

KSG Agro S.A.

**Unaudited Interim Condensed
Consolidated Financial Statements**

30 June 2013

REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

Following the request from the Board of Directors on 5 September 2013, we have reviewed the accompanying interim condensed consolidated statement of financial position of KSG Agro S.A. as at 30 June 2013, and the related interim condensed consolidated income statement and statements of other comprehensive income, cash flows and changes in equity for the six month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively, the “condensed consolidated interim financial statements”).

Management’s Responsibility for the condensed consolidated interim financial statements

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not give a true and fair view of the financial position of KSG Agro S.A. as at 30 June 2013, and of the results of its operations and its cash flows for the period then ended in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union.

Luxembourg, 8 October 2013

BDO Audit
Cabinet de révision agréé
represented by

A large, stylized handwritten signature in blue ink, consisting of several overlapping loops and strokes, is written over the text.

Jacques Peffer

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The following statement is made with a view to clarify responsibilities of the management and the Board of Directors in relation to the Interim condensed consolidated financial statements of the KSG AGRO S.A. and its subsidiaries (further – the Group).

The Board of Directors and the Group's management are responsible for the preparation of the Interim condensed consolidated financial statements of the Group as at 30 June 2013 and for the six months then ended in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as adopted by the European Union.

In preparing the Interim condensed consolidated financial statements, the Board of Directors and the management are responsible for:

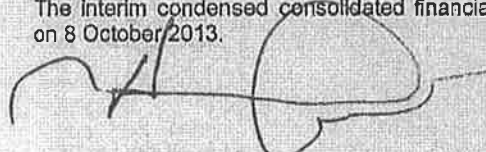
- Selecting suitable accounting principles and applying them consistently;
- Making reasonable assumptions and estimates;
- Compliance with relevant IFRSs and disclosure of all material departures in Notes to the Interim condensed consolidated financial statements;
- Preparing the Interim condensed consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future except when this assumption is inappropriate.

The Board of Directors and management are also responsible for:

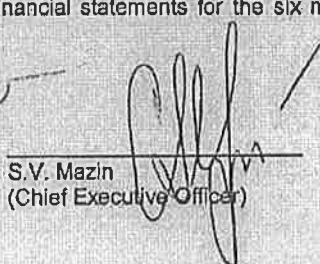
- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the annual consolidated financial statements of the Group comply with IFRS as adopted by the European Union;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

In accordance with Article 4 (2) (c) of the law of 11 January 2008 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the Interim condensed consolidated financial statements for the six months ended 30 June 2013, prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the period of KSG Agro S.A. and its subsidiaries included in the consolidation taken as a whole. In addition, the management report includes a fair review of the development and performance of the business and the position of KSG Agro S.A. and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

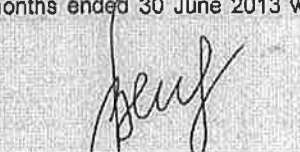
The Interim condensed consolidated financial statements for the six months ended 30 June 2013 were approved on 8 October 2013.



S.P. Kaslanov
(Chairman of the Board)



S.V. Mazin
(Chief Executive Officer)



L.V. Velichko
(Chief Financial Officer)

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Statement of Financial Position

