

Financial statements 2020

FOOD AND AGRICULTURE INDUSTRIES N.V.



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FINANCIAL STATEMENTS 2020

Statement of financial position as at December 31, 2020
(before appropriation of results)

In USD	Notes	2020	2019
ASSETS			
Current assets			
Cash and cashequivalent	1	10,279	46,780
Trade and other receivables	2	1,431,675	935,862
Inventories	3	1,680,044	1,765,861
Biological assets	4	-	-
Total current assets		3,121,998	2,748,503
Non-current assets			
Property, plant and equipment	5	19,070,202	21,803,444
Intangible assets	6	-	43,891
Biological assets	4	-	-
Deferred tax assets	7	6,227,192	6,227,192
Total non-current assets		25,297,394	28,074,527
TOTAL ASSETS		28,419,392	30,823,030
Liabilities and Equity			
Current liabilities			
Bank overdraft	8	6,899,903	6,566,120
Trade and other payables	9	11,087,575	15,369,393
Bam Subsidy	10	5,547,172	6,210,690
Total current liabilities		23,534,650	28,146,203
Non-current liabilities			
Government loan	11	2,558,555	2,558,555
Intercompany loans	12	-	40,667,191
Deferred tax liabilities	7	-	6,227,192
Total non-current liabilities		2,558,555	49,452,938
Equity	13	2,326,187	-46,776,109
TOTAL ASSETS AND LIABILITIES AND EQUITY		28,419,392	30,823,030

Director

Permila Bissumbhar



Chairman supervisory board

Anand Ramkisoensing



Statement of comprehensive income for the year ended December 31, 2020

In USD	Notes	2020	2019
Revenue	14	3,079,339	12,561,328
Cost of sales	15	8,402,640	17,836,287
Gross margin		-5,323,301	-5,274,959
Other income	16	2,477,332	342,594
		-2,845,969	-4,932,365
Operating expenses			
Personnel expenses	17	436,045	486,265
General and administrative expenses	18	408,045	1,224,465
Housing expenses	19	47,196	66,248
Depreciation and amortization	20	10,374	25,082
Total operating expenses		901,660	1,802,060
Operating loss before financial income and expenses		-3,747,629	-6,734,425
Financial income and expenses			
Interest expenses	21	643,208	3,899,941
Foreign exchange loss/gain		-1,308,170	-252,665
Total financial income and expenses		664,962	-3,647,276
Various expenses		54,738	1,937,309
Loss after financial income and expenses		-3,137,405	-12,319,010
Income tax	22	-	4,434,843
Loss for the period		-3,137,405	-7,884,167
Other comprehensive loss:			
<i>Items that will not be reclassified to profit or loss</i>			
Loss on revaluation of land and buildings		-	-
TOTAL COMPREHENSIVE LOSS OF THE YEAR		-3,137,405	-7,884,167

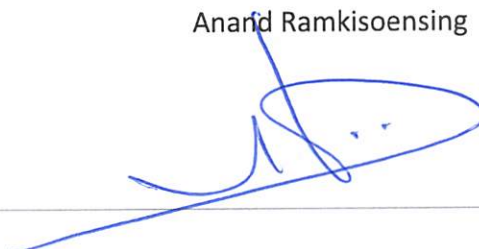
Director

Permila Bissumbhar



Chairman supervisory board

Anand Ramkisoensing



Statement of changes in shareholders' equity for the year ended 2020

In USD	Share capital	Share premium	Revaluation reserve	Retained earnings	Totaal
Opening balance 1 January 2019	59,746	8,718,032	2,684,887	-47,732,297	-36,270,489
Depreciation of revaluation	-	-	-2,621,453	-	-2,621,453
Loss for the year	-	-	-	-7,884,167	-7,884,167
Other comprehensive loss for the year	-	-	-	-	-
Ending balance 31 December 2019	59,746	8,718,032	63,434	-55,616,464	-46,776,109
Opening balance 1 January 2020	59,746	8,718,032	63,434	-55,616,464	-46,775,252
Movements	-	46,012,509	6,843,379	-617,044	52,238,844
Depreciation of revaluation	-	-	-	-	-
Loss for the year	-	-	-	-3,137,405	-3,137,405
Other comprehensive loss for the year	-	-	-	-	-
Ending balance 31 December 2020	59,746	54,730,541	6,906,813	-59,370,913	2,326,187

