

To the Members of Agroliga Group Plc.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Agroliga Group Plc. (the "Company") and its subsidiaries (the Group) on pages 6 to 28, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the period from 23 June 2010 to 31 December 2010, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except as discussed in the Basis for Qualified Opinion paragraph, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We did not observe the counting of inventories as at 31 December 2010. It was impracticable to satisfy ourselves as to those inventory quantities by other audit procedures. Accordingly, we were unable to determine whether any adjustments might be necessary to inventories, cost of revenues, taxation expense, net profit and retained earnings as at and for the period ended 31 December 2010.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical inventory quantities, the financial statements give a true and fair view of the financial position of Agroliga Group Plc. and its subsidiaries Agroliga Group Plc. as at 31 December 2010, and of its financial performance and their cash flows for the period from 23 June 2010 to 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of matter

Without further qualifying our opinion, we draw attention to the fact that the Consolidated Financial Statements and corresponding notes, in respect of the subsidiary companies, have been audited on the basis that the acquisition of the subsidiary companies by Agroliga Group Plc. had taken place on 1 January 2010. As a result, the figures of the subsidiary companies incorporated in these Consolidated Financial Statements have been presented for the period 23 June 2010 to 31 December 2010 based on management accounts and estimates, and are not necessarily the same as the Consolidated Financial Statements for the period from 23 June 2010 to 31 December 2010.

Report on other legal and regulatory requirements

Pursuant to the requirements of the Law of 2009 on Statutory Audits of Annual and Consolidated Accounts, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit, except that the scope of our work was limited by the matter discussed in the Basis for Qualified Opinion paragraph.
- In our opinion, proper books of account have been kept by the Company, except in the case of inventories discussed in the Basis for Qualified Opinion paragraph.
- The Company's consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required, except in the case of inventories discussed in the Basis for Qualified Opinion paragraph.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Law of 2009 on Statutory Audits of Annual and Consolidated Accounts and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Certified Public Accountant and Registered Auditor
for and on behalf of
Markos Drakos & Co Ltd
Chartered Accountants

Nicosia, 30 June 2011

AGROLIGA GROUP PLC.

REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

AGROLIGA GROUP PLC.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

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AGROLIGA GROUP PLC.

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: Oleksandr Berdnyk
Bizserve Investments Limited
Bizserve Management Limited

Company Secretary: Bizserve Secretarial Services Limited

Independent Auditors: Markos Drakos & Co Ltd
Chartered Accountants
66 Acropolis Avenue
Acropolis Tower
2012 Strovolos
Nicosia

Registered office: 11 Boumpoulinas Street
1st floor
1060 Nicosia, Cyprus

Registration number: 269325

AGROLIGA GROUP PLC.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its first report and audited consolidated financial statements of Agroliga Group Plc. and its subsidiaries (the Group) for the period from 23 June 2010 to 31 December 2010.

Incorporation

The Company Agroliga Group Plc. was incorporated in Cyprus on 23 June 2010 as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Group are the production of vegetable oils, cereals, meat and dairy breeding herd.

Review of current position, future developments and significant risks

The Group's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results and Dividends

The Group's results for the period are set out on page 6. The Board of Directors does not recommend the payment of a dividend and the net profit for the period is retained.

Share capital

Authorised capital

Under its Memorandum the Company fixed its share capital at 307.560 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 23 June 2010 the Company issued to the subscribers of its Memorandum of Association 256.300 ordinary shares of €0.10 each at par.

On 3 September 2010, the Company issued 51.260 ordinary shares of €0,10 each at the price of €20,50 each, resulting in a total share premium of €1.045.704.

Board of Directors

The members of the Group's Board of Directors as at 31 December 2010 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the period from 23 June 2010 to 31 December 2010.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 28 to the financial statements.

AGROLIGA GROUP PLC.

