AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (NON-AUDITED)

For the six months ended 30 June 2015

AGROTON PUBLIC LIMITED

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For the six months ended 30 June 2015

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Iurii Zhuravlov (Chief Executive Officer) Tamara Lapta (Deputy Chief Executive Officer) Larisa Orlova (Executive Director) Borys Supikhanov (Non-Executive Director) Volodymyr Kudryavtsev (Non-Executive Director)
Audit Committee:	Borys Supikhanov (Head of the Committee) Volodymyr Kudryavtsev
Remuneration Committee:	Borys Supikhanov (Head of the Committee) Volodymyr Kudryavtsev
Company Secretary:	Inter Jura Cy (Services) Limited
Legal Advisors	K. Chrysostomides & Co LLC
Registered office:	1 Lampousas Street 1095 Nicosia Cyprus

AGROTON PUBLIC LIMITED

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PERSON RESPONSIBLE FOR THE PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We, the Members of the Board of Directors and the person responsible for the preparation of the condensed consolidated interim financial statements of Agroton Public Limited for the period ended 30 June 2015, based on our knowledge, which is the product of careful and conscientious work, declare that the particulars which are specified in the condensed consolidated interim financial statements are true and complete.

Members of the Board of Directors:

Iurii Zhuravlov	
Tamara Lapta	
Larysa Orlova	
Borys Supikhanov	
Volodymyr Kudryavtsev	

Person responsible for the preparation of the condensed consolidated interim financial statements for the period ended 30 June 2015:

Larysa Orlova	

Nicosia, 30 August 2015

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

(in thousand USD, unless otherwise stated)

	Note	30 June 2015	31 December 2014
Continuing operations:			
Revenue	4	17 872	58 968
Cost of sales	5	(17 351)	(60 003)
Net change in fair value less cost to sell of biological assets and agricultural produce		(206)	19 789
Gross profit		**315**	**18 754**
Other operating income	6	2 489	4 872
Administrative expenses		(957)	(2 966)
Distribution expenses		(382)	(1 498)
Other operating expenses	7	(55)	(2 830)
Profit from operating activities		**1 410**	**16 332**
Impairment losses		-	(46 279)
Gain on derecognition of notes		-	4 955
Fair value losses on financial assets at fair value through profit or loss		-	(155)
Finance income	8	1 883	3 130
Finance expenses	8	(21 515)	(58 365)
Net finance costs		**(19 632)**	**(55 235)**
Profit/(loss) before taxation		**(18 222)**	**(80 382)**
Taxation		-	(2)
Profit/(loss) from continuing operations		**(18 222)**	**(80 384)**
Discontinued operations:			
Loss from discontinued operations	23	(5)	(106)
Profit/(loss) for the period		**(18 227)**	**(80 490)**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Effect of translation into presentation currency		10 718	4 215
Total comprehensive income for the period		**(7 509)**	**(76 275)**
Profit/(loss) for the period attributable to:			
Owners of the Company		(18 220)	(80 527)
Non-controlling interests		(7)	37
Profit/(loss) for the period		**(18 227)**	**(80 490)**
Total comprehensive income attributable to:			
Owners of the Company		(7 484)	(76 248)
Non-controlling interests		(25)	(27)
Total comprehensive income for the period		**(7 509)**	**(76 275)**
Earnings per share			
Basic and fully diluted profit/(loss) per share (USD)		(0,84)	(3,51)
Earnings per share - continuing operations			
Basic and fully diluted profit/(loss) per share (USD)		(0,84)	(3,51)

The notes on pages 10 to 25 form an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the six months ended 30 June 2015

(in thousand USD, unless otherwise stated)

