



Report for the period  
1 January 2016 – 31 March 2016

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**16<sup>th</sup> May 2016**

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## Table of contents

1. General information about the Company .....	3
1.1 Company details .....	3
1.2 Company profile .....	3
1.3 Management Board .....	4
1.4 Shareholder structure .....	4
1.5 Persons employed .....	5
2. Condensed Financial Statements .....	6
3. The Board of Directors' report. ....	11
3.1 Comments to the financial results. ....	11
3.2 Description of the most important events of the 1 <sup>st</sup> quarter. ....	12
3.3 Situation in Ukraine. ....	13
Raising capital in the foreign markets.....	13
Changes in taxation. ....	13
3.4 Developing of the strategy.....	13
3.5 The Board's opinion about the achieved results and the forecasts. ....	14

## 1. General information about the Company

### 1.1 Company details

Company name:	Agroliga Group PLC
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www:	www.agroliga.com.ua

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;
- Mayak operating in Ukraine and conducts plant production. It was added to Group in August 2015.

### 1.3 Management Board

Aleksander Berdnyk - Chairman of the Board of Directors

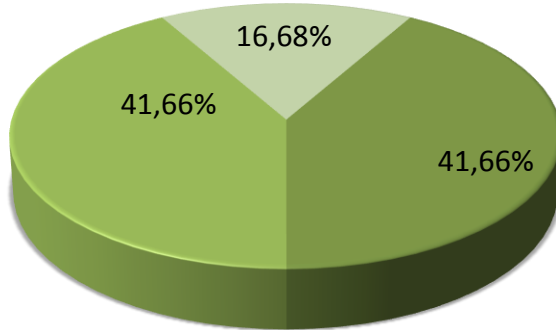
Bizserve Investments Limited – Member of the Board of Directors

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 16/05/2016)**

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%
<b>ALL</b>	<b>1 537 800</b>	<b>1 537 800</b>	<b>100,00%</b>	<b>100,00%</b>



- Irina Poplavskaya
- Alexandr Berdnyk
- Others

## 1.5 Persons employed

There are 239 persons employed by Agroliga group as at 16/05/2016 (FTE, including all the Group's companies)

CATEGORY	2016-05-16
ADMINISTRATION	34
PRODUCTION EMPLOYEES	145
SUPPORT	60
TOTAL	239

## 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 1Q2016 (period ended 31 March 2016).

**Table 2.**  
**Condensed profit and loss statement**

for the period from 01/01 to 31/03 of 2016 year (with comparative data)

	01/01/2016	01/01/2015
	31/03/2016	31/03/2015
	€000	€000
<b>Continuing operations</b>		
Sales revenue	3 578	4 563
Cost of sales	(2 704)	(3 267)
Income (expenses) from change in fair value of biological assets	0	0
Income from change in fair value of agricultural products	-35	-125
<b>Gross profit</b>	<b>839</b>	<b>1 172</b>
Selling and distribution costs	(15)	(38)
Administrative expenses	(113)	(204)
Income from government grants	0	313
Other operating income/(expenses), net	(35)	39
<b>Operating profit</b>	<b>677</b>	<b>1 282</b>
Non-operational income/(expenses), net	-	-
Financial income/(expenses), net	(75)	(83)
Exchange rate differences, net	(9)	(120)
<b>Profit before tax from continuing operations</b>	<b>593</b>	<b>1 078</b>
Income tax expense	(7)	-
<b>Profit for the year from continuing operations</b>	<b>586</b>	<b>1 078</b>
<b>Profit for the year attributable to</b>		
Equity holders of the parent	557	1 055
Non-controlling interest	29	23

Source: Issuer

**Table 3**

**Condensed statement of financial position**

as at 31 March 2016 and 31 December 2015 (with comparative data)

	31 March, 2016	31 December, 2015
<b>Assets</b>	<b>€000</b>	<b>€000</b>
<b>Non-current assets</b>		
Property, plant and equipment	3 267	3 618
Non-current biological assets	138	151
Other non-current assets	438	494
<b>Total non-current assets</b>	<b>3 843</b>	<b>4 263</b>
<b>Current assets</b>		
Current biological assets	581	682
Inventories	4 215	4 309
Trade and other receivables	8 090	3 494
Cash and cash equivalent	890	889
<b>Total current assets</b>	<b>13 776</b>	<b>9 374</b>
<b>Total assets</b>	<b>17 619</b>	<b>13 637</b>
<b>Equity and liabilities</b>		
Share capital	51	51
Additional paid-in capital	953	953
Retained earnings	18 226	17 638
Exchange rate effect	-9 265	-7 157
Equity attributable to equity holders of the parent	<b>9 965</b>	<b>11 485</b>
Non-controlling interests	313	314
<b>Total equity</b>	<b>10 278</b>	<b>11 799</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	96	101
Deferred tax liability	-55	72
<b>Total non-current liabilities</b>	<b>41</b>	<b>173</b>
<b>Current liabilities</b>		
Trade and other payables	6 326	922

