



AGROTON PUBLIC LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2013

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For the year ended 31 December 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 (appointed on 11 May 2012)
	Borys Supikhanov - Non-Executive Director
	Volodymyr Kudryavtsev - Non-Executive Director (appointed on 11 May 2012)
	Nikolay Rozdymaha - Executive Director (resigned on 11 May 2012)
	Alex Lissitsa - Non-Executive Director (resigned on 11 May 2012)
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 CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

We, the Members of the Board of Directors and the person responsible for the preparation of the consolidated financial statements of Agroton Public Limited (the "Company") for the year ended 31 December 2013, based on our opinion, which is a result of diligent and scrupulous work, declare that the elements written in the consolidated financial statements are true and complete.

Board of Directors members:

Iurii Zhuravlov	
Tamara Lapta	
Larysa Orlova	
Borys Supikhanov	
Volodymyr Kudryavtsev	

Person responsible for the preparation of the consolidated financial statements of the Company for the year ended 31 December 2013:

Larysa Orlova	
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Nicosia, 30 April 2014

AGROTON PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT**

The Board of Directors of Agroton Public Limited (the “Company”) presents to the members its annual report together with the audited consolidated financial statements of the Company and of its subsidiary companies (together with the Company referred to as the “Group”) for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group which remained the same as in the previous year, are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming).

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 8 of the consolidated financial statements.

The loss for the year attributable to the owners of the Company amounted to USD 5.598 thousand (2012: profit USD 6.760 thousand) which the Board of Directors recommends to be transferred to retained earnings.

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

The Group’s financial position at 31 December 2013 as presented in the consolidated statement of financial position in the consolidated financial statements is not considered satisfactory. The net asset position of the Group has decreased from USD 126.603 thousand at 31 December 2012 to USD 120.914 thousand as at 31 December 2013.

The financial performance of the Group for the year as presented in the consolidated statement of profit or loss and other comprehensive income of the consolidated financial statements is not considered satisfactory.

DIVIDENDS

The Board of Directors does not recommend the payment of any dividends and the profit for the year is retained (2012: USD Nil).

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group and the steps taken to manage these risks are described in note 36 of the consolidated financial statements.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

AGROTON PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT (cont.)****BOARD OF DIRECTORS**

The members of the Board of Directors at 31 December 2013 and at the date of this report are shown on page 1.

There is no requirement in the Company's Articles of Association for the retirement of directors by rotation, thus all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

The Directors are responsible for formulating, reviewing and approving the Company's and its subsidiary companies strategies, budgets, certain items of capital expenditures and senior personnel appointments. Being a company listed on the Warsaw Stock Exchange, the Directors have established audit and remuneration committees to improve corporate governance.

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

On 4 May 2010, the Company established the Audit Committee and Remuneration Committee, both of which were in force during the year ended 31 December 2013 and continued in force at the date of this report.

The Audit Committee will assist the Company's Board of Directors in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual financial statements and the half yearly financial statements remains with the Board of Directors. The Audit Committee of the Company, comprising of Mr. Borys Supikhanov and Mr. Volodymyr Kudryavstev and is chaired by Mr. Borys Supikhanov.

The Remuneration Committee assists the Board of Directors in discharging its responsibilities in relation to remuneration, including making recommendations to the Board of Directors and/or the general meeting of the shareholders of the Company on the policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level. The Remuneration Committee of the Company, comprising of Mr. Borys Supikhanov and Mr. Volodymyr Kudryavstev (both Non-Executive Directors), and is chaired by Mr. Borys Supikhanov and sets and review the scale and structure of the Executive Directors' remuneration packages, including share options and the terms of their service contracts.

EVENTS AFTER THE REPORTING PERIOD

The events that occurred after the reporting period are described in note 38 of the consolidated financial statements.

AGROTON PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT (cont.)****BRANCHES**

The Group did not operate through any registered branches during the year ended 31 December 2013.

RELATED PARTY BALANCES AND TRANSACTIONS

Disclosed in note 32 of the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to reappoint them and to fix their remuneration will be proposed at the next Annual General Meeting.

By order of the Board of Directors,

Larysa Orlova
Director

Nicosia, 30 April 2014



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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

AGROTON PUBLIC LIMITED

Report on the consolidated financial statements

We have audited the accompanying financial statements of Agroton Public Limited (the "Company") and its subsidiaries (together with the Company, the "Group") on pages 8 to 85, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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. Vasiliou, 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. Kakoullis, G.P. Savva, C.A. Kalias, C.N. Kallis
M.H. Zavrou, P.S. Elia, M.G. Lazarou, Z.E. Hadjizacharias
P.S. Theophanous, M.A. Karantoni, C.A. Markides, G.V. Andreou
J.C. Nicolaou, G.S. Prodromou, A.S. Sofocleous, G.N. Syrimis
T.J. Yiasemides

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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Polis Chrysochou

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Fax +357 26 322722

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of matter

We draw attention to notes 2, 33 and 34 to the consolidated financial statements, which describe the uncertainties, estimates and current political crisis and social unrest that started in November 2013 and escalated in 2014 in Ukraine, and indicate that the Group incurred a net loss of USD5.837 million during the year ended 31 December 2013. The impact of the events referred to in notes 33 and 34 about the continuing economic and political crisis in Ukraine and their final resolution cannot be determined and may adversely affect the Ukrainian economy and the operations of the Group and also indicate the existence of a material uncertainty which may cast significant doubt as to the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 3 to 5 is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.


Maria A. Papacosta, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
Esperidon 14
1087 Nicosia
Cyprus

30 April 2014

AGROTON PUBLIC LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME**

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

	Note	2013	2012
Continuing operations			
Revenue	5	81.393	88.001
Cost of sales	6	(88.575)	(81.223)
Net change in fair value less cost to sell of biological assets and agricultural produce	7	11.893	12.120
Gross profit		4.711	18.898
Other operating income	8	9.254	14.700
Administrative expenses	9	(5.442)	(7.378)
Distribution expenses	10	(785)	(1.261)
Other operating expenses	11	(9.401)	(8.503)
(Loss)/profit from operating activities	12	(1.661)	16.456
Fair value losses on financial assets at fair value through profit or loss	19	(1.550)	-
Finance income		2.077	162
Finance costs		(4.444)	(8.420)
Net finance costs	13	(2.367)	(8.258)
(Loss)/profit before taxation		(5.580)	8.198
Taxation		-	(4)
(Loss)/profit from continuing operations		(5.580)	8.194
Discontinued operations			
Loss from discontinued operations	26	(110)	(1.407)
(Loss)/profit for the year		(5.690)	6.787
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Effect of translation into presentation currency		-	(4)
Total comprehensive (expense)/income for the year		(5.690)	6.783
(Loss)/profit for the year attributable to:			
Owners of the Company		(5.598)	6.760
Non-controlling interests		(92)	27
(Loss)/profit for the year		(5.690)	6.787
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(5.598)	6.756
Non-controlling interests		(92)	27
Total comprehensive (expense)/income for the year		(5.690)	6.783
Earnings per share			
Basic and fully diluted (loss)/earnings per share (USD)	31	(25,83)	31,20
Earnings per share – continuing operations			
Basic and fully diluted (loss)/earnings per share (USD)	31	(25,52)	37,69

The notes on pages 14 to 85 are an integral part of these consolidated financial statements.

AGROTON PUBLIC LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

	Note	2013	2012
Assets			
Property, plant and equipment	16	34.677	33.791
Intangible assets	17	29.562	33.099
Biological assets	18	3.162	2.606
Other non-current assets	21	10.742	45.315
Non-current assets		78.143	114.811
Inventories	22	37.080	44.808
Biological assets	18	6.031	10.770
Available for sale investments	19	497	-
Trade and other receivables	23	36.095	3.273
Cash and cash equivalents	25	7.278	9.813
Loans receivable	20	20.803	3.340
Assets held for sale	26	197	291
Current assets		107.981	72.295
Total assets		186.124	187.106
Equity			
Share capital	27	661	661
Share premium	27	88.532	88.532
Retained earnings		41.649	47.247
Foreign currency translation reserve		(10.156)	(10.156)
Equity attributable to owners of the Company		120.686	126.284
Non-controlling interests		227	319
Total equity		120.913	126.603
Liabilities			
Loans and borrowings	28	48.915	48.429
Non-current liabilities			
Loans and borrowings	28	3.927	4.024
Trade and other payables	29	12.209	7.916
Income tax liability		114	114
Liabilities held for sale	26	46	20
Current liabilities		16.296	12.074
Total liabilities		65.211	60.503
Total equity and liabilities		186.124	187.106

On 30 April 2014 the Board of Directors of Agroton Public Limited authorised these consolidated financial statements for issue.

Tamara Lapta
Deputy Chief Executive Officer

Larysa Orlova
Chief Financial Officer

The notes on pages 14 to 85 are an integral part of these consolidated financial statements.

AGROTON PUBLIC LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

	Attributable to owners of the Company						
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	661	88.532	40.487	(10.152)	119.528	292	119.820
Total comprehensive income							
Profit for the year	-	-	6.760	-	6.760	27	6.787
Other comprehensive income	-	-	-	(4)	(4)	-	(4)
Total comprehensive income for the year	-	-	6.760	(4)	6.756	27	6.783
Balance at 31 December 2012	661	88.532	47.247	(10.156)	126.284	319	126.603
Balance at 1 January 2013	661	88.532	47.247	(10.156)	126.284	319	126.603
Total comprehensive income							
Loss for the year	-	-	(5.598)	-	(5.598)	(92)	(5.690)
Total comprehensive loss for the year	-	-	(5.598)	-	(5.598)	(92)	(5.690)
Balance at 31 December 2013	661	88.532	41.649	(10.156)	120.686	227	120.913

The notes on pages 14 to 85 are an integral part of these consolidated financial statements.

AGROTON PUBLIC LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont.)****For the year ended 31 December 2013***(in USD thousand, 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 14 to 85 are an integral part of these consolidated financial statements.

AGROTON PUBLIC LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

	Note	2013	2012
Cash flows from operating activities:			
(Loss)/ Profit for the year		(5.690)	6.787
Adjustments for:			
Depreciation		4.146	207
Amortisation	15	5.037	3.790
Impairment of asset held for sale	26	-	1.203
Fair value losses on financial assets at fair value through profit or loss		1.550	-
Impairment of inventories	11	3.310	1.986
Gain from changes in fair value less cost to sell of biological assets and agriculture produce	7	(11.893)	(12.120)
Impairment of harvest failure	11	288	1.765
Impairment of trade and other receivables	24	329	432
Bad debts written-off	24	(824)	-
Reversal of provision for bad debts	24	(184)	(7.320)
Interest income	13	(2.077)	(136)
Interest expense	13	3.845	7.902
Trade payables written-off	8	(136)	(152)
Loss on disposal of property, plant and equipment	11	140	420
Gain on disposal of subsidiaries	30	(533)	-
Foreign exchange loss		-	159
Income tax expense		-	4
Cash flow from operations before working capital changes		(2.692)	4.927
Decrease in inventories		4.418	5.655
Decrease in other non-current assets		-	27
Decrease in biological assets		15.791	12.844
Increase in trade and other receivables		943	44.242
Increase in trade and other payables		4.931	2.616
Net cash from operating activities		23.391	70.311
Income tax paid		-	(6)
Net cash from operating activities		23.391	70.305
Cash flow from investing activities			
Acquisition of property, plant and equipment	16	(5.451)	(7.018)
Acquisition of intangible assets	17	(7)	-
Proceeds from disposal of property, plant and equipment		279	124
Loans granted		(15.389)	(3.000)
Loans repayments received		-	-
Interest received		-	136
Prepayment for acquisition of investment in subsidiaries	21	-	(33.080)
Acquisition of subsidiaries, net of cash acquired	30	-	(25.200)
Equity conversion		(2.047)	-
Disposals of subsidiaries, net of cash acquired	30	145	-
Net cash used in investing activities		(22.470)	(68.038)

AGROTON PUBLIC LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

	Note	2013	2012
Cash flows from financing activities			
Proceeds from borrowings		4.369	1.000
Repayment of loans and borrowings		(7.825)	(11.137)
Net cash used in financing activities		(3.456)	(10.137)
Net decrease in cash and cash equivalents		(2.535)	(7.870)
Cash and cash equivalents at the beginning of the period		9.813	17.627
Effect from translation into presentation currency		-	56
Cash and cash equivalents at the end of the period	25	7.278	9.813

The notes on pages 14 to 85 are an integral part of these consolidated financial statements.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2013*(in USD thousand, unless otherwise stated)***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 consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the 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 31.12.2013	Ownership Interest 31.12.2012
Living LLC	Ukraine	99,99%	99,99%
PE Agricultural Production Firm Agro	Ukraine	99,99%	99,99%
Agroton PJSC	Ukraine	99,99%	99,99%
OJSC Belokurakinskiy Elevator (i)	Ukraine	84,68%	84,68%
LLC Belokurakinskiy livestock complex (iv)	Ukraine	99,89%	-
OJSC Breeding Poultry Farm Mirnyi (i)	Ukraine	78,46%	78,46%
Agro Meta LLC	Ukraine	99,99%	99,99%
Rosinka-Star LLC	Ukraine	99,99%	99,99%
Etalon-Agro LLC (i)	Ukraine	99,99%	99,99%
ALLC Noviy Shlyah	Ukraine	99,99%	99,99%
AF named by Shevchenko	Ukraine	-	99,99%
ALLC Shiykivske	Ukraine	94,58%	94,58%
Agro-Chornukhinski Kurchata LLC	Ukraine	99,99%	99,99%
Agro-Svinprom LLC (ii)	Ukraine	99,99%	99,99%
Markivskiy Sirzavod LLC	Ukraine	-	100%
Agroton BVI Limited	British Virgin Islands	100%	100%
Gefest LLC	Ukraine	100%	100%
Tais-Abb PE	Ukraine	100%	100%
Alinco PE (iii)	Ukraine	100%	100%
LLC Lugastan (iii)	Ukraine	100%	100%

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)****For the year ended 31 December 2013***(in USD thousand, unless otherwise stated)***1. GENERAL INFORMATION (cont.)**

- (i) OJSC Belokurakinskiy Elevator, OJSC "Breeding Poultry Farm Mirnyi, and Etalon-Agro LLC are in a process of liquidation.
- (ii) On July 2011 the management of "Living" LLC resolved to dispose two subsidiaries of the Group, namely "Agro-Svinprom" LLC and "Markivskii sirzavod" LLC, engaged in the pig-breeding and cheese production respectively. "Markivskii sirzavod" LLC was disposed on 25 July 2013.
- (iii) 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 respectively.
- (iv) In second half 2013 a new entity (LLC "Belokurakinskiy livestock complex") was segregated from "Agro-Svinprom" LLC (note 30).
- (v) In February 2013 the Group sold its ownership in AF named by Shevchenko for the amount of USD 1 thousand (Note 30).

