

Industrial Milk Company S.A. and its subsidiaries

Condensed Consolidated Interim Financial Statements For the three months ended 31 March 2013

INDUSTRIAL MILK COMPANY S.A. AND ITS SUBSIDIARIES Condensed Consolidated Interim Financial Statements



CONTENTS

	Pages
Consolidated management report	3
Condensed Consolidated Interim Financial Statements	
for the three months ended 31 March 2013	
Condensed consolidated interim statement of comprehensive income	8
Condensed consolidated interim statement of financial position	9
Condensed consolidated interim statement of changes in equity	10
Condensed consolidated interim statement of cash flows	11
Notes to the Condensed consolidated interim financial statements	13





CONSOLIDATED MANAGEMENT REPORT

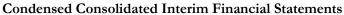
Operational and Financial Results

The following table sets forth the Company's results of operations for the 3-month period ended 31 March 2013 and 2012 derived from the Condensed Consolidated Interim Financial Statements:

(in thousand USD)

	Notes	31 March 2013	31 March 2012	Change in %
CONTINUING OPERATIONS				
Revenue	5	35 166	18 331	92%
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	6	10 778	1 684	540%
Cost of sales	7	(39 080)	(18 010)	117%
GROSS PROFIT		6 864	2 005	242%
Administrative expenses	8	(1 582)	(1 059)	49%
Selling and distribution expenses	9	(1 417)	(373)	280%
Other operating income	10	1 501	458	228%
Income from the exchange of property certificates	11	-	94	-100%
Other operating expenses	12	(3 082)	(183)	1584%
Write-offs of property, plant and equipment		(37)	(436)	-92%
OPERATING PROFIT		2 247	506	344%
Financial expenses, net	15	(1 915)	(428)	347%
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		332	78	326%
Income tax benefit (expenses)	16	(50)	16	-412%
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		282	94	201%
Normalised EBITDA		5 059	2 382	112%
Normalised EBIT		2 284	848	169%
Normalised Net profit	=	319	436	-27%
Depreciation and amortization		(2 775)	(1 534)	81%
Income from the exchange of property certificates		-	94	-100%
Write-offs of property, plant and equipment		(37)	(436)	-92%

Normalisation adjustments to EBITDA, EBIT and Net profit exclude effects of non-recurring expenditure from operating segments such as income from the exchange of property certificates and write-offs of property, plant and equipment resulting from an isolated, non-recurring event.





Revenue

The Company's revenue from sales of finished products increased year-on-year by 92% primarily as a consequence of the change in stock of agricultural produce: as of 31 December 2012 the stock of agricultural produce had a book value of USD 43,0 million, compared to USD 33,8 million on 31 December of the previous year. The following table sets forth the Company's sales revenue by products for the 3-month periods indicated:

(in thousand USD)

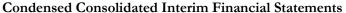
For the three months ended

	31 March 2013	31 March 2012	Change in %
Cattle	350	410	-15%
Milk	2 219	1 736	28%
Corn	27 161	8 357	225%
Wheat	386	9	4188%
Sunflower	43	5 549	-99%
Soy beans	1 612	1 354	19%
Other	2 825	609	364%
	34 596	18 024	92%

The most significant portion of the Company's revenue comes from selling corn, which represented 79% and 46% of total revenue for the 3-month periods ended 31 March 2013 and 2012, respectively. The following table sets forth the volume of the Company's main crops and revenues generated from the sales of such crops:

(in thousand USD)

	For the three mo	nths ended
	31 March 2013	31 March 2012
Corn		
Sales of produced corn (in tonnes)	103 944	34 544
Realization price (U.S. \$ per ton)	261	242
Revenue from produced corn (U.S. \$ in thousands)	27 161	8 357
Wheat		
Sales of produced wheat (in tonnes)	1 979	57
Realization price (U.S. \$ per ton)	195	158
Revenue from produced wheat (U.S. \$\secapts\$ in thousands)	386	9
Soy beans		
Sales of produced soy beans (in tonnes)	3 516	3 290
Realization price (U.S. \$ per ton)	459	412
Revenue from produced soy beans (U.S. \$ in thousands)	1 612	1 354
Sunflower		
Sales of produced sunflower (in tonnes)	82	13 003
Realization price (U.S. \$ per ton)	521	427
Revenue from produced sunflower (U.S. \$\secapts\$ in thousands)	43	5 549
Lupin		
Sales of produced lupin (in tonnes)	-	1 688
Realization price (U.S. \$ per ton)	-	225
Revenue from produced lupin (U.S. \$ in thousands)	-	379
Potatoes		
Sales of produced potatoes (in tonnes)	5 080	1 727
Realization price (U.S. \$ per ton)	147	64
Revenue from produced potatoes (U.S. \$\sigma\$ in thousands)	748	111
Other (produced only)		
Total sales volume (in tonnes)	2 282	446
Total revenues (U.S. \$ in thousands)	2 077	119
Total sales volume (in tonnes)	116 883	54 755
Total revenue from sale of crops (U.S. § in thousands)	32 027	15 878





Revenue relating to sales of corn increased by 225% to USD 27,2 million for the 3-month period ended 31 March 2013 from USD 8,4 million for the 3-month period ended 31 March 2012, primarily due to an increase in sales volume and in the prices.

Revenue relating to sales of sunflower decreased to USD 0,04 million for the 3-month period ended 31 March 2013 from USD 5,5 million for the 3-month period ended 31 March 2012 due to its realization almost in the full volume during the year ended 31 December 2012.

Cost of sales

The Company's cost of sales increased by 117% to USD 39,1 million for the 3-month period ended 31 March 2013 from USD 18,0 million for the 3-month period ended 31 March 2012. The following table sets forth the principal components of the Company's cost of sales for the periods indicated:

(in thousand USD)

	For the three months ended				
	Notes	31 March 2013	31 March 2012	Change in %	
Raw materials		(15 442)	(793)	1847%	
Change in inventories and work-in-progress	a)	(13 978)	(12 231)	14%	
Wages and salaries of operating personnel and related charges	15	(2 810)	(1 475)	90%	
Depreciation and amortization	14	(2 510)	(1 398)	80%	
Third parties' services		(1 964)	(548)	258%	
Fuel and energy supply		(1 831)	(763)	140%	
Rent		(320)	(650)	-51%	
Repairs and maintenance		(158)	(70)	126%	
Taxes and other statutory charges		(62)	(77)	-19%	
Other expenses		(5)	(5)	-3%	
		(39 080)	(18 010)	117%	

The main items increased for the 3-month period ended 31 March 2013 from compared to the 3-month period ended 31 March 2012 due to an increase in arable land.

Administrative expenses

Administrative expenses increased period-on-period to USD 1,6 million for the 3-month period ended 31 March 2013 from USD 1,0 million for the 3-month period ended 31 March 2012, reflecting an increase in the wages and salaries of administrative personnel period-on-period to USD 0,9 million from USD 0,5 million.

Selling and distribution expenses

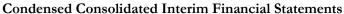
Selling and distribution expenses increased period-on-period to USD 1,4 million for the 3-month period ended 31 March 2013 from USD 0,3 million for the 3-month period ended 31 March 2012, reflecting an increase in the volume of realization.

Other operating income

The Company's other operating income increased by 228% to USD 1,5 million for the 3-month period ended 31 March 2013 from USD 0,5 million for the 3-month period ended 31 March 2012 due to increase in subsidized VAT recognised as income.

Other operating expenses

The Company's other operating expenses increased by 1584% to USD 3,1 million for the 3-month period ended 31 March 2013 from USD 0,2 million for the 3-month period ended 31 March 2012 due to increase in expenses of export VAT related to increase in the volume of realization.





Financial expenses, net

The Company's financial expenses, net increased by 347% to USD 1,9 million for the 3-month period ended 31 March 2013 from USD 0,5 million for the 3-month period ended 31 March 2012. This increase was due primarily to a increase in interest expenses on short-term and long-term loans and borrowings and other financial expenses related to the attraction new loans.

Cash flows

The following table sets out a summary of the Company's cash flows for the periods indicated:

(in thousand USD)

For the three months ended	For th	e three	months	ended
----------------------------	--------	---------	--------	-------

	31 March 2013	31 March 2012
Net cash flows from operating activities	996	9 384
Net cash flows from investing activities	(2 365)	(5 364)
Net cash flows from financing activities	937	1 806
Net increase in cash and cash equivalents	(432)	5 826

Net cash flow from operating activities

The Company's net cash inflow from operating activities decreased to USD 1,0 million for the 3-month period ended 31 March 2013 compared to net cash intflow of USD 9,4 million for the 3-month period ended 31 March 2012. The increase in 2012 was primarily attributable changes in prepayments and other current assets.

Net cash flow from investing activities

The Company's net cash outflow from investing activities increased to USD 2,4 million for the 3-month period ended 31 March 2013 compared to net cash outflow of USD 5,3 million for the 3-month period ended 31 March 2012. The increase in 3-month period ended 31 March 2013 was primarily attributable to acquisition of subsidiaries and purchase of agricultural equipment in 3-month period ended 31 March 2012.

Net cash flow from financing activities

Net cash inflow from financing activities decreased to USD 0,9 million for the 3-month period ended 31 March 2013 from a net cash inflow of USD 1,8 million for the 3-month period ended 31 March 2012. The decrease in 2012 was primarily due to repayments of short-term and long-term borrowings in the 3-month period ended 31 March 2013.





Selected Financial Data

(in thousand USD)

	for the three months ended 31 March	2013	2012
I.	Revenue	35 166	18 331
II.	Operating profit/(loss)	2 247	506
III.	Profit/(loss) before income tax	332	78
IV.	Net profit/(loss)	282	94
V.	Net cash flow from operating activity	996	9 384
VI.	Net cash flow from investing activity	(2 365)	(5 364)
VII.	Net cash flow from financing activity	937	1 806
VIII.	Total net cash flow	(432)	5 826
IX.	Total assets	244 498	138 714
X.	Share capital	56	56
XI.	Total equity	128 014	108 988
XII.	Non-current liabilities	48 091	17 189
XIII.	Current liabilities	68 393	12 537
XIV.	Weighted average number of shares	31 300 000	31 300 000
XV.	Profit/(loss) per ordinary share (in USD)	0,01	0,01
XVI.	Book value per share (in USD)	4,02	3,42







CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2013

(in thousand USD, unless otherwise stated)

	Note	For the three months ended 31 March 2013 Unaudited	For the three months ended 31 March 2012 Unaudited
CONTINUING OPERATIONS			Onaudited
Revenue	5	35 166	18 331
Gain (loss) from changes in fair value of biological assets and agricultural	6	10 778	1 684
produce, net Cost of sales	7	(39 080)	(18 010)
GROSS PROFIT	,	6 864	2 005
Administrative expenses	8	(1 582)	(1 059)
Selling and distribution expenses	9	(1 417)	(373)
Other operating income	10	1 501	458
Income from the exchange of property certificates	11	-	94
Other operating expenses	12	(3 082)	(183)
Write-offs of property, plant and equipment		(37)	(436)
OPERATING PROFIT		2 247	506
Financial expenses, net	15	(1 915)	(428)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		332	78
Income tax benefit (expenses) NET PROFIT FOR THE PERIOD FROM CONTINUING	16	(50) 	94
OPERATIONS			
Net profit for the period attributable to:			
Owners of the parent company		329	164
Non-controlling interests		(46)	(70)
Weighted average number of shares		31 300 000	31 300 000
Profit per ordinary share (in USD)		0,01	0,01
OTHER COMPREHENSIVE INCOME			
Deferred tax charged directly to revaluation reserve		144	41
Effect on deferred tax from revaluation due to the change in income tax		-	-
rate Effect of foreign currency translation		_	27
TOTAL OTHER COMPREHENSIVE INCOME		144	68
TOTAL COMPREHENSIVE INCOME		427	162
Comprehensive income attributable to:			
Owners of the parent company		473	232
Non-controlling interests		(46)	(70)
		- N	
Ievgen Osypov		Dmytro Martyniuk	
Chief Executive Officer		Chief Financial Officer	







CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

(in thousand USD, unless otherwise stated)

