KSG Agro S.A.

Unaudited Interim Condensed Consolidated Financial Statements

30 September 2014

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The following statement is made with a view to clarify responsibilities of the management and the Board of Directors in relation to the interim condensed consolidated financial statements of the KSG AGRO S.A. and its subsidiaries (further – the Group).

The Board of Directors and the Group's management are responsible for the preparation of the interim condensed consolidated financial statements of the Group as at 30 September 2014 and for the nine months then ended in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as adopted by the European Union.

In preparing the interim condensed consolidated financial statements, the Board of Directors and the management are responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making reasonable assumptions and estimates;
- Compliance with relevant IFRSs and disclosure of all material departures in Notes to the interim condensed consolidated financial statements;
- Preparing the interim condensed consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future except when this assumption is inappropriate.

The Board of Directors and management are also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the annual consolidated financial statements of the Group comply with IFRS as adopted by the European Union;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

In accordance with Article 4 (2) (c) of the law of 11 January 2008 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the interim condensed consolidated financial statements for the nine months ended 30 September 2014, prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the period of KSG Agro S.A. and its subsidiaries included in the consolidation taken as a whole.

The interim condensed consolidated financial statements for the nine months ended 30 September 2014 were approved on 12 November 2014.

S.V. Mazin
(Chief Executive Officer)

O.V. Kalinichenko
(Chief Financial Officer)

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Statement of Financial Position

In thousands of US dollars	Note	30 September 2014 (unaudited)	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	51,744	90,327
Intangible assets	6	11,211	19,856
Long-term biological assets		18,259	22,772
Promissory notes receivable		923	819
Term deposits		3,817	14,245
Total non-current assets		**85,954**	**148,019**
Current assets			
Current biological assets	8	8,856	32,923
Inventories and agricultural produce	7	12,461	12,981
Trade and other accounts receivable	9	26,780	31,874
Taxes recoverable and prepaid		1,656	6,076
Income tax prepaid		100	130
Term deposit		-	5,132
Cash and cash equivalents		714	131
Total current assets		**50,567**	**94,425**
TOTAL ASSETS		**136,521**	**237,266**
EQUITY			
Share capital		150	150
Share premium		37,366	37,366
Treasury shares		(112)	(112)
Retained earnings		(13,416)	11,352
Currency translation reserve		(11,939)	(35)
Equity attributable to the owners of the Company		**12,049**	**48,721**
Non-controlling interests		**8,281**	**28,757**
TOTAL EQUITY		**20,330**	**77,478**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	10	35,031	43,588
Promissory notes issued		1,625	1,264
Deferred tax liability		1,312	2,127
Total non-current liabilities		**37,968**	**46,979**
Current liabilities			
Loans and borrowings	10	37,242	59,804
Trade and other accounts payable	11	39,661	51,257
Share purchase warrant		82	258
Promissory notes issued		249	910
Income tax payable		989	580
Total current liabilities		**78,223**	**112,809**
TOTAL LIABILITIES		**116,191**	**159,788**
TOTAL LIABILITIES AND EQUITY		**136,521**	**237,266**

Approved for issue and signed on behalf of the Board of Directors on 12 November 2014.

S.V. Mazin
(Chief Executive Officer)

O.V. Kalinichenko
(Chief Financial Officer)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Income Statement

In thousands of US dollars	Note	Nine months ended 30 September 2014 (unaudited)	2013 (unaudited)
Revenue	12	18,427	37,086
Gain / (loss) on initial recognition at fair value and net change in fair value of biological assets less estimated point-of-sale costs		(2,841)	25,932
Cost of sales	13	(20,427)	(39,582)
Government grant received		1,388	2,055
Selling, general and administrative expenses	14	(1,540)	(5,644)
Other operating income		80	183
Other operating expenses	15	(261)	(341)
Operating profit / (loss)		**(5,174)**	**19,689**
Finance income	17	1,151	2,416
Finance expenses	17	(20,672)	(7,915)
Other expenses	16	(1,906)	(3,091)
Expenses related to issuance of put option		126	134
Profit / (loss) before tax		**(26,475)**	**11,233**
Income tax benefit / (expense)		(14)	552
Profit / (loss) for the period		**(26,489)**	**11,785**
Profit attributable to:			
Owners of the Company		(24,768)	9,642
Non-controlling interest		(1,721)	2,143
Profit / (loss) for the period		**(26,489)**	**11,785**
Earnings per share			
Weighted-average number of common shares outstanding		15,020,000	14,930,701
Earnings per share (basic and diluted), USD		(1.76)	0.65

Unaudited Interim Condensed Consolidated Statement of Other Comprehensive Income

In thousands of US dollars	Nine months ended 30 September 2014 (unaudited)	2013 (unaudited)
Profit / (loss) for the period	**(26,489)**	**11,785**
Other comprehensive income, net of income tax		
Currency translation differences	(30,659)	(2)
Total comprehensive income for the period	**(57,148)**	**11,783**
Total comprehensive income attributable to		
Owners of the Company	(36,672)	9,640
Non-controlling interests	(20,476)	2,143
Total comprehensive income for the period	**(57,148)**	**11,783**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