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.

The shares at 31 December 2013 and five (5) days prior to the signing of these consolidated financial statements were distributed as follows:

Shareholder	31 December 2013		25 April 2014	
	Number of Shares	Ownership interest, %	Number of Shares	Ownership interest, %
Mr. Iurii Zhuravlov	11.059.994	51,04	11.059.994	51,04
BNY (NOMINEEES) LIMITED	4.000.000	18,46	4.000.000	18,46
Jaspen Capital Partners Limited	3.256.187	15,03	3.256.187	15,03
BPH Towarzystwo Funduszy Inwestycyjnych S.A.	1.130.950	5,22	1.130.950	5,22
Generali Otwarty Fundusz Emerytalny	1.089.839	5,03	-	-
Others	1.133.030	5,22	2.222.869	10,25
	21.670.000	100,00	21.670.000	100,00

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), and the requirements of the Cyprus Companies Law, Cap. 113 and are for the year ended 31 December 2013.

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following:

- biological assets and agricultural produce, which are stated at fair value less costs to sell
- debt securities which are stated at amortised cost
- intangible assets (land lease rights) and prepayments made for the elevator which are stated at fair value.

2.3 Functional and presentation currency

The functional currencies of the companies of the Group are the Ukrainian Hryvnia ("UAH"), and United States Dollar ("USD"). The currency of Cyprus is Euro, but the principle exposure of the parent undertaking is through its Ukrainian subsidiaries, and therefore the functional currency of the Company is also considered to be UAH. Transactions in currencies other than the functional currency of the Group's companies are treated as transactions in foreign currencies. The Group's management decided to use US dollar ("USD") as the presentation currency for financial and management reporting purposes. Exchange differences arising are classified as equity and transferred to the foreign currency translation reserve.

2.4 Going concern basis

These consolidated financial statements for the year ended 31 December 2013 have been prepared on a going concern basis. Despite the recent changes in the business and political environment of Ukraine as well as the difficult operating environment and financial position of the Group as explained in notes 34 and 35 of the consolidated financial statements, the Board of Directors believes that the Group will be able to continue as a going concern.

2.5 Standards and interpretations

Adoption of new and revised International Financial Reporting Standards and Interpretations

As from 1 January 2013, the Group adopted all changes to the International Financial Reporting Standards (IFRSs), which are relevant to its operations. This adoption did not have material effect on the consolidated financial statements of the Company.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

2. BASIS OF PREPARATION (cont.)

2.5 Standards and interpretations (cont.)

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2013. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU

- IFRS 10 "Consolidated Financial Statements" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IFRS 11 "Joint Arrangements" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- Investment Entities - Amendments to IFRS 10, 12 and IAS 27 (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- Transition Guidance - Amendments to IFRS 10, 11 and 12 (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IAS 27 (Revised) "Separate Financial Statements" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IAS 28 (Revised) "Investments in Associates and Joint ventures" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).
- IAS 36 (Amendments) "Recoverable Amount Disclosures for Non-Financial Assets" (effective for annual periods beginning on or after 1 January 2014).
- IAS 39 (Amendments) "Novation of Derivatives and Continuation of Hedge Accounting" (effective for annual periods beginning on or after 1 January 2014).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 7 (Amendments) "Financial Instruments: Disclosures" – "Disclosures on transition to IFRS 9" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 9 "Financial Instruments: Hedge accounting and Amendments to IFRS 9, IFRS 7 and IAS 39" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).
- IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014).
- Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1 July 2014).
- Improvements to IFRSs 2011-2013 (effective for annual periods beginning on or after 1 July 2014).
- IFRIC 21 "Bank Levies" (effective for annual periods beginning on or after 1 January 2014).

The Board of Directors expects that the adoption of the above financial reporting standards in future periods will not have a significant effect on the consolidated financial statements of the Group.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

Except for changes below, the Group has consistently applied accounting policies set out in this note to all years presented in these consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to achieve consistent application of the accounting policies applied by the Group.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company Agroton Public Limited and the financial statements of the companies controlled by the Company as at 31 December 2013.

Transactions under common control

Consolidation of companies including organisations and entities under common control requires that all the organisations and enterprises being consolidated are controlled by one and the same party of parties, both before consolidation and after it, and this control is not transitory.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies of an organisation in order to receive benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of any potential voting rights that are currently or potentially exercisable or arising from potential conversion are taken into account when assessing control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions of business not under common control

The purchase method is applied for the consolidation of subsidiaries being acquired. On acquisition, the assets and liabilities of the subsidiary are measured at fair value on the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration paid over the fair value of assets and liabilities acquired is treated as goodwill. Any negative goodwill arising on a "bargain purchase" (where the consideration is less than the fair value of assets and liabilities acquired) is immediately recognised in profit and loss. Non-controlling interests are reflected proportionally to carrying amounts of cost of recognised assets and liabilities.

If necessary, adjustments are entered into the financial statements of subsidiaries to bring the accounting policies used into compliance with the accounting policies used by other companies of the Group.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.1 Basis of consolidation (cont.)

Transactions eliminated on consolidation

All significant balances and transactions between the Group's companies, and any unrealised income and expenses arising from such transactions are eliminated when preparing the consolidated financial statements.

Non-controlling interests (NCI)

Non-controlling interests in subsidiaries as at reporting period is the proportion of fair value of the relevant subsidiaries' identified assets and liabilities attributable to those non-controlling interests as at the date of acquisition, together with their share of changes in its equity after the date of acquisition. Equity attributable to owners of non-controlling interest is reported as a separate item in the consolidated statement of financial position.

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. Disposals to non-controlling interest result in differences for the Group that are recorded in the consolidated statement of changes in equity. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Business combinations and goodwill

Business combinations (other than those of businesses under common control) are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

3.1 Basis of consolidation (cont.)

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)****For the year ended 31 December 2013***(in USD thousand, unless otherwise stated)*

Goodwill is initially measured as the excess of the cost of acquisition over the net amount of the identifiable assets acquired and liabilities assumed. If the cost of acquisition is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying value of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.2 Foreign currency translation*(a) Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities are translated into the functional currency of each company included into the Group, at the rates ruling at the reporting period. Foreign exchange gains and losses, arising from transactions in foreign currency, and also from translation of monetary assets and liabilities into the functional currency of each company included into the Group at the rate ruling at the end of the year, are recognised in profit or loss.

The exchange rates used in preparation of these consolidated financial statements, are presented as follows:

Currency	31 December 2013	Weighted average for the year 2013	31 December 2012	Weighted average for the year 2012	31 December 2011
UAH-US dollar	7,9930	7,9930	7,9930	7,9910	7,9898
EUR-US dollar	0,7251	0,7533	0,7579	0,7780	0,7730

The foreign currencies may be freely convertible on the territory of Ukraine at the exchange rate which is close to the exchange rate established by the National Bank of Ukraine. At the moment, the Ukrainian Hryvnia is not a freely convertible currency outside the Ukraine.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3.2 Foreign currency translation (cont.)

(b) Presentation currency

The financial results and position of each subsidiary are translated into the presentation currency as follows:

- At each reporting period of the consolidated financial statements all the assets and liabilities are translated at the exchange rate of the National Bank of Ukraine at that date;
- Income and expenses are translated at the average exchange rates (except for the cases when such average exchange rate is not a reasonably approximate value reflecting cumulative influence of all exchange rates prevailing at the date of transaction, in which case income and expenses are translated at the exchange rates at the date of transaction);
- All exchange differences are recognised in other comprehensive income.

3.3. Property, plant and equipment

Initial recognition of property, plant and equipment ("PPE")

Property plant and equipment is recognised by the Group as an asset only in a case, when:

- it is probable that the Group will receive certain future economic benefits;
- the historical cost can be assessed in a reliable way;
- it is intended for use during more than one operating cycle (usually more than 12 months);

Expenses after the initial recognition of property, plant and equipment

Any subsequent expenses, increasing the future economic benefits from the asset, are treated as additions. Otherwise, the Group recognises subsequent expenses as expenses of the period, in which they have been incurred. The Group divides all expenses, related to the property, plant and equipment, into the following types:

- current repairs and expenses for maintenance and technical service;
- capital refurbishment, including modernisation.

Subsequent measurement of property, plant and equipment

After initial recognition as an asset, the Group applies the model of accounting for the property, plant and equipment at historical cost, net of accumulated depreciation and any accumulated losses from impairment, taking into account estimated residual values of such assets at the end of their useful lives. Such cost includes the cost of replacing significant parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced from time to time, the Group recognises such parts as individual assets with specific estimated useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying value of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives agreed upon with the technical personnel of the Group.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.3. Property, plant and equipment (cont.)

The estimated useful lives for the property, plant and equipment are as follows:

Construction in progress	Not depreciated
Buildings and constructions	10-75 years
Machinery and equipment	2-30 years
Vehicles	2-15 years
Computers and office equipment	1-10 years
Instruments, tools and other equipment	1-10 years

Residual value and useful lives of assets are reviewed at each reporting period and adjusted if appropriate.

An asset is not depreciated during the first year of placing into operation. The acquired asset is depreciated starting from the following year from the date of placing into operation and depreciation is fully accumulated when useful life terminates. Full year depreciation is calculated in the year of disposal.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss when the asset is derecognised.

Impairment

At each reporting period the Group evaluates whether any indicators of possible impairment of an asset exist. If the recoverable value of an asset or a group of assets within property, plant and equipment is lower than their carrying (residual) value, the Group recognises such asset or group of assets as impaired, and accrues a provision for impairment of the amount of excess of the carrying value over the recoverable value of the asset. Impairment losses are recognised immediately in profit or loss.

Assets under construction

Assets under construction comprise costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Construction in progress is not depreciated. Depreciation of the construction in progress, on the same basis as for other property, plant and equipment items, commences when the assets are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.4 Intangible assets

For the purpose of preparation of the consolidated financial statements the Group defines the following groups of the intangible assets: goodwill, computer software and land lease rights.

The Group recognizes the object as an intangible asset, if such an object meets the following criteria of recognition:

- it is likely that the Group will receive related to this asset future economic benefits; and
- the cost of this asset can be reliably measured.

Initial recognition and subsequent measurement of intangible assets

Intangible assets are initially recognised at acquisition cost.

After initial recognition, intangible assets are reflected at acquisition cost less accumulated depreciation and accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised upon its disposal or when the Group's company no longer expects to receive any economic benefits from this asset. Financial result, arising upon write-off or disposal, is calculated as the difference between net income from sale and the carrying amount of intangible assets. If an intangible asset is exchanged for a similar asset, the value of acquired asset amounts to the carrying amount of the disposed asset.

Computer Software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, usually 5 years. Amortisation starts from the following year from the date of placing into operation, is fully accumulated when useful life terminates and is included within administrative expenses.

Land lease rights

Land lease rights acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Land lease rights acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, land lease rights acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as land lease rights acquired separately.

Amortisation of land lease rights is recognised on a straight-line basis over their estimated useful lives. For land lease rights, the amortisation period is 10 years.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.4 Intangible assets (cont.)

Land lease rights (cont.)

The amortisation period and the amortisation method for land lease rights are reviewed at least at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share in fair value of identifiable assets, commitments and contingencies of the subsidiary company at the date of acquisition. Goodwill arising on acquisition of subsidiaries is reflected in intangible assets. After initial recognition goodwill is reflected at initial cost less accumulated impairment losses.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that there is a possibility of diminishing of its carrying amount. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Subject to an operating segment ceiling test CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Impairment of goodwill is determined by valuation of the recoverable amount of the cash-generating asset (groups of cash-generating assets), to which the goodwill relates. In case that the recoverable amount of the cash-generating asset (groups of cash-generating assets) is less than the carrying amount, an impairment loss is recognised. If goodwill comprises the cash-generating assets (or the groups of the cash-generating assets), and a part of such subdivision is disposed, goodwill related to the disposed part is included into the carrying amount of this part when determining income or expenses from disposal. In this case disposed goodwill is estimated based on the relative value of disposed part and the share of cash-generating assets left in the Group.