	Note	30 June 2015	31 December 2014
Assets			
Property, plant and equipment	9	7 908	10 792
Intangible assets		11 785	12 686
Biological assets	10	2 320	2 489
Other non-current assets	11	8 142	8 731
Total non-current assets		**30 155**	**34 698**
Inventories	12	2 571	19 932
Biological assets	10	16 641	5 948
Available for sale investments		342	342
Trade and other receivables	13	3 322	2 046
Cash and cash equivalents	14	5 967	5 206
Loans receivable	15	31 656	29 795
Assets held for sale	23	26	30
Total current assets		**60 525**	**63 299**
Total assets		**90 680**	**97 997**
Equity			
Share capital		661	661
Share premium		88 532	88 532
Retained earnings		(57 098)	(38 878)
Foreign currency translation reserve		4 859	(5 877)
Total equity attributable to owners of the Company		**36 954**	**44 438**
Non-controlling interests		**175**	**200**
Total equity		**37 129**	**44 638**
Liabilities			
Loans and borrowings	16	31 130	31 130
Total non-current liabilities		**31 130**	**31 130**
Loans and borrowings	16	2 186	1 588
Trade and other payables	17	20 121	20 508
Income tax liability		114	112
Liabilities of disposal group classified as held for sale	23	-	21
Total current liabilities		**22 421**	**22 229**
Total liabilities		**53 551**	**53 359**
Total equity and liabilities		**90 680**	**97 997**

On 30 August 2015 the Board of Directors of Agroton Public Limited authorized these consolidated financial statements fo issue.

Tamara Lapta
Deputy Chief Executive Officer

Larysa Orlova
Chief Financial Officer

(in thousand USD, unless otherwise stated)

	Share capital	Share premium (i)	Retained earnings	Foreign currency translation reserve	Total equity attributable to owners of the Company	Non-controlling interests	Total
Balance at 1 January 2014	**661**	**88 532**	**41 649**	**(10 156)**	**120 686**	**227**	**120 913**
Comprehensive income:							
Loss for the period	-	-	(80 527)	-	(80 527)	37	(80 490)
Other comprehensive income	-	-	-	4 279	4 279	(64)	4 215
Total comprehensive expense for the period	**-**	**-**	**(80 527)**	**4 279**	**(76 248)**	**(27)**	**(76 275)**
Transactions with owners	-	-	-	-	-	-	-
Balance at 31 December 2014	**661**	**88 532**	**(38 878)**	**(5 877)**	**44 438**	**200**	**44 638**
Balance at 1 January 2015	**661**	**88 532**	**(38 878)**	**(5 877)**	**44 438**	**200**	**44 638**
Comprehensive income:							
Profit for the period	-	-	(18 220)	-	(18 220)	(7)	(18 227)
Other comprehensive income	-	-	-	10 736	10 736	(18)	10 718
Total comprehensive income for the period	**-**	**-**	**(18 220)**	**10 736**	**(7 484)**	**(25)**	**(7 509)**
Transactions with owners	-	-	-	-	-	-	-
Balance at 30 June 2015	**661**	**88 532**	**(57 098)**	**4 859**	**36 954**	**175**	**37 129**

(i) In accordance with the Cyprus Companies Law, Cap. 113, Section 55 (2) the share premium reserve can only be used by the Company in (a) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares; (b) writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (c) providing for the premium payable on redemption of any redeemable preference shares or of any debentures of the Company.

(ii) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividend to the extent that the owners (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the owners.

The above requirements of the Law are not applied in the case of the Company due to the fact that its owners are not residents in Cyprus for tax purposes.

(in thousand USD, unless otherwise stated)

	30 June 2015	31 December 2014
Cash flows from operating activities:		
(Loss)/ Profit for the year	**(18 227)**	**(80 490)**
Adjustments for:		
Depreciation	1 245	2 799
Amortisation	1 643	3 864
Net change in fair value less cost to sell of biological assets and agricultural produce	206	(19 789)
Impairment of harvest failure	-	222
Gain on derecognition of notes	-	(4 955)
Fair value losses on financial assets at fair value through profit or loss	-	155
Impairment of inventories	-	6 421
Impairment of trade and other receivables	-	34 148
Impairment of intangible assets	-	673
Impairment of biological assets	-	353
Impairment of other non-current assets	-	519
Impairment of property, plant and equipment	-	6 574
Reversal of provision for bad debts	(428)	(39)
Interest income	(1 883)	(3 130)
Interest expenses	619	2 474
Trade payables written-off	-	(10)
Bad debts written-off	14	-
Loss on disposal of property, plant and equipment	-	80
Loss on disposal of current assets	-	5
Gain/(loss) on disposal of subsidiaries	-	43
Foreign exchange loss	20 863	55 813
Income tax expense	-	2
Cash flow from operations before working capital changes	**4 052**	**5 732**
Decrease/(increase) in inventories	17 361	5 943
Decrease/(increase) in biological assets	(10 524)	333
Decrease/(increase) in trade and other receivables	(1 276)	(1 603)
Increase/(decrease) in trade and other payables	(387)	(4 536)
Net cash from operating activities before tax payment	**9 226**	**5 869**
Income tax paid	-	(2)
Net cash from operating activities	**9 226**	**5 867**

