



Quarterly report for the period
1st January 2014 – 31st March 2014

13th June 2014

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1 GENERAL INFORMATION ABOUT THE COMPANY

Company details:

Company Name:	Cereal Planet PLC
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1.1 COMPANY PROFILE

The core activity of the Cereal Planet Group, an Ukraine based Group of Companies, is the production of cereals (buckwheat, pea, wheat, barley, maize, and millet) with the Group's own equipment. The cereals are packed in the consumer packages under the official trade marks (namely «OLIMP», «Gostovskaya», «Kashka Vkusniashka», «Vershina Yakosti») which is used for own products and other goods. The principal activity of the Cereal Planet PLC is the holding of investments.

Group of Companies first ventured into grits industry in 1998 and achieved nowadays around 10% of Ukrainian market.

The Group of companies has a trade chain in Kharkov and in the region, key clients-distributors in large regional and district cities of Ukraine, the sales channels of which are used for sales of Group owned and other trademarks.

The Group's technological equipment enables grain to be used in baking, confectionary, and medical fields (flax, rape, coriander, sunflower), and to be used in the preparation of fodder for various animals based on millet, rape and oats.

The Group has been exporting cereals to more than 25 countries including CIS countries, Europe and Asia for over 15 years. The prevalent export items are cereals and grain manufactured by the Group, as well as grain purchased from agricultural companies in bulk, which are exported using the railway and sea transport. The experience and long-term presence in this market made it possible to create and permanently expand the circle of partners in various countries of the world, the number of which nowadays exceeds 50 companies.

The Group consists of five companies:

- Cereal Planet PLC – Cyprus based holding Company
- Cereal Ukraine LLC – Ukrainian based holding Company
- Selkhozskrom LLC – Ukrainian based factory of cereal processing
- ACP Ranok – Ukrainian based trading company
- Olimp LLC – Ukrainian based trading and distribution company



1.2 BOARD OF DIRECTORS

Anatoli Vlasenko - Chairman of the Board of Directors
Ask Investment Limited – Member of the Board of Directors (nominee)
Ask Management Limited – Member of the Board of Directors (nominee)
Cereal Planet PLC does not have Supervisory Board.

2 CONDENSED STANDALONE FINANCIAL STATEMENT FOR THE 1 Q 2014

Tables below provide condensed interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for a 1 Q 2014 (period ended 31 March 2014).

2.1 CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Statement of comprehensive income for the period from 31.01.2014 to 31.03.2014

	01/01/2014 -31/03/2014 €000	01/01/2013 -31/03/2013 €000
Continuing operations		
Sales revenue	8	0
Cost of sales		
Profit from investment activities		
Income from change in fair value of agricultural products		
Gross profit	8	0
Selling and distribution costs		
Administrative expenses	(7)	(108)
Income from government grants		
Other operating income/(expenses), net		
Operating profit	1	(108)
Financial income/(expenses), net		
Exchange rate differences, net		
Profit before tax from continuing operations	1	(108)
Income tax expense		
Profit for the year from continuing operations	1	(108)
Profit for the year attributable to		
Equity holders of the parent	1	(108)
Non-controlling interest		



Statement of comprehensive financial position for the period from 01.01.2014 to 31.03.2014

	31.03.2014	31.03.2013
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment		
Goodwill		
Investments in subsidiaries	2 449	2 449
Total non-current assets	2 449	2 449
Current assets		
Current biological assets		
Inventories		
Trade and other receivables		
Prepayments and other current assets, net		
Deposit		
Cash and cash equivalent	1	6
Total current assets	1	6
Total assets	2 450	2 455
Equity and liabilities		
Share capital	53	53
Other reserves	112	111
Retained earnings (accumulated losses)	2 276	2 282
Exchange rate effect	0	0
Equity attributable to equity holders of the parent	2 442	2 446
Non-controlling interests	0	0
Total equity	2 442	2 446
Non-current liabilities		
Other non-current liabilities	0	0
Deferred tax liability	0	0
Total non-current liabilities	0	0
Current liabilities		
Trade and other payables	8	8
Interest-bearing loans and borrowings	0	0
Provisions	0	0
Total current liabilities	8	8
Total liabilities	8	8



Total equity and liabilities	2 450	2 455
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2.2 CONDENSED STANDALONE STATEMENT OF CASHFLOW

