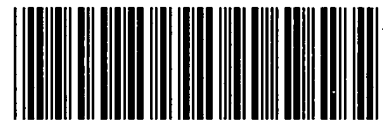


AGRIVER (UK) LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2014

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COMPANIES HOUSE

SLAVEN JEFFCOTE LLP
Chartered Certified Accountants & Statutory Auditor
1 Lumley Street
Mayfair
London
W1K 6TT

AGRIVER (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

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AGRIVER (UK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	S Shpak P Halevy
Company secretary	A Trager-Lewis
Registered office	c/o CH Hausmann & Co 5 De Walden Court 85 New Cavendish Street London W1W 6XD
Auditor	Slaven Jeffcote LLP Chartered Certified Accountants & Statutory Auditor 1 Lumley Street Mayfair London W1K 6TT
Bankers	Bank Leumi (UK) Plc 20 Stratford Place London United Kingdom W1N 9AF HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR

AGRIVER (UK) LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2014

BUSINESS REVIEW

The financial statements are denominated in Israeli Shekel (ILS). During a year, the company has seen a decrease in turnover by 6.08% from ILS 104,694,180 to ILS 98,284,945. The cost of sales has also decreased from ILS 102,405,997 to ILS 95,601,275 in the year under review. As a result the gross profit margin has increased marginally from 2.19% to 2.73%.

Overhead expenses have also decreased from ILS 1,820,733, to ILS 1,992,709 which led to the company making a pre-tax profit of ILS 293,539 compared to a pre-tax profit of ILS 123,279 in the previous year.

Shareholders' funds at the balance sheet date have increased from ILS 3,155,609 to ILS 3,390,440.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations with cash and working capital items such as trade debtors and trade creditors that arise directly from its operations.

The main financial risks arising are liquidity risk and credit risk. The director review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The Company manages this financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest surplus cash safely and profitably.

Credit risk

In order to manage credit risk, the director set working capital targets including debtor days. Outstanding balances are reviewed by credit controllers on a regular basis, in conjunction with debt aging, and the Company operates a robust collection procedure.

Signed on behalf of the directors

S Shpak

Director

Approved by the directors on

4/9/15

AGRIVER (UK) LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to ILS234,831. The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

S Shpak
P Halevy

P Halevy was appointed as a director on 2 October 2014.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AGRIVER (UK) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

AUDITOR

Slaven Jeffcote LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:

c/o CH Hausmann & Co
5 De Walden Court
85 New Cavendish Street
London
W1W 6XD

Signed on behalf of the directors

S Shpak

Director

Approved by the directors on


4/9/15

AGRIVER (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGRIVER (UK) LIMITED

YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Agriver (UK) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AGRIVER (UK) LIMITED

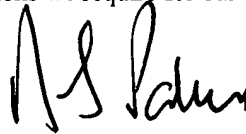
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGRIVER (UK) LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2014

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



NICHOLAS JOHN PALING (FCCA)
(Senior Statutory Auditor)
For and on behalf of
SLAVEN JEFFCOTE LLP
Chartered Certified Accountants
& Statutory Auditor

1 Lumley Street
Mayfair
London
W1K 6TT

4/9/15

AGRIVER (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2014

	Note	2014 ILS	2013 ILS
TURNOVER	2	98,284,945	104,694,180
Cost of sales		<u>95,601,275</u>	<u>102,405,997</u>
GROSS PROFIT		2,683,670	2,288,183
Administrative expenses		1,992,709	1,820,733
Other operating income	3	<u>–</u>	<u>(9,517)</u>
OPERATING PROFIT	4	690,961	476,967
Interest payable and similar charges	6	397,422	353,688
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>293,539</u>	<u>123,279</u>
Tax on profit on ordinary activities	7	58,708	24,656
PROFIT FOR THE FINANCIAL YEAR		<u>234,831</u>	<u>98,623</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 16 form part of these financial statements.

