



AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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AGROTON PUBLIC LIMITED**BOARD OF DIRECTORS AND OTHER OFFICERS**

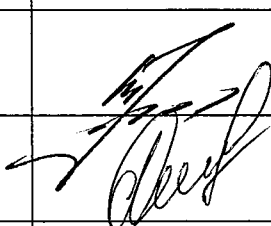
Board of Directors	Iurii Zhuravlov – Chief Executive Officer
	Tamara Lapta – Deputy Chief Executive Officer
	Larysa Orlova – Chief Financial Officer
	Borys Supikhanov – Non-Executive Director
	Volodymyr Kudryavtsev – Non-Executive Director
Audit Committee	Borys Supikhanov (Head of the Committee)
	Volodymyr Kudryavtsev
Remuneration Committee	Borys Supikhanov (Head of the Committee)
	Volodymyr Kudryavtsev
Secretary	Inter Jura Cy (Services) Limited
Independent Auditors	KPMG Limited
Legal Advisors	K. Chrysostomides & Co LLC
Registered Office	1 Lampousas Street 1095 Nicosia Cyprus

AGROTON PUBLIC LIMITED

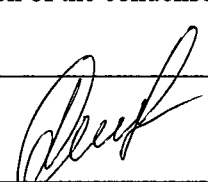
**DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PERSON
RESPONSIBLE FOR THE PREPARATION OF THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

We, the Members of the Board of Directors and the person responsible for the preparation of the condensed consolidated interim financial statements of Agroton Public Limited for the period ended 30 June 2013, based on our knowledge, which is the product of careful and conscientious work, declare that the particulars which are specified in the condensed consolidated interim financial statements are true and complete.

Members of the Board of Directors:

Iurii Zhuravlov	
Tamara Lapta	
Larysa Orlova	
Borys Supikhanov	
Volodymyr Kudryavtsev	

Person responsible for the preparation of the condensed consolidated interim financial statements for the period ended 30 June 2013:

Larysa Orlova	
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Nicosia, 29 August 2013



KPMG Limited
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
TO THE MEMBERS OF
AGROTON PUBLIC LIMITED

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agroton Public Limited (the "Company") and its subsidiary companies (together referred to as "the Group") as at 30 June 2013, and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not give a true and fair view of the financial position of the Group as at 30 June 2013, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 "Interim Financial Reporting".

Chartered Accountants

Nicosia, 29 August 2013

Board Members:

N.G. Syrimis, A.K. Christofides, E.Z. Hadjizacharias, P.G. Loizou
A.M. Gregoriades, A.A. Demetriou, D.S. Vakis, A.A. Apostolou
S.A. Loizides, M.A. Loizides, S.G. Sofocleous, M.M. Antoniadis
C.V. Vasilou, P.E. Antoniadis, M.J. Halios, M.P. Michael, P.A. Peleties
G.V. Markides, M.A. Papacosta, K.A. Papanicolaou, A.I. Shiammoutis
G.N. Tziortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghalanos
M.G. Gregoriades, H.A. Kakoulis, G.P. Savva, C.A. Kallias, C.N. Kallis
M.H. Zavrou, P.S. Elia, M.G. Lazarou, Z.E. Hadjizacharias
P.S. Theophanous, M.A. Karantoni, C.A. Markides

KPMG Limited, a private company limited by shares, registered in Cyprus
under registration number HE 132822 with its registered office at
14, Esperidon Street, 1087, Nicosia, Cyprus.

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AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOMEFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)*

	Note	30 June 2013	30 June 2012
Continuing operations			
Revenue	4	40.772	41.332
Cost of sales	5	(43.013)	(37.607)
Net change in fair value less cost to sell of biological assets and agricultural produce		12.190	31.404
Gross profit		9.949	35.129
Other operating income	6	3.547	7.574
Administrative expenses		(2.634)	(3.068)
Distribution expenses		(431)	(746)
Other operating expenses	7	(6.342)	(3.188)
Profit from operating activities		4.089	35.701
Loss on derecognition of financial asset	14	(921)	-
Finance income		438	13
Finance costs		(3.793)	(4.576)
Net finance costs	18	(3.355)	(4.563)
(Loss)/profit before taxation		(187)	31.138
Taxation		-	-
(Loss)/profit from continuing operations		(187)	31.138
Discontinued operations			
Loss from discontinued operations	21	(36)	(649)
(Loss)/profit for the period		(223)	30.489
Other comprehensive income			
Effect of translation into presentation currency		-	(99)
Total comprehensive (expense)/income for the period		(223)	30.390
(Loss)/profit for the period attributable to:			
Owners of the Company		(219)	30.496
Non-controlling interests		(4)	(7)
(Loss)/profit for the period		(223)	30.489
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(219)	30.397
Non-controlling interests		(4)	(7)
Total comprehensive (expense)/income for the period		(223)	30.390
Earnings per share			
Basic and fully diluted (loss)/earnings per share – (USD cents)	26	(1)	141
Earnings per share			
Basic and fully diluted (loss)/earnings per share – continuing operations – (USD cents)	26	(1)	144

The notes on pages 9 to 37 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

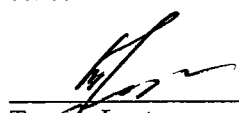
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

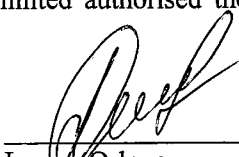
As at 30 June 2013

(in USD thousands, unless otherwise stated)

	Note	30 June 2013	31 December 2012
Assets			
Property, plant and equipment	9	35.405	33.791
Intangible assets	10	31.331	33.099
Biological assets	11	3.694	2.606
Other non-current assets	12	44.569	45.315
Non-current assets		114.999	114.811
Inventories	13	19.958	44.808
Biological assets	11	37.219	10.770
Investments	14	1.664	-
Trade and other receivables	15	2.640	3.273
Cash in hand and cash at bank	16	4.299	9.813
Loans receivable	17	9.274	3.340
Assets held for sale	21	303	291
Current assets		75.357	72.295
Total assets		190.356	187.106
Equity			
Share capital	18	661	661
Share premium	18	88.532	88.532
Retained earnings		47.028	47.247
Foreign currency translation reserve		(10.156)	(10.156)
Total equity attributable to owners of the Company		126.065	126.284
Non-controlling interests		315	319
Total equity		126.380	126.603
Liabilities			
Loans and borrowings	19	48.902	48.429
Non-current liabilities		48.902	48.429
Loans and borrowings	19	4.076	4.024
Trade and other payables	20	10.867	7.916
Income tax liability		112	114
Liabilities held for sale	21	19	20
Current liabilities		15.074	12.074
Total liabilities		63.976	60.503
Total equity and liabilities		190.356	187.106

On 29 August 2013 the Board of Directors of Agroton Public Limited authorised these condensed consolidated interim financial statements for issue.