	Note	31 March 2013	31 December 2012	31 March 2012	31 December 2011
		Unaudited	Audited	Unaudited	Audited
ASSETS					
Non-current assets					
Property, plant and equipment	17	91 443	92 149	64 758	61 607
Intangible assets	18	22 248	23 264	4 476	3 294
Non-current biological assets	19	14 239	10 879	9 506	9 057
Deferred tax assets	20	178	266	120	120
Other non-current assets	21	1 214	1 100	4 091	790
Total non-current assets		129 322	127 659	82 951	74 868
Current assets					
Inventories	22	53 575	63 533	35 235	40 637
Current biological assets	23	33 634	38 598	12 789	11 093
Trade accounts receivable, net	24	3 499	2 471	1 853	1 447
Prepayments and other current assets, net	25	17 726	10 460	7 230	6 074
Prepayments for income tax		66	17		-
Cash and cash equivalents	27	1 328	1 760	10 416	4 595
Total current assets		109 828	116 839	67 523	63 846
TOTAL ASSETS		239 150	244 498	150 474	138 714
LIABILITIES AND EQUITY					
Equity attributable to the owners of					
parent company	20	F./	F./	F./	F./
Share capital	28	56 24 387	56 24 287	56 24 387	56 24 397
Share premium Revaluation reserve		24 387 11 645	24 387	24 387	24 387
			11 820	13 250	13 862
Retained earnings		106 812	106 165	85 940	85 123
Effect of foreign currency translation		(16 473)	(16 473)	(16 381)	(16 408)
Total equity attributable to the owners of parent company		126 427	125 955	107 252	107 020
Non-controlling interests		2 013	2 059	1 898	1 968
Total equity		128 440	128 014	109 150	108 988
Non-current liabilities					
Long-term loans and borrowings	29	48 774	45 099	17 667	14 068
Deferred tax liabilities	20	2 812	2 992	3 050	3 121
Total non-current liabilities		51 586	48 091	20 717	17 189
Current liabilities					
Current portion of long-term borrowings	29	8 690	4 753	4 472	4 486
Short-term loans and borrowings	30	24 118	30 793	3 439	3 467
Trade accounts payable		7 525	8 601	2 362	1 473
Other current liabilities and accrued expenses	31	18 791	24 207	10 334	3 099
Income tax payable		_	39	_	12
Total current liabilities		59 124	68 393	20 607	12 537
TOTAL LIABILITIES AND EQUITY		239 150	244 497	150 474	138 714

Ievgen Osypov Chief Executive Officer Dmytro Martyniuk Chief Financial Officer



INDUSTRIAL MILK COMPANY S.A. AND ITS SUBSIDIARIES Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2013

(in thousand USD, unless otherwise stated)

	Share capital	Share premium	Revaluation reserve	Retained earnings	Effect of foreign currency translation	Total	Non- controlling interests	Total equity
31 December 2011 (audited)	56	24 387	13 862	85 123	(16 408)	107 020	1 968	108 988
Profit for the period	-	-	-	164	-	164	(70)	94
Amortization of revaluation reserve	-	-	(653)	653	-	-		-
Deferred tax charged directly to amortization of revaluation reserve	-	-	41	-	-	41		41
Effect on deferred tax from revaluation due to the change in income tax rate	-	-	-	-	-	-		-
Other comprehensive income	-	-	-	-	27	27		27
Total comprehensive income	-	-	(612)	817	27	232	(70)	162
31 March 2012 (unaudited)	56	24 387	13 250	85 940	(16 381)	107 252	1 898	109 150
31 December 2012 (audited)	56	24 387	11 820	106 165	(16 473)	125 955	2 059	128 014
Profit for the period	-	-	-	328	-	328	(46)	282
Amortization of revaluation reserve	-	-	(319)	319	-	-	-	-
Deferred tax charged directly to amortization of revaluation reserve	-	-	144	-	-	144	-	144
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	(175)	647	-	472	(46)	426
31 March 2013 (unaudited)	56	24 387	11 645	106 812	(16 473)	126 427	2 013	128 440

 Ievgen Osypov
 Dmytro Martyniuk

 Chief Executive Officer
 Chief Financial Officer



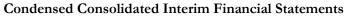
Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2013

(in thousand USD, unless otherwise stated)

	Note	For the three months ended 31 March 2013 Unaudited	For the three months ended 31 March 2012 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:		Onaudited	Chaudited
Profit before tax from continuing operations Adjusted to reconcile profit before tax with net cash used in operating activities:		332	78
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	7	(10 778)	(1 684)
Depreciation and amortization	14	2 775	1 534
Gain on disposal of inventories	11	(33)	(1)
Income from the exchange of property certificates	12	=	(94)
Write-offs of VAT	13	35	2
Shortages and losses due to impairment of inventories	13	84	23
Loss from VAT on export operations	13	2 484	-
Lost crops	13	136	9
Loss on disposal of property, plant and equipment	13	-	5
Write-offs of property, plant and equipment		37	436
Accruals for unused vacations		53	-
Interest income	16	(13)	(71)
Interest expenses	16	2 467	553
Loss from exchange differences	16	2	5
Cash flows from operating activities before changes in working capital		(2 419)	795
Increase / decrease in trade accounts receivable		(1 030)	(404)
Increase in prepayments and other current assets		(9 773)	(882)
Decrease / increase in inventories		8 556	6 083
Decrease / increase in current biological assets		13 597	382
Decrease/ increase in trade accounts payable		(1 076)	714
Increase in other current liabilities and accrued expenses		(4 454)	6 564
Decrease/ increase inother non-current assets		-	(3 287)
Cash flows from operations		3 401	9 965
Interest paid		(2 405)	(553)
Net cash flows from operating activities		996	9 384
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(1 098)	(2 066)
Purchase of intangible assets		-	(23)
Proceeds from disposal of property, plant and equipment		8	3
Decrease/ increase in other non-current assets		(114)	(427)
Cash (acquisition of the subsidiary)	5	-	87
Acquisition of the subsidiary	5	(1 161)	(2 938)
Net cash flows from investing activities		(2 365)	(5 364)
Ievgen Osypov		Dmytro Martyniuk	
Chief Executive Officer		Chief Financial Officer	





CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)

For the three months ended 31 March 2013

(in thousand USD, unless otherwise stated)

	Note	For the three months ended 31 March 2013	For the three months ended 31 March 2012
		Unaudited	Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of share capital		-	-
Proceeds from long-term and short-term borrowings		17 118	2 076
Repayment of long-term and short-term borrowings		(16 181)	(270)
Net cash flows from financing activities		937	1 806
NET CASH FLOWS		(432)	5 826
Cash and cash equivalents as at the beginning of the period	28	1 760	4 595
Effect of translation into presentation currency		-	(5)
Cash and cash equivalents as at the end of the period	28	1 328	10 416
Ievgen Osypov		Dmytro Martyniuk	
Chief Executive Officer		Chief Financial Officer	

Condensed Consolidated Interim Financial Statements



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

1. Description of formation and business.

Industrial Milk Company S.A. (the "Parent company") is a limited liability company registered under the laws of Luxembourg on 28 December 2010 for an unlimited period of time. 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 L-2540, 26-28 rue Edward Steichen, Luxembourg, Grand Duchy Luxembourg, its register number within the Registre de Commerce et des Sociétés du Luxembourg is RCS Lu B157843.

IMC and its subsidiaries (the "Group" or the "IMC") is an integrated agricultural company in Ukraine. The main areas of Group's activities are:

- cultivation of grain & oilseeds crops, potato production;
- dairy farming;
- storage and processing of grain & oilseeds crops.

The Group is among Ukraine's top-10 industrial milk producers. The grain and oilseeds crops produced by the Group are sold on both the Ukrainian and export markets.

Until December 2010 there was no the holding company of the Group.

In June 2009 in the course of the corporate reorganization Unigrain Holding Limited was established as a sub-holding company of the Group. Through the series of transactions Unigrain Holding Limited became the immediate parent of Burat-Agro, Ltd., Burat, Ltd., Chernihiv Industrial Milk Company, Ltd., CJSC Mlibor, OJSC Poltava Kombilormoviy Zavod and Zemelniy Kadastroviy Centr SA.

In December 2010 Industrial Milk Company S.A. was registered as a holding company of the Group through the ownership of 100% of the voting shares in the company Unigrain Holding Limited.

In June 2011 Unigrain Holding Limited acquired 100% of the voting shares in the company PAE Promin, PE Progress 2010, PAE Slavutich. In November 2011 companies PAE Slavutich and PE Progress 2010 were merged to Chernihiv Industrial Milk Company, Ltd and the company PAE Promin was merged to Burat-Agro, Ltd.

In August 2011 trading company Aristo Eurotrading was formed.

In December 2011 Unigrain Holding Limited acquired 100% of the voting shares in the company AF Kalynivska 2005, Ltd, AF Govtneva, Ltd, AF Shid 2005, Ltd, APP Virynske, Ltd, Pisky, Ltd., SE "Viry-Agro" and 80,61% of the voting shares in the company OJSC "Viryvske HPP".

In March 2012 Unigrain Holding Limited acquired 100% of the voting shares in the company Ukragrosouz KSM, Ltd.

In June 2012 Unigrain Holding Limited acquired 100% of the voting shares in the company PAC Slobozhanschina Agro.

In November 2012 the Group was restructured and 6 companies were joined to PAC Slobozhanschina Agro: AF Kalynivska-2005 Ltd, AF Govtneva Ltd, AF Shid-2005 Ltd, AIE Vyrynske Ltd, Pisky Ltd, SE "Vyry-Agro" (noted * in the column Cumulative ownership ratio, % as at 31 December 2012).

In December 2012 Unigrain Holding Limited acquired 100% of the voting shares in the company Bluerice Limited. The following companies became the part of the Group, as their owner is Bluerice Limited: Agroprogress Holding Ltd, Agroprogress PE, Bobrovitsky Hlebzavod Ltd, Plemzavod Noviy Trostyanets Ltd, PJSC "Bobrovitske HPP", Losinovka-Agro Ltd, Parafiyivka-Progress Ltd, Nosovsky Saharny Zavod Ltd.

The principal activities of the companies comprising the Group are as follows:

			Year Cumulative ownership r		
Operating entity	Principal activity	Country of registration	established /acquired	31 March 2013	31 March 2012
Industrial Milk Company S.A.	Holding company	Luxembourg	28.12.2010	100,00	100,00
Unigrain Holding Limited	Subholding company	Cyprus	02.06.2009	100,00	100,00
Burat-Agro Ltd.	Production of cattle milk and meat, oil- yielding and grain crops cultivation	Ukraine	31.12.2007	100,00	100,00
Burat Ltd.	Agricultural products processing	Ukraine	31.12.2007	100,00	100,00

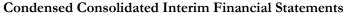


Condensed Consolidated Interim Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

			Year	Cumulative ownership ratio, %		
Operating entity	Principal activity	Country of registration	established /acquired	tablished 31 March 31		
Chernihiv Industrial Milk Company Ltd.	Production of cattle milk and meat, oil- yielding and grain crops cultivation	Ukraine	31.12.2007	100,00	100,00	
PJSC Mlibor	Flour grinding	Ukraine	31.05.2008	71,82	71,82	
PJSC Poltava Kombilormoviy Zavod	Granting of PPE into finance lease	Ukraine	31.12.2007	87,56	87,56	
Zemelniy Kadastroviy Centr SA	Preparation of technical documentation concerning land issues	Ukraine	23.11.2010	100,00	100,00	
Aristo Eurotrading Limited	Trading company	British Virgin Islands	30.08.2011	100,00	100,00	
OJSC "Vyryvske HPP"	Agricultural products processing	Ukraine	28.12.2011	80,61	80,61	
AF Kalynivska-2005 Ltd	Agricultural products processing	Ukraine	26.12.2011	*	100,00	
AF Govtneva Ltd	Agricultural products processing	Ukraine	26.12.2011	*	100,00	
AF Shid-2005 Ltd	Agricultural products processing	Ukraine	26.12.2011	*	100,00	
AIE Vyrynske Ltd	Agricultural products processing	Ukraine	26.12.2011	*	100,00	
Pisky Ltd	Agricultural products processing	Ukraine	26.12.2011	*	100,00	
SE "Vyry-Agro"	Agricultural products processing	Ukraine	26.12.2011	*	100,00	
Ukragrosouz KSM Ltd	Agricultural production	Ukraine	29.03.2012	100,00	100,00	
PAC Slobozhanschina Agro	Agricultural production	Ukraine	26.06.2012	100,00	-	
Bluerice Limited	Subholding company	Cyprus	28.12.2012	100,00	-	
Agroprogress Holding Ltd	Subholding company	Ukraine	28.12.2012	100,00	-	
Agroprogress PE	Agricultural and farming production	Ukraine	28.12.2012	99,90	-	
Bobrovitsky Hlebzavod Ltd	Bakery production	Ukraine	28.12.2012	99,90	-	
Plemzavod Noviy Trostyanets Ltd	Agricultural and farming production	Ukraine	28.12.2012	99,90		
PJSC "Bobrovitske HPP"	Flour grinding	Ukraine	28.12.2012	92,74	-	
Losinovka-Agro Ltd	Agricultural and farming production	Ukraine	28.12.2012	99,80	-	
Parafiyivka-Progress Ltd	Agricultural production	Ukraine	28.12.2012	99,80	-	
Nosovsky Saharny Zavod Ltd	Sugar mill	Ukraine	28.12.2012	99,80	-	





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Today IMC is the vertically integrated and high-technology group of companies operating in Sumy, Poltava and Chernihiv region (northern and central Ukraine).

