

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

For the nine months ended 30 September 2012

AGROTON PUBLIC LIMITED
Condensed consolidated interim statements
for the nine months ended 30 September 2012
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AGROTON PUBLIC LIMITED
Condensed consolidated interim statements
for the nine months ended 30 September 2012
Board of Directors and Other Officers

Board of Directors:

Iurii Zhuravlov - Chief Executive Officer

Tamara Lapta - Deputy Chief Executive Officer

Larisa Orlova - Executive Director

Borys Supikhanov - Non-Executive Director

Volodymyr Kudryavtsev - Non-Executive Director

(appointed on 11 May 2012)

Nikolay Rozdymaha - Executive Director

(appointed on 11 May 2012)

Alex Lissitsa - Non-Executive Director

(appointed on 11 May 2012)

Company Secretary:

Inter Jura Cy (Services) Limited

Registered office:

1 Lampousas Street

CY-1095 Nicosia

Cyprus

AGROTON PUBLIC LIMITED**Condensed consolidated interim statement of comprehensive income
for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)*

	Note	30 September 2012	30 September 2011
Continuing operations			
Revenue	4	78 022	81 307
Cost of sales	5	(74 097)	(64 829)
Gain from changes in fair value less cost to sell of biological assets and agricultural produce		27 401	23 075
Gross profit		31 326	39 553
Other operating income	6	13 162	10 681
Administrative expenses		(5 585)	(4 329)
Distribution expenses		(1 210)	(960)
Other operating expenses	7	(5 961)	(11 147)
Profit from operating activities		31 732	33 798
Finance income		19	50
Finance expenses		(6 149)	(3 655)
Net finance cost	8	(6 130)	(3 605)
Profit before taxation		25 602	30 193
Taxation		-	-
Profit from continuing operations		25 602	30 193
Discontinued operations			
Loss from discontinued operations	19	(817)	(1 455)
Profit for the period		24 785	28 738
Other comprehensive income			
Effect from currency translation into presentation currency		(40)	22
Total comprehensive income for the period		24 745	28 760
Profit for the period attributable to:			
Owners of the Company		24 794	28 789
Non-controlling interests		(9)	(51)
Profit for the period		24 785	28 738
Total comprehensive income attributable to:			
Owners of the Company		24 754	28 811
Non-controlling interests		(9)	(51)
Total comprehensive income for the period		24 745	28 760
Basic and fully diluted earnings per share -USD	23	114	133

The notes on pages 7 to 23 form an integral part of this consolidated interim financial information.

AGROTON PUBLIC LIMITED**Condensed consolidated interim statement of financial position
as at 30 September 2012***(in thousand USD, unless otherwise stated)*

	Note	30 September 2012	31 December 2011
ASSETS			
Property, plant and equipment	9	33 600	31 151
Intangible assets	10	34 242	10 017
Biological assets	11	1 823	1 772
Loans receivable		222	204
Other non-current assets	12	36 227	13 755
Non-current assets		106 114	56 899
Inventories	13	56 847	52 449
Biological assets	11	15 175	10 495
Trade and other receivables	14	17 851	40 996
Cash and cash equivalents	15	20 424	17 627
Assets held for sale	19	1 302	1 536
Current assets		111 599	123 103
Total assets		217 713	180 002
Equity			
Share capital	16	661	661
Share premium	16	88 532	88 532
Retained earnings		65 281	40 487
Foreign currency translation reserve		(10 192)	(10 152)
Total equity attributable to owners of the Company		144 282	119 528
Non-controlling interests		283	292
Total equity		144 565	119 820
Liabilities			
Loans and borrowings	17	48 409	47 892
Non-current liabilities		48 409	47 892
Loans and borrowings	17	195	3 773
Trade and other payables	18	23 744	8 296
Income tax liabilities		113	116
Liabilities of disposal group classified as held for sale	19	687	105
Current liabilities		24 739	12 290
Total liabilities		73 148	60 182
Total equity and liabilities		217 713	180 002

On 27 November 2012 the Board of Directors of Agroton Public Limited authorized these consolidated financial statements for issue.

Mr. Iurii Zhuravlov
Director

Ms. Tamara Lapta
Director

The notes on pages 7 to 23 form an integral part of this consolidated interim financial information.

