Industrial Milk Company S.A. and its subsidiaries

Condensed Consolidated Interim Financial Statements

For the three months ended 31 March 2011

Industrial Milk Company S.A. is one of few highly efficient agricultural businesses in Ukraine. The Group is an integrated agricultural business located in central and northern Ukraine, operating in the Poltava and Chernihiv clusters. The Group focuses on:

- the cultivation of certain crops, predominantly consisting of corn, wheat, sunflower, soybean and potatoes;
- crop storage and processing; and;
- milk production.

Key operational highlights

- Industrial Milk Company S.A. have increased land bank to 38300 hectares in 2011 compare with 35500 hectares in 2010. It will increase planting area for this year by 2800 hectares or 8%.
- 8000 hectares of winter crops is in a good condition.
- IMC have prepared the land for spring sowing, optimized crop rotation, extended share part most profitable crops potato, corn, sunflower.

Commenting on the results, Ievgen Osypov, Chief Executive Officer of Industrial Milk Company S.A., said:

> **"In our business the first quarter is the time for preparation of planting season. We are 100% ready with our team, machinery, equipment and raw materials.**
> **In May 2011 we successfully completed IPO on WSE. We fully understand our responsibility of being a public company. IMC management team aims to be a leader in consolidation of agribusiness in Ukraine and maintain the high level of its efficiency."**

Key financial highlights

Total revenue was USD 9,82 million for the 3-month period under review as compared to USD 7,6 million for the 1st quarter of financial year 2010, a 29.2 percent year-on-year increase;

Result from operating activities was USD 524 thousand for the 3-month period under review as compared to USD -628 thousand for the 1st quarter of financial year 2010;

Net profit attributable to equity holders of Industrial Milk Company S.A. was USD 110 thousand for the 3-month period under review as compared to USD -22 thousand for the 1st quarter of financial year 2010**.**

CONTENTS

SELECTED FINANCIAL DATA AS OF 31 MARCH 2011
(in USD thousand, unless otherwise stated)

	for the 3-month period ended 31 March	2011	2010
I.	Revenue	8144	7598
II.	Operating profit/(loss)	524	(628)
III.	Profit/(loss) before income tax	158	(940)
IV.	Net profit/(loss)	103	(64)
V.	Net cash flow from operating activity	162	1507
VI.	Net cash flow from investing activity	(1184)	(1312)
VII.	Net cash flow from financing activity	21	(128)
VIII.	Total net cash flow	(1001)	67
IX.	Total assets	86667	83218
X.	Share capital	46	46
XI.	Total equity	66724	48176
XII.	Non-current liabilities	11446	9680
XIII.	Current liabilities	8497	25362
XIV.	Weighted average number of shares	24 800 000	24 800 000
XV.	Profit/(loss) per ordinary share (in USD)	0,00	(0,00)
XVI.	Book value per share (in USD)	2,80	1,78

Ievgen Osypov
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

CONDENSED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March
(in USD thousand, unless otherwise stated)

CONTINUING OPERATIONS	Notes	31 March 2011 (unaudited)	31 December 2010 (audited)	31 March 2010 (unaudited)
Revenue	3	8144	34820	7598
Net change in fair value of biological assets and agricultural produce, net		1676	10216	-
Cost of Sales	4	(8625)	(28476)	(7716)
GROSSE INCOME		**1195**	**16560**	**(118)**
Administrative expenses	5	(614)	(2106)	(419)
Selling and distribution costs	6	(149)	(952)	(398)
Other operating income	7	374	4045	558
Income from the exchange of property certificates		91	-	-
Other operating expenses	8	(217)	(1560)	(148)
Write-offs of property, plant and equipment		(156)	(1073)	(103)
Loss on revaluation of other property, plant and equipment		-	(422)	-
OPERATING INCOME		**524**	**14492**	**(628)**
Financial expenses, net	9	(366)	(1865)	(312)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**158**	**12627**	**(940)**
Income tax (expense) / income	10	(55)	2146	876
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**103**	**14773**	**(64)**
Net profit attributable to:				
Owners of the parent company		110	14374	(22)
Non-controlling interests		(7)	399	(42)
OTHER COMPREHENSIVE INCOME				
Effect of revaluation of property, plant and equipment			4438	
Deferred tax charged directly to revaluation reserve		95	(95)	9
Effect of foreign currency operations		(677)	92	236
TOTAL OTHER COMPREHENSIVE INCOME		**(582)**	**4435**	**245**
TOTAL COMPREHENSIVE INCOME		**(479)**	**19208**	**181**
Comprehensive income attributable to:				
Owners of the parent company		(397)	18687	211
Non-controlling interests		(82)	521	(30)

Ievgen Osypov
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

Notes on pages 10 - 31 form an integral part of these Condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March
(in USD thousand, unless otherwise stated)