The Group controls 124,5 thousand ha (120,7 thousand ha under processing of high quality arable land). As at 31 March 2013 the Group operates in three segments: crop farming, dairy and beef farming and grain and oilseed storage.

IMC is strategically focused on the development of its crop operations due to high gross marginality in the segment. The Group plans to increase cultivated land from its current 120,7 thousand ha to 285 thousand ha in 2019.

The financial year of the Group begins on January 1 of each year and terminates on December 31 of each year.

The Group's condensed consolidated interim financial statements are public and available for consultation at: http://imcagro.com.ua/index.php/uk/dlya-investoriv/regulatory-filings/financial-reports or at its registered office.

2. Basis of preparation of the condensed consolidated interim financial statements

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union. These condensed consolidated interim financial statements are based on principal accounting policies and critical accounting estimates and judgments that are set out below. These accounting policies and assumptions have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

Companies comprising the Group which are incorporated in Ukraine maintain their accounting records in accordance with Ukrainian regulations. Ukrainian statutory accounting principles and procedures differ from those generally accepted under IFRS. Accordingly, the condensed consolidated interim 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.

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

Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the disposal of assets and the settlement of liabilities in the normal course of business. The recoverability of Group's assets, as well as the future operations of the Group, may be significantly affected by the current and future economic environment. Management believes that Group has reliable access to sources of financing capable to support appropriate operating activity of Group entities. These condensed consolidated interim financial statements do not include any adjustments should the Group be unable to continue as going concern.

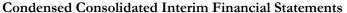
Basis of measurement

The condensed consolidated interim 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 condensed consolidated interim financial statements in United States Dollars ("USD") for the purposes of convenience of users of these financial statements.

Use of estimates

The preparation of these condensed consolidated interim financial statements involves the use of reasonable accounting estimates and requires the management to make judgments in applying the Group's accounting policies. These estimates and assumptions are based on management's best knowledge of current events, historical experience and other factors that are believed to be reasonable. 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 amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Foreign currency translation

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 condensed consolidated interim 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 condensed consolidated interim financial statements are as follows:

	Currency	31 March 2013	Average for the 3 months ended 31	31 December 2012	31 March 2012	Average for the 3 months ended 31	31 December 2011
			March 2013			March 2012	
U	AH/ USD	7,9930	7,9930	7,9930	7,9867	7,9882	7,9898

Translation into presentation currency

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the official rate at the date of the balance sheet;
- income and expenses are translated at average exchange rate for the period, unless fluctuations in exchange rates during that period are significant, in which case income and expenses are translated at the rate on the dates of the transactions;
- all the equity and provision items are translated at the rate on the dates of the transactions;
- all resulting exchange differences are recognized as a separate component of other comprehensive income;
- in the consolidated statement of cash flows cash balances at the beginning and end of each presented period are translated at rates prevailing at corresponding dates. All cash flows are translated at average exchange rates for the periods presented. Exchange differences arising from the translation are presented as the effect of translation into presentation currency.

Principles of consolidation

Subsidiaries

Subsidiaries are all 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.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

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 are used while preparing the condensed consolidated interim 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.

3. Summary of significant accounting policies

Property, plant and equipment

Property, plant and equipment are stated at their revalued amounts that are the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. 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.

Property, plant and equipment of acquired subsidiaries are initially recognised at their fair value which is based on valuations performed by independent professionally appraisers.

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

Increases in the carrying amount arising on revaluation of property, plant and equipment are recognised in other comprehensive income and accumulated in equity under the line Revaluation reserve. Decreases in the carrying amount as a result of a revaluation are in profit or loss. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Decrease related to previous increase of the same asset is recognized against other reserves directly in equity.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings as the asset is used by an entity (in the amount that is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost) and when the asset is derecognized (in the full amount).

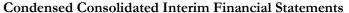
Subsequent major costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that these replacements will materially extend the life of property, plant and equipment or result in future economic benefits. The carrying amount of the replaced part is derecognized. All other day-to-day repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Property, plant and equipment or their essential component are written-off in a case of their disposal or if future economic benefits from use or disposal of such asset are not 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 statement of comprehensive income when the asset is derecognized.

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 derecognized. 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.

Depreciation on 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





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

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

Land is not depreciated.

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income in other income (expenses) when the asset is derecognized.

The Group determines whether the useful life of an intangible asset is finite or indefinite.

Useful life of intangible assets is indefinite if the Group suggests that the period during which it is expected that the object of intangible assets will generate net cash inflows to the organization has no foreseeable limit. Intangible assets with indefinite useful lives are not amortized, but reviewed for impairment.

Amortisation of intangible assets is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The following estimated useful lives, which are re-assessed annually, have been determined for classes of finite-lived intangible assets:

Land lease rights 5-15 yearsComputer software 5 years

Impairment of property, plant and equipment and intangible assets

The carrying amounts of property, plant and equipment and intangible 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 in order to determine the extent of the impairment loss, if any. 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. Value in use is the net present value of expected future cash flows, discounted on a pre-tax basis, using a rate that reflects current market assessments of the time value of money.

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 statement of comprehensive income.

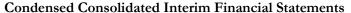
A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized 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.

Biological assets

The biological assets are classified as non-current and current depending on the expected pattern of consumption of the economic benefits embodied in the 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.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

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 for the cases where the fair value cannot be determined with reasonable assurance.

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 in the statement of comprehensive income as Gain (loss) from changes in fair value of biological assets and agricultural produce, net.

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

- Biological assets of plant-breeding

The capitalized expenses include all the direct costs and overhead costs related to the farming division. Such costs may include the following costs: raw materials (seeds, mineral fertilizers, fuel and other materials), wages and salaries expenses of production personnel and related charges, amortization and depreciation, land lease expenses and other taxes, third parties' services and other expenses related to the cultivation and harvesting of biological assets of plant-breeding.

- Biological assets of animal-breeding

The capitalized expenses include all the direct costs and overhead costs related to the live-stock breeding. The types of costs that are capitalized in the current biological assets of animal breeding are the following: fodder, means of protection of animals and artificial insemination, fuel and other materials, wages and salaries expenses of production personnel and related charges, amortization and depreciation, third parties' services and other expenses related to the current biological assets of animal breeding.

All expenses related to the non-current biological assets of cattle breeding are included into the cost of milk. Respectively the note 20 of non-current biological assets does not include any capitalized costs.

The expenses on works connected with preparation of the lands for future harvest are included in to the Inventories as work-in-progress. After works on seeding on these lands the cost of field preparation is reclassified as biological assets held at fair value.

Agricultural produce

The Group classifies the harvested product of the biological assests as agricultural produce. Agricultural produce is measured at its fair value less costs to sell at the point of harvest. The difference between the cost and fair value less costs to sell at the point of harvest of harvested agricultural produce is recognized in the statement of comprehensive income as Gain (loss) from changes in fair value of biological assets and agricultural produce, net.

After the initial recognising as at the date of harvesting agricultural produce is treated as inventories. Agricultural produce measurement as at the date of harvest becomes inventories' cost to account.

Inventories

Inventories are measured at the lower of cost or net realizable value.

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 agriculture produce is its fair value less costs to sell at the point of harvesting.

The cost of work in progress and finished goods includes costs of direct materials and labor and other direct productions costs and related production overheads (based on normal operating capacity). Costs are capitalized in work in progress for preparing and treating land prior to seeding in the next period. Work in progress is transferred to biological assets once the land is seeded.

The cost of inventories is assigned by using FIFO method.

Net realizable 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 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.

Condensed Consolidated Interim Financial Statements



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Financial assets

The Group's financial assets include cash and cash equivalents, trade and other accounts receivable, other receivables.

Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every balance sheet date. Financial assets are classified in the following category at the time of initial recognition based on the purpose for which the financial assets were acquired:

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

Financial assets are recognized initially at fair value plus directly attributable transaction costs.

The category of financial assets "Loans and receivables" are subsequently measured as follows:

- Receivables are measured at amortized cost using the effective interest method, less allowance for impairment.
- Borrowings issued are measured at amortized cost less impairment losses.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Financial assets of the Group are assessed for indications of impairment at each reporting date. A financial asset is deemed to be impaired if there is objective evidence indicating that a loss event has occurred after initial recognition of the financial asset, and that the loss event has a negative effect on the estimated future cash flows of the financial asset that can be reliably estimated.

For "Loans and receivables" the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. For trade and other receivables the carrying amount is reduced through the use of an allowance account and for borrowings the carrying amount is reduced directly by the impairment loss. If there is objective evidence that the Group is not able to collect all amounts due to the original terms of the receivables, the allowance for impairment is established. When a receivable is determined to be uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account is recognized in statement of comprehensive income as other operating expenses.

Prepayments and other non-financial assets

Prepayments are reflected at nominal value less VAT and accumulated impairment losses, other non-financial assets are reflected at nominal value less accumulated impairment losses.

Prepayment are classified as non-current assets when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition.

If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised as a part of other expenses in statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in bank and cash in hand, call deposits, other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

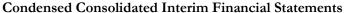
The Group's financial liabilities include trade and other payables, loans and borrowings.

Financial liabilities are recognized initially at fair value minus directly attributable transaction costs.

The Group classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method.

Any difference between amount of received resources and sum to repayment is recorded as interest expenses in statement of comprehensive income at effective interest rate method during the period, when borrowings were received.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Leases

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

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 recognized 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 recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term.

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 recognized over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the statement of comprehensive income in the period in which they are earned. Costs, including depreciation, incurred in earning the lease income are recognized as an expense.

Government grants

The Ukrainian legislation provides various tax benefits and grants for companies engaged in agriculture. Such benefits and grants are approved by the Supreme Council of Ukraine, the Ministry of Agrarian Policy, Ministry of Finance and local authorities.

- Government grants related to plant-breeding
 - Amount of such benefit is determined based on the number of hectares planted for the future harvest, taking into account the crop expected to be bred. The Group of companies recognizes this type of benefits upon the receipt of funds as other operating income in the statement of comprehensive income.
- Government grants related to cattle-breeding
 - Agricultural producers of poultry and livestock are eligible for government grants, depending on quantity of meat in live weight delivered to processing enterprises. The Group of companies recognizes these grants upon entitlement to them as other operating income.
 - Agricultural producers of poultry and livestock are also eligible for government grants for each animal unit of poultry and livestock, including slaughter for own needs or transfer to slaughter. The Group recognizes these grants upon the receipt of funds due to the uncertainty in amounts and timeframes of receipt.
- Government grants related to VAT
 - According to the Ukrainian tax legislation, the agricultural enterprises (whose income from sale of agricultural products is not less than 75% of the total gross income, or enterprises which sell meat and milk products irrespective of the volume of such transactions) receive benefits regarding VAT payment on agricultural operations. Correspondingly above, VAT amounts payable are not transferred into the budget by the entities, but credited to the entity's separate special account to support the agriculture; the amount of tax credit is used as a reduction in tax liabilities of the next period. As a result of these operations tax amounts are recognized in the statements of comprehensive income as other operating income.

