Industrial Milk Company S.A. and its subsidiaries

Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013

CONTENTS

Statement of management responsibilities for preparation and approval of condensed consolidated interim financial statements for the six months ended 30 June 2013

Management of the Group of companies "IMC S.A." (Group) is responsible for preparing the condensed consolidated interim financial statements which reflect in all material aspects the financial position of the Group as at 30 June 2013, as well as the results of its activities, cash flows and changes in equity for the six months ended in accordance with International Financial Reporting Standards (IFRS).

In preparing condensed consolidated interim financial statements, the Group's Management is responsible for:

- selecting appropriate accounting policies and their consistent application;

- making reasonable measurement and calculation;

- following principles of IFRS or disclosing all considerable deviations from IFRS in the notes to condensed consolidated interim financial statements;

- preparing condensed consolidated interim financial statements of the Group on the going concern basis, except for the cases when such assumption is illegal.

- accounting and disclosing in the condensed consolidated interim financial statements all the relations and transactions between related parties;

- accounting and disclosing in the condensed consolidated interim financial statements all subsequent events that need to be adjusted or disclosed;

- disclosing all claims related to previous or potential legal proceedings;

- disclosing in the condensed consolidated interim financial statements all the loans or guarantees on behalf of the management.

The Group's Management is also responsible for:

- development, implementation and control over effective and reliable internal control system in the Group;

- keeping accounting records in compliance with the legislation and accounting standards of the respective country of the Group's registration;

- taking reasonable steps within its cognizance to safeguard the assets of the Group;

- detecting and preventing from fraud and other irregularities.

These condensed consolidated interim financial statements as at 30 June 2013 prepared in compliance with IFRS are approved on behalf of the Group's Management on 28 August 2013.

On behalf of the Management:

Chief Executive Officer ALEX LISSITSA

Chief Financial Officer DMYTRO MARTYNIUK

CONSOLIDATED MANAGEMENT REPORT

Consolidated management report

1 .Business and General Conditions

Macro-economic development

- **World economy**

Since late 2012, several new policy initiatives in major developed economies have reduced systemic risks and helped stabilize consumer, business and investor confidence, but with very limited impacts on growth. Global growth increased only slightly from an annualized rate of 2½ percent in the second half of 2012 to 2¾ percent in the first quarter of 2013. Over the past several months the global economic activity has strengthened. Despite Euro Area weakness, high-income-country GDP growth strengthened in the first quarter of 2013. Developing-country growth eased in 2013Q1 but remains solid. Despite the strengthening of the global economy, the prices of most industrial commodities have been declining. While it is still too early to be certain, the declines appear to result from both increased supply and increased substitution on the demand side induced by the high prices of the past several years.

After strengthening in early 2013 due to an improved economic outlook, most industrial commodity prices retreated below their end-2012 levels. Between July 2012 and June 2013, corn and wheat prices declined about 10 percent each. World prices of all three grains changed little between 2012Q4 and 2013Q1 (corn and wheat down 3.8 and 9.6 percent, respectively and rice up 0.7 percent).

In agricultural commodity markets, the key risk is weather. The stocks are still low by historical standards and any adverse weather event could induce sharp increases in corn prices.

- **Ukrainian economy**

The GDP for Q II, 2013 as compared to the relevant quarter of 2012 (at the constant prices of 2007) comprised 98,9%. In January-June 2013 the indices of agricultural production volume was 115,4% as compared to corresponding period of 2012. In January–June 2013, indices of industrial products was 94,7% as compared with the relevant period of 2012.

The Parliament of Ukraine amended the Tax Code as to Transfer Pricing. This Law will come into effect as of September 1, 2013 and will introduce a mechanism of tax control over the transfer pricing (on the principle of "arm's length" based on the international standard approved by OECD member states as recommended for establishment of transfer prices for taxation purposes).

In particular, transactions with affiliated persons and with non-residents registered in a country or on a territory where the income tax (corporate tax) is 5 or more percent lower than in Ukraine in the amount of over 50 million hryvnia per annum with each contracting party are subject to tax control. At this, the tax authority may inspect any deed between affiliated persons upon a request.

Development of Industrial Milk Company S.A. and its Subsidiaries (the hereinafter «the Group » or «IMC)»

- **The internal control system**

IMC's control system relies on daily resource planning analyses which are detailed by cost centre and cost article, department, thus providing all the necessary information for controlling inventories and products.

IMC established internal controlling instruments to secure proper accounting in compliance with legal requirements.

IMC's accounting procedures are governed by standardized guidelines and rules as well as a clearly defined course of action in different situation. Therefore, standard account parameters and booking directions for various production operations were established. Another control tool is the clear allocation of functions regarding various accounting processes. For Group consolidation and accounting purposes all book-keeping data of the consolidated companies may be accessed automatically.

The internal control system of IMC is based on the accounting data base thus integrating all controlling processes. Accounting processes are carried out on a high level basis and are monitored and adjusted by specialists.

IMC's accounting-related risk management system is set up in a way that the risk of misrepresentation could mainly ensue from new business processes or amendments to legal provisions. Risks are contained by transferring decisions on accounting-relevant data resulting from new business processes to the management level. Ongoing continuation training regarding the applicable accounting provisions from time to time is provided to the management.

- **Personnel**

Trained and motivated employees are the most precious success resource for an enterprise dedicated to agricultural production. Motivation and professionalism are prerequisites for excellent results. IMC can always rely on its qualified and motivated staff. Future-oriented technologies, trained personnel and continuation training of the company's employees are vital to secure quality and low cost of agricultural products.

As IMC is a vocational training provider, the company is able to train its qualified skilled workers and executives mainly from its own staff. Specialized training programs are aimed at the improvement of employees professional skills. Open communication channels on all levels, short decision-making processes are values applied and lived.

Number of employees as at 30 June

	2013	**2012**	**Change in %**
Total number of employees	3 234	2 030	59%
operating personnel	2 560	1 599	60%
administrative personnel	634	397	60%
sales personnel	31	25	24%
non-operating personnel	9	9	0%
Wages and salaries and related charges per employee (USD, for 6 months ended 30 June)	2 720	2 376	14%

2. Operational and Financial Results

The following table sets forth the Company's results of operations for the 6-month period ended 30 June 2013 and 2012 derived from the Condensed Consolidated Interim Financial Statements:

(in thousand USD)

		For the six months ended		
	Notes	30 June 2013	30 June 2012	Change in %
CONTINUING OPERATIONS				
Revenue	5	53 282	32 143	66%
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	6	60 741	33 918	79%
Cost of sales	7	(60 200)	(35 721)	69%
GROSS PROFIT		**53 823**	**30 340**	**77%**
Administrative expenses	8	(3 270)	(2 205)	48%
Selling and distribution expenses	9	(1 663)	(1 064)	56%
Other operating income	10	2 422	1 843	31%
Income from the exchange of property certificates		-	101	-100%
Other operating expenses	11	(5 200)	(2 862)	82%
Write-offs of property, plant and equipment		(349)	(747)	-53%
OPERATING PROFIT		**45 763**	**25 406**	**80%**
Financial expenses, net	14	(4 720)	(1 221)	287%
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**41 043**	**24 185**	**70%**
Income tax benefit (expenses)	15	56	(5)	-1226%
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**41 099**	**24 180**	**70%**

Normalised EBITDA		**51 551**	**29 349**	76%
Normalised EBIT		**46 111**	**26 052**	77%
Normalised Net profit		**41 448**	**24 826**	67%
Depreciation and amortization		(5 440)	(3 297)	65%
Income from the exchange of property certificates		-	101	-100%
Write-offs of property, plant and equipment		(349)	(747)	-53%

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 67% 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 2011 and due to the increase in volume of production and sales due to the acquisition of new companies. The following table sets forth the Company's sales revenue by products for the 6-month periods indicated:

(in thousand USD)

	For the six months ended		
	30 June 2013	**30 June 2012**	**Change in %**
Cattle	993	831	20%
Milk	4 643	3 285	41%
Corn	39 770	17 440	128%
Wheat	523	1 092	-52%
Sunflower	221	5 549	-96%
Soy beans	2 010	1 754	15%
Other	4 255	1 526	179%
	52 415	**31 477**	**67%**