<i>In thousands of US dollars</i>	Note	30 June 2013 (unaudited)	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	6	77,071	76,489
Intangible assets	7	26,848	27,537
Long-term biological assets		9,842	1,856
Promissory notes receivable		458	352
Term deposits		4,993	3,107
Total non-current assets		119,212	109,341
Current assets			
Current biological assets	9	66,677	38,882
Inventories and agricultural produce	8	25,472	20,354
Trade and other accounts receivable	10	26,661	19,836
VAT recoverable		8,959	3,862
Term deposit		11,419	5,747
Cash and cash equivalents		1,311	711
		140,499	89,392
Non-current assets held for sale		5,033	5,033
Total current assets		145,532	94,425
TOTAL ASSETS		264,744	203,766
EQUITY			
Share capital		149	149
Share premium		36,821	36,821
Treasury shares		(112)	-
Prepayments for future share issue		432	432
Retained earnings		51,875	42,919
Currency translation reserve		179	181
Equity attributable to the owners of the Company		89,344	80,502
Non-controlling interests		28,114	25,618
TOTAL EQUITY		117,458	106,120
LIABILITIES			
Non-current liabilities			
Loans and borrowings	11	38,048	9,914
Promissory notes issued		194	413
Deferred tax liability		2,398	2,778
Total non-current liabilities		40,640	13,105
Current liabilities			
Loans and borrowings	11	45,714	48,709
Trade and other accounts payable	12	59,251	34,737
Derivative financial liability on warrants issued		414	389
Promissory notes issued		464	424
Income tax payable		803	282
Total current liabilities		106,646	84,541
TOTAL LIABILITIES		147,286	97,646
TOTAL LIABILITIES AND EQUITY		264,744	203,766

Approved for issue and signed on behalf of the Board of Directors on 8 October 2013.

S.P. Kasianov
(Chairman of the Board)

S.V. Mazin
(Chief Executive Officer)

L.V. Velichko
(Chief Financial Officer)

The accompanying notes are an Integral part of these Interim condensed consolidated financial statements

KSG Agro S.A.**Unaudited Interim Condensed Consolidated Income Statement**

	Note	Six months ended 30 June 2013 (unaudited)	2012 (unaudited)
<i>In thousands of US dollars</i>			
Revenue	13	13,751	7,677
Gain on initial recognition at fair value and net change in fair value of biological assets less estimated point-of-sale costs		18,578	12,554
Cost of sales	14	(15,202)	(7,931)
Government grant received		1,713	1,827
Selling, general and administrative expenses	15	(3,187)	(2,694)
Other operating income		179	30
Other operating expenses	16	(1,527)	(992)
Operating profit		14,305	10,471
Finance income	17	1,705	441
Finance expenses	17	(4,898)	(1,973)
Expenses related to issuance of Put Option		(25)	(718)
Profit before tax		11,087	8,221
Income tax benefit		365	43
Profit for the period		11,452	8,264
Profit attributable to:			
Owners of the Company		8,956	7,653
Non-controlling interest		2,496	611
Profit for the period		11,452	8,264
Earnings per share			
Weighted-average number of common shares outstanding		14,910,891	14,925,000
Earnings per share (basic and diluted), USD		0.60	0.51

Unaudited Interim Condensed Consolidated Statement of Other Comprehensive Income

	Six months ended 30 June 2013 (unaudited)	2012 (unaudited)
<i>In thousands of US dollars</i>		
Profit for the period	11,452	8,264
Other comprehensive income, net of income tax		
Currency translation differences	(2)	162
Total comprehensive income for the period	11,450	8,426
Total comprehensive income attributable to		
Owners of the Company	8,954	7,815
Non-controlling interests	2,496	611
Total comprehensive income for the period	11,450	8,426

The accompanying notes are an integral part of these interim condensed consolidated financial statements

KSG Agro S.A.**Unaudited Interim Condensed Consolidated Statement of Cash Flows**