Condensed Consolidated Interim Financial Statements



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Taxation

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.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

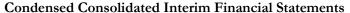
• Fixed agricultural tax

According to effective legislation, the Ukrainian consolidated companies of the Group involved in production, processing and sale of agricultural products may opt for paying fixed agricultural tax (FAT) in lieu of income tax, land tax and some other local taxes if the revenues from sale of their own agricultural products constitute not less than 75% of their total (gross) revenues. The FAT is assessed at 0,15% on the deemed value of the land plots owned or leased by the entity (as determined by the relevant State authorities). As at 31 March 2013, 8 of the companies comprising the Group were elected to pay FAT (2012: 9).

• Value added tax (VAT)

VAT output equals to 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.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

• Other taxes payable

Other taxes payable comprise liabilities for taxes other than above, accrued in accordance with legislation enacted or substantively enacted by the end of the reporting period.

Provisions

Provisions are recognized 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.

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 fulfillment 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.

Share capital

Ordinary shares issued are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction. Any excess of the fair value of consideration received over the par value of shares issued is presented in financial statements as Share premium.

Dividends

Dividends are recognized as a liability and deducted from shareholders' equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the condensed consolidated interim financial statements are authorized for issue.

Earnings per share

Earnings per share are determined by dividing the net profit or loss attributable to the owners of parent company by the weighted average number of shares outstanding during the reporting period.

Revenue recognition

The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group.

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 returns.

- Sales of goods
 - Revenue from sales of goods is recognised at the point of transfer of risks and rewards of ownership of the goods, normally when the goods are shipped. If the Group agrees to transport goods to a specified location, revenue is recognised when the goods are passed to the customer at the destination point. The Group uses standardised INCOTERMS which define the point of risks and reward transfers.
- 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.

Condensed Consolidated Interim Financial Statements



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Income from the exchange of property certificates

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.

Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

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. 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.

All other borrowing costs are expensed in the period they occur.

4. Critical accounting estimates and judgments

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Used estimates and assumptions are reviewed by the management of the Group on a continuous basis, by reference to past experiences, current trends and all available information that is relevant at the time of preparation of financial statements. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the revision and subsequent periods, if both periods are affected.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts reflected in the condensed consolidated interim financial statements:

Fair value of property, plant and equipment

The Group engages an independent appraiser to determine the fair value of property, plant and equipment on a regular basis.

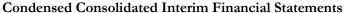
The assessment is conducted in accordance with International Valuation Standards for property. The assessment procedure is carried out for all groups of property, plant and equipment. The fair value of items of property, plant and equipment is estimated on the basis of comparative and cost plus approaches.

The comparative approach is based on an analysis of sales prices and offers of similar items of property, plant and equipment, taking into account the appropriate adjustments for differences between the objects of comparison and assessment item. Based on the application of this approach, the fair value of property, plant and equipment is determined on the basis of their market value.

The cost approach involves the definition of present value of costs of reconstruction or replacement of the assessment item with their further adjustment by the depreciation (impairment) amount. Based on the application of this approach, the fair value of certain items of property, plant and equipment is determined in the amount of the replacement of these items. 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.

Useful lives of property, plant and equipment

Items of property, plant and equipment owned by the Group are depreciated using the straight-line method over their useful lives, which are calculated in accordance with business plans and operating calculations of the Group's management with respect to those assets.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

The estimated useful life and residual value of non-current assets are influenced by the rate of exploitation of assets, servicing technologies, changes in legislation, unforeseen operational circumstances. The Group's management periodically reviews the applicable useful lives. This analysis is based on the current technical condition of assets and the expected period in which they will generate economic benefits to the Group.

Any of the above factors may affect the future rates of depreciation, as well as carrying and residual value of property, plant and equipment.

Impairment of property, plant and equipment and intangible assets

The Group carries out revaluations on a regular basis and conducts a full valuation exercise if there is an indication of impairment. An impairment review is conducted at the balance sheet date. To test property, plant and equipment and intangible assets for impairment, the Group's business is treated as three cash generating units: farming division, live-stock breeding and storage and processing. The recoverable amount of the cash-generating unit is determined on the basis of value in use. The amount of value in use for the cash generating unit is determined on the basis of the most recent budget estimates prepared by management and application of the income approach of valuation.

Fair value of biological assets

Due to an absence of an active market for non-current biological assets for cattle-breeding and biological assets of plants-breeding in Ukraine, to determine the fair value of these biological assets, the Group used the discounted value of net cash flows expected from assets as at reporting date. Fair value is determined based on market prices and a current market-determinated pre-tax rate as at the date of valuation.

The fair value of current biological assets of cattle-breeding is measured using market prices as at reporting date. The fair value is determined based on market prices of livestock of similar age, breed and genetic merit.

Fair value of agricultural produce

The Group estimates the fair value of agricultural produce at the date of harvesting using the current quoted prices in an active market. Costs to sell at the point of harvest are estimated based on expected future selling costs that depend on conditions of sales agreements. The fair value less costs to sell becomes the carrying value of inventories at the date of harvesting.

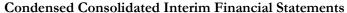
Inventories

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.

Fair value of financial instruments

The fair value of financial assets and liabilities is determined by applying various valuation methodologies. Management uses its judgment to make assumptions based on market conditions existing at each balance sheet date. 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. Management uses discounted cash flow analysis for various loans and receivables as well as debt instruments that are not traded in active markets. The effective interest rate is determined by reference to the interest rates of instruments available to the Group in active markets. In the absence of such instruments, the effective interest rate is determined by reference to the interest rates of active market instruments available adjusted for the Group's specific risk premium estimated by management.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Impairment of trade and other accounts receivable

Management evaluates the recoverability of trade and other accounts receivable by estimating the likelihood of its collection. These estimations are based on an analysis of individual accounts. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Management estimates the future cash flow by taking into consideration the following: analysis of trade and other accounts receivable in accordance with the contractual credit terms allowed to customers; the collection history of customers; the general economic conditions, the specifics of industry and the financial position of customers.

Impairment of other financial and non-financial assets

Management assesses whether there are any indicators of possible impairment of other financial and non-financial assets at each reporting date. If any events or changes in circumstances indicate that the current value of the assets may not be recoverable or the assets, goods or services relating to a prepayment will not be received, the Group estimates the recoverable amount of assets. If there is objective evidence that the Group is not able to collect all amounts due to the original terms of the agreement, the corresponding amount of the asset is reduced directly by the impairment loss in the statement of comprehensive income. Subsequent and unforeseen changes in assumptions and estimates used in testing for impairment may lead to the result different from the one presented in the financial statements.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Since 01 January 2011 a new Tax Code of Ukraine has been adopted. Tax Code regulates relationships evolving in process of adoption, altering and cancellation of taxes and charges in Ukraine; it specifies full list of taxes and charges collected in Ukraine, administration procedure for taxes, payers of taxes and charges, their rights and obligations, power of controlling authorities, credentials and responsibilities of their officials in the exercise of tax control, and also liability for the infringement of tax law.

Adoption of the Tax Code changes taxation system in Ukraine entirely. Quantity of taxes decreases almost twofold. Gradual decrease of base rates for all fiscal charges is stipulated within several years. Additional rate for tax on income of physical persons is adopted. Regulations settling procedure of taxation covered by the Tax Code are cancelled. These changes substantially increase risks of incorrect interpretation of adopted Tax Code. As a result of future tax inspections additional liabilities may be revealed, which will not comply with tax statements of the Company. Such liabilities may comprise taxes themselves, and also fines and penalties, and their amounts may be material.

Legal proceedings

The Group's management makes significant assumptions in estimation and reflection of the risk of exposure to contingent liabilities related to current legal proceedings and other unliquidated claims, as well as other contingent liabilities. Management's judgments are required in assessing the possibility of a secured claim against the Group or material obligations, as well as in determining probable amounts of final payment or obligations. Due to the uncertainties inherent in the evaluation process, actual expenses may differ from the initial calculations.

These preliminary estimates are subject to changes as new information becomes available from the Group's internal specialists, if any, or from third parties, such as lawyers. Revisions of such estimates may have a significant impact on future operating results.

INDUSTRIAL MILK COMPANY S.A. AND ITS SUBSIDIARIES Condensed Consolidated Interim Financial Statements



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

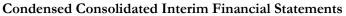
(in thousand USD, unless otherwise stated)

New and amended standards and interpretations

New IFRS standards and interpretations applicable from 2013 onward

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2012. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early. Standards and Interpretations adopted by the EU

- IFRS 7 (Amendments) "Financial Instruments: Disclosures" "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).
- IAS 1 (Amendments) "Presentation of items of other Comprehensive Income" (effective for annual periods beginning on or after 1 July 2012). (Impact that the standard will have on the entity's financial statements in the period of initial application)
- IAS 27 (Revised) "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).
- IAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

5. Revenue

	Note	For the three months ended 31 March 2013	For the three months ended 31 March 2012
		Unaudited	Unaudited
Revenue from sales of finished products	a)	34 596	18 024
Revenue from services rendered	b)	570	307
		35 166	18 331

a) Revenue from sales of finished products for the three months ended 31 March was as follows:

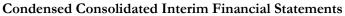
	For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Unaudited	Unaudited
Cattle	350	410
Milk	2 219	1 736
Corn	27 161	8 357
Wheat	386	9
Sunflower	43	5 549
Soy beans	1 612	1 354
Other	2 825	609
	34 596	18 024

b) Revenue from services rended for the three months ended 31 March was as follows:

For the three months ended 31 March 2013	For the three months ended 31 March 2012
Unaudited	Unaudited
283	176
-	51
9	50
219	5
59	25
570	307
	months ended 31 March 2013 Unaudited 283 - 9 219 59

6. Income / (loss) from changes in fair value of biological assets and agricultural produce, net

	Note	For the three months ended 31 March 2013	For the three months ended 31 March 2012
		Unaudited	Unaudited
Non-current biological assets	19	3 010	-
Current biological assets	23	9 118	1 684
Agricultural produce		(1 351)	-
		10 778	1 684





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

7. Cost of sales

	Note	For the three months ended 31 March 2013	For the three months ended 31 March 2012
		Unaudited	Unaudited
Raw materials		(15 442)	(793)
Change in inventories and work-in-progress	a)	(13 978)	(12 231)
Wages and salaries of operating personnel and related charges	14	(2 810)	(1 475)
Depreciation and amortization	13	(2 510)	(1 398)
Third parties' services		(1 964)	(548)
Fuel and energy supply		(1 831)	(763)
Rent		(320)	(650)
Repairs and maintenance		(158)	(70)
Taxes and other statutory charges		(62)	(77)
Other expenses		(5)	(5)
		(39 080)	(18 010)

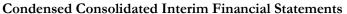
a) Change in inventories and work-in-progress comprises changes in work-in-progress, agricultural produce and current biological assets. Book values of agricultural produce and biological assets as at the end of the reporting periods comprise fair value component stemming from revaluation conducted for the purposes of initial recognition of agricultural produce and biological assets at fair value.

8. Administrative expenses

		For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Note	Unaudited	Unaudited
Wages and salaries of administrative personnel and related charges	14	(944)	(525)
Third parties' services		(73)	(69)
Repairs and maintenance		(40)	(34)
Depreciation and amortisation	13	(45)	(46)
Bank services		(82)	(55)
Professional services		(181)	(201)
Transport expenses		(118)	(79)
Other expenses		(99)	(50)
		(1 582)	(1 059)

9. Selling and distribution expenses

		For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Note	Unaudited	Unaudited
Wages and salaries of sales personnel and related charges	14	(110)	(31)
Depreciation	13	(12)	(20)
Delivery costs		(1 177)	(298)
Other expenses		(118)	(24)
		(1 417)	(373)





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

10. Other operating income

		For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Note	Unaudited	Unaudited
Government grants and subsides recognised as income	a)	162	143
Income from subsidized VAT	b)	809	153
Gain on disposal of inventories		33	1
Other income	c)	497	161
		1 501	458

a) Government grants and subsides recognized as income for the three months ended 31 March 2013 amounting to th USD 162 comprise th USD 20 of grants related to the farming division and th USD 142 of grants related to the live-stock breeding.

