

Agroton Public Limited

Consolidated interim financial information (Unaudited)

For the half-year ended 30 June 2011

Agroton Public Limited

<u>Contents</u>	<u>PAGE</u>
Board of Directors and Other Officers	3
Independent Auditor's Review Report	5
Consolidated interim statement of comprehensive income	6
Consolidated interim statement of financial position.....	7
Consolidated interim statement of changes in equity.....	8
Consolidated interim statement of cash flows	10
Notes to the consolidated interim financial information.....	12-26

Agroton Public Limited

Board of Directors and Other Officers

Board of Directors:

Iurii Zhuravlov (Chief Executive Officer)
Tamara Lapta (Deputy Chief Executive Officer)
Nikolay Rozdymaha (Executive Director)
Alex Lissitsa (Non-Executive Director)
Borys Supikhanov (Non-Executive Director)

Audit Committee:

Borys Supikhanov (Head of the Committee)
Alex Lissitsa
Tamara Lapta

Remuneration Committee:

Borys Supikhanov (Head of the Committee)
Alex Lissitsa

Company Secretary:

Inter Jura Cy (Services) Limited
1 Lampousas Street
CY-1095 Nicosia
Cyprus

Registered Office:

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CY-1095 Nicosia
Cyprus

Agroton Public Limited

Board of Directors and Other Officers (continued)

Legal Advisors:

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**Report on review of condensed consolidated interim financial information
To the Board of Directors of Agroton Public Limited.**

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Agroton Public Limited, which comprise the consolidated interim financial position as at 30 June 2011 and the consolidated interim statements of comprehensive income, changes in equity and cash flows for the half-year then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standards 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." 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 information has not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".



Andreas Philippou
Certified Public Accountant and Registered Auditor
for and on behalf

of Baker Tilly Klitou
Certified Public Accountants and Registered Auditors

Nicosia, 31 August 2011

Agroton Public Limited

Consolidated interim statement of comprehensive income

for the half-year ended 30 June 2011

(in thousand USD, unless otherwise stated)

	Note	For the half-year ended 30 June 2011	For the half-year ended 30 June 2010
Sales revenue	5	64 510	19 667
Gain from changes in fair value less cost to sell of biological assets and agricultural products, net		30 444	44 290
Cost of sales	6	<u>(49 079)</u>	<u>(21 049)</u>
Gross profit		45 875	42 908
Administrative expenses		(2 553)	(3 107)
Distribution expenses		(953)	(924)
Other expenses, net		(6 426)	(3 841)
Finance expenses, net		(1 753)	(6 960)
Profit for the half-year		<u>34 190</u>	<u>28 076</u>
Other comprehensive income:			
Effect from currency translation		110	341
Other comprehensive profit for the half-year		<u>110</u>	<u>341</u>
Total comprehensive income for the half-year		<u>34 300</u>	<u>28 417</u>
Profit for the half-year attributable to:			
Owners of the parent		34 244	28 090
Non-controlling interests		(54)	(14)
		<u>34 190</u>	<u>28 076</u>
Total comprehensive income attributable to:			
Owners of the parent		34 355	28 428
Non-controlling interests		(55)	(11)
		<u>34 300</u>	<u>28 417</u>
Earnings per share attributable to the ordinary equity holders of the Company during the half-year:			
Basic earnings per share (USD cents)		158	176
Diluted earnings per share (USD cents)		158	176

The notes on pages 12 – 27 form an integral part of this consolidated interim financial information.

Agroton Public Limited

Consolidated interim statement of financial position

as at 30 June 2011

(in thousand USD, unless otherwise stated)

	Note	30 June 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	7	33 170	38 272
Intangible assets	8	29	29
Non-current biological assets	9	2 349	2 707
Non-current loans receivable		160	165
Other non-current assets	10	7 516	7 903
		43 224	49 076
Current assets			
Current biological assets	11	61 474	9 932
Inventories	12	27 302	62 667
Trade receivables		49 484	7 826
Other receivables and prepayments		1 425	1 169
Deferred expenses on bonds issue		823	-
Cash and cash equivalents	13	4 175	13 629
		144 683	95 223
Total assets		187 907	144 299
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	14	661	661
Share premium	14	88 532	88 532
Retained earnings		76 850	42 606
Foreign currency translation reserve		(9 851)	(9 962)
		156 192	121 837
Non-controlling interest		225	280
Total equity		156 417	122 117
Non-current liabilities			
Non-current bank loans	15	105	143
Non-current finance lease liabilities		882	2 657
		987	2 800
Current liabilities			
Current portion of non-current liabilities		629	2 262
Current bank loans, government loans and bonds	16	18 694	11 305
Trade payables		3 490	1 180
Other payables and accrued expenses		7 426	4 367
Other provisions		150	155
Current income tax liabilities		114	113
		30 503	19 382
Total liabilities		31 490	22 182
Total equity and liabilities		187 907	144 299

On 31 August 2011 the Board of Directors of Agroton Public Limited authorized these consolidated interim financial information for issue.