	Note	Six months ended 30 June	
		2013	2012
<i>In thousands of US dollars</i>		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before tax		11,087	8,221
Adjustments for:			
Depreciation and amortization	6,7	4,011	4,025
Impairment of accounts receivable	16	93	454
Unrealized gain on biological assets and agricultural produce		(16,222)	(12,554)
Expenses related to issuance of Put Option		25	718
Loss on disposals of property, plant and equipment	16	407	197
Finance expenses	17	4,898	1,973
Finance income	17	(1,705)	(441)
Gain on acquisition of subsidiaries		-	(18)
Operating cash flows before working capital changes		2,594	2,575
Change in trade and other accounts receivable		(12,164)	(2,729)
Change in current biological assets		(17,887)	(15,031)
Change in inventories and agricultural produce		(5,118)	729
Change in trade and other accounts payable		23,919	7,880
Cash used in operations		(8,656)	(6,576)
Interest received		535	336
Interest paid		(4,182)	(2,375)
Income tax paid		(126)	(40)
Net cash used in operating activities		(12,429)	(8,655)
Cash flow from investment activities			
Acquisition of property, plant and equipment		(116)	(3,669)
Prepayment for business acquisition		-	(5,630)
Settlement of business acquisition liabilities		(4,405)	-
Proceeds from disposal of property, plant and equipment		71	-
Acquisition of companies, less cash acquired		-	(939)
Term deposits placed		(7,558)	-
Net cash used in investment activities		(12,008)	(10,238)
Cash flow from financing activities			
Bank loans and other borrowings		42,016	21,759
Repayment of bank loans		(16,137)	(3,308)
Purchase of own shares		(112)	-
Repayment of financial lease liabilities		(732)	(184)
Net cash received from financing activities		25,035	18,267
Net increase/(decrease) in cash and cash equivalents		598	(626)
Cash and cash equivalents at the beginning of the period		711	1,122
Exchange differences		2	(68)
Cash and cash equivalents at the end of the period		1,311	428

The accompanying notes are an integral part of these interim condensed consolidated financial statements

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Prepayment for future share issue	Currency translation reserve	Retained earnings	Total attributable to owners of the Company	
<i>In thousands of US dollars</i>								
Balance as at 31 December 2012	149	36,821	-	432	181	42,919	80,502	106,120
Profit for the period	-	-	-	-	-	8,956	8,956	11,452
Other comprehensive income	-	-	-	-	(2)	-	(2)	(2)
Total comprehensive income for the period	-	-	-	-	(2)	8,956	8,954	11,450
Purchase of treasury shares	-	-	(112)	-	-	-	(112)	(112)
Balance as at 30 June 2013 (unaudited)	149	36,821	(112)	432	179	51,875	89,344	117,458

	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Prepayment for future share issue	Currency translation reserve	Retained earnings	Total attributable to owners of the Company	
<i>In thousands of US dollars</i>								
Balance as at 31 December 2011	149	36,821	-	-	(139)	35,595	72,426	90,771
Effect of finalization of acquisition accounting	-	-	-	-	-	(784)	(784)	(784)
Balance as adjusted at 31 December 2011	149	36,821	-	-	(139)	34,811	71,642	89,987
Profit for the period	-	-	-	-	-	7,653	7,653	8,264
Other comprehensive income	-	-	-	-	162	-	162	162
Total comprehensive income for the period	-	-	-	-	162	7,653	7,815	8,426
Acquisition of subsidiary	-	-	-	-	-	-	-	1,046
Balance as at 30 June 2012 (unaudited)	149	36,821	-	-	23	42,464	79,457	99,459

The accompanying notes are an integral part of these interim condensed consolidated financial statements

1. Background

KSG Agro S.A. (the "Company") was incorporated under the name Borquest S.A. on 16 November 2010 as a "Société Anonyme" under Luxembourg company law for an unlimited period. On 8 March 2011 the Company's name was changed to KSG Agro S.A.

The registered office of the Company is at 46A avenue J.F. Kennedy, L-1855 Luxembourg and the Company number with the Registre de Commerce is B 156 864.

The Company and its subsidiaries (together referred to as the "Group") produces and sells agricultural products and its business activities are conducted mainly in Ukraine. The Group's parent is ICD Investments S.A., registered in Switzerland and the ultimate controlling party is Mr. Sergiy Kasianov.

2. Basis of preparation

These interim condensed consolidated financial statements for the six months period ended 30 June are prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as issued by the International Accounting Standards Board and adopted by the European Union. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS adopted by European Union.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of the new standards and interpretations effective as of 1 January 2013.

