

Agroton Public Limited

Condensed consolidated interim financial information
for the three months ended 30 September 2010

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BOARD OF DIRECTORS AND OTHER OFFICERS

BOARD OF DIRECTORS:

Inter Jura Cy (Directors) Limited (appointed 21 September 2009)

Tamara Lapta (appointed 21 September 2009)

Iurii Zhuravlov (appointed 21 September 2009)

Alex Lissitsa (appointed 5 November 2009)

Borys Supikhanov (appointed 5 November 2009, resigned 2 February 2010)

COMPANY SECRETARY:

Inter Jura Cy (Services) Limited

1 Lampousas Street

CY-1095 Nicosia

Cyprus

REGISTERED OFFICE:

1 Lampousas Street

CY-1095 Nicosia

Cyprus

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010 AND 2009 AND 31 DECEMBER 2009

(in thousand USD)

| | Note | 30 September 2010 (unaudited) | 31 December 2009 (audited) | 30 September 2009 (unaudited) |
|---|------|-------------------------------------|----------------------------------|-------------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 6 | 39 226 | 40 114 | 41 043 |
| Intangible assets | 7 | 7 829 | 10 | 10 |
| Non-current biological assets | 8 | 1 959 | 1 932 | 2 049 |
| Long-term financial assets | | 176 | 154 | 157 |
| Other non-current assets | 6 | 355 | 63 | 163 |
| | | 49 545 | 42 273 | 43 422 |
| Current assets | | | | |
| Current biological assets | 9 | 35 255 | 8 700 | 12 913 |
| Inventories | 10 | 36 664 | 30 968 | 26 598 |
| Trade receivables | | 16 241 | 7 482 | 16 192 |
| Prepayments and other current assets | | 700 | 1 515 | 1 679 |
| Cash and cash equivalents | 11 | 8 055 | 35 106 | 167 |
| | | 96 915 | 83 771 | 57 549 |
| Total assets | | 146 460 | 126 044 | 100 971 |
| EQUITY AND LIABILITIES | | | | |
| Equity and reserves attributable to owners of the parent | | | | |
| Share capital | 12 | 494 | 494 | 371 |
| Share premium | | 38 474 | 38 474 | - |
| Retained earnings | | 51 685 | 26 800 | 34 021 |
| Effect from foreign currency translation | | (9 421) | (9 719) | (10 096) |
| | | 81 232 | 56 049 | 24 296 |
| Non-controlling interest | | 249 | 368 | 366 |
| Total equity | | 81 481 | 56 417 | 24 662 |
| Long-term liabilities | | | | |
| Deferred income | | - | 125 | 226 |
| Long-term bank loans | 13 | 329 | 516 | 624 |
| Long-term finance lease liabilities | | 3 261 | 5 744 | 6 106 |
| | | 3 590 | 6 385 | 6 956 |
| Short-term liabilities | | | | |
| Short-term loans | 13 | 42 258 | 48 145 | 45 919 |
| Current portion of long-term liabilities | | 3 730 | 3 664 | 8 587 |
| Trade accounts payable | | 3 577 | 2 001 | 2 094 |
| Other short-term liabilities and accrued expenses | | 11 565 | 8 304 | 12 452 |
| Short-term provisions | | 259 | 1 128 | 301 |
| | | 61 389 | 63 242 | 69 353 |
| Total liabilities | | 64 979 | 69 627 | 76 309 |
| Total equity and liabilities | | 146 460 | 126 044 | 100 971 |

On 26 November 2010 the Board of Directors of Agroton Public Limited authorized this condensed consolidated interim financial information for issue.

Mr Iurii Zhuravlov
 Director

Ms Tamara Lapta
 Director

Notes on pages 10-22 are the integral part of this condensed consolidated interim financial information.

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

(in thousand USD)

| | Note | For the three months ended 30 September 2010 (unaudited) | For the three months ended 30 September 2009 (unaudited) |
|--|------|---|---|
| Sales revenue | | 29 911 | 21 465 |
| Income from changes in fair value less cost to sell of biological assets and agricultural products, net | | (1 735) | 1 043 |
| Cost of sales | | (30 469) | (21 059) |
| Gross profit | | (2 293) | 1 449 |
| Administrative expenses | | (1 801) | (1 289) |
| Distribution expenses | | (473) | (410) |
| Other income, net | | 3 374 | 2 830 |
| Financial expenses, net | | (2 100) | (3 789) |
| Profit/(loss) before tax | | (3 293) | (1 209) |
| Income tax expenses | | - | - |
| Profit/(loss) for the period | | (3 293) | (1 209) |
| Other comprehensive income/(loss) for the period: | | | |
| Effect from currency translation | | (40) | (1 169) |
| Total comprehensive income/(loss) for the period | | (3 333) | (2 378) |
| Profit/(loss) attributable to: | | | |
| Owners of the parent | | (3 292) | (1 211) |
| Non-controlling interest | | (1) | 2 |
| | | (3 293) | (1 209) |
| Earnings per share attributable to the equity holders of the Company during the year: (expressed in USD cents) | | | |
| Basic earnings per share | 17 | (21) | (10) |
| Diluted earnings per share | 17 | (21) | (10) |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the parent | | (3 332) | (2 369) |
| Non-controlling interest | | (1) | (9) |
| | | (3 333) | (2 378) |

Notes on pages 10-22 are the integral part of this condensed consolidated interim financial information.