Mr Iurii Zhuravlov
Director

Ms Tamara Lapta
Director

The notes on pages 12 – 27 form an integral part of this consolidated interim financial information.

Agroton Public Limited

Consolidated interim statement of changes in equity

for the half year ended 30 June 2011

(in thousand USD, unless otherwise stated)

	Share capital (Note 14)	Share premium (1) (Note 14)	Retained earnings (2), (3)	Foreign currency translation reserve	Total equity attributable to owners of the parent company	Non-controlling interest	Total
Balance at 31 December 2009	494	38 474	26 800	(9 719)	56 049	368	56 417
Comprehensive income:							
Profit for the half year	-	-	28 090	-	28 090	(11)	28 079
Other comprehensive income:							
Effect from currency translation	-	-	-	338	338	-	338
Total comprehensive income for the half year	-	-	28 090	338	28 428	(11)	28 417
Transactions with Owners:							
Acquisition of non-controlling share	-	-	87	-	87	(107)	(20)
Total transactions with Owners	-	-	87	-	87	(107)	(20)
Balance at 30 June 2010	494	38 474	54 977	(9 381)	84 564	250	84 814
Balance at 31 December 2010	661	88 532	42 606	(9 962)	121 837	280	122 117
Comprehensive income:							
Profit for the half year	-	-	34 244	-	34 244	(54)	34 190
Other comprehensive income:							
Effect from currency translation	-	-	-	111	111	(1)	110
Total comprehensive income for the half year	-	-	34 244	111	34 355	(55)	34 300
Transactions with Owners	-	-	-	-	-	-	-
Balance at 30 June 2011	661	88 532	76 850	(9 851)	156 192	225	156 417

The notes on pages 12 – 27 form an integral part of this consolidated interim financial information.

Agroton Public Limited

Consolidated interim statement of changes in equity (continued)

for the six months ended 30 June 2011

(in thousand USD, unless otherwise stated)

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

(2) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defense of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defense at 15% will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.

(3) In accordance with the Company's Articles of Association, par. 120, dividends can only be paid out of retained earnings.

The notes on pages 12 – 27 form an integral part of this consolidated interim financial information.

Agroton Public Limited

Consolidated interim statement of cash flows

for the six months ended 30 June 2011

(in thousand USD, unless otherwise stated)

	For the half- year ended 30 June 2011	For the half- year ended 30 June 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	34 190	28 076
Adjustments for:		
Depreciation and amortization	2 874	2 517
Gain from changes in fair value less cost to sell of biological assets and agricultural products, net	(30 444)	(44 290)
Interest income	(71)	(2)
Interest expense	1 845	11 379
Gain/(loss) on revaluation of non-current accounts receivable at amortised value	6	(14)
Provision for doubtful debts	2 011	52
Prepayments and other current assets written-off	-	358
Losses on disposal and write-off of non-current assets, net	8	57
Gain on write-off of trade payables	(53)	(46)
Recovery from provision for doubtful debts	-	(95)
(Gains)/losses from foreign exchange differences, net	(22)	683
Impairment of inventories and harvest failure	-	2 127
Loss on disposal on subsidiaries	1 762	-
Compensation for creation of new jobsites	-	(125)
	12 106	677
Changes in working capital:		
Change in trade accounts receivable	(46 917)	2 640
Change in prepayments and other current assets	(258)	276
Change in inventories and biological assets	14 194	(7 266)
Change in trade accounts payable	4 523	2 554
Change in other short-term liabilities and accrued expenses	3 067	5 148
Change in other provisions accrued	(5)	(100)
Net cash (used in) / from operating activities	(13 290)	3 929
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1 181)	(1 697)
Purchase of intangible assets	-	(8 000)
Purchase of investments in subsidiaries	-	(20)
Repayment of current and non-current loans to employees and related parties	-	4
Interests received	71	-
Net cash used in investing activities	(1 110)	(9 713)

The notes on pages 12 – 27 form an integral part of this consolidated interim financial information.

Agroton Public Limited

Consolidated interim statement of cash flows (continued)

for the six months ended 30 June 2011

(in thousand USD, unless otherwise stated)

	For the half-year ended 30 June 2010	For the half-year ended 30 June 2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Movements in credit lines, net	(2 545)	9 780
Receipts from current and non-current loans and borrowings	10 000	-
Repayment of current and non-current loans and borrowings	(210)	(10 325)
Borrowing costs paid	(1 678)	(5 360)
Net inflow from sale of subsidiaries, net of cash disposed	2 651	-
Repayment of short-term bonds	-	(1 785)
Repayment of financial lease liabilities	(4 129)	(6 999)
Net cash from / (used in) financing activities	4 089	(14 689)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10 311)	(20 473)
Effect from foreign currency translation	857	54
Cash and cash equivalents at the beginning of the half-year	13 629	35 106
Cash and cash equivalents at the end of the half-year	4 175	14 687

The notes on pages 12 – 27 form an integral part of this consolidated interim financial information.