Impairment loss recognised in respect of goodwill is not subject to recovery in subsequent periods.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.4 Intangible assets (cont.)

Goodwill (cont.)

Useful life and amortisation

The Group determines whether the useful life of intangible assets is finite or indefinite, and in the first case evaluates its duration or quantity of products or similar units which compose this period. Useful life of object of intangible assets is indefinite if the Group basing on all relevant factors believes that the period, during which it is expected that the object of intangible assets will generate net cash flows to the company, has no foreseeable limit.

Amortisation is based on the cost of an asset less its residual value.

Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

Intangible assets with indefinite useful lives are not amortised but reviewed annually for impairment either individually or at the level of cash flow generating units. The Group carries out an annual review of the useful life of objects of intangible assets with indefinite useful lives to identify the events and circumstances that confirm the assessment of an indefinite useful life. If the confirmation of an indefinite useful life is absent the Group changes the assessment of useful life from indefinite to finite and such change is subject to perspective recognition.

Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

3.5 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purposes for which the financial assets were acquired. Management takes decision concerning the classification of securities at initial recognition and reviews such classification for reliability at each reporting period.

(a) Loans and receivables

Loans and receivable are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. Such assets are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, loans receivable and trade and other accounts receivable.

Loans issued by the Group are financial assets resulting from delivering cash to the borrower. Loans issued are accounted for at amortised cost using the effective interest method, less any impairment losses.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.5 Financial assets (cont.)

Initial recognition

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. The best confirmation of fair value at initial recognition is selling price. Gains or losses at initial recognition are reflected only if the difference between fair value and selling price is confirmed by other actual and regular market transactions carried out with the same instruments or with such estimation, which technique is based on open market data.

Principles of fair value measurement

Fair value of financial instruments is based on their market price prevailing at the reporting period without deduction of transaction costs.

In case the market price is not available, the fair value of an instrument is determined using pricing or discounted cash flow models.

When using a discounted cash flow model, the determination of future cash flows is based on the best estimates of Management, and the discount rate is represented by the market interest rate for similar instruments prevailing at the reporting period. When using pricing models, the inputs are based on average market data prevailing at the reporting period.

Subsequent measurement

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the Effective Interest Rate ("EIR"). The EIR amortisation is included in finance income in the consolidated statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the consolidated statement of profit or loss and other comprehensive income. Premium and discount, including initial transaction costs, are included in the carrying value of the corresponding instrument and amortised using the effective interest method.

Impairment of financial assets

At each reporting period the Group measures whether there is any objective evidence of impairment of financial assets or group of financial assets. A financial asset or group of financial assets is considered to be impaired if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Impairment evidence may comprise indicators that a debtor or group of debtors is in significant financial difficulties, is unable to repay the debt or makes part payments of interest or principal amount of debt, also the probability of bankruptcy or any other financial reorganisation. In addition, such evidence includes other observable data indicating a decrease in expected cash flows from the financial asset which is subject to reliable measurement, for example, an overdue debt. For an investment in an equity security, a significant prolonged decline in its fair value below its cost is objective evidence of impairment.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.5 Financial assets (cont.)

Impairment for financial assets measured at amortised cost

The Group considers evidence of impairment for a financial asset measured at amortised cost at both a specific asset and collective level. All individually significant assets are measured for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of financial assets at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted using the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

De-recognition

The financial assets are derecognised if the term of contractual rights for cash flows from financial assets expires, or the Group transfers all the significant risks and benefits from asset ownership.

3.6 Financial liabilities

Financial liabilities comprise debts securities issued, loans and borrowings and trade and other payables.

Loans and borrowings are financial liabilities of the Group resulting from raising borrowings. Loans and borrowings are classified as short-term liabilities except for cases when the Group has vested right to defer the liabilities at least by 12 months from the reporting period.

Initial recognition

Financial liabilities are initially recognised on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at fair value less any directly related transaction costs.

Debt securities issued are recognised on the date they are originated at fair value less any direct attributable transaction costs using the Effective Interest Rate ("EIR") method.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.6 Financial liabilities (cont.)

Subsequent measurement

Loans and borrowings initially recognised at fair value of liability net of transaction costs are subsequently reported at amortised cost; any difference between the amount of received funds and amount of repayment is reported within interest expenses during the period in which borrowings were received under the effective interest method.

Trade and other payables initially recognised at fair value are subsequently accounted for at amortised cost using the effective interest method.

De-recognition

Financial liabilities are de-recognised when its contractual obligations are discharged, cancelled, expired or fulfilled.

3.7 Inventories

The Group identifies the following types of inventories:

- raw and other materials (including principal and auxiliary industrial raw and other materials; agricultural purpose materials);
- work-in-progress (including semi-finished products);
- agricultural produce;
- finished goods;
- goods in stock;
- other inventories (including fuel, packaging, construction materials, spare parts, low value items, other materials and consumable supplies).

Work in progress includes the costs incurred during the period, but relating to the preparation of crop areas under sowing for future reporting periods.

Agricultural products derived from biological assets are measured at fair value less costs to sell at the point of harvest. Profit or loss arising upon initial recognition of agricultural products at fair value less estimated costs to sell is recorded in the consolidated statement of profit or loss and other comprehensive income in Income (expenses) from changes in value of biological assets and agricultural produce.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) principle and includes all expenses for acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and preliminary estimated distribution and selling costs.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.7 Inventories (cont.)

The Group regularly reviews inventories to determine whether there are any indicators of damage, obsolescence, slow movement, or a decrease in net realisable price. When such events take place, the amount by which inventories are impaired, is reported in profit or loss.

Impairment of inventories

Cost of inventories may be irrecoverable if the realisable value for such inventories has decreased due to their damage, whole or partial obsolescence or resulting from changes in market prices. Cost of inventories may be irrecoverable if possible costs for completion or sale have increased.

Raw and other materials in inventories are not written-off below cost, if finished goods, in which they will be included, will be sold at cost or above. However, when decrease in price for raw materials indicates that cost of finished goods will exceed the net realisable value, raw materials are written off to net realisation value.

At each reporting period the Group analyses inventories to determine whether they are damaged, obsolete or slow-moving or whether their net realisable value has declined. If such situation occurred, the amount by which inventories are impaired is reflected within "Other operating (expenses)/income".

3.8 Biological assets

The following groups of biological assets are distinguished by the Group:

- (a) current - with useful life of 1 year, including:
 - agricultural crops (winter crops, spring crops and industrial crops);
 - animals in growing and fattening (cattle, poultry, etc.);
- (b) non-current – with useful life over 1 year:
 - work and productive livestock (cattle, etc.).

Biological asset is an animal or plant which in the process of biological transformations can create agricultural products or additional biological assets, as well as bring economic benefits in other ways.

Biological assets are stated at initial recognition and at each reporting period at fair value less estimated costs to sell, except for the cases where fair value cannot be determined reliably. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs.

If there is an active market for a biological asset or agricultural produce, the Group determines the fair value of assets based on their quoted price in the market. If the Group has access to several markets, the definition of fair value is based on the market, which may be used by the Group with the highest probability.

In the absence of an active market, the Group uses one or more of the following indicators to determine the fair value of biological assets:

- price of the most recent transaction in the market, provided that in the period between the date of the transaction and the reporting date there were no significant changes of economic conditions;

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.8 Biological assets (cont.)

- market prices for similar goods;
- sectorial indices.

In case where there are no market prices or other value indicators to determine the fair value in respect of the biological asset at a particular time, the Group uses the discounted value of the asset's expected net cash flows, while applying a discount coefficient, calculated on the basis of current market conditions for cash flow before tax.

Where there is no information about market prices upon the initial recognition of biological asset, and alternative estimates of fair value are clearly unreliable, such biological asset is valued at cost less accumulated depreciation and impairment losses. Once there is the possibility to determine the fair value of biological assets with reasonable reliability, the biological asset is revalued at fair value less estimated costs to sell (this principle applies only at initial recognition of the biological asset). If the Group has previously valued the biological asset at fair value less estimated costs to sell, this biological asset is recorded at fair value less estimated costs to sell up to the moment of its disposal.

The difference between the fair value less estimated costs to sell and production cost of biological assets is recorded in the consolidated statement of profit or loss and other comprehensive income in Income (expense) from changes in value of biological assets and agricultural products.

Biological assets and future harvest costs

Cost of crops for future harvest consists of actual costs incurred in growing harvest (including lease expenses, costs of land preparation, planting, fertilising, processing, collection, storage). The fair value of winter crops at the end of the year is approximate to its cost due to a minor biological transformation of seeds at the end of the year, significant impact of cultivation quality, weather conditions and precipitation on future harvest, variations in market demand for future harvest. Crops for future harvest are measured at cost.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, cash in transit, issued letters of credit and call deposits.

3.10 Impairment of non-current assets

The Group assesses at each reporting period the carrying value of its non-current assets to determine whether there is any objective evidence that non-current assets are impaired. If any such evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

The expected recoverable amount of a cash-generating unit is the highest of the cash-generating unit's selling value and its value in use. In estimating value in use, the future cash flows are discounted to present value using a discount rate before taxation which reflects current market assessments of the time value of money and the risks specific to the asset.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.10 Impairment of non-current assets (cont.)

If the expected recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) shall be reduced to its recoverable amount. That reduction is an impairment loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation deficit. If the impairment loss is reversed subsequently, then carrying value of an asset (or cash-generating unit) increases to the revised and estimated amount of its recoverable amount, where increased carrying value does not exceed the carrying value which could be determined only in that case if impairment loss for an asset (or cash-generating unit) was not recognised in the previous years. Reversal of the impairment loss is recognised as profit immediately.

3.11 Advances issued and other accounts receivable which are not financial assets

Advances issued are recorded at nominal value less value added tax and any accumulated impairment losses. Other current assets are recorded at nominal cost less accumulated impairment losses.

Impairment of advances issued is recognised if there is objective evidence that repayment of the full amount of the debt does not occur within the contract terms, including the incoming information about substantial financial difficulties of the debtor, the possibility of recognition a debtor as a bankrupt, or probability of debtor's reorganisation, in case of refusal from delivery, etc. Impairment of advances issued and other non-financial current assets is reflected according to order described in subparagraph "Impairment of Assets" of Note 21.

Advances issued under the contracts for the purchase of property, plant and equipment are recorded in section "Other non-current assets" of consolidated statement of financial position.

3.12 Value added tax (VAT)

In Ukraine VAT standard rate is 20% on imports and sale of goods and services in the territory of Ukraine and 0% rate for all exports and services rendered outside Ukraine.

The VAT liability is equal to the total amount of VAT accrued during the reporting period and arises at the earlier of goods shipment to the customer or at the date of receipt of payment from the client.

VAT credit is the amount by which a taxpayer is entitled to reduce his/her VAT liabilities in the reporting period. The right to VAT credit arises on the earlier of the date of payment to supplier or the date of receipt of goods.

The Group's agricultural entities apply the special VAT taxation treatment prescribed by the Tax Code of Ukraine, which entered into force on 1 January 2011, regarding the agricultural activities, which provides preferential VAT treatment to support agricultural producers. The Ukrainian government allows qualified agricultural producers which choose to apply the special VAT regime for the agricultural industry to retain the difference between the VAT that they charge on their agricultural products or services and the VAT that they pay on qualified items purchased for their operations, rather than remitting such amounts to the state budget. Agricultural producers qualify for this special VAT regime provided that the revenue received from the sales of agricultural goods produced during the preceding twelve months accounted for more than 75% of their gross revenue. The amounts retained by the Group can be used only for agricultural purposes.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.12 Value added tax (VAT) (cont.)

For goods and services supplied at the 20% tax rate, revenue, expenses and assets are recognised net of VAT amount, unless:

- the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables are stated including the value added tax.

For the Cyprus Company VAT of 17% (15% up to 29 February 2012) applies on expenses.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

3.13 Income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting period, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The majority of Groups entities are registered as tax payers of fixed agricultural tax and therefore are not payers of corporate tax.

3.14 Revenue recognition

Revenue includes the amount of compensation received or to be received for realisation of products and services in the course of the ordinary activities of the Group. Revenue is recorded net of value added tax, discounts and intragroup transactions.

The Group recognises revenue when its amount can be reliably measured; there is a probability of the Group receiving certain future economic benefits. The amount of income cannot be reliably measured unless all contingent liabilities relating to sale are settled. The estimates of the Group are based on historical results, taking into account the type of customer, transaction and the specific terms of each agreement.

Revenue is recognised when persuasive evidence exists that the significant risks and rewards have been transferred to the customer, recovery of the consideration is probable, associated cost and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.14 Revenue recognition (cont.)

Work executed

Work executed is recognised in the accounting period in which the work is carried out by reference to completion of the specific transaction assessed on the basis of the actual work executed provided as a proportion of the total work to be carried out.

Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting period.

When the services are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services.

Interest income

For all financial instruments measured at amortised cost interest income is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying value of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

3.15 Expenses recognition

Expenses are recognised by the Group when the amount of expenses can be reliably measured.

Expenses are recognised in the same reporting period, in which revenue is recognised, for receiving of which these expenses were incurred, or when it becomes obvious that these expenses will not lead to any gain receiving, irrespective of time of actual cash payment or other form of their payment, when economic benefits from their use decreased or were completely consumed.

Expenses which cannot be connected directly with gain of a certain period, are shown as a part of expenses of the period they were incurred in.

If an asset provides economic benefits receiving during several reporting periods, expenses are calculated by allocating its value on a systematic basis over respective reporting periods.

