



Report for the period
1 January 2014 – 31 March 2014

15th May 2014

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1. General information about the Company

1.1 Company details

| | |
|----------------------|---|
| Company name: | Agroliga Group PLC |
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Source: Issuer

1.2 Company profile

Agroliga Group ("Group") is Ukraine based company conducting food and agricultural business. The Group produces sunflower oil, grain and breeds milk cows. The Group consists of six companies:

- Agroliga Group PLC – the holding company based in Cyprus;
- Agroliga operating in Ukraine. It conducts plant production;
- Mechnikovo operating in Ukraine. It specializes in milk cows breeding and plant production;
- Agrokom Novaj Vodolaga operating in Ukraine. It conducts sunflower oil production;
- PLC Liga A operating in Ukraine. It focuses on sales and trading services for other companies in the Group.
- Group of Companies Agroliga LLC– the holding company based in Ukraine.
- VostokAgroKontrakt operating in Ukraine. It conducts plant production;

1.3 Management Board

Aleksander Berdnyk - Chairman of the Board of Directors

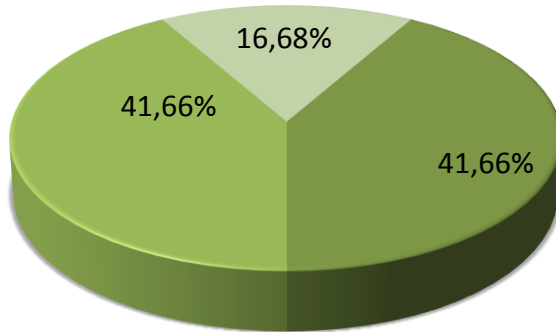
Bizserve Investments Limited – Member of the Board of Directors

Bizserve Management Limited – Member of the Board of Directors

1.4 Shareholder structure

Table 1 - The Shareholding structure of the Issuer, indicating shareholders holding at least 5% of the votes at the date of report (as of 15/05/2014)

| Stockholder | Number of shares | Number of votes at the general meeting | Participation in share capital | Participation in the total number of votes at the general meeting |
|-------------------|------------------|--|--------------------------------|---|
| Alexandr Berdnyk | 640 750 | 640 750 | 41,66% | 41,66% |
| Irina Poplavskaya | 640 750 | 640 750 | 41,66% | 41,66% |
| Free float | 256 300 | 256 300 | 16,68% | 16,68% |
| ALL | 1 537 800 | 1 537 800 | 100,00% | 100,00% |



- Irina Poplavskaya
- Alexandr Berdnyk
- Others

1.5 Persons employed

There are 248 persons employed by Agroliga group as at 31/12/2013 (FTE, including all the Group's companies)

| CATEGORY | 2013-12-31 |
|----------------------|------------|
| ADMINISTRATION | 29 |
| PRODUCTION EMPLOYEES | 125 |
| SUPPORT | 62 |
| TOTAL | 216 |

2. Condensed Financial Statements

Tables below provides data from condensed and unaudited financial statements of Agroliga Group PLC, prepared in accordance with International Accounting Standard 34 for 1Q2014 (period ended 31 March 2014).

Table 2.

for the period from 01/01 to 31/03 of 2014 year (with comparative data)

| | 01/01/2014 | 01/01/2013 |
|--|------------|------------|
| | 31/03/2014 | 31/03/2013 |
| | €000 | €000 |
| Continuing operations | | |
| Sales revenue | 2 814 | 1 744 |
| Cost of sales | (2 563) | (1 624) |
| Income (expenses) from change in fair value of biological assets | 0 | 0 |
| Income from change in fair value of agricultural products | 0 | 107 |
| Gross profit | 251 | 227 |
| Selling and distribution costs | (25) | (4) |
| Administrative expenses | (123) | (95) |
| Income from government grants | 242 | 257 |
| Other operating income/(expenses), net | (147) | (2) |
| Operating profit | 198 | 383 |
| Non-operational income/(expenses), net | - | - |
| Financial income/(expenses), net | (82) | (68) |
| Exchange rate differences, net | (55) | 12 |
| Profit before tax from continuing operations | 61 | 328 |
| Income tax expense | 0 | (0) |
| Profit for the year from continuing operations | 61 | 327 |
| Profit for the year attributable to | | |
| Equity holders of the parent | 59 | 321 |
| Non-controlling interest | 2 | 6 |

