

25 November 2013, Luhansk, Ukraine

## Current report 25/11/2013

### **Agroton Public Limited considers proposing amendments to the Terms and Conditions of its US\$50,000,000 12.50 per cent. Notes due 2019 with interest rate step down to 8.00 per cent. in 2013 (the "Notes")**

Agroton Public Limited (the "**Company**") is currently considering proposing further amendments to certain of the terms and conditions of the Notes due to the following developments and factors:

#### *Inability to withdraw cash from its cash account with the Bank of Cyprus*

As a Cypriot company, the Company has a cash account with the Bank of Cyprus. As set out in the Company's announcement dated 16 July 2013, on 28 April 2013, the Bank of Cyprus Public Company Limited proceeded with a recapitalisation through a bail-in of depositors (a deposit-to-equity conversion). The bail-in of depositors affected those customers having total deposits of over EUR 100,000, including accrued interest, on 26 March 2013 with the Bank of Cyprus. On 26 March 2013, the Company had approximately US \$4.5 million in its account with the Bank of Cyprus, which was then its sole cash account. As a result of the bail-in measures, the Company was unable to withdraw any cash from this account.

In accordance with a series of decrees issued in connection with the recapitalisation of the Bank of Cyprus, only US\$ 0.3 million of the cash held in the Company's account has been released to the Company. US\$ 1.6 million of the Company's cash account has been converted into equity, US\$ 1.0 million has been written off as a provision for the equity conversion, and the remaining US\$ 1.6 million (which is shown on the Company's available balance) is currently inaccessible. The Company is in correspondence with the Bank of Cyprus regarding gaining access to the Company's available balance. In the meantime, the Company has opened a second cash account with a third party bank based in Germany.

#### *Lack of sufficient operating cash flow*

As set out in the Company's announcement dated 16 July 2013, poor weather conditions during the 2012-2013 agricultural year (as compared to the previous 2011-2012 period) reduced the planted hectares and yields for the Company's winter wheat and sunflower crops, which negatively affected the Company's operating cash flow. Adverse weather conditions further affected the Company's operations at the start of the 2013-2014 agricultural year, as excessive rainfall during September and October has reduced the expected yields for the Company's winter wheat crop due to be harvested in 2014. The chart below illustrates the impact of such poor weather conditions on the Company's operations.

Crop	2013/2014 agricultural year			2012/2013 agricultural year			2011/2012 agricultural year		
	Planted	Expected Yield	Current price	Planted	Yield	Average price	Planted	Yield	Average price
	(in hectares)	(tonnes per hectare)	(in U.S\$)	(in	(tonnes per hectare)	(in U.S\$)	(in	(tonnes per	(in U.S\$)

				hectares)			hectares)	hectare)	
Wheat	38,000	2.5	162	34,000	3.0	160	43,000	3.2	216
Sunflower	35,000*	1.5	335	35,000	1.9	442	38,600	1.8	541

\* planned to be planted in spring 2014

In addition, prices for Agroton's main crops (wheat and sunflower seeds) have decreased significantly in 2013 compared to previous years, reducing the Company's operating revenues. This has affected the Company's ability to fund its operating activities and to service its debt. Specific details of crop prices are set forth in the chart below.

Crop	Current price	Average price in 2012	Average price in 2011
		(in U.S.\$)	
Wheat	162	202	192
Sunflower	335	432	446

As a consequence of such poor weather conditions and decreased prices, the Company presently lacks sufficient operating cash flow to finance the current 8.00% coupon on its Notes.

As a result of the above, the Company is currently considering the need to further amend certain terms and conditions of the Notes, including terms relating to the payment of interest, in which case a detailed memorandum and notice setting out the proposed amendments will be sent to holders of the Notes to solicit their consent.

*Legal grounds: art. 70 Section 1 of the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies of July 29th 2005 (Dz.U. of 2009, No 185, item 1439, as further amended) in conjunction with the Cyprus Law providing for Transparency Requirements in relation to information about Issuers whose Securities are admitted to Trading on a Regulated Market of 2007, N.190(I)/2007 (as amended) and the Disclosure and Transparency Rules ("DTRs") of the United Kingdom's Financial Conduct Authority, specifically DTR 2.*

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