



Annual report for the year
2013

30th June 2014

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1 THE LETTER OF THE PRESIDENT OF THE BOARD OF DIRECTORS

Dear shareholders,

I am pleased to present you the Annual Report of Cereal Planet PLC in 2013. We are already more than a year a public company and our shares are listed on the Warsaw Stock Exchange.

Year 2013 was the year of modernization of our industrial complex for the whole our Group. During this time our Group has strengthened its position in the processing of grain and cereals. We have expanded production and sales of our products, established new commercial relations. In 2013, our Group had launched the production line of maize grain with low-fat, which is very popular in the European and Middle East markets.

It has also been upgraded lines for processing millet line start producing feed for animals. A significant event was listing our shares on the alternative market of the Warsaw Stock Exchange New Connect. In 2013, the overall economic situation in Ukraine was subjected to dramatic changes. There is still some tension, which prevents the development of business in some regions of Ukraine. But thanks to our operations, we have not been subject to significant restrictions on business. Our products are in constant demand and we are working to improve their quality.

We also see great opportunities and prospects for enhanced cooperation between the EU countries and Ukraine. As noted earlier, the production of the Group largely oriented towards international markets. In this direction, we see a broadening base of counterparties and risk reduction.

In 2013 our group of companies produced 24.8 thousand tones of cereals. In 2014 we plan to continue the modernization of production and increase sales to increase the company's value.

We thank our investors for the trust. Together we ensure development.

I really believe that with our team we could reach any goal we set.

On behalf of the Board of Directors of Cereal Planet PLC

Anatoli Vlasenko

Chairman of the Board of Directors of Cereal Planet PLC

2 SELECTED FINANCIAL INFORMATION CONTAINING BASIC ITEMS OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

TABLE 1 - SELECTED FINANCIAL DATA FROM THE PROFIT AND LOSS ACCOUNT

| Selected Financial Results in '000 EUR | 2013 | 2012 |
|---|--------|--------|
| Revenues from the sale | 20 270 | 29 506 |
| Profit / loss on sale | 2 626 | 4 518 |
| Profit / loss from operating activities | 634 | 1 113 |
| Profit / loss Gross | 506 | 632 |
| Profit / loss net | 369 | 312 |
| Depreciation | 117 | 88 |
| EBITDA | 1163 | 1 201 |



| | |
|-----------------------------|------|
| Profit for the share in EUR | 0,21 |
|-----------------------------|------|

Source: Issuer

TABLE 2 - SELECTED FINANCIAL DATA FROM BALANCE SHEET

| Selected financial data from balance sheet, EUR'000 | 2013 | 2012 |
|---|-------|-------|
| Tangible fixed assets | 2 861 | 1 866 |
| Long-term receivables | - | - |
| Current assets | 6 621 | 7 412 |
| Short-term receivables | 2 615 | 3 344 |
| Cash and cash equivalents | 34 | 71 |
| Equity | 2 925 | 2 441 |
| Long-term liabilities | 48 | 63 |
| Short-term liabilities | 6 540 | 6 775 |

Source: Issuer

3 ANNUAL FINANCIAL STATEMENTS FOR 2013 AUDITED BY AN ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS IN ACCORDANCE WITH APPLICABLE REGULATIONS AND PROFESSIONAL STANDARDS.

Tables below provide unaudited standalone financial statements of Cereal Planet PLC and audited consolidated financial statements of Cereal Planet PLC group, in accordance with International Financial Reporting Standards for 2013 (period ended 31 December 2013). According to the Cyprus Corporate Law, for the public companies consolidated financial statements must be audited but standalone financial statements may not be unaudited.

