on the appropriateness of the management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

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