(in thousand USD, unless otherwise stated)

	30 June 2015	31 December 2014
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(112)	(478)
Acquisition of intangible assets	-	-
Proceeds from disposal of property, plant and equipment	8	12
Loans granted	-	(6 000)
Loans repayment	-	138
Disposals of subsidiaries, net of cash acquired	-	48
Net cash used in investing activities	**(104)**	**(6 280)**
Cash flows from finansing activities:		
Proceeds from borrowings	-	-
Repayment of loans and borrowings	-	-
Borrowing costs paid	-	-
Net cash used in financing activities	**-**	**-**
Net decrease in cash and cash equivalents	**9 122**	**(413)**
Cash and cash equivalents at the beginning of the period	5 206	7 278
Effect from translation into presentation currency	(8 361)	(1 659)
Cash and cash equivalents at the end of the period	**5 967**	**5 206**

The notes on pages 10 to 25 form an integral part of these condensed consolidated interim financial statements.

(in thousand USD, unless otherwise stated)

1. GENERAL INFORMATION

Country of incorporation

Agroton Public Limited (the "Company") was incorporated in Cyprus on 21 September 2009 as a public company with limited liability under the Cyprus Companies Law, Cap. 113. The Company was listed at Warsaw Stock Exchange on 8 November 2010.

The Company's registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

Principal activities

The principal activities of the Group are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming) and milk processing. The poultry farming business has been temporarily abandoned due to the military clashes and armed conflict in Eastern Ukraine.

Group structure

The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2015 comprise the interim financial statements of the Company and its subsidiaries (together referred to as the "Group").

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

Company name	Country of incorporation	Effective ownership rate 30 June 2015	Effective ownership rate 31 December 2014
Living LLC	Ukraine	99,99%	99,99%
Agricultural Production Firm Agro PE	Ukraine	99,99%	99,99%
Agroton PJSC	Ukraine	99,99%	99,99%
Belokurakinskiy Elevator ALC	Ukraine	99,99%	99,99%
Agro Meta LLC (i)	Ukraine	99,99%	99,99%
Rosinka-Star LLC	Ukraine	99,99%	99,99%
Etalon-Agro LLC (i)	Ukraine	99,99%	99,99%
Noviy Shlyah ALLC	Ukraine	99,99%	99,99%
Shiykivske ALLC	Ukraine	94,59%	94,59%
Agro-Chornukhinski Kurchata LLC	Ukraine	99,99%	99,99%
Agro-Svinprom LLC (ii)	Ukraine	99,99%	99,99%
Agroton BVI Limited	British Virgin Islands	100,00%	100,00%
Gefest LLC (i)	Ukraine	100,00%	100,00%
Alinco PE (i)	Ukraine	100,00%	100,00%
Lugastan LLC	Ukraine	100,00%	100,00%

(i) Agro Meta LLC, Etalon-Agro LLC, Gefest LLC , and Alinco PE are in the process of liquidation.

(ii) In July 2011 the management of Living LLC resolved to dispose subsidiary of the Group namely Agro-Svinprom LLC engaged in the pig-breeding.

The parent company of the Group is Agroton Public Limited with an issued share capital of 21 670 000 ordinary shares with nominal value EUR 0,021 per share.

(in thousand USD, unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

These condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

These condensed consolidated interim financial statements were authorised for issue by the Company's Board of Directors on 30 August 2015.

