

**Annual accounts
and Report of the independent auditor**

31 December 2011

For the year beginning 01 January 2011 and ending 31 December 2011

KSG Agro S.A. (formerly Borquest S.A.)

Société anonyme

46A, Avenue J.F. Kennedy
L-1855 Luxembourg
Luxembourg
R.C.S. Luxembourg: B 156864
Share capital: USD 149,255.00

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Shareholders of
KSG Agro S.A.
Société Anonyme
46A, avenue J.F. Kennedy
L-1855 Luxembourg

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders, we have audited the accompanying annual accounts of KSG Agro S.A., which comprise the balance sheet as at 31 December 2011 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the réviseur d'entreprises agréé's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of KSG Agro S.A. as of 31 December 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements.

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

The accompanying attached Corporate Governance Statement which is the responsibility of the Board of Directors is consistent with the annual accounts and includes the information required by the law with the respect to the Corporate Governance Statement.

Luxembourg, 28 June 2012

BDO Audit
Cabinet de révision agréé
represented by

Jacques Peffer

KSG Agro S.A.

Société anonyme

Registered address: 46A, Avenue J. F. Kennedy, L-1855 Luxembourg,
The Grand Duchy of Luxembourg
R.C.S. Luxembourg: B 156864
(the "Company")

Corporate Governance Statement

Directors:

Name	Date of Appointment	Date of Resignation
Mr Robert van 't Hoeft – Sole Director	16 November 2010	08 March 2011
Mr Sergiy Kasianov – Director A	08 March 2011	
Mr Oleksandr Shakhmatov – Director A	08 March 2011	30 March 2012
Mr Sergii Mazin – Director A	08 March 2011	
Mr Waldemar Cezary Wasiluk – Director A	30 March 2012	
Mrs Gwenaelle, Bernadette, Andree, Dominique Cousin – Director B	08 March 2011	
Mr Jacob Mudde – Director B	08 March 2011	

Audit Committee:

Name	Date of Appointment	Date of Resignation
Mr Oleksandr Shakhmatov	22 March 2011	30 March 2012
Mr Jacob Mudde	22 March 2011	
Mrs Gwenaelle, Bernadette, Andree, Dominique Cousin	22 March 2011	
Mr Waldemar Cezary Wasiluk	30 March 2012	

The Board of Directors (the "Board") states its application of Warsaw Stock Exchange corporate governance rules included in the "Code of Best 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 material misstatement or loss.

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 KSG Agro 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 fair view. The Board has appointed TMF Luxembourg S.A. as Administrator.

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial 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 for 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 financial 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 appropriate 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, and 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 as the "Articles of Association") and Luxembourg Companies Law 1915. The Articles of Associations 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 Articles of Association. The Directors may only act at duly convened meetings of the Board of Directors or by written consent in accordance with article 9 of Articles of Association.

Rights of the shareholders

The operation of the shareholders meetings and their key powers, description of their rights are governed by Articles of Association and national laws and regulation.

Transfer of shares.

Transfer of shares and is governed by Articles of Association of the Company.

Luxembourg,

Director A

Director A

Director A

Gwenzelle Bernadette Andree Dominique
Cousin

Director B

Jacob Mudde
Director B

KSG Agro S.A. (formerly Borquest S.A.)

Société anonyme

Registered address: 46A, Avenue J. F. Kennedy, L-1855 Luxembourg, the Grand Duchy of
Luxembourg

R.C.S. Luxembourg: B 156864
(the "Company")

REPORT

of the board of directors to the annual general meeting of shareholders of the Company

According to the prevailing law and the mandate you have granted to us we are pleased to report the results for the financial year ended 31 December 2011.

We herewith submit to your meeting the Company's annual accounts, consisting of the Company's balance sheet, the profit and loss account, and the explanatory notes thereto regarding the financial year ended 31 December 2011.

The inventory of movable and immovable assets of, and all debts owed to and by, the Company, summarising all commitments, and the debts of the officers, members of the board of directors as required by Article 72 of the Luxembourg Companies Act of 10 August 1915 is comprised in the annual accounts.

FINANCIAL HIGHLIGHTS IN 2011

The principal activities of the Company consist of holding participations.