The most significant portion of the Company's revenue comes from selling corn, which represented 76% and 55% of total revenue for the 6-month periods ended 30 June 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 six months ended	
	30 June 2013	**30 June 2012**
Corn		
Sales of produced corn *(in tonnes)*	167 822	73 480
Realization price (U.S. $ per ton)	237	237
Revenue from produced corn *(U.S. $ in thousands)*	39 770	17 440
Wheat		
Sales of produced wheat *(in tonnes)*	2 583	5 768
Realization price (U.S. $ per ton)	202	189
Revenue from produced wheat *(U.S. $ in thousands)*	523	1 092
Rye		
Sales of produced rye *(in tonnes)*	852	760
Realization price (U.S. $ per ton)	155	164
Revenue from produced rye *(U.S. $ in thousands)*	132	125
Soy beans		
Sales of produced soy beans *(in tonnes)*	4 356	4 228
Realization price (U.S. $ per ton)	461	415
Revenue from produced soy beans *(U.S. $ in thousands)*	2 010	1 754
Sunflower		
Sales of produced sunflower *(in tonnes)*	453	13 003
Realization price (U.S. $ per ton)	487	427
Revenue from produced sunflower *(U.S. $ in thousands)*	221	5 549
Rape seed		
Sales of produced rape seed *(in tonnes)*	-	35
Realization price (U.S. $ per ton)	-	400
Revenue from produced rape seed *(U.S. $ in thousands)*	-	14
Lupin		
Sales of produced lupin *(in tonnes)*	69	1 972
Realization price (U.S. $ per ton)	314	226
Revenue from produced lupin *(U.S. $ in thousands)*	22	445

Potatoes		
Sales of produced potatoes *(in tonnes)*	6 209	4 823
Realization price (U.S. $ per ton)	155	53
Revenue from produced potatoes *(U.S. $ in thousands)*	963	257
Other (produced only)		
Total sales volume *(in tonnes)*	3 005	1 164
Total revenues *(U.S. $ in thousands)*	3 138	699
Total sales volume (in *tonnes)*	**185 349**	**105 233**
Total revenue from sale of crops *(U.S. $ in thousands)*	**46 778**	**27 375**

Revenue relating to sales of corn increased by 128% to USD 39,8 million for the 6-month period ended 30 June 2013 from USD 17,4 million for the 6-month period ended 30 June 2012, primarily due to an increase in sales volume.

Revenue relating to sales of sunflower decreased to USD 0,2 million for the 6-month period ended 30 June 2013 from USD 5,5 million for the 6-month period ended 30 June 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 69% to USD 60,2 million for the 6-month period ended 30 June 2013 from USD 35,7 million for the 6-month period ended 30 June 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 six months ended		
	30 June 2013	**30 June 2012**	**Change in %**
Raw materials	(51 473)	(18 417)	179%
Change in inventories and work-in-progress	15 325	(4 048)	-479%
Wages and salaries of operating personnel and related charges	(6 714)	(3 610)	86%
Depreciation and amortization	(4 906)	(2 843)	73%
Third parties' services	(3 034)	(927)	227%
Fuel and energy supply	(4 888)	(2 709)	80%
Rent	(3 939)	(2 888)	36%
Repairs and maintenance	(361)	(225)	61%
Taxes and other statutory charges	(203)	(39)	421%
Other expenses	(7)	(15)	-54%
	(60 200)	**(35 721)**	**69%**

The main items increased for the 6-month period ended 30 June 2013 from compared to the 6-month period ended 30 June 2012 due to an increase in arable land.

Administrative expenses

Administrative expenses increased period-on-period to USD 3,3 million for the 6-month period ended 30 June 2013 from USD 2,2 million for the 6-month period ended 30 June 2012, reflecting an increase in the wages and salaries of administrative personnel period-on-period to USD 1,9 million from USD 1,1 million.

Selling and distribution expenses

Selling and distribution expenses increased period-on-period to USD 1,7 million for the 6-month period ended 30 June 2013 from USD 1,0 million for the 6-month period ended 30 June 2012, reflecting an increase in the volume of realization.

Other operating income

The Company's other operating income increased by 31% to USD 2,4 million for the 6-month period ended 30 June 2013 from USD 1,8 million for the 6-month period ended 30 June 2012 due to increase in income from write-offs of accounts payable.

Other operating expenses

The Company's other operating expenses increased by 82% to USD 5,2 million for the 6-month period ended 30 June 2013 from USD 2,9 million for the 6-month period ended 30 June 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 287% to USD 4,7 million for the 6-month period ended 30 June 2013 from USD 1,2 million for the 6-month period ended 30 June 2012. This increase was due primarily to an increase in interest expenses on 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 six months ended	
	30 June 2013	**30 June 2012**
Net cash flows from operating activities	(13 798)	(2 913)
Net cash flows from investing activities	(10 597)	(22 774)
Net cash flows from financing activities	23 088	39 331
Net increase in cash and cash equivalents	**(1 307)**	**13 644**

Net cash flow from operating activities

The Company's net cash outflow from operating activities increased to USD 13,8 million for the 6-month period ended 30 June 2013 compared to net cash outflow of USD 2,9 million for the 6-month period ended 30 June 2012. The increase was primarily attributable to changes in prepayments and other current assets and interest paid.

Net cash flow from investing activities

The Company's net cash outflow from investing activities decreased to USD 10,6 million for the 6-month period ended 30 June 2013 compared to net cash outflow of USD 22,8 million for the 6-month period ended 30 June 2012. The increase in 6-month period ended 30 June 2012 was primarily attributable to acquisition of subsidiaries.

Net cash flow from financing activities

Net cash inflow from financing activities decreased to USD 23,1 million for the 6-month period ended 30 June 2013 from a net cash inflow of USD 39,3 million for the 6-month period ended 30 June 2012. The decrease in 2013 was primarily due to repayments of loans and borrowings in the 6-month period ended 30 June 2013.

3. Risk Report

Risks relating to the Group's business and Industry are as follows:

- Failure to generate or raise sufficient capital may restrict the group's development strategy

  To decrease an influence of this risk the Group works on several sources of financing: bank crediting, bonds issue, financing by international financial organizations.

- The Group's financial results are sensitive to fluctuations in market prices of its products

  To decrease an influence of this risk the Group on permanent basis researches the international and Ukrainian agricultural markets, monitoring price fluctuations and factors affecting these fluctuations (stocks, production, consumption, export, import, forecasts). On the basis of an analysis of the above mentioned information the management of the Group makes decisions regarding crop rotation structure and production plans.

- Poor and unexpected weather conditions may disrupt the Group's production of crops

  To decrease an influence of this risk the Group is using the following practices:

  - Application of mini-till and no-till technologies on 70% of cultivated lands enables the Group to decrease the risk of disruption of a general production of crops and increase yields during rainless season;
  - Cultivation of relatively small share (10%) of winter crops in the general crop rotation structure enables to decrease the risk of disruption of a general production of crops during unfavourable winter conditions;
  - Examination of introduction of irrigation to increase potato yields.

- The Group's operating costs could increase

  The risk of Group's operating costs increase is basically connected to a possible price growth for fuel, seeds, fertilizers and crop protection materials.

  To reduce the above mentioned risks the Group:

  - has implemented the fuel consumption and machinery usage controlling systems using GPS-trackers;
  - uses no-till and mini-till technologies that allow to reduce general fuel consumption;
  - follows the land bank development strategy based on principle of fields' close proximity to each other that allows to reduce fuel consumption;
  - is focused on limited number of crops (not more than 4) that allows to use and purchase seeds, fertilizers and crop protection materials more efficiently;
  - has built long-term and mutually benefit relationships with suppliers of seeds, fertilizers and crop protection materials.

4. Forecast Report

The Group will focus on efficiency of crop rotation and technological crop production, animal husbandry as well as reduction of general and administrative costs.

In accordance with its strategy of development the Group is going to increase a farming land bank up to 285,000 ha during next 7 years by 2019. In consequence of the above-mentioned factors the management expects the Group will have EBITDA of USD 185 million by 2019.

The Management Board statement on previously published forecasts:

- Financial forecasts: the Group is forecast to increase Revenue and EBITDA tentatively by 70-90% as compared with 2012
- Period 01.01.2013 - 31.12.2013 - The Management Board confirmed foregoing guidelines. The Group will assess the feasibility of financial guidelines on a quarterly basis.