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

(in thousand USD)

| | Note | For the nine months ended 30 September 2010 (unaudited) | For the nine months ended 30 September 2009 (unaudited) |
|--|------|--|--|
| Sales revenue | | 49 578 | 47 855 |
| Income from changes in fair value less cost to sell of biological assets and agricultural products, net | | 42 555 | 22 564 |
| Cost of sales | | (51 518) | (47 988) |
| Gross profit | | 40 615 | 22 431 |
| Administrative expenses | | (4 908) | (3 662) |
| Distribution expenses | | (1 397) | (1 253) |
| Other income/(expenses), net | | (467) | 3 750 |
| Financial expenses, net | | (9 060) | (9 206) |
| Profit/(loss) before tax | | 24 783 | 12 060 |
| Income tax expenses | | - | - |
| Profit/(loss) for the period | | 24 783 | 12 060 |
| Other comprehensive income/(loss) for the period: | | | |
| Effect from currency translation | | 301 | (952) |
| Total comprehensive income/(loss) for the period | | 25 084 | 11 108 |
| Profit/(loss) attributable to: | | | |
| Owners of the parent | | 24 798 | 12 081 |
| Non-controlling interest | | (15) | (21) |
| | | 24 783 | 12 060 |
| Earnings per share attributable to the equity holders of the Company during the year: (expressed in USD cents) | | | |
| Basic earnings per share | 17 | 155 | 101 |
| Diluted earnings per share | 17 | 155 | 101 |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the parent | | 25 096 | 11 143 |
| Non-controlling interest | | (12) | (35) |
| | | 25 084 | 11 108 |

Notes on pages 10-22 are the integral part of this condensed consolidated interim financial information.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

(in thousand USD)

| | Share capital | Share premium (1) | Retained earnings (2), (3) | Effect from currency translation | Total equity attribu- table to the owner of the parent company | Non- control- ling interest | Total |
|--|------------------|----------------------|----------------------------------|---|---|--------------------------------------|---------------|
| 31 December 2008 (audited) | 156 | - | 24 998 | (9 158) | 15 996 | 236 | 16 232 |
| Comprehensive income for the period | - | - | 12 081 | (938) | 11 143 | (35) | 11 108 |
| Acquisition of subsidiary | - | - | - | - | - | 162 | 162 |
| Effect of change in reporting entity | 215 | - | 98 | - | 313 | 3 | 316 |
| Net asset distributions | - | - | (3 156) | | (3 156) | | (3 156) |
| 30 September 2009 (unaudited) | 371 | - | 34 021 | (10 096) | 24 296 | 366 | 24 662 |
| 31 December 2009 (audited) | 494 | 38 474 | 26 800 | (9 719) | 56 049 | 368 | 56 417 |
| Comprehensive income for the period | | | 24 798 | 298 | 25 096 | (12) | 25 084 |
| Acquisition of non-controlling share | | | 87 | | 87 | (107) | (20) |
| 30 September 2010 (unaudited) | 494 | 38 474 | 51 685 | (9 421) | 81 232 | 249 | 81 481 |

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

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

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009

(in thousand USD)

| | Note | For the nine months ended 30 September 2010 (unaudited) | For the nine months ended 30 September 2009 (unaudited) |
|--|------|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Profit before tax | | 24 783 | 12 060 |
| Adjustments for: | | | |
| Depreciation and amortization | | 3 850 | 3 526 |
| Income from changes in fair value less cost to sell of biological assets and agricultural products, net | | (42 555) | (22 564) |
| Interest income | | (1 068) | (17) |
| Interest expense | | 10 242 | 7 539 |
| Gain on revaluation of long-term accounts receivable at amortized value | | (26) | (18) |
| Provision for doubtful debts | | 199 | 74 |
| Prepayments and other current assets written-off, net | | 568 | 137 |
| Losses on disposal and write-off of non-current assets, net | | 94 | 303 |
| Gain on write-off of accounts payable | | (48) | (8) |
| Gain on acquisitions of subsidiaries | | - | (189) |
| (Gain)/losses from foreign exchange differences, ne | | (107) | 1 674 |
| Impairment of inventories and harvest failure | | 1 794 | 467 |
| Compensation for creation of new jobsites | | (126) | (319) |
| | | (2 400) | 2 665 |
| Changes in working capital: | | | |
| Increase in trade accounts receivable | | (9 652) | (12 957) |
| Decrease in prepayments and other current assets | | 779 | 796 |
| Decrease in inventories and biological assets | | 8 948 | 10 431 |
| (Decrease)/increase in trade accounts payable | | 1 554 | (1 965) |
| Increase in other short-term liabilities and accrued expenses | | 3 421 | 5 576 |
| Decrease in other provisions accrued | | (877) | (429) |
| Cash generated from operations | | 1 773 | 4 117 |
| Income tax paid | | - | - |
| Net cash from operating activities | | 1 773 | 4 117 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property, plant and equipment | | (2 575) | (142) |
| Proceeds from disposal of property, plant and equipment | | 8 | 11 |
| Purchase of intangible assets | | (8 019) | - |
| Purchase of investments into subsidiary and acquisition of non-controlling share | | (51) | (27) |
| Interests received | | 1 068 | 17 |
| Short-term and long-term loans issued to employees and related parties | | - | (6) |
| Repayment of short-term and long-term loans to employees and related parties | | 8 | 23 |
| Net cash used in investing activities | | (9 561) | (124) |

