



Quarterly report for the period

1st July 2011 – 30 September 2011

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**14th November 2011**

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## 1. General information about the Company

### 1.1 Company details

<b>Company name:</b>	Agroliga Group PLC
<b>Seat:</b>	Nicosia, Cyprus
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### 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;

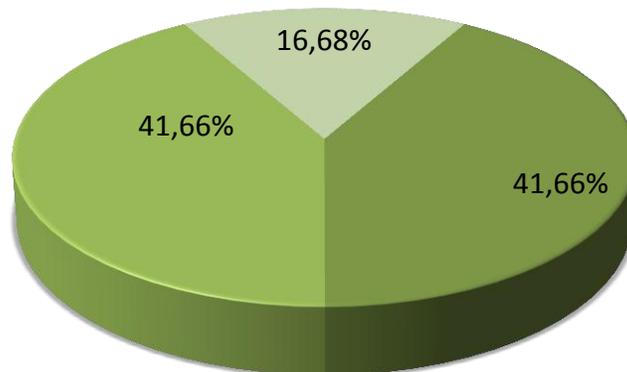
### 1.3 Management Board

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



■ Irina Poplavskaya ■ Alexandr Berdnyk ■ Others

## 2. Selected Financial Results

Tables below provides selected key data from consolidated and unaudited financial statement of Agroliga Group PLC, in accordance with International Financial Reporting Standards for a 3Q2011 (quarterly period ended 30 September 2011)

**Table 1. Selected financial data from the profit and loss account**

Selected Financial Results			Cumulative	Cumulative
	3Q2011	3Q2010	1Q2011-3Q2011	1Q2010-3Q2010
	€ 000	€ 000	€ 000	€ 000
Revenues from the sale	3 560,27	3083	5 413,50	4 201,00
Profit / loss on sale	1 441,80	1038	1 645,64	1 316,00
Profit / loss from operating activities	1 250,87	896	1 472,71	1 044,00
Profit / loss Gross	1 215,87	884	1 386,71	1 001,00
Profit / loss net	1 215,87	887	1 386,71	1 055,00
Depreciation	20,63	23,09	48,83	70,14

**Table 2. Selected financial data from balance sheet**

Selected financial data from balance sheet	30.09.2011	30.06.2011	30.09.2010	30.06.2010
	€ 000	€000	€ 000	€ 000
Tangible fixed assets	1 135	652	638	763

Long-term receivables	0	0	0	0
Current assets	7 006	5 220	3827	4074
Short-term receivables	296	327	823	347
Cash and cash equivalents	120	318	196	107
Equity	7 498	5 914	2986	2242
Long-term liabilities	147	34	12	17
Short-term liabilities	2 622	1 982	1923	1815

### 3. The Board of Directors' comment on the factors and events that affect the achieved financial results

In the third quarter of 2011 Agroliga noted EUR 3 560,27 ths revenues and 1 215,87 ths net profit. Compared to the same period the previous year, this represents an increase of 15,5 and 37,1 percent respectively.

At the end of September 2011, the Company generated EUR 5 413,5 ths revenues which represents an 28,9 percent increase in relation to the same period in previous year. While net profit amounted to EUR 1 386,71 ths and was higher than profit in the same period last year by a 31,4 percentage.

The third quarter of 2011 was time for harvest of this year for the Company.

Winter wheat and barley this year has been sowed 1753,0 and 1829,0 hectares accordingly.

An average productivity of wheat this year has made 45 centner per hectare, which provided the gross gathering of 7 889 tons of a crop. Herewith, the average yield on the Kharkov region and across Ukraine as a whole doesn't exceed 34,3 and 33,1 centner per hectare, accordingly.

Last year productivity at the fields of the Group of Companies made 26 centner per hectare, which approximately corresponded to the average productivity on the Kharkov region and Ukraine as well.

An average productivity of barley this year has made 30 centner per hectare, which provided the gross gathering of 5487 tons of a crop. Productivity of this culture on the Kharkov area makes 21,8 c/hectares in 2011. Last year winter barley on our fields has been harvested at the rate of 24,8 centner per hectare.