During the financial year under review:

- The Company's name was changed from Borquest S.A. into the current denomination;
- On 8 March 2011, the USD was adopted as accounting and reference currency at the USD/EUR exchange rate of 0.72435, prevailing on 3 March 2011 and it was decided to convert all accounts in the books of the Company from EUR to USD;
- On 8 March 2011, the capital was increased by an amount of USD 57,203.01 by the issue of 5,720,301.00 new shares with a nominal value of USD 0.01;
- On 13 April 2011, the board of directors approved the initial public offering of 4,925,500 newly issued shares and for listing of the issued shares and the offer shares on the main market of the Warsaw Stock Exchange. The capital was increased from USD 100,000.00 to USD 149,255.00;
- The Company acquired 100 % of the participation KSG Agricultural and Industrial Holding Limited (Cyprus);
- On 06 July 2011, the Company opened a representative office in Poland;

RESULTS

At the end of the year under review the Company recorded a loss of USD 2,724,247.39 (loss of USD 6,725.95/EUR 5,041.75 as of 31 December 2010) and no revenue was generated. Losses of the Company are due to general and administrative expenses. No income was yet derived from its participations.

Since the losses brought forward appear to be higher than 75% of the corporate capital, according to Art.100 of the law of 10 August 1915, concerning commercial companies, your meeting will have to deliberate on the continuity of the Company.

ACTIVITY IN THE FIELD OF RESEARCH AND DEVELOPMENT

The Company is not involved in any activity in the field of research and development.

OWN SHARES

During the year under review, the Company did not acquire any of its own shares.

DIRECTORS

During the financial period under review the board of directors consisted of:

Name	Date of Appointment	Date of Resignation
Mr Robert van 't Hoeft – Sole Director	16 November 2010	08 March 2011
Mr Sergiy Kasianov – Director A	08 March 2011	
Mr Oleksandr Shakhmatov – Director A	08 March 2011	30 March 2012
Mr Sergii Mazin – Director A	08 March 2011	
Mr Waldemar Cezary Wasiluk – Director A	30 March 2012	
Mrs Gwenaëlle, Bernadette, Andree, Dominique Cousin – Director B	08 March 2011	
Mr Jacob Mudde – Director B	08 March 2011	

INFORMATION WITH RESPECT TO ARTICLE 11 OF THE LAW OF 19 MAY 2006 ON TAKEOVER BIDS

Article 11 a) the structure of their capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents.

According to article 5.1 of the articles of association of the Company (the **Articles**), the Company's subscribed share capital amounts to one hundred forty-nine thousand two hundred fifty-five United States Dollars (USD 149,255.00) represented by fourteen million nine hundred twenty-five thousand five hundred (14,925,500) shares having a nominal value of one Cent (USD 0.01) each.

All the issued share capital of the Company is admitted to listing and trading on the main market of the Warsaw Stock Exchange.

The Company issued on 26 April 2012 warrants to subscribe to (i) seven hundred fifty thousand (750,000) shares at a price of thirty-five Poland Zloty (PLN 35.00) each and (ii) seven hundred fifty thousand (750,000) shares at a price of forty Poland Zloty (PLN 40.00) each for the benefit of Global Yield Fund Limited in accordance with and subject to the terms and conditions of the warrants.

Article 11 b) any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to article 46 of Directive 2001/34/EC.

The shares of the Company are transferred in accordance with customary procedures for the transfer of securities in Book-entry form.

Furthermore, there is no restriction in relation with the transfer of securities pursuant to article 7.5 of the Articles. The sole requirement is that any transfer shall be recorded in the register of shares of the Company.

In accordance with article 7.10 of the Articles, any shareholder, company or individual, who acquires or sells shares, including certificates representing shares of the Company, shall notify to the Company the percentage of the voting rights he/she/it will own pursuant to such acquisition or sale, in case such percentage reaches the thresholds of 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% or supersedes or falls under such thresholds. The shareholders shall also notify the Company should the percentage of their respective voting rights reach the above mentioned thresholds or supersede them or fall under such thresholds pursuant to certain events amending the voting rights repartition of the Company.

Those notification requirements apply also to certain situations as listed by article 9 of the law of 11 January 2008 on transparency obligations with respect to the information of companies which securities are listed on a regulated market.

Article 11 c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Directive 2004/109/EC.

In accordance with the information available on the website of the Warsaw Stock Exchange as of the date of this report, the main shareholders of the Company are:

- ICD Investments S.A. holds nine million eight hundred thousand (9,800,000) shares, representing 65.66% of the issued share capital of the Company.
- Generalli Otworthy Fundusz Emerytalny holds one million four hundred ninety-two thousand seven hundred six (1,492,706) shares, representing 10.001% of the issued share capital of the Company.
- ING Towarzystwo Funduszy Inwestycyjnych holds seven hundred ninety-one thousand seven hundred thirty-five (791,735) shares each, representing 5.30% of the issued share capital of the Company.
- Argentum Investments Limited holds one hundred thousand (100,000) shares, representing 0.66% of the issued share capital of the Company.