Notes on pages 10-22 are the integral part of this condensed consolidated interim financial information.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009 (CONTINUED)

(in thousand USD)

| | For the nine months ended 30 September 2010 (unaudited) | For the nine months ended 30 September 2009 (unaudited) |
|---|--|--|
| Financing activities | | |
| Movements in credit lines, net | 6 161 | (4 822) |
| Receipts from short-term and long-term loans and borrowings | 630 | 12 708 |
| Repayment of short-term and long-term loans and borrowings | (10 540) | (1 174) |
| Borrowing costs paid | (5 342) | (4 797) |
| Net assets distributions | - | (3 156) |
| Repayment of bonds | (1 789) | (2 449) |
| Repayment of financial lease liabilities | (8 335) | (884) |
| Net cash provided with financing activities | (19 215) | (4 574) |
| NET INCREASE IN CASH | (27 003) | (581) |
| Effect from foreign currency translation | (48) | (72) |
| Cash at the beginning of the period | 35 106 | 820 |
| Cash at the end of the period | 8 055 | 167 |

Notes on pages 10-22 are the integral part of this condensed consolidated interim financial information.

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009

1. DESCRIPTION OF THE BUSINESS

Country of incorporation

The Company was incorporated in Cyprus on 21 September 2009 as a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 1 Lampousas Street, CY-1095 Nicosia, Cyprus. This condensed consolidated interim financial information includes the Company and its Ukrainian subsidiaries ("the Group").

Principal activities

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

Group structure

The Group structure as at 30 September 2009 and 2010 was as follows:

| Name of company | Country of incorporation | Principal activity | Effective ownership ratio | |
|--|--------------------------|-----------------------|---------------------------|----------------|
| | | | As at 30 September | |
| | | | 2010 | 2009 (i) |
| Agroton Public Limited | Cyprus | Holding company | parent company | parent company |
| "Living" LLC | Ukraine | Holding | 99,99% | 99,99% |
| PE Agricultural Production Firm "Agro" | Ukraine | Agricultural activity | 99,99% | 99,99% |
| "Agroton" PJSC | Ukraine | Agricultural activity | 99,99% | 99,99% |
| OJSC "Belokurakinskiy Elevator" | Ukraine | Agricultural activity | 84,66% | 84,66% |
| OJSC "Breeding Poultry Farm "Mirnyi" | Ukraine | Agricultural activity | 78,46% | 78,46% |
| "Agro Meta" LLC | Ukraine | Agricultural activity | 99,99% | 99,99% |
| "Rosinka-Star" LLC | Ukraine | Agricultural activity | 99,99% | 99,99% |
| "Etalon-Agro" LLC | Ukraine | Agricultural activity | 99,99% | 99,99% |
| ALLC "Noviy Shlyah" | Ukraine | Agricultural activity | 99,99% | 99,99% |
| AF named by Shevchenko | Ukraine | Agricultural activity | 99,99% | 99,99% |
| "Zolotaya Guildia" LLC | Ukraine | Agricultural activity | liquidated | liquidated |
| ALLC "Shyivskoe" | Ukraine | Agricultural activity | 94,51% | 80,99% |

(i) Since 29 September 2009 the parent company of the Group became Agroton Public Limited (Cyprus). Prior to Group reorganization the parent company of the Group was PE Agricultural Production Firm "Agro". As the result, Group's ownership of primary development business was transferred to a newly established parent company. The assets and liabilities of the new Group and the original Group are the same immediately before and after the reorganization. Also, the owner of the original parent before the reorganization have the same absolute and relative interests in the net assets of the original Group and the new Group immediately before and after the reorganization.

The comparatives for the period ended 30 September 2009 are prepared with the purpose of presentation of financial position, results of financing and operating activities and cash flows of the Group as at 30 September 2009 in such a way, as if the reorganization was finished by 30 September 2009. However the legal implementation of the reorganization was fully completed by the end of 2009.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this consolidated interim financial information are set out below. These policies have been consistently applied to all periods presented in this consolidated interim financial information.

2.1 Basis of preparation of condensed consolidated interim information

This consolidated condensed interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting". The consolidated condensed interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs. The information in the Notes is reported on a financial year-to-date basis.