Interest-bearing loans and borrowings	990	759
Provisions	-16	-16
<b>Total current liabilities</b>	<b>7 299</b>	<b>1 665</b>
<b>Total liabilities</b>	<b>7 341</b>	<b>1 839</b>
<b>Total equity and liabilities</b>	<b>17 619</b>	<b>13 637</b>

Source: Issuer

**Table 4**

**Condensed statement for changes in equity**  
for the period from 01/01 to 31/03 of 2016 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	
<b>Balance at 31 December 2014 /1 January 2015</b>	<b>51</b>	<b>953</b>	<b>- 5 783</b>	<b>14 418</b>	<b>230</b>	<b>9 869</b>	
Net profit for the period	-	-	-	3 311	82	3 393	
Issue of share capital	-	-	-	-	-	-	
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	- 1 374	- 85	- 4	- 1 463	
<b>Balance at 31 December 2015/1 January 2016</b>	<b>51</b>	<b>953</b>	<b>- 7 157</b>	<b>17 644</b>	<b>308</b>	<b>11 799</b>	
Net profit for the period	-	-	-	557	29	586	
Issue of share capital	-	-	-	-	-	-	
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	- 2 108	24	-24	- 2 108	
<b>Balance at 31 March 2016</b>	<b>51</b>	<b>953</b>	<b>- 9 265</b>	<b>18 225</b>	<b>313</b>	<b>10 278</b>	

Source: Issuer



**Table 5**
**Condensed statement of cash flows**  
 for the period from 01/01 to 31/03 of 2016 year

€ '000	01/01/2016 - 31/03/2016	01/01/2015 - 31/12/2015
<b>Cash flows from operating activities</b>		
Profit before tax	3396	3396
Adjustments for:		
Depreciation of property, plant and equipment	42	169
Exchange difference arising on the translation of assets on foreign currencies	- 2 108	-1750
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	-	0
Impairment charge of property, plant and equipment	-	0
Interest income		-5
Interest expense	75	362
Cash flows from operations before working capital changes	- 1 397	2 172
Increase in inventories and work in progress	93	253
Increase in trade and other receivables	- 4 596	386
Decrease/(increase) in biological assets	101	-206
(Decrease)/increase in trade and other payables	5 404	-642
Cash flows from operations	- 395	1 963
Tax refunded	-	0
<b>Net cash flows from operating activities</b>	<b>- 395</b>	<b>1 963</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of property, plant and equipment		-1 104
Proceeds from disposal of property, plant and equipment	-	0
Loans granted	-	0
Interest received	2	2
<b>Net cash flows used in investing activities</b>	<b>2</b>	<b>-1 102</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital		

Proceeds of borrowings	468	1 736
Repayment of borrowings		-1 851
Interest paid	- 75	-362
Suspense account (pending correction of Depreciation, Minority interest and share capital)		
<b>Net cash flows (used in)/from financing activities</b>	<b>393</b>	<b>-477</b>
Net decrease in cash and cash equivalents	- 0	384
Cash and cash equivalents:		
At beginning of the year/period	889	505
<b>At end of the year/period</b>	<b>890</b>	<b>889</b>

*Source: Issuer*

Statements were prepared according rules of IAS 34. There were no changes in accounting policy of the Group during period 01/01/16-31/03/16. More detailed Group's accounting policy is described in audited annual report of the Group.

Exchange rate effect was noted in Statement of financial position.