Source: Issuer

Table 3

Condensed statement of financial position

as at 31 March 2014 and 31 December 2013 (with comparative data)

| | 31 March, 2014 | 31 December, 2013 | 31 March, 2013 | 31 December, 2012 |
|---|----------------|-------------------|----------------|-------------------|
| | €000 | €000 | €000 | €000 |
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 1 591 | 1 955 | 1 878 | 1 699 |
| Non-current biological assets | 149 | 194 | 182 | 183 |
| Other non-current assets | 328 | 329 | 251 | 300 |
| Total non-current assets | 2 068 | 2 478 | 2 311 | 2 182 |
| Current assets | | | | |
| Current biological assets | 132 | 506 | 868 | 669 |
| Inventories | 5 356 | 7 078 | 4 709 | 4 677 |
| Trade and other receivables | 4 197 | 5 015 | 3 815 | 3 643 |
| Cash and cash equivalent | 319 | 271 | 159 | 103 |
| Total current assets | 10 004 | 12 870 | 9 551 | 9 092 |
| Total assets | 12 072 | 15 348 | 11 861 | 11 274 |
| Equity and liabilities | | | | |
| Share capital | 51 | 51 | 32 | 51 |
| Additional paid-in capital | 953 | 953 | 1 046 | 953 |
| Retained earnings | 12 106 | 12 047 | 9 347 | 8 452 |
| Exchange rate effect | -2 613 | -567 | -609 | -125 |
| Equity attributable to equity holders of the parent | 10 497 | 12 484 | 9 815 | 9 330 |
| Non-controlling interests | 147 | 196 | 153 | 137 |
| Total equity | 10 644 | 12 680 | 9 968 | 9 467 |
| Non-current liabilities | | | | |
| Other non-current liabilities | 106 | 132 | 105 | 137 |
| Deferred tax liability | -31 | -31 | -31 | 42 |
| Total non-current liabilities | 74 | 101 | 74 | 179 |

Current liabilities

| | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Trade and other payables | 669 | 1 132 | 1 512 | 1 392 |
| Interest-bearing loans and borrowings | 575 | 1 426 | 285 | 591 |
| Provisions | 111 | 9 | 22 | 9 |
| Total current liabilities | 1 354 | 2 567 | 1 819 | 1 992 |
| Total liabilities | 1 428 | 2 668 | 1 893 | 2 171 |
| Total equity and liabilities | 12 072 | 15 348 | 11 861 | 11 638 |

Source: Issuer

Table 4
Condensed statement for changes in equity
 for the period from 01/01 to 31/03 of 2014 year

| | Attributable to equity holders of the Company | | | | | | Total |
|---|---|---------------|---------------------|-------------------|---------------------------|------------|---------------|
| | Share capital | Share premium | Translation reserve | Retained earnings | Non-controlling interests | | |
| | €000 | €000 | €000 | €000 | €000 | €000 | |
| Balance at 31 December 2012 /1 January 2013 | 51 | 953 | - | 126 | 8 452 | 137 | 9 467 |
| Net profit the period | - | - | - | 3 596 | 59 | - | 3 655 |
| Exchange difference on the translation and consolidation of foreign companies' financial statements | - | - | - | - | - | - | - |
| Share issue cost | - | - | - | 441 | - | - | 441 |
| Balance at 31 December 2013/1 January 2014 | 51 | 953 | - | 567 | 12 048 | 196 | 12 680 |
| Net profit the period | - | - | - | 59 | 2 | - | 61 |
| Issue of share capital | - | - | - | - | - | - | - |
| Exchange difference on the translation and consolidation of foreign companies' financial statements | - | - | - | 2 046 | 2 | 49 | 2 097 |
| Balance at 31 March 2014 | 51 | 953 | - | 2 613 | 12 104 | 149 | 10 644 |