This consolidated condensed interim financial information was prepared in accordance with IFRS which became effective for years commencing on or after 30 September 2010.

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Accounting policies

Except of described below, the accounting policies applied in this condensed consolidated interim financial information are consistent with those of the Group's annual consolidated financial statements for the year ended 31 December 2009, as described in those annual consolidated financial statements.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). For all the subsidiaries of the Company, which are operating in Ukraine, the Ukrainian Hryvna ("UAH") is the functional currency. The condensed consolidated interim financial information is presented in United States Dollars ("USD") which is the Company's functional and the Group's presentation currency.

The Management has utilized USD as the presentation currency for Group's condensed consolidated interim financial information as USD is the major reference currency in Ukraine with respect to sources of finance, prices of sales contracts with customers, prices of significant contracts for purchases of goods and services from suppliers and also more recognizable at the foreign capital markets.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting exchange differences are recognized as a separate component of equity.

The principal UAH exchange rates used in the preparation of the condensed consolidated interim financial information are as follows:

| Currency | 30 September 2010 | Average exchange rate for the nine months ended 30 September 2010 | 31 December 2009 | 30 September 2009 | Average exchange rate for the nine months ended 30 September 2009 | 31 December 2008 |
|----------|----------------------|--|---------------------|----------------------|--|---------------------|
| UAH/USD | 7,91 | 7,94 | 7,99 | 8,01 | 7,68 | 7,70 |

2.3 Standards and interpretations

The following standards and interpretations have not been adopted in this consolidated condensed interim financial information, which will be generally effective (assuming endorsement by the EU where not currently endorsed) for periods commencing on or after 1 January 2010 or later.

IFRS 1: First time adoption of IFRS – Amendment; Additional exemptions for first time adopters

IFRS1: First time adoption of IFRS – Amendment: Limited exemptions from comparative IFRS7 disclosures for first time adopters

IFRS 2: Share-based payments – Amendment; Cash-settled Share-based payment transactions

IFRS 5: Non-current assets held for sale and discontinued operations: Improvement to Standard

IFRS 9: Financial Instruments

IAS 7: Statement of Cash Flows: Improvement to Standard (endorsed)

IAS 17: Leases: Improvement to Standard (endorsed)

IAS 24: Revised IAS 24 – Related party disclosures

IAS 32: Financial Instruments: Presentation – amendment; Classification of Rights Issues (endorsed)

IAS 36: Impairment of assets: Improvement to Standard (endorsed)

IAS 38: Intangible assets: Improvement to Standard

IAS 39: Financial Instruments: Recognition and Measurement – Amendment; Eligible hedged items (endorsed)

IFRIC 9: Reassessment of Embedded Derivatives: Improvement to Standard (endorsed)

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

IFRIC 14: Amendment – Prepayments of a minimum funding requirement

IFRIC 16: Hedges of net investment in a foreign operation: Improvement to Standard (endorsed)

IFRIC 17: Distributions of Non-cash Assets to Owners (endorsed)

IFRIC 18: Transfers of Assets from Customers (endorsed)

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

The Board of Directors anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated condensed interim financial information of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

3.1 Basis of consolidation (transactions under common control)

Control over certain subsidiaries by Parent company has always existed because there was an ability to manage its financial and operating policies with the aim to receive benefits from its activities and this control over subsidiaries and Parent company belongs to the ultimate beneficial owner. These transactions are considered to be as combinations of business under common control, which are outside the scope of IFRS 3 "Business combinations".

3.2 Useful lives of property, plant and equipment

The Group estimates the remaining useful life of property, plant and equipment at least once a year at the end of the fiscal year. Should the expectations differ from previous estimates, changes are accounted for as changes in accounting estimates in accordance with IAS 8 "Accounting Policy, Changes in Accounting Estimates and Errors". These estimates may have a significant effect on the carrying value of property, plant and equipment and depreciation recognized in the statement of comprehensive income.

3.3 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3.4 Provisions for doubtful debts

The Group provides for doubtful debts to cover the potential losses when a customer may be unable to make necessary payments. Assessing the adequacy of allowance for doubtful debts, management considers the current economic conditions in general, of the age of accounts receivable, the Group's experience in writing off of receivables, solvency of customers and changes in conditions of settlements. Economic changes, industry situation or financial position of separate customers may result in adjustments related to the amount of allowance for doubtful debts reflected in the consolidated condensed financial information as impairments of receivables.

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.5 Legal proceedings

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

3.6 Contingent liabilities

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

3.7 Biological assets

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

3.8 Inventories

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

3.9 Impact of the on-going global financial and economic crisis

The on-going global financial and economic liquidity crisis that emerged out of the severe reduction in global liquidity which commenced in the middle of 2007 (often referred to as the "Credit Crunch") has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and wider economy, and, at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to bank failures of banks and other corporations, and to bank rescues in the United States of America, Western Europe, Russia and elsewhere. The full extent of the impact of the on-going financial crisis is proving to be difficult to anticipate or completely guard against. The volume of wholesale financing has significantly reduced since August 2007. Such circumstances may affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions. Debtors and clients of the Group may be adversely affected by the financial and economic environment, lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating economic conditions for clients may also have an impact on Management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, Management has properly reflected revised estimates of expected future cash flows in its impairment assessments.