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

1. GENERAL INFORMATION

The Company was incorporated in Cyprus on 21 September 2009 as a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company is also domiciled in Cyprus and its registered office is at 1 Lampousas Street, CY-1095 Nicosia, Cyprus.

On 8 November 2010 the shares of the Company were admitted on the regulated market of the Warsaw Stock Exchange.

The principal activities of the Group are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, pig-breeding, poultry farming) and milk processing.

This condensed consolidated interim financial information was approved for issue on 31 August 2011. This consolidated interim financial information has been reviewed, not audited.

Group structure

The Group structure as at 30 June 2011 and 31 December 2010 was as follows:

Name of company	Country of incorporation	Principal activity	Effective ownership ratio	
			30 June 2011	31 December 2010
Agroton Public Limited	Cyprus	Holding company	parent company	parent company
"Living" LLC	Ukraine	Holding investments	100%	100%
PE Agricultural Production Firm "Agro"(i)	Ukraine	Agricultural activity	100%	100%
"Agroton" PJSC	Ukraine	Agricultural activity	100%	100%
OJSC "Belokurakinskiy Elevator" (ii)	Ukraine	Agricultural activity	85%	85%
OJSC "Breeding Poultry Farm "Mirnyi" (ii)	Ukraine	Agricultural activity	78%	78%
"Agro Meta" LLC	Ukraine	Agricultural activity	100%	100%
"Rosinka-Star" LLC	Ukraine	Agricultural activity	100%	100%
"Etalon-Agro" LLC (ii)	Ukraine	Agricultural activity	100%	100%
ALLC "Noviy Shlyah"	Ukraine	Agricultural activity	100%	100%
AF named by Shevchenko	Ukraine	Agricultural activity	100%	100%
ALLC "Shiykivske"	Ukraine	Agricultural activity	95%	95%
"Ago-Maslosyrorobnyi zavod" LLC (v)	Ukraine	Milk processing	-	100%
"Agro-Chornukhinski Kurchata" LLC (i)	Ukraine	Poultry farming	100%	100%
"Agro-Svinprom" LLC (i)	Ukraine	Pig-breeding	100%	100%
"Aydar-Mlyn" SC (v)	Ukraine	Grain processing	100%	100%
"Makaronna fabryka" SC (v)	Ukraine	Grain processing	-	100%
"Mlyn-Yevsug" SC (v)	Ukraine	Grain processing	-	100%
"Khibzavod" SC (v)	Ukraine	Grain processing	-	100%
"Markivskii sirzavod" LLC (iii)	Ukraine	Grain processing	100%	-
Agroton BVI Limited (iv)	British Virgin Islands	Trading	100%	-

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

1. GENERAL INFORMATION (CONTINUED)

(i) At the end of December 2010 a part of assets of poultry farming, pig-breeding, milk processing and grain processing were carved out from PE APF "Agro" and "Agroton" PJSC to seven newly established companies of the Group. The assets and liabilities of the Group are the same immediately before and after the reorganization. Also, the owners of the parent have the same absolute and relative interests in the net assets of the Group immediately before and after the reorganization.

(ii) OJSC "Breeding Poultry Farm "Mirnyi", OJSC "Belokurakinskiy Elevator", "Etalon-Agro" LLC are in a process of liquidation.

(iii) At the end of April 2011 a part of assets of grain processing were carved out from PE APF "Agro" to a newly established company of the Group. The assets and liabilities of the Group are the same immediately before and after the reorganization. Also, the owners of the parent have the same absolute and relative interests in the net assets of the Group immediately before and after the reorganization.

(iv) On 27 May 2011 Agroton BVI Limited, a company registered in British Virgin Islands, was incorporated to act as a trading company.

(v) On 5 May 2011 the Group sold "Ago-Maslosyrorobnyi zavod" LLC, "Aydar-Mlyn" SC, "Makaronna fabryka" SC, "Mlyn-Yevsug" SC and "Khibzavod" SC.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation of consolidated interim financial information

This condensed consolidated interim financial information for the half year ended 30 June 2011 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2.2. Accounting policies

The accounting policies adopted in the preparation of this condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2010, except as described below in respect of the the exchange rates used for the translation of subsidiaries different from the Group's presentation currency:

Currency	30 June 2011	Average exchange rate for the half- year ended 30 June 2011	31 December 2010	Average exchange rate for the half- year ended 30 June 2010	30 June 2010
UAH/USD	7,97	7,96	7,962	7,95	7,91
UAH/EURO	11,5	11,16	10,57	10,56	9,65

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated interim financial information:

3.1. Contingent liabilities

Contingent liabilities are determined by the occurrence or non-occurrence of one or more future events. Measurement of contingent liabilities is tightly connected with development of significant judgments and estimates relating to the consequences of such future events.