ASSETS	Notes	31 March 2011 (unaudited)	31 December 2010 (audited)	31 March 2010 (unaudited)	31 December 2009 (audited)
Non-current assets					
Property, plant and equipment	12	53516	54025	51781	51891
Intangible assets	13	420	306	250	250
Non-current biological assets	14	4763	4657	3065	3179
Deferred tax assets		139	203	280	946
Other non-current assets	15	40	203	475	10
Total non-current assets		**58878**	**59394**	**55851**	**56276**
Current assets					
Inventories	16	12247	13030	11951	14248
Current biological assets	17	8719	6100	4411	3783
Trade accounts receivables, net	18	887	3780	709	1278
Prepayments and other current assets, net	19	4950	3147	10184	10870
Income tax prepaid		-	-	-	-
Cash and cash equivalents		986	1989	112	48
Total current assets		**27789**	**28046**	**27367**	**30227**
TOTAL ASSETS		**86667**	**87440**	**83218**	**86503**
LIABILITIES AND EQUITY					
Equity attributable to the owners of the parent company					
Share capital	20	46	46	46	46
Revaluation reserve		15071	15622	13004	13422
Retained earnings		70858	69897	46757	46352
Effect of foreign currency translation		(16613)	(15806)	(15663)	(15887)
Total equity attributable to owners of the parent company		**69362**	**69759**	**44144**	**43933**
Non-controlling interests		(2638)	(2556)	4032	4062
Total equity		**66724**	**67203**	**48176**	**47995**
Non-current liabilities					
Long-term loans and borrowings	21	8227	8676	5137	5736
Deferred tax liabilities		3219	3322	4543	6096
Total non-current liabilities		**11446**	**11998**	**9680**	**11832**
Current liabilities					
Current portion of long-term borrowings	21	2064	1802	1445	1044
Short-term loans and borrowings	22	1963	1716	18475	19482
Trade accounts payable		1601	504	1775	931
Other current liabilities and accrued expenses	23	2869	4217	3667	5216
Income tax payable		-	-	-	3
Total current liabilities		**8497**	**8239**	**25362**	**26676**
TOTAL LIABILITIES AND EQUITY		**86667**	**87440**	**83218**	**86503**

Ievgen Osypov
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

Notes on pages 10 - 31 form an integral part of these Condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March
(in USD thousand, unless otherwise stated)

Unaudited	Share capital	Revaluation reserve	Retained earnings	Effect of foreign currency translation	Total	Non-controlling interests	Total equity
As at 31 December 2010	**46**	**15622**	**69897**	**(15806)**	**69758**	**(2556)**	**67203**
Profit for the period	-	-	110	-	**110**	(7)	**103**
Amortization of revaluation reserve	-	(427)	427	-	**-**	-	**-**
Deferred tax charged directly to amortization of revaluation reserve	-	95	-	-	**95**	-	**95**
Other comprehensive income	-	-	-	(602)	**(602)**	(75)	**(677)**
Total comprehensive income	**0**	**(332)**	**537**	**(602)**	**(397)**	**(82)**	**(479)**
Changes in equity as a result of change in ownership share in the subsidiary	-	-	-	-	**-**	-	**-**
As at 31 March 2011	**46**	**15290**	**70434**	**(16408)**	**69361**	**(2638)**	**66724**
As at 31 December 2009	**46**	**13422**	**46352**	**(15887)**	**43933**	**4062**	**47995**
Profit for the period	-	-	(22)	-	**(22)**	(42)	**(64)**
Amortization of revaluation reserve	-	(427)	427	-	**-**	-	**-**
Deferred tax charged directly to amortization of revaluation reserve	-	9	-	-	**9**	-	**9**
Other comprehensive income	-	-	-	224	**224**	12	**236**
Total comprehensive income	**0**	**(418)**	**405**	**224**	**211**	**(30)**	**181**
Changes in equity as a result of change in ownership share in the subsidiary	-	-	-	-	**-**	-	**-**
As at 31 March 2010	**46**	**13004**	**46757**	**(15663)**	**44144**	**4032**	**48176**

Ievgen Osypov
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

Notes on pages 10 - 31 form an integral part of these Condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the three months ended 31 March
(in USD thousand, unless otherwise stated)

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax from continuing operations		158	(940)
Adjusted to reconcile profit before tax with net cash used in operating activities:			
Depreciation and amortization	11	1146	907
Losses from impairment of PPE	8	0	0
Loss on disposal of other property, plant and equipment		37	7
Write-offs of property, plant and equipment		156	103
Interest income	9	(13)	(1)
Interest expenses	9	352	347
Expenses for doubtful debts	8	0	0
Loss (gain) on currency exchange rate fluctuations, net	9	32	(34)
Losses from impairment of inventoties	8	40	45
Provisions for audit		0	0
Provisions for vacations		0	0
Income from the exchange of property certificates		(91)	0
Income from changes in fair value of biological assets and agricultural produce, net		(1676)	0
Cash flows from operating activities before changes in working capital		**141**	**435**
Increase / decrease in accounts receivable		2893	569
Increase in prepayments and other current assets		(1534)	821
Decrease / increase in inventories		783	2297
Decrease / increase in current biological assets		(2619)	(628)
Decrease / increase in accounts payable		902	844
Increase in other current liabilities and accrued expenses		(51)	(2478)
Cash flows from operations		**515**	**1860**
Interest paid		(353)	(353)
Income tax paid		0	0
Net cash flows from operating activities		**162**	**1507**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(945)	(937)
Purchase of intangible assets		0	(54)
Proceeds from other current assets		(116)	(171)
Decrease/increase in non-current biological assets		(123)	(150)
Acquisition of the subsidiary		0	0
Net cash flows from investing activities		**(1184)**	**(1312)**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS CONTINUED
For the three months ended 31 March
(in USD thousand, unless otherwise stated)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term and short-term borrowings	556	2104
Repayment of long-term and short-term borrowings	(503)	(2202)
Repayment of lease liabilities	(32)	(30)
Net cash flows from financing activities	**21**	**(128)**
NET CASH FLOWS	**(1001)**	**67**
Cash and cash equivalents as at the beginning of the period	**1989**	**48**
Net foreign exchange difference	(2)	(3)
Cash and cash equivalents as at the end of the period	**986**	**112**

Ievgen Osypov
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

(in USD thousand, unless otherwise stated)

1. Corporate information

Industrial Milk Company S.A. (the "Parent or "Industrial Milk Company S.A."), a limited liability company registered under the laws of Luxembourg, was formed on 28 December 2010. Industrial Milk Company S.A. was formed to serve as the ultimate holding company of Unigrain Holding Limited and its subsidiaries. The registered address of Industrial Milk Company S.A. is 16, Avenue Pasteur, L-2310, Luxembourg.