5. Selected Financial Data

(in thousand USD)

	For the six months ended 30 June	2013	2012
I.	Revenue	53 282	32 143
II.	Operating profit/(loss)	45 763	25 406
III.	Profit/(loss) before income tax	41 043	24 185
IV.	Net profit/(loss)	41 099	24 180
V.	Net cash flow from operating activity	(13 798)	(2 913)
VI.	Net cash flow from investing activity	(10 597)	(22 774)
VII.	Net cash flow from financing activity	23 088	39 331
VIII.	Total net cash flow	(1 307)	13 644
IX.	Total assets	318 220	213 291
X.	Share capital	56	56
XI.	Total equity	169 262	133 228
XII.	Non-current liabilities	31 409	44 326
XIII.	Current liabilities	117 549	35 737
XIV.	Weighted average number of shares	31 300 000	31 300 000
XV.	Profit/(loss) per ordinary share (in USD)	1,31	0,77
XVI.	Book value per share (in USD)	5,35	4,20

INDUSTRIAL MILK COMPANY S.A.
Société anonyme
Registered office: 26-28 Rue Edward Steichen
L-2540 Luxembourg, Grand Duchy of Luxembourg
R.C.S Luxembourg: B 157843
(the **Company**)

<u>Corporate governance statement</u>

Directors:

Name	Date of appointment	Date of resignation
1. Mr Oleksandr Petrov, executive director	09 March 2011	2016
2. Mr Dmytro Martyniuk, executive director	09 March 2011	2016
3. Mr Alex Lissitsa, executive director	29 March 2012	2016
4. Mr Michael Peter Lee, non executive director	09 March 2011	29 March 2012
5. Mr Ievgen Osypov, executive director	09 March 2011	18 April 2013
6. Mr Carl Olof Richard Sturen, non-executive director;	09 March 2011	01 June 2013

The Board of Directors (the "Board") states its application of Warsaw Stock Exchange corporate governance rules Included in the "Code of 8est Practice for WSE Listed Companies" to the form and extent determined by the Resolution No. 20/1287/2011 of the Exchange Supervisory Board dated 19 October 2011. Code of Best Practice for WSE Listed Companies Is available at the official website of the Warsaw Stock Exchange: www.corp-gov.gpw.pl.

The Board is responsible for establishing and maintaining adequate internal and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing an independent administrator (the "Administrator") to maintain the accounting records of the Company independent of IMC S. A. The Administrator has a duty of care to maintain proper books and records and prepare for review and approval by the Board the financial statements intended to give a true and far view. The Board has appointed Totalserve Management (Luxembourg) S.a.r.l. as Administrator.

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in finance reporting and ensuring that the processes are in place for the timely identification of Internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

The Board maintains control structures designed and aimed to manage the risks which are significant tor internal control over financial reporting. These control structures include segregation of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in finance reporting for every significant account In the financial statements and the related notes in the Company's annual report.

The Company's policies and the Board's instructions with relevance for financial reporting are updated and communicated via approbate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner. The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

There are no restrictions on voting rights.

The company's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of financial records that, in reasonable detail, accurately and fairly reflect the transactions and disposals of the assets of the company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements In accordance with Luxembourg legal and regulatory requirements, are that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposals of the company's assets that could have a material effect on the financial statements.

In order to ensure, that established controls over financial reporting system worked effectively during 2011, a summary of the work performed by the internal audit department was reviewed by the Audit Committee.

Besides, the Internal Audit plan for 2012 was also analyzed and approved by the Board of Directors, in order to make sure, that

- Existing information system is able to identify and manage risk of misstatement in financial data once occurred, including override of controls and fraud;
- Information Is communicated to management regularly and timely;
- No person has any special rights of control over the Company's share capital.

Appointment and replacement of Directors and amendments to the Articles of Association

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association (hereafter referred Articles of Association and Luxembourg Companies Law 1915. The Articles of Association may be amended from time to time by a general meeting of the shareholders under the quorum and majority requirement provided for by the law of 10 August 1915 on commercial companies in Luxembourg, as amended.

Powers of Directors

The board is responsible for managing the business affairs of the Company within the clauses of the Article of Association. The directors may only act at duly convened meetings of the board of Directors or by written consent in accordance with article 10 of Articles of Association.

The Board of Directors is vested with the broadest powers to act on behalf of the Company and to perform or authorize all acts of administrative or disposal nature, necessary or useful for accomplishing the Company's object. All powers not expressly reserved by the Law to the sole shareholder or, as the case may be, to the general meeting of shareholders, fall within the competence of the Board of Directors.

Transfer of Shares

Transfer of shares is governing by the Articles of Association of the Company.

Alex Lissitsa
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

interaudit

Cabinet de révision agréé

To the Shareholders and Directors of
Industrial Milk Company S.A.
26-28, rue Edward Steichen
L-2540 Luxembourg

Report on Review of the Condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Industrial Milk Company S.A. and its subsidiaries as at June 30, 2013 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six months then ended. The Board of Directors is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted by the Institut des Réviseurs d'Entrerpises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

INTERAUDIT S.à r.l.
Cabinet de révision agréé

Edward Kostka
Managing partner

August 29, 2013
Luxembourg

119, avenue de la Faïencerie
L-1511 Luxembourg

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

(in thousand USD, unless otherwise stated)

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
CONTINUING OPERATIONS			
Revenue	5	53 282	32 143
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	6	60 741	33 918
Cost of sales	7	(60 200)	(35 721)
GROSS PROFIT		**53 823**	**30 340**
Administrative expenses	8	(3 270)	(2 205)
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Other operating income	10	2 422	1 843
Income from the exchange of property certificates		-	101
Other operating expenses	11	(5 200)	(2 862)
Write-offs of property, plant and equipment		(349)	(747)
OPERATING PROFIT		**45 763**	**25 406**
Financial expenses, net	14	(4 720)	(1 221)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**41 043**	**24 185**
Income tax benefit (expenses)	15	56	(5)
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**41 099**	**24 180**
Net profit for the period attributable to:			
Owners of the parent company		41 226	24 308
Non-controlling interests		(127)	(128)
Weighted average number of shares		31 300 000	31 300 000
Profit per ordinary share (in USD)		1,31	0,77
OTHER COMPREHENSIVE INCOME			
Deferred tax charged directly to revaluation reserve		155	113
Effect of foreign currency translation		-	(53)
TOTAL OTHER COMPREHENSIVE INCOME		**155**	**60**
TOTAL COMPREHENSIVE INCOME		**41 254**	**24 240**
Comprehensive income attributable to:			
Owners of the parent company		41 381	24 368
Non-controlling interests		(127)	(128)

Alex Lissitsa
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2013
(in thousand USD, unless otherwise stated)

	Note	30 June 2013	31 December 2012	30 June 2012	31 December 2011
		Unaudited	Audited	Unaudited	Audited
ASSETS					
Non-current assets					
Property, plant and equipment	16	96 914	92 149	70 356	61 607
Intangible assets	17	21 246	23 264	7 424	3 294
Non-current biological assets	18	11 914	10 879	9 240	9 057
Deferred tax assets	19	255	266	61	120
Other non-current assets	20	1 985	1 100	991	790
Total non-current assets		**132 314**	**127 658**	**88 072**	**74 868**
Current assets					
Inventories	21	19 203	63 533	11 883	40 637
Current biological assets	22	144 466	38 598	83 290	11 093
Trade accounts receivable, net	23	3 828	2 471	2 032	1 447
Prepayments and other current assets, net	24	17 871	10 460	9 716	6 074
Prepayments for income tax		85	17	19	-
Cash and cash equivalents	26	453	1 760	18 279	4 595
Total current assets		**185 906**	**116 839**	**125 219**	**63 846**
TOTAL ASSETS		**318 220**	**244 497**	**213 291**	**138 714**
LIABILITIES AND EQUITY					
Equity attributable to the owners of parent company					
Share capital	27	56	56	56	56
Share premium		24 387	24 387	24 387	24 387
Revaluation reserve		11 454	11 820	12 745	13 862
Retained earnings		147 995	106 164	110 661	85 123
Effect of foreign currency translation		(16 473)	(16 473)	(16 461)	(16 408)
Total equity attributable to the owners of parent company		**167 419**	**125 954**	**131 388**	**107 020**
Non-controlling interests		1 843	2 059	1 840	1 968
Total equity		**169 262**	**128 013**	**133 228**	**108 988**
Non-current liabilities					
Long-term loans and borrowings	28	28 640	45 099	41 394	14 068
Deferred tax liabilities	19	2 769	2 992	2 932	3 121
Total non-current liabilities		**31 409**	**48 091**	**44 326**	**17 189**
Current liabilities					
Current portion of long-term borrowings	28	32 344	4 751	5 607	4 486
Short-term loans and borrowings	29	43 660	30 793	14 352	3 467
Trade accounts payable	30	19 039	8 603	10 614	1 473
Other current liabilities and accrued expenses	31	22 506	24 207	5 152	3 099
Income tax payable		-	39	12	12
Total current liabilities		**117 549**	**68 393**	**35 737**	**12 537**
TOTAL LIABILITIES AND EQUITY		**318 220**	**244 497**	**213 291**	**138 714**