Director

Permila Bissumbhar

Chairman supervisory board

Anand Ramkisoensing

Statement of cashflows for the year ended December 31, 2020

In USD	2020	2019
Cash flows from operating activities		
Loss for the period	-3,137,405	-7,884,167
Adjustments for:		
Income tax		
Depreciation and amortization PPE	2,746,837	2,915,517
Depreciation intangible assets	2,413	9,623
Depreciation biological assets	593	7,120
BAM subsidy	-663,518	-721,880
Provision for restructuring	-	-
	2,086,325	2,210,380
Changes in working capital:		
Movements in trade and other receivables	-495,813	2,502,658
Movements in current biological assets	-	-
Movements in inventories	85,817	1,812,700
Movements in trade and other payables	4,281,818	-1,378,981
	3,871,822	2,936,377
Cash generated (used) by operating activities	2,820,742	-2,737,410
Cash flow from investings activities		
Purchases of property, plant and equipment	-13,479	-22,318
Movements in biological assets	-	-
Net cash used in investings activities	-13,479	-22,318
Cash flow from financing activities		
Proceeds form inter company loans	40,667,191	92,093
Movements in bank overdraft	-333,783	-2,696,438
Other	-43,177,172	5,337,224
Cash generated (used) by financing activities	-2,843,764	2,732,879
Net increase (decrease) in cash and cash equivalent	-36,501	-26,850
Cash and cash equivalents, January 1	46,780	73,629
Cash and cash equivalents, December 31	10,279	46,780

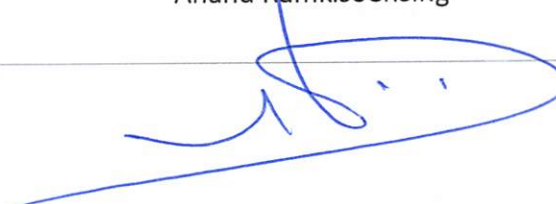
Director

Permila Bissumbhar



Chairman supervisory board

Anand Ramkisoensing



Accounting policies to the financial statements for the year ended December, 31 2020

General information

Company and activities

Food and Agriculture Industries N.V. (short named as FAI N.V.), hereinafter referred to as the Company is a limited liability entity established on the 3rd of January 2014 in Saramacca, Suriname.

Per the articles of association, the Company is authorized to engage in the following main activities:

To install and exploit agriculture industries; and

To buy, process and sell agriculture products.

The operating activities of the company mainly include: planting, harvesting, packaging and exporting bananas mainly to Europe and on request to Trinidad & Tobago.

The company has two plantation sites, namely, Jarikaba Estate and Nickerie Estate.

Group structure

At the establishment of the company on the 3rd of January 2014, 90% (1,800) of the shares were held by Stichting Behoud Banani Sector (SBBS) and 10% (200) shares were held by Surinaamse Landbouwbedrijven N.V. (Surland). At concluding the privatization of SBBS on the 23rd of January 2015 UnivegFruitspartners B.V. bought 1,600 shares of SBBS and the 200 shares of Surland. 200 shares held by SBBS were sold to the Republic of Suriname.

As per January 23, 2015 the issued shares of FAI N.V. are 90% (1,800) shares held by Univeg Fruit partners B.V. (a company organized under the law of the Netherlands) and 10% (200) shares held by the Republic of Suriname.

Univeg Fruit partners B.V. is a 100% subsidiary of Univeg Holding B.V. Univeg Holding B.V. is a 100% subsidiary of Fieldlink N.V. of which the main shareholder is De Weide Blik N.V. (95.4%). On December 10, 2015, The Fruit Farm Group B.V. (TFFG) was established and funded, which is a 100% subsidiary of De Weide Blik N.V. Subsequently on December 17, 2015 Global Farms B.V., which is a 100% subsidiary of TFFG took over the 90% of the issued shares of the Company (1,800) shares from Univeg Fruit partners.

As of December 17, 2015, FAI N.V. is not a subsidiary of Univeg Fruit partners B.V. anymore.

The financial statements of the year ended December 31, 2019 are subject to approval by the board of directors and supervisors.

Summary of significant accounting policies

The financial statements are prepared by Food and Agriculture Industries N.V. and are in accordance with the 'IFRS for Small and Medium-sized Entities' issued by the International Accounting Standards Board in 2015. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board in 2015. The financial statements have been prepared on the historical cost basis, unless otherwise indicated.

Reclassification

Some items of the statement of financial position and the statement of comprehensive income have been reclassified in the financial statements 2019. The comparative figures are adjusted accordingly.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to meet the mandatory repayment terms of the banking facilities as disclosed in the notes. The company incurred a net loss of USD 3,138,203 for the year ended December 31, 2020 compared to USD 7,884,167 for the year ended December 31, 2019. The cash flow from operating activities amounts to USD 2,820,742.