3.2. Biological assets

Animals in growing and fattening and working and productive cattle are measured at fair value less costs to sell at the date of initial recognition and at every reporting date. Fair value is determined using prices of the active markets in Ukraine less costs to sell for one kilogram of meat applied by net marketable weight of appropriate group of assets.

Due to the lack of observable market prices for biological assets of crops under cultivation in their condition at the reporting dates, the fair value of such biological assets was estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined pre-tax rate 22 %. Fair values of biological assets were based on the following key assumptions:

- a) expected crop yield is based on the past crop yield adjusted on weather conditions;
- b) prices for grains are obtained from external verifiable sources;
- c) cultivation and production costs are projected based on actual historical information;
- d) the discount rate calculated as average interest rate of loans in foreign currency.

3.3. Inventories

Agricultural products are initially recognized at fair value less costs to sell at the date of harvest. Fair value is determined using the average price of the three largest markets or buyers in Ukraine as these products are sold within the Ukrainian market at the date of harvesting less costs to sell. As at the period end any agricultural products that have been harvested and no sold are reported within inventories at the lower of cost (fair value at date of harvest) and net realisable value at the consolidated interim financial position date.

3.4. Impairment of trade receivables

The Group provides for impairment of trade receivables to cover the potential losses when a customer may be unable to make necessary payments. Assessing the adequacy of allowance for impairment, management considers the current economic conditions in general, of the age of accounts receivable, the Group's experience in writing off of receivables, solvency of customers and changes in conditions of settlements.

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Economic changes, industry situation or financial position of separate customers may result in adjustments related to the amount of allowance for doubtful debts reflected in the consolidated financial statements as impairments of receivables.

3.5. Legal proceedings

The Group's management applies significant assumptions in measurement and reflection of reserves and risks of exposure to contingent liabilities, related to existing legal proceedings and other unsettled claims, and also other contingent liabilities. Management's judgment is required in estimating the probability of a successful claim against the Group or crystallising of a material obligation, and in determining the probable amount of the final settlement or obligation. Due to uncertainty inherent to the process of estimation, actual expenses may differ from the initial estimates. Such preliminary estimates may alter as far as new information is received, from internal specialists within the Group, if any, or from third parties, such as lawyers. Revision of such estimates may have significant effect on the future results of operating activity.

4. SEGMENT INFORMATION

The Group is involved in grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, pig-breeding, poultry farming), milk processing and foodstuff manufacture.

The Group identifies a business segment as "a component of entity", that is engaged in business activity such as production of separate product or service, which brings profit and is exposed to risks. Profit and risks of each segment are different.

The Group identified the following business segments that include products and services which have different risk levels and conditions of revenue earning:

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

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

(iii) Agricultural products segment processes agricultural products and produces finished products. The main type of products which is produced and sold in this business segment is food stuff - baked and macaroni goods, hard cheese, milk, sunflower-seed oil.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim consolidated financial information. However, Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

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

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

4. SEGMENT INFORMATION (CONTINUED)

For the half-year ended 30 June 2011:

	Livestock	Plant breeding	Agricultural products processing	Other	Adjustments and eliminations	Total
Total revenue	8 730	54 814	3 563	457	-	67 564
Inter-segment sales	(1 134)	(1 920)				(3 054)
Revenue from external customer	7 596	52 894	3 563	457	-	64 510
Gain from changes in fair value less cost to sell of biological assets and agricultural products, net	(2 047)	32 491	-	-	-	30 444
Gross profit	5 549	85 385	3 563	457	-	94 954
Depreciation and amortization	622	1 478	629	145	-	2 873
Segment profit / (loss)	(3 416)	49 460	(340)	171	(11 685)	34 190
Total assets include:						
Capital expenses	829	707	-	207		1 744
Total assets	24 518	149 550	5 359	3 276	1 853	184 556
Total liabilities	1 242	5 557	259	835	23 597	31 490

Business segment profit / (loss) stated at each operating segment does not include administrative expenses (USD 2 553 thousand), distribution expenses (USD 953 thousand), other expenses, net (USD 6 426 thousand), financial expenses, net (USD 1 753 thousand).

Assets of segments do not include non-current financial investments (USD 160 thousand), cash and cash equivalents (USD 823 thousand), loans to employees (USD 47 thousand), deferred expenses (USD 823 thousand) since management of these assets is carried out at the Group's level.

Liabilities of segments do not include payroll and related tax liabilities (USD 3 838 thousand), liabilities for other taxes and mandatory payments (USD 17 thousand), liabilities for interest (USD 611 thousand), non-current bank loans (USD 105 thousand), current portion of non-current liabilities (loans) (USD 62 thousand), current bank loans, government loans and bonds (USD 18 694 thousand), current income tax liabilities (USD 114 thousand), other payables (USD 6 thousand), other provisions (USD 150 thousand) since management of these liabilities is carried out at the Group's level.

During half-year ended 30 June 2011 the revenue from segment plant breeding, that was derived from one contractor amounted to USD 46 917 thousand.