REPORT OF THE BOARD OF DIRECTORS

Independent Auditors

The Independent Auditors, Markos Drakos & Co Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Bizserve Secretarial Services Limited
Secretary

Nicosia, 30 June 2011

Independent auditor's report

To the Members of Agroliga Group Plc.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Agroliga Group Plc. (the "Company") and its subsidiaries ("the Group") on pages 6 to 28, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the period from 23 June 2010 to 31 December 2010, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113. , and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except as discussed in the Basis for Qualified Opinion paragraph, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We did not observe the counting of inventories as at 31 December 2010. It was impracticable to satisfy ourselves as to those inventory quantities by other audit procedures. Accordingly, we were unable to determine whether any adjustments might be necessary to inventories, cost of revenues, taxation expense, net profit and retained earnings as at and for the period ended 31 December 2010.

Independent auditor's report (continued)

To the Members of Agroliga Group Plc.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical inventory quantities, the financial statements give a true and fair view of the financial position of Agroliga Group Plc. and its subsidiaries Agroliga Group Plc. as at 31 December 2010, and of its financial performance and their cash flows for the period from 23 June 2010 to 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of matter

Without further qualifying our opinion, we draw attention to the fact that the Consolidated Financial Statements and corresponding notes, in respect of the subsidiary companies, have been audited on the basis that the acquisition of the subsidiary companies by Agroliga Group Plc. had taken place on 1 January 2010. As a result, the figures of the subsidiary companies incorporated in these Consolidated Financial Statements have been presented for the period 23 June 2010 to 31 December 2010 based on management accounts and estimates, and are not necessarily the same as the Consolidated Financial Statements for the period from 23 June 2010 to 31 December 2010. .

Report on other legal and regulatory requirements

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- The Company's consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required, except in the case of inventories discussed in the Basis for Qualified Opinion paragraph.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Law of 2009 on Statutory Audits of Annual and Consolidated Accounts and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Certified Public Accountant and Registered Auditor
for and on behalf of

Markos Drakos & Co Ltd
Chartered Accountants

Nicosia, 30 June 2011

AGROLIGA GROUP PLC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period from 23 June 2010 to 31 December 2010

| | | Supplementary information 1/1/10 - 31/12/10 | 23/6/10 - 31/12/10 |
|--|------|--|-----------------------|
| | Note | €'000 | €'000 |
| Revenue | 5 | 5.543 | 2.884 |
| Cost of sales | | <u>(4.069)</u> | <u>(2.208)</u> |
| Gross profit | | 1.474 | 676 |
| Negative goodwill on acquisition | 6 | 1.726 | 2.525 |
| Other income | 6 | 268 | 338 |
| Profit from investing activities | 7 | 14 | 8 |
| Selling and distribution expenses | | (19) | (8) |
| Administration expenses | | (294) | (165) |
| Other expenses | 8 | <u>(107)</u> | <u>(107)</u> |
| Operating profit | | 3.062 | 3.267 |
| Finance costs | 11 | <u>(126)</u> | <u>(78)</u> |
| Profit before tax | | 2.936 | 3.189 |
| Tax | 12 | <u>(19)</u> | <u>(71)</u> |
| Net profit for the period | | 2.917 | 3.118 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period | | <u>2.917</u> | <u>3.118</u> |
| Attributable to: | | | |
| Equity holders of the parent | | 2.897 | 3.109 |
| Non controlling interests | | <u>20</u> | <u>9</u> |
| | | <u>2.917</u> | <u>3.118</u> |

The notes on pages 11 to 28 form an integral part of these consolidated financial statements.

AGROLIGA GROUP PLC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 December 2010