Management is unable to reliably determine the effects on the Group's future financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

4. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Earlier in year 2009 the Group accounted compensation for unused vacations as short-term provision. In year 2010 The Group revised its accounting policy and decided to reflect these compensations as short-term payroll liabilities. The Group applied these changes retrospectively for the six months ended 2009.

5. SEGMENT INFORMATION

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

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

The Group identifies following business segments that include products and services which have different risk levels and conditions of revenue earning.

Plant breeding segment raises and sells of agricultural products and renders accompanying services. Main agricultural products which are sold in this business segment are wheat, rye, barley, sunflowers, rape, etc. Main services which are sold in this business segment are ploughing and grain storage services.

Livestock segment raises and sells biological assets and agricultural products of cattle breeding. Main biological assets and agricultural products which are sold in this business segment are poultry, cattle, pigs, milk.

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

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

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

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

| Nine months ended 30 September 2010 | Livestock | Plant breeding | Agricultural products processing | Other | Adjustments and eliminations | Total |
|--|------------------|-----------------------|---|--------------|---|--------------|
| Total revenue | 11 181 | 39 178 | 6 773 | 776 | - | 57 908 |
| Inter-segment sales | (1 177) | (6 201) | (604) | (348) | 8 330 | - |
| Sales to external customers | 10 004 | 32 977 | 6 169 | 428 | - | 49 578 |
| Income from changes in fair value less cost to sell of biological assets and agricultural products, net | 285 | 42 270 | - | - | - | 42 555 |
| Segment results | (1 992) | 41 665 | 862 | 80 | - | 40 615 |
| Results | | | | | | |
| Depreciation and amortization | 700 | 2 442 | 491 | 217 | | 3 850 |
| Segment profit | (1 992) | 41 665 | 862 | 80 | | 40 615 |

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

5. SEGMENT INFORMATION (CONTINUED)

| As at 30 September 2010 | Livestock | Plant breeding | Agricultural products processing | Other | Adjustments and eliminations | Total |
|------------------------------|---------------|----------------|--|--------------|------------------------------------|----------------|
| Capital expenses | 700 | 9 775 | 108 | 117 | - | 10 700 |
| Operating assets | 22 922 | 101 519 | 10 050 | 3 690 | 8 279 | 146 460 |
| Operating liabilities | 594 | 11 575 | 707 | 631 | 51 472 | 64 979 |

Assets of segments do not include long-term financial investments (176 thousand USD), cash and cash equivalents (8055 thousand USD), taxes prepaid (6 thousand USD), current loans to employees (12 thousand USD), current portion of long-term loans to employees (8 thousand USD), other receivables (22 thousand USD).

Liabilities of segments do not include long-term borrowings (329 thousand USD), current portion of long-term borrowings (310 thousand USD), short-term borrowings (42258 thousand USD), liabilities for interest (2939 thousand USD), payroll and related tax liabilities (4732 thousand USD), liabilities for taxes and mandatory payments (76 thousand USD), accounts payables for investments (79 thousand USD), other payables (490 thousand USD), short-term provisions (259 thousand USD).

Business segment income stated at each operating segment does not include administrative expenses (4908 thousand USD), selling and distribution expenses (1397 thousand USD), other expenses, net (467 thousand USD), financial expenses, net (9060 thousand USD).

During nine months ended 30 September 2009 revenue from segment plant breeding was derived from one contractor amounting to USD 16485 thousands.

The capital expenses of plant breeding segment for nine months ended 30 September includes purchasing of leasing rights amounting to USD 8 000 thousand (Note 7). Thereafter depreciation and amortization expenses of plant breeding segment for nine months ended 30 September includes amortization of the leasing rights amounting to USD 200 thousand .

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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5. SEGMENT INFORMATION (CONTINUED)

| Nine months ended 30 September 2009 | Livestock | Plant breeding | Agricultural products processing | Other | Adjustments and eliminations | Total |
|--|------------------|-----------------------|---|--------------|---|----------------|
| Total revenue | 12 969 | 35 378 | 6 778 | 320 | - | 55 445 |
| Inter-segment sales | (1 031) | (5 880) | (508) | (171) | 7 590 | - |
| Sales to external customers | 11 938 | 29 498 | 6 270 | 149 | - | 47 855 |
| Income from changes in fair value less cost to sell of biological assets and agricultural products, net | (596) | 23 160 | - | - | - | 22 564 |
| Segment results | (2 009) | 23 473 | 905 | 62 | - | 22 431 |
| Depreciation and amortization | 716 | 2 105 | 489 | 216 | - | 3 526 |
| Segment profit | (2 009) | 23 473 | 905 | 62 | - | 22 431 |
| As at 30 September 2009 | Livestock | Plant breeding | Agricultural products processing | Other | Adjustments and eliminations | Total |
| Capital expenses | 263 | 412 | 174 | 181 | - | 1 030 |
| Operating assets | 23 783 | 60 422 | 11 914 | 4 125 | 727 | 100 971 |
| Operating liabilities | 866 | 12 415 | 863 | 502 | 61 663 | 76 309 |

Assets of segments do not include long-term financial investments (157 thousand USD), cash and cash equivalents (167 thousand USD), taxes prepaid (7 thousand USD), current loans to employees (9 thousand USD), current portion of long-term loans to employees (1 thousand USD), other receivables (386 thousand USD).