2.2. Judgments and estimates

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

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2014.

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

Currency	30 June 2015	Average for the six months ended 30 June 2015	31 December 2014	Average for the year 2014	31 December 2013
UAH-US dollar	21,0154	21,3649	15,7686	11,9090	7,9930

(in thousand USD, unless otherwise stated)

4. REVENUE

	30 June 2015	31 December 2014
Sales of goods (i)	17 535	56 847
Rendering of services (ii)	337	2 121
Total	**17 872**	**58 968**

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

(i) Revenue generated from sale of goods was as follows:

	30 June 2015	31 December 2014
Livestock and related revenue	1 401	15 461
Winter wheat	3 299	19 233
Sunflower	12 579	19 038
Corn in grain	182	2 815
Other agricultural crops	24	300
Other	50	-
Total	**17 535**	**56 847**

Sales volume of main agricultural products in tonnes was as follows:

	30 June 2015, tonnes	31 December 2014, tonnes
Winter wheat	33 519	129 602
Sunflower	37 367	65 716
Corn in grain	1 925	24 763
	72 812	**220 081**

Sales volume of milk for the six months ended 30 June 2015 was 5 285 thousand tonnes (year ended 31 December 2014: 10 654 thousand tonnes).

(ii) The revenue generated from sales of services mainly relates to tillage, storage and handling services granted to third parties which is reflected within the revenue of plant-breeding segment in Note 18.

5. COST OF SALES

	30 June 2015	31 December 2014
Livestock and related operations	3 325	17 626
Plant breeding and related operations	14 006	41 657
Other activity and related operations	20	720
	17 351	**60 003**

(in thousand USD, unless otherwise stated)

6. OTHER OPERATING INCOME

	30 June 2015	31 December 2014
Government grants	2	3
VAT grant	1 597	4 631
Reversal of provision for bad debts	428	39
Trade payables written-off	-	10
Other income	88	189
	2 489	**4 872**

7. OTHER OPERATING EXPENSES

	30 June 2015	31 December 2014
Depreciation charge	4	36
Loss on disposal of property, plant and equipment	-	80
Loss from sales of current assets	-	5
Loss on write-off and impairment of non-current assets	7	-
Impairment of trade and other receivables	-	669
Bad debts written-off	14	-
Impairment of inventories	-	1 751
Impairment of harvest failure	-	222
Donations	-	30
Other expenses	30	37
	55	**2 830**

8. NET FINANCE COSTS

	30 June 2015	31 December 2014
Interest income	1 883	3 130
Finance income	**1 883**	**3 130**
Interest on non-bank loans	(158)	(267)
Interest on notes (Note 16)	(461)	(2 207)
Bank charges	(33)	(78)
Loss on foreign exchange differences	(20 863)	(55 813)
Finance costs	**(21 515)**	**(58 365)**
Net finance costs	**(19 632)**	**(55 235)**

(in thousand USD, unless otherwise stated)

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of USD 112 thousand (the year ended 31 December 2014: USD 478 thousand).

Assets with a carrying amount of USD 8 thousand were disposed of during the six months ended 30 June 2015 (during the year ended 31 December 2014: USD 92 thousand), resulting in no gain or loss on disposal (the year ended 31 December 2014: loss of USD 80 thousand, which is included in 'other income' in the condensed consolidated statement of comprehensive income).

10. BIOLOGICAL ASSETS

Biological assets were presented as follows:

	30 June 2015	31 December 2014
Crops under cultivation (a)	15 710	4 101
Animals in growing and fattening (b)	931	1 847
Total current biological assets	**16 641**	**5 948**
Cattle (c)	2 313	2 482
Other (c)	7	7
Total non-current biological assets	**2 320**	**2 489**
Total	**18 961**	**8 437**

(a) Crops under cultivation:

The crops under cultivation were presented as follows:

	30 June 2015		31 December 2014	
	Area, thousands of hectares	Amount, USD thousand	Area, thousands of hectares	Amount, USD thousand
Sunflower plantings	33	5 272	-	-
Winter wheat plantings	39	7 568	42	4 070
Other plantings	9	2 870	1	31
	81	**15 710**	**43**	4 101

The increase of balances of crops under cultivation during the six months ended 30 June 2015 is primarily attributable to the spring sowing and revaluation of crops.