 Tamara Lapta
 Deputy Chief Executive Officer


 Larysa Orlova
 Chief Financial Officer

The notes on pages 9 to 37 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont.)****For the six months ended 30 June 2013***(in USD thousands, unless otherwise stated)*

- In accordance with the Cyprus Companies Law, Cap. 113, Section 55 (2) the share premium reserve can only be used by the Company in (a) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares; (b) writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (c) providing for the premium payable on redemption of any redeemable preference shares or of any debentures of the Company.
- Companies incorporated in Cyprus which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividend to the extent that the owners (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the owners.

The above requirements of the Law are not applied in the case of the Company due to the fact that its owners are not residents in Cyprus for tax purposes.

The notes on pages 9 to 37 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

(in USD thousands, unless otherwise stated)

	Note	30 June 2013	30 June 2012
Cash flows from operating activities			
(Loss)/profit for the period		(223)	30.489
Adjustments for:			
Depreciation and amortisation charge		2.607	3.100
Gain from changes in fair value less cost to sell of biological assets and agricultural produce		(12.190)	(31.404)
Loss on derecognition of financial assets		921	-
Impairment of inventories		2.929	-
Interest income		(425)	-
Interest expense		3.703	4.487
Interest income on financial assets measured at amortised cost		(13)	(13)
Impairment of harvest failure		222	778
Impairment of receivables		346	25
Bad debts recovered		(189)	(3.422)
Loss on disposal of property, plant and equipment		64	-
Bad debts written-off		-	393
Trade payables write-off		(73)	(86)
Loss from foreign exchange differences		90	89
Gain on disposal of current assets		-	(58)
Profit on disposal on subsidiaries		(27)	-
Cash flow (used in)/from operations before working capital changes		(2.258)	4.378
Decrease in biological assets and inventories		8.295	4.441
Decrease in trade and other receivables		475	18.568
Increase in trade and other payables		2.905	10.831
Cash generated from operating activities		9.417	38.218
Taxation paid		-	(3)
Net cash from operating activities		9.417	38.215
Cash flow from investing activities			
Acquisition of property, plant and equipment		(3.726)	(3.149)
Acquisition of intangible assets		(3)	(25.400)
Proceeds from disposal of property, plant and equipment		3	-
Loans granted		(5.515)	-
Interest received		19	-
Equity conversion		(2.585)	-
Restricted cash		(1.292)	-
Disposal of subsidiary, net of cash disposed		1	-
Net cash used in investing activities		(13.098)	(28.549)
Cash flows from financing activities			
Repayment of loan and borrowings		(3.125)	(3.624)
Interest paid		-	(3.852)
Repayment of financial lease liabilities		-	(14)
Net cash used in financing activities		(3.125)	(7.490)
Effect from translation into presentation currency		-	(27)
Net (decrease)/increase in cash and cash equivalents		(6.806)	2.149
Cash and cash equivalents at the beginning of the period		9.813	17.627
Cash and cash equivalents at the end of the period	16	3.007	19.776

The notes on pages 9 to 37 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. GENERAL INFORMATION

Country of incorporation

Agroton Public Limited (the “Company”) was incorporated in Cyprus on 21 September 2009 as a public company with limited liability under the Cyprus Companies Law, Cap. 113. The Company was listed at Warsaw Stock Exchange on 8 November 2010.

The Company’s registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2013 comprises the interim financial statements of the Company and its subsidiaries (together referred to as the “Group”).

Principal activities

The principal activities of the Group are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming) and milk processing.

The Group’s subsidiaries, country of incorporation, and effective ownership percentages are disclosed below:

Company name	Country of incorporation	Ownership Interest 30.06.2013	Ownership Interest 31.12.2012	Ownership Interest 30.06.2012
Living LLC	Ukraine	99,99%	99,99%	99,99%
PE Agricultural Production Firm Agro	Ukraine	99,99%	99,99%	99,99%
Agroton PJSC	Ukraine	99,99%	99,99%	99,99%
OJSC Belokurakinskiy Elevator (i)	Ukraine	84,68%	84,68%	84,68%
OJSC Breeding Poultry Farm Mirnyi (i)	Ukraine	78,46%	78,46%	78,46%
Agro Meta LLC	Ukraine	99,99%	99,99%	99,99%
Rosinka-Star LLC	Ukraine	99,99%	99,99%	99,99%
Etalon-Agro LLC (i)	Ukraine	99,99%	99,99%	99,99%
ALLC Noviy Shlyah	Ukraine	99,99%	99,99%	99,99%
AF named by Shevchenko (iii)	Ukraine	-	99,99%	99,99%
ALLC Shiykivske	Ukraine	94,58%	94,58%	94,58%
Agro-Chornukhinski Kurchata LLC	Ukraine	99,99%	99,99%	99,99%
Agro-Svinprom LLC (iv)	Ukraine	99,99%	99,99%	99,99%
Markivskii Sirzavod LLC (iv)	Ukraine	100%	100%	100%
Agroton BVI Limited	British Virgin Islands	100%	100%	100%
Gefest LLC	Ukraine	100%	100%	100%
Tais-Abb PE	Ukraine	100%	100%	100%
PE Alinco (ii)	Ukraine	100%	100%	100%
LLC Lugastan (ii)	Ukraine	100%	100%	100%

AGROTON PUBLIC LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended 30 June 2013

1. GENERAL INFORMATION (cont.)**Principal activities (cont.)**

- (i) OJSC Belokurakinskiy Elevator, OJSC "Breeding Poultry Farm Mirnyi, and Etalon-Agro LLC are in a process of liquidation.
- (ii) On 27 June 2012 and 29 June 2012 the Group acquired 100% ownership of PE Alinco for USD 10.100.000 and LLC Lugastan for USD 15.100.000.
- (iii) In February 2013 the Group sold its ownership in AF named by Shevchenko for the amount of USD 1 thousand (Note 28).
- (iv) Agro-Srinprom LLC and Markivskii Sirzavod LLC are disclosed as disposal groups held for sale.

The parent company of the Group is Agroton Public Limited with an issued share capital of 21.670.000 ordinary shares with nominal value EUR 0,021 per share.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

These condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required for a complete set of IFRS consolidated financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Groups financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2012.

These condensed consolidated interim financial statements were authorised for issue by the Company's Board of Directors on 29 August 2013.

2.2 Judgments and estimates

In preparing these condensed consolidated interim financial statements, Management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013**3. SIGNIFICANT ACCOUNTING POLICIES****Changes in accounting policies**

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2012.