| | | Supplementary information 1/1/10 - 31/12/10 | 2010 |
|-------------------------------------|------|--|---------------------|
| | Note | €'000 | €'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 567 | 567 |
| Biological assets | 14 | 245 | 245 |
| Non-current loans receivable | 16 | 181 | 181 |
| Deferred tax assets | 21 | 36 | 36 |
| | | <u>1.029</u> | <u>1.029</u> |
| Current assets | | | |
| Inventories and work in progress | 17 | 2.069 | 2.069 |
| Biological assets | 14 | 172 | 172 |
| Trade and other receivables | 18 | 2.095 | 2.095 |
| Cash at bank and in hand | | 194 | 194 |
| | | <u>4.530</u> | <u>4.530</u> |
| Total assets | | <u>5.559</u> | <u>5.559</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 19 | 31 | 31 |
| Share premium | | 1.046 | 1.046 |
| Translation reserve | | 140 | (72) |
| Retained earnings | | 2.897 | 3.109 |
| | | <u>4.114</u> | <u>4.114</u> |
| Non controlling interests | | 63 | 63 |
| Total equity | | <u>4.177</u> | <u>4.177</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | 21 | 70 | 70 |
| | | <u>70</u> | <u>70</u> |
| Current liabilities | | | |
| Trade and other payables | 22 | 778 | 778 |
| Borrowings | 20 | 516 | 516 |
| Current tax liabilities | 23 | 18 | 18 |
| | | <u>1.312</u> | <u>1.312</u> |
| Total liabilities | | <u>1.382</u> | <u>1.382</u> |
| Total equity and liabilities | | <u>5.559</u> | <u>5.559</u> |

The notes on pages 11 to 28 form an integral part of these consolidated financial statements.

AGROLIGA GROUP PLC.

On 30 June 2011 the Board of Directors of Agroliga Group Plc. authorised these financial statements for issue.

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Director

.....
Director

The notes on pages 11 to 28 form an integral part of these consolidated financial statements.

AGROLIGA GROUP PLC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 23 June 2010 to 31 December 2010

| Note | Attributable to equity holders of the Company | | | | Total €'000 | Non controlling interests €'000 | Total €'000 |
|---|---|---------------------------|---------------------------------|-------------------------------|----------------|--|----------------|
| | Share capital €'000 | Share premium €'000 | Translation reserve €'000 | Retained earnings €'000 | | | |
| Balance at 23 June 2010 | - | - | - | - | - | - | - |
| Net profit for the period | - | - | - | 3,109 | 3,109 | 9 | 3,118 |
| Acquisition of subsidiary | - | - | - | - | - | 54 | 54 |
| Issue of share capital | 19 | 31 | 1,046 | - | 1,077 | - | 1,077 |
| Exchange difference arising on the translation and consolidation of foreign companies' financial statements | - | - | (72) | - | (72) | - | (72) |
| Balance at 31 December 2010 | 31 | 1,046 | (72) | 3,109 | 4,114 | 63 | 4,177 |

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 11 to 28 form an integral part of these consolidated financial statements.

AGROLIGA GROUP PLC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 23 June 2010 to 31 December 2010

| | Note | 23/6/10 - 31/12/10 €'000 |
|---|------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | | 3,189 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 13 | 33 |
| Exchange difference arising on the translation of non current assets in foreign currencies | | (1) |
| Exchange difference arising on the translation and consolidation of foreign companies' financial statements | | (72) |
| Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition | | (2,525) |
| Impairment charge of property, plant and equipment | 13 | 106 |
| Interest income | 7 | (8) |
| Interest expense | 11 | 64 |
| | | <u>786</u> |
| Cash flows from operations before working capital changes | | 786 |
| Increase in inventories and work in progress | | (946) |
| Increase in trade and other receivables | | (609) |
| Decrease in trade and other payables | | (511) |
| Decrease in biological assets | | 457 |
| Cash flows used in operations | | (823) |
| Tax paid | | (35) |
| | | <u>(858)</u> |
| Net cash flows used in operating activities | | (858) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for purchase of property, plant and equipment | 13 | (28) |
| Acquisition of subsidiaries, net cash outflow on acquisition | 15 | 141 |
| Loans granted | | (18) |
| Interest received | | 8 |
| | | <u>103</u> |
| Net cash flows from investing activities | | 103 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of share capital | | 1,077 |
| Repayments of borrowings | | (64) |
| Interest paid | | (64) |
| | | <u>949</u> |
| Net cash flows from financing activities | | 949 |
| Net increase in cash and cash equivalents | | 194 |
| Cash and cash equivalents: | | |
| At beginning of the period | | - |
| At end of the period | | 194 |

The notes on pages 11 to 28 form an integral part of these consolidated financial statements.