In the course of the corporate reorganisation a sub-holding company under Industrial Milk Company S.A., Unigrain Holding Limited, was established and through a series of transactions became the immediate parent of Burat-Agro, Ltd., Burat, Ltd., Chernihiv Industrial Milk Company, Ltd.. CJSC Mlibor and OJSC Poltava Kombilormoviy Zavod belong directly to Burat, Ltd., and Zemelniy Kadastroviy Centr SA belongs directly to Chernihiv Industrial Milk Company, Ltd. As a result of these transactions (referred to as the "Restructuring") Industrial Milk Company S.A. indirectly owns all indicated above companies.

The subsidiaries and the principal activities of the companies comprising the Group were as follows:

Operating entity	Principal activity	Country of registration	Year established/acquired	Cumulative ownership ratio, %			
				31 March 2011	31 December 2010	31 March 2010	31 December 2009
Industrial Milk Company SA	Holding company	Luxembourg	2010-12-28	100,00	100,00	100,00	100,00
Unigrain Holding Limited	Subholding company	Cyprus	2009-06-02	100,00	100,00	100,00	100,00
Burat-Agro, Ltd.	Agricultural and farming production	Ukraine	2007-12-31	100,00	96,00	96,00	96,00
Burat, Ltd.	Agricultural products processing	Ukraine	2007-12-31	100,00	97,60	97,60	97,60
Chernihiv Industrial Milk Company, Ltd.	Production of cattle milk and meat, oil-yielding and grain crops cultivation	Ukraine	2007-12-31	100,00	100,00	100,00	100,00
CJSC Mlibor	Flour grinding	Ukraine	2008-05-31	71,82	71,82	61,20	61,20
OJSC Poltava Kombilormoviy Zavod	Granting of PPE into finance lease	Ukraine	2007-12-31	85,48	85,48	85,48	85,48
Zemelniy Kadastroviy Centr SA	Dormant	Ukraine	2010-11-23	100,00	100,00	-	-

2. Basis of preparation of the consolidated financial statements and summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board, and in accordance with adopted accounting policy.

Companies comprising the Group which are incorporated in Ukraine maintain their accounting records in accordance with Ukrainian regulations. The financial information has been prepared from those accounting records and adjusted as management considers necessary in order to comply with IFRS.

In preparation of these consolidated financial statements the management used their best knowledge of International Financial Reporting Standards and interpretations, facts and circumstances that can affect these consolidated financial statements.

Basis of measurement

The consolidated financial statements are prepared under historical cost basis except for the revalued amounts of property, plant and equipment, biological assets and agricultural produce.

The Group's management has decided to present and measure these consolidated financial statements in US Dollars for the purposes of convenience of users of these financial statements.

Ukrainian statutory accounting principals and procedures differ from those generally accepted under IFRS. Accordingly, the consolidated financial statements, which have been prepared from the Ukrainian statutory accounting records for the entities of the Group domiciled in Ukraine, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Use of estimates

The preparation of these consolidated financial statements involves the use of reasonable accounting estimates and requires the management to make judgments in applying the Group's accounting policies. Note 4 contains areas, related to a high degree of importance or complexity in decision-making, or areas where assumptions and estimates are important for the special purpose pro-forma consolidated statement of comprehensive income.

Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). For the companies of the Group operating in Ukraine the Ukrainian Hryvna ("UAH") is the functional currency. For the companies operating in Cyprus and Luxembourg the functional currency is Euro ("EUR").

These consolidated financial statements are presented in the United States Dollars ("USD"), unless otherwise indicated.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All exchange differences are taken to the statement of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the statement of comprehensive income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The principal exchange rates used in the preparation of these consolidated financial statements are as follows:

(in USD thousand, unless otherwise stated)

Currency	31 March 2011	Average for 3 months ended 31 March 2011	31 December 2010	31 March 2010	Average for 3 months ended 31 March 2010	31 December 2009
UAH/EUR	11,215640	10,849080	10,573100	10,684485	11,072080	11,448893
UAH/USD	7,960000	7,944950	7,961700	7,925000	7,987710	7,985000

Restructuring

In 2010, the Group was restructured as shown in Note 1. During the restructuring, all the ownership rights for the Group's companies were concentrated in the established parent company, holder of investments.

In preparation of these condensed consolidated interim financial statements the assumption was used that parent company, which was legally incorporated on 28 December 2010, and subsidiary companies comprising the Group existed with the same structure prior to restructuring, starting from 31 December 2007.

Until 28 December 2010, the parent company had no direct or indirect participation in equity of the companies included into these consolidated financial statements. Shares in the equities of these companies belonged to companies and individuals, controlled by the direct owners of the parent company. During the restructuring, all rights of control over the subsidiaries were transferred to the parent company.

