

## **KSG Agro S.A.**

Société anonyme

Registered address: 46A, Avenue J.F. Kennedy, L-1855 Luxembourg, the Grand Duchy of  
Luxembourg

R.C.S. Luxembourg: B 156864

(the “**Company**”)

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### **INTERIM MANAGEMENT REPORT**

of the board of directors

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According to the prevailing law and the mandate you have granted to us we are pleased to report the results for the financial period ended 30 June 2011.

The inventory of movable and immovable assets of, and all debts owed to and by, the Company, summarising all commitments, and the debts of the officers, members of the board of directors and auditors as required by Article 72 of the Luxembourg Companies Act of 10 August 1915 is comprised in the annual accounts.

#### **FINANCIAL HIGHLIGHTS IN THE PERIOD ENDED 30 JUNE 2011**

The principal activities of the Company consist of holding participations.

During the financial period under review:

- The Company's name was changed from the name Borquest S.A. into the current denomination
- On 8 March 2011, the USD was adopted as accounting and reference currency at the USD/EUR exchange rate of 0.72435, prevailing on 3 March 2011 and it was decided to convert all accounts in the books of the Company from EUR to USD.
- On 8 March 2011, the capital was increased by an amount of USD 57,203.01 by the issue of 5,720,301.00 new shares with a nominal value of USD 0.01.
- On 13 April 2011, the board of directors approved the initial public offering of 4,925,500 newly issued shares and for listing of the issued shares and the offer shares on the main market of the Warsaw Stock Exchange. The capital was increase from USD 100,000.00 to USD 149,255.00
- The Company acquired 100 % of the participation KSG Agricultural and Industrial Holding Limited (Cyprus).
- On 15 June 2011, the Company decided to open a representative office in Poland.

#### **FUTURE DEVELOPMENTS**

For the forthcoming period the management expects little or no change in the nature and size of the business of the Company.

The Company is exposed to the following risk factors:

- Foreign exchange risk: the Company is only exposed to exchange risks arising from its trade payable denominated in euros.
- Price risk: the Company is not exposed to price risk.
- Interest rate risk: the Company is not exposed to credit risk

- Credit risk: the Company is not exposed to credit risk.
- Liquidity risk: the liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The amount of the Company's financial liabilities is due less than a year.
- Capital risk management: the capital of the Company is represented by the adjusted capital attributable to the shareholder. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

Luxembourg,

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Sergij Kasianov  
Director A

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Sergii Mazin  
Director A

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Oleksandr Shakhmatov  
Director A

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Gwenaëlle Bernadette Andrée Dominique  
Cousin  
Director B

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Jacob Mudde  
Director B