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

1. Incorporation and principal activities

Country of incorporation

The Company Agroliga Group Plc. (the "Company") was incorporated in Cyprus on 23 June 2010 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 11 Boumpoulinas Street, 1st floor, 1060 Nicosia, Cyprus.

Principal activities

The principal activities of the Group are the production of vegetable oils, cereals, meat and dairy breeding herd.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Basis of preparation

The 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. The consolidated financial statements have been prepared under the historical cost convention

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current period the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 23 June 2010.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the parent company Agroliga Group Plc. and the financial statements of the Ukrainian companies Agroliga Group LLC, PLC Liga-A, Agrokomb NV LLC, PLC Mechnikovo and Agroliga LLC.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

2. Accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

2. Accounting policies (continued)

Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Revenue recognition

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

- **Sale of products**

Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Group has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

- **Rendering of services**

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other costs on borrowings to finance construction or production of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€'000), which is the Group's functional and presentation currency.

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

2. Accounting policies (continued)

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Biological assets

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

| | |
|---------------------------------------|-------|
| | % |
| Buildings | 2-5 |
| Agricultural equipment | 7-10 |
| Motor vehicles and other fixed assets | 10-20 |
| Production equipment | 5-10 |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

2. Accounting policies (continued)

Property, plant and equipment (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Deferred income from government grants

Government grants on non-current assets acquisitions are credited to profit or loss in instalments over the estimated useful economic lives of the corresponding assets. This is achieved by deducting grants from the book value of these assets and the recognition of income through the reduced depreciation charge. Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognised in profit or loss as revenue.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Prepayments from clients

Payments received in advance on development contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the reporting date and carried under liabilities. Payments received in advance on development contracts for which revenue has been recognised, are recorded as prepayments from clients to the extent that they exceed revenue that was recognised in profit or loss as at the reporting date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

2. Accounting policies (continued)

Financial instruments (continued)

Loans granted

Loans originated by the Group by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

2. Accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial liabilities

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

When 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 recognised in profit or loss.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. The costs of finished goods and semi finished goods comprises materials, direct labour, other direct costs and related production overheads (based on normal operating activity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

3. Financial risk management

Financial risk factors

The Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

3. Financial risk management (continued)

3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

4. Critical accounting estimates and judgements (continued)

- **Provision for obsolete and slow-moving inventory**

The Group reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on Management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

The amount of provision is recognized in profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Revenue

| | 23/6/10 - 31/12/10 €'000 |
|-------------------------------|--------------------------------|
| Sales of products | 794 |
| Rendering of services | 37 |
| Income from biological assets | <u>2.053</u> |
| | <u>2.884</u> |

6. Other income

| | 23/6/10 - 31/12/10 €'000 |
|---|--------------------------------|
| Government grants | 250 |
| Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition | 2.525 |
| Sundry operating income | <u>88</u> |
| | <u>2.863</u> |

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

7. Profit from investing activities

| | 23/6/10 - 31/12/10 €'000 |
|-----------------|--------------------------------|
| Interest income | <u>8</u> |
| | <u>8</u> |

Interest revenue is analysed as follows:

| | 23/6/10 - 31/12/10 €'000 |
|---------------|--------------------------------|
| Bank deposits | <u>8</u> |
| | <u>8</u> |

8. Other expenses

| | 23/6/10 - 31/12/10 €'000 |
|--|--------------------------------|
| Incorporation expenses | 1 |
| Impairment charge of property, plant and equipment | <u>106</u> |
| | <u>107</u> |

9. Expenses by nature

| | 23/6/10 - 31/12/10 €'000 |
|--|--------------------------------|
| Raw materials and consumables used | 1.910 |
| Staff costs (Note 10) | 176 |
| Depreciation and amortisation expense | 33 |
| Auditors' remuneration | 14 |
| Impairment charge of property, plant and equipment (Note 13) | 106 |
| Other expenses | <u>(2.284)</u> |
| Total expenses | <u>(45)</u> |

10. Staff costs

| | 23/6/10 - 31/12/10 €'000 |
|--------------------|--------------------------------|
| Wages and salaries | <u>176</u> |
| | <u>176</u> |