Source: Issuer

Table 5
Condensed statement of cash flows

for the period from 01/01 to 31/03 of 2014 year

| € '000 | 01/01/2013 - 31/12/2013 | 01/01/2012 - 31/12/2012 |
|---|----------------------------|----------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 61 | 3 659 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 24 | 138 |
| Exchange difference arising on the translation of assets on foreign currencies | -2255 | 0 |
| Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition | 0 | 0 |
| Impairment charge of property, plant and equipment | 0 | 0 |
| Interest income | -1 | -5 |
| Interest expense | 84 | 336 |
| Cash flows from operations before working capital changes | -2 088 | 4 128 |
| Increase in inventories and work in progress | 1 722 | -2 401 |
| Increase in trade and other receivables | 818 | -1 372 |
| Decrease/(increase) in biological assets | 374 | 163 |
| (Decrease)/increase in trade and other payables | -463 | 18 |
| Cash flows from operations | 364 | 536 |
| Tax refunded | 0 | 0 |
| Net cash flows from operating activities | 364 | 536 |
| Cash flows from investing activities | | |
| Payment for purchase of property, plant and equipment | 0 | -296 |
| Acquisition of subsidiaries, net cash outflow on acquisition | 0 | 0 |
| Loans granted | 222 | 525 |
| Interest received | 1 | 5 |
| Net cash flows used in investing activities | 223 | 234 |
| Cash flows from financing activities | | |
| Proceeds from issue of share capital | | |
| Repayments of borrowings | -455 | -266 |
| Interest paid | -84 | -336 |
| Suspense account (pending correction of Depreciation, Minority interest and share capital) | | |

| | | |
|---|-------------|-------------|
| Net cash flows (used in)/from financing activities | -539 | -602 |
| Net decrease in cash and cash equivalents | 48 | 168 |
| Cash and cash equivalents: | | |
| At beginning of the year/period | 271 | 103 |
| At end of the year/period | 319 | 271 |

Source: Issuer

There are no comparative data for the period 1Q2013 for changes in equity and cash flows because of preparation in this period condensed statements of comprehensive income and financial positions only.

Statements were prepared according rules of IAS 34. There were no changes in accounting policy of the Group during period 01/01/13-31/12/13. More detailed Group's accounting policy is described in audited annual report of the Group.

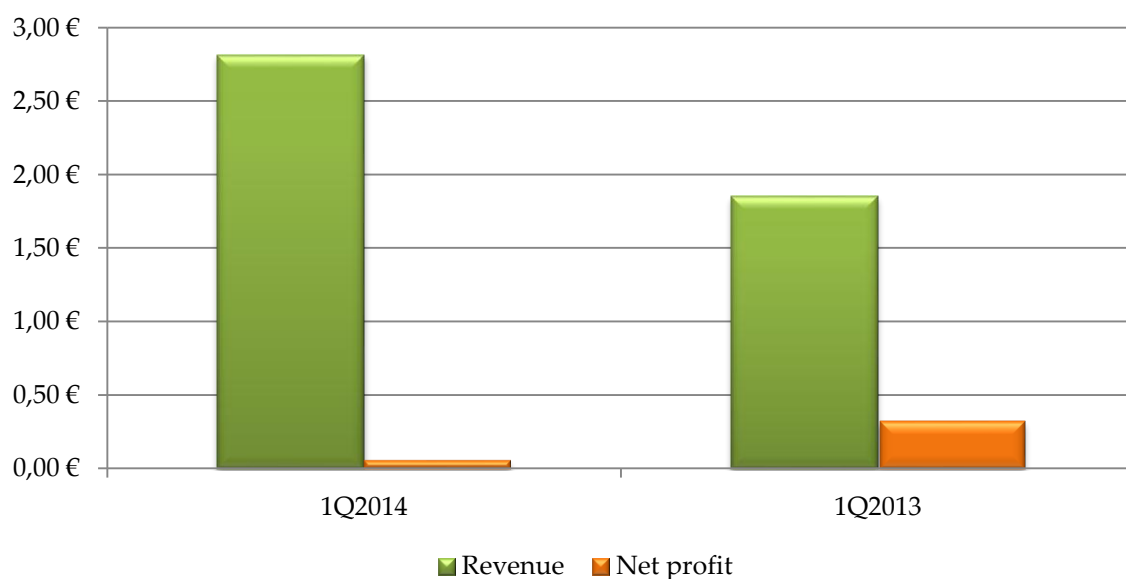
Statements based on report for 4Q2013 and could be changed to annual report because of auditor's corrections and reclassifications possible. Changes will be made after issue of 2013 audited report.

3. The Board of Directors' report.

3.1 Comments to the financial results.

In the first quarter of 2014 Agroliga noted EUR 2 814 ths revenues and 61 ths net profit. Compared to the same period of the previous year, revenues increased by EUR 963 ths and net profit decreased by EUR 260 ths.