Article 11 d) the holders of any securities with special control rights and a description of those rights.

There are no special control rights.

Article 11 e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees.

There is no employee share scheme.

Article 11 f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities.

Pursuant to article 7.10 of the Articles, if a shareholder breaches the thresholds mentioned in point b) and fails to notify the Company within the period of four (4) listing days, as stated therein, the exercise of voting rights attached to the new participation exceeding the relevant threshold will be suspended.

Article 11 g) any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/109/EC.

To the best of our knowledge there are no such agreements.

Article 11 h) the rules governing the appointment and replacement of board members and the amendment of the articles of association.

Pursuant to article 8 of the Articles, the directors of the Company (the **Directors** or the **Board**, as applicable) are to be appointed by the general meeting of the shareholders of the Company (the **General Meeting**) for a period not exceeding six (6) years and until their successors are elected. Moreover, the decision to suspend or dismiss a Director must be adopted by the General Meeting with a majority of more than one-half (1/2) of all voting rights present or represented. When a legal person is appointed as Director, the legal entity must designate a permanent representative (*représentant permanent*) in accordance with article 51bis of the law of 10 August 1915 on commercial companies, as amended (the **Company Law**).

In accordance with article 20 of the Articles, the Articles may be amended from time to time by a General Meeting under the quorum and majority requirements provided for by the Company Law.

Article 11 i) the powers of board members, and in particular the power to issue or buy back shares.

Under the provisions laid down in article 5.4 of the Articles, the Board is authorized during a period expiring 5 (five) years after the publication of the present authorization in the *Mémorial C, Recueil des Sociétés et Associations* (i.e. 08 July 2011), to increase in one or several times the share capital of the Company within the limits of the authorized capital. The authorized capital of the Company is set at one hundred fifty thousand seven hundred forty-five United States Dollars (USD 150,745.00) represented by fifteen million seventy-four thousand five hundred (15,074,500) shares with a nominal value of one Cent (USD 0.01).

With respect to the acquisition of own shares, article 6 of the Articles establishes that the Company may acquire its own Shares to the extent permitted by law. To the extent permitted by Luxembourg law, the Board is irrevocably authorized and empowered to take any and all steps to execute any and all documents to do and perform any and all acts for and in the name and on behalf of the Company which may be necessary or advisable in order to effectuate the acquisition of the shares and the accomplishment and completion of all related actions.

According to article 11.2 of the Articles, the Board is vested with the broadest powers to perform all acts of administration and disposition in the company's interests and within the objectives and purposes of the Company. All powers not expressly reserved by law or by the Articles to the General Meeting fall within the competence of the Board.

Article 11 j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements.

To the extent of our knowledge there are no such agreements.

Article 11 k) any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

To the extent of our knowledge there are no such agreements.

FUTURE DEVELOPMENTS

The Company entered into an agreement with KSG Agricultural and Industrial Holding Limited (the borrower) and DEER CREDIT, Inc (the lender) as guarantor.

The Company entered into an agreement with KSG Agricultural and Industrial Holding Limited (the buyer) and SARL 1-TEK (the seller) as guarantor.

The Company entered into the loan agreement until 22 March 2014 with KSG Agricultural and Industrial Holding Limited (the borrower) as the lender of an amount of USD 200,000.00 as of 22 March 2012 with 3% annual interest.

The Company entered into subscription and share lending agreement with GEMIA, Inc, GEM Global Yield Fund Limited and the share lenders .

The Company entered into a guarantee agreement with Factor D Limited liability company (the borrower) and ALFA-BANK (the lender) as guarantor.

The Company entered into a guarantee agreement with AGROTRADE Limited liability company (the borrower) and ALFA-BANK (the lender) as guarantor.

The management considers on further development of the Company and its subsidiaries, focusing on grains production increase, land bank expansion, as well as development of food processing segment.

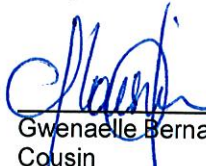
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Luxembourg,

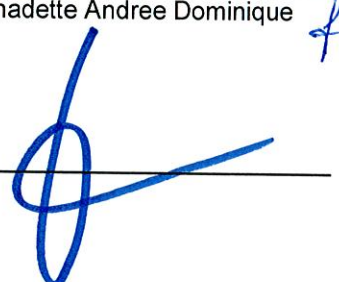
Sergiy Kasianov
Director A

Sergii Mazin
Director A

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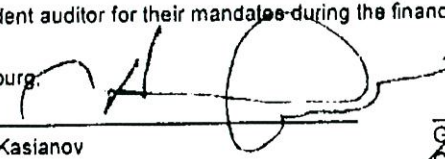
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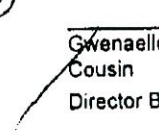
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Finally, we request you to adopt the annual accounts, to grant discharge to the directors and the independent auditor for their mandates during the financial year ended 31 December 2011.