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

11. Finance costs

| | 23/6/10 - 31/12/10 €'000 |
|---|--------------------------------|
| Net foreign exchange transaction losses | 7 |
| Interest expense | 64 |
| Other finance expenses | 7 |
| | <u>78</u> |

12. Tax

12.1 Tax recognised in profit or loss

| | 23/6/10 - 31/12/10 €'000 |
|---------------------------------------|--------------------------------|
| Overseas tax | 52 |
| Defence contribution - current period | 3 |
| Deferred tax - charge (Note 21) | 16 |
| Charge for the period | <u>71</u> |

The corporation tax rate varies from 10% to 25%.

Under certain conditions interest income in Cyprus may be subject to defence contribution at the rate of 10%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

13. Property, plant and equipment

| | Buildings €'000 | Agricultural equipment €'000 | Motor vehicles and other fixed assets €'000 | Production equipment €'000 | Total €'000 |
|--|--------------------|------------------------------------|--|----------------------------------|-------------------|
| Cost | | | | | |
| Acquisitions through business combinations | 116 | 313 | 7 | 241 | 677 |
| Additions | 5 | 12 | 1 | 10 | 28 |
| Exchange differences | - | 2 | - | 1 | 3 |
| Impairment charge | - | (59) | (1) | (46) | (106) |
| Transfers | (18) | - | - | 18 | - |
| Balance at 31 December 2010 | <u>103</u> | <u>268</u> | <u>7</u> | <u>224</u> | <u>602</u> |
| Depreciation | | | | | |
| Charge for the period | 5 | 20 | 1 | 7 | 33 |
| Exchange differences | - | 2 | - | - | 2 |
| Balance at 31 December 2010 | <u>5</u> | <u>22</u> | <u>1</u> | <u>7</u> | <u>35</u> |
| Net book amount | | | | | |
| Balance at 31 December 2010 | <u>98</u> | <u>246</u> | <u>6</u> | <u>217</u> | <u>567</u> |

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

14. Biological assets

| | 2010 €'000 |
|---|-------------------|
| Balance at 23 June | - |
| Increase due to acquisition of subsidiaries | 874 |
| Decrease in value due to products gathering | (561) |
| Capitalised expenses | 203 |
| Decrease due to change in fair value | (100) |
| Exchange differences | 1 |
| Balance at 31 December | 417 |
| Less current portion | <u>(172)</u> |
| Non-current portion | <u>245</u> |

15. Acquisition of subsidiary

On 20 August 2010 the Group acquired 100% of the share capital of Agroliga group LLC, a Ukrainian group that focuses on the production of vegetable oils, cereals, meat and dairy breeding herd. The transaction has been accounted for by the purchase method of accounting.

Goodwill arising on consolidation:

| | Agroliga Group LLC €'000 | Total €'000 |
|---|--------------------------------|-----------------------|
| Consideration transferred | 10 | 10 |
| Less: Net assets acquired | <u>(2,535)</u> | <u>(2,535)</u> |
| Goodwill arising on consolidation: | <u>(2,525)</u> | <u>(2,525)</u> |

The assets and liabilities acquired were as follows:

| | Acquiree's amount before combination €'000 | Fair value €'000 |
|--|---|---------------------|
| Property, plant and equipment | 677 | 677 |
| Biological assets | 874 | 874 |
| Other financial assets | 163 | 163 |
| Inventories | 1,123 | 1,123 |
| Trade and other receivables | 1,486 | 1,486 |
| Cash at bank and in hand | 151 | 151 |
| Trade payables | (1,274) | (1,274) |
| Current borrowings | (580) | (580) |
| Deferred tax liabilities | (16) | (16) |
| Provisions for other liabilities and charges | (15) | (15) |
| Non-controlling interests | <u>(54)</u> | <u>(54)</u> |
| Net assets | <u>2,535</u> | <u>2,535</u> |
| Net cash outflow on acquisition of subsidiaries | 23/6/10 - 31/12/10 €'000 | 2009 |
| Consideration paid in cash | (10) | - |
| Cash and cash equivalents acquired | <u>151</u> | <u>-</u> |
| | <u>141</u> | <u>-</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