The following key assumptions were made in the preparation of consolidated statement of comprehensive income:

- Restructuring of the Group was completed before 31 December 2010;
- The parent company owned a share in equities of subsidiary companies;
- Rights of control over the subsidiaries were determined on the basis of cumulative ownership ratio of all the companies which are controlled by the direct owners of the parent company.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Financial statements of parent company and its subsidiaries, which is used while preparing the consolidated financial statements, should be prepared as at the same date on the basis of consistent application of accounting policy for all companies of the Group.

Property, plant and equipment

Property, plant and equipment are shown at revalued price, based on periodic annual valuations by external independent valuers, less subsequent accumulated depreciation. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

If there is no data about the market value of property, plant and equipment due to the nature of highly specialized machinery and equipment, such objects are evaluated according to acquisition expenses under present-day conditions, adjusted by an ageing percentage.

Valuations are performed frequently enough to ensure that the fair value of a remeasured asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Previously recognized property, plant and equipment or their essential component is written-off on their disposal or in case if future economic benefits from use or disposal of such asset are expected. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included to the other incomes (expenses) in the income statement when the asset is derecognised.

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognised. Depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings 15-35 years
- Machinery 5-15 years
- Motor vehicles 5-15 years
- Other assets 5-10 years

Construction in progress comprises costs directly related to the construction of property, plant and equipment, as well as the relevant variable and fixed overhead costs related to the construction. These assets are depreciated from the moment when they are ready for operation.

Income from the exchange of property certificates

According to IAS 16 "Property, Plant and Equipment" in the case when the items of property, plant and equipment are acquired in exchange for non-cash asset (property certificate), the initial value of such assets is estimated at fair value. The difference between the price paid for property certificates and the fair value of received items of property, plant and equipment is recognized as income in the period of the exchange operation.

Biological assets

The following categories of biological assets are distinguished by the Group:

- Non-current biological assets of plant-breeding at fair value;
- Non-current biological assets of cattle-breeding at fair value;
- Current biological assets of plant-breeding measured at fair value;
- Current biological assets of cattle-breeding measured at fair value.

The Group assesses a biological asset at initial recognition and at each balance sheet date at fair value less estimated point-of-sale costs, except the cases where the fair value cannot be determined with reasonable assurance.

The fair value of field-planting is defined on the basis of historical cost of such assets as at the balance sheet date, due to insignificance of biological transformation, which occurred since the date when corresponding expenses were incurred.

Determination of fair value of biological assets

Due to an absence of an active market for cattle and pigs, and biological assets-plants in Ukraine, to determine the fair value of biological assets, the Group used the discounted value of net cash flows expected from assets as at reporting date.

The carrying amount of biological assets is determined at each balance sheet date as their fair value less estimated selling and distribution expenses. Fair value is determined based on market prices at each balance sheet date.

Gains or losses from movements in the fair value of biological assets, less estimated selling and distribution expenses of the Group are recorded in the period they incurred.

The Group capitalizes cattle-breeding expenses between the reporting dates into the cost of biological assets.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in other expenses in the year in which the expenditure is incurred.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods includes costs of raw materials, direct labor and other direct productions costs and related production overheads (based on normal operating capacity).

The Group periodically analyses inventories to determine whether they are damaged, obsolete or slow-moving or if their net realizable value has declined, and makes an allowance for such inventories. If such situation occurred, the sum remissive the cost of inventories should be reflected as a part of other expenses in statement of comprehensive income.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

i) Group as a lessee

Leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are classified as finance leases. Assets held under finance lease are included in property, plant and equipment since the commencement of lease at the lower of the fair value of leased property and present value of minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of comprehensive income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

ii) Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables include trade and other accounts receivable. Lendings given are financial assets, that appeared owing to issuance of means to debtor.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Borrowings issued are measured at amortized cost less impairment losses.

Prepayments issued and other accounts receivable, that are not financial assets

Prepayments issued are reflected at nominal value less VAT and accumulated impairment losses, other current assets are reflected at nominal value less accumulated impairment losses.

Impairment of prepayments issued is recognized under objective evidences that total amount of liability will not be repaid in compliance with terms of financial lease agreements , including while receiving the information about the significant financial straits of the debtor, possibility of composition in bankruptcy or probability of debtor's reorganization, while delivery breakdown and etc.

Taxes

Depending on the nature of activity, companies of the Group incorporated in Ukraine fall under different taxation systems:

The Group's company	Taxation system
Burat-Agro, Ltd.	Simplified taxation system (fixed agricultural tax)
Burat, Ltd.	Common taxation system
Chernihiv Industrial Milk Company, Ltd.	Simplified taxation system (fixed agricultural tax)
CJSC Mlibor	Common taxation system
OJSC Poltava Kombilormoviy Zavod	Common taxation system
Zemelniy Kadastroviy Centr SA	Common taxation system

The activities of the companies under the simplified taxation system and registered as fixed agricultural tax payers are governed by the Law of Ukraine «On fixed agricultural tax».

Income tax

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

Income tax expenses are recorded as expenses or income in the consolidated statement of comprehensive income, except when they relate to items directly attributable to other comprehensive income (in which case the amount of tax is taken to other comprehensive income), or when they arise at initial recognition of company acquisition.

i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

ii) Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Value added tax (VAT)

VAT output equals the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer. VAT input is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. Rights to VAT input arise on the earlier of the date of payment to the supplier or the date goods are received.

Revenue, expenses and assets are recognized less VAT amount, except cases, when VAT arising on purchases of assets or services, is not recoverable by tax authority; in this case VAT is recognized as part of purchase costs or part of item of expenses respectively. Net amount of VAT, recoverable by tax authority or paid, is included into accounts receivable and payable, reflected in consolidated statement of financial position.