Luxembourg.


Sergiy Kasianov
Director A


Gwenaëlle Bernadette Andree Dominique
Cousin
Director B


Sergii Mazin
Director A


Jacob Mudde
Director B


Waldemar Cezary Wasiluk
Director A

KSG Agro S.A.

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For the year beginning 01 January 2011 and ending 31 December 2011

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BALANCE SHEET

As at	Notes	31 Dec 2011	31 Dec 2010	31 Dec 2010
<i>(expressed in US Dollar)</i>		USD	USD	EUR
				<i>(Note 2 and 5)</i>
ASSETS				
Fixed assets	3			
Tangible assets				
Other fixtures and fittings, tools and equipment		3,629.13	-	-
Financial assets				
Shares in affiliated undertakings		36,002,800.00	-	-
Loans to affiliated undertakings		1,000,000.00	-	-
Total fixed assets		37,006,429.13	-	-
Current assets				
Debtors	4			
Amounts owed by affiliated undertakings becoming due and payable after less than one year		7,750.00	-	-
Other debtors becoming due and payable after less than one year		5,285.03	-	-
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		398,925.50	42,739.36	30,958.25
Total current assets		411,960.53	42,739.36	30,958.25
TOTAL ASSETS		37,418,389.66	42,739.36	30,958.25

KSG Agro S.A.
Annual accounts
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BALANCE SHEET

As at	Notes	31 Dec 2011	31 Dec 2010	31 Dec 2010
<i>(expressed in US Dollar)</i>		USD	USD	EUR
				<i>(Note 2 and 5)</i>
LIABILITIES				
Capital and reserves	5			
Subscribed capital		149,255.00	42,797.00	31,000.00
Share premium and similar premiums		39,884,778.54	-	-
Revaluation reserves		(164.13)	-	-
Profit or (loss) brought forward		(6,960.38)	-	-
Profit or (loss) for the financial year/period		(2,724,247.39)	(6,960.38)	(5,041.75)
Total capital and reserves		37,302,661.64	35,836.62	25,958.25
Non subordinated debts	6			
Trade creditors				
becoming due and payable after less than one year		28,559.53	-	-
Amounts owed to affiliated undertakings				
becoming due and payable after less than one year		2,930.00	-	-
Tax and social security				
Tax		2,499.92	-	-
Other creditors				
becoming due and payable after less than one year		81,738.57	6,902.74	5,000.00
Total non subordinated debts		115,728.02	6,902.74	5,000.00
TOTAL LIABILITIES		37,418,389.66	42,739.36	30,958.25

Sergiy Kasianov, Director A

G.B.A.D. Cousin, Director B

Sergii Mazin, Director A

J. Mudde, Director B

Waldemar Cezary Wasiluk, Director A

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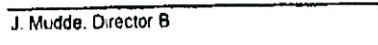
BALANCE SHEET

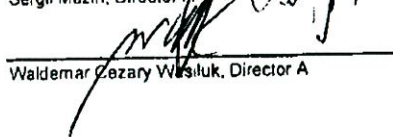
As at (expressed in US Dollar)	Notes	31 Dec 2011 USD	31 Dec 2010 USD	31 Dec 2010 EUR (Note 2 and 5)
LIABILITIES				
Capital and reserves	5			
Subscribed capital		149,255.00	42,797.00	31,000.00
Share premium and similar premiums		39,884,778.54	-	-
Revaluation reserves		(164.13)	-	-
Profit or (loss) brought forward		(8,960.38)	-	-
Profit or (loss) for the financial year/period		(2,724,247.39)	(6,960.38)	(5,041.75)
Total capital and reserves		37,302,661.84	35,836.62	25,958.25
Non subordinated debts	6			
Trade creditors				
becoming due and payable after less than one year		28,559.53	-	-
Amounts owed to affiliated undertakings				
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Tax and social security				
Tax		2,499.92	-	-
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becoming due and payable after less than one year		81,738.57	6,902.74	5,000.00
Total non subordinated debts		115,728.02	6,902.74	5,000.00
TOTAL LIABILITIES		37,418,389.86	42,739.36	30,958.25