Several new standards and amendments apply for the first time in 2013. However, they do not impact annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment is described below:

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not impacted the fair value measurements carried by the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

Exchange rate fluctuations. The Currency of each consolidated entity is the currency of the primary operating environment in which the entity operates. The functional currency of majority of the consolidated entities is the Ukrainian hryvnia. As the Group's management uses USD when monitoring operating results and financial conditions of the Group, the presentation currency of the financial statements is USD. As at 30 June 2013, the exchange rate used for translating foreign currency balances was USD 1 = UAH 7.99 (31 December 2012: USD 1 = UAH 7.99); EUR 1 = 10.41 UAH (31 December 2012: EUR 1 = 10.54 UAH).

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the interim condensed consolidated financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim condensed consolidated financial statements, deviate from the actual circumstances, the original estimates will be modified as appropriate in the period the circumstances change.

The Group makes estimates and assumptions that affect the amounts recognised in the interim condensed consolidated financial statements. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the

3. Critical accounting estimates and judgements in applying accounting policies (continued)

Group's accounting policies. Judgements that have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next year are:

Goodwill.

The Group tests goodwill for impairment at least annually. The recoverable amount of each cash-generating unit was determined based on fair value less costs to sell calculations. These calculations use cash flow projections based on budgets covering a five-year period. Cash flows beyond this five-year period are extrapolated using the estimated growth rates below. Management determined budgeted gross margin based on past performance and its market expectations. The key assumptions used in the management's projections as of 31 December 2012 to which the recoverable amount is the most sensitive were:

Crop production CGUs (Soyuz-3, Unirem Agro, Agrotehnologiya, Agrofim Vesna, Agro Golden, Agrolaza, Dnipro)

- discount rate is estimated by the reference to current market-determined pre-tax rates (20.2%);
- revenue growth rate varies from 6% to 34% depending on the type of crop and year;
- yield growth rate - varies from 2% to 11% depending on the type of crop and year;

Food processing CGU (Kovbasna Liga)

- discount rate is estimated by the reference to current market-determined pre-tax rates (20.2%);
- gradual increase of meat production capacity and reaching the maximum capacity by 2016;
- steady capacity of sunflower oil production at the level of 95%.

Management's estimates show that reasonably possible changes in the key assumptions would not cause impairment of goodwill. As at 30 June 2013, no indicator of impairment was identified and goodwill was not tested for impairment.

Biological assets.

Biological assets are carried at fair value less costs to sell. Gains and losses arising from changes in the fair values of biological assets are recognized in the consolidated income statement. The fair value of biological assets is determined as the present value of the estimated net future cash inflows from sales of the harvest from these assets less estimated selling costs and other cash outflows relating to costs that would be necessary to grow and harvest the biological assets, including land lease costs, in order to transform them to agricultural produce. The fair value of livestock held for sale is based on the market price of livestock of similar age, weight, breed and genetic make-up. The net estimated cash inflows are discounted at rate of 20.2% per annum to reflect their present value. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimates and actual numbers.

Sensitivity of the value of crops in the field to changes in key assumptions is as follows:

	30 June 2013	31 December 2012
Increase / (Decrease) in the expected crop yield or expected selling prices by 10%	6,809/(6,809)	4,650/(4,650)
Decrease / (Increase) in the cultivation and production costs until the harvest by 10%	382/(382)	958/(958)
Decrease / (Increase) in the discount rate by 100 basis points	187/(187)	154/(154)

Sensitivity of the value of non-current livestock to changes in key assumptions is as follows:

	30 June 2013	31 December 2012
Increase / (Decrease) in average piglets per one sow	1,315/(1,315)	n/a
Decrease / (Increase) in the cost of breeding of one piglet by 10%	1,216/(1,216)	n/a
Decrease / (Increase) in the discount rate by 100 basis points	177/(177)	n/a

Agricultural produce.

Agricultural produce is the harvested product of the Group's biological assets. It is recorded at its fair value less costs to sell at the point of harvest. The determination of fair value for a biological asset or agricultural produce may be facilitated by grouping biological assets or agricultural produce according to significant attributes; for example, by type or quality. Fair value of each group of agricultural produce at the end of the reporting period is determined as lower of the available average market price for similar products at the point of harvest or net realizable value. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimates and actual numbers. A 10% increase or decrease in market prices compared to the selling prices used would result in an increase or decrease in the fair value of agricultural produce of USD 1,798 thousand (31 December 2012: an increase or decrease in the fair value of agricultural produce of USD 638 thousand).