11. Income from the exchange of property certificates

	For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Unaudited	Unaudited
Income from the exchange of property certificates	-	94

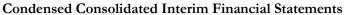
Income from the acquisition of property certificates represents the difference between the price paid for property certificates and the fair value of received items of property, plant and equipment and recognized as income in the period of the exchange operation.

12. Other operating expenses

	Note	For the three months ended 31 March 2013	For the three months ended 31 March 2012
		Unaudited	Unaudited
Write-offs of VAT		(35)	(2)
Shortages and losses due to impairment of inventories		(84)	(23)
Loss from VAT on export operations	a)	(2 484)	=
Lost crops		(136)	(9)
Depreciation	13	(208)	(70)
Wages and salaries of non-operating personnel and related charges	14	(19)	(8)
Loss on disposal of property, plant and equipment		-	(5)
Other expenses		(116)	(66)
		(3 082)	(183)

b) According to the Ukrainian tax legistation, the agricultural enterprises (whose income from sale of agricultural products is not less than 75% of the total gross income, or enterprises which sell meat and milk products irrespective of the volume of such transactions) receive benefits regarding VAT payment on agricultural operations. These tax amounts are not paid to the budget, but recognized as net result of income or expenses in the other operating income.

c) Other operating income for the three months ended 31 March 2013 amounting to th USD 497 comprises th USD 310 of income related to the return of allowances.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

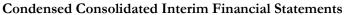
a) Loss from VAT on export operations for the three months ended 31 March 2013 amounting to th USD 2 484 related to changes in Ukrainian tax legislation. According to the Tax Code temporarily till 01 January 2014 sales operations on export of certain agricultural crops are exempted from VAT. Consequently, the Company loses the right on VAT credit for expenses incurred for cultivation of these crops.

13. Depreciation and amortisation

		For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Note	Unaudited	Unaudited
Depreciation			
Cost of sales	7	(1 494)	(1 265)
Administrative expenses	8	(45)	(45)
Selling and distribution expenses	9	(12)	(20)
Other operating expenses	12	(208)	(70)
Depreciation as a part of article "Lost crops"		-	-
		(1 759)	(1 400)
Amortisation			
Cost of sales	7	(1 016)	(133)
Administrative expenses	8	-	(1)
		(1 016)	(134)
		(2 775)	(1 534)

14. Wages and salaries expenses

		For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Note	Unaudited	Unaudited
Wages and salaries		(2 866)	(1 504)
Related charges		(1 020)	(556)
		(3 886)	(2 060)
The average number of employees, persons		4 110	1 809
Remuneration of management		130	130
Wages and salaries of operating personnel and related charges	7	(2 810)	(1 475)
Wages and salaries of administrative personnel and related charges	8	(944)	(525)
Wages and salaries of sales personnel and related charges	9	(110)	(31)
Wages and salaries of non-operating personnel and related charges	12	(19)	(8)
Wages and salaries as a part of article "Lost crops" and related charges		(2)	-
Wages and salaries as a part of article "Construction in progress" and related charges		(1)	(21)
		(3 886)	(2 060)





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

15. Financial (expenses)/income, net

	For the three months ended 31 March 2013	For the three months ended 31 March 2012	
	Unaudited	Unaudited	
Interest income on bank deposits	13	71	
Loss from sale of currency	541	59	
Loss from exchange differences	(2)	(5)	
Interest expenses on loans and borrowings	(1 472)	(553)	
Bond interest expenses	(964)	-	
Other expenses	(31)	-	
	(1 915)	(428)	

16. Income tax expenses

The corporate income tax rate in Ukraine was 19% as at 31 March 2013 and 21% as at 31 March 2012.

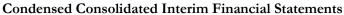
The new Tax Code of Ukraine effective as of 1 January 2011, introduced gradual decreases in income tax rates over the future years (from 23% effective from 1 April 2011 to 16% effective from 1 January 2014), as well as certain changes to the rules of income tax assessment starting from 1 April 2011. The deferred income tax assets and liabilities were measured based on the tax rates expected to be applied to the period when the temporary differences are expected to reverse.

The components of income tax expenses for the three months ended 31 March 2013 and 2012 were as follows:

	For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Unaudited	Unaudited
Current income tax	0	(16)
Deferred tax	(50)	32
Income tax benefit (expenses) reported in the statement of comprehensive income	(50)	16
Consolidated statement of other comprehensive income		
Deferred tax related to item charged or credit directly to other comprehensive income during year:		
Net gain on revaluation of property, plant and equipment	144	95

	For the three months ended 31 March 2013	For the three months ended 31 March 2012
	Unaudited	Unaudited
01 January	(2 726)	(3 001)
Income tax benefit (expenses) for the period recognized in profit or loss	(50)	32
Income tax benefit (expenses) for the period recognized in other comprehensive income	144	41
Effect of foreign currency translation	-	(2)
31 December	(2 632)	(2 930)







NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

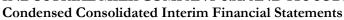
(in thousand USD, unless otherwise stated)

17. Property, plant and equipment

	Land and buildings	Machinery	Motor vehicles	Other	Construction in progress	Total
Initial cost						
31 December 2011 (audited)	44 345	21 857	8 250	1 133	1 087	76 672
Additions	112	1 018	818	50	150	2 148
Additions from acquisition of subsidiaries	1 598	779	420	14	11	2 822
Disposals	(269)	(337)	(78)	(10)	-	(694)
Transfer	55	27	-	-	(83)	(1)
Effect from translation into presentation currency	17	9	5	2	2	35
31 March 2012 (unaudited)	45 858	23 353	9 415	1 189	1 167	80 982
31 December 2012 (audited)	55 611	34 989	15 058	1 308	6 041	113 007
Additions	27	35	59	18	959	1 098
Disposals	(96)	(160)	(23)	(2)	-	(281)
Transfer	-	4	8	-	(12)	-
Effect from translation into presentation currency	-	-	-	-	-	-
31 March 2013 (unaudited)	55 542	34 868	15 102	1 324	6 988	113 824
Accumulated depreciation						
31 December 2011 (audited)	(4 569)	(6 792)	(2 734)	(970)	-	(15 065)
Depreciation for the period	(455)	(626)	(229)	(90)	-	(1 400)
Additions from acquisition of subsidiaries	-	-	-	(2)	-	(2)
Disposals	30	167	44	8	-	249
Effect from translation into presentation currency	(2)	(3)	(1)	-	-	(6)
31 March 2012 (unaudited)	(4 996)	(7 254)	(2 920)	(1 054)	-	(16 224)
31 December 2012 (audited)	(6 485)	(9 398)	(3 847)	(1 127)	-	(20 857)
Depreciation for the period	(650)	(733)	(313)	(63)	-	(1 759)
Disposals	72	140	21	2	-	235
Effect from translation into presentation currency	-	-	-	-	-	-
31 March 2013 (unaudited)	(7 063)	(9 991)	(4 139)	(1 188)	-	(22 381)
Net book value						
As at 31 December 2011	39 776	15 065	5 516	163	1 087	61 607
As at 31 March 2012	40 862	16 099	6 495	135	1 167	64 758
As at 31 December 2012	49 126	25 591	11 211	181	6 041	92 150
As at 31 March 2013	48 479	24 877	10 963	136	6 988	91 443

The fair value of property, plant and equipment of all the Group's companies has been measured as at 31 December 2010 by an independent appraiser FDI "Bureau Veritas Ukraine" (ODS Certificate No.7100/08 as of 26 May 2008 issued by State Property Fund of Ukraine). The fair values as at the date of acquisition of new subsidiaries were determined by an independent appraisers FDI "Bureau Veritas Ukraine".







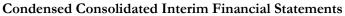
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

18. Intangible assets

	Computer software	Property certificates	Land lease rights	Total
Initial cost				
31 December 2011 (audited)	32	618	2 842	3 492
Additions	-	117	-	117
Additions from acquisition of subsidiaries	-	-	1 279	1 279
Disposals	-	(82)	-	(82)
Effect from translation into presentation currency	-	1	1	2
31 March 2012 (unaudited)	32	654	4 122	4 808
31 December 2012 (audited)	35	728	23 854	24 617
Additions	-	-	-	-
Disposals	-	-	-	-
Effect from translation into presentation currency	-	-	-	-
31 March 2013 (unaudited)	35	728	23 854	24 617
Accumulated amortisation				
31 December 2011 (audited)	(20)	(8)	(170)	(198)
Amortisation for the period	(1)	-	(133)	(134)
Effect from translation into presentation currency	-	-	-	-
31 March 2012 (unaudited)	(21)	(8)	(303)	(332)
31 December 2012 (audited)	(24)	(8)	(1 321)	(1 353)
Amortisation for the period	(1)	-	(1 015)	(1 016)
Disposal	-	-	-	-
Effect from translation into presentation currency	-	-	-	-
31 March 2013 (unaudited)	(25)	(8)	(2 336)	(2 369)
Net book value				
As at 31 December 2011	12	610	2 672	3 294
As at 31 March 2012	11	646	3 819	4 476
As at 31 December 2012	11	720	22 533	23 264
As at 31 March 2012	10	720	21 518	22 248

Property certificates represent deeds supporting ownership right for property units of members of agricultural entity, which are intended for exchange by the Group companies on the property objects of this agricultural entity.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

19. Non-current biological assets

	31 March 2013	31 March 2012	
	Unaudited	Unaudited	
Non-current biological assets - animal-breeding			
Cattle	14 083	9 415	
Pigs	47	20	
Other	5	-	
Total non-current biological assets - animal - breeding	14 135	9 435	
Non-current biological assets - plant-breeding			
Perennial grasses	104	71	
Total non-current biological assets	14 239	9 506	

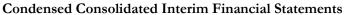
As at the reporting dates non-current biological assets of animal-breeding were presented as follows:

	31 March 2013	Unaudited	
	Unaudited		
Cattle			
Cattle, units	4 618	4 084	
Live weight, kg	1 870 527	1 665 047	
Book value	14 083	9 415	
Pigs			
Pigs, units	105	42	
Live weight, kg	14 616	6 340	
Book value	47	20	
Other		-	
Other, units	20	-	
Live weight, kg	981	-	
Book value	5	-	

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

	31 March 2013	31 March 2012
	Unaudited	Unaudited
Perennial grasses	·	
Area, ha	1 510	1 727
Book value	104	71







NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

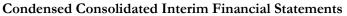
Following changes took place in the non-current biological assets of animal-breeding for the three months ended 31 March 2013 and 2012:

	Cattle	Pigs	Other	Total
31 December 2011 (audited)	8 920	24	-	8 944
Additions	25	-	-	25
Capitalized expenses	-	2	-	2
Transfer (from (to) current biological assets)	467	(6)	-	461
Change in fair value	-	-	-	-
Effect from translation into presentation currency	3	-	-	3
31 March 2012 (unaudited)	9 415	20	-	9 435
_				
31 December 2012 (audited)	10 688	39	2	10 729
Acquisitions for the period	-			
Capitalized expenses	-	12	1	13
Transfer (from (to) current biological assets)	387	(4)	-	383
Change in fair value	3 008	0	2	3 010
Effect from translation into presentation currency	-	-	-	-
31 March 2013 (unaudited)	14 083	47	5	14 135

Due to the absence of an active market for cattle in Ukraine, to determine the fair value of biological assets, the Group used the discounted value of net cash flows expected from assets. As a discount rate, the rate of 22,92% prevailing as at 31 March 2013 (2012: 21,3%) was applied for cattle.