 Sergiy Kasianov, Director A


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 Waldemar Cezary Wasiluk, Director A

KSG Agro S.A.**Annual accounts****For the year beginning 01 January 2011 and ending 31 December 2011****PROFIT AND LOSS ACCOUNT****For the year****Notes****from 01 Jan 2011
to 31 Dec 2011****from 16 Nov 2010
to 31 Dec 2010****from 16 Nov 2010
to 31 Dec 2010***(expressed in US Dollar)***USD****USD****EUR***(Note 2 and 5)***CHARGES**

Other external charges	7	3,458,947.91	6,960.38	5,041.75
Staff costs				
wages and salaries		4,459.76	-	-
Value adjustments	3			
on formation expenses and on tangible and intangible fixed assets		587.39	-	-
Other operating charges	8	42,197.40	-	-
Interest payable and other similar charges				
other interest and similar charges		102,701.48	-	-
Total interest payable and other similar charges		102,701.48	-	-
Tax on profit or loss		2,244.61	-	-
Other taxes not included in the previous caption	9	7,042.97	-	-
TOTAL CHARGES		3,618,181.52	6,960.38	5,041.75

KSG Agro S.A.**Annual accounts****For the year beginning 01 January 2011 and ending 31 December 2011****PROFIT AND LOSS ACCOUNT****For the year****Notes****from 01 Jan 2011
to 31 Dec 2011****from 16 Nov 2010
to 31 Dec 2010****from 16 Nov 2010
to 31 Dec 2010***(expressed in US Dollar)***USD****USD****EUR***(Note 2 and 5)***INCOME**

Other interest and other financial income

derived from affiliated undertakings

other interest and financial income

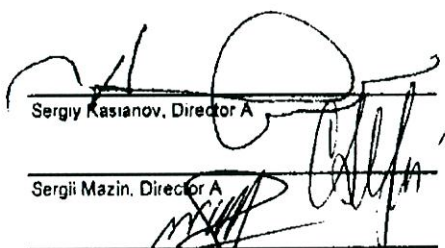
Total interest and other financial income


Loss for the financial year/period

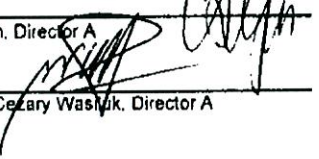
TOTAL INCOME**7,750.00****-****-****886,184.13****-****-****893,934.13****-****-****2,724,247.39****6,960.38****5,041.75****3,618,181.52****6,960.38****5,041.75**_____
Sergiy Kasianov, Director A_____
G.B.A.D. Cousin, Director B_____
Sergii Mazin, Director A_____
J. Mudde, Director B_____
Waldemar Cezary Wasiluk, Director A


KSG Agro S.A.
Annual accounts
For the year beginning 01 January 2011 and ending 31 December 2011

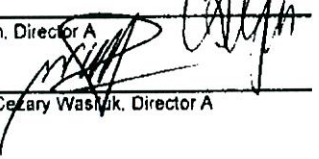
PROFIT AND LOSS ACCOUNT		from 01 Jan 2011	from 16 Nov 2010	from 16 Nov 2010
For the year	Notes	to 31 Dec 2011	to 31 Dec 2010	to 31 Dec 2010
<i>(expressed in US Dollar)</i>		USD	USD	EUR
				<i>(Note 2 and 5)</i>
INCOME				
Other interest and other financial income		7,750.00	-	-
derived from affiliated undertakings		886,184.13	-	-
other interest and financial income		893,934.13	-	-
Total interest and other financial income				
Loss for the financial year/period		2,724,247.39	6,960.38	5,041.75
TOTAL INCOME		3,618,181.52	6,960.38	5,041.75


 Sergiy Kasianov, Director A


 G.B.A.D. Cousin, Director B


 Sergii Mazin, Director A


 J. Mudde, Director B


 Waldemar Cezary Wasiluk, Director A

KSG Agro S.A. - 31 December 2011

Notes to the Annual accounts

For the year beginning 01 January 2011 and ending 31 December 2011

(expressed in US Dollar)

1 General information

KSG Agro S.A. (hereafter the "Company") was incorporated on 16 November 2010 under the name "Borquest S.A." and organised under the laws of Luxembourg as a Société anonyme for an unlimited period. On 08 March 2011, the Company's name was changed into the current denomination.