Statement of cash flows for the period began 01 January ended 31 March 2014

	31.03.2014	31.03.2013
	€000	€000
Operating activities		
Profit before tax from continuing operations	1	(108)
Profit before tax		
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and impairment of property, plant and equipment		
Government grants receivable		
Accrued interest receivable		
Accrued interest payable		
Income (expenses) from change in fair value of biological assets		
Income from change in fair value of agricultural products		
Losses from inventories impairment		
Loss from mortality of biological assets of plant and cattle breeding		
Movements in doubtful reserves		
Movements in tax invoices reserve		
Movements in provisions		
Working capital adjustments:		
(Increase)/decrease trade and other receivables		
(Increase)/decrease prepayments and other current assets		
(Increase)/decrease deposit		
(Increase)/decrease in inventories		
(Increase)/decrease in biological assets		
(Increase)/decrease other non-current assets		
Increase/(decrease) in provisions		
Increase/(decrease) in trade and other payables		
	1	(108)
Interest received		
Income tax paid		
Net cash flows from operating activities	1	(108)
Investing activities		
Purchase of property, plant and equipment		
Receipt of government grants		
Net cash flows used in investing activities	-	-



Financing activities

Proceeds from borrowings

Repayment of borrowings

Proceeds from issue of share capital

Net cash flows from/(used in) financing activities

Net increase in cash and cash equivalents

Net foreign exchange difference

At beginning of the year/period

At end of the year/period

	1	(108)
	0	1
	1	6

2.3 CONDENSED STANDALONE STATEMENT FOR CHANGES IN EQUITY

Statement of changes in equity for the period began 01 January ended 31 December 2013

	Share capital	Retained earnings attributable to equity holders of the parent	Exchange rate effect	Additional paid-in capital	Total
Balance at 31 December 2012	52	2 389	0	0	2 441
Profit for the year	-	-113	-	-	-113
Other comprehensive income for the year, net of tax	-	-	-	-	-
Increase of share capital	1	-	-	112	114
Balance at 31 December 2013 /1 January 2014	53	2 275		112	2 441
Profit for the year	-	1	-	-	1
Other comprehensive income for the year, net of tax	-	-	-	-	-
Increase of share capital	-	-	-	-	-
Balance at 31 March 2014	53	2 276	0	112	2 442

3 CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE 1 Q 2014

Tables below provide condensed interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for the 1 Q 2014 (period ended 31 March 2014). The condensed interim financial statements presents comparative data for 31.03.2013.

3.1 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION



Condensed statement of profit or loss and other comprehensive income for the period from 01/01 to 31/03 of 2014 year (with comparative data).

items	01/01/2014 31/03/2014 '000 EUR	01/01/2013 31/03/2013 '000 EUR
Continuing operations		
Sales revenue	5 109	4 957
Cost of sales	4 233	-4 096
Gross profit	876	860
Administrative expenses	-119	(94)
Selling expenses	-398	-380
Other expenses	-33	(557)
Other income	-236	563
Financial expenses	-130	(128)
Profit before tax	-40	265
Income tax expense	-63	0
Net profit for the period	-103	265

Condensed statement of financial position as at 31 March 2014 (with comparative data).

	31.03.2014 '000 EUR	31.03.2013 '000 EUR
Assets		
Non-current assets		
Property, plant and equipment	2 432	2 049
Total non-current assets	2 432	2 049
Current assets		
Inventories	1 832	4 100
Trade and other receivables	3 933	2 207
Cash and cash equivalent	18	63
Total current assets	5 783	6 369
Total assets	8 215	8 418
Equity and liabilities		
Share capital	53	54
Additional paid-in capital	111	111
Exchange differences	-924	20
Retained earnings	3 188	2 609
Equity attributable to equity holders of the parent	2 428	2 794
Non-current liabilities		



Deferred tax liability	43	-158
Total non-current liabilities	43	-158
Current liabilities		
Loans and borrowings current	2 396	3 123
Trade and other payables	3 348	2 659
Total current liabilities	5 744	5 782
Total liabilities	5 787	5 625
Total equity and liabilities	8 215	8 419

3.2 CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

Condensed statement of cash flows for the period from 01/01/2014 to 31/03/2014 with comparative data for the 2013 year end.