(in thousand USD, unless otherwise stated)

10. BIOLOGICAL ASSETS (continued)

The main crops harvested and the fair value at the time of harvesting were as follows:

	30 June 2015		31 December 2014	
	Volume, tonnes	**Amount, USD thousand**	**Volume, tonnes**	**Amount, USD thousand**
Winter wheat	852	116	160 031	24 035
Sunflower	-	-	73 848	22 654
Corn	-	-	26 492	3 275
Other sowing	11 414	158	81 540	2 470
	12 266	**273**	**341 911**	**52 434**

(b) Animals in growing and fattening:

	30 June 2015		31 December 2014	
	Number, of heads	**Fair value**	**Number, of heads**	**Fair value**
Cattle	3 271	926	3 296	1 841
Horses	12	5	14	6
	3 283	**931**	**3 310**	1 847

(c) Non-current biological assets:

	30 June 2015		31 December 2014	
	Number, of heads	**Amount, USD thousand**	**Number, of heads**	**Amount, USD thousand**
Cattle	2 501	2 314	2 471	2 482
Horses	8	6	10	7
	2 509	**2 320**	2 481	2 489

(in thousand USD, unless otherwise stated)

11. OTHER NON-CURRENT ASSETS

As at 30 June 2015 and 31 December 2014 the other non-current assets were as follows:

	30 June 2015	31 December 2014
Advances:		
Advance for land lease	8 158	8 000
Less: amortisation	(4 000)	(3 600)
Advance for land lease - net	**4 158**	**4 400**
Prepayments:		
Prepayments for the immediate right to use the elevator - gross	10 000	10 000
Less: Provisions for impairment	(3 591)	(3 591)
Less: amortisation	(2 425)	(2 078)
Prepayments for the immediate right to use the elevator - net	**3 984**	**4 331**
Total	8 142	8 731

12. INVENTORIES

	30 June 2015	31 December 2014
Raw materials	347	686
Work-in-progress (i)	127	3 905
Agricultural produce (ii)	877	14 658
Finished goods	17	28
Other	1 203	655
Total	2 571	19 932

(i) Work-in-progress:

Work in progress includes expenditure capitalised in respect of 29 thousand hectares (31 December 2014: 72 thousand hectares) of ploughland prepared for sowing in the current or following year.

(ii) Agricultural produce:

The main agricultural produce was as follows:

	30 June 2015	31 December 2014
Winter wheat	348	3 331
Sunflower	383	10 204
Corn	36	302
Other agricultural crops	110	821
Total	**877**	**14 658**

(in thousand USD, unless otherwise stated)

12. INVENTORIES (continued)

As at 30 June 2015 and 31 December 2014 the main agricultural produce volume in tonnes was presented as follows:

	30 June 2015	31 December 2014
Winter wheat	2 562	29 849
Sunflower	2 795	44 812
Corn	658	3 508
Total	**6 015**	**78 169**

13. TRADE AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
Trade receivables	1 451	1 494
Provision for impairment of receivables	(442)	(611)
Trade receivables, net	**1 009**	**883**
Prepayments to suppliers	2 234	1 098
Other receivables	33 239	33 305
Provision for impairment of prepayments and other receivables	(33 325)	(33 566)
VAT recoverable	165	326
Total other receivables and prepayments, net	**2 313**	**1 163**
	3 322	**2 046**

14. CASH AND CASH EQUIVALENTS

	30 June 2015	31 December 2014
Fixed deposit	538	717
Cash at bank - USD	3 627	2 192
Cash at bank - UAH	1 415	2 274
Cash at bank - Euro	40	-
Cash in hand	347	23
Total	**5 967**	**5 206**

15. LOANS RECEIVABLE

	30 June 2015	31 December 2014
Loans to related parties (Note 22)	28 525	26 933
Loans to third parties	3 131	2 862
Total	**31 656**	**29 795**