Liabilities of segments do not include long-term borrowings (624 thousand USD), current portion of long-term borrowings (5745 thousand USD), short-term borrowings (45919 thousand USD), liabilities for interest (3420 thousand USD), payroll and related tax liabilities (4860 thousand USD), liabilities for taxes and mandatory payments (33 thousand USD), accounts payables for investments (165 thousand USD), other payables (596 thousand USD), short-term provisions (301 thousand USD).

Business segment income stated at each operating segment does not include administrative expenses (3662 thousand USD), selling and distribution expenses (1253 thousand USD), other income, net (3750 thousand USD), financial expenses, net (9206 thousand USD).

During nine months ended 30 September 2009 revenue from segment plant breeding was derived from one contractor amounting to USD 18176 thousands.

Geographic information

The Group's activity of plant breeding, stock breeding, producing finished goods and all raw-material markets and marketing outlets are allocated within Ukraine.

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

6. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2010 as well as 2009, the Group continues investment into its plant breeding operation. The main capital expenditures were incurred in connection with the purchases of equipment for cultivation of land. Also reconstruction and improvement of the existing facilities of cow houses were taking place during the nine months ended 30 September 2010. During the nine months ended 30 September 2010 capital expenditures of livestock segment were connected mainly with building of piggery's and reconstruction and improvement of the existing facilities of poultry buildings.

During the nine months ended 30 September 2010 and 30 September 2009, the Group's additions to Property, plant and equipment amounted to USD 2700 thousand and USD 1030 thousand respectively. In addition the balance of advances to suppliers for property, plant and equipment amounted to USD 355 and USD 163 thousand respectively.

Assets with a net book value of USD 111 thousand were disposed of by the Group during the nine months ended 30 September 2010 (2009: USD 488 thousand).

As at 30 September 2010 and 2009 the Group has removed from operation fixed assets of book value USD 320 thousand and USD 350 thousand respectively.

As at 30 September 2010 and 2009 loans were secured by property plant and equipment book value (except finance lease assets) of USD 13 374 thousand and USD 14 114 thousand respectively.

As at 30 September 2010 and 2009 the book value of property, plant and equipment subjected to finance lease agreements was amounting to USD 6 546 thousand and USD 7 877 thousand respectively.

7. INTANGIBLE ASSETS

The increase in book value of intangible assets for the nine months ended 30 September 2010 amounting to USD 8 000 thousand was due to payments of the Group for leasing rights for 16 300 hectares of agricultural land in the Luhansk region, Ukraine. The land lease right is for 10 years. The amortization of the leasing rights amounting to USD 200 thousand is reflected within "Other income/(expenses), net" line of the interim consolidated statement of comprehensive income.

8. NON-CURRENT BIOLOGICAL ASSETS

As at 30 September 2010 and 2009 non-current biological assets are as follows:

| | 30 September 2010 | | 30 September 2009 | |
|--------------|---------------------|----------------------------------|---------------------|----------------------------------|
| | number, of heads | Fair value less costs to sell | number, of heads | Fair value less costs to sell |
| Cattle | 2 842 | 1 430 | 4 197 | 1 498 |
| Pigs | 1 261 | 514 | 1 525 | 549 |
| Other | 15 | 16 | 22 | 2 |
| Total | 4 118 | 1 959 | 5 744 | 2 049 |

Changes of non-current biological assets balances during the nine months 2010 is primarily attributable to that of the transferring to current biological assets as well as changes of fatness of the cattle.

As at 30 September 2010 and 2009 loans were secured by non-current biological assets book value of USD 1 943 thousand and USD 2 047 thousand respectively

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

9. CURRENT BIOLOGICAL ASSETS

As at 30 September 2010 and 2009 animals in growing and fattening were as follows:

| | 30 September 2010 | | 30 September 2009 | |
|--------------|---------------------|----------------------------------|---------------------|----------------------------------|
| | number, of heads | Fair value less costs to sell | number, of heads | Fair value less costs to sell |
| Cattle | 3 854 | 1 808 | 4 611 | 1 813 |
| Pigs | 13 910 | 1 653 | 17 472 | 2 142 |
| Poultry | 477 480 | 517 | 323 412 | 290 |
| Other | 28 | 12 | 47 | 11 |
| Total | 495 272 | 3 990 | 345 542 | 4 256 |

Decrease of balances of pigs in growing and fattening as at 30 September 2010 in comparison with 30 September 2009 is primarily attributable to that of the sailing and using in agricultural products processing.