Deferred expenses writing-off is made on a straight-line basis within periods, which they accordingly relate to, during which economic benefits receiving is expected.

Expenses which were incurred in the reporting period but relate to land preparation for sowings of future reporting periods, are accounted for in "Work-in-progress", which, in its turn, forms a part of "Inventories" of the consolidated financial statements.

3.16 Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.16 Assets held for sale or distribution (cont.)

is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.17 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

A lease is classified as finance lease, when, according to lease terms, the lessee assumes all the significant risks and benefits associated with ownership of the relevant assets. All other leases are classified as operating leases.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the consolidated statement of profit or loss and other comprehensive income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

3.18 Non-controlling interest (NCI)

NCI is represented by interest in the subsidiaries not owned by the Group. It is determined at the reporting period as interest in the fair value of identified assets and liabilities of the subsidiary at the date of acquisition or creation of a new subsidiary, as well as interest in change in net assets of a subsidiary after the acquisition or creation of a new subsidiary.

The Group provides information on NCI in net assets of subsidiaries and companies not connected with formal structure and not having a common parent company separately from items of equity attributable to the owners of the parent company.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.19 Distribution of dividends

The amount payable to the owners of the Company in the form of dividends is recognised in the financial statements of the Group in the period the dividends were approved by the owners of the Company.

3.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which necessarily requires significant time to be prepared for use in accordance with the Group's intentions or for sale, are capitalised as the part of initial value of such asset. All other borrowing costs are expensed in the period they were incurred. Borrowing costs include interest payments and other expenses incurred by the Group related to borrowings.

3.21 Government Grants

Recognition of government grants

The Group recognises government grants when received in the consolidated statement of profit or loss and other comprehensive income as "Government grants received" in the same periods as the corresponding expenses, which they compensate, on a systematic basis:

- All grants, compensating the expenses of the preceding periods, shall be recognised by the Group in full in the period of their receipt as Government grants received;
- All grants, related to assets not depreciated, such as a land site, shall be matched by the Group with the expenses to fulfil the obligations. Where a grant in the form of provision of a land site is conditional on construction of a building on the site, the Group divides the recognition of the grant as "Government grants received" over the whole useful life of the building;
- All grants, relating to amortisable assets, shall be recognised by the Group as a decrease in the expenses for amortisation during the periods, when the amortisation of these assets is accrued.

Accounting for government grants for agricultural activities

The Group recognises unconditional state grants related to agricultural activities as income only in cases when such government grants are receivable. A contingent government grant is recognised by the Group as income only after the fulfilment of respective conditions.

Return of the government grants

If subsidies are returned partially or completely, the amount to be returned shall be deducted from the remaining unused amount of the government subsidies. If an amount, exceeding the unused part of the government subsidies, is to be returned, the Group shall immediately reflect the amount of such excess as the expenses in the reporting period.

3.22 Contingent assets and liabilities

Contingent liabilities are not recognised in the consolidated financial statements. Such liabilities are disclosed in the notes to the consolidated financial statements, with the exception of when the probability of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed when an inflow of economic benefits is considered more likely than not to occur.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.23 Provisions

A provision is a liability of uncertain amount or timing. Provisions are recognised if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.24 Operating Segments

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

The Group is organised by reportable segments and this is the primary format for segmental reporting. Each reportable segment provides products or services which are subject to risks and rewards that are different than those of other reportable segments.

The Group presents its geographical analysis for segmental revenue by customers' location and for assets based on the assets' location. The Group operates mainly in Ukraine.

3.25 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 3.6), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3.26 Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received and the nominal value of share capital issued is taken to share premium. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.27 Events after the reporting period

The Group adjusts the consolidated financial statements amounts if events after the reporting period demand adjustments. Events after the reporting period requiring adjustments of the consolidated financial statements amounts relate to the confirmation or contradiction of the circumstances prevailing at the reporting period, as well as estimates and judgments of management, which are made under conditions of uncertainty and incompleteness of information at the reporting date.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.27 Events after the reporting period (cont.)

If non-adjusting events that occurred after the reporting period are significant, non-disclosure of information about them may affect the economic decisions of users which are made on the basis of these consolidated financial statements. Accordingly, the Group discloses the nature of such events and estimates of their financial effect or states the impossibility of such estimate for each material category of non-adjusting events that occurred after the reporting period.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with IFRS requires from management to exercise judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of income and expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting periods. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions of accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described below:

4.1 Useful lives of property, plant and equipment

The Group estimates the remaining useful life of property, plant and equipment at least once a year at the end of the fiscal year. Should the expectations differ from previous estimates, changes are accounted for as changes in accounting estimates in accordance with IAS 8 "Accounting Policy, Changes in Accounting Estimates and Errors". These estimates may have a significant effect on the carrying value of property, plant and equipment and depreciation recognised in the statement of comprehensive income.

4.2 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont.)

4.3 Impairment of receivables

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position.

The Group provides for doubtful debts to cover potential losses when a customer may be unable to make necessary payments. In assessing the adequacy of provision for doubtful debts, management considers the current economic conditions in general, the age of accounts receivable, the Group's experience in writing off of receivables, solvency of customers and changes in conditions of settlements. Economic changes, industry situation or financial position of separate customers may result in adjustments related to the amount of provision for doubtful debts reflected in the consolidated financial statements as impairments of receivables.

Additionally a general provision for doubtful debts is provided on all receivables due for more than 365 days.

Bad debts which are recovered are written-off from the consolidated statement of financial position along with a corresponding adjustment to the provision for doubtful debts, and the recovered amount is recognised in profit or loss.

The Group does not accrue provisions for doubtful debts on balances with related parties regardless of the origin date of current debt.

4.4 Legal proceedings

The Group's management applies significant assumptions in the measurement and recognition of provisions for and risks of exposure to contingent liabilities related to existing legal proceedings and other unsettled claims, and also other contingent liabilities. Management's judgment is required in estimating the probability of a successful claim against the Group or the crystallising of a material obligation, and in determining the probable amount of the final settlement or obligation. Due to uncertainty inherent to the process of estimation, actual expenses may differ from the initial estimates. Such preliminary estimates may alter as new information is received, from internal specialists within the Group, if any, or from third parties, such as lawyers. Revision of such estimates may have a significant effect on the future results of operating activity.

4.5 Impairment of obsolete and surplus inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and preliminary estimated distribution and selling costs. The writing-off of inventories is reflected on a first-in first-out (FIFO) basis.

At each reporting period the Group assesses the necessity to impair obsolete and surplus inventory and supplies. The Group analyses inventories to determine whether they are damaged, obsolete or slow-moving or whether their net realisable value has declined.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont.)

4.6 Contingent liabilities

Contingent liabilities are determined by the occurrence or non-occurrence of one or more future events. Measurement of contingent liabilities is based on management's judgments and estimates of the outcomes of such future events. In particular, the tax laws in Ukraine are complex and significant management judgement is required to interpret those laws in connection with the tax affairs of the Group, which is open to challenge by the tax authorities.

4.7 Impact of the global financial and economic crisis

The ongoing global financial and economic liquidity crisis that emerged out of the severe reduction in global liquidity which commenced in the middle of 2007 (often referred to as the "Credit Crunch") has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and wider economy, and, at times, higher interbank lending rates and very high volatility in stock and currency markets.

Management is unable to reliably determine the effects on the Group's future financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

4.8 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont.)

4.8 Measurement of fair values (cont.)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 37(b) – biological assets;
- Note 37(a) – financial instruments.

5. REVENUE

	2013	2012
Sales of goods	78.271	85.286
Rendering of services	3.122	2.715
Total	81.393	88.001

Revenue generated from sale of goods was as follows:

	2013	2012
Livestock and related revenue	21.591	19.525
Winter wheat	23.066	29.019
Sunflower	23.108	28.265
Corn in grain	4.557	5.312
Other agricultural crops	5.949	3.029
Other	-	136
Total	78.271	85.286

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

	2013	2012
	tonnes	tonnes
Winter wheat	122.964	143.932
Sunflower	55.991	65.378
Corn in grain	32.448	28.327
Total	211.403	237.637

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

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5. REVENUE (cont.)

Sales volume for milk yield for the year ended 31 December 2013 was 11.113 thousand tonnes (2012: 10.985 thousand tonnes).

Revenue generated from rendering of services relates to storage and handling services granted to third parties.

Livestock and related revenue includes revenue from poultry and other livestock related products.

6. COST OF SALES

	2013	2012
Livestock and related operations	26.485	19.059
Plant breeding and related operations	61.708	61.783
Other activities	382	381
Total	88.575	81.223

7. NET CHANGE IN FAIR VALUE LESS COST TO SELL OF BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE

	2013	2012
Non-current biological assets	(207)	(618)
Current biological assets	12.100	12.738
Total	11.893	12.120

The net change in fair value less costs to sell per type of biological asset was:

	2013	2012
Animals in growing and fattening	567	(1.662)
Crops under cultivation (note 18)	11.326	13.782
Total	11.893	12.120

8. OTHER OPERATING INCOME

	Note	2013	2012
Government grants		42	19
VAT grant		8.359	7.049
Reversal of provision for bad debts	24	184	7.320
Trade payables written-off		136	152
Other income		-	160
Gain on disposal of subsidiary companies	30	533	-
Total		9.254	14.700

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

9. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Personnel expenses	14	2.630	2.970
Depreciation charge	15	98	123
Transportation expenses		406	601
Materials		279	155
Insurance		536	1.235
Professional fees		969	2.036
Communication services		53	53
Other expenses		471	205
Total		5.442	7.378

In the year 2013 the Company insured the crops USD 530 thousand, (2012: USD 502 thousand), vehicles (USD 6 thousand, (2012: USD 125 thousand). No property and inventory were insured in 2013 by the Company (2012: USD 374 thousand and USD 234 thousand respectively).

10. DISTRIBUTION EXPENSES

	Note	2013	2012
Personnel expenses	14	295	272
Depreciation charge	15	26	27
Transportation expenses		336	833
Marketing and advertising expenses		21	25
Utilities		61	54
Charges for using of warehouses and sales outlets		-	6
Other expenses		46	44
Total		785	1.261

11. OTHER OPERATING EXPENSES

	Note	2013	2012
Personnel expenses	14	-	3
Depreciation charge	15	60	57
Amortisation of land lease rights	15,17	3.537	2.291
Amortisation of lease rights prepayments	15	800	800
Amortisation of the prepayment for the immediate right to use the elevator	15	693	693
Amortisation of intangible assets	17	7	6
Impairment of trade and other receivables	24	329	432
Loss on disposal of property, plant and equipment	12	140	420
Loss on disposal of current assets		15	-
Impairment of inventories		3.310	1.986
Impairment of harvest failure	18	288	1.765
Fines and penalties		12	5
Donations		137	16
Other expenses		73	29
Total		9.401	8.503

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)****For the year ended 31 December 2013***(in USD thousand, unless otherwise stated)***12. (LOSS)/PROFIT FROM OPERATING ACTIVITIES**

(Loss)/profit from operating activities is stated after charging the following items:

	Note	2013	2012
Depreciation of property, plant and equipment	15	4.146	3.833
Amortisation of intangible assets	15	5.037	3.790
Loss on disposal of property, plant and equipment	11	140	420
Personnel expenses	14	13.481	13.262
Independent auditors' remuneration for the statutory audit of annual accounts		161	151
Independent auditors remuneration – prior years		-	80
Independent auditors' remuneration for other assurance services		87	84

13. NET FINANCE COSTS

	2013	2012
Interest income	2.048	136
Interest income on financial assets measured at amortised cost	29	26
Finance income	2.077	162
Interest on bank loans	(278)	(618)
Interest on non-bank loans	(221)	(84)
Interest on finance lease	-	(118)
Interest on notes	(3.346)	(7.082)
Bank charges	(159)	(359)
Loss on foreign exchange differences	(440)	(159)
Finance costs	(4.444)	(8.420)
Net finance costs	(2.367)	(8.258)

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

14. PERSONNEL EXPENSES

	2013	2012
Wages and salaries	9.774	9.673
Other employee benefits	-	15
Contributions to state funds	3.707	3.574
Total	13.481	13.262

Payroll and related taxes for the years ended 31 December 2013 and 31 December 2012 were presented as follows:

	Note	2013	2012
Production personnel		10.556	10.017
Administrative personnel	9	2.630	2.970
Distribution personnel	10	295	272
Personnel related to other expenses of operating activities	11	-	3
Total		13.481	13.262

The number of employees at 31 December 2013 and 31 December 2012 was as follows:

	31 December 2013	31 December 2012
Average number of employees, persons	2.771	2.637
Key management personnel	13	14
Total	2.784	2.651

15. DEPRECIATION AND AMORTISATION

	Note	2013	2012
<i>Depreciation charge:</i>			
Depreciation of production property, plant and equipment		3.962	3.626
Administrative expenses	9	98	123
Distribution expenses	10	26	27
Other expenses	11	60	57
Total		4.146	3.833
<i>Amortisation charge:</i>			
Amortisation of land lease rights	11, 17	3.537	2.291
Amortisation of land lease rights prepayments	11	800	800
Amortisation of the prepayment for the immediate right to use elevator	11	693	693
Amortisation of intangible assets	11, 17	7	6
Total		5.037	3.790
Total depreciation and amortisation		9.183	7.623