The Group has adopted *International Financial Reporting Standard 13 "Fair Value Measurement"*, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including *IFRS 7 "Financial Instruments: Disclosures"*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 29).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

Foreign currency translation

The exchange rates used in preparation of these condensed consolidated interim financial statements are as follows:

Currency	30 June 2013	Weighted average for the period 30 June 2013	31 December 2012	Weighted average for the period 30 June 2012	30 June 2012
UAH – US dollar	7,9930	7,9930	7,9930	7,9890	7,9925
EUR – US dollar	0,7645	0,7617	0,7579	-	-

4. REVENUE

	30 June 2013	30 June 2012
Sales of goods	39.412	39.928
Rendering of services	1.360	1.404
Total	40.772	41.332

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013**4. REVENUE (cont.)**

Revenue generated from sale of goods was as follows:

	30 June 2013	30 June 2012
Livestock and related revenue	10.208	9.802
Winter wheat	10.463	12.148
Sunflower	15.716	15.414
Corn in grain	1.910	1.652
Other agricultural crops	1.061	870
Other	54	42
Total	39.412	39.928

Sales volume of main agricultural products in tonnes was as follows:

	30 June 2013 tonnes	30 June 2012 tonnes
Winter wheat	46.218	64.165
Sunflower	31.846	37.512
Corn in grain	5.409	9.289
Total	83.473	110.966

Sales volume of milk for the six months ended 30 June 2013 was 5.533 thousand tonnes (six months ended 30 June 2012: 5.076 thousand tonnes).

Revenue generated from rendering of services mainly relates to tillage, storage and handling services granted to third parties which is reflected within the revenue of plant-breeding segment in Note 22.

5. COST OF SALES

	30 June 2013	30 June 2012
Livestock and related operations	12.617	7.459
Plant breeding and related operations	30.336	29.993
Other activities	60	155
Total	43.013	37.607

6. OTHER OPERATING INCOME

	Note	30 June 2013	30 June 2012
Government grants		44	48
VAT grant		3.210	3.960
Reversal of provision for bad debts		189	3.422
Gain on disposal of current assets		-	58
Trade payables written off		73	86
Other income		4	-
Profit on disposal of subsidiary	27	27	-
Total		3.547	7.574

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013**7. OTHER OPERATING EXPENSES**

	Note	30 June 2013	30 June 2012
Impairment of trade and other receivables		346	25
Loss on disposal of property, plant and equipment		64	-
Amortisation of intangible assets		3	-
Impairment of inventories	13	2,929	579
Fines and penalties		7	-
Impairment of harvest failure	11	222	778
Amortisation of the prepayments for the immediate right to use the elevator	12	346	-
Donations		76	6
Depreciation charge		29	25
Amortisation of land lease rights		1,768	765
Amortisation of land lease advance	12	400	400
Bad debts written-off		-	393
Other expenses		152	217
Total		6,342	3,188

8. NET FINANCE COST

	30 June 2013	30 June 2012
Interest income	425	-
Interest income on financial assets measured at amortised cost	13	13
Finance income	438	13
Interest on bank loans	-	(629)
Interest on non-bank loans	(109)	-
Interest on finance lease	-	(83)
Interest on bonds	(3,594)	(3,775)
Loss on foreign exchange differences	(90)	(89)
Finance costs	(3,793)	(4,576)
Net finance costs	(3,355)	(4,563)

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***9. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2013 the Group acquired property, plant and equipment with a cost of USD 3.726 thousand (six months ended 30 June 2012: USD 3.158 thousand).

During the six months ended 30 June 2013 the Group disposed property, plant and equipment with a carrying amount of USD 67 thousand (six months ended 30 June 2012: Nil).

At 30 June 2013 Private Enterprise Agricultural Production Firm Agro made payments of USD 973 thousand for the upgrading of SJSC Khlib Ukraine Noroaydarsky Elevator (USD 683 thousand at 31 December 2012) (Note 12). This amount is included in construction in progress.

10. INTANGIBLE ASSETS

During the six months ended 30 June 2013 the Group acquired intangible assets with a cost of USD 3 thousand.

During the six months ended 30 June 2012 the Group acquired 100% interest in two companies. The acquisition of these subsidiaries does not constitute a business therefore the cost of USD 25.379 thousand was recognized as an asset (land lease rights) and agreed to the fair value as at 30 June 2012. The acquisition agreement clearly states that the useful economic life for the land lease rights is 10 years.

11. BIOLOGICAL ASSETS

Biological assets at 30 June 2013 and 31 December 2012 were presented as follows:

	30 June 2013	31 December 2012
Crops under cultivation	32.341	6.502
Animals in growing and fattening	4.878	4.268
<i>Total current biological assets</i>	37.219	10.770
Cattle	3.658	2.598
Other	36	8
<i>Total non-current biological assets</i>	3.694	2.606
Total	40.913	13.376

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***11. BIOLOGICAL ASSETS (cont.)***Crops under cultivation*

As at 30 June 2013 and 31 December 2012 the crops under cultivation were as follows:

	30 June 2013		31 December 2012	
	Thousands of hectares	Carrying Values	Thousands of hectares	Carrying Values
Sunflower plantings	35	12.218	-	-
Corn sowing	8	5.234	-	-
Winter wheat plantings	23	7.649	35	6.393
Winter rye plantings	-	19	-	100
Other plantings	15	7.221	-	9
	81	32.341	35	6.502

The increase in balances of crops under cultivation during the six months ended 30 June 2013 is primarily attributable to the spring sowing and revaluation of crops.

The main crops harvested in the six months ended 30 June 2013 and 31 December 2012 were as follows:

	For the six months ended 30 June 2013		For the year ended 31 December 2012	
	Volume, tonnes	Amount, USD thousand	Volume, tonnes	Amount, USD thousand
Winter wheat	37.846	9.197	140.967	30.418
Sunflower	-	-	67.568	36.586
Corn	-	-	26.701	6.035
	37.846	9.197	235.236	73.039

As at 30 June 2013 impairment of harvest failure amounted to USD 222 thousand and is included in other operating expenses (Note 7). The impairment identified was the result of bad weather conditions.