The effects of the Moko bacterial disease and negative effects of adverse farming practices including water management and overdue maintenance caused significant deterioration of assets used to generate cash flows. As a result, production volume decreased, and impairment of assets occurred.

Management will continue carrying out operational improvements to improve its performance in the near future.

The key improvements that are taking place within the operation are the following:

- Eradication of areas affected by Moko and improvement of disease control;
- Implementing agriculture practices and techniques to Improve productivity, increase yields and quality of produce Including improvement of soil and water management, drainage systems, effective fertilizer application, fruit protection, reduction of waste, improvement of harvesting and packing processes;
- Training personnel (foremen and supervisors), thereby increasing their ability to perform in a more professional and purposeful manner achieving higher standards of quality.
- Cost control and cost reduction, reduction of quality claims.

Based on management predictions , the entity's ability to continue as a going concern depends largely on future funding being available and other significant assumptions made in order to ensure the required increase of production volume, yields, quality of produce and increase of sales prices.

Other topics under discussion relate to a capital increase (transfer of the TFFG loan to equity for an amount of USD 32 million and an additional capital increase of USD 3.6 million), extension of the working capital financing with a mortgage registration and a more competitive interest rate and substantial financial support from the Inter-American Development Bank for a 5-year period. The possibility of divestments of assets is also taken into account. Also, management is in the process of negotiating the extension of contract and with the main purchaser of crops and the delivery conditions including prices and volumes.

Functional and presentation currency

The financial statements are presented in United States Dollar (USD). All values are rounded to the nearest USD except when otherwise indicated.

Use of estimates and Judgments

The preparation of financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in the notes.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Foreign currency differences are recognized in the Statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency remain translated into the functional currency using the exchange rates as at the dates of the initial transactions.

Cash and cash equivalents

Cash and cash equivalents include cash at banks, cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts and short-term loans are included in current liabilities in the statement of financial position.

Non-derivative financial instruments

The company only uses non-derivative financial instruments. Financial instruments comprise trade and other receivables, cash and cash equivalents, government loan, intercompany loans, bank overdrafts and trade and other payables.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

Financial assets, trade and other receivables and cash and cash equivalents are classified as financial assets at fair value through profit and loss. Financial liabilities that are not at fair value through profit or loss include intercompany loans, trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable costs.

Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for bad debt. A provision of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts in accordance with the original terms of the receivables. The amount of the provision is recognized in the profit and loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by an independent appraiser. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment to write off their carrying value to their residual values over their expected useful economic lives.

It is provided at the following rates:

Land improvements	6.67% - 20% per annum straight line
Buildings	5% per annum straight line
Infrastructure	5% - 33.33% per annum straight line
Machineries, vehicles and equipment	20% - 33.33% per annum straight line
Furniture, fixtures and tools	33% per annum straight line

At the date of revaluation, the accumulated depreciation on the revalued property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the consolidated statement of comprehensive income (e.g. through depreciation, Impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

The leasehold rights are amortized over the lease term which amortization rate ranges from 4.28% to 6.93 % per year.

Assets under construction represent property, plant and equipment which are not yet completed, or which yet not have been put into use. These assets are transferred to the relevant category of property, plant and equipment at the date on which they are effectively put into use.

Intangible assets

Intangible assets are goodwill and purchased computer software.

Goodwill

The entity took over the activities of Stichting Behoud Bananen Sector on January 24, 2014 based on the privatization agreement signed on January 23, 2014.

Based on the privatization agreement, the company as an entity established and domiciled in Suriname acquired the inventories, biological assets and property, plant and equipment including leasehold rights relevant to the operations of the Stichting Behoud Bananen Sector (including land leasehold rights owned by Surland N.V.).

The goodwill arises from the fair values of the net identifiable assets and liabilities acquired from Stichting Behoud Bananen Sector and Surland N. V. at the date of the acquisition.

Software

Software is measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is charged to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The following useful lives are used for the amortization of intangibles:

Software	- 3 - 5 years
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If there is an indication that there has been a significant change in amortization rate or residual value of an asset, the amortization of that asset is revised prospectively to reflect the new expectations.

Biological assets

Biological assets include fruit to be harvested after the end of the period. Any resultant gain or loss on remeasuring to fair value less costs to sell at each reporting date is recognized in profit or loss.

Biological assets whose fair value cannot be readily determined without undue cost or effort, are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost represents the historical cost of acquisition. The pre-harvest cost of cultivation, chemicals, fertilization charges, fruit protection etc. are capitalized as part of current biological assets.