Chart 4 Selected financial data for the 1st quarter of 2014, together with data for 2013 [EUR M]



Source: Issuer

The increasing of Group's revenue in 1-st quarter is a result of growing volumes of oil refining with expanding of sales abroad. The decreasing of net income was inflicted by rapidly changing of prices for sunflower because of changes in hrivna's exchange rate.

3.2 Description of the most important events of the 1st quarter.

At the beginning of the year Agroliga Group have completed the formation of the crop plan for 2014. Like last year, the focus will be mainly on industrial crops - sunflower and rapeseed. Sunflower planting is planned for 1956 ha, winter rape planted on 646 hectares, and winter wheat - on 904 ha. Barley will be planted on 1,305 hectares, maize - on 601 ha.

Great emphasis will be made this season on maize. In 2014, the program begins to increase corn yield at which there is a good reserve for growth. Last year, its yield was 3.31 t / ha with an average in Kharkov region - 4.9 t/ha. It should be noted that corn, unlike sunflower is not a specialization of our farms, and still did not have a significant commercial value, being used for the purpose of crop rotation. Since 2010, its area ranged from 4% to 6% of cultivated land. At the same time profitability of this crop raised in the last two years, and it makes to look at her more closely, and in 2014, the Group's management will do the best to put it on a commercial footing.

In December and January, the Agricultural Department of Agroliga held meetings and consultations with all major producers and distributors of hybrid seeds, plant protection products and fertilizers, which concluded with the signing of contracts for 2014 for all these positions. We are proud to announce that the agreements do not require additional funding during sowing and early summer , which is the result of long-term partnerships with suppliers and undoubted success of our purchasing department . Similar contracts have been signed this year with suppliers of fuel and lubricants .

In February was finally calculated Production results of refinery for 2013.

| | |
|---------------------------------|---------------|
| Sunflower processed, ton | 26 485 |
| own sunflower, ton | 12 052 |
| side sunflower, ton | 14 433 |
| | |

| | |
|------------------|--------|
| Oil refined, ton | 10 991 |
| Oil yield | 42% |

It was the first time in 2013, when Agroliga's oil refinery worked full year after completing the upgrade and installing a second production line in 2012.

During the year, 26,485 tons of sunflower were processed, including grown in Agroliga farms - 12,052 tons and including purchased from other farmers - 14 433 tons. In 2013, processing totaled 17,600 tons. Production growth was 51 %.

It was received 10,991 tons of crude oil, mainly sold to domestic industrial consumers. Average oil yield was 42 %.

During March was successfully completed planting of spring crops.

March 27, Agroliga Group PLC signed long-term lease agreement for 620 ha of the land in Derhachevski district of Kharkov region. Agreement was signed for a 5 years with right of continuation and first refusal. Thus Agroliga will improve the resource base and the profitability of agricultural holding. With the expanding of land, Agroliga Group will also increase its production capacity in the sector of agricultural crops.

Agroliga already sowed at the new land plot this year, mostly with sunflower. Expanding of the land was covered with own financial resources, without any additional loans.

- "The new land plot joined to the Agroliga Group and started new branch in Derhachevski district, as it was once before in Dvurechanski district. It is only 60 km from headquarter of the Group, and we are looking now for a new additions in this area. Agroliga group continue to expand according our strategy and going to rise to 12,5 thousands ha in the coming years." - says Oleksander N. Berdnik, President of the Board of Directors of Agroliga Group PLC.

3.3 Situation in Ukraine.

In connection with recent significant changes in Ukraine's political and economic situation, there is a need to comment on their impact on the operations of the Group companies.

Hryvna devaluation.

Despite significant rate shocks caused by political events and rising euro rate against hryvna from the beginning of the year up to 42%, National Bank of Ukraine demonstrates the ability of to control the situation. Ukraine also has been offered the EU and U.S. financial and credit support of up to 25 billion euros.

Currently, all the Agroliga's loans are denominated in local currency, while the price of sales of agricultural products mainly tied to the euro or US dollar. Thus devaluation will reduce the finance and other costs in the cost structure.

Raising capital in the foreign markets.

The group planned to raise additional financing on the WSE in the 1st quarter of 2014, simultaneously with the transition to the upper market. Due to the stock prices instability of Ukrainian companies associated with the dynamic political situation in Ukraine, these plans has been postponed, but not canceled. Once the market calms down, Group will return to this issue.