The registered office of the Company is established in Luxembourg, 46A, Avenue J.F. Kennedy, L-1855 Luxembourg and the Company number with the Registre de Commerce is B 156864. The financial year of the Company starts on 01 January 2011 and ends on 31 December 2011.

The Company set up a representative office in Poland on 06 July 2011.

The purpose of the Company shall be the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such ownership interests. The Company may in particular acquire by way of subscription, purchase and exchange or in any other manner any stock, shares and securities of whatever nature, including bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents and other intellectual property rights.

The Company also prepares consolidated financial statements, which are published according to the Luxembourg legal requirements.

2 Summary of significant accounting policies

Basis of preparation

The annual accounts of the Company are prepared in accordance with Luxembourg legal and regulatory requirements.

Accounting policies and valuation rules follow the historical cost convention and are, besides the ones laid down by the law, determined and applied by the Board of Directors.

The layout of the balance sheet and profit and loss accounts has been modified as compared to 2010 in order to comply with the law of 10 December 2010 on the Introduction of IFRS for undertakings (the 'Law of 2010'). The 2010 comparative figures in the balance sheet and the profit and loss accounts have been modified accordingly.

Tangible assets

Tangible fixed assets are valued at purchase price including the expenses incidental thereto or at production costs. Tangible fixed assets are depreciated over their estimated useful economic lives.

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded in order to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

	Rate of depreciation	Depreciation method
Computers	60%	Straight line depreciation
Other fixtures and fittings, tools and equipment	20%	Straight line depreciation

Financial assets

Shares in affiliated undertakings and participating interests are valued at purchase price including the expenses incidental thereto.

Loans to affiliated undertakings or loans to participating interests and other loans are valued at nominal value including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Prepayments and accrued income

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

Provisions

Provisions are intended to cover losses or debts of which the nature is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Non subordinated debts

Debts are recorded at repayment value.

Accruals and deferred income

This liability item includes income received during the financial year but relating to a subsequent financial year.

Value adjustments

Value adjustments are deducted directly from the related asset.

KSG Agro S.A. - 31 December 2011

Notes to the Annual accounts

For the year beginning 01 January 2011 and ending 31 December 2011

(expressed in US Dollar)

2 Summary of significant accounting policies (continued)**Foreign currency translation**

The Company maintains its accounts in US Dollar ("USD"). Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and fixed assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account at the moment of their realisation. Consequently, only realised exchange gains and losses and unrealised exchange losses are reflected in the profit and loss account.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and only the net unrealised loss is recorded in the profit and loss account.

For comparative purposes only, the assets, liabilities and profit and loss accounts as of 31 December 2010 officially expressed in EUR have been converted into USD as at 08 March 2011 with an exchange rate of 1 EUR for 1.3805 USD (see also note 5).

3 Fixed assets

Fixed tangible assets	Gross book value - opening balance	Additions	Disposals	Gross book value - closing balance	Depreciation	Net book value 2011	Net book value 2010 USD	Net book value 2010 EUR
Other fixtures and fittings, tools and equipment	-	4,216.52	-	4,216.52	(587.39)	3,629.13	-	-
Total	-	4,216.52	-	4,216.52	(587.39)	3,629.13	-	-

Fixed financial assets

Fixed financial assets held at cost/nominal value - movements gross book value	Gross book value - opening balance	Additions	Disposals	Transfers	Gross book value - closing balance
Shares in affiliated undertakings	-	36,002,800.00	-	-	36,002,800.00
Loans to affiliated undertakings	-	1,000,000.00	-	-	1,000,000.00
Total	-	37,002,800.00	-	-	37,002,800.00

Shares in affiliated undertakings

Undertakings in which the Company holds at least 20% in their share capital or in which it is a general partner are as follows:

Name	Registered Office	% holding	Date of last approved accounts	Net equity in last approved accounts	Net result in last approved accounts
KSG Agricultural and Industrial Holding Ltd	Cyprus	100%	31-Dec-11	44,397,051.00	8,547,780.00
				44,397,051.00	8,547,780.00

Loans to affiliated undertakings

Counterparty	Currency	Amount USD	Interest rate	Maturity date
KSG Agricultural and Industrial Holding Ltd	USD	1,000,000.00	3.00%	27/09/2013
Total		1,000,000.00		

4 Debtors

Debtors	Within one year	More than one year	More than five years	Total 2011	Total 2010 USD	Total 2010 EUR
Amounts owed by affiliated undertakings	7,750.00	-	-	7,750.00	-	-
Other debtors	5,285.03	-	-	5,285.03	-	-
Total	13,035.03	-	-	13,035.03	-	-