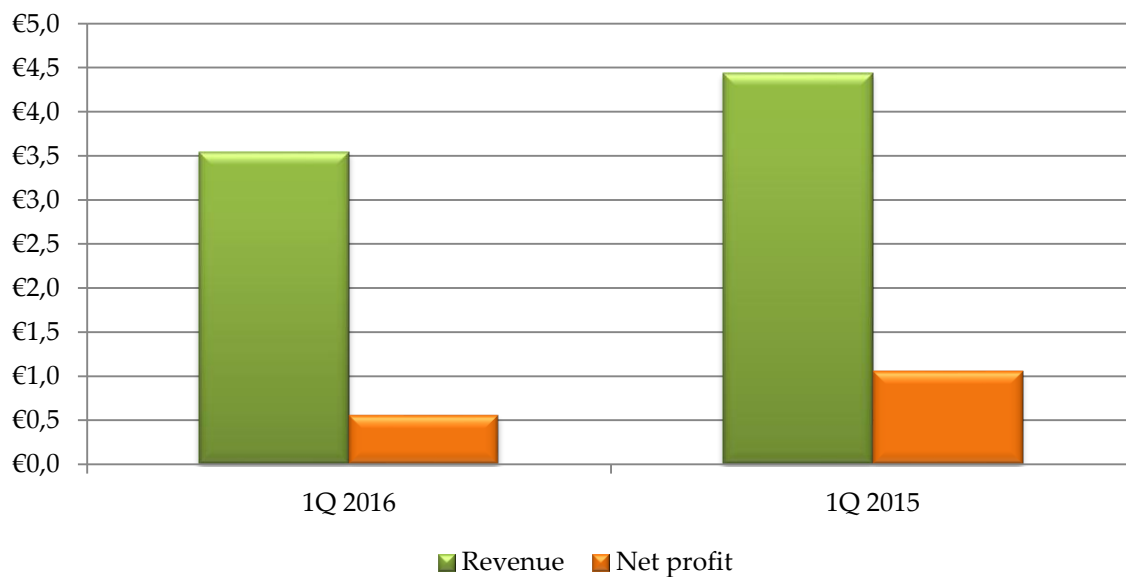
Statements based on annual audited report and comparative data may slightly changes from quarterly reports because of auditor's corrections and reclassifications.

## 3. The Board of Directors' report.

### 3.1 Comments to the financial results.

In 1 quarter of 2016 Agroliga noted EUR 3 543 thousand revenues and 586 thousand net profit. Compared to the same period of the previous year, revenues decreased by EUR 895 thousand and net profit decreased by EUR 498 thousand.

Chart 4 Selected financial data for the 1<sup>st</sup> quarter of 2016, together with data for 2015 [EUR M]



*Source: Issuer*

The Group's revenue and income in 1<sup>st</sup> quarter 2016 is lower in comparison with in a previous year, because of very intensive sales at the end of 2015 with a lots of deals closed, that impacts for oil and sunflower supply at January/February 2016.

## 3.2 Description of the most important events of the 1<sup>st</sup> quarter.

### Agroliga Group opens branch in Poland

Agroliga Group is welcome to announce about Polish branch opening in Warsaw. Agroliga Poland will be European sales division of the Group and will also run different projects in Poland.

### Refined sunflower oil



“Agroliga Group” started manufacturing the refined sunflower oil of category “P”. This business line takes a priority for “Agroliga Group” because the packaged refined oil has a higher added value, and is in great demand in the countries of Western Europe, the Middle East and Asia.

The first consignments of goods have been exported to Slovakia and Iraq. The oil is packaged into 1/2/5 liter bottles and sold under our own trademark “AGROLIGA”.

In addition, we conclude contracts with foreign trading networks and distributors on manufacturing and supply of our products under “PrivateLabel”.

Our sunflower oil is a product of high quality manufactured according to the European and international quality standards confirmed by certificates EUR 1, T2L, ISCC.

In order to expand markets and attract new business partners we created the sales department specializing in the sale of products to the countries of Western Europe.

The information on prices and quality characteristics of our products can be discussed with the manager or found on our website in the section "Sunflower Oil".

### 3.3 Situation in Ukraine.

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

#### 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.

#### Changes in taxation.

According memorandum with IMF, Ukraine government bring the agriculture sector under the VAT regime, effective January 2016. The amounts of VAT declared by the taxpayers applying special VAT regime in special VAT returns remain at disposal of such taxpayers depending on specialization of agricultural production as follows:

Production specialization	VAT share remaining at disposal of a taxpayer
Grain	15%
Cattle breeding and diary industry	80%
Other	50%

According 1<sup>st</sup> quarter results, there are no significant changes for the Group's business profitability with new tax regime, but current operations do not subject to such changes and most impact will be after harvest, in 3<sup>rd</sup> quarter.

### 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 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 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 thousand ha and will be actively working for significant increasing of efficiency and yields crops.

As a part of realization of this strategy in August 2015 Group obtained another agricultural company with land plot 1,8 thousand ha.

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.

As a step to realization of this point was opened retail dairy shop during August 2015.

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.**

Because of changes in prices, exchange rates and overall situation in Ukraine Group cannot make any long-term financial forecasts for 2016 year.



Aleksandr Berdnyk  
Chairman of the Board of Directors