As at 30 September 2010 and 2009 the crops under cultivation were as follows:

| | 30 September 2010 | | 30 September 2009 | |
|----------------------|----------------------------------|----------------------------|----------------------------------|----------------------------|
| | Area, thousand of hectares | Amount, USD thousand | Area, thousand of hectares | Amount, USD thousand |
| Sunflower sowing | 36 | 24 545 | 18 | 4 748 |
| Corn sowing | 10 | 2 513 | 6 | 1 653 |
| Winter wheat sowing | 45 | 3 960 | 44 | 1 879 |
| Winter rape sowing | 2 | 95 | 8 | 339 |
| Winter barley sowing | 2 | 96 | 1 | 35 |
| Winter rye sowing | 1 | 40 | - | 3 |
| Other sowing | - | 16 | - | - |
| Total | 96 | 31 265 | 77 | 8 657 |

Increase of balances of sunflower and corn sowing as at 30 September 2010 in comparison with 30 September 2009 is primarily attributable to the changes in sown areas gathered by 30 September, as well as increasing of crop yield and prices for appropriate agricultural products.

As at 30 September 2010 and 2009 loans were secured by current biological assets book value of USD 3 005 thousand and USD 3 016 thousand respectively:

10. CHANGES IN INVENTORIES AND AGRICULTURAL PRODUCE

Agricultural produce balances have increased as compared to 30 September 2009 owing mainly due to the accumulation by the Group of stock of goods (as at 30 September 2010 USD 30337 thousand, as at 30 September 2009 USD 18709 thousand).

As at 30 September 2010 and 2009 loans were secured by inventories, book value of USD 16 749 thousand and USD 17 051 thousand respectively.

As at 30 September 2010 and 2009 impairment of inventories and harvest failure (net) was USD 1794 thousand and USD 467 thousand relatively.

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

10. CHANGES IN INVENTORIES AND AGRICULTURAL PRODUCE (CONTINUED)

Revenue for main agricultural products for the nine months ended 30 September 2010 and 30 September 2009 were as follows (thousand USD):

| | 30 September 2010 | 30 September 2009 |
|--------------|-------------------|-------------------|
| | <hr/> | <hr/> |
| Winter wheat | 12 041 | 6 031 |
| Sunflower | 18 307 | 19 806 |

Sales volume for main agricultural products in tonnes for the nine months ended 30 September 2010 and 30 September 2009 were as follows:

| | 30 September 2010 | 30 September 2009 |
|--------------|-------------------|-------------------|
| | <hr/> | <hr/> |
| Winter wheat | 91 229 | 54 107 |
| Sunflower | 42 048 | 79 501 |

11. CASH AND CASH EQUIVALENTS

As at 30 September 2010 and 2009 cash and cash equivalents balances were as follows:

| | 30 September 2010 | 30 September 2009 |
|------------------------------|-------------------|-------------------|
| | <hr/> | <hr/> |
| Cash at bank in UAH | 89 | 153 |
| Cash at bank in USD and EUR | 2 200 | - |
| Cash with brokers in USD (i) | 5 746 | - |
| Cash in hand | 20 | 14 |
| Total | <hr/> 8 055 | <hr/> 167 |

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

12. SHARE CAPITAL

| | 30 September 2010 | | 30 September 2009 | |
|---------------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | Number of shares, thousand | Nominal value, thousand Euro | Number of shares, thousand | Nominal value, thousand Euro |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Authorised | | | | |
| Ordinary shares of Euro €0,021 each | 47 619 | 1 000 | 47 619 | 1 000 |
| | | | | |
| | 30 September 2010 | | 30 September 2009 | |
| | Number of shares, thousand | Nominal value, thousand USD | Number of shares, thousand | Nominal value, thousand USD |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Issued and fully paid | | | | |
| On 1 January 2010 / 21 September 2009 | 16 000 | 494 | 12 000 | 371 |
| Balance at 30 September | 16 000 | 494 | 12 000 | 371 |

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010 AND 2009**

13. LOANS AND BORROWINGS

As at 30 September 2010 the Group has obligations under bank loan agreement with OJSC "Ukrkommunbank" amounting to USD 1 623 thousand. On 14 May 2010 the loan was rescheduled from 15 May 2010 to 29 December 2010.

During the nine months ended 30 September 2010 the Group repaid liabilities under the contracts of credit lines concluded with JSCB "FORUM" to the amount of USD 13 182 thousand.

As at 30 September 2010 the Group repaid liabilities under the contract of commodity governmental loan with Agricultural Fund to the amount of USD 10 958 thousand. Also accrued interests were repaid in amount of USD 619 thousand.