Following changes took place in the non-current biological assets of plant-breeding for the three months ended 31 March 2013 and 2012:

31 December 2011 (audited)86Capitalized expenses(34)Additions from acquisition of subsidiaries19Harvesting-Effect from translation into presentation currency-31 March 2012 (unaudited)7131 December 2012 (audited)152Capitalized expenses-Harvesting failure(48)Effect from translation into presentation currency-31 March 2013 (unaudited)104		Perennial grasses
Additions from acquisition of subsidiaries 19 Harvesting - Effect from translation into presentation currency - 31 March 2012 (unaudited) 71 31 December 2012 (audited) 152 Capitalized expenses - Harvesting failure (48) Effect from translation into presentation currency -	31 December 2011 (audited)	86
Harvesting Effect from translation into presentation currency 31 March 2012 (unaudited) 31 December 2012 (audited) Capitalized expenses Harvesting failure Effect from translation into presentation currency 152 Capitalized expenses	Capitalized expenses	(34)
Effect from translation into presentation currency 31 March 2012 (unaudited) 31 December 2012 (audited) Capitalized expenses Harvesting failure Effect from translation into presentation currency	Additions from acquisition of subsidiaries	19
31 March 2012 (unaudited)7131 December 2012 (audited)152Capitalized expenses-Harvesting failure(48)Effect from translation into presentation currency-	Harvesting	-
31 December 2012 (audited) Capitalized expenses Harvesting failure Effect from translation into presentation currency 152 (48)	Effect from translation into presentation currency	-
Capitalized expenses - Harvesting failure (48) Effect from translation into presentation currency -	31 March 2012 (unaudited)	71
Capitalized expenses - Harvesting failure (48) Effect from translation into presentation currency -		
Harvesting failure (48) Effect from translation into presentation currency -	31 December 2012 (audited)	152
Effect from translation into presentation currency	Capitalized expenses	-
•	Harvesting failure	(48)
31 March 2013 (unaudited) 104	Effect from translation into presentation currency	-
	31 March 2013 (unaudited)	104





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

20. Deferred tax assets and liabilities

The major components of deferred tax assets and liabilities were as follows:

Deferred tax assets

	Property, plant and equipment	Tax losses	Allowances for recognized tax assets	Prepayments and accounts payable	Provisions	Total
31 December 2011 (audited)	_	439	(439)	42	78	120
Considering profit (loss)	-	-	-	-	-	-
Effect from translation into presentation currency	-	-	-	-	-	
31 March 2012 (unaudited)	-	439	(439)	42	78	120
31 December 2012 (audited)	132	244	(244)	113	21	266
Considering profit (loss)	(1)	-	-	(71)	(16)	(88)
Effect from translation into presentation currency	-	-	-	-	-	
31 March 2013 (unaudited)	131	244	(244)	42	5	178

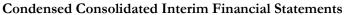
Deferred tax liabilities

	Property, plant and equipment	Prepayments and accounts payable	Total
31 December 2011 (audited)	(3 120)	(1)	(3 121)
Considering profit (loss)	32	-	32
Considering equity	41	-	41
Acquisition of subsidiaries	-	-	-
Effect of foreign currency translation	(2)	-	(2)
31 March 2012 (unaudited)	(3 049)	(1)	(3 050)
31 December 2012 (audited)	(2 994)	-	(2 994)
Considering profit (loss)	38	-	38
Considering equity	144	-	144
Effect of foreign currency translation	-	-	-
31 March 2013 (unaudited)	(2 812)	-	(2 812)

21. Other non-current assets

	31 March 2013	31 March 2012
	Unaudited	Unaudited
Prepayments for property, plant and equipment	1 214	4 091







(in thousand USD, unless otherwise stated)

22. Inventories

		31 March 2013	31 March 2012
	Note	Unaudited	Unaudited
Work-in-progress	a)	10 804	6 464
Agricultural produce	b)	25 568	17 580
Finished goods	c)	6 729	21
Agricultural materials		6 258	7 221
Raw materials		1 118	2 185
Spare parts		1 016	941
Fuel		801	482
Other inventories		1 281	341
		53 575	35 235

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.

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

	31 March 2013	
	Unaudited	Unaudited
Corn	19 101	9 356
Wheat	187	5 418
Sunflower	171	43
Potato	1 149	626
Lupin	19	843
Hay	108	108
Silage	2 971	366
Soya	659	404
Other	1 203	416
	25 568	17 580

There was no impairment of the agricultural produce as at the reporting dates.

c) As at 31 March 2013 finished goods was include sugar in the amount of th USD 6 468.



(in thousand USD, unless otherwise stated)

23. Current biological assets

	31 March 2013	31 March 2012
	Unaudited	
Current biological assets of animal-breeding		
Cattle	12 614	6 372
Pigs	323	11
Other	55	43
	12 992	6 426
Current biological assets of plant-breeding		
Corn	7 715	-
Wheat	12 754	4 999
Rye	36	1 025
Grasses	137	263
Other	-	76
Total current biological assets of plant-breeding	20 642	6 363
Total current biological assets	33 634	12 789

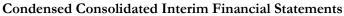
As at the reporting dates current biological assets of animal-breeding were presented as follows:

	31 March 2013	31 March 2012	
	Unaudited		
Cattle			
Cattle, units	6 442	3 571	
Live weight, kg	1 349 256	879 000	
Book value	12 614	6 372	
Pigs			
Pigs, units	1 701	93	
Live weight, kg	91 188	5 191	
Book value	323	11	
Other			
Number of animals, units	180	74	
Live weight, kg	29 591	27 672	
Book value	55	43	
Total book value	12 992	6 426	

Following changes took place in the current biological assets of animal-breeding for the three months ended 31 March 2013 and 2012:

	Cattle	Pigs	Other	Total
31 December 2011 (audited)	6 893	8	43	6 944
Acquisitions for the period	2	-	1	3
Additions from acquisition of subsidiaries	-	-	-	-
Capitalized expenses	924	8	-	932
Transfer (from (to) non-current biological assets)	(467)	6	-	(461)
Sale	(1 218)	(12)	(1)	(1 231)
Slaughter	(34)	-	-	(34)
Change in fair value	268	-	-	268
Effect from translation into presentation currency	4	-	-	5
31 March 2012 (unaudited)	6 372	10	43	6 426







(in thousand USD, unless otherwise stated)

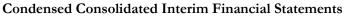
31 December 2012 (audited)	8 642	215	50	8 907
Acquisitions for the period	-	-	-	-
Capitalized expenses	1 285	96	3	1 384
Transfer (from (to) non-current biological assets)	(387)	4	-	(383)
Sale	(1 401)	(36)	(1)	(1 438)
Slaughter	(32)	(8)	(3)	(43)
Change in fair value	4 507	52	6	4 565
Effect from translation into presentation currency	-	-	-	-
31 March 2013 (unaudited)	12 614	323	55	12 992

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

Corn Area, ha		31 March 2012 Unaudited	
Area, ha	Unaudited		
	3 984	-	
Book value	7 715	-	
Wheat			
Area, ha	9 883	6 297	
Book value	12 754	4 999	
lye			
Area, ha	545	1 806	
Book value	36	1 025	
rasses			
Area, ha	1 959	1 706	
Book value	137	263	
Other			
Area, ha	-	207	
Book value	-	76	
otal book value	20 642	6 363	

Following changes took place in the current biological assets of plant-breeding for the three months ended 31 March 2013 and 2012:

	Corn	Wheat	Rye	Grasses	Other	Total
31 December 2011 (audited)		3 150	741	173	71	4 135
Additions from acquisitions of subsidiaries	-	396	-	2	-	398
Capitalized expenses	-	272	55	88	6	421
Harvest failure	-	-	(5)	-	(1)	(6)
Change in fair value	-	1 182	234	-	-	1 416
Effect of foreign currency translation	-	(1)	-	-	-	(1)
31 March 2012 (unaudited)		4 999	1 025	263	76	6 363
31 December 2012 (audited)	22 953	6 689	22	28	0	29 692
Additions	-	-	-	-	-	-
Capitalized expenses	750	754	14	109	-	1 627
Revaluation at fair value at the date of harvest	(1 350)	-	-	-	-	(1 350)
Harvesting	(13 744)	-	-	-	-	(13 744)
Harvest failure	(136)	-	-	-	-	(136)
Change in fair value	(758)	5 311	-	-	-	4 553
Effect of foreign currency translation		-	-	-	-	-
31 March 2013 (unaudited)	7 715	12 754	36	137	0	20 642





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

24. Trade accounts receivable, net

		31 March 2013	31 March 2012
	Note	Unaudited	Unaudited
Trade accounts receivable		3 702	2 762
Allowances for accounts receivable	26	(203)	(909)
		3 499	1 853

25. Prepayments and other current assets, net

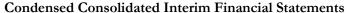
		31 March 2013	31 March 2012	
	Note	Unaudited	Unaudited	
Prepayments and other non-financial assets:				
Advances to suppliers	a)	7 985	1 858	
Allowances for advances to suppliers	26	(81)	(30)	
VAT for reimbursement		2 685	4 449	
		10 589	6 277	
Other financial assets:				
Non-bank accomodations interest free		6 833	415	
Other accounts receivable		329	560	
Allowances for other accounts receivable	26	(25)	(22)	
		7 137	953	
		17 726	7 230	

26. Changes in allowances made

		31 March 2013	31 March 2012
	Note	Unaudited	Unaudited
Allowances for trade accounts receivable	24	(203)	(909)
Allowances for advances to suppliers	25	(81)	(30)
Allowances for other accounts receivable	25	(25)	(22)
		(309)	(961)

The movements of the allowances were as follows:

		For the three months ended 31 March 2013 Unaudited	For the three months ended 31 March 2012 Unaudited
As at the beginning of the period	Note	(515)	(821)
Accrual	12	-	-
Additions from acquisition of subsidiaries		-	(177)
Use of allowances		205	38
Return of allowances		1	-
Effect from translation into presentation currency			(1)
As at the end of the period		(309)	(961)





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

27. Cash and cash equivalents

		31 March 2013	31 March 2012
	Currency	Unaudited	Unaudited
Cash in bank and hand	USD	57	4 236
Cash in bank and hand	UAH	1 215	6 156
Cash in bank and hand	EUR	56	24
Cash in bank and hand	PLN	-	-
		1 328	10 416

There were no restrictions on the use of cash and cash equivalents during the three months ended 31 March 2013 and 2012.

28. Equity

Share capital

Industrial Milk Company S.A. has one class of ordinary shares. The number of authorized, issued and fully paid shares as at 31 March 2013 is th USD 31 300 (31 March 2012 – th USD 31 300). All shares have equal voting rights. Par value of one share is USD 0,0018.

Shareholders structure as at 31 March was as follows:

	31 March 2013		31 March 2012	
	0/0	Amount	%	Amount
AGROVALLEY LIMITED	59	33	68	38
Russian Commercial Bank (Cyprus) Ltd	9	5	-	-
Amplico Powszechne Towarzystwo Emerytalne S.A. (with subsidiaries)	5	3	5	3
Other shareholders (each one less than 5% of the share capital)	27	15	27	15
	100	56	100	56

A transfer of shares to Russian Commercial Bank (Cyprus) Ltd (a member of VTB Group) took place under the commitment of the Group to take out these shares since 19 December 2013. The transfer was made to secure receipt of financing from VTB Bank in the amount of th USD 5 078 (see Note 30).

Share premium

In 2011 Industrial Milk Company S.A. completed initial public offering of own shares on Warsaw Stock Exchange. Issue of share capital of Industrial Milk Company S.A. brought to the increase of share capital equaling to th USD 10 and share premium in amount of th USD 24 387.

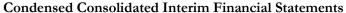
Revaluation reserve

The fair value of Group's property, plant and equipment has been measured as at 31 December 2009 and 2010 by an independent appraiser. As at 31 December 2009 the related revaluation surplus of th USD 14 766 was initially recognized in equity, as at 31 December 2010 it was additionally recognized in the amount of th USD 4 326.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings as the asset is used by an entity (in the amount that is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost) and when the asset is derecognized (in the full amount).

Effect of foreign currency translation

Effect of foreign currency translation comprises all foreign exchange differences arising from the translation of the financial statements into presentation currency.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Dividend policy

The Croup's policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity. The current intention of the Management is to recommend to the General Meeting of Shareholders not to declare dividends for the three months ended 31 March 2013 and 2012.