(in thousand USD, unless otherwise stated)

16. LOANS AND BORROWINGS

	30 June 2015	31 December 2014
Non-current liabilities		
Notes	31 130	31 130
Total	31 130	31 130
Current liabilities		
Loan from owner (Note 22)	1 726	1 588
Accrued notes interest payable	460	-
Total	2 186	1 588

17. TRADE AND OTHER PAYABLES

As at 30 June 2015 and 31 December 2014 the trade and other payables were as follows:

	30 June 2015	31 December 2014
Trade payables	497	1 305
Payroll and related expenses accrued	612	445
Advances received	-	61
Liabilities for other taxes and mandatory payments	31	49
Payable for operating lease of land	1 275	776
Accrued expenses	-	67
Other provisions	20	22
Other liabilities	17 686	17 783
Total	20 121	20 508

18. OPERATING SEGMENTS

The Group identified the following reportable segments, which include products and services that differ by levels of risk and conditions of generation of income:

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

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

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

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

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

(in thousand USD, unless otherwise stated)

18. OPERATING SEGMENTS (continued)

For the six months ended 30 June 2015:

	Livestock	Plant breeding	Other	Group level	Total
Total revenue	1 529	16 548	30	-	**18 107**
Inter-segment sales	(104)	(105)	(26)	-	**(235)**
External revenues	1 425	16 443	4	-	**17 872**
Net change in fair value less cost to sell of biological assets and agricultural produce	67	(273)	-	-	**(206)**
Expenses (excluding depreciation and amortization)	(3 888)	(29 101)	(11)	-	**(33 000)**
(Loss)/profit for the year (excluding depreciation and amortisation)	**(2 396)**	**(12 931)**	**(7)**	**-**	**(15 334)**
Depreciation and amortization	(937)	(1 942)	(9)	-	**(2 888)**
(Loss)/profit before taxation from continuing operations	**(3 333)**	**(14 873)**	**(16)**	**-**	**(18 222)**
Reportable segment assets	5 140	56 052	381	29 107	**90 680**
Reportable segment liabilities	5 582	45 878	240	1 851	**53 551**

For the year ended 31 December 2014:

	Livestock	Plant breeding	Other	Group level	Total
Total revenue	15 863	42 148	3 307	-	**61 318**
Inter-segment sales	(402)	(762)	(1 186)	-	**(2 350)**
External revenues	15 461	41 386	2 121	-	**58 968**
Net change in fair value less cost to sell of biological assets and agricultural produce	1 210	18 579	-	-	**19 789**
Expenses (excluding depreciation and amortization)	(28 595)	(76 220)	(1 382)	-	**(106 197)**
Impairment losses	(7 491)	(38 788)	-	-	**(46 279)**
(Loss)/profit for the year (excluding depreciation and amortisation)	**(19 415)**	**(55 043)**	**739**	**-**	**(73 719)**
Depreciation and amortization	(2 346)	(4 257)	(60)	-	**(6 663)**
(Loss)/profit before taxation from continuing operations	**(21 761)**	**(59 300)**	**679**	**-**	**(80 382)**
Reportable segment assets	10 140	55 889	1 831	30 137	**97 997**
Reportable segment liabilities	5 382	45 536	740	1 701	**53 359**

(in thousand USD, unless otherwise stated)

19. SEASONALITY OF OPERATIONS

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

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

20. OPERATING ENVIROMENT

Cyprus economic environment

The Cyprus economy has been adversely affected by the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. These events led to negotiations between the Republic of Cyprus and the European Commission, the European Central Bank and the International Monetary Fund (the "Troika") for financial support which resulted into the Eurogroup decisions on 25 March 2013. The decisions involved:

• the formulation of an Economic Adjustment Program for the country entailing the provision of financial assistance of up to €10 billion, the disbursements of which are subject to ongoing reviews by the Troika.
• the restructuring of the two largest(systemic) banks in Cyprus through a "bail in".