Alex Lissitsa
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 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	-	-	-	24 308	-	24 308	(128)	24 180
Amortization of revaluation reserve	-	-	(1 230)	1 230	-	-		-
Deferred tax charged directly to amortization of revaluation reserve	-	-	113	-	-	113		113
Other comprehensive income	-	-	-	-	(53)	(53)		(53)
Total comprehensive income	56	24 387	12 745	110 661	(16 461)	131 388	1 840	133 228
30 June 2012 (Unaudited)	56	24 387	12 745	110 661	(16 461)	131 388	1 840	133 228
31 December 2012 (Audited)	56	24 387	11 820	106 164	(16 473)	125 954	2 059	128 013
Profit for the period	-	-	-	41 226	-	41 226	(127)	41 099
Amortization of revaluation reserve	-	-	(588)	588	-	-	-	-
Deferred tax charged directly to amortization of revaluation reserve	-	-	155	-	-	155	-	155
Total comprehensive income	56	24 387	11 387	147 978	(16 473)	167 335	1 932	169 267
Changes in equity as a result of change in ownership share in the subsidiary	-	-	67	17	-	84	(89)	(5)
30 June 2013 (Unaudited)	56	24 387	11 454	147 995	(16 473)	167 419	1 843	169 262

Alex Lissitsa
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Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013
(in thousand USD, unless otherwise stated)

	Note	For the six months ended 30 June 2013	For the six months ended 30 June 2012
		Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax from continuing operations		41 043	24 185
Adjusted to reconcile profit before tax with net cash used in operating activities:			
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	6	(42 798)	(18 994)
Depreciation and amortization	12	5 440	3 297
Income from the exchange of property certificates		-	(101)
Income from write-offs of accounts payable	10	(729)	(34)
Write-offs of VAT	11	71	153
Shortages and losses due to impairment of inventories	11	129	117
Allowance for doubtful accounts receivable	11	2	521
Loss from VAT on export operations	11	3 584	1 395
Lost crops	11	270	175
Loss on disposal of property, plant and equipment	11	-	13
Write-offs of property, plant and equipment		349	747
Accruals for unused vacations		(59)	202
Interest income	14	(24)	(113)
Interest expenses	14	5 657	1 447
Foreign currency exchange gain on loans and borrowings	14	913	25
Cash flows from operating activities before changes in working capital		**13 848**	**13 035**
Increase in trade accounts receivable		(1 357)	(1 122)
Increase in prepayments and other current assets		(11 044)	(4 415)
Decrease in inventories		8 554	15 119
Increase in current biological assets		(28 712)	(29 679)
Increase in trade accounts payable		10 428	3 817
Increase / decreasein other current liabilities and accrued expenses		(146)	1 725
Cash flows from operations		**(8 429)**	**(1 520)**
Interest paid		(5 262)	(1 356)
Income tax paid		(107)	(37)
Net cash flows from operating activities		**(13 798)**	**(2 913)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(8 546)	(8 680)
Purchase of non-current biological assests		(15)	(683)
Purchase of intangible assets		-	(44)
Proceeds from disposal of property, plant and equipment		10	7
Decrease/ increase in other non-current assets		(885)	38
Cash (acquisition of the subsidiary)		-	90
Repayment payables for investment		(1 161)	(13 502)
Net cash flows from investing activities		**(10 597)**	**(22 774)**

Alex Lissitsa
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)
For the six months ended 30 June 2013
(in thousand USD, unless otherwise stated)

	Note	For the six months ended 30 June 2013	For the six months ended 30 June 2012
		Unaudited	Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term and short-term borrowings		46 867	39 686
Repayment of long-term and short-term borrowings		(23 779)	(322)
Repayment of lease payment			(33)
Net cash flows from financing activities		**23 088**	**39 331**
NET CASH FLOWS		**(1 307)**	**13 644**
Cash and cash equivalents as at the beginning of the period	26	**1 760**	**4 595**
Effect of translation into presentation currency		-	40
Cash and cash equivalents as at the end of the period	26	**453**	**18 279**

Alex Lissitsa
Chief Executive Officer

Dmytro Martyniuk
Chief Financial Officer

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:

Operating entity	Principal activity	Country of registration	Year established /acquired	Cumulative ownership ratio, %	
				30 June 2013	30 June 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

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

Operating entity	Principal activity	Country of registration	Year established /acquired	Cumulative ownership ratio, %	
				30 June 2013	30 June 2012
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	72,85	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	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 30 June 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	30 June 2013	Average for the 6 months ended 30 June 2013	31 December 2012	30 June 2012	Average for the 6 months ended 30 June 2012	31 December 2011
UAH/ 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 5-25 years
- Computer 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.

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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. Forming of 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.

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.

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 30 June 2013, 8 of the companies comprising the Group were elected to pay FAT (2012: 10).
- 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.

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- 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.

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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

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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.

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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.

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New and amended standards and interpretations

The following standards and amendments became effective as of 1 January 2013:
- IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
- IFRS 13 Fair Value Measurement

Improvements to IFRSs 2009-2011 Cycle:
- IFRS 1 – Borrowing Costs
- IAS 1 – Clarification of the requirement for comparative information
- IAS 16 – Classification of servicing equipment
- IAS 32 – Tax effects of distributions to holders of equity instruments
- IAS 34 – Interim financial reporting and segment information for total assets and liabilities

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5. Revenue

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Revenue from sales of finished products	a	52 415	31 477
Revenue from services rendered	b	867	666
		53 282	**32 143**

a) Revenue from sales of finished products for the six months ended 30 June was as follows:

	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Cattle	993	831
Milk	4 643	3 285
Corn	39 770	17 440
Wheat	523	1 092
Sunflower	221	5 549
Soy beans	2 010	1 754
Other	4 255	1 526
	52 415	**31 477**

b) Revenue from services rended for the six months ended 30 June was as follows:

	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Storage	366	264
Drying and shelling	-	17
Processing	44	77
Transport	345	190
Other	112	118
	867	**666**

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

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Non-current biological assets	18	443	(519)
Current biological assets	22	78 023	34 374
Agricultural produce		(17 725)	63
		60 741	**33 918**

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7. Cost of sales

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Raw materials		(51 473)	(18 417)
Change in inventories and work-in-progress	a	15 325	(4 048)
Wages and salaries of operating personnel and related charges	13	(6 714)	(3 610)
Depreciation and amortization	12	(4 906)	(2 843)
Third parties' services		(3 034)	(927)
Fuel and energy supply		(4 888)	(2 709)
Rent		(3 939)	(2 888)
Repairs and maintenance		(361)	(225)
Taxes and other statutory charges		(203)	(39)
Other expenses		(7)	(15)
		(60 200)	**(35 721)**

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.

Cost of sales for the six months ended 30 June 2013 includes disposal of revaluation of agriculture produce and biological assets in the amount of th USD 17 943 (th USD 14 924 for the six months ended 30 June 2012).