Legal reserve

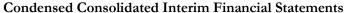
From the annual net profits of the parent company 5% have to be allocated to the legal reserve. This allocation shall cease to be required as soon and as long as such surplus reserve amounts to 10% of the capital. This reserve may not be distributed to the shareholders.

29. Long-term loans and borrowings

	Currency	31 March 2013	31 March 2012
		Unaudited	Unaudited
Secured			
Long-term bank loans	USD	30 772	22 116
Finance lease liabilities	UAH, USD, EUR	1 646	22
Bonds issued	UAH	24 584	-
		57 002	22 138
Unsecured			
Long-term loans from related parties	UAH	460	1
		460	1
		57 462	22 139
Current portion of long-term loans and borrowings	USD	(7 649)	(4 450)
Current portion of finance lease liabilities	UAH	(1 039)	(22)
		(8 688)	(4 472)
Total long-term loans		48 774	17 667

Amount of long-term loans and borrowings outstanding as at 31 March 2013 comprises following loans:

- credit line amounting to th USD 9 590 received by Chernihiv Industrial Milk Company Ltd in USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 9 590. Annual interest rate is 1Y Libor+10%. Maturity date is 29 April 2016. Obligations under credit contract are guaranteed by transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company Ltd, property rights of Burat-Agro Ltd, corporate rights of Burat-Agro Ltd, financial warranty of Burat Ltd, Burat-Agro Ltd, Mlibor PJSC, Petrov A.L. The current portion of long-term obligation equals to th USD 1 560.
- credit line amounting to th USD 3 809 received by Burat-Agro Ltd in USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 4 285. Annual interest rate is 1Y Libor+10%. Maturity date is 29 April 2016. Obligations under credit contract are guaranteed by transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company Ltd, property rights of Burat-Agro Ltd, corporate rights of Burat-Agro Ltd, financial warranty of Burat Ltd, Chernihiv Industrial Milk Company Ltd, Mlibor PJSC, Petrov A.L. The current portion of long-term obligation equals to th USD 238.
- credit amounting to th USD 3 256 received by Chernihiv Industrial Milk Company, Ltd in USD according to the credit contract concluded with PJSC "Credit Agricole Bank" with credit limit equaling to th USD 4 070. Annual interest rate is 8,75%. Maturity date is 01 March 2017. Obligations under the contract are guaranteed by property rights of Chernihiv Industrial Milk Company, Ltd. The current portion of long-term obligation equals to th USD 814.





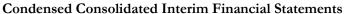
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

- credit amounting to th USD 6 500 received by Burat-Agro Ltd in USD according to the credit contract concluded with OJSC "Alfa Bank" with credit limit equaling to th USD 8 915. Annual interest rate is 12,5%. Maturity date is 22 March 2018. Obligations under credit contract are guaranteed by property rights of Burat Ltd, Chernihiv Industrial Milk Company Ltd, Mlibor PJSC, Poltava Kombikormoviy Zavod PJSC, corporate rights of Burat-Agro Ltd, Burat Ltd, Chernihiv Industrial Milk Company Ltd, Mlibor PJSC, Poltava Kombikormoviy Zavod PJSC, Slobozhanschina Agro PAC, goods of Slobozhanschina Agro PAC, financial warranty of Burat Ltd, Chernihiv Industrial Milk Company Ltd, Mlibor PJSC, Poltava Kombikormoviy Zavod PJSC, Slobozhanschina Agro PAC, Industrial Milk Company S.A., Unigrain Holding Limited, Aristo Eurotraiding Limited, Petrov A.L. The current portion of long-term obligation equals to th USD 4 225.
- credit amounting to th USD 500 received by Agroprogress PE in USD according to the credit contract concluded with PJSC "Credit Agricole Bank" with credit limit equaling to th USD 500. Annual interest rate is 10,00%. Maturity date is 26 April 2015. Obligations under the contract are guaranteed by property rights of Agroprogress PE.
- credit amounting to th USD 1 528 received by Burat-Agro, Ltd in USD according to the credit contract concluded with OJSC "Credit Agricole Bank" with credit limit equaling to th USD 1 910. Annual interest rate is 8,75%. Maturity date is 01 March 2017. Obligations under the contract are guaranteed by property rights of Burat-Agro Co, Ltd. The current portion of long-term obligation equals to th USD 382.
- credit amounting to th USD 4 000 received by Agroprogress PE in USD according to the credit contract concluded with PJSC "Credit Agricole Bank" with credit limit equaling to th USD 4 000. Annual interest rate is 9,00%. Maturity date is 26 April 2015. Obligations under the contract are guaranteed by property rights of Agroprogress PE.
- credit amounting to th USD 1 200 received by Agroprogress PE in USD according to the credit contract concluded with PJSC "Credit Agricole Bank" with credit limit equaling to th USD 1 500. Annual interest rate is 9,00%. Maturity date is 26 April 2017. Obligations under the contract are guaranteed by property rights of Agroprogress PE. The current portion of long-term obligation equals to th USD 300.
- credit amounting to th USD 389 received by Burat-Agro, Ltd in USD according to the credit contract concluded with OJSC "Credit Agricole Bank" with credit limit equaling to th USD 648. Annual interest rate is 9%. Maturity date is 01 March 2016. Obligations under the contract are guaranteed by movable property of Burat-Agro Co, Ltd. The current portion of long-term obligation equals to th USD 130.

Amount of long-term loans and borrowings outstanding as at 31 March 2012 comprises following loans:

- credit line amounting to th USD 9 590 received by Chernihiv Industrial Milk Company, Ltd. in USD according to the credit contract concluded with "PJSC Prominvestbank" with credit limit equaling to th USD 9 660. Annual interest rate 1 Y Libor+10%. Maturity date is 29 April 2016. Obligations under credit contract are guaranteed by transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company, Ltd., property rights of Burat-Agro, Ltd., corporate rights of Burat-Agro, Ltd.; financial warranty of Burat, Ltd., Burat-Agro, Ltd., PJSC Mlibor, Petrov A.L.
- credit line amounting to th USD 3 809 received by Burat-Agro, Ltd., Ltd in USD according to the credit contract concluded with "PJSC Prominvestbank" with credit limit equaling to th USD 4 285. Annual interest rate is 1 Y Libor+10%. Maturity date is 29 April 2016. Obligations under credit contract are guaranteed by transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company, Ltd., property rights of Burat-Agro, Ltd., corporate rights of Burat-Agro, Ltd.; financial warranty of Burat, Ltd., Chernihiv Industrial Milk Company, Ltd., PJSC Mlibor, Petrov A.L.
- credit line amounting to th USD 2 000 received by Chernihiv Industrial Milk Company, Ltd. In USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 2 000. Annual interest rate is 8,5%+Libor 3M. Maturity date is 30 November 2012. Obligations under credit contract are guaranteed by transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company, Ltd., property rights of Burat-Agro, Ltd., corporate rights of Burat-Agro, Ltd.; financial warranty of Burat, Ltd., Burat-Agro, Ltd., PJSC Mlibor, Petrov A.L.
- credit line amounting to th USD 2 000 received by Burat-Agro, Ltd. In USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 2 000. Annual interest rate is 8,5%+Libor 3M. Maturity date is 30 November 2012. Obligations under credit contract are guaranteed by goods, transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company, Ltd., property rights of Burat-Agro, Ltd., corporate rights of Burat-Agro, Ltd.; financial warranty of Burat, Ltd., Chernihiv Industrial Milk Company, Ltd., PJSC Mlibor, Petrov A.L.
- credit amounting to th USD 1 091 received by Burat-Agro, Ltd. in USD according to the credit contract concluded with PJSC "Credit Agricole Bank" with credit limit equaling to th USD 1 910 thousand. Annual interest rate is 8,75%. Maturity date is 01 March 2017. Obligations under the contract are guaranteed by property rights of of Burat-Agro Co, Ltd.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

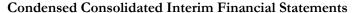
(in thousand USD, unless otherwise stated)

- credit amounting to th USD 2 787 received by Chernihiv Industrial Milk Company, Ltd. in USD according to the credit contract concluded with PJSC "Credit Agricole Bank" with credit limit equaling to th USD 4 070 thousand. Annual interest rate is 8,75%. Maturity date is 01 March 2017. Obligations under the contract are guaranteed by property rights of of Chernihiv Industrial Milk Company, Ltd.
- credit amounting to th USD 300 received by Burat-Agro, Ltd. in USD according to the credit contract concluded with PJSC "Privatbank" with credit limit equaling to th USD 1 502. Annual interest rate is 11,5%. Maturity date is 15 February 2013. Obligations under credit contract are movable property of Burat-Agro, Ltd. The current portion of long-term obligation equals to th USD 300.
- credit amounting to th USD 20 received by Burat-Agro, Ltd. in USD according to the credit contract concluded with PJSC "Privatbank" with credit limit equaling to th USD 200. Annual interest rate is 11%. Maturity date is 15 June 2012. Obligations under the contract are guaranteed by movable property of Burat-Agro, Ltd. The current portion of long-term obligation equals to th USD 20.
- credit amounting to th USD 518 received by Burat-Agro, Ltd. in USD according to the credit contract concluded with PJSC "Credit Agricole Bank" with credit limit equaling to th USD 648 thousand. Annual interest rate is 9%. Maturity date is 01 March 2016. Obligations under the contract are guaranteed by movable property of Burat-Agro Co, Ltd. The current portion of long-term obligation equals to th USD 130.

Essential terms of credit contracts:

	Currency	31 March 2013	Nominal interest rate	Effective interest rate
OJSC "Prominvestbank"	USD	9 590	1Y Libor + 10%	
OJSC "Prominvestbank"	USD	3 809	1Y Libor + 10%	_
OJSC "Alfa Bank"	USD	6 500	12,50%	13,04%
OJSC "Credit Agricole Bank"	USD	4 000	9,00%	9,39%
OJSC "Credit Agricole Bank"	USD	3 256	8,75%	9,13%
OJSC "Credit Agricole Bank"	USD	1 528	8,75%	9,13%
OJSC "Credit Agricole Bank"	USD	1 200	9,00%	9,39%
OJSC "Credit Agricole Bank"	USD	389	9,00%	9,39%
OJSC "Credit Agricole Bank"	USD	500	10,00%	10,43%
	-	30 772	-	-
Bonds issued	UAH	24 584	14,00%	14,90%
		55 356	-	-

	Currency	31 March 2012	Nominal interest rate	Effective interest rate
OJSC "Prominvestbank"	USD	9 591	1Y Libor+10%	-
OJSC "Prominvestbank"	USD	3 809	1Y Libor+10%	-
OJSC "Prominvestbank"	USD	2 000	3M Libor+8,5%	-
OJSC "Prominvestbank"	USD	2 000	3M Libor+8,5%	-
OJSC "Privatbank"	USD	300	11,50%	12,13%
OJSC "Privatbank"	USD	20	11,00%	11,57%
OJSC "Credit Agricole Bank"	USD	1 091	8,75%	9,11%
OJSC "Credit Agricole Bank"	USD	2 787	8,75%	9,11%
OJSC "Credit Agricole Bank"	USD	518	9,00%	9,38%
Long-term borrowings from related parties	UAH	1	0,00%	0,00%
		22 117		-





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Long-term loans and borrowings outstanding as at 31 March 2013 and 2012 were repayable as follows:

	31 March 2013	31 March 2012
	Unaudited	Unaudited
Within one year	8 688	4 472
In the second to fifth year inclusive	48 774	17 667
Later than fifth year	-	-
	57 462	22 139

Finance lease liabilities as at 31 March 2013 and 2012 were presented as follows:

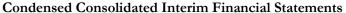
	31 March 2013		31 Mar	ch 2012
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	1 200	1 039	22	22
In the second to fifth year inclusive	822	607	-	-
Later than fifth year	<u> </u>			
	2 022	1 646	22	22
Less future finance charges	(375)	-	-	-
Present value of minimum lease payments	1 647	1 646	22	22

30. Short-term loans and borrowings

		31 March 2013	31 March 2012
	Currency	Unaudited	Unaudited
Secured			
Short-term bank loans	USD	24 118	3 415
		24 118	3 415
Unsecured			
Short-term borrowings from related parties	UAH	=	8
Short-term borrowings from third parties	UAH	-	16
		-	24
Total short-term borrowings		24 118	3 439
Unsecured Short-term borrowings from related parties Short-term borrowings from third parties	UAH	24 118 - - -	3 4