16. Non-current loans receivable

| | 2010 €'000 |
|------------------------------|---------------|
| Loans to employees (Note 24) | 181 |
| | <u>181</u> |

The exposure of the Group to credit risk is reported in note 3 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

17. Inventories and work in progress

| | 2010 €'000 |
|------------------------------------|---------------|
| Materials of agricultural purpose | 56 |
| Work in progress | 152 |
| Agricultural products | 1.597 |
| Fuel | 22 |
| Spare parts and building materials | 34 |
| Other inventories | 208 |
| | <u>2.069</u> |

Inventories are stated at cost.

18. Trade and other receivables

| | 2010 €'000 |
|---|---------------|
| Trade receivables | 307 |
| Less: Provision for impairment of receivables | <u>(45)</u> |
| Trade receivables - net | 262 |
| Receivables from related parties (Note 24) | 565 |
| Shareholders' current accounts - debit balances (Note 24) | 1.044 |
| Deposits and prepayments | 178 |
| Doubtful debt reserve | (12) |
| Other receivables | 35 |
| Refundable VAT | 23 |
| | <u>2.095</u> |

The Group has recognized a loss of € 45 thousand for the impairment of its trade receivables during the period from 23 June 2010 to 31 December 2010. The loss has been included in selling and distribution costs in profit or loss.

Movement in provision for impairment of receivables:

| | 2010 €'000 |
|---|---------------|
| Balance at 23 June | - |
| Impairment losses recognised on receivables | <u>45</u> |
| Balance at 31 December | <u>45</u> |

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

18. Trade and other receivables (continued)

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

19. Share capital

| | 2010 Number of shares | 2010 €'000 |
|-------------------------------|-----------------------------|---------------|
| Authorised | | |
| Ordinary shares of €0,10 each | <u>307.560</u> | <u>31</u> |
| Issued and fully paid | | |
| Issue of shares | <u>307.560</u> | <u>31</u> |
| Balance at 31 December | <u>307.560</u> | <u>31</u> |

Authorised capital

Under its Memorandum the Company fixed its share capital at 307.560 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 23 June 2010 the Company issued to the subscribers of its Memorandum of Association 256.300 ordinary shares of €0.10 each at par.

On 3 September 2010, the Company issued 51.260 ordinary shares of €0,10 each at the price of €20,50 each, resulting in a total share premium of €1.045.704.

20. Borrowings

| | 2010 €'000 |
|---------------------------|---------------|
| Current borrowings | |
| Bank loans | <u>516</u> |

The bank loans are secured as follows:

- By floating charge on the Group's vehicles for €347 thousand.
- By mortgage against immovable property of the Group for €143 thousand.
- By floating charge on the Group's equipment for € 95 thousand .

The weighted average effective interest rates at the reporting date were as follows:

| | 2010 |
|------------|------|
| Bank loans | 22% |

The Group borrowings are denominated in the following currencies:

| | 2010 €'000 |
|--------------------|---------------|
| Ukraininan Hryvnia | <u>516</u> |
| | <u>516</u> |

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

21. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 12). The applicable corporation tax rate in the case of tax losses is 10%.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Deferred tax liability

| | Non-current assets €'000 | Inventories €'000 | Prepayments €'000 | Total €'000 |
|--|--------------------------------|----------------------|----------------------|----------------|
| Balance at 23 June 2010 | - | - | - | - |
| Charged / (credited) to: | | | | |
| Statement of comprehensive income (Note 12) | (5) | 5 | 2 | 2 |
| Exchange differences | - | 1 | - | 1 |
| Deferred tax on acquisition of subsidiaries | 9 | 37 | 21 | 67 |
| Balance at 31 December 2010 | 4 | 43 | 23 | 70 |