8. Administrative expenses

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Wages and salaries of administrative personnel and related charges	13	(1 859)	(1 134)
Third parties' services		(128)	(112)
Repairs and maintenance		(111)	(99)
Depreciation and amortisation	12	(91)	(104)
Bank services		(135)	(154)
Professional services		(523)	(332)
Transport expenses		(248)	(174)
Other expenses		(175)	(96)
		(3 270)	**(2 205)**

9. Selling and distribution expenses

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Wages and salaries of sales personnel and related charges	13	(181)	(68)
Depreciation	12	(20)	(40)
Delivery costs		(1 302)	(901)
Other expenses		(160)	(55)
		(1 663)	**(1 064)**

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10. Other operating income

	Note	For the six months ended 30 June 2013	For the six months ended 30 June 2012
		Unaudited	Unaudited
Government grants and subsides recognised as income	a	357	361
Income from subsidized VAT	b	726	875
Gain on disposal of inventories		36	-
Income from write-offs of accounts payable		729	34
Other income		574	573
		2 422	**1 843**

a) Government grants and subsides recognized as income for the six months ended 30 June 2013 amounting to th USD 357 related to the live-stock breeding.

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.

11. Other operating expenses

	Note	For the six months ended 30 June 2013	For the six months ended 30 June 2012
		Unaudited	Unaudited
Write-offs of VAT		(71)	(153)
Shortages and losses due to impairment of inventories		(129)	(117)
Allowance for doubtful accounts receivable	25	(2)	(521)
Loss from VAT on export operations	a	(3 584)	(1 395)
Lost crops		(270)	(175)
Depreciation	12	(420)	(303)
Wages and salaries of non-operating personnel and related charges	13	(30)	(13)
Loss on disposal of property, plant and equipment		-	(13)
Other expenses		(694)	(172)
		(5 200)	**(2 862)**

a) Loss from VAT on export operations for the six months ended 30 June 2013 amounting to th USD 3 584 (th USD 1 395 for the six months ended 30 June 2012) 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.

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12. Depreciation and amortisation

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Depreciation			
Cost of sales	7	(2 890)	(2 493)
Administrative expenses	8	(89)	(102)
Selling and distribution expenses	9	(20)	(40)
Other operating expenses	11	(420)	(303)
Depreciation as a part of article "Lost crops"		(3)	(7)
		(3 422)	**(2 945)**
Amortisation			
Cost of sales	7	(2 016)	(350)
Administrative expenses	8	(2)	(2)
		(2 018)	**(352)**
		(5 440)	**(3 297)**

13. Wages and salaries expenses

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Wages and salaries		(6 468)	(3 583)
Related charges		(2 328)	(1 280)
		(8 796)	**(4 863)**
The average number of employees, persons		3 234	2 030
Remuneration of management		222	259
Wages and salaries of operating personnel and related charges	7	(6 714)	(3 610)
Wages and salaries of administrative personnel and related charges	8	(1 859)	(1 134)
Wages and salaries of sales personnel and related charges	9	(181)	(68)
Wages and salaries of non-operating personnel and related charges	11	(30)	(13)
Wages and salaries as a part of article "Lost crops" and related charges		(5)	(2)
Wages and salaries as a part of article "Construction in progress" and related charges		(7)	(36)
		(8 796)	**(4 863)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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14. Financial (expenses)/income, net

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
	Unaudited	Unaudited
Interest income on bank deposits	24	113
Foreign currency exchange gain, net	913	113
Interest expenses on loans and borrowings	(3 191)	(1 268)
Bond interest expenses	(1 929)	(44)
Other expenses	(537)	(135)
	(4 720)	**(1 221)**

15. Income tax expenses

The corporate income tax rate in Ukraine was 19% as at 30 June 2013 and 21% as at 30 June 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 six months ended 30 June 2013 and 2012 were as follows:

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
	Unaudited	Unaudited
Current income tax	(1)	(21)
Deferred tax	57	16
Income tax benefit (expenses) reported in the statement of comprehensive income	**56**	**(5)**
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	155	113

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16. 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	197	3 943	3 686	131	772	8 729
Additions from acquisition of subsidiaries	2 360	797	575	25	20	3 777
Disposals	(563)	(437)	(96)	(33)	-	(1 129)
Transfer	55	46	1	-	(102)	-
Effect from translation into presentation currency	(17)	(10)	(6)	-	(1)	(34)
30 June 2012 (unaudited)	**46 377**	**26 196**	**12 410**	**1 256**	**1 776**	**88 015**
31 December 2012 (audited)	**55 611**	**34 988**	**15 058**	**1 308**	**6 041**	**113 006**
Additions	76	2 371	2 125	90	3 870	8 532
Disposals	(349)	(351)	(87)	(20)	-	(807)
Transfer	-	4	8	-	-	12
30 June 2013 (unaudited)	**55 338**	**37 012**	**17 104**	**1 378**	**9 911**	**120 743**
Accumulated depreciation						
31 December 2011 (audited)	**(4 569)**	**(6 792)**	**(2 734)**	**(970)**	**-**	**(15 065)**
Depreciation for the period	(857)	(1 307)	(512)	(269)	-	(2 945)
Additions from acquisition of subsidiaries	-	-	-	(2)	-	(2)
Disposals	71	201	52	23	-	347
Effect from translation into presentation currency	3	2	1	-	-	6
30 June 2012 (unaudited)	**(5 352)**	**(7 896)**	**(3 193)**	**(1 218)**	**-**	**(17 659)**
31 December 2012 (audited)	**(6 485)**	**(9 398)**	**(3 847)**	**(1 127)**	**-**	**(20 857)**
Depreciation for the period	(1 287)	(1 430)	(619)	(86)	-	(3 422)
Disposals	106	257	68	19	-	450
30 June 2013 (unaudited)	**(7 666)**	**(10 571)**	**(4 398)**	**(1 194)**	**-**	**(23 829)**
Net book value						
As at 31 December 2011 (audited)	**39 776**	**15 065**	**5 516**	**163**	**1 087**	**61 607**
As at 30 June 2012 (unaudited)	**41 025**	**18 300**	**9 217**	**38**	**1 776**	**70 356**
As at 31 December 2012 (audited)	**49 126**	**25 590**	**11 211**	**181**	**6 041**	**92 149**
As at 30 June 2013 (unaudited)	**47 672**	**26 441**	**12 706**	**184**	**9 911**	**96 914**

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".

As at 30 June 2013 and 2012 impairment indicators were analyzed by the management of the Group. There was no impairment of property, plant and equipment as the reporting dates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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17. Intangible assets

	Computer software	Property certificates	Land lease rights	Total
Initial cost				
31 December 2011 (audited)	**32**	**618**	**2 842**	**3 492**
Additions	-	127	-	127
Additions from acquisition of subsidiaries	-	-	4 439	4 439
Disposals	-	(82)	-	(82)
Effect from translation into presentation currency	-	-	(2)	(2)
30 June 2012 (unaudited)	**32**	**663**	**7 279**	**7 974**
31 December 2012 (audited)	**35**	**728**	**23 855**	**24 618**
Additions	-	-	-	-
Disposals	-	-	-	-
30 June 2013 (unaudited)	**35**	**728**	**23 855**	**24 618**
Accumulated amortisation				
31 December 2011 (audited)	**(20)**	**(8)**	**(170)**	**(198)**
Amortisation for the period	(2)	-	(350)	(352)
Effect from translation into presentation currency	-	-	-	-
30 June 2012 (unaudited)	**(22)**	**(8)**	**(520)**	**(550)**
31 December 2012 (audited)	**(24)**	**(8)**	**(1 322)**	**(1 354)**
Amortisation for the period	(2)		(2 016)	(2 018)
Disposal	-	-	-	-
30 June 2013 (unaudited)	**(26)**	**(8)**	**(3 338)**	**(3 372)**
Net book value				
As at 31 December 2011 (audited)	**12**	**610**	**2 672**	**3 294**
As at 30 June 2012 (unaudited)	**10**	**655**	**6 759**	**7 424**
As at 31 December 2012 (audited)	**11**	**720**	**22 533**	**23 264**
As at 30 June 2013 (unaudited)	**9**	**720**	**20 517**	**21 246**

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.