Non-current biological assets

	30 June 2013		31 December 2012	
	Number, heads	Amount USD thousand	Number, heads	Amount USD thousand
Cattle	2.663	3.658	2.661	2.598
Horses	14	36	13	8
		3.694		2.606

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***11. BIOLOGICAL ASSETS (cont.)***Animals in growing and fattening*

	30 June 2013		31 December 2012	
	Number, heads	Amount USD thousand	Number, heads	Amount USD thousand
Cattle	3.236	3.423	3.016	2.955
Poultry	566.500	1.366	703.089	1.282
Horses	16	89	15	31
		4.878		4.268

12. OTHER NON-CURRENT ASSETS

	30 June 2013	31 December 2012
Advances:		
Advance for land lease	8.000	8.000
Less: amortisation	(2.400)	(2.000)
Advance for land lease-net	5.600	6.000
Prepayments:		
Prepayments for the immediate right to use the elevator	10.000	10.000
Less: Provision for impairment	(3.072)	(3.072)
Less: amortisation	(1.039)	(693)
Prepayments for the immediate right to use elevator	5.889	6.235
Prepayments made for ownership of PE Peredilske	23.080	23.080
Prepayments made for ownership of LLC Shid-Potencial		
Resurs	10.000	10.000
Total	44.569	45.315

On 20 July 2011 Private Enterprise Agricultural Production Firm Agro ("PE APF Agro") entered into an investment agreement with SJSC Khlib Ukraine Novoaydarskyy Elevator, in respect of the Novoaydarskyy Elevator. Based on the agreement PE APF Agro undertakes to invest USD 1.155 thousand for the upgrading of the elevator until 20 July 2021 and upon completion of the project, PE APF Agro will become the 54% owner of the elevator while the remaining 46% will continue to be owned by the existing owner. In case PE APF Agro invests additional amounts in the upgrading of the elevator, its participation in the ownership rights will increase. The grain elevator with a storage capacity of 130.000 tons was previously rented by the Group as part of its operations.

AGROTON PUBLIC LIMITED

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12. OTHER NON-CURRENT ASSETS (cont.)

During the year 2011 Agroton Public Limited made a prepayment of USD 10.000 thousand in relation to this investment agreement specifically for its rights to secure use of this elevator. The fair value of these rights was evaluated at USD 6.928 thousand hence an impairment loss of USD 3.072 thousand was accounted for in the condensed consolidated statement of comprehensive income. At 30 June 2013 PE APF Agro made payments of USD 973 thousand for the upgrading of the elevator (Note 9). Amortisation amounting to USD 346 thousand was included in other operating expenses in note 7.

On 29 June 2012, Agroton Public Limited entered into a preliminary agreement with Stiomi Agri Limited ("Seller") for the acquisition of 100% of the issued share capital of Private Enterprises "Peredilske". The parties agreed that the price for transfer of the company's shares shall amount to USD 23.080.000. The ownership of the company's shares shall be deemed transferred to the Company within 9 months after the effective date (29 June 2012).

On 26 December 2012, Agroton Public Limited entered into a preliminary agreement with Stiomi Agri Limited ("Seller") for the purchase of 100% of the issued share capital of Limited Liability Company "Shid Potecial - Resurs". The parties agreed that the price for transfer of the company's shares shall amount to USD 10.000.000. The ownership of the company's shares shall be deemed transferred to the Company within 6 months after the effective date (26 December 2012).

The transfer of ownership for both Private Enterprises "Peredilske" and Limited Liability Company "Shid Potecial-Resurs" was not completed up to 30 June 2013.

13. INVENTORIES

As at 30 June 2013 and 31 December 2012 the inventories were as follows:

	30 June 2013	31 December 2012
Raw materials	1.816	2.235
Work-in-progress	4.375	6.930
Agricultural produce	11.082	33.769
Finished goods	146	201
Other	2.539	1.673
	19.958	44.808

Work-in-progress

Work in progress includes expenditure capitalised in respect of 33 thousand hectares (31 December 2012: 86 thousand hectares) of plough land prepared of sowing in the current or following year.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***13. INVENTORIES (cont.)***Agricultural produce*

As at 30 June 2013 and 31 December 2012 the main agricultural produce was as follows:

	30 June 2013	31 December 2012
Winter wheat	7.877	11.091
Sunflower	1.978	18.787
Corn	177	1.692
Other agricultural crops	1.050	2.199
	11.082	33.769

As at 30 June 2013 and 31 December 2012 the main agricultural produce volume in tonnes was as follows:

	30 June 2013	31 December 2012
Winter wheat	42.063	53.693
Sunflower	4.090	34.581
Corn	812	7.397
	46.965	95.671

During the six months ended 30 June 2013 part of agricultural produce of winter wheat was impaired by USD 2.319 thousand (31 December 2012: Nil) due to reduced net realisable value which is presented as part of impairment of inventories in Note 7.

14. INVESTMENTS

	30 June 2013	31 December 2012
Financial assets designated at fair value through profit or loss	889	-
Debt instruments convertible into equity securities designated at fair value through profit or loss	775	-
Total	1.664	-

Financial assets designated at fair value through profit or loss are Bank of Cyprus equity securities converted into Class A shares after the decree issued by Central Bank of Cyprus on 29 March 2013 (Note 16).

Debt instruments convertible into equity securities are subject to conversion as described in Note 16.

AGROTON PUBLIC LIMITED

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For the six months ended 30 June 2013

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14. INVESTMENTS (cont.)

Following the decree on the rescue by own means of Bank of Cyprus issued by the Central Bank of Cyprus on 29 March 2013, Cyprus Stock Exchange and Athens Stock Exchange have suspended the trading of Bank of Cyprus equity securities until 30 October 2013 inclusive.

Currently there is no indication of the fair value of the Bank of Cyprus equity securities. The Management of the Company estimates that the nominal value of the securities is higher than the fair value by approximately 45%.

Loss on derecognition of the above securities amounted to USD 921 thousand was recognised in profit or loss for the period.

15. TRADE AND OTHER RECEIVABLES

	30 June 2013	31 December 2012
Trade receivables	3,967	3,330
Less: provision for impairment of trade receivables	(2,600)	(2,429)
Trade receivables, net	1,367	901
Prepayments to suppliers	785	1,655
Other receivables	459	906
Provision for impairment of prepayments and other receivables	(307)	(321)
VAT recoverable	336	132
Total	2,640	3,273

16. CASH IN HAND AND CASH AT BANK

Due to the current developments in the economic environment of Cyprus (described in Note 24 "Operating Environment") the Central Bank of Cyprus on 29 March 2013 has issued a Decree relating to Bank of Cyprus implementing measures for the bank under the Resolution of Credit and Other Institutions Law of 2013.

By this Decree, (i) in case where the total deposits that a person who holds with Bank of Cyprus including accrued interest, as recorded in the books of Bank of Cyprus at 22:00 on 26 March 2013, exceed [the amount of] one hundred thousand (100.000) euro, the amount of these deposits in excess of one hundred thousand (100.000) euro, but after reducing such amount by the aggregate amount of the credit claims which Bank of Cyprus had against that person as at the time mentioned above, and (ii) the aggregate amount of deposits that any person who holds with Bank of Cyprus including accrued interest, as recorded in the books of Bank of Cyprus at 22:00 on 26 March 2013, but after reducing such amount by the aggregate amount of the credit claims which Bank of Cyprus had against that person as at the time mentioned above, are subject to the following:

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For the six months ended 30 June 2013

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16. CASH IN HAND AND CASH AT BANK (cont.)