3. Critical accounting estimates and judgements in applying accounting policies (continued)

Share purchase warrant.

The share purchase warrant belongs to level 2 in the hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques, for details refer to Note 15 of consolidated financial statements of the Group for the year ended 31 December 2012. The fair value of the share purchase warrant was determined using Black-Scholes model based on the following inputs:

	30 June 2013	31 December 2012
Current stock price, USD	3.37	3.64
Risk-free rate, %	3.07	3.11
Volatility, %	69.28	55.15

4. Non-current assets held for sale

The Group classified its interest in bread factories (48% interest in PJSC Krivorizhskiy Hlibokombinat #1, 46% interest in PJSC KrivorizhHlib and 31% interest in PJSC Zhovtovodskiy Hlibokombinat) at cost of purchase being their fair value and measures as assets held for sale at 30 June 2013 due to plans to sell the shares by the end of 2013.

5. Business acquisitions

In 2012, the Group reported provisional amounts for the fair values assigned to the identifiable assets, liabilities and contingent liabilities of Agroplaza acquired in November 2012. During six months ended 30 June 2013 the Group completed its accounting for this acquisition and did not identify that reported provisional amounts required any changes.

6. Property, plant and equipment

Movement of property, plant and equipment for the six months ended 30 June 2013 and 2012 was as follows:

<i>In thousands of US dollars</i>	Buildings and construction	Agricultural equipment	Vehicles and office equipment	Construction in progress	Total
Carrying amount as at 1 January 2013	47,312	21,111	4,185	3,881	76,489
Additions	365	895	379	3,845	5,484
Disposals	-	(814)	(883)	-	(1,697)
Depreciation charge	(1,446)	(1,403)	(357)	-	(3,206)
Exchange differences	-	1	-	-	1
Carrying amount as at 30 June 2013 (unaudited)	46,231	19,790	3,324	7,726	77,071

<i>In thousands of US dollars</i>	Buildings and construction	Agricultural equipment	Vehicles and office equipment	Construction in progress	Total
Carrying amount as at 1 January 2012	33,566	11,418	3,079	2,600	50,663
Additions	30	3,497	-	142	3,669
Transfers	2,028	-	-	(2,028)	-
Disposals	(90)	(118)	(23)	-	(231)
Depreciation charge	(1,221)	(1,496)	(672)	-	(3,389)
Increases resulting from business acquisitions	-	2,616	-	-	2,616
Exchange differences	(28)	(3)	1	-	(30)
Carrying amount as at 30 June 2012 (unaudited)	34,285	15,914	2,385	714	53,298

The Group capitalised USD 355 thousand of borrowing costs (for 6 months ended 30 June 2012: nil) on the construction of big-breeding complex during the period. Borrowing costs that are directly attributable to the construction were capitalised at the effective rate of 18%.

7. Intangible assets

<i>In thousands of US dollars</i>	30 June 2013 (unaudited)	31 December 2012
Goodwill	15,265	15,265
Land lease rights	11,463	12,268
Other intangible assets	120	4
Total intangible assets	26,848	27,537

Movements in the carrying amount of land lease rights were as follows:

<i>In thousands of US dollars</i>	2013 (unaudited)	2012 (unaudited)
Carrying amount as at 1 January	12,268	6,125
Amortization charge	(805)	(585)
Exchange differences	-	(2)
Carrying amount as at 30 June	11,463	5,538

8. Inventories and agricultural produce

<i>In thousands of US dollars</i>	30 June 2013 (unaudited)	31 December 2012
Agricultural produce	17,511	10,225
Agricultural stock	3,462	2,488
Work in process	1,586	5,017
Goods for resale	928	804
Spare parts	903	243
Fuel	700	412
Other	382	1,165
Total inventories and agricultural produce	25,472	20,354

Agricultural produce consists mainly of wheat, barley and rapeseed (31 December 2012: wheat, barley and sunflower).