	01/01/2014 31/03/2014 '000 EUR	01/01/2013 31/12/2013 '000 EUR
Cash flows from operating activities		
Profit before tax	-40	1213
Adjustments for:		
Depreciation of property, plant and equipment	132	527
Exchange difference arising on the translation of assets on foreign currencies	-841	0
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition		
Impairment charge of property, plant and equipment		
Interest income		
Interest expense	130	559
Cash flows from operations before working capital changes	-619	2 299
Increase in inventories and work in progress	780	156
Increase in trade and other receivables	-990	1 630
(Decrease)/increase in trade and other payables	1 008	-1 387
Cash flows from operations	179	2 698
Tax refunded	0	0
Net cash flows from operating activities	179	2 698
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	0	-1492
Acquisition of subsidiaries, net cash outflow on acquisition	0	0
Loans granted	353	1860
Interest received	0	0
Net cash flows used in investing activities	353	368



Cash flows from financing activities

Proceeds from issue of share capital		
Repayments of borrowings	-380	-2476
Interest paid	-130	-559
Suspense account (pending correction of Depreciation, Minority interest and share capital)		
Net cash flows (used in)/from financing activities	-510	-3035
Net decrease in cash and cash equivalents	22	31
Cash and cash equivalents:		
At beginning of the year/period	40	71
At end of the year/period	18	40

3.3 CONDENSED CONSOLIDATED STATEMENT FOR CHANGES IN EQUITY

Condensed statement for changes in equity for the period from 01/01 to 31/03 of 2014 year.

Attributable to equity holders of the Company

	Share capital €000	Share premium €000	Translation reserve €000	Retained earnings €000	Non-controlling interests €000	Total €000
Balance at 31 December 2012 /1 January 2013	52	-	96	2 293	-	2 441
Net profit the period	-	-	-	1 002	-	1 002
Issue of share capital	1	111	-	-	-	112
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	65	-	-	65
Balance at 31 December 2013/1 January 2014	53	111	161	3 295	-	3 620
Net profit the period	-	-	-	-103	-	-103
Issue of share capital	-	-	-	-	-	-
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	-1 085	-4	-	-1 089
Balance at 31 March 2014	53	111	-924	3 188	-	2 428

4 APPLIED ACCOUNTANCY PRINCIPLES

These interim financial statements have been prepared based on IAS 34 Interim Financial Reporting. These interim financial statements include substantial information required for a complete set of IFRS financial statements. The Board of Director's commentary included, explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

There were no changes in accounting policy of the Group during period 01/01/14-31/03/14.



Judgments and estimates

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

Significant accounting policies

Except as described herewith, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2013.

Consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared by the consolidation of the historical financial statements of each of the Group's companies, on the basis of the accounting records of these companies.

Subsidiaries are all Group's entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Summary of significant accounting policies

The main principles of accounting policy, which have been adopted in the preparation of this audit consolidated financial information, are described below.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenues from services are recognized when such services are rendered and revenue can be reliably measured

Taxes

Current income tax



Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized in other comprehensive income is recognized in other comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognized net of the amount of value-added tax ("VAT") except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.



The net amount of VAT recoverable from, or payable to, the taxation authority is disclosed on the face of the consolidated statement of financial position.

Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and/or accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalized directly attributable borrowing costs in accordance with early adopted International Financial Reporting Standard IAS 23 Borrowing Costs (Revised), any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Group of fixed assets	years
Buildings	50
Plant and equipment	20
Motor vehicles	10
Other	10

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Financial instruments:

Financial assets

Initial recognition

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.



All financial assets are recognized initially at fair value plus, in the case of investment not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention on the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents as well as loan, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the combined statement cash flows, cash and cash equivalents consist of cash as defined above.

Loans, trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are carried at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains and losses are recognized as income or expenses when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(4) Impairment

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of



financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is directly reduced for credit losses and the amount of the loss is recognized as other operating expenses in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting profit and loss. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Trade and other payables

After initial recognition, trade and other payables with fixed maturity are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Interest-bearing loans and borrowings



After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in net profit or loss when the liabilities are derecognized as well as through the amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the combined statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Issued capital

Share capital is recognized at the fair value of consideration received. Any excess over the nominal value of shares is taken to the share premium reserve. Cost incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change in equity are taken to profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Inventories



Originally inventories are stated at the lower of cost and net realizable value after making an allowance for any obsolete or slow-moving items. The cost of inventories includes the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. At disposal cost of raw materials, spare parts and goods is determined based on the FIFO method, whereas cost of finished goods is determined based on the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less any estimated costs necessary to make the sale.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit and loss in those expense categories consistent with the function of the impaired asset, except for property, plant and equipment previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Group does not have the assets, for which annual impairment testing is required.