3.1 STANDALONE FINANCIAL STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Income statement for the period began 01 January ended 31December 2013

| | 31December 2013 | 31 December2012 |
|---|-----------------|-----------------|
| | €000 | €000 |
| Continuing operations | | |
| Sales revenue | 8 | |
| Cost of sales | | |
| Profit from investment activities | | |
| Income from change in fair value of agricultural products | | |
| Gross profit | 8 | |
| Selling and distribution costs | | |
| Administrative expenses | (147) | (52) |
| Income from government grants | | |
| Other operating income/(expenses), net | | |
| Operating profit | (138) | (52) |



| | | |
|---|--------------|-------------|
| Financial income/(expenses), net | (1) | |
| Exchange rate differences, net | | |
| Profit before tax from continuing operations | (139) | (52) |
| Incometaxexpense | - | - |
| Profit for the year from continuing operations | (139) | (52) |
| Profit for the year attributable to | | |
| Equity holders of the parent | (139) | (52) |
| Non-controlling interest | | |

Statement of financial position for the period began 01 January ended 31 December 2013

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| | €000 | €000 |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | | |
| Goodwill | 0 | |
| Investments in subsidiaries | 8 | 8 |
| Total non-current assets | 8 | 8 |
| Current assets | | |
| Current biological assets | | |
| Inventories | | |
| Trade and other receivables | | 1 |
| Prepayments and other current assets, net | | |
| Deposit | | |
| Cash and Cash equivalent | 1 | 1 |
| Total current assets | 0 | 2 |
| Total assets | 9 | 10 |
| Equity and liabilities | | |
| Share capital | 53 | 52 |
| Other reserves | 112 | |
| Retained earnings (accumulated losses) | (191) | (52) |
| Exchange rate effect | | |
| Equity attributable to equity holders of the parent | (27) | 0 |
| Non-controlling interests | 0 | 0 |
| Total equity | (27) | 0 |
| 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 | 36 | 10 |
| Interest-bearing loans and borrowings | | |
| Provisions | | |
| Total current liabilities | 9 | 10 |
| Total liabilities | 9 | 10 |
| Total equity and liabilities | 9 | 10 |

3.2 STANDALONE STATEMENT OF CASHFLOW

Statement of cash flows for the period began 01 January ended 31 December 2013

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| | €000 | €000 |
| Operating activities | | |
| Profit before tax from continuing operations | (139) | (52) |
| 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 | 1 | (1) |
| (Increase)/decrease prepayments and other current assets | 25 | 2 |
| (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 | | |
| Interest received | | |
| Income taxpaid | | |
| Net cash flows from operating activities | (113) | |



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

112 52

Net cash flows from/(used in) financing activities

112 -

Net increase in cash and cash equivalents

(1) 1

Net foreign exchange difference

Cash and cash equivalents at 1 January

1 -

Cash and cash equivalents at 31 December

0 1

3.3 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 | | 0 | 0 | 2 441 |
| Profit for the year | | | | - | |
| Other comprehensive income for the year, net of tax | | (139) | 0 | - | (139) |
| Increase of share capital | 1 | | | 111 | 112 |
| Balance at 31 December 2013 | 53 | (139) | - | 112 | (26) |

3.4 CONSOLIDATED FINANCIAL STATEMENT FOR 2013

Tables below provide audited consolidated financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for 2013 (period ended 31 December 2013).

3.5 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

| | 01/01/2013 31/12/2013 €000 | 01/01/2012 31/12/2012 €000 |
|------------------------------|----------------------------------|----------------------------------|
| Continuing operations | | |
| Sales revenue | 20 270 | 29 506 |
| Cost of sales | (17 644) | (24 988) |
| Gross profit | 2 626 | 4 518 |
| Administrative expenses | (782) | (576) |
| Selling expenses | (1 228) | (2 808) |



| | | |
|--------------------------|------------|------------|
| Other expenses | (2 049) | (111) |
| Other income | 2 616 | 90 |
| Financial expenses | (549) | (481) |
| Profit before tax | 634 | 632 |

| | | |
|----------------------------------|------------|------------|
| Income tax expense | (128) | (262) |
| Net profit for the period | 506 | 370 |

Other comprehensive expense for the year

| | | |
|---------------------------------|-------|------|
| Currency translation difference | (137) | (58) |
|---------------------------------|-------|------|