AGROTON PUBLIC LIMITED**Condensed consolidated interim statement of changes in equity
for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)*

	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	661	88 532	42 606	(9 962)	121 837	280	122 117
Comprehensive income:							
Profit for the period	-	-	28 789	-	28 789	(51)	28 738
Total other comprehensive income:							
Effect from currency translation	-	-	-	22	22	-	22
Total comprehensive income for the period	-	-	28 789	22	28 811	(51)	28 760
Balance at 30 September 2011	661	88 532	71 395	(9 940)	150 648	229	150 877
Balance at 1 January 2012	661	88 532	40 487	(10 152)	119 528	292	119 820
Comprehensive income:							
Profit for the period	-	-	24 794	-	24 794	(9)	24 785
Total other comprehensive income:							
Effect from currency translation	-	-	-	(40)	(40)	-	(40)
Total comprehensive income for the period	-	-	24 794	(40)	24 754	(9)	24 745
Balance at 30 September 2012	661	88 532	65 281	(10 192)	144 282	283	144 565

The notes on pages 7 to 23 form an integral part of this consolidated interim financial information.

AGROTON PUBLIC LIMITED**Condensed consolidated interim statement of cash flows****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)*

	<u>30 September 2012</u>	<u>30 September 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax from continuing operations	25 602	30 193
Adjustments for:		
Depreciation and amortisation charge	4 584	3 300
Gain from changes in fair value less cost to sell of biological assets and agricultural produce	(27 401)	(23 075)
Interest income	-	(10)
Interest expenses	6 066	3 655
Interest income on financial assets measured at amortised cost	(18)	(17)
Impairment of harvest failure	1 213	981
Bad debts written off and impairment of accounts receivable	434	2 051
Bad debts recovered	(6 602)	-
Losses on disposal and write-off of non-current assets	182	3 072
Write off and impairment of inventories	1 391	2 636
Trade payables write-off	(93)	(14)
(Gains)/losses from foreign exchange differences, net	83	(23)
Loss on disposal on subsidiaries	-	1 672
Cash flow from operations before working capital changes	5 441	24 421
Decrease in biological assets and inventories	15 668	11 983
Decrease / (increase) in trade and other receivables	29 313	(57 476)
Increase in trade and other payables	17 084	10 240
Cash generated from/ (used in) operating activities	67 506	(10 832)
Taxation paid	-	-
Net cash from (used in) / operating activities	67 506	(10 832)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(5 459)	(2 057)
Acquisition of intangible assets	(25 400)	-
Prepayment for investments	(23 080)	(10 000)
Interests received	-	10
Net cash used in investing activities	(53 939)	(12 047)
Cash flow from financing activities		
Movements in credit lines, net	-	(2 542)
Proceeds from new loans and borrowings	-	10 243
Repayment of loans and borrowings	(3 624)	(18 195)
Proceeds from issue of bonds	-	47 223
Interest paid	(7 054)	(2 478)
Repayment of financial lease liabilities	(75)	(4 551)
Net inflow from sale of subsidiaries, net of cash disposed	-	2 713
Net cash from/ (used in) financing activities	(10 753)	32 413
Net increase/ (decrease) in cash and cash equivalents	2 814	9 534
Cash and cash equivalents at the beginning of the period	17 627	13 629
Effect from translation into presentation currency	(17)	35
Cash and cash equivalents at the end of the period	20 424	23 198

The notes on pages 7 to 23 form an integral part of this consolidated interim financial information.

AGROTON PUBLIC LIMITED

Notes to the condensed consolidated interim financial statements

for the nine months ended 30 September 2012

(in thousand USD, unless otherwise stated)

1. GENERAL INFORMATION

Country of incorporation

Agroton Public Limited (the "Company") was incorporated in Cyprus on 21 September 2009 as a public limited company under the Cyprus Law, Cap. 113. The Company registered office is at 1 Lampousas Street, Nicosia, Cyprus.

On 8 November 2010 the shares of Company were admitted on the regular market of the Warsaw Stock Exchange.

The condensed consolidated interim financial statements of the Company as at and for nine months ended 30 September 2012 comprises the Company and its subsidiaries (together referred to as the "Group")

Principal activities

The principal activities of the Group are grain and oil crops growing, agricultural produce sale and cattle breeding (milk cattle-breeding, poultry farming).