Foreign currency transactions and translation to presentation currency

(1) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.



(2) Translation to presentation currency

At each reporting date, the assets and liabilities of each company are translated into the Group's presentation currency at the rate of exchange prevailing at the reporting date. The revenues and expenses for the year or, if shorter, the period of combined of subsidiary in the Group are translated at the exchange rate prevailing at the date of transaction or average exchange rate for the period if it approximates the rate as of the date of transaction. The exchange differences arising on the translation are recognized in other comprehensive income.

Contingent assets and liabilities

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Subsequent events

Events, which took place after the reporting date and prior to the date of approval of financial reports to be issued which provide additional information regarding the financial statements of the Group, are reflected in financial statements.



5 THE BOARD OF DIRECTORS' COMMENT ON THE FACTORS AND EVENTS THAT AFFECT THE ACHIEVED FINANCIAL RESULTS.

5.1 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

In the first quarter of 2014 EUR/UAH lost 36,5%, therefore the Group presents the results in EUR. Results in UAH were relatively strong, but in EUR the picture is different.

Sales revenue for 1 Q 2014 reached the amount of EUR 5 109 thousand. This result constitutes 22% of the revenue in the whole 2013 and it was 3% more than in 1 Q 2013. Gross profit was EUR 876 thousand, what constitutes 21% of the gross profit in the whole 2013 and it was 2% more than in 1 Q 2013.

Finally the 1 Q 2014 ended with the loss of EUR 103 thousand in comparison to the profit of EUR 265 thousand in 1 Q 2013. The main reason was due to the various cost related to the sales and logistics.

The decline in the condensed statement of financial position for 1 Q 2014 is generally due to the decline in EUR/UAH exchange rate. The value of the non-current assets declined in comparison to 2013 year end in EUR by 45% while in UAH only 6%.

There was an increase in trade and other receivables up to EUR 3933 thousand.

Total assets declined in EUR terms, in comparison to 2013 year end by 11 while in UAH terms it increased for the same period for 19%.

Equity and liabilities decreased due to exchange difference by EUR 924 thousand

5.2 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

Net cashflow from operating activities was positive and reached EUR 179 thousand. This confirms sustained profitability of the business. The cashflow at the end of the period ended up with EUR 18 thousand

The Group net cashflow used in the investing activities was EUR 353 thousand. The biggest item was related to the increase in trade and other payables EUR 1009 and decrease in trade and other payables EUR -990 thousand.

5.3 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT FOR CHANGE IN EQUITY

Equity balance for the 1 Q 2014 constitutes EUR 2 428 thousand.

The biggest impact is the influence of exchange differences for UER – 1085 thousand. This will be vulnerable for the exchange differences and the profit through whole 2014 year.

6 REPORT ON THE COMPANY'S ACTIVITIES IN 1 Q 2014

6.1 COMPANY'S ACTIVITY



Despite the unfavorable political situation Cereal Planet successfully delivered sales in Q1 2014. The report presents the quantities and financial data in EUR and in the national currency UAH, which confirm the activity of the Company. Providing there would not be a sharp drop in the USD / UAH the financial performance would be even better. The political turmoil has not affected in the 1st quarter of the Company's activities.

Cereal Planet has begun 2014 with signing agreement for the supply of the first test batch of barley flour to South Asian region. This product was processed with special treatment valuable nutritional properties near full grain. Barley flour used in the preparation of fodder for cattle and pigs.

In early January 2014, the company "Olympus", which belongs to Cereal Planet Group, received a certificate for a system of food safety management HACCP (Hazard Analysis and Critical Control Points).

HACCP system, is recognized worldwide as the most effective method of ensuring food safety, and today the introduction and application of this technique in the food industry in the EU, the U.S., Canada is mandatory.

According to the rankings provided by the expert media company "ProAgro" for the period July-January 2013-2014 marketing year, a group of companies Cereal Planet ranked ninth among exporters of peas. And for the period July-March 2013-2014 marketing year, the company "Olympus", the group of companies Cereal Planet, won the third largest producer of cereals.

Cereal Planet introduced a new product line in the exports - chickpeas . It is popular in the Middle East and Central Asia pea , the basis for the popular traditional oriental appetizers - hummus and falafel . Also it is used in soups , main dishes , side dishes . Bean chickpea chickpeas flour obtained from which prepare cakes , nutritious cereals for children and added to wheat in bread and pastry making and pasta. Crushed roasted beans mixed with raisins , sesame seeds or walnuts briquettes used for cooking and other sweets .