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18. Non-current biological assets

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Non-current biological assets - animal-breeding		
Cattle	11 737	9 122
Pigs	40	10
Other	6	-
Total non-current biological assets - animal - breeding	**11 783**	**9 132**
Non-current biological assets - plant-breeding		
Perennial grasses	131	108
Total non-current biological assets	**11 914**	**9 240**

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

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Cattle		
Cattle, units	4 571	3 997
Live weight, kg	1 843 172	1 625 779
Book value	**11 737**	**9 122**
Pigs		
Pigs, units	82	22
Live weight, kg	12 572	3 102
Book value	**40**	**10**
Other		**-**
Other, units	19	**-**
Live weight, kg	941	**-**
Book value	**6**	**-**

Following changes took place in the non-current biological assets of animal-breeding for the six months ended 30 June 2013 and 2012:

	Cattle	Pigs	Other	Total
31 December 2011 (audited)	**8 947**	**24**	**-**	**8 971**
Acquisitions for the period	23	-	-	**23**
Transfer (from (to) current biological assets)	675	(14)	-	**661**
Change in fair value	(519)	-	-	**(519)**
Effect from translation into presentation currency	(4)	-	-	**(4)**
30 June 2012 (unaudited)	**9 122**	**10**	**-**	**9 132**
31 December 2012 (audited)	**10 688**	**39**	**2**	**10 729**
Acquisitions for the period	-	-	-	**-**
Capitalized expenses	-	11	3	**14**
Transfer (from (to) current biological assets)	607	(10)	-	**597**
Change in fair value	442	-	1	**443**
Effect from translation into presentation currency	-	-	-	**-**
30 June 2013 (unaudited)	**11 737**	**40**	**6**	**11 783**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 30 June 2013 (2012: 22,92%) was applied for cattle.

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

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Perennial grasses		
Area, ha	1 594	1 506
Book value	**131**	**108**

Following changes took place in the non-current biological assets of plant-breeding for the six months ended 30 June 2013 and 2012:

	Perennial grasses
31 December 2011 (audited)	**86**
Additions from acquisition of subsidiaries	19
Capitalized expenses	-
Harvesting	4
Effect from translation into presentation currency	(1)
30 June 2012 (unaudited)	**108**
31 December 2012 (audited)	**152**
Capitalized expenses	-
Harvesting	-
Harvesting failure	(21)
Effect from translation into presentation currency	-
30 June 2013 (unaudited)	**131**

19. 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)	-	(439)	439	(42)	(17)	**(59)**
Effect from translation into presentation currency	-	-	-	-	-	**-**
30 June 2012 (unaudited)	**-**	**-**	**-**	**-**	**61**	**61**
31 December 2012 (audited)	**132**	**244**	**(244)**	**113**	**21**	**266**
Considering profit (loss)	20	-	-	(42)	11	**(11)**
Effect from translation into presentation currency	-	-	-	-	-	**-**
30 June 2013 (unaudited)	**152**	**244**	**(244)**	**71**	**32**	**255**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Deferred tax liabilities

	Property, plant and equipment	Prepayments and accounts payable	Total
31 December 2011 (audited)	**(3 120)**	**(1)**	**(3 121)**
Considering profit (loss)	74	1	**75**
Considering equity	113	-	**113**
Effect of foreign currency translation	1	-	**1**
30 June 2012 (unaudited)	**(2 932)**	**-**	**(2 932)**
31 December 2012 (audited)	**(2 992)**	**-**	**(2 992)**
Considering profit (loss)	68	-	**68**
Considering equity	155	-	**155**
Effect of foreign currency translation	-	-	**-**
30 June 2013 (unaudited)	**(2 769)**	**-**	**(2 769)**

20. Other non-current assets

	30 June 2013	**30 June 2012**
	Unaudited	Unaudited
Prepayments for property, plant and equipment	1 985	991

As at 30 June 2013 an amount of th USD 1 556 or 78% of the total amount of prepayments for property, plant and equipment is due from the 10 most signicant counterparties (as at 30 June 2012 – th USD 642 or 65%).

21. Inventories

		30 June 2013	**30 June 2012**
	Note	Unaudited	Unaudited
Work-in-progress	a	564	219
Agricultural produce	b	3 332	6 193
Finished goods	c	7 035	24
Agricultural materials		4 023	2 937
Raw materials		1 754	516
Spare parts		1 160	1 180
Fuel		1 072	556
Other inventories		263	258
		19 203	**11 883**

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.

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

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Corn	1 358	377
Wheat	36	4 209
Sunflower	3	40
Potato	497	127
Lupin	1	5
Hay	240	861
Silage	418	236
Soya	16	40
Other	763	298
	3 332	**6 193**

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

c) As at 30 June 2013 finished goods was include sugar in the amount of th USD 6 971.

22. Current biological assets

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Current biological assets of animal-breeding		
Cattle	9 555	6 440
Pigs	280	8
Other	57	45
	9 892	**6 493**
Current biological assets of plant-breeding		
Corn	88 127	50 724
Wheat	9 557	5 509
Rye	43	1 027
Grasses	1 232	994
Sunflower	29 244	13 294
Soya	3 198	3 400
Lupin	-	438
Potato	2 514	1 275
Other	659	136
Total current biological assets of plant-breeding	**134 574**	**76 797**
Total current biological assets	**144 466**	**83 290**

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

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Cattle		
Cattle, units	4 270	3 549
Live weight, kg	1 060 980	867 495
Book value	**9 555**	**6 440**
Pigs		
Pigs, units	1 252	48
Live weight, kg	78 990	2 280
Book value	**280**	**8**
Other		
Number of animals, units	175	74
Live weight, kg	29 902	28 844
Book value	**57**	**45**
Total book value	**9 892**	**6 493**

Following changes took place in the current biological assets of animal-breeding for the six months ended 30 June 2013 and 2012:

	Cattle	Pigs	Other	Total
31 December 2011 (audited)	**6 907**	**8**	**43**	**6 958**
Acquisitions for the period	2	-	1	**3**
Capitalized expenses	1 842	17	-	**1 859**
Transfer (from (to) non-current biological assets)	(675)	14	-	**(661)**
Sale	(2 473)	(27)	(2)	**(2 502)**
Slaughter	(158)	(4)	-	**(162)**
Change in fair value	997	-	3	**1 000**
Effect from translation into presentation currency	(2)	-	-	**(2)**
30 June 2012 (unaudited)	**6 440**	**8**	**45**	**6 493**
31 December 2012 (audited)	**8 642**	**215**	**50**	**8 907**
Acquisitions for the period	-	-	-	**-**
Capitalized expenses	2 430	165	6	**2 601**
Transfer (from (to) non-current biological assets)	(607)	10	-	**(597)**
Sale	(3 448)	(147)	(2)	**(3 597)**
Slaughter	(191)	(15)	(3)	**(209)**
Change in fair value	2 729	52	6	**2 787**
Effect from translation into presentation currency	-	-	-	**-**
30 June 2013 (unaudited)	**9 555**	**280**	**57**	**9 892**

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

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Corn		
Area, ha	61 401	40 162
Book value	**88 127**	**50 724**
Wheat		
Area, ha	9 817	5 973
Book value	**9 557**	**5 509**
Rye		
Area, ha	546	1 730
Book value	**43**	**1 027**
Grasses		
Area, ha	5 024	4 374
Book value	**1 232**	**994**
Sunflower		
Area, ha	25 598	18 092
Book value	**29 244**	**13 294**
Soya		
Area, ha	4 380	5 282
Book value	**3 198**	**3 400**
Lupin		
Area, ha	-	999
Book value	-	**438**
Potato		
Area, ha	649	691
Book value	**2 514**	**1 275**
Other		
Area, ha	3 232	413
Book value	**659**	**136**
Total book value	**134 574**	**76 797**

Following changes took place in the current biological assets of plant-breeding for the six months ended 30 June 2013 and 2012:

	Corn	Wheat	Rye	Grasses	Sunflower	Soya	Lupin	Potato	Other	Total
31 December 2011 (audited)	**-**	**3 150**	**741**	**173**	**-**	**-**	**-**	**-**	**71**	**4 135**
Additions from acquisitions of subsidiaries	6 778	399	-	-	3 318	-	-	-	-	**10 495**
Capitalized expenses	17 831	1 361	191	1 669	5 200	1 699	209	1 468	70	**29 698**
Harvesting	-	(7)	-	(847)	-	-	-	-	(4)	**(858)**
Harvest failure	-	(23)	(5)	(1)	(12)	-	-	-	(1)	**(42)**
Change in fair value	26 117	630	100	-	4 789	1 701	229	(193)	-	**33 373**
Effect of foreign currency translation	(2)	(1)	-	-	(1)	-	-	-	-	**(4)**
30 June 2012 (unaudited)	**50 724**	**5 509**	**1 027**	**994**	**13 294**	**3 400**	**438**	**1 275**	**136**	**76 797**