The Group's subsidiaries, country of incorporation, and effective ownership percentages are disclosed below:

Name of company	Country of incorporation	Ownership Interest 30 September 2012	Ownership Interest 31 December 2011	Ownership Interest 30 September 2011
"Living" LLC	Ukraine	99,99%	99,99%	99,99%
PE Agricultural Production Firm "Agro"	Ukraine	99,99%	99,99%	99,99%
"Agroton" PJSC	Ukraine	99,99%	99,99%	99,99%
OJSC "Belokurakinskiy Elevator" (i)	Ukraine	84,66%	84,66%	84,66%
OJSC "Breeding Poultry Farm "Mirnyi" (i)	Ukraine	78,46%	78,46%	78,46%
"Agro Meta" LLC	Ukraine	99,99%	99,99%	99,99%
"Rosinka-Star" LLC	Ukraine	99,99%	99,99%	99,99%
"Etalon-Agro" LLC (i)	Ukraine	99,99%	99,99%	99,99%
ALLC "Noviy Shlyah"	Ukraine	99,99%	99,99%	99,99%
AF named by Shevchenko	Ukraine	99,99%	99,99%	99,99%
ALLC "Shiykivske"	Ukraine	94,59%	94,59%	94,59%
"Agro-Chornukhinski Kurchata" LLC	Ukraine	99,89%	99,89%	99,89%
"Agro-Svinprom" LLC (vi)	Ukraine	99,89%	99,89%	99,89%
"Markivskii sirzavod" LLC (ii) , (vi)	Ukraine	99,99%	99,99%	99,99%
Agroton BVI Limited (iii)	British Virgin Islands	100,00%	100,00%	100,00%
"Gefest" LLC (v)	Ukraine	100,00%	100,00%	-
"Tais-Abb" PE (v)	Ukraine	100,00%	100,00%	-
"Alinco" PE (vii)	Ukraine	100,00%	-	-
"Lugastan" LLC (vii)	Ukraine	100,00%	-	-

AGROTON PUBLIC LIMITED

Notes to the condensed consolidated interim financial statements for the nine months ended 30 September 2012

(in thousand USD, unless otherwise stated)

1. GENERAL INFORMATION (cont.)

Principal activities (cont.)

- (i) OJSC "Breeding Poultry Farm "Mirnyi", OJSC "Belokurakinskiy Elevator", "Etalon-Agro" LLC are in a process of liquidation.
- (ii) On April 2011 a part of assets of milk processing were carved out from PE Agricultural Production Firm Agro to a newly established company of the Group. The assets and liabilities of the Group are the same immediately before and after the reorganization. Also, the owners of the parent have the same absolute and relative interests in the assets of the Group immediately before and after the reorganization.
- (iii) On 27 May 2011 Agroton BVI Limited, a company registered in British Virgin Islands, was incorporated to act as a trading company.
- (iv) On 5 May 2011 the Group sold "Ago-Maslosyrorobnyi zavod" LLC, "Aydar-Mlyn" SC, "Makaronna fabryka" SC, "Mlyn-Yevsug" SC, "Khibzavod" SC.
- (v) On 22 December 2011 the Group acquired two new subsidiaries - "Gefest" LLC and "Tais-Abb" PE for the amount of USD 7 300 000 and 8 000 000 respectively.
- (vi) On 1 July 2011 the management of "Living" LLC resolved to dispose two subsidiaries of the Group, namely "Agro-Svinprom" LLC and "Markivskii sirzavod" LLC, engaged in the pig-breeding and cheese production respectively. The Companies are reflected as discontinued operations.
- (vii) On 27 June 2012 and 29 June 2012 the Group acquired two new subsidiaries - "Alinco" PE and "Lugastan" LLC for the amount of USD 10 100 000 and USD 15 100 000 respectively.

2. BASIS OF PRESENTATION

2.1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the requirements of the Cyprus Companies Law, Cap. 113, and were not audited by the external independent auditors' of the Group. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2011. These consolidated interim financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 November 2012

AGROTON PUBLIC LIMITED

Notes to the condensed consolidated interim financial statements

for the nine months ended 30 September 2012

(in thousand USD, unless otherwise stated)

2.2 Judgments and estimates

Preparing the condensed consolidated interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

The exchange rates used in preparation of these condensed consolidated interim financial statements are as follows:

Currency	30 September 2012	Weighted average for the period 30 September 2012	31 December 2011	Weighted average for the period 30 September 2011	30 September 2011
UAH/USD	7,9930	7,9903	7,9898	7,9626	7,9727

4. REVENUE

	30 September 2012	30 September 2011
Sales of finished goods (i)	75 972	79 795
Sales of services (ii)	2 050	1 512
	78 022	81 307

The Group's total revenue is from customers in Ukraine.