- (a) 37.5% of the excess amount is converted into Class A Shares at a conversion rate of one (1) euro nominal amount of Class A Shares for each one (1) euro of the excess amount that is converted;
- (b) [a further] 22.5% of the excess amount is reduced to zero and replaced by a title which will be subject to conversion, partial or in full, upon a written conversion notice of the Resolution Authority. Any notice of conversion may provide for conversion of the title partial or in full:
 - 1. into Class A Shares of Bank of Cyprus to be issued and allotted at a conversion rate of one (1) euro nominal amount of Class A Shares for each one (1) euro (or, where applicable, the equivalent in foreign currency) in principal amount of the title which is converted;
 - 2. into deposit at a conversion rate of one (1) euro for each one (1) euro (or, where applicable, the equivalent in foreign currency) in principal amount of the title which is converted, plus an additional amount equal to the amount of interest, calculated at an interest rate increased by 10 basis points, which would have accrued on the amount of such deposit if this Decree had not been issued.
- (c) the remaining 40% of the excess amount is reduced to zero and temporarily replaced by a title; The title including the amount of interest calculated shall be subject to conversion into deposit, in whole or in part, at any time upon a written conversion notice of the Resolution Authority at a conversion rate of one (1) euro for each one (1) euro (or, where applicable, the equivalent in foreign currency) in principal amount and accrued interest of the title which is converted.

On 2 April 2013, the Central Bank of Cyprus, as the Resolution Authority, sent written instructions to the Special Administrator of the Bank of Cyprus Public Company Ltd for the unfreezing of 10% (part of 40% replaced by a title) of uninsured deposits over EUR 100,000.

On the basis of conditions existing as at 30 June 2013 the amount of an affected bank deposit with Bank of Cyprus is derecognised and the following four assets are recognised in accordance with the provisions of the Decree issued for the Bank of Cyprus on 29 March 2013 and relevant developments thereafter up to 30 June 2013:

- (a) 10% of the affected deposit (USD 431 thousand) has been released and it continues to be held as cash at bank;
- (b) 30% of the affected deposit (USD 1,292 thousand) was restricted at 30 June 2013 and as result does not fulfil the requirements for presentation as cash and cash equivalents. As a result, it is presented as a restricted bank deposit;
- (c) 22,5% of the affected deposit (USD 969 thousand) is exchanged into a new debt instrument that is convertible into shares in Bank of Cyprus and is disclosed as Financial Assets at fair value through profit or loss;
- (d) 37,5% of the affected deposit (USD 1,616 thousand) represents an equity financial asset and is disclosed as Financial Assets at fair value through profit or loss.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***16. CASH IN HAND AND CASH AT BANK (cont.)**

	30 June 2013	31 December 2012
Cash with brokers	-	872
Cash at bank	4.239	8.791
Cash in hand	60	150
Cash in hand and cash at bank	4.299	9.813
Less: restricted bank deposit	(1.292)	-
Cash and cash equivalents represented in condensed consolidated statement of cash flows	3.007	9.813

17. LOANS RECEIVABLE

	30 June 2013	31 December 2012
Loans to related parties	1.726	1.252
Loans to third parties	7.548	2.088
	9.274	3.340

On 3 June 2013 maturity date of loan agreement with Stimi Agri Limited for the amount of USD 2.000 thousand was prolonged to 29 December 2013.

On 4 March 2013 a new loan agreement was signed with Agriland Trading Limited repayable on 4 March 2014 for the total amount of USD 10 million and applicable interest rate of 20% per annum. Amount of USD 3,16 million was already granted during six months ended 30 June 2013.

18. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value, USD	Share premium, USD	Total
<i>Issued and fully paid</i>				
At 1 January 2012	21.670.000	661.128	88.531.664	89.192.792
At 31 December 2012	21.670.000	661.128	88.531.664	89.192.792
At 30 June 2013	21.670.000	661.128	88.531.664	89.192.792

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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18. SHARE CAPITAL AND SHARE PREMIUM (cont.)

Authorised share capital

At 30 June 2013 and 31 December 2012 the authorised share capital of the Company was 47.619.048 ordinary shares of nominal value EUR 0,021 each.

Issued share capital

There were no changes in the issued share capital of the Company during the year ended 31 December 2012 and the six months ended 30 June 2013.

19. LOANS AND BORROWINGS

	30 June 2013	31 December 2012
<i>Non-current liabilities</i>		
Bonds	48.902	48.429
	48.902	48.429
<i>Current liabilities</i>		
Non-bank loans	1.193	1.084
Accrued bond interest payable	2.883	2.887
Finance lease obligation	-	53
	4.076	4.024
Total	52.978	52.453

Bonds

On 14 July 2011, the Company's issued USD 50.000.000 12,50% Notes due on 14 July 2014, have been admitted to the official list of the UK Listing authority and to the London Stock Exchange Plc and trading on the London Stock Exchange's regulated market.

The Notes bear interest at a rate of 12,50% per annum payable semi-annually in arrears on 14 January and 14 July in each year, commencing on 14 January 2012.

The Notes are recognised initially at fair value USD 50.000.000 net of issue costs equal to USD 2.777.014. The difference between the proceeds (net of issue costs) and the redemption value as at 14 July 2014 is recognised in the consolidated income statement over the period of the issue.

On 8 August 2013 with the consent of the Noteholders the Company has amended the terms and conditions of the Notes as follows:

- Extend the maturity of the notes by 60 months to 14 July 2019 in order to lengthen the average maturity of the Groups funding sources;
- Postpone the interest payment that was due for payment to Noteholders on 14 July 2013 to 14 January 2014;
- Decrease the interest rate with effect from 14 January 2013 from 12,5% to 8% per annum;
- Amend the definition of Leverage Ratio Exception so that the maximum Consolidated Leverage Ratio would be 4,0 rather than 3,0; and
- Amend the definition of Permitted Indebtedness so that Additional Indebtedness is not to exceed USD 20 million (rather than USD 5 million) at any time outstanding.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***20. TRADE AND OTHER PAYABLES**

	30 June 2013	31 December 2012
Trade payables	3.482	1.890
Payroll and related expenses	1.651	1.303
Advances received	2.577	3.953
Liabilities for other taxes and mandatory payments	39	40
VAT payable	2	46
Payable for operating lease of land	2.951	360
Accrued expenses	46	45
Other provisions	13	13
Other liabilities	106	266
Total	10.867	7.916

21. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE*Discontinued operations*

The assets and liabilities of Group companies Agro-Svinprom LLC and Markivskii Sirzavod LLC, operating in pig-breeding and cheese production respectively, have been presented as held for sale following the Management's decision in July 2011 to dispose both companies.

In this respect the management of the Group has advertised their intention for the sale of the two subsidiaries to the public media for the attraction of prospective new investors.