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

16. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Buildings	Equipment	Vehicles	Computers and office equipment	Instruments, tools and other equipment	Total
Cost							
Balance at 1 January 2012	1.118	33.209	26.320	7.672	202	302	68.823
Additions	1.873	1.220	3.501	392	15	17	7.018
Disposals	-	(387)	(264)	(432)	(1)	(2)	(1.086)
Transfers	(1.570)	1.377	190	(1)	-	4	-
Effect from translation into presentation currency	(1)	(1)	(1)	(1)	-	-	(4)
Balance at 31 December 2012	1.420	35.418	29.746	7.630	216	321	74.751
Balance at 1 January 2013	1.420	35.418	29.746	7.630	216	321	74.751
Additions	5.113	338	-	-	-	-	5.451
Disposals	(9)	(725)	(287)	(31)	(14)	(13)	(1.079)
Transfers	(4.687)	1.609	2.415	607	38	18	-
Balance at 31 December 2013	1.837	36.640	31.874	8.206	240	326	79.123

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

16. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Construction in progress	Buildings	Equipment	Vehicles	Computers and office equipment	Instruments, tools and other equipment	Total
Depreciation							
Balance at 1 January 2012	-	17.005	14.367	5.963	154	183	37.672
Charge for the year	-	1.383	2.124	277	20	29	3.833
On disposals	-	(276)	(109)	(155)	(1)	(1)	(542)
Transfers	-	(80)	74	(3)	-	9	-
Effect from translation into presentation currency	-	(1)	(1)	(1)	-	-	(3)
Balance at 31 December 2012	-	18.031	16.455	6.081	173	220	40.960
Balance at 1 January 2013	-	18.031	16.455	6.081	173	220	40.960
Charge for the year	-	1.356	2.435	306	18	31	4.146
On disposals	-	(360)	(250)	(26)	(14)	(10)	(660)
Transfers	-	-	(78)	78	-	-	-
Balance at 31 December 2013	-	19.027	18.562	6.439	177	241	44.446
Carrying amounts:							
As at 1 January 2012	1.118	16.204	11.953	1.709	48	119	31.151
As at 31 December 2012	1.420	17.387	13.291	1.549	43	101	33.791
As at 31 December 2013	1.837	17.613	13.312	1.767	63	85	34.677

At 31 December 2013, the Company Private Enterprise Agricultural Production Firm Agro made payments of USD 961 thousand (31 December 2012: USD 683 thousand) for the upgrading of SJSC Khib Ukraine Novoaydarsky Elevator. This amount is included in construction in progress.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

17. INTANGIBLE ASSETS

	Computer software	Land lease rights	Total
Cost			
Balance as at 1 January 2012	31	9.989	10.020
Additions	-	25.379	25.379
Balance as at 31 December 2012	31	35.368	35.399
Additions	7	-	7
Balance as at 31 December 2013	38	35.368	35.406
Amortisation			
Balance as at 1 January 2012	3	-	3
Amortization charge	6	2.291	2.297
Balance as at 31 December 2012	9	2.291	2.300
Amortisation charge	7	3.537	3.544
Balance as at 31 December 2013	16	5.828	5.844
Carrying amounts:			
As at 1 January 2012	28	9.989	10.017
As at 31 December 2012	22	33.077	33.099
As at 31 December 2013	22	29.540	29.562

In June 2012 Agroton Public Limited acquired 100% interest in two companies, namely “Alinco” PE and “Lugastan” LLC PE for a purchase consideration of USD 25.379 thousand. The acquisition of these subsidiaries does not constitute a business therefore the cost was recognised as an asset (land lease rights) and agreed to the fair value as at the date of acquisition. The useful economic life for the land lease rights is 10 years.

18. BIOLOGICAL ASSETS

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

	2013	2012
Crops under cultivation	2.455	6.502
Animals in growing and fattening	3.576	4.268
Total current biological assets	6.031	10.770
Cattle	3.151	2.598
Other	11	8
Total non-current biological assets	3.162	2.606
Total	9.193	13.376

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

18. BIOLOGICAL ASSETS (cont.)

18.1 Crops under cultivation

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

	31 December 2013		31 December 2012	
	Thousands of hectares	Carrying values	Thousands of hectares	Carrying values
Winter wheat plantings	20	2.402	35	6.393
Winter rye plantings	-	-	-	100
Other plantings	2	53	-	9
Total	22	2.455	35	6.502

The decrease of balances of crops under cultivation during the year ended 31 December 2013 is attributable to the spring sowing.

The reconciliation of crops under cultivation carrying value at 31 December 2013 was presented as follows:

	2013	2012
At 1 January	6.502	7.602
Increase in value as a result of capitalisation of cost	54.121	59.946
Decrease in value as a result of harvesting	(69.206)	(73.039)
Gain from presentation of biological assets at fair value	11.326	13.782
Impairment of harvest failure (note 11)	(288)	(1.765)
Effect from translation into presentation currency	-	(24)
At 31 December	2.455	6.502

The main crops harvested and the fair value at the time of harvesting in the year ended 31 December 2013 was as follows:

	31 December 2013		31 December 2012	
	Volume, tonnes	Amount, USD thousand	Volume, tonnes	Amount, USD thousand
Winter wheat	181.307	34.891	140.967	30.418
Sunflower	72.297	26.882	67.568	36.586
Corn	54.741	7.433	26.701	6.035
Total	308.345	69.206	235.236	73.039

As at 31 December 2013 impairment of harvest failure amounted to USD 288 thousand (2012: USD 1.765 thousand) is included in "Other operating expenses" (Note 11). The impairment identified was the result of bad weather conditions.

Expenses capitalised in biological assets mainly include fertilisers, fuel, seeds, labour and the operating lease rentals.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

18. BIOLOGICAL ASSETS (cont.)

18.2 Non-current biological assets and animals in growing and fattening

Non-current biological assets:

	31 December 2013		31 December 2012	
	Number, heads	Carrying value	Number, heads	Carrying value
Cattle	2.448	3.151	2.661	2.598
Horses	14	11	13	8
Total		3.162		2.606

Animals in growing and fattening:

	31 December 2013		31 December 2012	
	Number, heads	Fair value	Number, heads	Fair value
Cattle	3.233	2.375	3.016	2.955
Poultry	464.932	1.181	703.089	1.282
Horses	33	20	15	31
Total		3.576		4.268
Grand total		6.738		6.874

Reconciliation of non-current biological assets carrying value at 31 December 2013 and 31 December 2012 was presented as follows:

	2013	2012
At 1 January	2.606	1.772
Decrease in value due to sale of assets	(3)	(6)
Increase in value as a result of capitalisation of cost	5.015	5.473
Decrease in value as a result of harvesting agricultural products	(4.188)	(4.051)
Loss from presentation of biological assets at fair value	(207)	(618)
Transfer between group of assets	(61)	36
Effect from translation into presentation currency	-	-
At 31 December	3.162	2.606

Expenses capitalised in biological assets of animals include mixed fodder, electricity, labour, depreciation and other.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

18. BIOLOGICAL ASSETS (cont.)

Reconciliation of animals in growing and fattening carrying value at 31 December 2013 and 31 December 2012 was presented as follows:

	2013	2012
At 1 January	4.268	2.893
Increase in value as a result of asset acquisition	210	268
Increase in value as a result of capitalisation of cost	21.762	22.340
Decrease in value as a result of harvesting agricultural products	(22.615)	(19.458)
Decrease in value as a result of sale of assets	(884)	(692)
Transfer between groups of assets	61	(36)
Gain/(loss) from presentation of biological assets at fair value	774	(1.044)
Effect from translation into presentation currency	-	(3)
At 31 December	3.576	4.268

19. AVAILABLE FOR SALE INVESTMENTS

Financial assets designated at fair value through profit or loss represent equity securities of Bank of Cyprus converted into Class A shares after the decree issued by Central Bank of Cyprus on 29 March 2013 (Note 25).

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 31 July 2014 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.

Loss on derecognition of the above securities amounted to USD 1.550 thousand was recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

20. LOANS RECEIVABLE

	Note	31 December 2013	31 December 2012
Current assets			
Loans to related parties (Note 32)	31	10.900	1.252
Loans to third parties		9.903	2.088
Total		20.803	3.340

- (i) On 29 June 2012, the Company has entered into a loan agreement with Stiomis Agri Limited amounting to USD 2 million. The loan bears interest of 20% per annum and expires on 29 June 2013. On 28 June 2013 the two parties agreed to postpone the repayment dates to 31 December 2014. The above loan is unsecured.
- (ii) On 29 June 2012, the Company has entered into a loan agreement with Stiomis Agri Limited amounting to USD 2 million. The loan bears interest at a rate of 10% per annum and expires on 11 March 2013. On 28 June 2013 the two parties agreed to postpone the repayment dates to 31 December 2014. The above loan is unsecured.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

21. OTHER NON-CURRENT ASSETS

	31 December 2013	31 December 2012
Advances:		
Advance for land lease	8.000	8.000
Less: amortisation	(2.800)	(2.000)
Advance for land lease - net	5.200	6.000
Prepayments:		
Prepayments for the immediate right to use the elevator	10.000	10.000
Less: Provisions for impairment	(3.072)	(3.072)
Less: amortisation	(1.386)	(693)
Prepayments for the immediate right to use elevator	5.542	6.235
Prepayment made for ownership of PE "Peredilske"	-	23.080
Prepayment made for ownership of LLC "Shid-Potencial-Resurs"	-	10.000
	-	33.080
Total	10.742	45.315

On 20 July 2011, PE Agricultural Production Firm "Agro" entered into an investment agreement with Subsidiary Enterprise SJSC Khlib Ukraine Novoaydarsky Elevator, in respect of the Novoaydarsky 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, "Agro" will become the 54% owner of the elevator while the remaining 46% will continue to be owned by the existing owner. In case "Agro" invests additional amounts in the upgrading of the elevator, its participation in the ownership rights will increase. The grain elevator with a total storage capacity of 130.000 tons was previously rented by the Group as part of its operations.

During the year 2011, Agroton Public Ltd 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 consolidated statement of profit or loss.

At 31 December 2013, PE Agro made payments of USD 961 thousand (31 December 2012: USD 683 thousand) for the upgrading of the elevator. The cost is included in construction in progress in property, plant and equipment.

On 29 June 2012, the Company entered into a preliminary agreement with Stiomi Agri Limited ("Seller") for the acquisition of 100% of the issued share capital of Private Enterprise "Peredilske". The parties agreed that the price for transfer of the company's shares amounting to USD 23.080.000.

On 26 December 2012, the Company entered into a preliminary agreement with Stiomi Agri Limited ("Seller") for the acquisition of 100% of the issued share capital of Limited Liability Company "Skhid Potencial-Resurs". The parties agreed that the price for transfer of the company's shares shall amount to USD 10.000.000.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**For the year ended 31 December 2013*(in USD thousand, unless otherwise stated)***21. OTHER NON-CURRENT ASSETS (cont.)**

On 3 September 2013 both agreements for the acquisition of PE “Peredilske” and of LLC “Skhid-Potencial-Resurs” have been cancelled. The parties agreed that the whole amount paid should be returned to the Company within twelve months of the signing of the cancellation agreements, either in cash and/or an equivalent market value’s worth of agricultural goods.

22. INVENTORIES

	31 December 2013	31 December 2012
Raw materials	2.029	2.235
Work-in-progress	10.117	6.930
Agricultural produce	23.389	33.769
Finished goods	215	201
Other	1.330	1.673
Total	37.080	44.808

Work-in-progress:

Work in progress includes expenditure capitalised in respect of 77 thousand hectares (2012: 86 thousand hectares) of plough land prepared for sowing in the current or following year.

At 31 December 2013 and 31 December 2012 the main agricultural produce was as follows:

	31 December 2013	31 December 2012
Winter wheat	2.949	11.091
Sunflower	17.625	18.787
Corn	499	1.692
Other agricultural crops	2.316	2.199
Total	23.389	33.769

At 31 December 2013 the main agricultural produce volume in tonnes was as follows:

	31 December 2013	31 December 2012
Winter wheat	16.127	53.693
Sunflower	45.085	34.581
Corn	2.821	7.397
Total	64.033	95.671

At 31 December 2013 there were no loans secured by inventories (2012: nil).

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**For the year ended 31 December 2013*(in USD thousand, unless otherwise stated)***23. TRADE AND OTHER RECEIVABLES**

	Note	31 December 2013	31 December 2012
Trade receivables		3.227	3.330
Provision for impairment of receivables	24	(1.837)	(2.429)
Trade receivables, net		1.390	901
Prepayments to suppliers		1.290	1.655
Other receivables		33.375	906
Provision for impairment of prepayments and other receivables	24	(234)	(321)
VAT recoverable		274	132
Total		36.095	3.273

The fair values of trade accounts receivable due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 36 of the consolidated financial statements.

24. MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS

The movement in the provision for doubtful debts in respect of trade and other receivables was as follows:

	Note	2013	2012
At 1 January		2.750	9.730
Provision for the year	11	329	432
Reversal of provision for bad debts	8	(184)	(7.320)
Write-off of provision for bad debt from receivables		(824)	(61)
Effect of translation into presentation currency		-	(31)
At 31 December		2.071	2.750

25. CASH AND CASH EQUIVALENTS

Due to the current developments in the economic environment of Cyprus (described in Note 34 “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 exceed the deposit amount of EUR 100.000 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 and 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:

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**For the year ended 31 December 2013*(in USD thousand, unless otherwise stated)***25. CASH AND CASH EQUIVALENTS (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 30 July 2013, the Ministry of Finance and the Central Bank of Cyprus, as the Resolution Authority, announced that Bank of Cyprus Public Company Ltd has been fully recapitalised by the overall conversion of 47,5% of uninsured deposits over EUR 100.000 into shares Class A Shares of Bank of Cyprus Public Company Ltd. Following the recapitalisation, 12% of deposits that were previously blocked have been released (5% in total). The amount released has been spitted evenly into three separate time deposits of six, nine and twelve months, respectively. Bank of Cyprus Public Company Ltd has the option to renew the time deposits once for the same time duration.