(i) The revenue generated from the main agricultural produce for the nine months ended 30 September 2012 and 30 September 2011 was as follows:

	30 September 2012	30 September 2011
Winter wheat	29 978	15 410
Sunflower	25 060	43 790
Corn in grain	4 419	5 835
	59 457	65 035

The revenue generated from other than the above agricultural produce is analysed in Note 20

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***4. REVENUE (cont.)**

Sales volume in tonnes of the main agricultural produce for the nine months ended 30 September 2012 and 30 September 2011 was as follows:

	30 September 2012, tonnes	30 September 2011, tonnes
Winter wheat	149 135	61 846
Sunflower	59 297	98 346
Corn in grain	23 455	25 416
	231 887	185 608

(ii) The revenue generated from sales of services mainly relates to tillage, storage and handling services granted to third parties which is reflected within the revenue of plant-breeding segment in Note 20.

5. COST OF SALES

	30 September 2012	30 September 2011
Livestock and related operations	12 180	12 962
Plant breeding and related operations	61 622	49 958
Agricultural produce processing and related operations	-	1 707
Other activity and related operations	293	202
	74 095	64 829

6. OTHER INCOME

	Note	30 September 2012	30 September 2011
Government grants		48	-
VAT output not payable to the authorities	14	6 404	10 667
Bad debts recovered		6 602	-
Gain on write off of trade payables		93	14
Gain on disposal of current assets		15	-
		13 162	10 681

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***7. OTHER EXPENSES**

	Note	<u>30 September 2012</u>	<u>30 September 2011</u>
Impairment of trade and other receivables		-	1 889
Bad debts written-off		434	162
Loss on impairment of other non-current assets		-	3 072
Loss on disposal of non-current assets		182	-
Loss on disposals of subsidiaries		-	1 672
Write-off of inventories		1 391	1 432
Impairment of inventories		-	1 204
Impairment of harvest failure	11	1 213	981
Fines and penalties, net		-	79
Donations		7	10
Depreciation charge		43	43
Amortisation charge of land lease rights		1 148	-
Amortisation for land lease advance		600	600
Other operating (income)/expenses		943	3
		<u>5 961</u>	<u>11 147</u>

8. NET FINANCE COST

	<u>30 September 2012</u>	<u>30 September 2011</u>
<i>Finance income</i>		
Interest income	-	10
Interest income on financial assets measured at amortised cost	19	17
Gain from foreign exchange differences	-	23
	<u>19</u>	<u>50</u>

	<u>30 September 2012</u>	<u>30 September 2011</u>
<i>Finance cost</i>		
Interest expense on bank loans	641	1 591
Interest on finance lease	101	433
Interests on bonds	5 324	1 631
Loss from foreign exchange differences	83	-
	<u>6 149</u>	<u>3 655</u>

<i>Net finance cost</i>	<u>6 130</u>	<u>3 605</u>
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AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***9. PROPERTY, PLANT AND EQUIPMENT**

During the nine-month period ended 30 September 2012, the Group acquired items of property, plant and equipment with a cost of USD 5 459 thousand (the nine-month period ended 30 September 2011: USD 2 057 thousand).

As at 30 September 2012 and 31 December 2011 the book value of property, plant and equipment subjected to finance lease agreements was amounting to USD 563 thousand and USD 690 thousand respectively.

10. INTANGIBLE ASSETS

During the nine-month period ended 30 September 2012 the Group acquired two subsidiaries (Note 25). The acquisition of these subsidiaries does not constitute a business therefore the cost of USD 25 379 thousand was recognized as an asset (land lease rights). The acquisition agreement clearly states that the useful economic life for the land lease rights is 10 years.

11. BIOLOGICAL ASSETS*Non-current biological assets*

As at 30 September 2012 and 31 December 2011 the biological assets were as follows:

	30 September 2012		31 December 2011	
	Number, of heads	Amount, USD thousand	Number, of heads	Amount, USD thousand
Cattle	2 699	1 811	2 746	1 769
Other	15	12	7	3
	2 714	1 823	2 753	1 772

The amount and volume of milk yield in the nine-month period ended 30 September 2012 were USD 3 015 thousand and 8 253 thousand liters respectively (the nine-month period ended 30 September 2011: USD 2 658 thousand and 7 298 thousand liters).