Profit for the year attributable to

| | | |
|---|------------|------------|
| Total comprehensive income for the year | 369 | 312 |
|---|------------|------------|

Condensed statement of financial position as at 31 December 2012 and 31 December 2013 (with comparative data)

| | 31 December, 2013 | 31 December, 2012 |
|-------------------------------------|-------------------|-------------------|
| Assets | €000 | €000 |
| Non-current assets | | |
| Property, plant and equipment | 261 | 1 866 |
| Intangible assets | 44 | |
| Deferred tax asset | 21 | |
| Total non-current assets | 2 962 | 1 866 |
| Current assets | | |
| Inventories | 3 153 | 2 768 |
| Trade and other receivables | 2615 | 3 344 |
| Prepayment and other current assets | 818 | 1 229 |
| Cash and cash equivalent | 34 | 71 |
| Total current assets | 6 621 | 7 412 |
| Total assets | 9 547 | 9 278 |
| Equity and liabilities | | |
| Share capital | 53 | 52 |
| Additional paid-in capital | 111 | |
| Exchange differences | -41 | 96 |
| Retained earnings | 2 801 | 2 293 |



| | | |
|--|--------------|--------------|
| Equity attributable to equity holders of the parent | 2 924 | 2 441 |
| Non-current liabilities | | |
| Deferred tax liability | 48 | 62 |
| Total non-current liabilities | 48 | 62 |
| Current liabilities | | |
| Loans and borrowings current | 3 051 | 3 048 |
| Trade and other payables | 2 820 | 3 128 |
| Advances received and other liabilities | 668 | 599 |
| Total current liabilities | 6 540 | 6 775 |
| Total liabilities | 6 588 | 6 837 |
| Total equity and liabilities | 9 547 | 9 278 |

3.6 CONSOLIDATED STATEMENT FOR CHANGES IN EQUITY

Condensed statement for changes in equity for the period from 01/01 to 31/12 of 2013 year

Attributable to equity holders of the Company

| | Share capital | Share premium | Translation reserve | Retained earnings | Non-controlling interests | Total |
|---|---------------|---------------|---------------------|-------------------|---------------------------|--------------|
| | €000 | €000 | €000 | €000 | €000 | €000 |
| Balance at 31 December 2011 / 1 January 2012 | | - | 154 | 1 931 | - | 2 085 |
| Net profit the period | - | - | - | 362 | - | 362 |
| Exchange difference on the translation and consolidation of foreign companies' financial statements | - | - | (58) | - | - | -58 |
| Issue of share capital | 52 | | | | | 52 |
| Balance at 31 December 2012/1 January 2013 | 52 | - | 96 | 2 293 | - | 2 441 |
| Net profit the period | - | - | - | 508 | | 508 |
| Issue of share capital | 1 | 111 | - | - | - | 112 |
| Exchange difference on the translation and consolidation of foreign companies' financial statements | - | - | (137) | - | - | (137) |
| Balance at 31 December 2013 | 53 | 111 | (41) | 2 801 | - | 2 924 |

4 THE BOARD OF DIRECTORS' REPORT ON THE ISSUER'S ACTIVITIES IN THE PERIOD COVERED BY THE ANNUAL REPORT AND THE RULES OF PREPARING ANNUAL FINANCIAL STATEMENTS INCLUDING AT



LEAST INFORMATION SPECIFIED IN ACCOUNTING REGULATIONS APPLICABLE TO THE ISSUER.

4.1 GENERAL INFORMATION ABOUT THE COMPANY

Company details:

| | |
|----------------------|---|
| Company Name: | Cereal Planet PLC |
| Address: | Boumpoulinas, 11, 3rd Floor, 1060 Nicosia, Cyprus |
| Registration number: | HE 304677 |
| Telephone: | +38 (057) 775 81 33, +38 (057) 775 81 34 |
| Mail: | office@cereal.com.ua |
| www: | www.cereal.com.ua |

4.2 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», «KashkaVkusniashka», «VershinaYakosti») 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, subsidiaries in Poltava and Sumy, 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

4.3 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.