Amount of short-term loans and borrowings outstanding as at 31 March 2013 comprises following loans:

- credit line amounting to th USD 2 415 received by Burat-Agro, Ltd in USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 3 915. Annual interest rate is 3M Libor+8,5%. Maturity date is 30 November 2013. Obligations under credit contract are guaranteed by goods, transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company Ltd, property rights of Burat-Agro Ltd, corporate rights of Burat-Agro Ltd, financial warranty of Burat Ltd, Chernihiv Industrial Milk Company Ltd, Milbor PJSC, Petrov A.L.
- credit line amounting to th USD 2 191 received by Burat-Agro, Ltd in USD according to the credit contract concluded with PJSC "Bank Kredit Dnepr" with credit limit equaling to th USD 5 500. Annual interest rate is 10,5%. Maturity date is 01 June 2013. Obligations under credit contract are guaranteed by property and goods rights of Chernihiv Industrial Milk Company Ltd, property and goods rights of Burat-Agro Ltd, corporate rights of Burat-Agro Ltd.
- credit line amounting to th USD 3 500 received by Chernihiv Industrial Milk Company, Ltd in USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 3 500. Annual interest rate is 3M Libor+8,5%. Maturity date is 30 November 2013. Obligations under credit contract are guaranteed by transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company Ltd, property rights of Burat-Agro Ltd, corporate rights of Burat-Agro Ltd, financial warranty of Burat Ltd, Burat-Agro Ltd, Petrov A.L.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

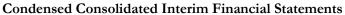
- credit line amounting to th USD 2 525 received by Chernihiv Industrial Milk Company, Ltd in USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 3 900. Annual interest rate is 3M Libor+10,1%. Maturity date is 30 November 2013. Obligations under credit contract are guaranteed by transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company Ltd, property rights of Burat-Agro Ltd, corporate rights of Burat-Agro Ltd, financial warranty of Burat Ltd, Burat-Agro Ltd, Petrov A.L.
- credit amounting to th USD 5 078 received by Unigrain Holding Limited in USD according to the credit contract concluded with Russian Commercial Bank Limited with credit limit equaling to th USD 5 078. Annual interest rate is 3M Libor+12%. Maturity date is 19 December 2013. Obligations under credit contract are guaranteed by corporate rights of Industrial Milk Company S.A.
- credit amounting to th USD 534 received by Ukragrosouz KSM, Ltd in USD according to the credit contract concluded with OJSC "Astra Bank" with credit limit equaling to th USD 937. Annual interest rate is 10%. Maturity date is 10 August 2013. Obligations under credit contract are guaranteed by property rights of Ukragrosouz KSM, financial warranty of Industrial Milk Company S.A., Petrov A.L.
- credit line amounting to th USD 7 875 received by Agroprogress PE in UAH according to the credit contract concluded with PJSC "Raiffeisen Bank Aval" with credit limit equaling to th USD 13 750. Annual interest rate is 9%. Maturity date is 29 March 2014. Obligations under credit contract are guaranteed by goods and property rights of Agroprogress PE, property rights of Bobrovitske HPP PJSC, financial warranty of Burat-Agro Ltd.

Amount of short-term loans and borrowings outstanding as at 31 March 2012 comprises following loans:

- credit line amounting to th USD 1 500 received by Chernihiv Industrial Milk Company, Ltd. In USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 1 500. Annual interest rate is 8,5%+Libor 3M. Maturity date is 30 November 2012. Obligations under credit contract are guaranteed by transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company, Ltd., property rights of Burat-Agro, Ltd., corporate rights of Burat-Agro, Ltd.; financial warranty of Burat, Ltd., Burat-Agro, Ltd., PJSC, Petrov A.L.
- credit line amounting to th USD 1 915 received by Burat-Agro, Ltd. In USD according to the credit contract concluded with OJSC "Prominvestbank" with credit limit equaling to th USD 1 915. Annual interest rate is 8,5%+Libor 3M. Maturity date is 30 November 2012. Obligations under credit contract are guaranteed by goods, transport vehicle, equipment, mortgage, property rights of Chernihiv Industrial Milk Company, Ltd., property rights of Burat-Agro Ltd., corporate rights of Burat-Agro, Ltd.; financial warranty of Burat, Ltd., Chernihiv Industrial Milk Company, Ltd., PJSC Mlibor, Petrov A.L.

31. Other current liabilities and accrued expenses

	31 March 2013	31 March 2012
	Unaudited	Unaudited
Other liabilities:		
Advances from clients	8 127	7 558
	8 127	7 558
Other accounts payable:		
Interest payable on bank loans	133	4
Interest payable on bonds	48	-
Accounts payable for the lease of land and property rights	697	478
Accounts payable for property, plant and equipment	70	406
Taxes payable	90	57
Wages, salaries and related charges payable	973	472
Accruals for unused vacations	851	431
Accruals for audit services	43	38
Accounts payable for investments	7 635	-
Other accounts payable	124	890
	10 664	2 776
	18 791	10 334





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

32. Related party disclosures

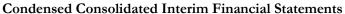
According to existing criteria of determination of related parties, the related parties of the Group are divided into the following categories:

- 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;
- c) Key management personnel.

The Group performs transactions with related parties in the ordinary course of business. During the reporting period the Group did not perform any related parties transactions made outside the market conditions (non market basis related parties transactions).

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

	Note	31 March 2013	31 March 2012
Trade accounts receivable, net			
a) Entities - related parties under common control with the Companies of the Group		316	317
b) Entities-related parties, in equity of which Companies of the Group have an interest		9	14
Total trade accounts receivable from related parties, net		325	331
Total trade accounts receivable, net	24	3 499	1 853
Advances to suppliers			
a) Entities - related parties under common control with the Companies of the Group		20	-
b) Entities-related parties, in equity of which Companies of the Group have an interest			
Total advances to related parties		20	-
Total advances to suppliers	25	7 904	1 828
Non-bank accomodations interest free			
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
Total non-bank accomodations interest free to related parties		104	104
Total non-bank accomodations interest free	25	6 833	415
Other accounts receivable			
a) Entities - related parties under common control with the Companies of the Group		-	20
b) Entities-related parties, in equity of which Companies of the Group have an interest		-	3
Total other accounts receivable to related parties		-	23
Total other accounts receivable	25	304	538
Trade accounts payable			
a) Entities - related parties under common control with the Companies of the Group		20	25
b) Entities-related parties, in equity of which Companies of the Group have an interest		239	232
Total trade accounts payable to related parties		259	257
Total trade accounts payable Total trade accounts payable		7 525	2 362
Total trade accounts payable		7 323	





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

Remuneration of key management personnel for the three months ended 31 March 2013 and 2012 was as follows:

	For the three months ended 31 March 2013	For the three months ended 31 March 2012
Wages and salaries	96	96
Related charges	34	34
	130	130
The average number of employees, persons	7	7

33. 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 generates 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.

Information on business segments for the three months ended 31 March 2013 was the follow:

	Farming division	Live-stock breeding	Storage and processing	Adjustments	Total
Revenue	51 709	2 570	3 003	-	57 282
Intra-group elimination	(19 682)	(1)	(2 433)	-	(22 116)
Revenue from external buyers	32 027	2 569	570	-	35 166
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	3 202	7 575	-	-	10 778
Cost of sales	(34 210)	(4 364)	(506)	-	(39 080)
Gross income	1 019	5 781	64	-	6 864
Administrative expenses	-	-	-	(1 582)	(1 582)
Selling and distribution expenses	-	-	-	(1 417)	(1 417)
Other income	-	-	-	1 501	1 501
Other expenses	-	-	-	(3 119)	(3 119)
Operating income of a segment	1 019	5 781	64	(4 617)	2 247
Financial expenses	-	-	-	(1 915)	(1 915)
Profit before tax	1 019	5 781	64	(6 532)	332
Income tax benefit (expenses)	-	-	-	(50)	(50)
Net profit	1 019	5 781	64	(6 582)	282



(in thousand USD, unless otherwise stated)

Information on business segments for the three months ended 31 March 2012 was the follow:

	Farming division	Live-stock breeding	Storage and processing	Adjustments	Total
Revenue	23 013	2 149	1 853	-	27 015
Intra-group elimination	(7 199)	(3)	(1 482)	-	(8 684)
Revenue from external buyers	15 814	2 146	371	-	18 331
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	1 416	268		-	1 684
Cost of sales	(15 428)	(2 291)	(291)	-	(18 010)
Gross income	1 802	123	80	-	2 005
Administrative expenses	=	-	-	(1 059)	(1 059)
Selling and distribution expenses	-	-	-	(373)	(373)
Other income	-	-	-	552	552
Other expenses	-	-	-	(619)	(619)
Operating income of a segment	1 802	123	80	(1 499)	506
Financial expenses	-	-	-	(428)	(428)
Profit before tax	1 802	123	80	(1 927)	78
Income tax benefit (expenses)	-	-	-	16	16
Net profit	1 802	123	80	(1 911)	94

34. Lease of land

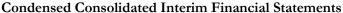
The Group leases land for agricultural purposes from private individuals. Lease payments are calculated on the basis of monetary valuation of the land considering the inflation factor. The average interest rate for lease of land of the Group is 2-5% and depends on validity of the contract.

Future minimum lease payments for operating leases of land of agricultural designation as at 31 March considering existing at that date the inflation factor are as follows:

	31 March 2013	31 March 2012	
	Unaudited	Unaudited	
Within one year	10 899	5 030	
In the second to fifth year inclusive	37 163	17 045	
Later than fifth year	28 767	15 371	
	76 829	37 446	

Areas of operating leased land as at 31 March 2013 and 2012 were as follows:

Location of land	31 March 2013	31 March 2012	
	Hectare	Hectare	
Poltava region			
Land under processing	30 079	27 202	
Land for grazing, construction, other	2 009	2 009	
Chernihiv region			
Land under processing	66 015	26 759	
Land for grazing, construction, other	1 681	1 269	
Sumy region			
Land under processing	24 584	10 080	
Land for grazing, construction, other	113	113	
	124 481	67 432	





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(in thousand USD, unless otherwise stated)

35. Financial instruments

Financial instruments as at 31 March 2013 and 2012 were represented by the following categories:

Financial instrument	Category	Measurement
Financial assets		
Accounts receivable	Loans and receivables	Amortized cost
Other financial assets	Loans and receivables	Amortized cost
Cash and cash equivalents	Loans and receivables	Amortized cost
Financial liabilities		
Loans and borrowings	Financial liabilities	Amortized cost
Accounts payable	Financial liabilities	Amortized cost
Other financial liabilities	Financial liabilities	Amortized cost

The fair values of the Group's financial assets and financial liabilities listed hereinbefore reflect the amounts that would be received to sell the assets or paid to transfer the liabilities in an orderly transaction between market participants at the measurement date. The fair values are based on inputs other than quoted prices that are observable for the asset or liability. These inputs include foreign currency exchange rates and interest rates. The financial assets and financial liabilities are primarily valued using standard calculations / models that use as their basis readily observable market parameters. Industry standard data providers are the primary source for forward and spot rate information for both interest rates and currency rates, with resulting valuations periodically validated through third-party or counterparty quotes.

The Group's non-derivative financial instruments included cash and cash equivalents, accounts receivable, other financial assets, accounts payable, other financial liabilities, loans and borrowings. At 31 March 2013 and 2012, the carrying value of these financial instruments, excluding long-term debt, approximates fair value because of the short-term maturities of these instruments. The major part of the long-term loans and borrowings has floating interest rates and other has fixed interest rates but they are corresponded to the market rate level, so the Management of the Group believes that book value of long-term loans and borrowings approximates their fair value.

36. Events after the balance sheet date

Loans and borrowings are received in the amount of th USD 12 641.

Agricultural machinery are acquired in the amount of th USD 6 633 as finance lease rights.

There were no other essential subsequent events that should be disclosed in these consolidated financial statements according to the standarts or prevailing practice.