	31 December 2013	31 December 2012
Fixed deposit	537	-
Cash with brokers	-	872
Cash at bank - USD	6.132	8.470
Cash at bank - UAH	475	311
Cash at bank - Euro	8	10
Cash in hand	126	150
Total	7.278	9.813

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**For the year ended 31 December 2013*(in USD thousand, unless otherwise stated)***25. CASH AND CASH EQUIVALENTS (cont.)**

The cash with brokers relates to cash held for investment by the Company's investment banker. In accordance to the agreement between the Company and the investment banker, the Company has access to this cash within three (3) working business days from the day of demand.

The exposure of the Group to credit risk and interest rate risk in relation to cash and cash equivalents is reported in note 36 of the consolidated financial statements.

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

The assets and liabilities of Group companies Agro-Svinprom LLC and Belokurakinskiy livestock complex LLC, operating in pig-breeding, have been presented as held for sale following the Management decision in July 2011 and December 2013 respectively 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 attraction of prospective new investors.

2013	Agro-Svinprom LLC	Belokurakinskiy livestock complex LLC	Total
Results of discontinued operations			
Revenue	22	-	22
Cost of sales	(10)	-	(10)
Gross Profit	12	-	12
Administration expenses	(132)	-	(132)
Other income/(expenses)	10	-	10
Total comprehensive loss for the year	(110)	-	(110)

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

26. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE (cont.)

2012	Agro-Svinprom LLC	Markivskii Sirzavod LLC	Total
Results of discontinued operations			
Revenue	1	-	1
Cost of sales	(3)	-	(3)
Gross loss	(2)	-	(2)
Administration expenses	(289)	-	(289)
Impairment loss on property, plant and equipment	(1.013)	(190)	(1.203)
Other income	87	-	87
Total comprehensive loss for the year	(1.217)	(190)	(1.407)

Held for sale

At 31 December 2013 the disposal group comprised the following assets and liabilities:

	Agro-Svinprom LLC	Belokurakinskiy livestock complex LLC	Total
Assets classified as held for sale			
Property, plant and equipment	59	135	194
Other receivables and prepayments	2	-	2
Cash and cash equivalents	1	-	1
Total	62	135	197
Liabilities classified as held for sale			
Trade and other payables	(46)	-	(46)
Total	(46)	-	(46)
Net assets	16	135	151

In December 2013, the entity Belokuraninskiy livestock complex LLC was separated from Agro-Svinprom LLC for the purpose of subsequent sale. As at 31 December 2013 both companies are declared as held for sale and operating in pig-breeding segment only.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

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26. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE (cont.)

At 31 December 2012 the disposal group comprised the following assets and liabilities:

	Agro-Svinprom LLC	Markivskii Sirzavod LLC	Total
Assets classified as held for sale			
Property, plant and equipment	181	-	181
Inventories	-	110	110
Total	181	110	291
Liabilities classified as held for sale			
Trade and other payables	(20)	-	(20)
Total	(20)	-	(20)
Net assets	161	110	271

27. SHARE CAPITAL AND SHARE PREMIUM

	2013 Number of shares	2013 Nominal value, USD	2012 Number of shares	2012 Nominal value, USD
Authorised share capital:				
Ordinary shares of EUR 0,021 each	47.619.048	1.321.500	47.619.048	1.321.500
	Number of shares	Nominal value, USD	Share premium, USD	Total, USD
Issued and fully paid:				
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 31 December 2013	21.670.000	661.128	88.531.664	89.192.792

Issued capital

- (i) Upon incorporation on 21 September 2009, the Company issued to the subscribers of its Memorandum of Association 12.000.000 ordinary shares of nominal value EUR0,021 each, amounting to EUR 252.000 (USD equivalent of USD 370.591).
- (ii) On 4 November 2009 the Company issued 4.000.000 additional ordinary shares of nominal value EUR 0,021 each, amounting to EUR 84.000 (USD equivalent of USD 123.715), at a premium of EUR 6,93 per share, amounting to a total share premium of EUR 27.720.000 (USD equivalent of USD 38.791.285).

Global Depositary Receipts “GDRs” were issued against the 4.000.000 new shares by “The Bank of New York Mellon” for USD 9,72875 per each new share. The total consideration of the share capital issued was USD 38.915.000 out of which USD 123.715 is the total nominal value credited to the share capital account and USD 38.791.285 is the share premium reserve. Share issue expenses of USD 317.154 were deducted from the share premium reserve.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

27. SHARE CAPITAL AND SHARE PREMIUM (cont.)

- (iii) The members of the Company held an Extraordinary General Meeting on 25 June 2010 where they authorized and approved the increase of the issued share capital of the Company from 16.000.000 ordinary shares of EUR 0,021 each amounting to EUR 336.000 (USD equivalent of USD 494.306) to 21.670.000 ordinary shares of nominal value of EUR 0,021, by the creation of 5.670.000 ordinary shares of a nominal value of EUR 0,021 each, ranking pari passu with the existing shares of the Company.

On 29 October 2010 the Company proceeded and issued 5.670.000 ordinary shares of nominal value EUR 0,021 each, amounting to EUR 119.070 (equivalent to USD 166.822), at a premium of EUR 6,7595 per share amounting to a total share premium of EUR 38.326.365 (USD equivalent of USD 54.222.634). The issue price for shares in the Company's public offering was set at PLN 27 per share. The Company raised total gross proceeds of PLN 153.090.000 (USD equivalent of USD 54.389.456) from the public offering. Share issue expenses of USD 4.165.101 were deducted from the share premium reserve.

Listing of the Company to the Warsaw Stock Exchange

During the year 2010, the Board of Directors of the Company resolved to proceed with the initial public offering of 5.670.000 new ordinary shares of the Company and the application for the admission of the entire issued share capital of the company, including the Offer Shares to trading on the regulated market of the Warsaw Stock Exchange.

28. LOANS AND BORROWINGS

	31 December 2013	31 December 2012
<i>Non-current liabilities</i>		
Notes	48.915	48.429
	48.915	48.429
<i>Current liabilities</i>		
Loan from owner	1.304	1.084
Finance lease obligation	-	53
Accrued notes interest payable	2.623	2.887
	3.927	4.024
Total loans and borrowings	52.842	52.453

Notes

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.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

28. LOANS AND BORROWINGS (cont.)

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 statement of profit or loss 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 follow:

- 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.

On 18 December 2013 the Company has secured a second consent of the Noteholders to amend the terms and conditions of the Notes as follow:

- Postpone to 14 January 2015 the interest payments that was due would be due for payment to Noteholders on 14 January 2014 (including the postponed 14 July 2013 Interest Payment) and the one that would be due for payment to Noteholders on 14 July 2014;
- Further decrease the interest rate with effect from 14 January 2013 from 8% to 6%;
- Permit the Issuer, the Sureties and any of their respective subsidiaries to re-purchase Notes, which they may at their option hold, re-sell or surrender for cancellation;
- Remove the augmented quorum requirement for any Noteholders' meeting the business of which includes any Reserved Matter(s), so that the quorum requirement for any Noteholders' meeting for passing an Extraordinary Resolution (whether or not the business of such meeting includes any Reserved Matter(s)) shall henceforth be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate more than half of the principal amount of the Notes for the time being outstanding;
- Reduce the proportion of votes required to pass an Extraordinary Resolution from not less than three-quarters in principal amount of the Notes owned by the Noteholders who are present in person or represented by proxy or representative at the relevant Noteholders' meeting to more than half of the principal amount of such Notes;
- Reduce the principal amount of Notes required to be held by Noteholders in order to pass an Extraordinary Resolution by way of electronic consent or written resolution from not less than three-quarters in principal amount of the Notes outstanding to more than half of such principal amount; and
- Remove restrictions on the Issuer's ability to declare or pay dividends to shareholders.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)****For the year ended 31 December 2013***(in USD thousand, unless otherwise stated)***28. LOANS AND BORROWINGS (cont.)**

The following subsidiaries are acting as surety providers:

- Living LLC
- PE Agricultural Production Firm Agro
- Agroton PJSC
- Agro Meta LLC
- ALLC Noviy Shlyah
- ALLC Shiykivske
- Agro Svymprom LLC
- Agro Chornukhinski Kurchata LLC
- Rosinka-Star LLC
- AF named by Shevchenko

In February 2013 subsidiary company AF named by Shevchenko has been sold to a third party and subsequently released from its suretyship in respect of the Notes.

Bank loans

On 25 July 2013, Agroton PJSC obtained a loan of USD 1.867 thousand from SP Bank, with interest bearing 22% which was repaid on 25 November 2013.

On 25 July 2013, Agroton PJSC obtained a loan of USD 2.502 thousand from Ukrkomunbank, with interest bearing 24% which was repaid on 29 November 2013. The collaterals for these loans released by the repayment date.

29. TRADE AND OTHER PAYABLES

	31 December 2013	31 December 2012
Trade payables	1.771	1.890
Payroll and related expenses accrued	1.054	1.303
Advances received	7.632	3.953
Liabilities for other taxes and mandatory payments	57	40
VAT payable	94	46
Payable for operating lease of land	1.205	360
Accrued expenses	170	45
Other provisions	27	13
Other liabilities	199	266
Total	12.209	7.916

The exposure of the Group to liquidity risk in relation to trade accounts payable is reported in Note 36 of the consolidated financial statements.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

30. ACQUISITION/DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries

During 2013, the Group sold to third parties the following subsidiaries:

Name of company	Country of incorporation	Type of activity	Date of disposal	Ownership interest disposed
AF named by Shevchenko	Ukraine	Agricultural activity	08/02/2013	99,99%
Markivskiy sirzavod LLC	Ukraine	Milk processing	25/07/2013	100%

The fair value of net assets disposed was:

	AF named by Shevchenko	Markivskiy sirzavod LLC	OJSC "Breeding Poultry Farm "Mirnyi"	Total
Assets				
Property, plant and equipment	-	-	3	3
Non-current assets	-	-	3	3
Inventories	-	111	-	111
Current assets	-	111	-	111
Total assets	-	111	3	114
Liabilities				
Trade and other payables	26	-	476	502
Current income tax liabilities	-	-	-	-
Current liabilities	26	-	476	502
Total liabilities	26	-	476	502
Net assets disposed	(26)	111	(473)	(388)
Consideration received	1	144	-	145
Consideration received, net of cash disposed	1	144	-	145
Net assets disposed	(26)	111	(473)	(388)
Consideration received, net of cash disposed	1	144	-	145
Profit on disposal of subsidiaries	27	33	473	533

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

30. ACQUISITION/DISPOSAL OF SUBSIDIARIES (cont.)

Acquisition of subsidiaries

During 2012, the Group obtain control of “Alinco” PE and “Lugastan” LLC. The transactions were accounted for under the purchase method of accounting. Information about these subsidiaries is presented below:

Company name	Country of incorporation	Main activity	Date of acquisition	Ownership interest
Alinco PE	Ukraine	Land lease rights owners	27/06/2012	100%
Lugastan LLC	Ukraine	Land lease rights owners	29/06/2012	100%

At 27 June 2012 and 29 June 2012 the fair value of the net assets for Alinco PE and Lugastan LLC respectively were as follows:

	Alinco PE		Lugastan LLC	
	Fair value	Book value	Fair value	Book value
Assets	10.148	10.148	15.231	15.231
Land lease rights	10.148	10.148	15.231	15.231
Non-current assets				
Liabilities				
Land lease rent accrued	48	48	131	131
Current liabilities	48	48	131	131
Fair value of acquired net assets	10.100		15.100	
Total cash considerations due and payable	10.100		15.100	
Less: acquired cash	-		-	
Net cash outflow from acquisition of subsidiaries	10.100		15.100	

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

31. 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:

	2013 USD '000	2012 USD '000
(Loss)/profit from continuing operations attributable to the owners of the Company	(5.488)	8.167
Loss from discontinued operations attributable to the owners of the Company	(110)	(1.407)
Total (loss)/profit attributable to the owners of the Company	(5.598)	6.760
	2013 '000	2012 '000
<i>Weighted average number of ordinary shares:</i>		
Weighted average number of ordinary shares in issue	21.670	21.670

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

Earnings per share from continuing operations	(25,33)	37,69
Earnings per share from discontinued operations	(0,51)	(6,49)
Total basic earnings per share	(25,84)	31,20

Earnings per share is the profit for the year after taxation attributable to the owners of the Company divided by weighted average number of shares in issue for each year.

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

32. RELATED PARTY BALANCES AND TRANSACTIONS

As at 31 December 2013 and the date of this report, the Company is controlled by Mr. Iurii Zhuravlov, who holds directly 51,04% of the Company's share capital after a transfer of 940.000 of his owned shares to Group's 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 both related and unrelated parties.

For the purposes of these consolidated 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.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

32. RELATED PARTY BALANCES AND TRANSACTIONS (cont.)

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 has 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.