Agroton Public Limited
Notes to the consolidated interim financial information
(in thousand USD, unless otherwise stated)

4. SEGMENT INFORMATION (CONTINUED)

For the half-year ended 30 June 2010:

	Livestock	Plant breeding	Agricultural products processing	Other	Adjustments and eliminations	Total
Total revenue	7 934	11 500	4 030	517	-	23 981
Inter-segment sales	(937)	(2 976)	(349)	(52)	4 314	-
Revenue from external customer	6 997	8 524	3 681	465	-	19 667
Income from changes in fair value less cost to sell of biological assets and agricultural products, net	(1 521)	45 811	-	-	-	44 290
Gross profit	(2 334)	45 251	(210)	201	-	42 908
Depreciation	471	1 567	330	149	-	2 517
Segment profit / (loss)	(2 334)	45 251	(210)	201	-	42 908
Total assets include:						
Capital expenses	400	1 735	52	81	-	2 268
Total assets	21 921	110 343	10 361	3 816	14 855	161 296
Total liabilities	891	12 260	569	1 348	61 413	76 481

Business segment income stated at each operating segment does not include administrative expenses (3 107 thousand USD), selling and distribution expenses (924 thousand USD), other expenses, net (3 841 thousand USD), financial expenses, net (6 960 thousand USD).

Assets of segments do not include non-current financial investments (168 thousand USD), cash and cash equivalents (14 636 thousand USD), VAT for reimbursement and prepayments for VAT (5 thousand USD), current loans to employees (2 thousand USD), current portion of long-term loans to employees (7 thousand USD), prepayments for other taxes (9 thousand USD).

Liabilities of segments do not include payroll and related tax liabilities (5 686 thousand USD), liabilities for other taxes and mandatory payments (52 thousand USD), liabilities for value-added tax (53 thousand USD), liabilities for interest (5 138 thousand USD), accounts payables for investments (87 thousand USD), current provisions (420 thousand USD), non-current borrowings (447 thousand USD), current portion of long-term borrowings (2 155 thousand USD), current borrowings (47 375 thousand USD).

During half-year ended 30 June 2010 the revenue from segment plant breeding, that was derived from one contractor amounting to USD 2 486 thousands.

Agroton Public Limited
Notes to the consolidated interim financial information
(in thousand USD, unless otherwise stated)

5. SALES REVENUE

For the half-year ended 30 June 2011 and 30 June 2010 the components of sales revenue were presented as follows:

	For the half- year ended 30 June 2011	For the half- year ended 30 June 2010
Sales of finished goods (i)	63 081	15 968
Sales of services (ii)	1 429	3 699
Total	64 510	19 667

(i) The revenue generated from the main agricultural products for the half-year ended 30 June 2011 and 30 June 2010 was as follows:

	For the half- year ended 30 June 2011	For the half- year ended 30 June 2010
Winter wheat	13 625	5 272
Sunflower	29 734	1 807
Total	43 359	7 079

The revenue generated from the other business segments is analysed in Note 4.

Sales volume for main agricultural products in tonnes for the half-year ended 30 June 2011 and 30 June 2010 was as follows:

	For the half- year ended 30 June 2011, tonnes	For the half- year ended 30 June 2010, tonnes
Winter wheat	54 610	41 366
Sunflower	50 841	6 001
	105 451	47 367

(ii) The revenue generated from sales of services mainly relates to storage and handling services granted to third parties which is reflected within the revenue of plant-breeding segment in Note 4.

6. COST OF SALES

For the half-year ended 30 June 2011 and 30 June 2010 the components of cost of sales was presented as follows:

	For the half- year ended 30 June 2011	For the half-year ended 30 June 2010
Livestock and related operations	8 965	7 810
Plant breeding and related operations	35 925	9 084
Agricultural products processing and related operations	3 903	3 891
Other activity and related operations	286	264
Total	49 079	21 049

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 30 June 2011, the Group sold “Agromaslosyrorobnyi zavod” LLC, “AydarMlyn” LLC, “Makaronnaya fabrika” LLC, “MlynEvsug” LLC and “Khlibozavod” LLC.

During the half-year ended 30 June 2011, the Group set up “Markovskiy syrrobovnyi zavod”.

As at 30 June 2011 loans were secured by property plant and equipment book value (except finance lease assets) of USD 4 550 thousand.

As at 30 June 2011 the Group removed from operation fixed assets of book value USD 279 thousand.

As at 30 June 2011 the book value of property, plant and equipment subjected to finance lease agreements was amounting to USD 6 938 thousand.

8. INTANGIBLE ASSETS

There were no material transactions in relation to intangible assets during the half-year ended 30 June 2011.

9. NON-CURRENT BIOLOGICAL ASSETS

As at 30 June 2011 and 31 December 2010 the non-current biological assets are as follows:

	30 June 2011		31 December 2010	
	number, of heads	Fair value less costs to sell	number, of heads	Fair value less costs to sell
Cattle	2 859	2 331	2 771	2 282
Pigs	-	-	1 154	407
Other	14	18	17	18
Total	2 873	2 349	3 942	2 707

As at 30 June 2011 and 31 December 2010 there were loans secured by non-current biological assets of book value of USD 1 412 thousand and USD 2 282 thousand respectively.