KSG Agro S.A. - 31 December 2011
Notes to the Annual accounts
For the year beginning 01 January 2011 and ending 31 December 2011
(expressed in US Dollar)

Debtors by category	Within one year	More than one year	Total 2011	Total 2010 USD	Total 2010 EUR
Accrued interest receivable	7,750.00	-	7,750.00	-	-
Other debtors	5,285.03	-	5,285.03	-	-
Total	13,035.03	-	13,035.03	-	-

Accrued interest receivable

Due within one year	Currency	Amount USD	Maturity date
Counterparty			
Int. KSG Agricultural and Industrial Holding Ltd	USD	7,750.00	31/12/2011
Total		7,750.00	

Other debtors	Total 2011	Total 2010 USD	Total 2010 EUR
Due within one year			
Advances CIT	2,041.52	-	-
Other short-term receivables	3,243.51	-	-
Total	5,285.03	-	-

5 Capital and reserves

Movements in capital and reserves	Balance as at 01 January 2011 EUR	Balance as at 01 January 2011 USD	Allocation of preceding year result	Other movements	Net result for current year	Balance as at the end of 2011
Subscribed capital	31,000.00	42,797.00		106,458.00		149,255.00
Share premium and similar premiums				39,884,778.54		39,884,778.54
Revaluation reserves				(164.13)		(164.13)
Profit or (loss) brought forward			(6,960.38)			(6,960.38)
Profit or (loss) for the financial year/period	(5,041.75)	(6,960.38)	6,960.38		(2,724,247.39)	(2,724,247.39)
Total	25,958.25	35,836.62	-	39,991,072.41	(2,724,247.39)	37,302,661.64

At the date of incorporation, the Company's share capital amounted to EUR 31,000.00 and was divided into 3,100,000 shares with a nominal value of 0.01. On 08 March 2011, the Extraordinary meeting of the shareholders, decided to adopt the USD as accounting and reference currency at the USD/EUR exchange rate of 0.72435 and to convert all accounts in the books of the Company from EUR to USD. The meeting decided to increase the share capital by an amount of USD 57,203.01 by the issue of 5,720,301.00 new shares with a nominal value of USD 0.01. The shareholders also approved the creation of an authorized share capital, where the Company may issue up to 20,000,000.00 new shares with a nominal value of USD 0.01. On 13 April 2011, the Board of Directors approved the increase of the share capital from USD 100,000.00 to USD 149,255.00 by the issuance of 4,925,500 new shares with a nominal value of USD 0.01.

The authorised capital amounts to USD 150,745.00, represented by 15,074,500.00 shares with a nominal value of USD 0.01.

As at 31 December 2011 the share capital of the Company amounts to USD 149,255.00, represented by 14,925,500 shares having a nominal value of USD 0.01 each.

Share premium and similar premiums

The activity for the year on the "Share premium" item corresponds to 13 April 2011 resolution taken by the Board of Directors.

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

6 Non subordinated debts

Creditors	Within one year	More than one year	More than five years	Total 2011	Total 2010 USD	Total 2010 EUR
Trade creditors	28,559.53	-	-	28,559.53	-	-
Amounts owed to affiliated undertakings	2,930.00	-	-	2,930.00	-	-
Creditors for tax and social security	2,499.92	-	-	2,499.92	-	-
Other creditors	81,738.37	-	-	81,738.37	6,902.74	5,000.00
Payroll payable	0.20	-	-	0.20	-	-
Total	115,728.02	-	-	115,728.02	6,902.74	5,000.00

Trade creditors	Within one year	More than one year	More than five years	Total 2011	Total 2010 USD	Total 2010 EUR
CSSF	3,240.50	-	-	3,240.50	-	-
Dom Maklerski BZ WBK	2,057.79	-	-	2,057.79	-	-
Equity Trust Co. (Luxembourg) S.A. - TMF	19,745.77	-	-	19,745.77	-	-
Polska Agencja Prasowa	536.63	-	-	536.63	-	-
Other creditors - rep office	2,978.84	-	-	2,978.84	-	-
Total	28,559.53	-	-	28,559.53	-	-

KSG Agro S.A. - 31 December 2011**Notes to the Annual accounts****For the year beginning 01 January 2011 and ending 31 December 2011***(expressed in US Dollar)*

	Total 2011	Total 2010 USD	Total 2010 EUR
Amount owed to affiliated undertakings			
Argentum Investments Limited	96.00	-	-
Hillpeak Inc.	40.00	-	-
ICD Investments S.A.	2,794.00	-	-
Total	2,930.00	-	-