Salary costs of key management personnel for the years ended 31 December 2013 and 31 December 2012 were as follows:

	2013	2012
Wages and salaries	125	150
Other employees benefits	11	7
Contributions to social funds	47	47
Total	183	204

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

	31 December 2013	31 December 2012
Number of key management personnel, persons	13	14

Outstanding balances with related parties:

Loans receivable	31 December 2013	31 December 2012
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies	10.900	1.252
Mr Iurii Zhuravlov - Chief Executive Officer		
Total	10.900	1.252

Loans payable

d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies	1.304	1.084
Mr Iurii Zhuravlov - Chief Executive Officer		
Total	1.304	1.084

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

32. RELATED PARTY BALANCES AND TRANSACTIONS (cont.)

The Group's transactions with related parties:

	2013	2012
Finance income		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies	29	74
Mr Iurii Zhuravlov - Chief Executive Officer		
Total	29	74
Expenses		
c. Key management personnel	183	204
Total	183	204

33. 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 reportable segments' results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The operating businesses are organised 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 31 December 2013 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 types of agricultural produce 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.

(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 operating segments.

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

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)****For the year ended 31 December 2013***(in USD thousand, unless otherwise stated)***33. OPERATING SEGMENTS (cont.)**

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 reportable segment.

2013	Livestock	Plant breeding	Other	Group level	Total
Total revenue	21.842	62.507	6.780	-	91.129
Inter-segment sales	(251)	(5.826)	(3.659)	-	(9.736)
External revenues	21.591	56.681	3.121	-	81.393
Net change in fair value less cost to sell of biological assets and agricultural produce	567	11.326	-	-	11.893
Expenses (excluding depreciation and amortisation)	(25.246)	(59.062)	(307)	(5.068)	(89.683)
(Loss)/profit for the year (excluding depreciation and amortisation)	(3.088)	8.945	2.814	(5.068)	3.603
Depreciation and amortisation	(1.241)	(2.646)	(75)	(5.221)	(9.183)
(Loss)/profit before taxation from continuing operations	(4.329)	6.299	2.739	(10.289)	(5.580)
Reportable segment assets	21.657	85.250	4.403	74.814	186.124
Reportable segment liabilities	641	62.292	238	2.039	65.210

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

33. OPERATING SEGMENTS (cont.)

2012	Livestock	Plant breeding	Other	Group level	Total
Total revenue	20.519	79.644	251	-	100.414
Inter-segment sales	(994)	(11.304)	(115)	-	(12.413)
External revenues	19.525	68.340	136	-	88.001
Net change in fair value less cost to sell of biological assets and agricultural produce	(1.662)	13.782	-	-	12.120
Expenses (excluding depreciation and amortisation)	(17.974)	(59.303)	(321)	(6.702)	(84.300)
(Loss)/profit for the year (excluding depreciation and amortisation)	(111)	22.819	(185)	(6.702)	15.821
Depreciation and amortisation	(1.085)	(2.481)	(60)	(3.997)	(7.623)
(Loss)/profit before taxation from continuing operations	(1.196)	20.338	(245)	(10.699)	8.198
Reportable segment assets	19.993	146.841	3.320	16.952	187.106
Reportable segment liabilities	533	57.087	1.043	1.840	60.503

34. OPERATING ENVIROMENT

Cyprus economic environment

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the “Troika”), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup 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 EUR10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economics growth and sound public finances in the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below EUR100.000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations.

On 12 April 2013 the Eurogroup welcomed the agreement that was reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus. Subsequently all the necessary procedures for the formal approval of the Board of Directors of the European Stability Mechanism were completed, as well as the ratification by Eurozone member states. Following the completion of the above procedures, the first tranche of the financing of the Republic of Cyprus was released in line with the provisions of the Memorandum.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

34. OPERATING ENVIROMENT (cont.)

On 22 March 2013 legislation was enacted by the House of Representative concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the respective measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The temporary restrictive measures, with respect to banking and cash transactions include restrictions on cash withdrawals, the cashing of cheques and transfers of funds to other credit institutions in Cyprus and abroad. They also provide for the compulsory partial renewal of certain maturing deposits.

On 29 March 2013 the Central Bank of Cyprus issued decrees relating to Laiki Bank and Bank of Cyprus, implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

On the basis of the relevant decrees, Laiki Bank was placed into resolution. What remained in Laiki Bank were mainly the uninsured deposits and assets outside Cyprus. The assets of Laiki Bank in Cyprus, the insured deposits and the Eurosystem financing have been transferred to Bank of Cyprus, with compensation for the value of the net assets transferred, the issue of shares by Bank of Cyprus to Laiki Bank.

The capitalization process for the Bank of Cyprus was completed in accordance with the relevant decrees of the Resolution Authority through “bail-in”, that is through the partial conversion of uninsured deposits into shares. In addition, the holders of shares and debt instruments in Bank of Cyprus on 29 March 2013 have contributed to the recapitalization of Bank of Cyprus through the absorption of losses.

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 defence 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 positive outcome of the first and second quarterly reviews of the Cyprus economic programme by the European Commission, the European Central Bank and the International Monetary Fund, during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through “bail-in” for Laiki Bank and Bank of Cyprus, loss incurred on bank deposits and the imposition of capital controls together with the current situation of the banking system and the continuing 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

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.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

34. OPERATING ENVIROMENT (cont.)

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

Ukrainian economic and political environment

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.

Political and economic situation in Ukraine has deteriorated significantly since the end of November 2013 after the Ukrainian government decision not to sign the Association Agreement and Free Trade Agreement with the European Union.

The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets and the existence of currency controls which cause the national currency to be illiquid outside of Ukraine. The stability of the Ukrainian economy will be significantly impacted by the Government's policies and actions with regard to administrative, fiscal, legal, and economic reforms. As a result, operations in Ukraine involve risks that are not typical for developed markets. The Ukrainian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world.

In November 2013, the Ukrainian Government declined to sign the association agreement with the European Union, which resulted in protests and signs of political unrest. In January-March 2014, the political unrest escalated and resulted in the President and majority of Government officials being dismissed by the Parliament. The Parliament has initiated certain political reforms, has appointed a transitional Government and is forming a set of anti-crisis measures.

Furthermore, from 1 January 2014 to 14 April 2014, the Ukrainian Hryvnia devaluated against major foreign currencies by approximately 50%, and the National Bank of Ukraine imposed certain restrictions on purchase of foreign currencies at the inter-bank market. In February 2014, Ukraine's sovereign rating was further downgraded to CCC with a negative outlook. The combination of the above events has resulted in a deterioration of liquidity and much tighter credit conditions where credit is available.

Going concern basis

The dangers which may arise from unexpected external factors such as competition, and the further deterioration of the market conditions cannot be ignored. In addition the current financial position of the Company, the uncertain economic conditions in Cyprus, the unavailability of finance, the blockage of funds, together with the current instability of the banking system and the anticipated overall future economic recession may hinder the management's effort to sustain the group as a going concern. However having regard to the fact that with the consent of the Noteholders, the Company has amended the terms and conditions of the Notes with an extension of maturity date and postponement of interest payments, the Board of Directors believes that the Company will remain a going concern and that no indications of any kind of threat of liquidation exists in the foreseeable future.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

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34. OPERATING ENVIROMENT (cont.)

The consolidated financial statements do not include any adjustments that would be necessary in case the Company was not able to continue operating as a going concern which could include:

1. The ability of the Company to repay its Noteholders
2. The ability of the Company's trade and other debtors to repay the amounts due to the Company
3. The cash flow forecasts of the Company and the assessment of impairment of other financial and non-financial assets
4. The recoverability of the deferred tax asset
5. The ability to realize the current assets held for sale
6. The ability of the Company to repay its loans
7. The ability of the Company to meet its obligations towards its customers

35. CONTINGENT AND CONTRACTUAL LIABILITIES

Ukrainian Business and 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.

Ukraine's political and economic situation has deteriorated significantly since the Government's decision not to sign the Association Agreement and the Deep and Comprehensive Free Trade Agreement with the European Union in late November 2013. Political and social unrest combined with rising regional tensions has deepened to ongoing economic crisis and has resulted in a widening of the state budget deficit and a depletion of the National Bank of Ukraine's foreign currency reserves and, as a result, a further downgrading of the Ukrainian sovereign debt credit ratings. In February 2014, following the devaluation of the national currency, the National Bank of Ukraine introduced certain administrative restrictions on currency conversion transactions and also announced a transition to a floating foreign exchange rate regime.

The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy.

Whilst management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Group's results and financial position in a manner not currently determinable. These consolidated financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment. These consolidated financial statements do not include any adjustments for the impact of events in Ukraine that have occurred after the reporting period.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

35. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)

Taxation

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

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 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. The Group's uncertain tax positions are reassessed by management at every reporting period end. 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 best estimate of the expenditure required to settle the obligations at the reporting period.

Taxation (cont.)

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.

In December 2010, the revised Tax Code on Ukraine was officially published. In its entirety, the Tax Code of Ukraine became effective on 1 January 2011, while some of its provisions took effect later. Apart from changes in CIT rate, from 1 April 2011, the Tax Code also changed various other taxation rules.

While the Group's Management believes the enactment of the Tax Code of Ukraine will not have a significant negative impact on the Group's financial results in the foreseeable future, as of the date these consolidated financial statements were authorised for issue, Management was in the process of assessing the effects of its adoption on the operations of the Group.

Legal matters

In the course of its economic activities, the Group is involved 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 minimise them.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)****For the year ended 31 December 2013***(in USD thousand, unless otherwise stated)***35. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)**

The Group's management considers that as at the reporting period, active legal proceedings on such matters will not have any significant influence on its financial position.

Pension and other liabilities

Most employees of the Group receive pension benefits from the Pension Fund, a Ukrainian Government organisation 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 specified contributions from salaries.

At 31 December 2013 and 31 December 2012 the Group's entities had no liabilities for supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

Leases

The Group had the following liabilities under land operating lease agreements as at 31 December 2013 and 31 December 2012:

	2013	2012
Less than 1 year	7.526	8.681
Between 1 to 5 years	27.503	33.902
More than 5 years	9.684	27.345
Total	44.713	69.928

Plough-land is leased by the Group from individuals. The total size of leased plough-land at 31 December 2013 is 124 thousand hectares (2012: 160 thousand hectares). The average rental payment for leased plough-land in the year ended 31 December 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 CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT

Risk Management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group is not a finance company, thus it uses financial instruments as may be necessary in order to obtain finance for its activities, not for the purpose of receiving income. In the process of its activities the Group uses the following financial instruments: cash and cash equivalents, bank deposits, accounts receivable, bank loans, finance leases, accounts payable.

The Group is exposed to the following risks resulting from use of financial instruments: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk of fair value) and operation risk. This explanation contains information relating to the Group's exposure to each of the risk types mentioned above, Group's objectives, its policy and procedures of these risks measurement and management.

Additional disclosures of quantitative information are presented in multiple other sections of these financial statements, including:

- information on finance income and expenses is disclosed in Note 13 (all finance income and expenses are recognised as a part of profit or loss for the year);
- information on cash is disclosed in Note 25;
- information on trade and other receivables is disclosed in Note 23;
- information on loans receivable is disclosed in Notes 20;
- information on trade and other payables is disclosed in Note 29;
- information on significant terms of borrowings and loans granted is disclosed in Note 28.

a) Credit risk

Credit risk is the risk of financial loss for the Group in case of non-fulfilment of financial obligations by a client or counterparty under the respective agreement. In the reporting period the Group's financial assets that are exposed to credit risk are represented as follows: cash and balances on bank accounts, trade and other accounts receivable (except for receivables that are not represented by financial assets), loans receivable.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

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36. FINANCIAL RISK MANAGEMENT (cont.)

a) Credit risk (cont.)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group recognises impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period was presented as follows:

	Note	31 December 2013	31 December 2012
Financial assets			
Loan to owner	20	10.900	1.252
Loans to third parties	20	9.903	2.088
Cash at bank	25	7.152	9.663
Trade receivables	23	3.227	3.330
Other receivables		33.375	906
Total		64.557	17.239

Credit quality of financial assets

The table below shows an analysis of the Group's cash balances on bank accounts by the credit rating of the bank in which they are held:

<i>Bank group based on credit ratings by Moody's</i>	Note	31 December 2013	31 December 2012
D+		5.056	-
B2		-	32
Ca		-	8.480
E		1.884	-
Unrated		212	1.151
Total	25	7.152	9.663

The ageing of trade receivables at the end of the reporting period that was not impaired was as follows:

2013	0-90 days	91-180 days	181-365 days	over one year	Total
Carrying amount of trade receivables	812	243	335	-	1.390
2012	0-90 days	91-180 days	181-365 days	over one year	Total
Carrying amount of trade receivables	796	53	52	-	901

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

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36. FINANCIAL RISK MANAGEMENT (cont.)

a) Credit risk (cont.)

Credit quality of financial assets (cont.)

The column "0-90 days" represents the amounts neither past due nor impaired.

The ageing of trade receivables at the end of the reporting period that was impaired was as follows:

2013	0-90 days	91-180 days	181-365 days	over one year	Total
Carrying amount of trade receivables	-	-	-	1.837	1.837

2012	0-90 days	91-180 days	181-365 days	over one year	Total
Carrying amount of trade receivables	-	-	-	2.429	2.429

As at 31 December 2013, an amount of USD 242 thousand and USD 240 thousand or 7% of the total carrying value of trade receivables is due from the two most significant debtors. For the year ended 31 December 2013, an amount of USD 21.121 thousand (26%) and USD 5.049 thousand (6%) from the Group's revenue refers to the sales transactions carried out with two of the Group's clients.