	30 June 2013	30 June 2012
Results of discontinued operations		
Revenue	7	-
Expenses	(43)	(649)
Total comprehensive loss for the period	(36)	(649)
Basic and diluted earnings per share from discontinued operation	-	(3)
Cash flows used in discontinued operations		
Net cash used in operating activities	-	(5)
Effect on cash flows	-	(5)

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***21. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE**
(cont.)*Disposal Group Held for Sale*

Assets and liabilities of disposal group as at 30 June 2013 and 31 December 2012 classified as held for sale were as follows:

	30 June 2013	31 December 2012
Assets classified as held for sale		
Property, plant and equipment	178	181
Biological assets	21	-
Inventories	99	110
Trade and other receivables	5	
	303	291
Liabilities classified as held for sale		
Trade and other payables	19	20
	19	20
Net assets	284	271

22. OPERATING SEGMENTS

A reportable segment is a separable component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generates revenues other than risks and income of those components that are peculiar to other reportable segments.

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All operating segments' results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to each segment and to assess its performance, and for which discrete financial information is available.

The operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

At 30 June 2013 and 30 June 2012 the Group identified the following reportable segments, which include products and services, that differ by levels of risk and conditions of generation of income:

- (i) Plant breeding segment raises and sells agricultural products and renders accompanying services. The main agricultural products which are sold in this reportable segment are wheat, rye, barley, sunflowers and rape. The main services which are sold in this reportable segment are ploughing, handling and grain storage services.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***22. OPERATING SEGMENTS (cont.)**

- (ii) Livestock segment raises and sells biological assets and agricultural products of cattle breeding. The main biological assets and agricultural products which are sold in this reportable segment are poultry, cattle, pigs and milk.

No operating segments have been aggregated to form the above reportable segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Management monitors the operating results of each of the unit separately for the purpose of making decisions about resources allocation and evaluation of operating results.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the condensed consolidated financial statements. Group financing (including finance expense and finance income) and income taxes, are managed on a group basis and are not allocated to operating segments.

The Group carries out its core financial and economic activities in the territory of Ukraine. Accordingly, the Group selects one geographical business segment.

	Livestock	Plant breeding	Other	Group level	Total
30 June 2013					
Total revenue	10.628	31.930	96	-	42.654
Inter-segment revenue	(420)	(1.411)	(51)	-	(1.882)
External revenues	10.208	30.519	45	-	40.772
Net change in fair value less cost to sell of biological assets and agricultural produce	3.072	9.118	-	-	12.190
Expenses (excluding depreciation and amortisation)	(11.998)	(29.661)	(31)	(6.897)	(48.587)
Profit for the period (excluding depreciation and amortisation)	1.282	9.976	14	(6.897)	4.375
Depreciation and amortisation	(619)	(3.826)	(29)	(88)	(4.562)
Profit/(loss) before tax from continuing operations	663	6.150	(15)	(6.985)	(187)
Reportable segment assets	24.176	145.337	1.146	19.697	190.356
Reportable segment liabilities	1.358	56.245	26	6.347	63.976

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***22. OPERATING SEGMENTS (cont.)**

	Livestock	Plant breeding	Other	Group level	Total
30 June 2012					
Total revenue	10.130	32.736	43	-	42.909
Inter-segment revenue	(328)	(1.248)	(1)	-	(1.577)
External revenues	9.802	31.488	42	-	41.332
Net change in fair value less cost to sell of biological assets and agricultural produce	271	31.133	-	-	31.404
Expenses (excluding depreciation and amortisation)	(6.909)	(27.536)	(62)	(3.491)	(37.998)
Profit for the period (excluding depreciation and amortisation)	3.164	35.085	(20)	(3.491)	34.738
Depreciation and amortisation	(550)	(1.229)	(30)	(1.791)	(3.600)
Profit/(loss) before tax from continuing operations	2.614	33.856	(50)	(5.282)	31.138
Reportable segment assets	21.214	170.092	785	26.040	218.131
Reportable segment liabilities	1.483	57.989	19	8.430	67.921

The above analysis does not include any information about business segments which were discontinued as explained in Note 21.

23. SEASONALITY OF OPERATIONS

The Group's operations are subject to seasonal fluctuations as a result of weather conditions. In particular, the cultivation of crops is adversely affected by winter weather conditions, which occur primarily from January to March. The first half of the year typically results in lower revenues and results for cultivations.

As a result of the annual cycle of crops producing and the Group's attempts to take an advantage of seasonal price changes by managing inventory in its storage facilities, the Group's Plant breeding segment is subject to seasonal fluctuations. Profits of this segment tend to be higher in the first half of a year.

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24. CONTINGENT AND CONTRACTUAL LIABILITIES***Economic environment***

The main operating activities of the Group are carried out within Ukraine. Laws and other regulatory acts affecting the activities of entities in Ukraine may be subject to changes during short periods of time. As a result, assets and operating activity of the Group may be exposed to risk in case of any unfavourable changes in the political and economic environment.

The global financial crisis has negatively affected Ukraine's financial and capital markets in 2008, and 2009. The Ukraine's economy returned to growth in 2011.

Pension and other liabilities

Most employees of the Group receive pension benefits from the Pension Fund, a Ukrainian Government organization in accordance with the applicable laws and regulations of Ukraine. The Group is required to contribute a specified percentage of the payroll to the Pension Fund to finance the benefits. The only obligation of the Group with respect to this pension plan is to make the specific contributions from salaries.

At 30 June 2013 the Group's entities had no liabilities for supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

Legal matters

In the course of its economic activities the Group participates in legal proceedings with third parties. In most cases, the Group is the initiator of such proceedings with the purpose of preventing from losses in the economic sphere or minimising them.

The Group's management considers that legal proceedings on such matters will not have any significant influence on its financial position.

Leases

Plough-land is leased by the Group from individuals. The total size of leased plough-land as at 30 June 2013 is 125 thousand hectares (31 December 2012: 160 thousand hectares). The average rental payment for leased plough-land in the six months ended 30 June 2013 ranges between 3%-5% (year ended 31 December 2012: 1,5%-3%) from the normative value of land.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***24. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)*****Leases (cont.)***

The Group had the following contract obligations on land lease agreements as at 30 June 2013 and 31 December 2012:

	30 June 2013	31 December 2012
Less than 1 year	7.695	8.681
Between 1 and 5 years	28.252	33.902
More than 5 years	11.137	27.345
	<u>39.389</u>	<u>61.247</u>
Total	<u>47.084</u>	<u>69.928</u>

Taxation

The Company operates in the Cypriot tax jurisdiction and its subsidiaries in tax jurisdiction of the respective countries of incorporation. The Group's management must interpret and apply mainly existing legislation to transactions with third parties and its own activities. Significant judgment is required in determining the provision for direct and indirect 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.