Current biological assets

As at 30 September 2012 and 31 December 2011 the current biological assets were as follows:

	30 September 2012	31 December 2011
Crops under cultivation (a)	12 561	7 602
Animals in growing and fattening (b)	2 614	2 893
	15 175	10 495

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***11. BIOLOGICAL ASSETS (cont.)***Current biological assets (cont.)***(a) Crops under cultivation:**

As at 30 September 2012 and 31 December 2011 the crops under cultivation were as follows:

	30 September 2012		31 December 2011	
	Area, thousands of hectares	Amount, USD thousand	Area, thousands of hectares	Amount, USD thousand
Sunflower sowing	5	4 739	-	-
Corn sowing	3	2 278	-	-
Winter wheat sowing	25	3 908	43	7 218
Winter rape sowing	-	-	2	186
Winter barley sowing	-	-	1	161
Winter rye sowing	-	7	-	24
Other sowing	3	1 629	-	13
	36	12 561	46	7 602

The change of balances of crops under cultivation during the nine months ended 30 September 2012 is primarily attributable to the spring sowing area yet to be harvested, winter sowing of the next harvest and revaluation of crops as at 30 September 2012.

A part of sowed winter crops were lost during the nine months ended 30 September 2012 due to adverse weather conditions. The loss of USD 1 213 thousand was included in other expenses (Note 7).

The main crops harvested in the nine months ended 30 September 2012 and 30 September 2011 were as follows:

	30 September 2012		30 September 2011	
	Volume, tonnes	Amount, USD thousand	Volume, tonnes	Amount, USD thousand
Winter wheat	139 944	32 932	120 511	29 646
Sunflower	65 748	34 250	58 871	28 081
Corn	24 730	5 812	19 062	4 060
	230 422	72 994	198 444	61 787

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***11. BIOLOGICAL ASSETS (cont.)***Current biological assets (cont.)***(b) Animals in growing and fattening:**

As at 30 September 2012 and 31 December 2011 animals in growing were as follows:

	30 September 2012		31 December 2011	
	Number, of heads	Fair value	Number, of heads	Fair value
Cattle	3 025	1 265	3 018	1 369
Poultry	504 768	1 333	695 336	1 508
Other	20	15	25	16
	507 813	2 613	698 379	2 893

12. OTHER NON-CURRENT ASSETS

As at 30 September 2012 and 31 December 2011 the other non-current assets were as follows:

	30 September 2012	31 December 2011
Advances:		
Advance for land lease	8 000	8 000
Less: amortisation	(1 800)	(1 200)
Advance for land lease - net	6 200	6 800
Prepayments:		
Prepayments for investments	23 080	-
Prepayments for the immediate right to use the elevator - gross	10 000	10 000
Less: Provisions for impairment	(3 072)	(3 072)
Prepayments - net	30 008	6 928
Other prepayments for equipment	19	27
	36 227	13 755

13. INVENTORIES

As at 30 September 2012 and 31 December 2011 the inventories were as follows:

	30 September 2012	31 December 2011
Raw materials	4 510	3 554
Work-in-progress (i)	4 900	8 460
Agricultural produce (ii)	44 483	38 771
Finished goods	234	145
Other	2 720	1 519
	56 847	52 449

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***13. INVENTORIES (cont.)****(i) Work-in-progress:**

Work in progress includes expenditure capitalized in respect of 37 thousand hectares (31 December 2011: 82 thousand hectares) of plough land prepared for sowing in the current or following year.

(ii) Agricultural produce:

As at 30 September 2012 and 31 December 2011 the main agricultural produce was as follows:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Winter wheat	16 685	18 541
Sunflower	20 980	15 432
Corn	2 773	1 692
Other agricultural crops	4 045	3 106
	<u>44 483</u>	<u>38 771</u>

As at 30 September 2012 there were no loans secured by inventories (31 December 2011: USD 4 193 thousand).

As at 30 September 2012 and 31 December 2011 the main agricultural produce volume in tonnes was presented as follows:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Winter wheat	70 400	94 874
Sunflower	39 961	41 078
Corn	11 699	11 292
	<u>122 060</u>	<u>147 244</u>

14. TRADE AND OTHER RECEIVABLES

As at 30 September 2012 and 31 December 2011 the trade and other receivables were as follows:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Trade accounts receivable	18 670	49 329
Less: provision for impairment of trade receivables	(2 983)	(9 612)
Trade receivables, net	<u>15 687</u>	<u>39 717</u>
Prepayments to suppliers	1 792	845
Other receivables	345	190
Provision for impairment of prepayments and other receivables	(62)	(118)
VAT recoverable	89	362
Total other receivables and prepayments, net	<u>2 164</u>	<u>1 279</u>
	<u>17 851</u>	<u>40 996</u>

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***15. CASH AND CASH EQUIVALENTS**

As at 30 September 2012 the cash and cash equivalents includes no cash with brokers (31 December 2011: USD 13 172 thousand). Cash with brokers relates to cash held for investment by the Company's investment banker. In accordance to the agreement between the Company and the investment banker, the whole amount is receivable within three working business days from the day of demand.

16. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value, USD	Share premium, USD	Total
Issued and fully paid:				
At 1 January 2011	21 670 000	661 128	88 531 664	89 192 792
At 31 December 2011 / 1 January 2012	21 670 000	661 128	88 531 664	89 192 792
At 30 September 2012	21 670 000	661 128	88 531 664	89 192 792

Authorized capital

On 30 September 2012 and 31 December 2011 the authorized share capital of the Company was 47 619 048 ordinary shares of nominal value €0,021 each.

Issued capital

There were no changes in the issued share capital of the Company during the year ended 31 December 2011 and the nine months ended 30 September 2012.

17. LOANS AND BORROWINGS

	30 September 2012	31 December 2011
Non-current liabilities:		
Bonds (i)	48 218	47 580
Finance lease liabilities	191	312
	<u>48 409</u>	<u>47 892</u>
Current liabilities:		
Bank loans (ii)	-	3 248
Government loans	-	376
Finance lease liabilities	195	149
	<u>195</u>	<u>3 773</u>
(i) Bonds		

On the 14 July 2011, the Company's issued USD 50 000 000 12,50% Notes due on 14 July 2014, have been admitted to the official list of the UK Listing authority and to the London Stock Exchange Plc. and trading on the London Stock Exchange's regulated market.

The Notes bear interest at a rate of 12.50% per annum payable semi-annually in arrears on 14 January and 14 July in each year, commencing on 14 January 2012.

The Notes are recognised initially at fair value USD 50 000 000 net of issue costs equal to USD 2 777 014. The difference between the proceeds (net of issue costs) and the redemption value as at 14 July 2014 is recognised in the consolidated income statement over the period of the issue.

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***17. LOANS AND BORROWINGS (cont.)****(i) Current bank loans:**

As at 30 September 2012, the Group did not have any liabilities for current bank loans.

As at 31 December 2011, the details of the current bank loans in national and foreign currency were as follows:

<u>Lender</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Currency</u>	<u>Principal amount</u>
OJSC "Ukrkommunbank"	18%	01.06.2012	UAH	1 412
OJSC "Vostochno-promishlennyi bank"	18%	18.04.2012	UAH	1 836
				3 248

18. TRADE AND OTHER PAYABLES

	<u>30 September 2012</u>	<u>31 December 2011</u>
Trade accounts payable	5 011	1 935
Payroll and related taxes liabilities	1 221	1 473
Accounts payable for property, plant and equipment	-	159
Advances from customers	10 655	5
Liabilities for other taxes and mandatory payments	32	27
Liabilities for value-added tax	-	-
Bond held interests payable (Note 19)	1 344	2 904
Liabilities for interest	53	119
Accounts payable for land share	5 218	1 385
Accrued audit fees	37	202
Other provisions	24	-
Other current liabilities	149	87
	23 744	8 296

19. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE***Discontinued operations:***

The assets and liabilities related to the Group companies Agro-Svinprom LLC and Markivskii sirzavod LLC, operating in pig-breeding and cheese production sectors respectively, have been presented as held for sale following the Management decision in July 2011 to dispose both companies.

	<u>30 September 2012</u>	<u>30 September 2011</u>
Results of discontinued operations:		
Revenue	1	631
Expenses	(818)	(2 086)
Loss for the period	(817)	(1 455)
Basic and diluted earnings per share from discontinued operations	(4)	(7)
Cash flows from/(used in) discontinued operations:		
Net cash from/(used in) operating activities	(4)	15
Effect on cash flows	(4)	15

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***19. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE (cont.)*****Disposal Group Held for Sale***

Assets and liabilities of the disposal group classified as held for sale were as follows:

	30 September 2012
Property, plant and equipment	1 189
Inventories	111
Trade and other receivables	1
Cash and cash equivalents	1
Total assets	1 302
Trade and other payables	(687)
Total liabilities	(687)
Net assets	615

20. BUSINESS SEGMENTS

Business segment is a detachable 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 generates income other than risks and income of those components that are peculiar to other business segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All operating segments' results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information available.

The operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services different markets.

The Group is involved in grain and oil crops growing, agricultural produce storage and sale, and cattle breeding (milk cattle-breeding, poultry farming).