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31 December 2012 (audited)	**22 953**	**6 689**	**22**	**27**	**-**	**-**	**-**	**-**	**-**	**29 691**
Capitalized expenses	40 053	2 614	21	1 421	9 878	1 998	-	1 157	1 061	**58 203**
Harvesting	(27 753)	-	-	(211)	-	-	-	-	(316)	**(28 280)**
Harvest failure	(141)	(16)	-	(5)	(20)	(8)	-	-	(86)	**(276)**
Change in fair value	53 015	270	-	-	19 386	1 208	-	1 357	-	**75 236**
Effect of foreign currency translation	-	-	-	-	-	-	-	-	-	**-**
30 June 2013 (unaudited)	**88 127**	**9 557**	**43**	**1 232**	**29 244**	**3 198**	**-**	**2 514**	**659**	**134 574**

23. Trade accounts receivable, net

	Note	30 June 2013 Unaudited	30 June 2012 Unaudited
Trade accounts receivable		3 992	3 140
Allowances for accounts receivable	25	(164)	(1 108)
		3 828	**2 032**

As at 30 June 2013 an amount of th USD 2 520 or 66% of the total amount of trade accounts receivable is due from the 10 most signicant counterparties (as at 30 June 2012 – th USD 1 738 or 86%).

Distribution of trade accounts receivable on time frames is the following:

			Past due, not impaired		
	Total	**Neither past due nor impaired**	**Within 90 days**	**From 90 to 360 days**	**More than 1 year**
As at 30 June 2013	3 828	3 131	290	190	217

On the basis of analysis of payments for the current period Financial Directorate of the Group considers that there is no need to form provision for overdue, but not impaired trade accounts receivable.

24. Prepayments and other current assets, net

	Note	30 June 2013 Unaudited	30 June 2012 Unaudited
Prepayments and other non-financial assets:			
Advances to suppliers	a	1 437	2 775
Allowances for advances to suppliers	25	(49)	(30)
VAT for reimbursement		4 153	6 367
		5 541	**9 112**
Other financial assets:			
Non-bank accomodations interest free		11 800	153
Allowances for non-bank accomodations interest free	25	(17)	-
Other accounts receivable		565	469
Allowances for other accounts receivable	25	(18)	(18)
		12 330	**604**
		17 871	**9 716**

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As at 30 June 2013 an amount of th USD 681 or 49% of the total amount of advances to suppliers is due from the 10 most signicant counterparties (as at 30 June 2012 – th USD 764 or 28%).

As at 30 June 2013 an amount of th USD 11 743 or 99% of the total amount of non-bank accomodations interest free is due from the 10 most signicant counterparties (as at 30 June 2012 – th USD 153 or 100%).

25. Changes in allowances made

	Note	30 June 2013 Unaudited	30 June 2012 Unaudited
Allowances for trade accounts receivable	23	(164)	(1 108)
Allowances for advances to suppliers	24	(49)	(30)
Allowances for other accounts receivable	24	(18)	(18)
Allowances for non-bank accomodations interest free	24	(17)	-
		(248)	**(1 156)**

The movements of the allowances were as follows:

	Note	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
As at the beginning of the period		**(515)**	**(821)**
Accrual	11	(2)	(521)
Additions from acquisition of subsidiaries		-	(177)
Use of allowances		268	28
Return of allowances		1	334
Effect from translation into presentation currency		-	1
As at the end of the period		**(248)**	**(1 156)**

26. Cash and cash equivalents

	Currency	30 June 2013 Unaudited	30 June 2012 Unaudited
Cash in bank and hand	USD	96	1 581
Cash in bank and hand	UAH	319	16 682
Cash in bank and hand	EUR	36	13
Cash in bank and hand	PLN	2	3
		453	**18 279**

There were no restrictions on the use of cash and cash equivalents during the six months ended 30 June 2013 and 2012.

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27. 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 30 June 2013 is 31 300 000 shares (30 June 2012 – 31 300 000 shares). All shares have equal voting rights. Par value of one share is USD 0,0018.

Shareholders structure as at 30 June was as follows:

	30 June 2013		30 June 2012	
	%	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 29).

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 initialy 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.

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 six months ended 30 June 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.

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28. Long-term loans and borrowings

	Note	Currency	30 June 2013 Unaudited	30 June 2012 Unaudited
Secured				
Long-term bank loans	a	USD	31 669	24 157
Finance lease liabilities	b	UAH, USD, EUR	4 640	22
Bonds issued	a	UAH	24 675	22 771
			60 984	**46 950**
Unsecured				
Long-term loans from related parties		UAH	-	51
			-	**51**
			60 984	**47 001**
Current portion of long-term bank loans	a	USD	(6 045)	(5 585)
Current portion of finance lease liabilities	b	UAH	(1 624)	(22)
Current portion of bonds issued	a	UAH	(24 675)	-
			(32 344)	**(5 607)**
Total long-term loans			**28 640**	**41 394**

a) Essential terms of credit contracts:

Creditor	Year of maturity	Currency	Nominal interest rate	As at 30 June 2013 Long-term liabilities	As at 30 June 2013 Including current portion
Ukrainian bank	2014	USD	10,50%	3 700	-
Ukrainian bank	2015	USD	10,00%	500	-
Non-residental bank	2015	USD	9,65%	1 565	-
Ukrainian bank	2015	USD	9,00%	4 000	-
Ukrainian bank	2016	USD	9,00%	389	130
Ukrainian bank	2016	USD	1Y Libor+10%	3 809	952
Ukrainian bank	2016	USD	1Y Libor+10%	9 590	3 167
Ukrainian bank	2017	USD	9,00%	1 200	300
Ukrainian bank	2017	USD	8,75%	4 784	1 196
Ukrainian bank	2018	USD	1Y Libor+8,7%	2 132	300
				31 669	**6 045**
Bonds issued	2014	UAH	14,00%	24 675	24 675
				56 344	**30 720**

Creditor	Year of maturity	Currency	Nominal interest rate	As at 30 June 2012 Long-term liabilities	As at 30 June 2012 Including current portion
Ukrainian bank	2012	USD	3M Libor+8,50%	4 000	4 000
Ukrainian bank	2013	USD	11,50%	300	300
Ukrainian bank	2016	USD	9,00%	518	130
Ukrainian bank	2016	USD	1Y Libor+10,00%	13 403	-
Ukrainian bank	2017	USD	8,75%	1 866	339
Ukrainian bank	2017	USD	8,75%	4 070	816
				24 157	**5 585**

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Long-term loans and borrowings outstanding as at 30 June 2013 and 2012 were repayable as follows:

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Within one year	32 344	5 607
In the second to fifth year inclusive	28 640	41 394
Later than fifth year	-	-
	60 984	**47 001**

b) Finance lease liabilities as at 30 June 2013 and 2012 were presented as follows:

	As at 30 June 2013		As at 30 June 2012	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	1 949	1 624	22	22
In the second to fifth year inclusive	4 011	3 016	-	-
Later than fifth year	-		-	-
	5 960	4 640	22	22
Less future finance charges	(1 320)		-	
Present value of minimum lease payments	**4 640**	**4 640**	**22**	**22**

29. Short-term loans and borrowings

	Currency	30 June 2013	30 June 2012
		Unaudited	Unaudited
Secured			
Short-term bank loans	USD	43 660	14 352

Essential terms of credit contracts:

Creditor	Currency	Nominal interest rate	As at 30 June 2013
Ukrainian bank	USD	13,00%	11 915
Ukrainian bank	USD	13,00%	9 258
Ukrainian bank	USD	3M Libor+8,5%	9 000
Ukrainian bank	USD	9,00%	7 875
Non-residental bank	USD	3M Libor+12%	5 078
Ukrainian bank	USD	10,00%	534
			43 660

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Creditor	Currency	Nominal interest rate	As at 30 June 2012
Ukrainian bank	USD	3M Libor+8,50%	3 415
Non-residental bank	USD	3M Libor+12,00%	3 771
Ukrainian bank	USD	3M Libor+8,50%	3 266
Ukrainian bank	USD	3M Libor+10,10%	3 900
			14 352

30. Trade accounts payable

	30 June 2013 Unaudited	30 June 2012 Unaudited
Trade accounts payable	19 039	10 614

As at 30 June 2013 an amount of th USD 15 205 or 80% of the total amount of trade accounts payable is due from the 10 most signicant counterparties (as at 30 June 2012 – th USD 9 671 or 91%).