14. ACQUISITION OF SUBSIDIARIES

For the nine months ended 30 September 2009, the Group acquired shareholding in such subsidiaries as ALLC "Shiykivske". Information about this transaction is presented below:

| Company's name | Country of incorporation | Type of Company's activity | Date of acquisition | Effective interest in equity |
|---|--------------------------|----------------------------|--------------------------|------------------------------|
| ALLC "Shiykivske" | Ukraine | Agriculture | 20.03.2009 | 80,99% |
| | | | Fair value of net assets | Current value of net assets |
| Non-current assets | | | | |
| Property, plant and equipment | | | 795 | 253 |
| Non-current biological assets | | | 5 | 5 |
| Current assets | | | | |
| Prepayments and other current assets, net | | | - | - |
| Inventories | | | 333 | 333 |
| Trade accounts receivable, net | | | 23 | 23 |
| Cash and cash equivalents | | | 6 | 6 |
| Current biological assets | | | 6 | 6 |
| Short-term liabilities | | | | |
| Short-term loans | | | | |
| Other short-term liabilities and accrued expenses | | | (221) | (221) |
| Trade accounts payable | | | (95) | (95) |
| Total net assets | | | 852 | 310 |
| Company's share in net assets | | | 690 | |
| Cost of acquisition | | | 501 | |
| Excess of acquired net assets over cost of their acquisition | | | (189) | |

At the beginning of the year 2010 the Group acquired additional share - 13,51% in ALLC "Shiykivske" for USD 20 thousand. As at 30 September 2010 Group's share in net assets in ALLC "Shiykivske" is 94,51%.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Retirement and other liabilities - Most employees of the Group receive pension benefits from the Pension Fund, a Ukrainian Government organization in accordance with the applicable laws and regulations of Ukraine. The Group is required to contribute a specified percentage of the payroll to the Pension Fund to finance the benefits. The only obligation of the Group with respect to this pension plan is to make the specified contributions from salaries. As at 30 September 2010 and 2009 the Group's entities had no liabilities for supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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

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

16. RISKS RELATED TO THE GROUP'S OPERATING ENVIRONMENT IN UKRAINE

Since obtaining independence in 1991, Ukraine has undergone substantial political transformation from a constituent republic of the former Soviet Union to an independent sovereign state and has been progressively developing into a market economy. Although substantial progress has been made since independence in reforming Ukraine's economy, along with the country's political and judicial systems to some extent, Ukraine still lacks the necessary legal infrastructure and regulatory framework essential to support market institutions, effective transition to a market economy and broad-based social and economic reforms.

Conditions for the Ukrainian economy have been extremely unstable during the course of 2009 and this instability has continued into the first quarter of 2010. Despite signs of stabilisation, major concerns remain over the performance of the Ukrainian economy at a macro level. The economy has remained very energy intensive and is still insufficiently diversified, with exports remaining centred on metallurgical products. Consequently, the economy remains vulnerable to fluctuations in steel prices and to shocks resulting from Russia's control over the supply of gas. In terms of business environment, high taxes, legal uncertainties and bureaucratic impediments have conspired to create a difficult business environment in which to operate. In addition, the lack of an enduring political consensus on reforms has created uncertainty over the modernisation of the economy.

17. EARNINGS PER SHARE

a) Basic

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

| | For the three months ended 30 September 2010 | For the three months ended 30 September 2009 |
|--|--|--|
| Loss attributable to equity holders of the Company | (3 293) | (1 209) |
| Weighted average number of ordinary shares in issue (thousands) | 16 000 | 12 000 |
| Basic earnings per share (USD cents) | <u>(21)</u> | <u>(10)</u> |
| | For the nine months ended 30 September 2010 | For the nine months ended 30 September 2009 |
| Profit attributable to equity holders of the Company | 24 798 | 12 081 |
| Weighted average number of ordinary shares in issue (thousands) | 16 000 | 12 000 |
| Basic earnings per share (USD cents) | <u>155</u> | <u>101</u> |

b) Diluted

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

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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18. TRANSACTIONS WITH RELATED PARTIES

No any material transactions with related parties for the nine months ended 30 September 2010 have occurred.

19. SUBSEQUENT EVENTS

In October 2010 the Group obtained USD 54.3 million dollars as a result of a public stock floatation of 26,2% of "Agroton public limited" shares at the Warsaw Stock Exchange. Investors were allocated a total of 5,670,000 shares—all of the offered shares. The floatation cost was set at the rate of 27 (USD 9.58) PLN per share, which corresponds to the capitalization at the amount of USD 207 million.

The Group intends to use the obtained funds primarily to increase the capacity of its grain elevators, increase the land bank under management for crop production, purchase equipment for cultivation of land, and strengthen the Group's working capital.

As at 30 September 2010 the Group has obligations under bank loan agreements with OJSC «Raiffaisen Bank Aval» amounting to USD 5 905 thousand with maturity date on 1 November 2010. As at 6 October 2010 by OJSC «Raiffaisen Bank Aval» was made a decision to prolongate the term of maturity date to 28 February 2011. In accordance with this prolongation the Group provides additional securing in amount of 10 000 tonnes of seeds of sunflower and 32 000 tonnes of wheat.

As at 30 September 2010 the Group has obligations under bank loan agreements with LLC «Vostochno-promyshlennyi bank» amounting to USD 632 thousand with maturity date on 18 October 2010. The liabilities were repaid in full amount and in time.