Company "Agro-Svinprom" LLC, whose principal activity is breeding pigs, will be sold after 30 June 2011. The Group's management decided to sell the most of the pigs by 30 June 2011.

10. OTHER NON-CURRENT ASSETS

As at 30 June 2011 and 31 December 2010 the other non-current assets were as follows:

	30 June 2011	31 December 2010
Advance for land lease (i)	8 000	8 000
Less: amortisation (ii)	(800)	(400)
Advance for land lease - net	7 200	7 600
Prepayments for equipment (iii)	316	303
Total	7 516	7 903

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

10. OTHER NON-CURRENT ASSETS (CONTINUED)

During the year ended 31 December 2010 the Group made payments of USD 8 000 thousand for the purchase of land leasing rights for 16 300 hectares of agricultural land in the Luhansk region, Ukraine, from a third party that originally owned these land lease rights. In order for the above mentioned transaction to be completed, the lease agreements must be executed between the ultimate owners of the land plots from whom the seller originally acquired the underlying lease rights and the Company or its affiliate, and these lease agreements should be duly registered with the Ukraine Land Agency in compliance with the requirements of Ukrainian laws. Each of the above agreements has been concluded on the basis of the standard form lease agreement for the term of 10 years. In order for the transfer of lease rights with respect to the aforementioned land plots to be completed, the agreements must be duly registered in accordance with applicable laws, which is not yet the case in view of delays by the State Land Agency. It is however a common practice in Ukraine that, pending such registration, the lessee starts operating the land plots underlying the lease agreements.

(ii) The amortisation is calculated using the straight-line method to allocate the cost of the advance over its estimated useful life term of duration (10 years).

(iii) On 14 January 2009 the Company entered into a contract with "Porcelakinvest" CJSC to purchase equipment of USD 443 thousands. The equipment is planned to be used at grain elevator. A 71% of the total amount of the contract, equivalent to USD 316 thousands was prepaid by 30 June 2011. The equipment have to be delivered within the year 2011.

11. CURRENT BIOLOGICAL ASSETS

As at 30 June 2011 and 31 December 2010 the current biological assets were as follows:

	<u>30 June 2011</u>	<u>31 December 2010</u>
Crops under cultivation (a)	57 150	5 632
Animals in growing and fattening (b)	4 324	4 300
	<u>61 474</u>	<u>9 932</u>

(a) Crops under cultivation:

As at 30 June 2011 and 31 December 2010 the crops under cultivation were as follows:

	<u>30 June 2011</u>		<u>31 December 2010</u>	
	Area, thousands of hectares	Amount, USD thousand	Area, thousands of hectares	Amount, USD thousand
Sunflower sowing	39	28 921	-	-
Corn sowing	9	4 671	-	-
Winter wheat sowing	45	21 271	45	5 270
Winter rape sowing	-	-	2	153
Winter barley sowing	2	370	2	114
Winter rye sowing	1	184	1	74
Other sowing	5	1 733	-	21
	<u>101</u>	<u>57 150</u>	<u>50</u>	<u>5 632</u>

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

11. CURRENT BIOLOGICAL ASSETS (CONTINUED)

Decrease/increase of balances of crops under cultivation during the half year ended 30 June 2011 is primarily attributable to that of the decreasing/increasing of crop yield for main types of agricultural products and increasing expenses of such items like fuel, salary and other.

As at 30 June 2011 and 31 December 2010 loans were secured by current biological assets book value of USD 2 235 thousand and USD 2 377 thousand respectively.

(b) Animals in growing and fattening:

As at 30 June 2011 and 31 December 2010 animals in growing and fattening were as follows:

	30 June 2011		31 December 2010	
	Number of heads	Fair value	Number of heads	Fair value
Cattle	3 583	2 425	3 554	2 377
Pigs	217	46	11 570	1 400
Poultry	546 783	1 837	324 352	507
Other	21	16	22	16
	550 604	4 324	339 498	4 300

As at 30 June 2011 loans were secured by current biological assets book value of USD 2 460 thousand.

Increase of balances of animals in growing and fattening during the half-year ended 30 June 2011 is primarily attributable to that of the breeding.

Company "Agro-Svinprom" LLC, whose principal activity is breeding pigs, will be sold after 30 June 2011. The Group's management decided to sell the most of the pigs at 30 June 2011.