As a result of unstable economic situation in Ukraine, tax authorities in Ukraine pay more and more attention to the business circles. In connection with this, tax laws in Ukraine are subject to frequent changes. Above this, there are cases of their inconsistent application, interpretation and execution. Non-compliance with laws and regulations may lead to severe fines and penalties.

The Group's uncertain tax positions are reassessed by management at every reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not, to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting period and any known Court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's most precise estimate of the expenditure required to settle the obligations at the reporting period.

The Group considers that it operates in compliance with tax laws of Ukraine, although, a lot of new laws about taxes and transactions in foreign currency have been adopted recently, and their interpretation is rather ambiguous.

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24. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)

The Group took part in transactions which may be interpreted by tax authorities in Ukraine not in the way they are interpreted by the Group, as a result of which there may be accrued additional significant tax liabilities and fines. Notwithstanding the fact that most of tax returns of the Group's Ukrainian companies for the mentioned periods were reviewed by the tax authorities without any significant discrepancies or imposition of additional tax liabilities, they remain open to subsequent investigations. According to effective laws, tax returns remain open and may be subject to the reviews during three years after their submission, but, in some cases, this limit is not applied.

As a result of future tax reviews additional liabilities may be discovered which may not comply with the tax reporting of the Group. Such liabilities may be represented by taxes, as well as fines and penalties; and their amounts may be significant.

25. OPERATING ENVIRONMENT

The Cyprus economy has been adversely affected over the last few years by the international credit crisis, the instability in the financial markets, the Greek sovereign debt crisis, including the impairment of Greek Government Bonds, and its impact on the Cyprus economy, as well as the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets.

Cyprus and the Eurogroup (together with the International Monetary Fund) reached an agreement on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to EUR 10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing and to restore the viability of the financial sector, with the view of restoring sustainable economic growth and sound public finances over the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below EUR 100.000 in accordance with EU legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatization. Following the request of the Eurogroup, the Cypriot authorities and the European Commission, in liaison with the European Central Bank and the International Monetary Fund, finalized the Memorandum of Understanding in April 2013, which was then formally approved by the Board of Directors of the European Stability Mechanism and subsequently being ratified by Eurozone member states through national parliamentary (or equivalent) approvals.

On 22 March 2013 the House of Representatives voted legislation relating to capital controls affecting transactions executed through banking institutions operating in Cyprus. The extent and duration of the capital controls is decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The Company's management is monitoring the developments in relation to these capital controls and is assessing the implications on the Company's operations and particularly due to the loss and blockage of funds.

AGROTON PUBLIC LIMITED

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25. OPERATING ENVIRONMENT (cont.)

On 12 April 2013 the Eurogroup welcomed the agreement that has been reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus and stated that the necessary elements were in place to launch the relevant national procedures required for the formal approval of the European Stability Mechanism financial assistance facility agreement.

On 18 April 2013 legislation was enacted by the House of Representatives to increase the corporate tax from 10% to 12,5% with effect from 1 January 2013. Furthermore, legislation was enacted to increase the rate of special defense contribution from 15% to 30% on interest which does not arise from the ordinary course of business or is closely linked to it with effect from 29 April 2013.

Following the first quarterly review of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund it was announced on 31 July 2013 that their overall assessment is that Cyprus's program is on track. All the fiscal targets were met as a result of significant fiscal consolidation measures underway and prudent budget execution. The authorities have taken decisive steps to stabilize the financial sector and have already been gradually relaxing deposit restrictions and capital controls. Furthermore, as per the Troika announcement, while the authorities have started to implement the program with determination, risks remain substantial. The short-run economic outlook remains difficult and subject to considerable uncertainty.

With regards to the financial sector, according to the Troika announcement, the policies are geared towards restoring confidence in the banking system. The authorities have taken the necessary steps to fully recapitalize Bank of Cyprus, thus allowing it to exit resolution. The authorities have also set out a clear agenda to restructure and recapitalize other financial institutions, including the cooperative credit sector, before the end of 2013, using program resources where necessary, and without involving depositors.

The uncertain economic conditions in Cyprus, the unavailability of financing, the impairment loss incurred on bank deposits and the imposition of the above mentioned capital controls together with the current instability of the banking system and the anticipated overall economic recession, could affect:

- the ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- the ability of the Company to enter into contracts for the development of new property units
- the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***25. OPERATING ENVIRONMENT (cont.)**

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has proceeded with the provisions and impairments described in notes 14 and 16.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

26. EARNINGS PER SHARE*Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company, and a weighted average number of ordinary shares as follows:

Profit attributable to the owners of the Company:

	30 June 2013	30 June 2012
(Loss)/profit from continuing operations attributable to the owners of the Company	(183)	31.145
Loss from discontinued operations attributable to the owners of the Company	(36)	(649)
Total (loss)/profit attributable to the owners of the Company	(219)	30.496

Weighted average number of shares:

Weighted average number of ordinary shares in issue
(in thousands)

21.670	21.670
---------------	---------------

Earnings per share from continuing and discontinued operations attributable to the owners of the Company
(in USD cents per share):

(Loss)/earnings per share from continuing operations	(0,84)	143,72
Loss per share from discontinued operations	(0,17)	(2,99)
Total basic and fully diluted (loss)/earnings per share	(1,01)	140,73

Earnings per share is the (loss)/profit for the period after taxation attributable to the owners of the Company divided by the weighted average number of shares in issue.

There are no options or instruments convertible into new shares and so basic and diluted earnings per share are the same.

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27. RELATED PARTY BALANCES AND TRANSACTIONS

As at 30 June 2013 and the date of signing these condensed consolidated interim financial statements, the Company is controlled by Mr. Iurii Zhuravlov, who holds 51,04% of the Company's share capital after a transfer of 940.000 of his owned shares to Group employees as part of an incentive schedule. The remaining 48,96% of the shares is widely held.

In the ordinary course of its business, the Group has engaged and continues to engage, in transactions with related parties.

For the purpose of these condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group enters into transactions with both related and unrelated parties on market terms and in accordance with relevant legislation. It is generally not possible to objectively determine whether any transaction with a related party would have been entered into if the parties had not been related, or whether such transactions would have been effected on the same terms, conditions and amounts if the parties had not been related.

According to these criteria the related parties of the Group are divided into the following categories:

- a. Companies in which Group's companies have an equity interest;
- b. Companies in which key management personnel have an equity interest;
- c. Key management personnel;
- d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies.