Share capital

Ordinary shares are classified as equity. Nominal value of share capital of Parent company is specified in Note 25.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Loans and borrowings

Borrowings initially recognized at fair value less transaction costs, are subsequently recorded at amortized cost; any difference between amount of received resources and sum to repayment is recorded as interest cost at effective interest rate method during the period, when borrowings were received.

Borrowings are classified as current liabilities except the cases, when Group has vested right reschedule liability payments at least for 12 months since the reporting date.

Revenue recognition

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at fair value of consideration amount received or receivable for the sale of goods and services in the ordinary course of the Group's business activities. Revenue is recorded excluding taxes and duties on sales, discounts and intercompany transactions.

i) Sales of goods

The Group manufactures and sells a range of products stated in Note 1. Revenue from sales of goods are recognized when a Group entity has delivered products to the purchaser and there is no unfulfilled obligation that could affect the purchaser's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the purchaser, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

ii) Rendering of services

Revenue from rendering services is recognized on the basis of the stage of work completion under each contract. When financial result can be measured reliably, revenue is recognized only to the extent of the amount of incurred charges, which can be recovered.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment income resulting from temporary investment of received borrowing costs, until their expensing for the purchase of capital construction objects, shall be deducted from the cost of raising borrowing costs that may be capitalized.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of a cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value of an asset less costs to sell and its value in use.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive income.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. The Group discloses information about contingent liabilities in the Notes to financial statements, except in cases where fulfilment of contingent liabilities is unlikely, because of the remoteness of the event (possible repayment period is more than 12 months).

The Group constantly analyzes contingent liabilities to determine the possibility of their repayment. If the repayment of a liability, which was previously characterized as contingent, becomes probable, the Group records the provision for the period in which repayment of the obligation has become probable.

Contingent assets are not recognized in the financial statements, but disclosed in the Notes where there is a reasonable possibility of future economic benefits.

Value of property, plant and equipment

As at 31 December 2007, the date of the first-time adoption of IFRS, the fair value of property, plant and equipment was used as their cost.

The Group engaged an independent appraiser to determine the fair value of property, plant and equipment as at 31 December 2007, 2009 and 2010. In respect of portion of property, plant and equipment, the cost plus method was used due to lack of comparable market data, because of the nature of real estate. The cost plus method is adjusted by the income method data, which is based on the discounted cash flow model. This model is most sensitive to the discount rate, as well as to the expected cash flows and growth rates used for the extrapolation purposes. Judgments of the Group in determining the indices used in the appraisers' calculations may have a significant effect on the determination of fair value of property, plant and equipment, and hence on their carrying amount.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Inventories

As at the reporting date the Group assesses the need to reduce the carrying amount of inventories to their net realizable value. The measurement of impairment is based on the analysis of market prices for similar inventories existing at the reporting date and published in official sources. Such assessments can have a significant impact on the carrying amount of inventories.

Besides, at each balance sheet date, the Group assesses inventories for surplus and obsolescence and determines the allowance for obsolete and slow moving inventories. Changes in assessment can influence the amount of required allowance for obsolete and slow moving inventories either positively or negatively.

Trade and other accounts receivable

Accounts receivable are recorded in the financial statements at net realizable value, less allowance for doubtful debts. Allowance for doubtful debts is calculated on the basis of the assessment of possible losses in existing balances of accounts receivable. In forming the allowance, management takes into account many factors, including general economic conditions, specifics of industry and history of customer servicing. Uncertainties associated with changes in financial position of customers, both positive and negative, can also affect the amount and timing of allowance for doubtful debts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

3. Revenue

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Revenue from sales of finished products		7870	7367
Revenue from services rendered		274	231
Total revenue		**8144**	**7598**

4. Cost of sales

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Raw materials		(1936)	(2772)
Change in inventories and work-in-progress		(3246)	(967)
Wages and salaries of operational personnel and related charges		(787)	(870)
Depreciation	11	(1002)	(846)
Third parties' services		(634)	(975)
Fuel and energy supply		(549)	(707)
Rent		(252)	(349)
Repairs and maintenance		(206)	(182)
Taxes and other statutory charges		(11)	(45)
Other expenses		(3)	(2)
Total cost of sales		**(8625)**	**(7716)**

5. Administrative expenses

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Wages and salaries of administrative personnel and related charges		(364)	(254)
Third parties' services		(34)	(36)
Repairs and maintenance		(17)	(13)
Depreciation and amortisation	11	(32)	(25)
Bank services		(28)	(13)
Professional services		(32)	(5)
Transport expenses		(43)	(31)
Taxes, except for the income tax		-	-
Other expenses		(64)	(42)
Total administrative expenses		**(614)**	**(419)**

(in USD thousand, unless otherwise stated)

6. Selling and distribution expenses

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Wages and salaries of sales personnel and related charges		(22)	(21)
Depreciation	11	(22)	(16)
Delivery costs		(52)	(214)
Other expenses		(53)	(147)
Total selling and distribution expenses		**(149)**	**(398)**

7. Other operating income

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Government grants and subsides recognised as income		-	139
Income from subsidized VAT		349	324
Gain on disposal of inventories		1	(3)
Other		24	98
Total other operating income		**374**	**558**