As at 31 December 2012, an amount of USD 704 thousand (21%) and USD 177 thousand (3%) of the total carrying value of trade receivables is due from the two most significant debtors. For the year ended 31 December 2012, an amount of USD 13.719 (16%) and USD 13.106 (15%) from the Group's revenue refers to the sales transactions carried out with two of the Group's clients.

b) Liquidity risk

Liquidity risk is the risk of the Group's failure to fulfil its financial obligations at the date of maturity. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The table below represents the expected maturity of components of working capital.

Exposure to liquidity risk

2013	Note	Carrying amounts	Contractual cash flows	3 month or less	3-12 month	Between 1-5 years	Over 5 years
Loan from owner	28	1.304	1.431	-	1.431	-	-
Notes	28	51.538	69.500	-	-	13.500	56.000
Trade payables	29	1.771	1.771	-	1.771	-	-
Other payables	29	1.404	1.404	-	1.404	-	-
Total		56.017	74.106	-	4.606	13.500	56.000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT (cont.)

b) Liquidity risk (cont.)

2012	Note	Carrying amounts	Contractual cash flows	3 month or less	3-12 month	Between 1-5 years	Over 5 years
Loan from owner	27	1.084	1.212	-	-	1.212	-
Notes	27	51.316	57.316	3.125	3.125	51.066	-
Trade payables	28	1.890	1.890	-	1.890	-	-
Other payables	28	626	626	-	626	-	-
Total		54.916	61.044	3.125	5.641	52.278	-

c) Market risk

Market risk is the risk of negative influence of changes in market prices, such as foreign exchange rates and interest rates, on revenue position of the Group or on the value of the Group's available financial instruments.

The objective of market risk management provides control over the Group's exposure to market risk, as well as keeping its level within reasonable limits.

Description of the Group's exposure to such market components as currency risk and interest risk is given below:

Foreign currency risk

Foreign currency risk which represents a part of market risk is the risk of change in value of financial instruments due to changes in foreign exchange rates.

Management does not use derivative financial instruments to hedge foreign currency risks and does not follow the official policy for distribution of risks between liabilities in one or another currency. However, in the period of receiving new borrowings and loans, management uses its own estimates to take the decision as to which currency of the liability will be more favourable for the Group during the expected period till maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk as at 31 December 2013 based on carrying amounts was as follows:

(in conversion to USD thousand)

	Russian Ruble	United States Dollars	Euro
Cash and cash equivalents	-	-	8
Trade and other receivables	1	-	10
Trade and other payables	-	-	(58)
Total carrying amount	1	-	(40)

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

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36. FINANCIAL RISK MANAGEMENT (cont.)

c) Market risk (cont.)

The Group's exposure to foreign currency risk at 31 December 2012 based on carrying amounts was as follows:

<i>(in conversion to USD thousand)</i>	Russian Ruble	United States Dollars	Euro
Cash and cash equivalents	-	-	10
Trade and other receivables	1	-	7
Trade and other payables	-	(944)	(219)
Total carrying amount	1	(944)	(202)

Sensitivity analysis (foreign currency risk)

An increase of 100 basis points in foreign currency rates at 31 December would have decreased profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and equity.

	2013		2012	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Euro	(4)	(4)	(20)	(20)
United States Dollars	-	-	(94)	(94)
	(4)	(4)	(114)	(114)

Interest rate risk

Interest rate risk is the risk that expenditure or the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At present, the Group's approach to limit the interest rate risk consists of borrowings at fixed interest rates.

Structure of interest rate risk

The structure of interest financial instruments of the Group, grouped according to the types of interest rates, was presented as follows:

	2013	2012
<i>Fixed rate instruments</i>		
Financial assets	20.803	3.340
Financial liabilities	(52.842)	(52.453)
Total	(32.039)	(49.113)
<i>Variable rate instruments</i>		
Financial assets	5.489	8.791
Total	(26.550)	(40.322)

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**For the year ended 31 December 2013*(in USD thousand, unless otherwise stated)***36. FINANCIAL RISK MANAGEMENT (cont.)***Interest rate risk (cont.)**Sensitivity analysis*

An increase of 100 basis points in interest rates at 31 December 2012 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	2013		2012	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
Fixed rate instruments	320	320	491	491
Variable rate instruments	549	549	879	879

d) Operational risk*Crops under cultivation*

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.

Livestock

The Group's agro-industrial business is subject to risks of outbreaks of various diseases that could result in mortality losses. Disease control measures were adopted by the Group to minimise and manage this risk. The Group's management is satisfied that its current existing risk management and quality control processes are effective and sufficient to prevent any outbreak of livestock diseases and related losses.

e) Capital management

The Group's management follows the policy of providing a firm capital base which allows supporting the trust of investors, creditors and market and ensuring future business development.

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the strive to improve the debt to equity ratio. The Group's overall strategy remains unchanged from prior year. To manage capital, the Group's management, above all, uses calculations of financial leverage coefficient (ratio of leverage ratio) and ratio between net debt and EBITDA.

Financial leverage is calculated as a ratio between net debt and total amount of capital. This ratio measures net debt as a proportion of the capital of the Group, i.e. it correlates the debt with total equity and shows whether the Group is able to pay the amount of outstanding debts. An increase in this coefficient indicates an increase in borrowings relative to the total amount of the Group's capital. Monitoring this indicator is necessary to keep the optimal correlation between own funds and borrowings of the Group in order to avoid problems from over leverage. It is calculated as cumulative borrowings net of cash and cash equivalents. Total amount of capital is calculated as own capital reflected in the consolidated statement of financial position plus the amount of net debt.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT (cont.)

g) Capital management (cont.)

For the ratio of net debt to EBITDA, the calculation of net debt is as above. EBITDA is an indicator of income before taxes, interest depreciation and amortisation. It is useful for the Group's financial analysis, since the Group's activity is connected with long-term investments in vessels, property, plant and equipment. EBITDA does not include depreciation, so that in the Group's opinion, it reflects the approximate cash flows deriving from the Group's income in a more reliable way.

Financial leverage ratio calculation

The ratio of net debt to EBITDA gives an indication of whether income obtained from operating activities is sufficient to meet the Group's liabilities.

	2013	2012
Notes	51.538	51.316
Finance lease obligation	-	53
Loan from owner	1.304	1.084
Total amount of borrowings	52.842	52.453
Loans receivable	(20.803)	(3.340)
Cash and cash equivalents	(7.278)	(9.813)
Net debt	24.761	39.300
Share capital	661	661
Share premium	88.532	88.532
Retained earnings	41.649	47.247
Foreign currency translation reserve	(10.156)	(10.156)
Non-controlling interests	228	319
Total equity	120.914	126.603
Total amount of equity and net debt	145.675	165.903
Financial leverage coefficient	17,0%	23,69%

For the years ended 31 December 2013 and 31 December 2012 the ratio of net debt to EBITDA amounted to:

	2013	2012
(Loss)/profit for the year	(5.690)	6.787
Income tax charge	-	4
Finance income	(2.077)	(162)
Finance costs	4.444	8.420
EBIT (Earnings before interest and income tax)	(3.323)	15.049
Depreciation and amortisation	9.183	7.623
EBITDA (earnings before interest, income tax, depreciation and amortisation)	5.860	22.672
Net debt /EBITDA	4,2	1,73

During the year there were no changes in approaches to capital management. The Group is not subject to any external regulatory capital requirements.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

37. MEASUREMENT OF FAIR VALUES

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

The tables below analyse the financial and non-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 categorised.

The different levels have been defined as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs)

a) Fair value of financial assets

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.

At 31 December 2013, the following methods and assumptions were used by the Group to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

- *Cash and cash equivalents* - the fair value is estimated to be the same as the carrying value for these short-term financial instruments.
- *Trade and other receivables* - the fair value is reasonably estimated to be the same as the carrying value, as provision for doubtful debts is reasonable estimation of discount needed for reflection of credit risk influence.
- *Trade and other payables* - the fair value is estimated to be the same as the carrying value for trade and other payables.

Application of the effective interest rate method for calculating carrying value of short-term receivables, interest free loans granted and received and payables has been applied to reflect fair values.

- *Bank and other loans* - the fair value of bank and other loans, is estimated to approximate the total carrying value as the nominal interest rate of bank and other loans is approximately tied to the market rate concerning bank loans with similar credit risk rate and repayment period at the reporting period.

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 31 July 2014 inclusive.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)****For the year ended 31 December 2013***(in USD thousand, unless otherwise stated)***37. MEASUREMENT OF FAIR VALUES (cont.)**

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.

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
31 December 2013		
Market price	10%	396
Market price	-10%	324

b) Fair value of non-financial assets

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

Biological assets of the Group are measured at fair value within level 3 of the fair value hierarchy, except for parent flock, cattle and horses that are measured using the market comparison technique based on market prices for livestock of similar age, breed and geographic location, which is measured at fair value within level 2 of the fair value hierarchy.

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.

The Group's agro-industrial business is subject to risks of outbreaks of various diseases that could result in mortality losses. Disease control measures were adopted by the Group to minimise and manage this risk. The Group's management is satisfied that its current existing risk management and quality control processes are effective and sufficient to prevent any outbreak of livestock diseases and related losses.

The valuation requires management to make certain assumptions about unobservable inputs to the model of which the significant unobservable inputs are disclosed in the table below:

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**

For the year ended 31 December 2013

*(in USD thousand, unless otherwise stated)***37. MEASUREMENT OF FAIR VALUES (cont.)****Level 3 fair values**

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Crops under cultivation	As at 31 December 2013 the biological transformation is insignificant, the fair value approximate cost	not applicable	not applicable
Broiler poultry	Discounted cash flows	Average weight of one broiler (2013: 2,3 kg)	The higher the weight, the higher the fair value
		Poultry meat price (2013: USD 2.04 - 2.31 per kg)	The higher the market price, the higher the fair value
		Discount rate (2013: 24%)	The higher the discount rate, the lower the fair value

Sensitivity analysis of biological assets at fair value to the possible changes in significant unobservable inputs is disclosed in the table below:

Effect in USD thousand:	Increase/decrease of rate	Effect on fair value of biological assets
31 December 2013		
Average weight of one broiler	10%	166
Average weight of one broiler	-10%	(166)
Poultry meat price	10%	174
Poultry meat price	-10%	(174)
Discount rate	5%	(2)
Discount rate	-5%	2

The table below analyses biological assets 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. The different levels have been defined as follows:

	Level 1	Level 2	Level 3	Total
31 December 2013				
Non-financial assets				
Plants and plantation	-	-	2.455	2.455
Livestock	-	5.748	990	6.738
	-	5.748	3.445	9.193

There were no transfers between any levels of the fair value hierarchy during the year ended 31 December 2013.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)**

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

37. MEASUREMENT OF FAIR VALUES (cont.)

The reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 and Level 2 of the fair value hierarchy is analyzed in note 18 of these consolidated financial statements.

Total gain or losses for the period as shown in the reconciliation (note 18) are presented on the face of the consolidated statement of comprehensive income as “Net change in fair value less costs to sell of biological assets and agricultural produce” (31 December 2013: USD 11.893 thousand).

The following table analyses the fair values of financial instruments not measured at fair value, by the levels in the fair value hierarchy into which such fair value measurement is categorized:

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

For the year ended 31 December 2013

(in USD thousand, unless otherwise stated)

37. MEASUREMENT OF FAIR VALUES (cont.)

	Carrying amount			Fair value				
	Loans and receivables	Available -for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2013								
<i>Financial Assets measured at fair value</i>								
Assets held for sale	-	197	-	197	-	-	197	197
<i>Financial assets not measured at fair value</i>								
Available for sale investments	-	497	-	497	-	-	497	497
Trade receivables	3.227	-	-	3.227	-	-	3.227	3.227
Loans receivable	20.803	-	-	20.803	-	-	20.803	20.803
Cash and cash equivalents	7.278	-	-	7.278	-	-	7.278	7.278
	31.308	694	-	32.002	-	-	32.002	32.002
<i>Financial Liabilities not measured at fair value</i>								
Notes	-	-	51.538	51.538	-	51.538	-	51.538
Loans payable	-	-	1.304	1.304	-	-	1.304	1.304
Trade payables	-	-	1.771	1.771	-	-	1.771	1.711
Other payables	-	-	1.404	1.404	-	-	1.404	1.404
	-	-	56.017	56.017	-	51.538	4.479	55.957

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)****For the year ended 31 December 2013***(in USD thousand, unless otherwise stated)***37. MEASUREMENT OF FAIR VALUES (cont.)**

The fair value of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position as at 31 December 2013, are as follows.

	Carrying amount	Fair value
Financial assets		
Available for sale investments	497	497
Trade receivables	3.227	3.227
Cash and cash equivalents	7.278	7.278
Loans receivable	20.803	20.803
Financial liabilities		
Notes	51.538	51.538
Loans payable	1.304	1.304
Trade payables	1.771	1.771

As at 31 December 2013, the fair value of the above financial instruments approximates to their carrying amount, except for notes whose fair value was USD 51.538 thousand (31 December 2012: USD 51.316).

38. EVENTS AFTER THE REPORTING PERIOD

There were no material events that affect the consolidated financial statements at 31 December 2013 after the reporting period, apart from:

- On 4 March 2014, Living LLC disposed 100% of the interest held in LLC Belokurakinskiy livestock complex for USD 57.821 (UAH 570.000).
- On 14 April 2014 the Company announced in London Stock Exchange the purchase of its' own Notes for USD 22,1 million divided into 22.100 Notes of USD 1 thousand per Note.

On 30 April 2014 the Board of Directors of Agroton Public Limited authorised these consolidated financial statements for issue.