12. INVENTORIES

As at 30 June 2011 and 31 December 2010 the inventories were presented as follows:

	30 June 2011	31 December 2010
Raw materials	4 723	1 708
Work-in-progress	182	2 831
Agricultural products (i)	15 768	55 698
Finished goods	888	933
Other	5 741	1 497
Total	27 302	62 667

(i) Agricultural products:

As at 30 June 2011 and 31 December 2010 the main agricultural products at storage were presented as follows:

	30 June 2011	31 December 2010
Winter wheat	3 839	13 456
Sunflower	10 843	36 562
Corn	179	3 665
Other agricultural crops	907	2 015
Total	15 768	55 698

Agroton Public Limited
Notes to the consolidated interim financial information
(in thousand USD, unless otherwise stated)

12. INVENTORIES (CONTINUED)

As at 30 June 2011 and 31 December 2010 the main agricultural products volume in tones at storage were presented as follows:

	30 June 2011, tonnes	31 December 2010, tonnes
Winter wheat	22 861	80 098
Sunflower	23 923	81 235
Corn	341	23 099
Total	47 125	184 432

As at 30 June 2011 and 31 December 2010 the current loans were secured by inventories with book value as follows:

	30 June 2011	31 December 2010
Agricultural products	10 148	5 766

As at 30 June 2011 and 31 December 2010 the impairment of inventories amounted to USD 263 thousand and USD 303 thousand respectively and is included in "Other expenses, net".

13. CASH AND CASH EQUIVALENTS

As at 30 June 2011 and 31 December 2010 the cash and cash equivalents balances were as follows:

	30 June 2011	31 December 2010
Cash at bank in UAH	121	367
Cash at bank in USD	404	2 575
Cash at bank in EURO	474	7 716
Cash with brokers in USD (i)	3 000	2 929
Cash in hand	176	42
	4 175	13 629

(i) Cash with brokers related to cash held for investment by the Company's investment banker. In accordance with the agreement between the Company and the investment banker, the Company has access to this cash within three working business days from the day the Group makes a request.

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

14. SHARE CAPITAL AND SHARE PREMIUM

	30 June 2011		31 December 2010	
	Number of shares	Nominal value, Euro	Number of shares	Nominal value, Euro
Authorised				
Ordinary shares of Euro €0,021 each	47 619 048	1 000 000	47 619 048	1 000 000
	Number of shares	Share capital, USD	Share premium, USD	Total
Issued and fully paid				
On 1 January 2010	16 000 000	494 306	38 474 131	54 968 437
Issue of shares on 29 October 2010 (i)	5 670 000	166 822	54 222 634	60 059 456
Share issue expenses	-	-	(4 165 101)	(4 165 101)
Balance at 31 December 2010	21 670 000	661 128	88 531 664	110 862 792
Balance at 1 January 2011	21 670 000	661 128	88 531 664	110 862 792
Balance for the half-year ended 30 June 2011	21 670 000	661 128	88 531 664	110 862 792

Authorised capital

On 30 June 2011 the authorised share capital of the Company was 47 619 048 ordinary shares of nominal value €0,021 each.

Issued capital

(i) The members of the Company held an Extraordinary General Meeting on 25 June 2010 where they authorised and approved the increase of the issued share capital of the Company from 16 000 000 ordinary shares of €0,021 each amounting to € 336 000 (USD equivalent of USD 494 306) to 21 670 000 ordinary shares of nominal value of €0,021 each amounting to € 455 070 (USD equivalent of USD 661 128), ranking pari pasu with the existing shares of the Company.

On 29 October 2010 the Company issued 5 670 000 ordinary shares of nominal value €0,021 each, amounting to €119 070 (USD equivalent of USD 166 822), at a premium of €6,7595 per share amounting to a total share premium of €38 326 365 (USD equivalent of USD 54 222 634). The issue price for shares in the Company's public offering was set at PLN 27 per share. The Company raised total gross proceeds of PLN 153 090 000 (USD equivalent of USD 54 389 456) from the public offering. Share issue expenses of USD 4 165 101 were deducted from the share premium reserve.

15. NON-CURRENT BANK LOANS

As at 30 June 2011 and 31 December 2010 the non-current bank loans were as follows:

	30 June 2011	31 December 2010
Total bank loans	167	322
Less:		
Current portion of bank loans	(62)	(179)
Non-current bank loans	105	143

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

15. NON-CURRENT BANK LOANS (CONTINUED)

As at 30 June 2011 the principle terms of the non-current bank loans were as follows:

Lender	Type of loan	Interest rate	Maturity date	Currency	Total amount	30 June 2011	
						Analysed as:	
						Current portion	Non-current portion
JSCB "FORUM"	credit line	21%	06.09.2012	UAH	167	62	105
Total					167	62	105

As at 31 December 2010 the principle terms of the non-current bank loans were as follows:

Lender	Type of loan	Interest rate	Maturity date	Currency	Total amount	31 December 2010	
						Analysed as:	
						Current portion	Non-current portion
JSCB "FORUM"	credit line	21%	06.09.2012	UAH	219	125	94
OJSC "Raiffeizen bank Aval"	credit line	17%	25.11.2012	UAH	103	54	49
Total					322	179	143

16. CURRENT BANK LOANS, GOVERNMENT LOANS AND BONDS

As at 30 June 2011 and 31 December 2010 the current loans were as follows:

	30 June 2011	31 December 2010
Current bank loans:		
Bank loans in UAH	18 602	10 835
	18 602	10 835
Bonds and government loans:		
Government loans	92	470
	92	470
Total	18 694	11 305

As at 30 June 2011 the details of the current bank loans in national and foreign currency were as follows:

Lender	Interest rate	Maturity date	Currency	Principle amount
JSCB «FORUM»	21%	10.08.2011	UAH	4 585
JSCB «FORUM»	22%	20.07.2011	UAH	2 294
PJSC "Ukrcomunbank"	20%	N\A	UAH	497
JSCB "VP Bank"	18%	18.10.2011	UAH	1 226
DRGN Limited	12%	31.05.2011	USD	10 000
Total				18 602

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

16. CURRENT BANK LOANS, GOVERNMENT LOANS AND BONDS (CONTINUED)

As at 31 December 2010 the details of the current bank loans in national and foreign currency were as follows:

Lender	Interest rate	Maturity date	Currency	Principle amount
JSCB «FORUM»	17%	02.06.2011	UAH	4 438
JSCB «FORUM»	22%	15.02.2011	UAH	1 080
JSCB «FORUM»	23%	02.06.2011	UAH	5 317
Total				10 835

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Retirement and other liabilities - Most employees of the Group receive pension benefits from the Pension Fund, an Ukrainian Government organization in accordance with the applicable laws and regulations of Ukraine. The Group is required to contribute a specified percentage of the payroll to the Pension Fund to finance the benefits. The only obligation of the Group with respect to this pension plan is to make the specified contributions from salaries. As at 30 June 2011 and 31 December 2010 the Group's entities had no liabilities for supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

Legal proceedings – In the course of carrying out its activities, the Group's entities take part in legal proceedings and various claims are advanced to them.

Management believes that legal proceedings will have no significant effect on the Group's financial position.

Liabilities under land and fixed assets operating lease agreements - the Group has the following liabilities under land and fixed assets operating lease agreements as at 30 June 2011 and 31 December 2010:

	30 June 2011	31 December 2010
Within 1 year	1 840	1 845
From 1 to 5 years	6 820	6 959
More than 5 years	3 932	4 716
Total	12 592	13 520

Plough-land is leased by the Group from individuals. The total size of leased plough-land as at 30 June 2011 is 112 thousand hectares (31 December 2010: 112 thousand hectares). The average rental payment for leased plough-land in the half-year ended 30 June 2011 is 2 % (year ended 31 December 2010 : 2%).

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

18. EARNINGS PER SHARE

a) Basic

The basic earnings per share is calculated by dividing the profit attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the half-year ended 30 June 2011	For the half-year ended 30 June 2010
Profit attributable to ordinary equity holders of the Company	34 244	28 090
Weighted average number of ordinary shares in issue	21 670	16 000

(i) The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have dilutive potential ordinary shares, such as convertible debt and share options, and as a result the diluted earnings per share equals to the Basic earnings per share.

19. TRANSACTIONS WITH RELATED PARTIES

As at 30 June 2011 and the date of signing these consolidated interim financial information, the Company is controlled by Mr. Iurii Zhuravlov, who holds 55,4% of the Company's share capital. The Bank of New York Mellon has 18,5% shareholding and the remaining 26,1% of the shares is widely held.

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

During the half-year ended 30 June 2011 there were no significant related party transactions.

For the half-year ended 30 June 2011 and 30 June 2010 compensations for key management personnel and related expenses were presented as follows:

	For the half-year ended 30 June 2011	For the half-year ended 30 June 2010
Payroll	72	89
Vacation allowance and other expenses	-	16
Contributions to Pension Fund	24	35
Other contributions	2	3
Total	98	143

20. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 14 July 2011 the Board of Directors of the Company announced the issue of USD 50 000 000 12.5% Notes due in year 2014. The Notes will be issued in the Alternative Investments Market of the London Stock Exchange. The net proceeds from the issued Notes will be on-lent by the Issuer to each of the Sureties, to finance: (i) the repayment of loans from DRGN Limited, JSCB "Forum" and OJSC "Raiffeizen bank Aval", of an amount up to USD 18 million; and (ii) the repayment of outstanding financial indebtedness of PE APC "Agro" and PJSC "Agroton" in an amount of USD 1 million. The remaining balance of such net proceeds will be used for the expansion of the Group's existing land bank, acquisition and construction of elevator storage facilities and acquisition of additional agricultural machinery as well as for general corporate purpose of the Group.

Agroton Public Limited

Notes to the consolidated interim financial information

(in thousand USD, unless otherwise stated)

20. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

Loans received from the bank JSCB "FORUM" has been repaid on the date of signing this consolidated interim financial information.

Ukraine has introduced quotas on the export on wheat (of 9% or at least 17 EUR per tonne), corn (of 12% or at least 20 EUR per tonne), barley (of 14% or at least 23 EUR per tonne) for the period from 1 July 2011 to 1 January 2012.

Independent Auditor's review report on page 5.