7 Other external charges

	Total 2011	Total 2010 USD	Total 2010 EUR
Other external charges			
Bank account charges	3,294.00	57.64	41.75
Materials and energy	10,864.08	-	-
Legal fees	396,741.01	-	-
Insurance	824.16	-	-
Legal fees notary	2,776.08	-	-
Accounting fees	173,721.43	5,522.19	4,000.00
Audit fees	65,615.83	-	-
Other professional fees	2,719,738.54	-	-
Other professional fees office disbursements	9,890.06	-	-
Other professional fees responsibility fees	6,516.81	-	-
Other professional fees domiciliation fees	1,498.87	-	-
Other professional fees consultancy fees	14,045.16	-	-
Other professional expenses agency fees	83.69	-	-
Other commissions and professional fees	47,923.65	-	-
Other miscellaneous external charges	5,414.54	-	-
Tax filing fees	-	1,380.55	1,000.00
Total	3,458,947.91	6,960.38	5,041.75

8 Other operating charges

	Total 2011	Total 2010 USD	Total 2010 EUR
Other operating charges			
Non-deductible VAT	41,696.67	-	-
Registration duties	500.73	-	-
Total	42,197.40	-	-

9 Taxation

The Company is subject to the general tax regulations applied to all companies in Luxembourg.

	Total 2011	Total 2010 USD	Total 2010 EUR
Other taxes			
Net wealth tax	85.59	-	-
Other tax	6,957.38	-	-
Total	7,042.97	-	-

The tax position of the years until 2011 has not been assessed by the Luxembourg tax authorities and may still be subject to a review by the authorities within five years following the date of the provisional tax assessment. The issuance of a final tax assessment could result in additional tax payable/ receivable.

10 Off balance sheet commitments and transactions

On 15 July 2011, the Company entered into a guarantee agreement with Scorpion Agricultural Enterprise Limited Liability (the Issuer) to act as a guarantor under which the Company undertakes to provide the Issuer with the services regarding the provision of guarantee to each holder of the Bonds (of total size UAH 200,000,000.00), issued by the Issuer.

11 Related party transactions

There were no transactions with related parties, beside the ones mentioned with affiliated undertakings.

12 Emoluments granted to the members of the managing and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

In 2011 the directors of the Company received no remuneration (2010: nil).

13 Advances and loans granted to the members of the managing and supervisory bodies

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year (2010: nil).

KSG Agro S.A. - 31 December 2011

Notes to the Annual accounts

For the year beginning 01 January 2011 and ending 31 December 2011

(expressed in US Dollar)

14 Subsequent events

The Company entered into an agreement with KSG Agricultural and Industrial Holding Limited (the borrower) and DEER CREDIT, Inc (the lender) as guarantor.

The Company entered into an agreement with KSG Agricultural and Industrial Holding Limited (the buyer) and SARL 1-TEK (the seller) as guarantor.

The Company entered into the loan agreement until 22 March 2014 with KSG Agricultural and Industrial Holding Limited (the borrower) as the lender of an amount of USD 200,000.00 as of 22 March 2012 with 3% annual interest.

The Company entered into subscription and share lending agreement with GEMIA, Inc, GEM Global Yield Fund Limited and the share lenders .

The Company entered into a guarantee agreement with Factor D Limited liability company (the borrower) and ALFA-BANK (the lender) as guarantor.

The Company entered into a guarantee agreement with AGROTRADE Limited liability company (the borrower) and ALFA-BANK (the lender) as guarantor.

Sergiy Kasianov, Director A

Sergii Mazin, Director A

Waldemar Cezary Wasiluk, Director A



G.B.A.D. Cousin, Director B



J. Mudde, Director B

KSG Agro S.A. - 31 December 2011

Notes to the Annual accounts

For the year beginning 01 January 2011 and ending 31 December 2011

(expressed in US Dollar)

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The Company entered into an agreement with KSG Agricultural and Industrial Holding Limited (the borrower) and DEER CREDIT, Inc (the lender) as guarantor

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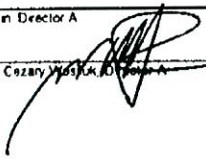
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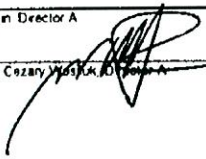
The Company entered into a guarantee agreement with AGROTRADE Limited liability company (the borrower) and ALFA-BANK (the lender) as guarantor


Sergey Kasianov, Director A


GBAO Cousin, Director B


Sergei Mazin, Director A


J. Mudde, Director B


Waldemar Cezary Wodnicki, Director A