4.4 CHARACTERISTIC OF THE STRUCTURE OF ASSETS AND LIABILITIES OF THE CONSOLIDATED BALANCE SHEET, ALSO FROM THE PERSPECTIVE OF THE LIQUIDITY OF THE ISSUER'S GROUP

Sales revenue for 2013 were estimated at 20 270 thousand EUR which is 31% less than in 2012. The main reason was due to modernization works of the production lines. On the other hand the Group focused on more profitable contracts. This action pushed sales at lower level, but the profitability on sales increased. Gross profit in 2013 was 42% less than in 2012, but net profit EBIT was in 2013 more 1% than in 2012 and net profit in 2013 was 37% more than in 2012.

Return on sales (net profit/sales) reached 1,8% in 2013 in comparison to 1,3% in 2012. Other ratios: gross profit/sales was 12,9% in 2013 in comparison to 15,3% in 2012. Consequently the Group actions were efficient in increasing profitability on sales.

In balance sheet items, non-current assets increased in 2013 by 56% in comparison to 2012, mainly due to commission of the modernized production lines. Current assets decrease in 2013 by 11% in comparison to 2012. The total assets in 2013 slightly increased by 2,8% in comparison to 2012. Total equity increased in 2013 by 19,7% in comparison to 2012, mainly due to the retained earnings.

4.4.1 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT FOR CHANGE IN EQUITY

Change in the equity in 2013 was 483 thousand EUR, which is 19,7% more than in 2012. The change in equity was due to the retained earnings

4.5 MAJOR CIRCUMSTANCES OR EVENTS THAT SIGNIFICANTLY AFFECTS THE ACTIVITIES AND FINANCIAL RESULTS OF THE ISSUER'S GROUP DURING THE FINANCIAL YEAR, OR THAT MAY AFFECT THEM IN THE COMING YEARS.

4.5.1 PRODUCTION ACTIVITY

Cereal Planet Group continued modernization of the production facilities, namely modernization of the production line for the split peas. Production in 2013 and the breakdown is presented below.

TABLE 3 TOTAL PRODUCTION

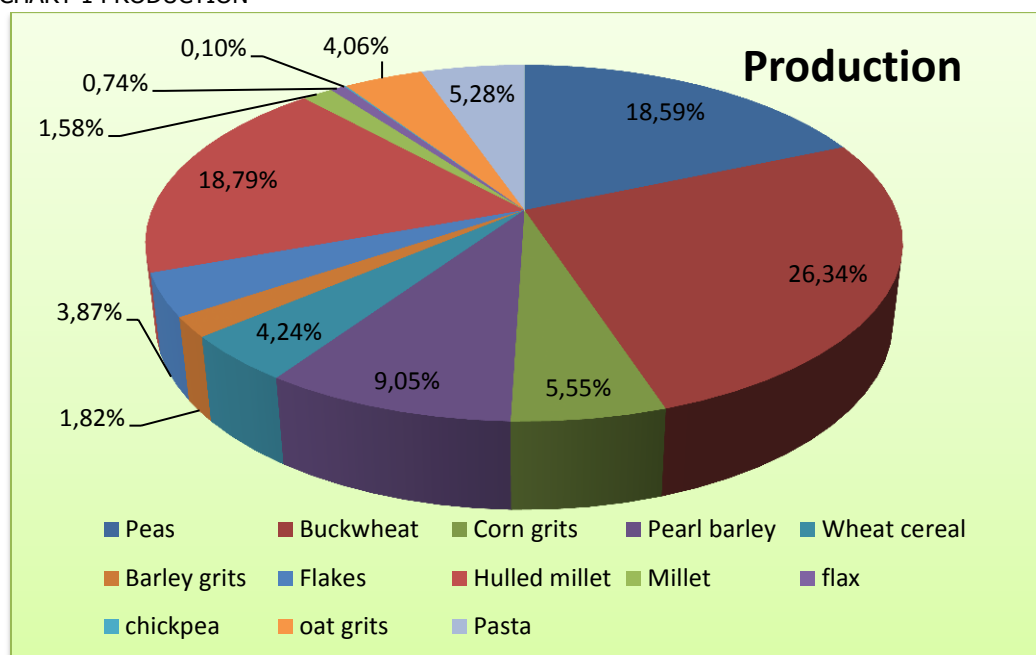
| Production, tonnes | 2013 | 2012 |
|--------------------|----------|-----------|
| Peas | 4 604,10 | 10 116,53 |
| Buckwheat | 6 523,96 | 6 785,77 |
| Corn grits | 1 373,87 | 363,63 |
| Pearl barley | 2 242,06 | 956,86 |
| Wheat cereal | 1 048,86 | 651,73 |
| Barley grits | 449,59 | 786,11 |
| Flakes | 957,90 | 127,49 |
| Hulled millet | 4 652,36 | 2 940,93 |