In thousands of US dollars	Note	Nine months ended 30 September 2014 (unaudited)	2013 (unaudited)
Cash flows from operating activities			
Profit / (loss) before tax		(26,475)	11,234
Adjustments for:			
Depreciation and amortization	5,6	5,114	6,232
Impairment of accounts receivable	15, 16	770	93
Unrealized loss / (gain) on biological assets and agricultural produce		2,840	(20,955)
Foreign currency exchange differences	17	13,932	-
Income related to issuance of put option		(176)	(134)
Loss on disposals of property, plant and equipment	16	147	407
Finance expenses	17	6,740	7,914
Finance income	17	(1,151)	(2,608)
Unwinding of discount	17	(163)	-
Loss on disposal of subsidiaries		77	-
Operating cash flows before working capital changes		**1,655**	**2,183**
Change in trade and other accounts receivable		(7,991)	(17,024)
Change in current biological assets		24,566	59
Change in inventories and agricultural produce		(22,649)	(17,389)
Change in trade and other accounts payable		6,512	28,465
Cash from operations		**2,093**	**(3,706)**
Interest paid		(2,715)	(5,138)
Income tax paid		(8)	(141)
Net cash from operating activities		**(630)**	**(8,985)**
Cash flow from investment activities			
Acquisition of property, plant and equipment		-	(9,901)
Settlement of business acquisition liabilities		-	(5,516)
Proceeds from disposal of property, plant and equipment		-	71
Disposal of subsidiaries, less cash acquired	4	(1)	-
Term deposits returned / (placed)		10,652	(7,558)
Interest received		1,151	1,198
Investment payment		(1,383)	-
Net cash from investment activities		**10,419**	**(21,706)**
Cash flow from financing activities			
Proceeds from bank loans and other borrowings		2,349	67,400
Repayment of bank loans		(11,245)	(31,041)
Settlement of promissory notes		(143)	-
Purchase of own shares		-	(112)
Repayment of financial lease liabilities		(80)	(2,154)
Net cash from financing activities		**(9,119)**	**34,093**
Net increase / (decrease) in cash and cash equivalents		670	3,402
Cash and cash equivalents at the beginning of the period		131	711
Exchange differences		(87)	-
Cash and cash equivalents at the end of the period		**714**	**4,113**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

In thousands of US dollars	**Attributable to owners of the Company**							**Non-controlling interest**	**Total equity**
	Share capital	**Share premium**	**Treasury shares**	**Prepayment for future share issue**	**Currency translation reserve**	**Retained earnings**	**Total attributable to owners of the Company**		
Balance as at 31 December 2013	**150**	**37,366**	**(112)**	**-**	**(35)**	**11,352**	**48,721**	**28,757**	**77,478**
Profit for the period	-	-	-	-	-	(24,768)	(24,768)	(1,721)	(26,489)
Other comprehensive income / (loss)	-	-	-	-	(11,904)	-	(11,904)	(18,755)	(30,659)
Total comprehensive income / (loss) for the period	-	-	-	-	(11,904)	(24,768)	(36,672)	(20,476)	(57,148)
Balance as at 30 September 2014 (unaudited)	**150**	**37,366**	**(112)**	**-**	**(11,939)**	**(13,416)**	**12,049**	**8,281**	**20,330**

In thousands of US dollars	**Attributable to owners of the Company**							**Non-controlling interest**	**Total equity**
	Share capital	**Share premium**	**Treasury shares**	**Prepayment for future share issue**	**Currency translation reserve**	**Retained earnings**	**Total attributable to owners of the Company**		
Balance as at 31 December 2012	**149**	**36,821**	**-**	**432**	**181**	**42,919**	**80,502**	**25,618**	**106,120**
Profit for the period	-	-	-	-	-	9,642	9,642	2,143	11,785
Other comprehensive income	-	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive income for the period	-	-	-	-	(2)	9,642	9,640	2,143	11,783
Purchase of treasury shares	-	-	(112)	-	-	-	(112)	-	(112)
Issue of shares	1	431	-	(432)	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	192	192
Balance as at 30 September 2013 (unaudited)	**149**	**37,252**	**(112)**	**-**	**179**	**52,561**	**90,030**	**27,953**	**117,983**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

1. Background

KSG Agro S.A. (the "Company") was incorporated under the name Borquest S.A. on 16 November 2010 as a "Société Anonyme" under Luxembourg company law for an unlimited period. On 8 March 2011 the Company's name was changed to KSG Agro S.A.

The registered office of the Company is at 24, rue Astrid, L-1143 Luxembourg and the Company number with the Registre de Commerce is B 156 864.

The Company and its subsidiaries (together referred to as the "Group") produces and sells agricultural products and its business activities are conducted mainly in Ukraine. The Group's parent is ICD Investments S.A., registered in Switzerland and the ultimate controlling party is Mr. Sergiy Kasianov.

