



Report for the period  
1 October 2013 – 31 December 2013

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**14<sup>st</sup> February 2014**

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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 3-d quarter. ....	12
3.3 Developing of the strategy .....	13
3.4 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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E-mail:	info@agroliga.com.ua
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;

### 1.3 Management Board

Aleksander Berdnyk - Chairman of the Board of Directors

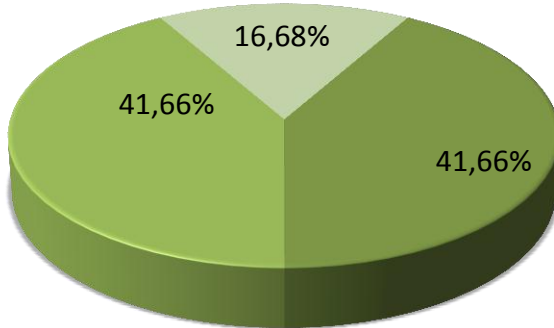
Bizserve Investments Limited – Member of the Board of Directors

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 14/02/2014)**

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%
<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 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	131
SUPPORT	88
TOTAL	248

## 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 4Q2013 (period ended 31 December 2013).

**Table 2.**

for the period from 01/01 to 31/12 of 2013 year (with comparative data)

	01/01/2013 31/12/2013	01/01/2012 31/12/2012	01/10/2013 31/12/2013	01/10/2012 31/12/2012
	€000	€000	€000	€000
<b>Continuing operations</b>				
Sales revenue	12 565	11 667	868	3 390
Cost of sales	(12 374)	(12 369)	(1 498)	(1 810)
Income (expenses) from change in fair value of biological assets	0	-4	0	0
Income from change in fair value of agricultural products	4 256	4 358	1 541	-318
<b>Gross profit</b>	<b>4 447</b>	<b>3 651</b>	<b>911</b>	<b>1 262</b>
Selling and distribution costs	(135)	(127)	(109)	(93)
Administrative expenses	(553)	(469)	(197)	(264)
Income from government grants	610	932	102	248
Other operating income/(expenses), net	-317	-591	-306	-585
<b>Operating profit</b>	<b>4 053</b>	<b>3 397</b>	<b>399</b>	<b>567</b>
Non-operational income/(expenses), net	(32)	21	(32)	(17)
Financial income/(expenses), net	(327)	(285)	(118)	(115)
Exchange rate differences, net	(35)	(31)	(37)	(14)
<b>Profit before tax from continuing operations</b>	<b>3 659</b>	<b>3 103</b>	<b>213</b>	<b>420</b>
Income tax expense	(5)	58	(4)	(4)
<b>Profit for the year from continuing operations</b>	<b>3 655</b>	<b>3 161</b>	<b>209</b>	<b>417</b>
			0	0
<b>Profit for the year attributable to</b>				
Equity holders of the parent	3 596	3 110	206	401
Non-controlling interest	59	51	3	16

Source: Issuer

**Table 3**

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

	31 December, 2013	31 December, 2012	30 September, 2012	31 December, 2011
<b>Assets</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Non-current assets</b>				
Property, plant and equipment	1 955	1 699	1 509	1 220
Non-current biological assets	194	183	177	171
Other non-current assets	329	300	26	249
<b>Total non-current assets</b>	<b>2 478</b>	<b>2 182</b>	<b>1 712</b>	<b>1 640</b>
<b>Current assets</b>				
Current biological assets	506	669	216	1 076
Inventories	7 078	4 677	4 703	3 477
Trade and other receivables	5 015	3 643	3 403	2 122
Cash and cash equivalent	271	103	148	103
<b>Total current assets</b>	<b>12 870</b>	<b>9 092</b>	<b>8 470</b>	<b>6 778</b>
<b>Total assets</b>	<b>15 348</b>	<b>11 274</b>	<b>10 182</b>	<b>8 418</b>
<b>Equity and liabilities</b>				
Share capital	51	51	32	32
Additional paid-in capital	953	953	1 046	1 046
Retained earnings	12 047	8 452	7 664	4 951
Exchange rate effect	-567	-125	-69	40
Equity attributable to equity holders of the parent	12 484	9 330	8 673	6 069
Non-controlling interests	196	137	138	86
<b>Total equity</b>	<b>12 680</b>	<b>9 467</b>	<b>8 811</b>	<b>6 155</b>
<b>Non-current liabilities</b>				
Other non-current liabilities	132	137	119	198
Deferred tax liability	-31	42	34	73
<b>Total non-current liabilities</b>	<b>101</b>	<b>179</b>	<b>153</b>	<b>271</b>

**Current liabilities**

Trade and other payables	1 132	1 114	859	1 392
Interest-bearing loans and borrowings	1 426	505	298	591
Provisions	9	9	62	9
<b>Total current liabilities</b>	<b>2 567</b>	<b>1 628</b>	<b>1 218</b>	<b>1 992</b>
<b>Total liabilities</b>	<b>2 668</b>	<b>1 807</b>	<b>1 371</b>	<b>2 263</b>
<b>Total equity and liabilities</b>	<b>15 348</b>	<b>11 274</b>	<b>10 182</b>	<b>8 418</b>