During 2014 the banking sector in Cyprus undertook significant measures in anticipation of and subsequent to the EU-wide comprehensive assessment which consisted of thorough asset quality reviews and stress tests, and as a result it was recapitalised. Nevertheless the banking sector continues to face challenges due to the high level of non-performing loans and the limited availability of credit.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

Ukrainian economic and political environment

Ukraine's political and economic situation has deteriorated significantly since the Government's decision not to sign the Association Agreement and the Deep and Comprehensive Free Trade Agreement with the European Union in late November 2013. Political and social unrest combined with rising regional tensions has deepened the ongoing economic crisis and has resulted in a widening of the state budget deficit and a depletion of the National Bank of Ukraine's foreign currency reserves and, as a result, a further downgrading of the Ukrainian sovereign debt credit ratings.

(in thousand USD, unless otherwise stated)

20. OPERATING ENVIROMENT (continued)

In February 2014, following the devaluation of the national currency, the National Bank of Ukraine introduced certain administrative restrictions on currency conversion transactions and also announced a transition to a floating foreign exchange rate regime. In March 2014, various events in Crimea led to the accession of the Republic of Crimea to the Russian Federation. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. Following the instability in Crimea, regional tensions have spread to the Eastern regions of Ukraine, primarily Donetsk and Lugansk regions. In May 2014, protests in Donetsk and Lugansk regions escalated into military clashes and armed conflict between armed supporters of the self-declared republics of the Donetsk and Lugansk regions and the Ukrainian forces. As at the date these consolidated financial statements were authorized for issue, the instability and unrest continue, and part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics. As a result, Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory.

The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy.

Whilst management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Group's results and financial position in a manner not currently determinable. These consolidated financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Going concern basis

The dangers which may arise from unexpected external factors such as competition, and the further deterioration of the market conditions cannot be ignored. In addition the current financial position of the Company, the uncertain economic conditions in Cyprus, the unavailability of finance, the blockage of funds, together with the current instability of the banking system and the anticipated overall future economic recession may hinder the management's effort to sustain the group as a going concern. However having regard to the fact that with the consent of the Noteholders, the Company has amended the terms and conditions of the Notes with an extension of maturity date and postponement of interest payments, the Board of Directors believes that the Company will remain a going concern and that no indications of any kind of threat of liquidation exists in the foreseeable future.

The consolidated financial statements do not include any adjustments that would be necessary in case the Company was not able to continue operating as a going concern which could include:

- the ability of the Company to repay its Noteholders
- the ability of the Company to repay its loans
- the ability of the Company's trade and other debtors to repay the amounts due to the Company
- the cash flow forecasts of the Company and the assessment of impairment of other financial and non-financial assets
- the ability to realize the current assets held for sale
- the ability of the Company to meet its obligations towards its customers

(in thousand USD, unless otherwise stated)

21. CONTINGENT AND CONTRACTUAL LIABILITIES

Taxation

As a result of unstable economic situation in Ukraine, tax authorities in Ukraine pay more and more attention to the business cycles. In connection with this, tax laws in Ukraine are subject to frequent changes. Furthermore, there are cases of their inconsistent application, interpretation and execution. Non-compliance with laws and regulations may lead to severe fines and penalties.

The Company operates in the Cypriot tax jurisdiction and its subsidiaries in tax jurisdiction of the respective countries of incorporation. The Group's management must interpret and apply existing legislation to transactions with third parties and its own activities. Significant judgment is required in determining the provision for direct and indirect taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group's uncertain tax positions are reassessed by management at every reporting period end. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities.

The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting period and any known Court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the reporting period.As a result of unstable economic situation in Ukraine, tax authorities in Ukraine pay more and more attention to the business cycles. In connection with this, tax laws in Ukraine are subject to frequent changes. Furthermore, there are cases of their inconsistent application, interpretation and execution. Non-compliance with laws and regulations may lead to severe fines and penalties.

Legal matters

In the course of its economic activities, the Group is involved in legal proceedings with third parties. In most cases, the Group is the initiator of such proceedings with the purpose of preventing from losses in the economic sphere or minimise them

The Group's management considers that as at the reporting period, active legal proceedings on such matters will not have any significant influence on its financial position.