8. Other operating expenses

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Write-offs of VAT		-	-
Shortages and losses due to impairment of inventories		(40)	(45)
Allowance for doubtful accounts receivable		-	-
Fines and penalties		(1)	-
Lost crops		-	(13)
Depreciation	11	(89)	(20)
Wages and salaries of non-operating personnel and related charges		(7)	(6)
Loss on disposal of other property, plant and equipment		(37)	(7)
Loss on disposal of VAT bonds		-	-
Other		(43)	(57)
Total other operating expenses		**(217)**	**(148)**

9. Financial expenses, net

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Interest income on bank deposits		13	1
Loss from sale of currency		5	-
Loss from exchange differences		(32)	34
Interest expenses on loans and borrowings		(352)	(347)
Other		-	-
Total financial expenses, net		**(366)**	**(312)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

10. Income tax (expense) / income

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Current income tax		-	-
Deferred tax		(55)	876
Total income tax (expense) / income , net		**(55)**	**876**

11. Depreciation and amortisation

for the 3-month period ended 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Depreciation			
Cost of sales	4	(1002)	(846)
Administrative expenses	5	(32)	(25)
Selling and distribution expenses	6	(22)	(16)
Depreciation of non-operating property, plant and equipment	8	(89)	(20)
Total depreciation		**(1145)**	**(906)**
Amortisation			
Administrative expenses	5	(1)	(1)
Total depreciation and amortisation		**(1146)**	**(907)**

(in USD thousand, unless otherwise stated)

12. Property, plant and equipment

for the 3-month period ended 31 March	Land and buildings	Machinery	Motor vehicles	Other	Construction in progress	Total
Initial costs						
31 December 2009	**37712**	**12602**	**5819**	**851**	**654**	**57638**
Additions	167	218	68	23	53	529
Additions from acquisition of subsidiaries	-	-	-	-	-	-
Disposals	(52)	(68)	(25)	(1)	0	(146)
Additions from revaluation	-	-	-	-	-	-
Reduction from revaluation decrease	-	-	-	-	-	-
Effect from translation into presentation currency	286	97	44	7	5	439
31 March 2010	**38114**	**12848**	**5906**	**880**	**712**	**58461**
31 December 2010	**39042**	**17418**	**6592**	**1022**	**1006**	**65080**
Additions	31	918	23	6	-	979
Additions from acquisition of subsidiaries	-	-	-	-	-	-
Disposals	(168)	(91)	(38)	(0)	(130)	(428)
Additions from revaluation	-	-	-	-	-	-
Reduction from revaluation decrease	-	-	-	-	-	-
Effect from translation into presentation currency	9	2	1	0	0	13
31 March 2011	**38914**	**18247**	**6579**	**1028**	**876**	**65644**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

for the 3-month period ended 31 March	Land and buildings	Machinery	Motor vehicles	Other	Construction in progress	Total
Accumulated depreciation						
31 December 2009	**(1784)**	**(2277)**	**(1079)**	**(607)**	**-**	**(5747)**
Depreciation for the period	(329)	(354)	(173)	(51)	-	(906)
Additions from acquisition of subsidiaries	-	-	-	-	-	-
Disposals	4	14	5	0	-	24
Additions from revaluation	-	-	-	-	-	-
Reduction from revaluation decrease	-	-	-	-	-	-
Effect from translation into presentation currency	(16)	(20)	(9)	(5)	-	(50)
31 March 2010	**(2125)**	**(2636)**	**(1256)**	**(662)**	**-**	**(6680)**
31 December 2010	**(3189)**	**(5049)**	**(2037)**	**(780)**	**-**	**(11055)**
Depreciation for the period	(335)	(560)	(200)	(50)	-	(1145)
Additions from acquisition of subsidiaries	-	-	-	-	-	-
Disposals	16	42	14		-	72
Additions from revaluation	-	-	-	-	-	-
Reduction from revaluation decrease	-	-	-	-	-	-
Effect from translation into presentation currency	-	-	-	-	-	-
31 March 2011	**(3508)**	**(5567)**	**(2223)**	**(830)**	**-**	**(12128)**
Net book value						
As at 31 March 2010	**35989**	**10212**	**4650**	**218**	**712**	**51781**
As at 31 March 2011	**35405**	**12681**	**4355**	**198**	**876**	**53516**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

13. Intangible assets

for the 3-month period ended 31 March	Computer software	Property certificates	Total
Initial costs			
31 December 2009	**19**	**249**	**268**
Additions	-	-	-
Additions from acquisition of subsidiaries	-	-	-
Effect from translation into presentation currency	-	1	1
31 March 2010	**19**	**250**	**269**
31 December 2010	**31**	**298**	**329**
Additions	-	134	134
Additions from acquisition of subsidiaries	-	(19)	(19)
Effect from translation into presentation currency	-	-	-
31 March 2011	**31**	**413**	**444**
Accumulated amortisation			
31 December 2009	**(10)**	**(8)**	**(18)**
Amortisation for the period	(1)	-	(1)
Additions from acquisition of subsidiaries	-	-	-
Effect from translation into presentation currency	-	-	-
31 March 2010	**(11)**	**(8)**	**(19)**
31 December 2010	**(15)**	**(8)**	**(23)**
Amortisation for the period	(1)	-	(1)
Additions from acquisition of subsidiaries	-	-	-
Effect from translation into presentation currency	-	-	-
31 March 2011	**(16)**	**(8)**	**(24)**
Net book value			
As at 31 March 2010	**8**	**242**	**250**
As at 31 March 2011	**15**	**405**	**420**