9. Current biological assets

<i>In thousands of US dollars</i>	30 June 2013 (unaudited)	31 December 2012
Crops in the field	64,273	36,900
Livestock husbandry	2,404	1,982
Total current biological assets	66,677	38,882

The balances of crops in the field were as follows:

<i>In thousands of US dollars</i>	30 June 2013 (unaudited)	31 December 2012
Sunflower	25,137	-
Rapeseed	15,052	17,601
Wheat	11,481	15,528
Corn	7,008	-
Barley	2,339	3,771
Other	3,256	-
Total crops in the field	64,273	36,900

Total area of agricultural land leased by the Group is over 96 thousand hectares, including 65 thousand hectares of arable land under crops at 30 June 2013 (unaudited).

9. Current biological assets (continued)

Movements in crops in the field during the period consist of:

<i>In thousands of US dollars</i>	2013 (unaudited)	2012 (unaudited)
Carrying amount as at 1 January	36,900	11,692
Costs incurred during the period, including spring crops	30,186	18,661
Increase from changes in fair value less expected costs to sell	11,475	12,492
Harvested during the period	(14,287)	(3,496)
Exchange difference	(1)	(45)
Carrying amount as at 30 June	64,273	39,304

10. Trade and other accounts receivable

<i>In thousands of US dollars</i>	30 June 2013 (unaudited)	31 December 2012
Trade accounts receivable	14,229	12,825
Less: Provision for trade accounts receivable	(118)	(118)
Loans issued	7,650	2,336
Loans to employees	263	83
Other financial receivables	1,598	2,016
Less: Provision for other financial receivables	(529)	(529)
Total financial trade and other receivables	23,093	16,613
Advances issued	3,568	3,223
Total trade and other accounts receivable	26,661	19,836

11. Loans and borrowings

<i>In thousands of US dollars</i>	30 June 2013 (unaudited)	31 December 2012
Long-term		
Bank loans	21,458	8,459
Loans from related parties (Note 19)	10,930	-
Financial lease liabilities	1,550	1,455
Other loans	4,110	-
Total long-term loans and borrowings	38,048	9,914
Current		
Bank loans	44,275	42,420
Financial lease liabilities	1,439	2,021
Loans from related parties (Note 19)	-	158
Other loans	-	4,110
Total current loans and borrowings	45,714	48,709

During the six months ended 30 June 2013 the Group received bank loans of USD 9,610 thousand denominated in UAH and bearing interest from 15% to 19.5% per annum and USD 22,236 thousand denominated in USD and bearing interest from 9% to 12.5% per annum. The loans are payable in 2013-2015.

Additionally the Group repaid loans in the amount of USD 3,035 thousand denominated in USD and bearing interest of 9% per annum and USD 13,102 thousand denominated in UAH and bearing interest from 22% to 23% per annum.

Besides, during the period ICD Investments SA provided the Group with loan of USD 10,170 thousand denominated in USD and bearing interest rate of 9% per annum.

The carrying value of the Groups' assets pledged as collateral for the Group's bank loans is as follows:

<i>In thousands of US dollars</i>	30 June 2013 (unaudited)	31 December 2012
Property, plant and equipment	37,857	34,680
Biological assets	17,161	679
Term deposits	13,354	7,603
Receivables	12,503	12,503
Inventory	8,078	7,553
Term deposits pledged for related parties (Note 19)	3,058	1,251
Total carrying amount of collateral	92,011	64,269

11. Loans and borrowings (continued)

Leased assets with the carrying amount of USD 4,332 thousand (31 December 2012: 1,920 thousand) act as collateral for the Group's obligations under finance lease agreements.