In 2016 and 2017, the biological assets, hence the value of the fruit is measured at fair value, rather than at cost. The fair value is based on the expected gross margin contribution of the young fruit already present on the plants at the end of the period, based on the expected income and on accrued and remaining costs to take the fruit to the market. The main reasons why this procedure is followed in Suriname are the following:

- The stable climate of Suriname, as a result of its unique location (regular tropical climate, not prone to hurricanes or other climatic events);
- The relatively stable price evolution of the banana. As the banana is a tropical staple crop (regular year-long supply), its supply/demand shifts are smoother than in other crops produced by the Group;
- An acceptable level of quality of the operations in Suriname was achieved from 2017, as a result of the operational turnaround;
- The fruit measured at fair value is only that which is already present on the plant at the end of the period. This fruit will be sold in the subsequent 11 weeks (shipment data is already available at the time of analysis).

In the previous year, the fair value of fruit to be harvested and the biological assets carried at cost are fully impaired as a result of substantial operating losses and significant detonation of assets used to generate cash flows.

The following useful economic lives are used for biological:

Banana-	5 years
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The bearer plants are measured at historic cost less any accumulated depreciation on a straight-line

Impairment of assets

At each reporting date, financial and non-financial assets not carried at fair value, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for Impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell.

If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell and an impairment loss is recognized Immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest.

BAM subsidy

The cost of an asset may be financed by means of government grants. The grant is recognized as deferred income on the balance sheet once received or receivable. The deferred income is amortized as income to the income statement on a systematic basis over the useful life of the relating asset to which.

Borrowings

Borrowings, regarding government loan and intercompany loans, are recognized initially at the transaction price. Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is Included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current and deferred income tax

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.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax basis (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Employee benefits

The company has a defined benefit plan, of which the pension rights are entrusted to an insurance company. The insurance company calculates the annual premium and bears the responsibility to the employees as stipulated in the defined benefit pension scheme. The company's contributions to the insurer are treated as if the pension scheme is a defined contribution.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized as an expense as the related employee service is received.

Retirement benefits and/or post-employment benefits

Obligations for contributions to defined benefit pension schemes are recognized as an expense in the statement of comprehensive income as services from employees are received. Under such schemes, the company has no obligation to make further contributions to these schemes beyond the contracted amounts. Prepaid contributions are recognized as an asset to the extent that service has not yet been received.

Provisions

Provisions for restructuring costs and legal claims are recognized when: the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Restructuring provisions comprise costs for land that has been infected with the Moko Bacteria. Provisions are not recognized for future operating losses.

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 .

Share Capital

Ordinary shares are classified as equity .

Revenue recognition

Revenue comprises the fair value of the sale of bananas, net of value added tax and excise duties, rebates and discounts and after eliminating sales within the company. The sales of bananas are recognized when it is probable that economic benefits associated with the transaction will flow to the company and the amount of the revenue can be measured reliably.

Key sources of estimation uncertainty and judgments*Use of estimates and judgments*

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

Valuation of land and buildings

The fair value of land and buildings is derived from a 'cost approach', since there are no current market prices of comparable real estate. The valuation has been made by an independent appraiser in Suriname. The independent appraiser has a policy that focuses on transparency, quality, reliability and good reputation.

Income taxes

Significant judgement is required in determining the company's provision on income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company will adjust any differences between the actual tax liabilities and the accrued income tax liabilities in the statement of income in the period in which they are identified.

Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences recognized in the financial statements and tax returns. Deferred tax assets are recognized when there is sufficient evidence in management's view that sufficient taxable income will be generated in future periods prior to the expiration of the losses which generated the deferred tax assets.

Material risks and uncertainties

The company is exposed through its operations to the following risks:

- Agricultural risk
- Weather and climate risk
- Brand risk
- Customer and market risk
- Risk as a result of Regulatory changes
- Labor risk

Agricultural risk

FAI's portfolio is limited to bananas. Pests and diseases have a potentially serious negative impact on banana production. A number of insect pests and banana plant diseases can affect banana plants.

The Moko disease badly impacted the performance of the two estates of FAI. Once the banana plants are infected, eradication and disease management are time consuming and expensive. The Moko disease has a negative impact on FAI's business and the ability to continue as a going concern.

Weather and climate risk

Changes in weather, climate or water availability can cause price, yield and quality volatility for FAI. FAI's biological assets are exposed to the risk of damage from

climatic changes, diseases and other natural forces. Protected cropping reduces the risk of disease and the impact of weather, this risk is still apparent. Possible changes in climate may also have an adverse impact on FAI's business. If FAI is unable to secure sufficient water, this could negatively impact on FAI's operational and financial performance.