The table below summarizes the maturity profile of Group's liabilities on contractual payments on trade accounts payable as at 30 June 2013:

	On demand	Within 30 days	From 30 to 90 days	From 90 to 180 days	From 180 to 360 days	From 1 to 5 years	Total
Trade accounts payable	-	4 255	969	13 815	-	-	**19 039**

31. Other current liabilities and accrued expenses

	30 June 2013 Unaudited	30 June 2012 Unaudited
Other liabilities:		
Advances from clients	6 703	1 333
	6 703	1 333
Other accounts payable:		
Interest payable on bank loans	473	48
Interest payable finance lease	21	-
Interest payable on bonds	40	44
Accounts payable for the lease of land and property rights	2 848	1 761
Accounts payable for non-current tangible assets	1 772	644
Taxes payable	94	59
Wages, salaries and related charges payable	1 595	675
Accruals for unused vacations	845	507
Accounts payable for investments	7 635	-
Other accounts payable	480	81
	15 803	3 819
	22 506	**5 152**

(in thousand USD, unless otherwise stated)

As at 30 June 2013 an amount of th USD 6 668 or 99% of the total amount of advances from clients is due from the 10 most signicant counterparties (as at 30 June 2012 – th USD 1 237 or 93%).

As at 30 June 2013 accounts payable for investments comprise liabilities due to the acquisition of Bluerice Limited in December 2012.

The table below summarizes the maturity profile of Group's liabilities on contractual payments on other current liabilities and accrued expenses as at 30 June 2013:

	On demand	Within 30 days	From 30 to 90 days	From 90 to 180 days	From 180 to 360 days	From 1 to 5 years	Total
Other current liabilities and accrued expenses	845	6 364	949	1 424	12 764	-	**22 346**

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	30 June 2013 Unaudited	30 June 2012 Unaudited
Trade accounts receivable, net			
a) Entities - related parties under common control with the Companies of the Group		316	316
b) Entities-related parties, in equity of which Companies of the Group have an interest		-	9
Total trade accounts receivable from related parties, net		**316**	**325**
Total trade accounts receivable, net	23	**3 828**	**2 032**
Advances to suppliers			
a) Entities - related parties under common control with the Companies of the Group		-	3
b) Entities-related parties, in equity of which Companies of the Group have an interest		-	4
Total advances to related parties		**-**	**7**
Total advances to suppliers	24	**1 388**	**11**

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	Note	30 June 2013 Unaudited	30 June 2012 Unaudited
Non-bank accomodations interest free			
a) Entities - related parties under common control with the Companies of the Group		-	15
b) Entities-related parties, in equity of which Companies of the Group have an interest		-	89
Total non-bank accomodations interest free to related parties		**-**	**104**
Total non-bank accomodations interest free	24	**11 783**	**153**
Short-term borrowings from related parties			
a) Entities - related parties under common control with the Companies of the Group		-	51
Total short-term borrowings from related parties		**-**	**51**
Total short-term loans and borrowings	29	**43 660**	**14 352**
Trade accounts payable			
a) Entities - related parties under common control with the Companies of the Group		4	25
b) Entities-related parties, in equity of which Companies of the Group have an interest		-	158
Total trade accounts payable to related parties		**4**	**183**
Total trade accounts payable	30	**19 039**	**10 614**

Remuneration of key management personnel for the six months ended 30 June 2013 and 2012 was as follows:

	For the six months ended 30 June 2013 Unaudited	For the six months ended 30 June 2012 Unaudited
Wages and salaries	164	191
Related charges	58	68
	222	**259**
The average number of employees, persons	6	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.

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Information on business segments for the six months ended 30 June 2013 was the follow:

	Farming division	Live-stock breeding	Storage and processing	Unallocated	Total
Revenue	74 776	5 636	4 883	-	85 295
Intra-group elimination	(27 998)	-	(4 015)	-	(32 013)
Revenue from external buyers	**46 778**	**5 636**	**868**	**-**	53 282
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	57 510	3 231	-	-	60 741
Cost of sales	(52 424)	(6 929)	(847)	-	(60 200)
Gross income	**51 864**	**1 938**	**21**	**-**	**53 823**
Administrative expenses	-	-	-	(3 270)	(3 270)
Selling and distribution expenses	-	-	-	(1 663)	(1 663)
Other income	-	-	-	2 422	2 422
Other expenses	-	-	-	(5 549)	(5 549)
Operating income of a segment	**51 864**	**1 938**	**21**	**(8 060)**	**45 763**
Financial expenses	**-**	**-**	**-**	(4 720)	(4 720)
Profit before tax	**51 864**	**1 938**	**21**	**(12 780)**	**41 043**
Income tax benefit (expenses)	**-**	**-**	**-**	56	56
Net profit	**51 864**	**1 938**	**21**	**(12 724)**	**41 099**
Other segment information:					
Depreciation and amortisation	**4 998**	**394**	**48**	**-**	**5 440**
Additions to non-current assets:					
Property, plant and equipment	**6 038**	**-**	**2 494**	**-**	**8 532**
Intangible assets	**-**	**-**	**-**	**-**	**-**
Non-current biological assets	**14**	**-**	**-**	**-**	**14**

Information on business segments for the six months ended 30 June2012 was the follow:

	Farming division	Live-stock breeding	Storage and processing	Unallocated	Total
Revenue	42 795	4 127	2 845	-	49 767
Intra-group elimination	(15 482)	(8)	(2 134)	-	(17 624)
Revenue from external buyers	**27 313**	**4 119**	**711**	**-**	32 143
Gain (loss) from changes in fair value of biological assets and agricultural produce, net	33 437	481	-	-	33 918
Cost of sales	(30 564)	(4 460)	(697)	-	(35 720)
Gross income	**30 186**	**140**	**14**	**-**	**30 341**
Administrative expenses	-	-	-	(2 205)	(2 205)
Selling and distribution expenses	-	-	-	(1 064)	(1 064)
Other income	-	-	-	1 943	1 943
Other expenses	-	-	-	(3 609)	(3 609)
Operating income of a segment	**30 186**	**140**	**14**	**(4 934)**	**25 406**
Financial expenses	**-**	**-**	**-**	(1 221)	**(1 221)**
Profit before tax	**30 186**	**140**	**14**	**(6 155)**	**24 185**
Income tax benefit (expenses)	**-**	**-**	**-**	(5)	**(5)**
Net profit	**30 186**	**140**	**14**	**(6 161)**	**24 180**
Other segment information:					
Depreciation and amortisation	**2 484**	**311**	**49**	**454**	**3 297**
Additions to non-current assets:					
Property, plant and equipment	**11 888**	**94**	**857**	**-**	**12 839**
Intangible assets	**4 566**	**-**	**-**	**-**	**4 566**
Non-current biological assets	**22**	**23**	**-**	**-**	**45**

(in thousand USD, unless otherwise stated)

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 30 June considering existing at that date the inflation factor are as follows:

	30 June 2013	30 June 2012
	Unaudited	Unaudited
Within one year	11 686	6 734
In the second to fifth year inclusive	37 357	22 219
Later than fifth year	31 508	16 867
	80 551	**45 820**

Areas of operating leased land as at 30 June 2013 and 2012 were as follows:

Location of land	30 June 2013	30 June 2012
	Unaudited	Unaudited
	Hectare	Hectare
Poltava region		
Land under processing	30 079	31 295
Land for grazing, construction, other	3 009	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	24 584
Land for grazing, construction, other	113	113
	125 481	**86 029**

35. Financial instruments

Financial instruments as at 30 June 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.

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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 30 June 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 borrowing are repaid in the amount of th USD 832.

Bank loans are received in the amount of th USD 5 875.

Agriculture machinery are acquired in the amount of th USD 1 015 through finance lease agreements.

On August 28, 2013 IMC purchased 40% stake in the Ukrainian company leasing 16 000 hectares of land and possessing grain and oilseed crops' storage capacities of 195 000 tonnes.

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