| | | |
|--------------|------------------|------------------|
| Millet | 391,04 | 4 522,98 |
| Flax | 183,88 | - |
| Chickpea | 24,40 | - |
| Oat grits | 1 006,53 | - |
| Pasta | 1 307,30 | - |
| Total | 24 765,85 | 27 252,03 |

Source: the Issuer

CHART 1 PRODUCTION



Source: the Issuer

Production for the accrued 2013 decreased by 17% in comparison to the accrued 2012. However the Group increased diversity of the products.

4.5.2 DISTRIBUTION AND TRADE ACTIVITY

Throughout the 2013, the Group has expanded its activity through the country and internationally.

The local market plays major role in sales however the Group put efforts to increase internal market share as well. Locally the Group diversifies sales among different groups of customers; supermarket network, wholesale distributors and retail distributors. The Company focuses on working with network clients.

| | January | February | March | April | May | June | July | August | September | October | November | December |
|-------------------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|
| National networks | 3625 | 5003 | 4021 | 2659 | 2271 | 3041 | 3337 | 2126 | 3754 | 4492 | 4052 | 2972 |
| Local networks | 665 | 692 | 721 | 555 | 476 | 514 | 510 | 583 | 630 | 756 | 614 | 952 |



| | | | | | | | | | | | | |
|----------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Kharkov distributors | 1952 | 1826 | 2038 | 1433 | 1002 | 1217 | 1364 | 1363 | 1395 | 1542 | 1435 | 1635 |
| Export | 2242 | 468 | 2372 | 2478 | 2524 | 3094 | 2219 | 3343 | 3822 | 4625 | 3423 | 2027 |
| Ukraine distributors | 1716 | 1767 | 2053 | 2442 | 1658 | 3090 | 2545 | 3933 | 3608 | 3725 | 3045 | 3460 |

On international market the Group maintained relationship with broad variety of customers. The most popular products are: peas, buckwheat and hulled millet.

Table 4 Export and import in EUR

| | 2012 | 2013 |
|---------------|-----------|-----------|
| export | 5 299 095 | 2 288 961 |
| import | 2 439 175 | 1 416 791 |

Source: the Issuer

4.5.3 PRODUCTION AND SUPPLY OF RAW MATERIAL

One of the most important achievement was upgrading of the millet production line as of Feb 2013. Presently millet line can produce 99% purity product. Millet 99% pure is a standard in developed markets. In 2013 the Group introduced new products like: new variety of flakes, , low fat grain, pasta for soups, red lentils, couscous, bulgur and grain feed mixes for cattle and poultry under TM „Liuba Ferma,, The feed mix is 100% natural and will be produced by grinding, mixture and further blend of agricultural crops, mill offal and grain screenings granulation with protein meal and chalk adding.- cereal granulated animal feed mix;
Grain supply was continuing in the due course. There were no problems with the supply of the various grains to the Cereal Planet factory.

4.5.4 HACCP CERTIFICATE

In December 2013 „Olymp" LLC member of the Cereal Planet Group went through verification for, HACCP (Hazard Analysis and Critical Control Points) certificate. HACCP system, is one of the crucial certificate to have for the food producers, it monitor safety of the food production. On January 13. 2014 „Olymp" LLC completed tests and received HACCP certificate.