Source: Issuer

**Table 4**
**Condensed statement for changes in equity**  
 for the period from 01/01 to 31/12 of 2013 year

	Attributable to equity holders of the Company					Total
	Share capital	Share premium	Translation reserve	Retained earnings	Non-controlling interests	
	€000	€000	€000	€000	€000	
<b>Balance at 31 December 2011 /1 January 2012</b>	<b>32</b>	<b>1 046</b>	<b>40</b>	<b>4 952</b>	<b>86</b>	<b>6 156</b>
Net profit the period	-	-	-	3 110	51	3 161
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	-	166	-	-
Result of aggregation with Ukrainian entity LLC Vostokagrokontract	19	-	-	390	-	409
Share issue cost	-	-	93	-	-	-
<b>Balance at 31 December 2012/1 January 2013</b>	<b>51</b>	<b>953</b>	<b>-</b>	<b>126</b>	<b>8 452</b>	<b>137</b>
Net profit the period	-	-	-	3 596	59	3 655
Issue of share capital	-	-	-	-	-	-
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	-	441	-	-
<b>Balance at 31 December 2013</b>	<b>51</b>	<b>953</b>	<b>-</b>	<b>567</b>	<b>12 048</b>	<b>196</b>

Source: Issuer



**Table 5**
**Condensed statement of cash flows**

for the period from 01/01 to 31/12 of 2013 year

€ '000	01/01/2013 - 31/12/2013	01/01/2012 - 31/12/2012
<b>Cash flows from operating activities</b>		
Profit before tax	3 659	3,103
Adjustments for:		
Depreciation of property, plant and equipment	138	61
Exchange difference arising on the translation of non- current assets on foreign currencies	0	-22
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	-5	-21
Interest expense	336	228
Cash flows from operations before working capital changes	4 128	3349
Increase in inventories and work in progress	-2 401	-1200
Increase in trade and other receivables	-1 372	-1521
Decrease/(increase) in biological assets	163	419
(Decrease)/increase in trade and other payables	18	-278
Cash flows from operations	536	769
Tax refunded	0	58
<b>Net cash flows from operating activities</b>	<b>536</b>	<b>827</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of property, plant and equipment	-296	-578
Acquisition of subsidiaries, net cash outflow on acquisition	0	0
Loans granted	525	0
Interest received	5	21
<b>Net cash flows used in investing activities</b>	<b>234</b>	<b>-557</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital		0
Repayments of borrowings	-266	-147
Interest paid	-336	-228

Suspense account (pending correction of Depreciation, Minority interest and share capital)		104
<b>Net cash flows (used in)/from financing activities</b>	<b>-602</b>	<b>-271</b>
Net decrease in cash and cash equivalents	168	-1
Cash and cash equivalents:		0
At beginning of the year/period	103	104
<b>At end of the year/period</b>	<b>271</b>	<b>103</b>

*Source: Issuer*

There are no comparative data for the period 4Q2012 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.

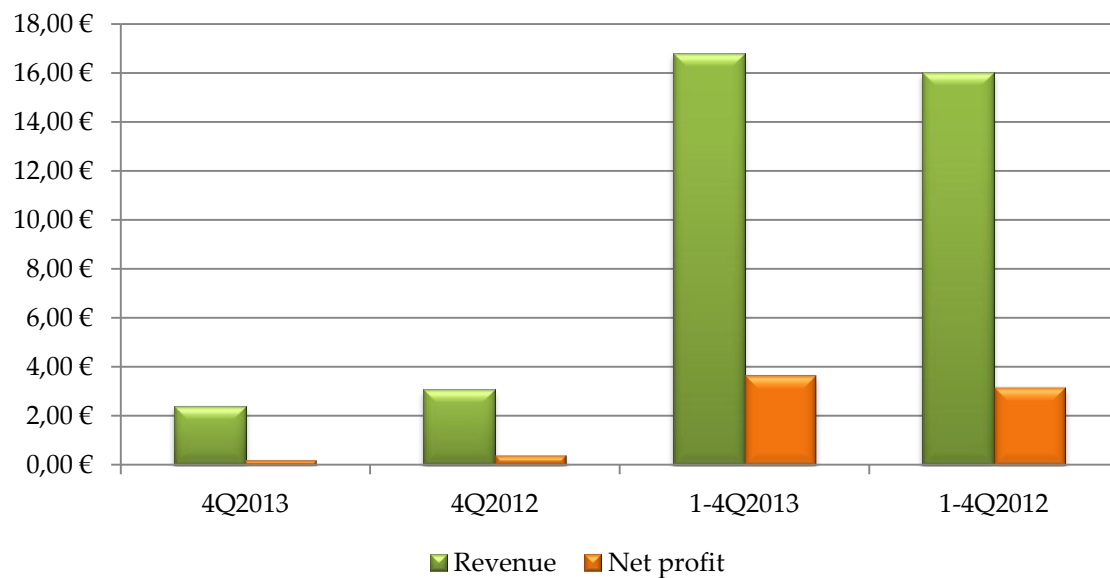
Statements could be slightly changed to annual report because according Ukrainian legislation the final date of the annual statements in Ukrainian accounting is February 25<sup>th</sup>, and some counterparties are still not provide all the documents.