14. Non-current biological assets

As at 31 March	2011 (unaudited)	2010 (unaudited)
Non-current biological assets - animal-breeding		
Cattle	4741	3024
Pigs	-	15
Total non-current biological assets - animal-breeding	**4741**	**3039**
Non-current biological assets - plant-breeding		
Perennial grasse	22	26
Total non-current biological assets	**4763**	**3065**

(in USD thousand, unless otherwise stated)

As at 31 March	2011 (unaudited)	2010 (unaudited)
Cattle		
Cattle, units	2953	2968
Live weight, kg	1225391	1229257
Book value	4741	3024
Pigs		
Pigs, units	-	47
Live weight, kg	-	5454
Book value	-	15
Perennial grasses		
Area, ha	289	283
Book value	22	26

15. Other non-current assets

As at 31 March	2011 (unaudited)	2010 (unaudited)
Prepayments for property, plant and equipment	30	472
Other non-current assets	10	3
Total other non-current assets	**40**	**475**

16. Inventories

As at 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Work-in-progress	a)	3492	2430
Agricultural produce	b)	3528	5847
Agricultural materials		3888	2310
Raw materials		168	110
Spare parts		602	538
Fuel		493	221
Other inventories		76	495
Total inventories		**12247**	**11951**

a) Work-in-progress includes expenses on works connected with preparation of the lands for the future harvest obtained from the biological assets of plant growing.

(in USD thousand, unless otherwise stated)

b) As at the reporting dates agricultural produce was presented as follows:

As at 31 March	**2011 (unaudited)**	**2010 (unaudited)**
Corn	1380	2321
Wheat	25	1509
Sunflower	16	6
Potate	429	66
Lupin	95	18
Hay	351	353
Silage	727	297
Soya	363	843
Other	142	434
Total agricultural produce	**3528**	**5847**

17. Current biological assets

As at 31 March	**2011 (unaudited)**	**2010 (unaudited)**
Current biological assets of animal-breeding		
Cattle	3015	1310
Pigs	-	4
Other	21	22
Total current biological assets of animal-breeding	**3036**	**1336**
Current biological assets of plant-breeding		
Corn	-	1400
Wheat	4753	1195
Rye	130	163
Grasses	418	317
Sunflower	-	-
Other	382	-
Total current biological assets of plant-breeding	**5683**	**3075**
Total current biological assets	**8719**	**4411**

(in USD thousand, unless otherwise stated)

As at the reporting dates current biological assets of animal-breeding were presented as follows:

Cattle		
Cattle, units	2447	2624
Live weight, kg	611356	632980
Book value	3015	1310
Pigs		
Pigs, units	-	63
Live weight, kg	-	1554
Book value	-	4
Other		
Number of animals, units	70	77
Live weight, kg	13903	16767
Book value	21	22
Total book value	**3036**	**1336**

As at the reporting dates current biological assets of plant-breeding were presented as follows:

Corn		
Area, ha	-	1534
Book value	-	1400
Wheat		
Area, ha	7063	6843
Book value	4753	1195
Rye		
Area, ha	333	1221
Book value	130	163
Grasses		
Area, ha	2190	2685
Book value	418	317
Sunflower		
Area, ha	-	-
Book value	-	-
Other		
Area, ha	698	-
Book value	382	-
Total book value	**5683**	**3075**

18. Trade accounts receivable, net

As at 31 March	2011 (unaudited)	2010 (unaudited)
Trade accounts receivable	1190	960
Allowances for accounts receivable	(303)	(251)
Trade accounts receivable, net	**887**	**709**

(in USD thousand, unless otherwise stated)

19. Prepayments and other current assets, net

As at 31 March	2011 (unaudited)	2010 (unaudited)
Advances to suppliers	1706	691
Allowances for advances to suppliers	(54)	(44)
VAT for reimbursement	2930	3498
Non-bank accomodations interest free short-term	125	122
Amounts due from shareholders	-	38
Other accounts receivable	264	5883
Allowances for other accounts receivable	(21)	(4)
Prepayments and other current assets, net	**4950**	**10184**

20. Share capital

As at 31 March	2011 (unaudited)		2010 (unaudited)	
	%	Amount	%	Amount
AGROVALLEY LIMITED	100	46	100	46

As at 31 March 2011, 2010 share capital of Industrial Milk Company SA is divided into 24 800 000 shares. Beneficial owner of the Group as at 31 March 2011, 2010 is Mr. Petrov A.L.

21. Long-term loans and borrowings

As at 31 March	Currency	2011 (unaudited)	2010 (unaudited)
Secured			
Long-term bank loans	UAH	-	2490
Long-term bank loans	USD	10236	3997
Finance lease liabilities	UAH	51	91
		10287	**6578**
Unsecured			
Long-term bank loans	USD	-	-
Long-term loans from related parties	UAH	4	4
		4	**4**
		10291	**6582**
Current portion of long-term loans and borrowings	UAH	-	-587
Current portion of long-term loans and borrowings	USD	-2030	-818
Current portion of finance lease liabilities	UAH	-34	-40
		-2064	**-1445**
Total long-term loans		**8227**	**5137**

(in USD thousand, unless otherwise stated)

22. Short-term loans and borrowings

As at 31 March	Currency	2011 (unaudited)	2010 (unaudited)
Secured			
Short-term bank loans	UAH	-	2465
Short-term bank loans	USD	1707	-
		1707	**2465**
Unsecured			
Short-term borrowings from related parties	UAH	25	16010
Short-term borrowings from third parties	USD	-	-
Short-term borrowings from related parties	USD	231	-
		25	**16010**
Total short-term borrowings		**1732**	**18475**