The Company concluded number of contracts for the supply of chickpea in India, Israel and the United Arab Emirates totaling over 1,000 tons. In late March 2014, there was a shipping of the first batch of products to Israel.

In late March Cereal Planet completed the distribution network throughout Ukraine. At this time, the Company has partners in all regional centers throughout Ukraine.

For this, there were picked up strong local distributors with advanced logistics and warehousing network throughout Poltava and Sumy region. Consequently , the Company decided to close its own branch network. The first branch to close was Poltava, and then in Sumy. This transition has given the Company an opportunity to release a part placed in the branch network of financial resources for the purpose of investing in additional commodity balances that currently lead to increased stability of production and increase margins. Change in the situation in Crimea had a little impact on the total turnover of the company . Crimean distributor sales accounted for less than 1% of the sales volume of the company. Also remain unchanged and the delivery of goods by sea , since all shipments through the port of Odessa .

6.2 LOANS AND EXCHANGE RATES

At the end of March 2014 the total loans from banks consist of:

- UAH 27 322 300,
- USD 1 117 746



- RUB 50 750.

The aggregate amount of loans for 31.03.2014 constituted EUR 2 698 854.68 , at the exchange rate of EUR/UAH 15,0724

The loans will be matured from July 2014 up to May 2015. The Board of Management considers that it would have possibility to extend maturities of the loans. Interest is paid in due course.

Exchange rate for the period from 01.01.2014 to 31.03.2014 was very volatile: for the USD/UAH from 7,9930 to 10,9546 and for EUR/UAH from 11,0415 to 15,0724. At the 31.03.2014 exchange rates USD/UAH and EUR/UAH were at the highest level and reached 10,9546 and 15,0724 accordingly.

Table 1: Exchange rates

DATE	USD/UAH	EUR/UAH
31.03.2013	7.9930	10.2350
01.01.2014	7.9930	11.0415
Δ %	0.00%	7.88%
31.03.2014	10.9546	15.0724
Δ %	37.05%	36.51%

Source: the Issuer

6.3 PRODUCTION ACTIVITY

Production in 1 Q 2014 and the breakdown is presented below.

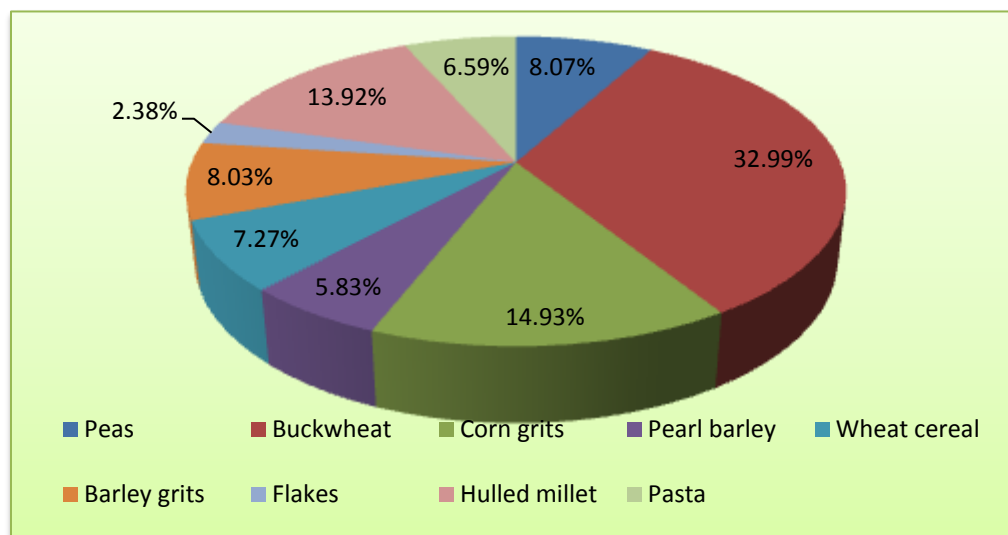
Table 2: Total production

Production, tonnes	2014 1Q	2013 1Q
Peas	485.58	937.5
Buckwheat	1984.75	1972.34
Corn grits	898.27	0
Pearl barley	350.76	203.94
Wheat cereal	437.6	0
Barley grits	483.16	0
Flakes	143.13	271.95
Hulled millet	837.38	898.75
Millet	0	79.13
Pasta	396.47	261.15
Total	6017.09	4624.74