## 3. The Board of Directors' report.

### 3.1 Comments to the financial results.

In the third quarter of 2013 Agroliga noted EUR 2 409 ths revenues and 209 ths net profit. Compared to the same period of the previous year, revenues decreased by EUR 663 ths and net profit decreased by EUR 208 ths.

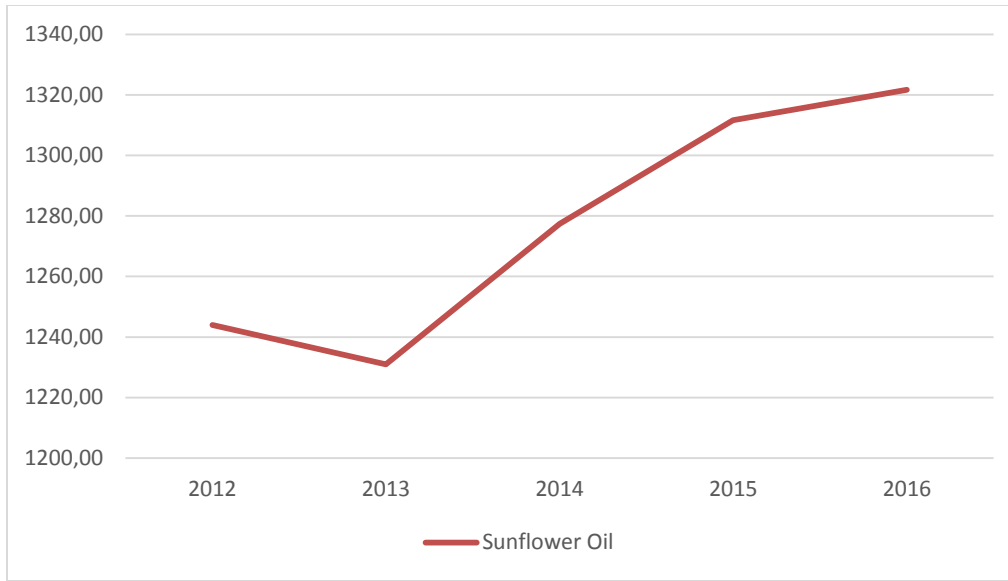
**Chart 4 Selected financial data for the 4<sup>th</sup> quarter of 2013 and on a cumulative basis, together with data for 2012 [EUR M]**



*Source: Issuer*

The decreasing of Group's results for 4-th quarter is inflicted by overall decreasing of prices for agriculture production this year, not only in Ukraine, but worldwide. This decreasing was included in financial guidelines of Agroliga. According FAPRI (Food and Agricultural Policy Research Institute) prognoses, this year's prices is lowest for 2012-2016 years. But from the next season it forecasted to raise again, especially prices of sunflower oil.

**Chart 5. FAPRI prognoses of sunflower oil prices**



*Source: Food and Agricultural Policy Research Institute*

Despite of low prices, overall revenue of 1-4 quarters 2013 is better than 2012 for 796 thousands euro, and net profit is 493 thousand euro higher as well.

It was resulted in diversification of Group's activities and successful work of oil refinery and dairy farm.

### **3.2 Description of the most important events of the 4<sup>th</sup> quarter.**

During October and early November agricultural companies of the Group were harvesting the later varieties of sunflower. On the area of 2904 hectares, Agroliga group collected 12 051,6 tons of sunflower, which corresponds to 4,15 t/ha. Despite continuous rains during the gathering and prolonged by three additional weeks season Agroliga workers managed to keep a high yield for this key culture.

November, 25<sup>th</sup> Group of Companies Agroliga registered retail trademark, which will be used for selling sunflower oil, milk and milk products.

Next summer Agroliga starts the test sales of own brand products. Testing will start from sales of milk and milk products. First point of sale is located right in the center of Kharkov.

At the end of 2013 autumn were sown winter crops. Winter rape planted on 646 hectares, and winter wheat - on 904 ha.

In the 4-th quarter of 2013 agricultural companies of the group continued to sell crops of this year harvest. Also in this time was started field preparation and sowing of winter wheat and barley.

### **3.3 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.

### 3.4 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 2013:

- 17 555 000 EUR revenue from sales
- and 3 601 000 EUR net profit.

Results of the 1-4Q of 2013 are consistent with these forecasts, as for revenue as for net profit.

<i>EURO</i>	Forecast published in the Group forecasts	Achieved results for 2013	Level of implementation of the forecast (%)
Revenue from sale	17 505 000	16 820 724	96%
Net profit	3 601 000	3 654 553	101%

During 1-4Q 2013 year, the Issuer achieved 16 820 ths EUR of revenue and 3 655 ths EUR net profit. These results represent the implementation of the forecasts, respectively in 96 and 101 percent.



Aleksandr Berdnyk  
Chairman of the Board of Directors