AGRIVER (UK) LIMITED

BALANCE SHEET

31 DECEMBER 2014

	Note	2014 ILS	2013 ILS
CURRENT ASSETS			
Debtors	8	25,478,471	21,379,249
Cash at bank and in hand		297,598	1,783,210
		<u>25,776,069</u>	<u>23,162,459</u>
CREDITORS: Amounts falling due within one year	9	<u>13,354,169</u>	<u>9,871,836</u>
NET CURRENT ASSETS		<u>12,421,900</u>	<u>13,290,623</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,421,900</u>	<u>13,290,623</u>
CREDITORS: Amounts falling due after more than one year	10	<u>9,031,460</u>	<u>10,135,014</u>
		<u>3,390,440</u>	<u>3,155,609</u>
CAPITAL AND RESERVES			
Called up equity share capital	12	6	6
Other reserves	13	2,423,606	2,423,606
Profit and loss account	14	966,828	731,997
SHAREHOLDERS' FUNDS	15	<u>3,390,440</u>	<u>3,155,609</u>

These accounts were approved by the directors and authorised for issue on 4/9/15, and are signed on their behalf by:

S Shpak

Company Registration Number: 06407287

The notes on pages 10 to 16 form part of these financial statements.

AGRIVER (UK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2014

	Note	2014 ILS	2013 ILS
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	4,981,394	4,820,263
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16	(397,422)	(353,688)
TAXATION	16	(55,661)	(27,312)
CASH INFLOW BEFORE FINANCING		<u>4,528,311</u>	<u>4,439,263</u>
FINANCING	16	(1,103,554)	(2,246,817)
INCREASE IN CASH	16	<u><u>3,424,757</u></u>	<u><u>2,192,446</u></u>

AGRIVER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Foreign currencies

Assets and liabilities in foreign currencies are translated into Israeli Shekels (ILS) at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Israeli Shekels at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2014 ILS	2013 ILS
United Kingdom	2,128,061	949,699
Overseas	96,156,884	103,744,481
	<u>98,284,945</u>	<u>104,694,180</u>

AGRIVER (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

3. OTHER OPERATING INCOME

	2014	2013
	ILS	ILS
Other operating income	<u>–</u>	<u>9,517</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2014	2013
	ILS	ILS
Directors' remuneration	–	–
Net (profit)/loss on foreign currency translation	(171,593)	337,921
Auditor's remuneration	<u>29,446</u>	<u>40,253</u>
	2014	2013
	ILS	ILS
Auditor's remuneration - audit of the financial statements	<u>29,446</u>	<u>40,253</u>

5. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	ILS	ILS
Interest payable on bank borrowing	<u>397,422</u>	<u>353,688</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014	2013
	ILS	ILS
Current tax:		
UK Corporation tax based on the results for the year at 20% (2013 - 20%)	<u>58,708</u>	<u>24,656</u>
Total current tax	<u>58,708</u>	<u>24,656</u>

AGRIVER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 20% (2013 - 20%).

	2014	2013
	ILS	ILS
Profit on ordinary activities before taxation	<u>293,539</u>	<u>123,279</u>
Profit on ordinary activities by rate of tax	<u>58,708</u>	<u>24,656</u>
Total current tax (note 7(a))	<u>58,708</u>	<u>24,656</u>

8. DEBTORS

	2014	2013
	ILS	ILS
Trade debtors	16,213,745	16,139,609
Amounts owed by group undertakings	1,283,118	-
Other debtors	7,843,805	5,118,175
Prepayments and accrued income	137,803	121,465
	<u>25,478,471</u>	<u>21,379,249</u>

The debtors above include the following amounts falling due after more than one year:

	2014	2013
	ILS	ILS
Other debtors	<u>5,946,690</u>	<u>5,117,947</u>

AGRIVER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

9. CREDITORS: Amounts falling due within one year

	2014 ILS	2013 ILS
Overdrafts	–	4,910,369
Trade creditors	3,124,217	3,827,296
Other creditors including taxation:		
Corporation tax	16,050	13,003
Other taxation	1,047,629	835,683
Other creditors	8,309,486	–
	<u>12,497,382</u>	<u>9,586,351</u>
Accruals and deferred income	856,787	285,485
	<u>13,354,169</u>	<u>9,871,836</u>

Included in Other creditors above are advances from HSBC Invoice Financing (UK) Limited in respect of an invoice financing arrangement, amounting to ILS 8,309,486.

The Company's lender, HSBC Invoice Finance (UK) Limited, has Fixed Charge security over the Company's non-vesting debts and Floating Charge in respect of its advances to the Company. The company's director, Mr P Halevy has also provided a guarantee limited to £100,000 as a security to the Company's lender.