Brand risk

Quality issues, contamination, disputes or adverse media coverage could damage FAI's brands or their image which could adversely impact FAI's financial performance.

Customer and market risk

FAI's largest customer comprised approximately 90% of a fiscal year produce sales. While FAI seeks additional channels for its produce and seeks to manage the security of its existing customer arrangements, the nature of the market means that most customer arrangements are uncontracted and are supplied at market prices which are subject to fluctuation. Any contractual agreements have supply periods typically for 1 year.

Regulatory changes

FAI is a beneficiary of the ACP-EU Partnership Agreement or the "Cotonou Agreement", which was signed in 2000 and is due to expire in 2020. Any changes could have an adverse impact on margins and volumes.

Labor risk

FAI uses employment models to meet the needs of growing and harvesting a product that is perishable. The majority of FAI's employees are covered by agreements which periodically require renegotiation and renewal. Disputes may arise in the course of renegotiations which have the potential to lead to strikes and other industrial action, which may disrupt FAI's operations. Any renegotiations could also result in increased labor costs. FAI also ensures that all employment instruments and agreements comply with legal minimum pay and conditions. Increase of legal minimum pay and conditions would result in increased labor costs.

Explanatory notes to the financial statements for the year ended December 31, 2020

1. Cash and cash equivalent

In USD	2020	2019
Cash at bank	1,656	28,342
Cash in hand	8,623	18,438
Balance at 31 december	10,279	46,780

2. Trade and other receivables

In USD	2020	2019
Trade receivables and related party trade receivables	1,215,511	805,691
Advances to suppliers	160,003	9,211
Other receivables	56,161	120,960
Balance at 31 december	1,431,675	935,862

3. Inventories

In USD	2020	2019
Packing material	352,163	457,221
Chemicals	306,403	362,892
Parts	678,997	699,149
Fertilizers	29,161	75,172
Personnel protected equipment	61,656	75,311
Fuel and lubricants	13,346	12,304
Small tools and equipment	9,641	10,934
Fruit protection materials	45,564	63,014
Goods in transit	153,593	-
Stock of green bananas at the port	29,520	9,864
Balance at 31 december	1,680,044	1,765,861

4. Biological assets

The entity owns banana plantations through its operations in the Jarikaba and Nickerie estates. Due to the impact of the Moko disease an important part of the plantation was affected and eradicated to avoid further expansion of the disease. As a result of substantial operating losses and significant detonation of assets used to generate cash flows the biological assets are fully impaired.

5. Property, plant and equipment

In USD	Land leasehold rights	Land improvements	Buildings	Machineries, vehicles and equipment	Furniture, fixtures and tools	Assets under constructions	Total 2020	Total 2019
Depreciation rate	0%	6.67-20%	5-33.33%	20-33.33%	33.33%	0%		
Purchase price at January 1, 2020	6,507,653	28,694,425	12,889,613	14,911,964	637,206	1,380,858	65,021,720	52,255,589
Revaluation	-	-	-	-	-	-	-	12,743,813
Investments	-	-	-	1,115	-	12,364	13,479	22,318
Desinvestments	-	-	-	-	-	-	-	-
Purchase price at December 31, 2020	6,507,653	28,694,425	12,889,613	14,913,079	637,206	1,393,222	65,035,198	65,021,720
Cumulative depreciation at January 1, 2020	18,560,749	7,967,794	14,396,192	627,126	-	-	41,551,861	40,302,756
Depreciation revaluation	102,384	509,836	335,764	-	-	-	947,984	947,984
Depreciation	-16,787,939	11,807,593	-6,263,673	14,074,083	635,087	-	3,465,151	1,967,535
Des-depreciation	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-	-
Cumulative depreciation at December 31, 2020	1,875,194	20,285,223	8,468,283	14,701,209	635,087	-	45,964,996	43,218,275
Bookvalue at December 31, 2020	4,632,459	8,409,202	4,421,330	211,870	2,119	1,393,222	19,070,202	21,803,444

Land and buildings classified as property, plant and equipment were revalued in the previous fiscal year 2018 using generally accepted principles carried out by external independent qualified valuers. The estimation of the carrying value of the revalued land and buildings is based on the replacement cost using the cost approach, taking into account the effect of lower market values of land, infrastructure and buildings.