The initial stage of development program 2013-2015 does not require substantial investments, and the Group is proceeding with his own funds.

Risk of changes in taxation.

The main efforts of the new government aimed at budget savings. Any significant changes in taxation in the nearest future were not announced from the new Minister of Finance as well. Thus, the risk that in the near future the land tax, which is primary for the most companies of the Group, will be significantly changed or canceled, can be considered quite low.

At the same time, the new government announced increased transparency of administration of the tax system that can reduce the number of tax audits and increase the ease of paying taxes.

The risk of partition or secession regions of Ukraine.

At the moment, Crimea held referendum to become part of the Russian Federation, and separated from Ukraine. Similar referendums held in Donetsk and Lugansk regions as well, but this regions are in unstable condition now, between to be the independent republic or join Russia.

In any event all the Group's land plots are located in the Kharkiv region, where there are no proposals for any territorial changes.

Replacement of the ruling political party.

The main asset of the Group is a land that was taken in a long term lease from a large number of individuals. In addition, the assets include machinery, equipment and real estate.

None of these assets is obtained from a state and none is disputed. None of the Group's majority shareholder, or their related entities is a politician or a government official, even at the local level.

Any result of presidential elections, scheduled at May, 25, will change nothing significant for the Group.

Decline in living standards and changing markets.

The main market for Agroliga's crops is export. Significant changes in the export market does not happen, the denomination of the hryvna will allow to speak of obtaining additional profits from exchange rate differences. Logistically main point of export for the partners of the group now is either Nikolaev or Odessa, both located in southern Ukraine. Changes in quotas or export rules are not announced by the new government.

The main sales market for crude sunflower oil is the East and Centre of Ukraine - confectioneries, manufacturers of mayonnaise, sauces and refined oil. They mainly produce low-end products, the demand for which varies only slightly with the worsening economic situation, so no significant change in the projected volumes and sales prices. Price and volume of oil going for export, similarly projected grain exports.

Milk is supplied to local dairies for processing. No significant change in the projected volumes of its sales estimated. But we should point, that Russia is a target market for large milk exporters, and with their difficulties milk prices going down. But milk revenue is less than 10% of total Group's revenue, and no significant influence connected with it estimated.

3.4 Developing of the strategy.

Strategy of the Group for 2013-2015 years was published 12/06/13 and is conducting conduct in three areas:

- 1) One of the main part of this strategy is developing oil refinery and significant increasing this segment in result of company. Agroliga Group will be conduct this task by increasing capacity from 55 000 tons to 70 000 tons in 2015 and - up to 100 000 tons until 2017 accordingly. Agroliga plans to be produce more profitable products through implementation of new technology of oil extraction and in the long term perspective starting of bottling oil.

- 2) Agroliga Group plans to be mostly use own sunflower seeds for production what allow to better control prices of raw material and finally to achieve a better margin. For this Company will be expand land bank to 12,3 ths ha and will be actively working for significant increasing of efficiency and yields crops.

- 3) Company will be also develop dairy farm. Besides significant increasing of cowherd to 1400 cows Agroliga will be establish production of processing products. In plan of company is a starting dry milk and soft cheese.

Because of significant changes in Ukraine, the Group is working on adjusting forecasts and Group's development strategy. There are no major changes planned, but terms of realization and details will be reviewed.

3.5 The Board's opinion about the achieved results and the forecasts.

In the Group development forecast dated on 24 June 2013, the Company published its financial prognoses, which assumed the achievement in 2014:

- 18 011 000 EUR revenue from sales
- and 3 635 000 EUR net profit.

| <i>EURO</i> | Forecast published in the Group forecasts | Achieved results for 2013 | Level of implementation of the forecast (%) |
|-------------------|---|---------------------------|---|
| Revenue from sale | 18 011 000 | 2 814 229 | 16% |
| Net profit | 3 635 000 | 60 592 | 2% |

During 1Q 2014 year, the Issuer achieved 2 814 ths EUR of revenue and 61 ths EUR net profit. These results represent the implementation of the forecasts, respectively in 16 and 2 percent.

Financial prognoses on this year is recalculating now, because of changes in prices, exchange rates and overall situation in Ukraine, and new estimations will be published in next few month.



Aleksandr Berdnyk
Chairman of the Board of Directors