As at 30 September 2012 the Group identified the following business segments that include products and services, that differ by levels of risk and conditions of generation of income:

(i) Plant breeding segment raises and sells agricultural produce and renders accompanying services. The main agricultural produce which are sold in this business segment are wheat, rye, barley, sunflowers, rape. The main services which are sold in this business segment are ploughing, handling and grain storage services.

(ii) Livestock segment raises and sells biological assets and agricultural produce of cattle breeding. The main biological assets and agricultural produce which are sold in this business segment are poultry, cattles and milk.

(iii) Agricultural produce segment processes agricultural produce and produces finished products. The main type of products which is produced and sold in this business segment is food stuff - baked and macaroni goods, hard cheese, milk, sunflower-seed oil.

No operating segments have been aggregated to form the above reportable operating segments.

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***20. BUSINESS SEGMENTS (cont.)**

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Group financing (including finance expense and finance income) and income taxes, are managed on a group basis and are not allocated to operating segments.

The Group carries out its core financial and economic activities in the territory of Ukraine. Accordingly, the Group selects one geographical business segment.

	Livestock	Plant breeding	Agricultural produce processing	Other	Total
30 September 2012					
Total revenue	11 946	73 796	-	111	85 853
Inter-segment revenue	(307)	(7 513)	-	(11)	(7 831)
Revenue from external customer	11 639	66 283	-	100	78 022
Net change in fair value less cost to sell of biological assets and agricultural produce	639	26 762	-	-	27 401
Cost of sale (excluding depreciation and amortisation)	(11 357)	(58 021)	-	(135)	(69 513)
Gross profit for the period (excluding depreciation and amortisation)	921	35 024	-	(35)	35 910
Depreciation and amortization	(823)	(3 602)	-	(159)	(4 584)
Gross profit for the period	98	31 422	-	(194)	31 326

	Livestock	Plant breeding	Agricultural produce processing	Other	Total
30 September 2011					
Total revenue	14 328	69 287	3 238	382	87 235
Inter-segment revenue	(1 793)	(3 474)	(661)	-	(5 928)
Revenue from external customer	12 535	65 813	2 577	382	81 307
Net change in fair value less cost to sell of biological assets and agricultural produce	(1 340)	24 415	-	-	23 075
Cost of sale (excluding depreciation and amortisation)	(12 195)	(48 240)	(1 627)	(67)	(62 129)
Gross profit for the period (excluding depreciation and amortisation)	(1 000)	41 988	950	315	42 253
Depreciation and amortization	(767)	(1 718)	(80)	(135)	(2 700)
Gross profit	(1 767)	40 270	870	180	39 553

The above analysis does not include any information about business segments which were discontinued as explained in note 19

AGROTON PUBLIC LIMITED

Notes to the condensed consolidated interim financial statements

for the nine months ended 30 September 2012

(in thousand USD, unless otherwise stated)

21. SEASONALITY OF OPERATIONS

The Group's operations are subject to seasonal fluctuations as a result of weather conditions. In particular, the cultivation of crops are adversely affected by winter weather conditions, which occur primarily from January to March. The first half of the year typically results in lower revenues and results for cultivations.

As a result of the annual cycle of crops producing and the Group's attempts to take an advantage of seasonal price changes by managing inventory in its storage facilities, the Group's Plant breeding segment is subject to seasonal fluctuations. Revenues and profits of this segment tend to be higher in the first half of a year.

22. CONTINGENT LIABILITIES AND COMMITMENTS

Retirement and other liabilities

Most employees of the Group receive pension benefits from the Pension Fund, an Ukrainian Government organization in accordance with the applicable laws and regulations of Ukraine. The Group is required to contribute a specified percentage of the payroll to the Pension Fund to finance the benefits. The only obligation of the Group with respect to this pension plan is to make the specified contributions from salaries. As at 30 September 2012 and 31 December 2011 the Group's entities had no liabilities for supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

Legal proceedings

In the course of carrying out its activities, the Group's entities take part in legal proceedings and various claims are advanced to them.

Management believes that legal proceedings will have no significant effect on the Group's financial position.

Liabilities under land and plant and equipment operating lease agreements

Plough-land is leased by the Group from individuals. The total size of leased plough-land as at 30 September 2012 is 209 thousand hectares (31 December 2011: 171 thousand hectares). The average rental payment for leased plough-land in the half-year ended 30 September 2012 is 3% (year ended 31 December 2011: 3%) from the normative value of land.