6. Intangible assets

In USD	Goodwil	Software	Totaal 2020	Total 2019
Depreciation rate	0%	33.33-20%		
Purchase price at january 1, 2020	41,479	227,064	268,543	268,543
In- and desinvestments	-41,479	-	-41,479	-
Purchase price at december 31, 2020	-	227,064	227,064	268,543
Cumulative depreciation at january 1, 2020	-	224,652	224,652	215,029
Depreciation	-	2,412	2,412	9,623
Cumulative depreciation at december 31, 2020	-	227,064	227,064	224,652
Bookvalue at december 31, 2019	-	-	-	43,891

7. Deferred taxes

In USD	2020	2019
Opening balance	6,227,192	1,792,349
Deferred tax movements (depreciation of revalued assets and adjustments)	-	-
Charged to profit or loss		4,434,843
Balance at 31 december	6,227,192	6,227,192

Losses of the first three years of operation are compensable for an indefinite period. Deferred tax assets are recognized to the amount of the deferred tax liabilities. The decline of deferred tax assets is charged to profit or loss.

8. Bank overdraft

In USD	2020	2019
Bank overdraft	6,899,903	6,566,120
Balance at 31 december	6,899,903	6,566,120

FAI NV continues using a working capital line of USD 2,5 million and EUR 2,5 million established in 2018 with a local bank, with an interest rate of 7%, secured with a guarantee from TFFG BV.

9. Trade and other payables

In USD	2020	2019
Trade payables and related party trade payables	7,227,422	6,899,428
Accrued liabilities	1,453,385	6,179,127
Other payables	2,406,768	2,290,838
Balance at 31 december	11,087,575	15,369,393

10. Bam Subsidy

In USD	2020	2019
Openings balance EU Financing	6,210,690	6,932,570
Reversal depreciation EU financing	-663,518	-721,880
Balance at 31 december	5,547,172	6,210,690

The BAM Subsidy (project "Banana Accompanying Measures") regards an agreement between the government of Suriname and the European Union to improve the operations of FAI N.V.

11. Government loan

In USD	2020	2019
Non- current liability	2,558,555	2,558,555
Balance at 31 december	2,558,555	2,558,555

This regards the liability of Stichting Behoud Bananen Sector assumed by the company as stipulated in the privatization agreement signed on January 23, 2014. In the privatization agreement is written that further agreements will be made.

12. Intercompany loans

In USD	2020	2019
Current-liability	-	26,088,344
Non- current liability	-	14,578,847
Balance at 31 december	-	40,667,191

The intercompany loan has been taken over by the government of Suriname.

13. Equity

Reference is made to the Statement of Changes in Shareholder's Equity.

Share capital

In USD	2020	2019
Authorized share capital, 10,000 shares at a SRD 100 per value	298,507	298,507
Subscribed share capital, 2,000 shares at a SRD 100 per value	59,746	59,746
Paid-up share capital, 100% of 2,000 shares at SRD 100	59,746	59,746

14. Revenue

In USD	2020	2019
Export sales	1,673,081	10,563,495
Quality control	1,613	-30,417
Quality claims	-615	562,889
	1,674,079	11,095,967
Local sales	1,405,260	1,465,361
Balance at 31 december	3,079,339	12,561,328

15. Cost of sales

In USD	2020	2019
Export costs	324,462	4,646,486
Production costs	8,078,178	13,189,801
Balance at 31 december	8,402,640	17,836,287

Export costs

In USD	2020	2019
Sea freight	145,768	3,148,083
Handling cost	18,532	348,700
Inland transport	104,227	374,739
Sales commission	19,201	466,583
Plugging	33,092	156,765
Transit cost	14,953	91,518
Insurance expenses	-11,795	58,978
Import duties & clearing	484	1,120
Balance at 31 december	324,462	4,646,486

Production costs

In USD	2020	2019
Personnel expenses	4,133,343	5,476,302
Depreciation and impairment losses	2,075,951	2,185,298
Packing material expenses	442,099	2,514,627
Fertilizers	176,416	607,326
Chemicals	577,548	1,324,870
Fuel and Lubricants	201,043	356,096
Spraying costs	269,167	311,084
Parts	103,088	199,180
Personnel protection equipment	61,552	104,258
Tools and equipment	23,592	54,470
Fruit care	18,336	39,944
Transport rejected fruits	-	-
Stock revaluation	-3,957	16,346
Realization MOKO Provision	-	-
Balance at 31 december	8,078,178	13,189,801

16. Other income

In USD	2020	2019
Government Subsidies for Salaries	2,418,880	-
Interest income	-	9
Interest on advance income	-	-8,868
Other income	58,452	351,453
Balance at 31 december	2,477,332	342,594