Pension and other liabilities

Most employees of the Group receive pension benefits from the Pension Fund, a Ukrainian Government organisation in accordance with the applicable laws and regulations of Ukraine. The Group is required to contribute a specified percentage of the payroll to the Pension Fund to finance the benefits. The only obligation of the Group with respect to this pension plan is to make the specified contributions from salaries.

As at 30 June 2015 and 31 December 2014 the Group's entities had no liabilities for supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

(in thousand USD, unless otherwise stated)

21. CONTINGENT AND CONTRACTUAL LIABILITIES (continued)

Leases

Plough-land is leased by the Group from individuals. The total size of leased plough-land as at 30 June 2015 is 108 thousand hectares (31 December 2014: 124 thousand hectares). The average rental payment for leased plough-land in the six months ended 30 June 2015 is 3%-6% (year ended 31 December 2014: 3%-6%) from the normative value of land.

The Group had the following liabilities under land and fixed assets operating lease agreements as at 30 June 2015 and 31 December 2014:

	30 June 2015	31 December 2014
Within 1 year	2 405	3 647
From 1 to 5 years	5 723	9 087
More than 5 years	974	991
Total	**9 102**	**13 725**

22. TRANSACTIONS WITH RELATED PARTIES

As at 30 June 2015 and the date of signing these condensed consolidated interim financial statements, the Company is controlled by Mr. Iurii Zhuravlov, who holds 51,04% of the Company's share capital. The remaining 48,96% of the shares are widely held.

In the ordinary course of its business, the Group has engaged and continues to engage, in transactions with both related and unrelated parties.

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

According to these criteria the related parties of the Group are divided into the following categories:
a. Companies in which Group's companies have an equity interest;
b. Companies in which key management personnel has an equity interest;
c. Key management personnel;
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies.

Key management personnel include Directors (Executive and Non-Executive), the Chief Financial Officer, the Chief Agronomist, the Head of the Food Production Division and the Head of the Livestock Division.

	30 June 2015	31 December 2014
Number of key management personnel, persons	12	12

(in thousand USD, unless otherwise stated)

22. TRANSACTIONS WITH RELATED PARTIES (continued)

Salary costs of key management personnel

	30 June 2015	31 December 2014
Wages and salaries	31	72
Contributions to social funds	9	25
Total	**40**	**97**

Transactions with related parties

	30 June 2015	31 December 2014
Interest income		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies Mr Iurii Zhuravlov - Chief Executive Officer	1 611	2 253
Total	**1 611**	**2 253**
Interest expense		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies Mr Iurii Zhuravlov - Chief Executive Officer	158	-
Total	**158**	**-**

Outstanding balances with related parties

	30 June 2015	31 December 2014
Loans receivable		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies Mr Iurii Zhuravlov - Chief Executive Officer	28 525	26 933
Total	**28 525**	**26 933**
Loans payable		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies Mr Iurii Zhuravlov - Chief Executive Officer	1 726	1 588
Total	**1 726**	**1 588**
Other payable		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies Mr Iurii Zhuravlov - Chief Executive Officer	17 659	17 659
Total	**17 659**	**17 659**

(in thousand USD, unless otherwise stated)

23. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

The assets and liabilities of subsidiary companies Agro-Svinprom LLC, operating in pig-breeding, have been presented as held for sale following the Management decision in July 2011 to dispose of the company.

	30 June 2015	31 December 2014
Results of discontinued operations:		
Adminitration expenses	(5)	(63)
Loss on disposal subsidiaries	-	(43)
Loss for the period	**(5)**	**(106)**

	30 June 2015	31 December 2014
Assets classified as held for sale		
Property, plant and equipment	26	30
Total assets	**26**	**30**
Liabilitiess classified as held for sale		
Trade and other payables	-	21
Total liabilities	**-**	**21**
Net assets	**26**	**51**

24. EVENTS OCCURING AFTER THE REPORTING PERIOD

No significant events occured after the reporting period and before the date of authorisation of these condensed consolidated interim financial statements.