23. Other current liabilities and accrued expenses

As at 31 March	2011 (unaudited)	2010 (unaudited)
Advances from clients	255	990
Interest payable on bank loans	-	79
Interest payable on finance lease	3	3
Accounts payable for the lease of land and property rights	1600	1231
Accounts payable for property, plant and equipment	452	34
Taxes payable	25	20
Wages, salaries and related charges payable	313	373
Provisions for unused vacations	217	228
Provisions for audir services	-	-
Accounts payable for investments	-	19
Other accounts payable	4	690
Total other current liabilities and accrued expenses	**2869**	**3667**

24. Related parties

According to existing criteria of determination of related parties, the related parties of the Group are divided into the following categories:

a) Entities - related parties under common control with the Companies of the Group;

b) Entities-related parties, in equity of which Companies of the Group have an interest;

The information on total amounts of transactions with related parties for the corresponding reporting periods is presented below:

for the 3-month period ended 31 March	2011 (unaudited)	2010 (unaudited)
Revenue		
a) Entities - related parties under common control with the Companies of the Group;	-	35

(in USD thousand, unless otherwise stated)

As at 31 March	Notes	2011 (unaudited)	2010 (unaudited)
Trade accounts receivable, net			
a) Entities - related parties under common control with the Companies of the Group;		320	370
b) Entities-related parties, in equity of which Companies of the Group have an interest;		14	18
		334	**388**
Advances to suppliers			
a) Entities - related parties under common control with the Companies of the Group;		-	-
b) Entities-related parties, in equity of which Companies of the Group have an interest;		-	-
		-	**-**
Non-bank accomodations interest free short-term			
a) Entities - related parties under common control with the Companies of the Group;		15	15
b) Entities-related parties, in equity of which Companies of the Group have an interest;		89	89
		104	**104**
Other accounts receivable			
a) Entities - related parties under common control with the Companies of the Group;		20	5528
b) Entities-related parties, in equity of which Companies of the Group have an interest;		3	5
		23	**5533**
Short-term borrowings from related parties			
a) Entities - related parties under common control with the Companies of the Group;	22	231	750
Trade accounts payable			
a) Entities - related parties under common control with the Companies of the Group;		23	60
b) Entities-related parties, in equity of which Companies of the Group have an interest;		233	136
		256	**196**
Other accounts payable			
a) Entities - related parties under common control with the Companies of the Group;		-	-

(in USD thousand, unless otherwise stated)

25. Information on segments

A business segment is a separable component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generate revenues other than risks and income of those components that are peculiar to other business segments.

For the purpose of management the Group is divided into the following business segments on the basis of produced goods and rendered services, and consists of the following 3 operating segments:

Farming division - a segment, which deals with cultivation and sale of such basic agricultural crops as corn and wheat.

Live-stock breeding - a segment which deals with breeding and sale of biological assets and agricultural products of live farming. Basic agricultural product of live farming for sale in this segment is milk.

Storage and processing- a segment which deals with processing of agricultural produce, and also with production of finished goods. Principal goods produced and sold within this segment are flour and fodder.

The Group carries out its economic and financial activity in Ukraine.

Information on business segments for the 3-month period ended 31 March 2011

	Farming division	Live-stock breeding	Storage and processing	Adjustments	Total
Revenue	10958	1426	1003	-	13387
Intra-group elimination	(4577)	-	(666)	-	(5243)
Revenue from external buyers	**6381**	**1426**	**337**	**-**	**8144**
Income from changes in fair value of biological assets and agricultural produce, net	1676	-	-	-	1676
Cost of sales	(6336)	(1527)	(762)	-	(8625)
Gross income	**1721**	**(101)**	**(425)**	**-**	**1195**
Administrative expenses	-	-	-	(614)	(614)
Selling and distribution expenses	-	-	-	(149)	(149)
Other income	-	-	-	465	465
Other expenses	-	-	-	(373)	(373)
Operating income of a segment	**1721**	**(101)**	**(425)**	**(671)**	**524**
Financial expenses	-	-	-	(366)	(366)
Profit before tax	**1721**	**(101)**	**(425)**	**(1037)**	**158**
Income tax	-	-	-	(55)	(55)
Net profit	**1721**	**(101)**	**(425)**	**(1092)**	**103**

(in USD thousand, unless otherwise stated)

Information on business segments for the 3-month period ended 31 March 2010

	Farming division	Live-stock breeding	Storage and processing	Adjustments	Total
Revenue	3969	1647	858	-	6474
Intra-group elimination	1735	-	(611)	-	1124
Revenue from external buyers	**5704**	**1647**	**247**	**-**	**7598**
Income from changes in fair value of biological assets and agricultural produce, net	-	-	-	-	-
Cost of sales	(5714)	(1450)	(552)	-	(7716)
Gross income	**(10)**	**197**	**(305)**	**-**	**(118)**
Administrative expenses	-	-	-	(419)	(419)
Selling and distribution expenses	-	-	-	(398)	(398)
Other income	-	-	-	558	558
Other expenses	-	-	-	(251)	(251)
Operating income of a segment	**(10)**	**197**	**(305)**	**(510)**	**(628)**
Financial expenses	-	-	-	(312)	(312)
Profit before tax	**(10)**	**197**	**(305)**	**(822)**	**(940)**
Income tax	-	-	-	876	876
Net profit	**(10)**	**197**	**(305)**	**54**	**(64)**