12. Trade and other accounts payable

<i>In thousands of US dollars</i>	30 June 2013 (unaudited)	31 December 2012
Trade payables	25,432	9,559
Land lease payables	4,538	1,170
Financial assistance received	4,163	1,248
Unpaid consideration on acquisition of Agroplaza	1,250	5,271
Wage and salaries	437	288
Promissory note issued to GEM	262	89
Other accounts payable	6,969	5,977
Total financial trade and other payables	43,051	23,602
Prepayments received	16,200	11,135
Total trade and other payables	59,251	34,737

13. Revenue

<i>In thousands of US dollars</i>	Six months ended 30 June 2013 (unaudited)	2012 (unaudited)
Sale of agricultural produce and processed food	11,900	7,383
Rendering of services	1,851	294
Total revenue	13,751	7,677

14. Cost of sales

<i>In thousands of US dollars</i>	Six months ended 30 June 2013 (unaudited)	2012 (unaudited)
Cost of goods sold	14,023	7,741
Cost of services rendered	1,179	190
Total cost of sales	15,202	7,931

15. Selling, general and administrative expenses

<i>In thousands of US dollars</i>	Six months ended 30 June 2013 (unaudited)	2012 (unaudited)
Informational, expert and consulting services	912	836
Crops storage and refining	513	212
Wages and salaries	502	722
Depreciation	407	211
Transport services	378	133
Bank services	212	135
Taxes, other than income tax	21	94
Materials	11	49
Other expenses	231	302
Total selling, general and administrative expenses	3,187	2,694

16. Other operating expenses

	Six months ended 30 June	
	2013	2012
<i>In thousands of US dollars</i>	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	407	197
Maintenance and repairs	248	-
Impairment of value-added tax receivable	195	-
Write-off of damaged goods	100	-
Impairment of accounts receivable and write-off of prepayments made	93	454
Other expenses	484	341
Total other operating income, net	1,527	992

17. Finance income and expenses

	Six months ended 30 June	
	2013	2012
<i>In thousands of US dollars</i>	(unaudited)	(unaudited)
Finance income		
Interest income	843	336
Exchange differences	303	105
Other finance income	559	-
Total finance income	1,705	441
Finance expenses		
Interest expense on bank loans	(4,305)	(1,881)
Unwinding of discount on long-term financial liabilities	(348)	-
Other finance expenses	(245)	(92)
Total finance expenses	(4,898)	(1,973)

18. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO reviews internal management reports on at least quarterly basis. The operations in each of the Group's reporting segments are:

- *Crop production.* Crop production is the core business of the Group. It is generally focused on production of sunflower, wheat, barley, rapeseed, soybeans and other crops, such as corn, triticale, pea, and buckwheat. The main factors affecting the crop production segment are climatic conditions, land quality, plant nutrition and moisture levels in the arable land.
- *Food Processing.* Established relationships with retail chains provide the Group with opportunities to sell groceries and meat products. Currently the Group produces flour, sunflower oil, packaged crops, macaroni and meat products such as sausages and meat delicacies to retail chains.
- *Other operations.* This operating segment includes fruit and vegetable production, cultivation and sale of farm animals (pigs and cattle), pellet production and the rendering of services to third parties. While this segment does not currently meet the threshold requiring separate segment disclosure, management believes it useful to distinguish this segment in its reporting.

Performance is measured based on segment profit or loss, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group's segments relative to other entities that operate within these industries.

Group's assets and liabilities are not monitored by operating segments. Substantially all non-current assets relate to subsidiaries located in Ukraine.