For the six months ended 30 June 2013 and the six months ended 30 June 2012 salary costs of key management personnel were presented as follows:

	30 June 2013	30 June 2012
Wages and salaries	73	84
Other employees benefits	7	1
Contributions to social funds	27	31
	107	116

Key management personnel include the Directors (Executive and Non-Executive), the Chief Financial Officer, the Chief Agronomist, the Head of the Food Production Division and the Head of Livestock Division.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***27. RELATED PARTY BALANCES AND TRANSACTIONS (cont.)**

	<u>30 June 2013</u>	<u>30 June 2012</u>
Number of key management personnel, persons	14	13

Group's transactions with related parties:

	<u>30 June 2013</u>	<u>30 June 2012</u>
Finance income		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov-Chief Executive officer	118	13
	<u>118</u>	<u>13</u>

Expenses

d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies	109	-
	<u>109</u>	<u>-</u>

Outstanding balances with related parties:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Loans receivable		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies	1.726	1.252
	<u>1.726</u>	<u>1.252</u>

Loans payable

d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies	1.193	1.084
	<u>1.193</u>	<u>1.084</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***28. DISPOSAL OF SUBSIDIARIES**

In February 2013, the Group sold its subsidiary AF named by Shevchenko to third party. The subsidiary was not previously classified as held for sale or as discontinued operation. Management committed to a plan to sell this subsidiary early in 2013.

Company name	Country of incorporation	Main activity	Date of disposal	Ownership interest disposed
AF named by Shevchenko	Ukraine	Agricultural activity	08/02/2013	99,99%

The fair value of the net assets disposed was as follows:

	AF named by Shevchenko Fair Value
Assets	-
Liabilities	
Trade and other payables	26
Current liabilities	26
Net assets disposed	(26)
Consideration received	1
Cash and cash equivalents disposed of	-
Consideration received, net of cash disposed	1
Net assets disposed	26
Consideration received, net of cash disposed	1
Profit on disposal of subsidiaries	27

28. FINANCIAL RISK MANAGEMENT**Fair value hierarchy**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly or indirectly from market data.

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29. FINANCIAL RISK MANAGEMENT (cont.)

- Level 3 – inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have significant effect on the instrument's valuation

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

	Level 1	Level 2	Level 3	Total
30 June 2013				
Financial assets				
Designated at fair value				
through profit or loss	-	-	1.664	1.664
	-	-	1.664	1.664

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the six months ended 30 June 2013.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation team that reports directly to the Chief Financial Officer, and has overall responsibility for fair value measurement of biological assets.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. The valuation team assesses and documents the evidence obtained to support the conclusion that the valuation meets the requirements of IFRS, including the level in the fair value hierarchy. Significant valuation issues are reported to the Chief Financial Officer.

Fair value assumptions

Assumptions in assessing fair value of financial instruments and assessment of their subsequent recognition

As no readily available market exists for the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instruments. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holding of the particular instrument.

As at 30 June 2013, the following methods and assumptions were used by the Group to estimate the fair value of the financial instruments:

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTSFor the six months ended 30 June 2013*(in USD thousands, unless otherwise stated)***29. FINANCIAL RISK MANAGEMENT (cont.)****Fair value assumptions (cont.)***Assumptions in assessing fair value of financial instruments and assessment of their subsequent recognition (cont.)*

Equity securities – the fair value of equity securities is measured using the available quoted market prices from the relevant stock exchange which the securities are listed. However following the decree on the rescue by own means of Bank of Cyprus issued by the Central Bank of Cyprus on 29 March 2013, Cyprus Stock Exchange and Athens Stock Exchange have suspended the trading of Bank of Cyprus equity securities until 30 October 2013 inclusive.

Currently there is no indication of the fair value of the Bank of Cyprus equity securities. The Management of the Company estimates that the nominal value of the securities is higher than the fair value by approximately 45%.

The higher the market price the higher the fair value of the Bank of Cyprus equity securities.

Sensitivity analysis of fair value of financial assets designated at fair value through profit or loss, to the possible changes in market prices is disclosed in the table below:

Effect in USD thousand	Increase/decrease of market price	Effect on fair value
30 June 2013		
Market price	10%	113
Market price	-10%	(113)

Other financial risk assessments

Other aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

30. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period which affect the condensed consolidated interim financial statements at 30 June 2013 apart from the following:

- (a) On 30 June 2013 the Ministry of Finance and the Central Bank of Cyprus announced that the process for the full recapitalisation of Bank of Cyprus has been completed and the Bank of Cyprus exited from resolution status. In accordance with the announcement the conversion ratio of uninsured deposits into share capital is 47,5%. The recapitalisation ensures that the Bank of Cyprus well exceeds the minimum capital adequacy ratio. Based on the latest financial information, Bank of Cyprus's Common Equity Tier 1 ratio is estimated to be at around 12%.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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30. EVENTS AFTER THE REPORTING PERIOD (cont.)

In addition, 12% of deposits in Bank of Cyprus that were previously blocked will be released (5% of the total) and the remaining balance of deposits will be split evenly into three separate time deposits of six, nine and twelve months, respectively. Bank of Cyprus will have the option to renew the time deposits once for the same time duration.

It was also announced that the share structure of Bank of Cyprus will be amended so that all shareholders hold ordinary shares in order for the new share capital structure is in compliance with the European Capital Requirements Regulation.

The Bank of Cyprus also announced on 1 August 2013 that it has been reinstated as an eligible counterparty by the European Central Bank for monetary policy operations.

- (b) On 16 July 2013 the transfer of ownership for both companies Private Enterprises “Peredilske” and Limited Liability Company “Shid Potecial-Resurs” was completed.
- (c) On 25 July 2013 the Company disposed its subsidiary Markivskii Sirzavod LLC (disclosed as discontinued operations) for the approximate amount of USD 144 thousand.
- (d) On 8 August 2013 with the consent of the Noteholders the Company has amended the terms and conditions of the Notes as follows:
 - Extend the maturity of the notes by 60 months to 14 July 2019 in order to lengthen the average maturity of the Groups funding sources;
 - Postpone the interest payment that was due for payment to Noteholders on 14 July 2013 to 14 January 2014;
 - Decrease the interest rate with effect from 14 January 2013 from 12,5% to 8% per annum;
 - Amend the definition of Leverage Ratio Exception so that the maximum Consolidated Leverage Ratio would be 4,0 rather than 3,0; and
 - Amend the definition of Permitted Indebtedness so that Additional Indebtedness is not to exceed USD 20 million (rather than USD 5 million) at any time outstanding.
- (e) On 25 July 2013 the Group was able to obtain additional financing from PJSC Ukrcommunbank and concluded contract for borrowing amounting to approximately USD 2,502 thousand.
- (f) On 25 July 2013 the Group was able to obtain additional financing from PJSC Skhidno Promyslovy Komertsiiny bank and concluded contract for renewable credit line of approximately USD 1,001 thousand.
- (g) On 22 July 2013 the Group concluded agreement on issuing a loan to its shareholder, Mr. Iurii Zhuravlov for the amount of USD 10.000 thousand with the maturity on 22 July 2014.

On 29 August 2013 the Board of Directors of Agroton Public Limited authorised these condensed consolidated interim financial statements for issue.