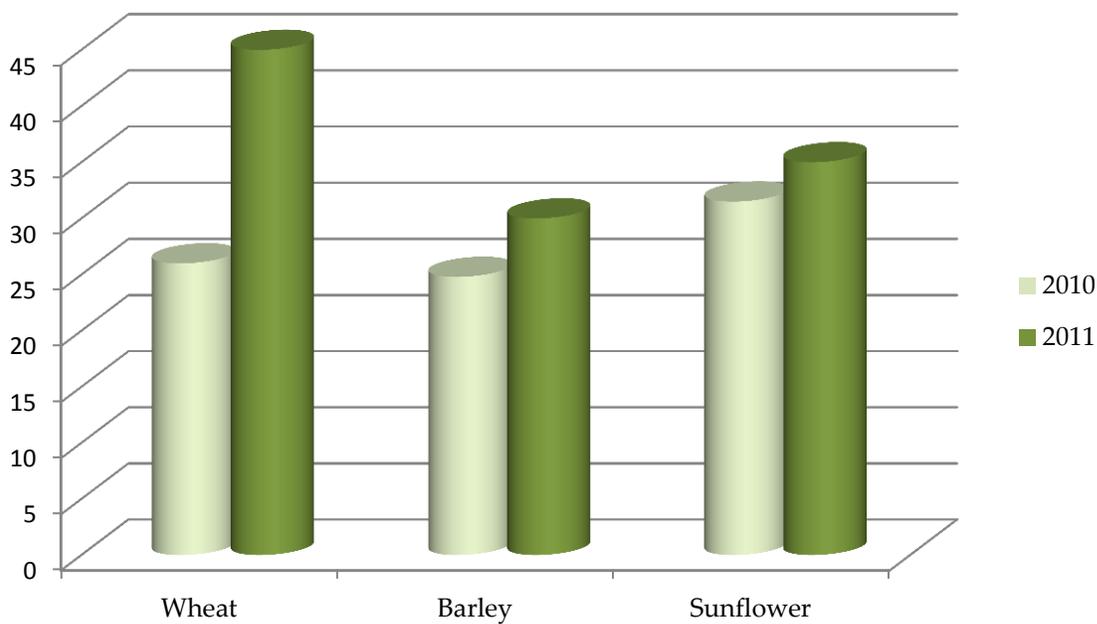
Sunflower this year was sown at 1856.59 hectares, from which collected 6502 tons. The average yield was 35 quintals per hectare, with an average yield of sunflower in Ukraine this year, according to preliminary data of State Statistics Service, is 17.1 c/ha, 16.7 c/ha last year. In the last year Agroliga sunflower yield was 31.5 centner per hectare.

2/3 of harvested sunflower seeds are already sold, and left are intended for processing by the company to produce the sunflower oil, which will be sell by the company. About 1/3 of harvested barley and wheat are now stored by the company, in order to sell at a specified higher price in the future.

The higher yield this year is related primarily to the program using new CAS fertilizer launched this year. Granular nitroammofosfat potassium nitrate, and other traditional fertilizers used in the bulk of Ukrainian farms were replaced by liquid fertilizers. In

addition to the CAS, program intensification of agricultural production also involves the use of chelate fertilizers introduced at the stage of sunflower vegetation. This year they have been applied to experimental plots, and have showed a good result. The following season chelate fertilizer will be included in the main loop plant, which will further increase the yield of sunflower and crops.

**Productivity increasing**



#### **4. Report on the Company's activities in 2011Q3**

During the third quarter of 2011 Agroliga focused its activities on the harvest of winter wheat and barley fields held a total area of 7 ths hectares. At the same time the Company in the current report RB 13/2011 dated on 27.07.2011 informed of an agreement of acquisition of another entity farm. With the above-mentioned agreement, Agroliga purchased additional 1500 ha of land, while the value of the acquired

companies was EUR 500 ths. The transaction was financed with own funds of the Issuer.

The Company also worked to increase its capacity by running the production line for refined sunflower oil on the possibilities to 55 thousand tons of sunflower seeds per year. Issuer to start this work in the current report RB 7/2011 dated on 12.04.2011.

Objects, which was conducted this work was prepared at the end of August 2011. However, the fault of the supplier, some of the key equipment company received a few months later. This caused a delay in their installation and launch of a new production line.