16. Operating segments (continued)

Information about operating segments for the six months ended 30 June 2013 is as follows:

<i>In thousands of US dollars</i>	Crop production	Food Processing	Other operations	Total
Revenue	6,123	3,285	5,623	15,031
Inter-segment transactions	(279)	(50)	(951)	(1,280)
Revenue from external customers	5,844	3,235	4,672	13,751
Change in fair value of biological assets less estimated point-of-sale costs	12,106	55	6,417	18,578
Cost of sales	(6,988)	(3,544)	(4,670)	(15,202)
Segment profit / (loss)	10,962	(254)	6,419	17,127
Government grant received				1,713
Selling, general and administrative expenses				(3,187)
Other operating income / (expense), net				(1,348)
Operating profit				14,305
Finance income				1,705
Finance expenses				(4,898)
Expenses on Put Option and Warrants				(25)
Profit before tax				11,087
Income tax benefit				365
Profit for the period				11,452

Information about operating segments for the six months ended 30 June 2012 is as follows:

<i>In thousands of US dollars</i>	Crop production	Food Processing	Other operations	Total
Revenue	2,892	4,203	1,469	8,564
Inter-segment transactions	(672)	-	(215)	(887)
Revenue from external customers	2,220	4,203	1,254	7,677
Change in fair value of biological assets less estimated point-of-sale costs	12,493	61	-	12,554
Cost of sales	(2,245)	(3,905)	(1,781)	(7,931)
Segment profit / (loss)	12,468	359	(527)	12,300
Government grant received				1,827
Selling, general and administrative expenses				(2,694)
Other operating income (expense), net				(962)
Operating profit				10,471
Finance income				441
Finance expenses				(1,973)
Expenses on Put Option and Warrants				(718)
Profit before tax				8,221
Income tax expense				43
Profit for the period				8,264

Seasonality of operations.

Crop production segment, due to seasonality and implications of IAS 41, in the first half of the year mainly reflects the sales of carried forward agricultural produce and effect of biological assets revaluation, while during the second half of the year it reflects sales of crops and effect of revaluation of agricultural produce harvested during the year. Also, crop production segment has seasonal requirements for working capital increase during November-May, to undertake land preparation work.

Food processing segment as well as other operations segment are not significantly exposed to the seasonal fluctuations.

19. Related parties

Significant related party balances outstanding at the reporting dates are.

	30 June 2013 (unaudited)		31 December 2012	
	Parent	Entities under common control	Parent	Entities under common control
<i>In thousands of US dollars</i>				
Assets				
Trade accounts receivable	-	1,745	22	3,828
Loans issued	-	4,543	-	2,255
Other financial receivables	-	320	-	117
Advances issued	-	-	-	643
Liabilities				
Trade accounts payable	-	985	9	635
Prepayments received	-	2,215	-	510
Loans and interest payable	10,474	154	133	25

Revenue and expense transactions with related parties during the six months ended 30 June 2013 and 2012 were as follows:

	Six months ended 30 June 2013 (unaudited)		Six months ended 30 June 2012 (unaudited)	
	Parent	Entities under common control	Parent	Entities under common control
<i>In thousands of US dollars</i>				
Food processing sales	-	530	-	870
Sales of agricultural produce	-	941	-	809
Purchases	-	(79)	-	(20)
Interest expenses	(150)	-	(5)	-

Except for loans from related parties, transactions with related parties are recorded at the contractual amounts agreed between the parties.

As at 30 June 2013, the Group has pledged term deposits in the amount of USD 3,058 thousand as collateral for liabilities of a related party (31 December 2012: USD 1,251 thousand).

Transactions with the key management personnel.

Remuneration of key management personnel for the six months ended 30 June 2013 comprised short-term benefits totalling USD 68 thousand (six months ended 30 June 2012: USD 498 thousand) (unaudited). Key management personnel comprised from members of the Board of Directors.

20. Subsequent events

In July, the Company has issued 94,500 of ordinary shares in according to the agreement conditions with GEM Global Yield Fund Limited.

The Group received USD 8,852 thousand of loans from Ukrainian banks at the date of issuance of these interim condensed consolidated financial statements. The loans are denominated in UAH and USD and bearing interest rates from 12.75% to 19.5% per annum and 11.5% per annum, respectively. Maturity dates of new loans will expire in 2013 and 2014.

The Group repaid USD 8,283 thousand of loans at the date of issuance of these interim condensed consolidated financial statements. The loans were denominated in UAH and USD and bearing interest rates from 12.75% to 22% per annum and 11.5% per annum, respectively.