Each lease payment is determined by normative land valuation and the current year indexation coefficient. Due to changes in legislation, the normative land evaluation was indexed by a coefficient of 3,2 from 01 January 2011. There exists a possibility that a coefficient of 1,756 will be applied in 2012 with its effect from 1 January 2012.

The Group had the following liabilities under land, plant and equipment operating lease agreements as at 30 September 2012 and 31 December 2011:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Within 1 year	18 788	14 893
From 1 to 5 years	73 230	56 095
More than 5 years	49 241	29 270
	<u>141 259</u>	<u>100 258</u>

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***23. EARNINGS PER SHARE****a) Basic earnings per share**

The basic earnings per share is calculated by dividing the profit attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	30 September 2012	30 September 2011
Profit from continuing operations attributable to ordinary equity holders of the Company	25 611	30 244
Profit/(loss) from discontinued operations attributable to ordinary equity holders of the Company	(817)	(1 455)
Total profit attributable to equity holders of the Company	24 794	28 789
Weighted average number of ordinary shares in issue (in thousands)	21 670	21 670
Earnings per share from continuing and discontinued operations attributable to the ordinary equity holders of the Company during the year (in USD cents per share):		
Earnings per share from continuing operations	118	140
Earnings per share from discontinued operations	(4)	(7)
Total basic earnings per share	114	133

b) Diluted earnings per share

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have dilutive potential ordinary shares, such as convertible debt and share options, and as a result the diluted earnings per share equals to the basic earnings per share.

24. TRANSACTIONS WITH RELATED PARTIES

As at 30 September 2012 and the date of signing these condensed consolidated interim financial information, the Company is controlled by Mr. Iurii Zhuravlov, who holds 51,04% of the Company's share capital. The remaining 48,96% of the shares are widely held.

For the purposes of this condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

During the nine months ended 30 September 2012 and the nine months ended 30 September 2011 the following transactions with related parties were carried out according to categories of related parties:

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements
for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)*

	<u>30 September 2012</u>	<u>30 September 2011</u>
Finance income:		
Key management significantly influencing the Group and having an interest in equity of Group's companies	19	17
	<u>19</u>	<u>17</u>

Assets and liabilities which arose as a result of those transactions were as follows:

	<u>30 September 2012</u>	<u>31 December 2011</u>
Loans receivable:		
Loans advanced to key management significantly influencing the Group and having an interest in equity of Group's companies	197	178
	<u>197</u>	<u>178</u>

For the nine months ended 30 September 2012 and the nine months ended 30 September 2011 compensations for key management personnel and related expenses were presented as follows:

	<u>30 September 2012</u>	<u>30 September 2011</u>
Salary and related charges	126	108
Vacation allowance and other expenses	2	1
Contributions to social funds	47	39
	<u>175</u>	<u>148</u>

25. ACQUISITION OF SUBSIDIARIES

During the nine months ended 30 September 2012, the Group acquired shareholding in "Alinco" PE and "Lugastan" LLC. Information about these transactions is presented below:

Name of company	Country of incorporation	Main activity	Date of acquisition	Ownership interest in equity 30 September 2012
"Alinco" PE	Ukraine	Land lease rights owners	27.06.2012	100,00%
"Lugastan" LLC	Ukraine	Land lease rights owners	29.06.2012	100,00%

AGROTON PUBLIC LIMITED**Notes to the condensed consolidated interim financial statements****for the nine months ended 30 September 2012***(in thousand USD, unless otherwise stated)***25. ACQUISITION OF SUBSIDIARIES (cont.)**

The fair value of the net assets acquired was as follows:

	<u>“Alinco” PE</u>	<u>“Lugastan” LLC</u>
Land lease rights	10 148	15 231
Land lease rent accrued	(48)	(131)
Net identifiable assets, liabilities and contingent liabilities	<u>10 100</u>	<u>15 100</u>
Consideration transferred:		
Cash	10 100	15 100
Total consideration transferred	<u>10 100</u>	<u>15 100</u>
Non-controlling interests	-	-
Less: fair value of identifiable net assets	(10 100)	(15 100)
Goodwill / (bargain purchase gain)	<u>-</u>	<u>-</u>

Net identifiable assets of the acquires include identifiable intangible assets recognised in the business combination at their fair value, which were comprised of land lease rights. These intangible assets had not been previously recognised in the financial statements of the acquires.

26. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risks management objectives and policies are consistent with those disclosed in a consolidated financial statements as at and for the year ended 31 December 2011.

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events after the reporting period which affect the condensed consolidated interim financial statements as at 30 September 2012.