17. Personnel expenses

In USD	2020	2019
Salaries and wages	3,480,945	4,277,559
Health Insurance	380,706	597,532
Transport allowance	221,941	331,182
Incentive	168,188	234,066
Pension premium	157,799	173,065
Holidays allowance	139,722	277,127
Food allowance	15,814	69,881
Training and other social costs	4,273	2,155
	4,569,388	5,962,567
Allocated to the cost of sales	4,133,343	5,476,302
Balance at 31 december	436,045	486,265

18. General and administrative expenses

In USD	2020	2019
Management fees	35,192	156,736
Professional fees	147,473	461,141
Repair and maintenance	21,078	157,052
Travel and mission	5,343	106,970
Bank charges	9,618	16,331
Insurance	35,818	79,243
Representation	56,691	96,674
Office supplies	18,044	15,144
Mail and telecommunications	42,858	52,674
Advertising and publications	270	1,327
Rentals	162	7,602
Sponsorship and donations	-	149
Studies and research	-2,115	3,198
Others	37,613	70,224
Balance at 31 december	408,045	1,224,465

19. Housing expenses

In USD	2020	2019
Electricity	36,642	54,574
Maintenance and kitchen products	1,634	1,289
Gas and water supplies	8,920	10,385
Balance at 31 december	47,196	66,248

20. Depreciation and amortization

In USD	2020	2019
Property, plant and equipment	2,746,837	2,915,517
Reversal depreciation EU financing (BAM Subsidy)	-663,518	-721,880
Biological assets	593	7,120
Software	2,413	9,623
	2,086,325	2,210,380
Allocated to cost of sales	2,075,951	2,185,298
Balance at 31 december	10,374	25,082

The fair value movement of un-harvested fruit and impairment losses of biological assets are allocated to cost of sales.

21. Interest expenses

In USD	2020	2019
Interest on Government loan	475,790	398,629
Interest on Bank Loans	167,418	165,155
Interest on Intercompany loans	-	3,336,157
Balance at 31 december	643,208	3,899,941

22. Income tax

The company's taxable profit is subject to the income tax rate of 36%. For the period ended December 31, 2020 the company's operations resulted in a loss before tax of USD 3,138,203 hence no income tax is due. Losses of operation are compensable for an indefinite period and to be applied chronologically.

23. Contingencies

For group financing purposes, the company provided a first-ranking receivables assignment in respect of certain bank accounts and receivables.

24. Related party transactions and balances

In USD	2020	2019
<i>Sales</i>		
Agrisol SA	427,211	9,067,688
<i>Purchases of goods and services</i>		
Greenyard Supply Chain Services B.V.	3,678,147	4,382,054
De Weide Blik N.V.	140,679	129,338
<i>Interest</i>		
Interest expenses on intercompany loans	-	3,336,157
Interest expenses on government loans	167,418	165,155
	4,413,455	17,080,392

Management fees

The management fees for the period ended December 31, 2020 paid to the managing directors amounted to USD 34,967 (2019: 1,39,724).

Related party balances

As at December 31, 2020 the following are the related party balances:

In USD	2020	2019
Receivables- Agrisol SA	1,198,638	685,646
Payable- De Weide Blik N.V.	140,679	129,338
Intercompany loans	-	40,667,191
Government loans	2,588,555	2,588,555
Accrued interest- intercompany loans	-	4,887,582
Accrued interest- government loans	1,136,273	968,855
	5,064,144	49,927,167

25. Event(s) after end of the reporting period

After the unannounced departure in 2020 of the major shareholders (The Fruit Farm Group) leaving behind a huge debt, FAI was unable to meet its payment obligations.

To avoid bankruptcy of FAI, the State of Suriname has decided to take over FAI and become 100% shareholder from November 6, 2020. During the period from Feb 2020 to May 2021, FAI had an interim management. A credit mortgage was concluded in February 2020 for the amount of USD 7,000,000, = between FAI and HAKRINBANK N.V. On May 21, 2021, a new board of directors was appointed who started with a new plan. An assessment is made of, among other things, the cultivation condition of the plantings, the debts and disease pressure.

Management control system has been set up to migrate the spread of the Moko disease, as result the Moko is under control. In January 2022 the replanting started at Jarikaba Estate. Ultimo 2022 at Jarikaba estate 49.44 HA is planted and in Nickerie 45.54 HA. These replanting will ensure that FAI will increase her earning capacity.

Background

The banana industry is important to Suriname in several respects. Mention can be made of production and export, as well as the creation of employment. In order to be able to exercise the management deeds of the bankrupt Surland N.V., the Stichting Behoud Bananensector was established. The ultimate goal of the foundation was to develop initiatives for the restructuring and privatization of the banana sector. On January 23, 2014, the Food and Agriculture Industries N.V. (FAI) was founded. The Belgian company The Fruit Farm Group was 90% shareholder and the state of Suriname 10% within FAI N.V.