Source: the Issuer



Chart 1: Production



Source: the Issuer

Production for the 1 Q 2014 increased by 30% in comparison to the 1 Q 2013, mainly due to increase corn grits, wheat cereal and barley grits

6.4 SUPPLY OF RAW MATERIAL, DISTRIBUTION AND TRADE ACTIVITY

Supply of grain and processing into cereal is held in Kharkiv region and is executed smoothly. The Company imported some grain from Russia, mainly millet and buckwheat. In 1 Q 2014 imported millet and buckwheat was sufficient to ensure stable operation of the Company for the period until the next harvest in 2014. There is no other products imported from Russia. Imports from Russia were justified by a lower cost than similar grain in Ukraine. In the current situation, the Company diversifies its supply of raw materials from other countries in order to reduce the possible impact of Russian suppliers for the Company.

Sales of finished goods were held throughout Ukraine, but mostly in Kharkiv and the neighboring areas. Sales in the Crimea were suspended. Sales in the Donetsk and Lugansk region in 1 Q 2014 were carried without interruption.

Based on the current situation in the second quarter of 2014 the Company may have difficulties in delivery of goods to Kramatorsk, Mariupol and Sloviansk.

6.5 EXPORT AND IMPORT

Table 3: Export and import

items	1 Q 2014		1 Q 2013	
	UAH	EUR	UAH	EUR
Cereal import	9 159 526	607 702	13 519 865	1 320 944
Cereal export	4 559 698	302 520	5 987 657	585 018



Source: the Issuer

The Company imports mainly raw material , in the 1 Q 2014 it was in principal millet and buckwheat. The export consist of processed cereal

Grain supply was continuing in the due course. There were no problems with the supply of the various grains to the Cereal Planet factory.

7 THE MANAGEMENT BOARD'S STANDPOINT AS TO THE FORECASTS

The Board of Directors did not announce any projections.

8 EXECUTION OF THE INVESTMENT PIPELINE

In the 1 Q 2014 the Company focused on the increase of productivity of the existing lines. Under the present circumstances investment are executed very cautiously.

9 INITIATIVES TO DEVELOP ITS ACTIVITIES AIMED TO IMPLEMENT INNOVATIVE SOLUTIONS AT THE ENTERPRISE DURING THE PERIOD OF THE REPORT –INFORMATION ON SUCH ACTIVITIES

Cereal Planet Group has not undertook any initiatives related to the innovation solutions in the period covered by this Report.

10 COMPANY STRUCTURE, SUBJECT TO CONSOLIDATION

Table 4: CEREAL PLANET GROUP CONSISTS OF 5 COMPANIES

Name	Address	Profile
Cereal Planet PLC	Boumpoulinas, 11 3rd Floor, 1060 NICOSIA, CYPRUS	Holding company In Cyprus
Cereal Ukraine LLC	61124 Kharkov, Kashtanowa 10 str	Holding company In Ukraine
SielhozkormLLC	62543, Kharkov region Jurchenkowe	Food processing factory
ACPRanok	Kharkov Mechanizatorow 2 str	Trading company
Olimp LLC	61124 Kharkov, Kashtanowa 10 str	Trading and distribution company

Source: the Issuer

11 SHAREHOLDERS STRUCTURE

The Shareholding structure of the Company, indicating shareholders at the date of report (as of 15/05/2014).



Table 5: SHAREHOLDERS STRUCTURE

Shareholder	Number of shares	Number of votes at the general meeting	Percentage in share capital	Percentage in the total number of votes at the general meeting
Vlasenko Anatoli	347 999	347 999	19.55%	19.55%
Dubruskin Igor	348 000	348 000	19.55%	19.55%
Steshenko Walentyna	348 000	348 000	19.55%	19.55%
Vlasenko Oleksander	347 999	347 999	19.55%	19.55%
Slavgorodskyi Oleksander	348 000	348 000	19.55%	19.55%
Other shareholders	40 002	40 002	2.25%	2.25%
Total	1 780 000	1 780 000	100%	100%

Source: the Issuer

12 NUMBER OF EMPLOYEES AT THE END OF 1 Q 2014

Table 6: NUMBER OF EMPLOYEES

Number of employees	1 Q 2014
Production	169
Non production employees	215
Total	384

Source: the Issuer

Antoliy Vlasenko,

Chairman of the Board of Directors