10. CREDITORS: Amounts falling due after more than one year

	2014 ILS	2013 ILS
Amounts owed to group undertakings	7,250,503	9,238,810
Other creditors:		
Other creditors	1,780,957	896,204
	<u>9,031,460</u>	<u>10,135,014</u>

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from reporting related party transactions between Agriver (UK) Limited and its parent company, conferred by Financial Reporting Standard No. 8, on the grounds that the company is a wholly owned subsidiary and the parent undertaking prepares consolidated financial statements which include the company.

The ultimate parent company is Vered Flowers International Limited, a company registered in the British Virgin Island. Mr P Halevy, a director of Vered Flowers International Limited, owns 100% of the issued share capital of Vered Flowers International Limited and therefore is the ultimate controlling party.

12. SHARE CAPITAL

Allotted, called up and fully paid:

	2014 No	ILS	2013 No	ILS
Ordinary shares of ILS6.0335 each	<u>1</u>	<u>6</u>	<u>1</u>	<u>6</u>

AGRIVER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

13. OTHER RESERVES

	2014 ILS	2013 ILS
Other Reserves balance brought forward	<u>2,423,606</u>	<u>2,423,606</u>

14. PROFIT AND LOSS ACCOUNT

	2014 ILS	2013 ILS
Balance brought forward	731,997	633,374
Profit for the financial year	<u>234,831</u>	<u>98,623</u>
Balance carried forward	<u>966,828</u>	<u>731,997</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 ILS	2013 ILS
Profit for the financial year	234,831	98,623
Opening shareholders' funds	<u>3,155,609</u>	<u>3,056,986</u>
Closing shareholders' funds	<u>3,390,440</u>	<u>3,155,609</u>

16. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 ILS	2013 ILS
Operating profit	690,961	476,967
(Increase)/decrease in debtors	(4,099,222)	3,924,876
Increase in creditors	<u>8,389,655</u>	<u>418,420</u>
Net cash inflow from operating activities	<u>4,981,394</u>	<u>4,820,263</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014 ILS	2013 ILS
Interest paid	<u>(397,422)</u>	<u>(353,688)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(397,422)</u>	<u>(353,688)</u>

TAXATION

	2014 ILS	2013 ILS
Taxation	<u>(55,661)</u>	<u>(27,312)</u>

AGRIVER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

16. NOTES TO THE CASH FLOW STATEMENT *(continued)*

FINANCING

	2014 ILS	2013 ILS
Repayment of long-term amounts owed to group undertakings	(1,988,307)	9,238,810
Net inflow/(outflow) from other long-term creditors	<u>884,753</u>	<u>(11,485,627)</u>
Net cash outflow from financing	<u>(1,103,554)</u>	<u>(2,246,817)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014 ILS	2013 ILS
Increase in cash in the period	3,424,757	2,192,446
Net cash outflow from/(inflow) from long-term amounts owed to group undertakings	1,988,307	(9,238,810)
Net cash (inflow) from/outflow from other long-term creditors	<u>(884,753)</u>	<u>11,485,627</u>
	<u>4,528,311</u>	<u>4,439,263</u>
Change in net debt	4,528,311	4,439,263
Net debt at 1 January 2014	(13,262,173)	(17,701,436)
Net debt at 31 December 2014	<u>(8,733,862)</u>	<u>(13,262,173)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2014 ILS	Cash flows ILS	At 31 Dec 2014 ILS
Net cash:			
Cash in hand and at bank	1,783,210	(1,485,612)	297,598
Overdrafts	<u>(4,910,369)</u>	<u>4,910,369</u>	<u>—</u>
	<u>(3,127,159)</u>	<u>3,424,757</u>	<u>297,598</u>
Debt:			
Debt due after 1 year	<u>(10,135,014)</u>	<u>1,103,554</u>	<u>(9,031,460)</u>
Net debt	<u>(13,262,173)</u>	<u>4,528,311</u>	<u>(8,733,862)</u>

AGRIVER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

17. Ultimate Parent company

The company's ultimate parent undertaking at the balance sheet date is Vered Flowers International Limited, a company incorporated in the British Virgin Islands.

The company's immediate parent undertaking at the balance sheet date is Agriver Agriculture Limited, a company registered in Israel.

At the balance sheet date, the parent undertaking for which group accounts including Agriver (UK) Limited are drawn up is Agriver Agriculture Limited, a company registered in Israel. Copies of the consolidated accounts are available from the registered office:

P.O.Box 023
Tel Mond
4065001
Israel