After the takeovers in November 2022 by the State of Suriname, a restructuring process has been set up in order to rebuild the banana sector. Urgent renovation work and investments are needed to bring the production areas of FAI in optimal condition. The renovation and investments include upgrading the drainage and irrigation infrastructure of the current production areas, maintenance and repair of equipment, investments in machinery, set-aside of areas and maintenance of non-producing areas and costs for Moko research.

Due to the precarious financial position of FAI, it will not be able to successfully implement the intended plan without the financial support of the Ministry of LVV. This is the reason why FAI requested the State of Suriname to support the implementation of the emergency plan and the first phase of planting. This support is given in the form of a loan to FAI worth SRD 31,277,325 to stimulate production.

From February 2020, monthly a fixed amount is transferred by the state in favor of FAI to guarantee/pay the salaries of the employees.

Other information

Statutory appropriation of result

In accordance with article 14 of incorporation the result for the year is at the disposal of the Annual General Meeting of Shareholders, who then determines how and when the profit distribution will be made available.

Appropriation of result

Awaiting a decision by the General Meeting of Shareholder, the net result for the year ended December 31, 2018 & 2019 & 2020 has been presented separately under accumulated deficit in the statement of changes in equity.

Members of the current supervisory board (2022)

Anand Ramkisoensing-	Chairman supervisory board
Leon Brunings-	Member
Rachel Breeveld-	Member
Lucretia Abende-	Member
Phililpe Dury-	Member

Chief excecuting officers and supervisory board members financial year 2020

Philip Tjang-A-Tjoi

Valere Deprez

Vincent Bocoquillion

Chief executing officers currently

Permila Bissumbhar
Nitesh Ramlakhan
Kamla Nanhoe
Anielkoemaar Kewal



Independent auditor's report

To: The Shareholders and Management Board of FOOD AND AGRICULTURE INDUSTRIES N.V.

A. Report on the audit of the financial statements 2020

OUR DISCLAIMER OF OPINION

We were engaged to audit the financial statements 2020 of FOOD AND AGRICULTURE INDUSTRIES N.V. based in Saramacca, Surinam.

We do not express an opinion on the accompanying financial statements of the company. Due to the significance of the matters described in the "Basis for our disclaimer of opinion" section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying financial statements as a whole.

The financial statements comprise:

1. statement of financial position as of December 31, 2020;
2. statement of comprehensive income for the year ended 2020;
3. statement of changes in shareholders' equity for the year ended 2020;
4. statement of cash flow statement for the year ended 2020, and
5. the notes comprising of a summary of the accounting policies and other explanatory information.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to the notes of the financial statements which indicate that the company incurred a net loss of USD 3,137,405 during the year ended December 31, 2020 and USD 7,884,167 for the year ended December 31, 2019.

There is significant doubt on the entity's ability to continue as a going concern and to continue its operations for the foreseeable future due to negative equity, substantial operating losses, significant deterioration of assets used to generate cash flows, significant uncertainty with respect to future cash flows and necessary additional financing. We are therefore obliged to point out that the entity may be unable to realize its assets and to discharge its liabilities in the normal course of business.

Basis for our disclaimer of opinion

The financial statements have been prepared on a going concern basis, which assume that the entity will be able to continue its operations in the future. When applying the going concern accounting, assets and liabilities are recognized on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The entity's ability to continue as a going concern is largely dependent on the availability of future financing. We were not able to obtain sufficient appropriate audit evidence regarding management's use of the going concern basis of accounting in preparing the financial statements.

Land, infrastructure, and buildings are subsequently carried at fair value. The fair value is based on the calculated depreciated replacement cost using the cost approach, considering the effect of lower market values of land, infrastructure, and buildings. We were not able to determine whether any adjustments were deemed necessary regarding the recognized fair value of land, infrastructure, and buildings.

Inadequate accounting records and internal controls caused uncertainty regarding calculated and recorded waste, produce and recorded sales. Because of this we were not able to obtain sufficient appropriate audit evidence regarding the completeness of the revenue recognition.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with "IFRS for Small and Medium-sized Entities". Furthermore, management is responsible for such internal control as 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements

using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cause significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with International Standards on Auditing. However, due to the matters described in the "Basis for our disclaimer of opinion" section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Paramaribo, January 17, 2023

Sheoratan Registeraccountants N.V.



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