

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 15 June 2011, the Company decided to open 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).

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.

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	23 January 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	

FUTURE DEVELOPMENTS

The Company intends to execute the Bond issue programme on the territory of the Republic of Poland, addressing the bonds offering exclusively to investors ready to purchase the securities with a minimum total value calculated on the basis of the issue price of EUR 50,000.00 as at the price fixing date.

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

Luxembourg,



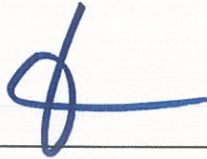
Sergiy Kasianov
Director A

Director A

Director A



Gwenaelle Bernadette Andree Dominique
Cousin
Director B



Jacob Mudde
Director B