On 11th April 2011 the Company signed an agreement with BESSARABIIA-V PP for the purchase of the oil refining equipment for the second line of oil refining factory. In a short time, production process was stopped, old machinery was dismantled and put up for sale, and facilities prepared for new production line.

Most of equipment has been delivered until begin of July and was being installed during the summer. But some key equipment, required for the production line, has been undelivered until the October, delaying the installation finishing and testing all the complex.

On 22 August 2011 was held the Annual General Meeting, shareholders approved financial report for 2010 and took the Resolution considering net profit for 2010r. The General Meeting adopted a resolution split of shares 1:5 and a resolution on increase of authorized capital. All the formalities associated with an increase in the capital of the Company and the procedure of the split will be completed in accordance with the laws of Cyprus and Poland. As of a day of providing report the procedures of registration haven't been finished yet. The Board of Directors of the Company hasn't decided on the terms and conditions of the issuance of shares within authorized capital.

The Board of Directors and Company's management was also conducting work over the Group's strategy that was described in documentation published in connection to the NewConnect debut. Main targets for years :

YEAR	PLANNED INVESTMENT
<b>By 2012</b>	<ul style="list-style-type: none"> <li>• Increase of productivity from 1 ha by 20-50%</li> <li>• Increase of herd by 200 pedigree, high-milk cows</li> <li>• Launch of second installation for sunflower production able to produce 10 thousand tons a year, which will allow to increase total production by 17 thousand tons/year</li> <li>• Reach of 5% share in Charkow's sunflower oil production market</li> </ul>
<b>By 2014</b>	<ul style="list-style-type: none"> <li>• Investments to increase warehouse capacity, elevators and sunflower oil tanks</li> <li>• Increase of cows herd to 1,2 thousand</li> <li>• Introduction of employees' long-term motivational program, individual paths of development, rotation of human resources and share in Agroliga Group's profits</li> <li>• Reach of 5% share in Charkow's milk production market</li> </ul>
<b>After 2015</b>	<ul style="list-style-type: none"> <li>• Leasing of additional seeding grounds</li> <li>• Introduction of sunflower oil rafination, deodorization and confection technologies</li> <li>• Organization of production of milk preserves addressed to end client</li> <li>• Introduction of social programs</li> </ul>

## **5. The Management Board's opinion about the possibility of achieved the forecasts for 2011 in light of the presented financial data for the period from 01.07.2011 to 30.09.2011**

At the end of the third quarter of 2011, the Company achieved EUR 5 413,5 ths revenues from sales and EUR 1 386,71 ths net profit. But, it's only 53% of planned 2011 revenue and 72% 2011 total profit.

In accordance with the prognoses published in the Information Document forecasted earnings of the Company for the year 2011 were given in the following amounts:

- projected revenues from sales and equivalents for the year 2011 = 10 228,60 thousand euro
- projected net profit for the year 2011 = 1 931,70 thousand euro

The Board of Directors estimate that indicated level of Revenues and net income will not be fulfilled in the year 2011 and re-evaluate forecasts as follows:

- projected revenues from sales and equivalents for the year 2011 = 6 204,75 thousand euro
- projected net profit for the year 2011 = 1 540,05 thousand euro

The primary reason for revision of the forecasts of the Company's financial result is a delay in the delivery and installation of new line of sunflower refinery. It was assumed in financial projections that new line will start working in August, which would increase significantly capacity to process sunflower seeds into sunflower oil. The implementation of new line wasn't finished till November, 11-th, what will affect the results achieved by the Company in 2011.

Accordingly to financial forecasts published in the Information Document dated on 21<sup>st</sup> January 2011, and the corrected current report RB 18/2011 dated on 14.11.2011, the

Company at the end of the period covered by this report has realized 87,2 percent the forecast of revenues and 90,0 percent at the level of net profit.

	The primary forecast on 21 <sup>st</sup> January 2011 [euro]	Corrected forecast on 14 <sup>th</sup> November 2011 [euro]	The results of the Issuer [euro]	Realization of new forecasts [%]
Revenues from sales	10.228.600,00	6.204.750,00	5.413.500,00	87,2%
Netto profit	1.931.700,00	1.540.050,00	1.386.710,00	90,0%



Aleksandr Berdnyk  
Chairman of the Board of Directors