4.5.5 THE MANAGEMENT BOARD'S CONFIRMATION OF THE FORECASTS EXECUTION

The Board of Directors announced the projections for the revenues and net profit for 2013.

TABLE 5 FORECAST AND EXECUTION

| '000 EUR | Forecast 2013 | Execution 2013 | Implementation |
|------------|---------------|----------------|----------------|
| Revenue | 27700 | 22 873 | 83% |
| Net profit | 990 | 607 | 61% |

Source: the Issuer

The decrease in projected revenues resulted modernization of the plant. During this period also focused on more profitable contracts.

4.6 DESCRIPTION OF THE DEVELOPMENT POLICY OF THE ISSUER'S GROUP.



In 2014 the Group would focus on the following aspects:

- increase depth of processing: implementing new projects where current product would be a raw material, increase of productivity of new products like bulgur,
- margin increase and sustainability of production,
- diversification of sales in terms of area coverage, East regions become not reliable customers, increase of sales in other regions of Ukraine,
- increase trade relations with EU partners, increase of export

4.7 COMPANY STRUCTURE, SUBJECT TO CONSOLIDATION

TABLE 6 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 10str | Holding company In Ukraine |
| SielhozkormLLC | 62543, Kharkov regionJurchenkowe | Food processing factory |
| ACPRanok | Kharkov Mechanizatorow 2str | Trading company |
| Olimp LLC | 61124 Kharkov, Kashtanowa 10 str | Trading and distribution company |

4.8 SHAREHOLDERS STRUCTURE

The Shareholding structure of the Company, indicating shareholders at the date of report (as of 14/02/2014).

TABLE 7 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 |
|--------------------------------|------------------|--|-----------------------------|--|
| <i>VlasenkoAnatoli</i> | 347 999 | 347 999 | 19.55% | 19.55% |
| <i>Dubruskin Igor</i> | 348 000 | 348 000 | 19.55% | 19.55% |
| <i>SteshenkoWalentyna</i> | 348 000 | 348 000 | 19.55% | 19.55% |
| <i>VlasenkoOleksander</i> | 347 999 | 347 999 | 19.55% | 19.55% |
| <i>SlavgorodskyiOleksander</i> | 348 000 | 348 000 | 19.55% | 19.55% |
| <i>Other shareholders</i> | 40 002 | 40 002 | 2.25% | 2.25% |
| Total | 1 780 000 | 1 780 000 | 100% | 100% |

Source: Issuer

4.9 DESCRIPTION OF MATERIAL OFF-BALANCE SHEET ITEMS IN TERMS OF THE ENTITY, SUBJECT AND VALUE

Not applicable



4.10 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 01/01/13-31/12/13.

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 2012.

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 APPLICATION OF THE CORPORATE GOVERNANCE

Application of the Corporate governance is enclosed in the Enclosure no 1

6 THE STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Cereal Planet PLC ("Issuer") declares that, according to their best knowledge, the consolidated annual financial statement and comparative figures have been prepared in accordance with official regulations, applicable to the issuer, and the International financial standards.



Consolidated annual financial statement gives a true and fair view of Issuer's financial position and his financial performance including a description of the main threats and risks.

On behalf of the Board of Directors of Cereal Planet PLC

.....
Anatoli Vlasenko

Chairman of the Board of Directors of Cereal Planet PLC

The Board of Directors of Cereal Planet PLC ("Issuer") declares that the authorized entity to audit financial statements, Nexia Poyiadjis LTD Cyprus which audited annual financial statements, was chosen in accordance with the law regulations and that the entity and the auditors, who audited the financial statements fulfilled the requirements to give impartial and independent opinion about report in accordance with applicable national law and regulations.

.....
Anatoli Vlasenko

On behalf of the Board of Directors of Cereal Planet PLC

7 OPINION AND REPORT ON THE AUDIT OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS.

Opinion and report of the Auditor is enclosed in the Enclosure No2