Deferred tax assets

| | Advances from clients €'000 | Reserves and provisions €'000 | Total €'000 |
|---|-----------------------------------|-------------------------------------|----------------|
| Balance at 23 June 2010 | - | - | - |
| Charged / (credited) to: | | | |
| Statement of comprehensive income (Note 12) | (12) | (2) | (14) |
| Exchange differences | (1) | - | (1) |
| Deferred tax on acquisition of subsidiaries | 45 | 6 | 51 |
| Balance at 31 December 2010 | 32 | 4 | 36 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. Trade and other payables

| | 2010 €'000 |
|---|---------------|
| Trade payables | 275 |
| Prepayments from clients | 151 |
| Short term notes issued | 30 |
| Directors' current accounts - credit balances (Note 24) | 117 |
| Accruals | 50 |
| Other creditors | 34 |
| Payables to related parties (Note 24) | 121 |
| | <u>778</u> |

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

23. Current tax liabilities

| | 2010 €'000 |
|----------------------------------|---------------|
| Corporation tax | 15 |
| Special contribution for defence | 3 |
| | <u>18</u> |

24. Related party transactions

The Company is controlled by Mr Oleksandr Berdnyk and Ms Iryna Poplavska which own 42% of the Company's shares each.

The following transactions were carried out with related parties:

24.1 Sales of goods and services

| | <u>Nature of transactions</u> | 23/6/10 - 31/12/10 €'000 |
|-------|-------------------------------|--------------------------------|
| Praga | Trade | <u>328</u> |
| | | <u>328</u> |

Sales to the related parties were made on commercial terms and conditions.

24.2 Purchases of goods and services

| | <u>Nature of transactions</u> | 23/6/10 - 31/12/10 €'000 |
|-------------|-------------------------------|--------------------------------|
| M. Tamaryan | Trade | 1 |
| L. Kazanina | Trade | 4 |
| | | <u>5</u> |

Purchases from related parties were made on commercial terms and conditions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

24. Related party transactions (continued)

24.3 Receivables from related parties (Note 18)

| <u>Name</u> | <u>Nature of transactions</u> | 2010 €'000 |
|----------------|-------------------------------|---------------|
| I. Poplavskaya | Finance | 90 |
| M. Tamaryan | Finance | 65 |
| S. Berdnyk | Finance | 74 |
| Y. Poplavskiy | Finance | 23 |
| T. Oleynik | Finance | 5 |
| Praga | Finance | 308 |
| | | <u>565</u> |

24.4 Loans to employees (Note 16)

| | 2010 €'000 |
|--------------------|---------------|
| Loans to employees | 181 |
| | <u>181</u> |

The loans were provided interest free, and there was no specified repayment date.

24.5 Payables to related parties (Note 22)

| <u>Name</u> | <u>Nature of transactions</u> | 2010 €'000 |
|----------------|-------------------------------|---------------|
| I. Poplavskaya | Finance | 20 |
| A. Oleinik | Finance | 2 |
| Y. Poplavskiy | Finance | 29 |
| Praga | Finance | 70 |
| | | <u>121</u> |

24.6 Shareholders' current accounts - debit balances (Note 18)

| | 2010 €'000 |
|------------------------------|---------------|
| Shareholders current account | 1,044 |
| | <u>1,044</u> |

The shareholders' current accounts are interest free, and have no specified repayment date.

24.7 Directors' current accounts - credit balances (Note 22)

| | 2010 €'000 |
|------------|---------------|
| O. Berdnyk | 117 |
| | <u>117</u> |

The directors' current accounts are interest free, and have no specified repayment date.

25. Contingent liabilities

The tax treatment of the Group's overseas operations may be different to the treatment adopted by the relevant tax authorities. This may expose the Group to the risk of tax fines and penalties, their amount of which may be significant. No provision has been made in these financial statements in respect of this matter.

AGROLIGA GROUP PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 23 June 2010 to 31 December 2010

26. Commitments

The Group had no capital or other commitments as at 31 December 2010.

27. Supplementary Information

The consolidated statement of comprehensive income and the consolidated statement of financial position are also presented on the basis of the assumption that the Company was incorporated on 1 January 2010 and the acquisition of the subsidiary Group took place on 1 January 2010, as supplementary information. The supplementary information has not been prepared subject to IFRS.

28. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditor's report on pages 4 and 5