2. Basis of preparation

These unaudited interim condensed consolidated financial statements for the nine months period ended 30 September 2014 (the "Interim Financial Statements") are prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as issued by the International Accounting Standards Board and adopted by the European Union. These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2013 (the "Annual Financial Statements"), which have been prepared in accordance with IFRS.

The Interim Financial Statements have been prepared in accordance with the accounting policies and methods of computation set out in the Annual Financial Statements except in respect of income taxes, which are recognised in the Interim Financial Statements based upon the best estimate of the weighted average income tax rate expected for the full financial year. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements.

The preparation of the Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates will be modified as appropriate in the period the circumstances change.

The Group operates in an industry where significant seasonal variations in total sales are experienced during the year. The Group is required to invest in crop production in the first part of the year, with the majority of the Group's revenue is coming in the second half of the year following the summer harvest.

Exchange rate fluctuations. The Currency of each consolidated entity is the currency of the primary operating environment in which the entity operates. The functional currency of majority of the consolidated entities is the Ukrainian hryvnia. As the Group's management uses USD when monitoring operating results and financial conditions of the Group, the presentation currency of the financial statements is USD. As at 30 September 2014, the exchange rate used for translating foreign currency balances was USD 1 = UAH 12.95 (31 December 2013: USD 1 = UAH 7.99); EUR 1 = UAH 16.45 (31 December 2013: EUR 1 = UAH 11.04); RUR 1 = UAH 0.33 (31 December 2013: RUR 1 = UAH 0.24).

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the interim condensed consolidated financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim condensed consolidated financial statements, deviate from the actual circumstances, the original estimates will be modified as appropriate in the period the circumstances change.

The Group makes estimates and assumptions that affect the amounts recognised in the interim condensed consolidated financial statements. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the Group's accounting policies. Judgments that have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next year are:

Goodwill.

The Group tests goodwill for impairment at least annually. The recoverable amount of each cash-generating unit was determined based on fair value less costs to sell calculations. These calculations use cash flow projections based on budgets covering a five-year period. Cash flows beyond this five-year period are extrapolated using the estimated growth rates. Management determined budgeted gross margin based on past performance and its market expectations. The key assumptions used in the management's projections as of 31 December 2013 to which the recoverable amount is the most sensitive were:

3. Critical accounting estimates and judgements in applying accounting policies (continued)

Crop production CGUs (Soyuz-3, Unirem Agro, Agrotehnologiya, Other)

The recoverable amount of these CGUs as at 31 December 2013 has been determined based on value in use calculation using cash flow projection from financial budgets approved by Management covering 5 years period. The pre-tax discount rate applied to cash flow projections is 27.68%. Other significant assumptions include crop yields and crop prices. Crop yields were derived based on average yields of the Group achieved in the five years preceding the budgeted period. For the purpose of impairment testing, the Group conservatively did not budget for any increase in yields. Crop prices were based on actual prices for the year preceding the budgeted year adjusted based on the commodity price forecasts. The resulting value in use provides for significant headroom; therefore, management believes that no reasonable change in the assumption would cause the carrying value of the CGU to materially exceed its value-in-use.

Food processing CGU (Kovbasna Liga)

The recoverable amount of this CGU as at 31 December 2013 has been determined based on value in use calculation using cash flow projection from financial budgets approved by Management covering 5 years period. The pre-tax discount rate applied to cash flow projections is 27.68%. It was concluded that value in use is lower than carrying amount of goodwill relating to Kovbasna Liga CGU. As a result of this analysis, Management has recognized an impairment charge of USD 6,261 thousand against this goodwill as at 31 December 2013.

Management's estimates show that reasonably possible changes in the key assumptions would not cause impairment of goodwill. As at 30 September 2014, no indicator of impairment was identified and goodwill was not tested for impairment.

Biological assets.

Biological assets are carried at fair value less costs to sell. Gains and losses arising from changes in the fair values of biological assets are recognized in the consolidated income statement. The fair value of biological assets is determined as the present value of the estimated net future cash inflows from sales of the harvest from these assets less estimated selling costs and other cash outflows relating to costs that would be necessary to grow and harvest the biological assets, including land lease costs, in order to transform them to agricultural produce. The fair value of livestock held for sale is based on the market price of livestock of similar age, weight, breed and genetic make-up. The net estimated cash inflows are discounted at rate of 26.64% per annum to reflect their present value. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimates and actual numbers.

Changes in key assumptions used to estimate biological assets fair value would have the following effect on the fair value of biological assets:

	30 September 2014	**31 December 2013**
10 % increase / (decrease) in price for meat	4,207 / (4,207)	5,331 / (5,331)
10 % increase / (decrease) in prices for crops	1,041 / (1,041)	5,350 / (5,350)
10 % increase / (decrease) in yield for crops	1,041 / (1,041)	5,025 / (5,025)
10 % increase / (decrease) in production costs until harvest	(321) / 321	(1,241) / 1,241
5 % increase / (decrease) in discount rate	(574) / 601	(833) / 868

Agricultural produce.

Agricultural produce is the harvested product of the Group's biological assets. It is recorded at its fair value less costs to sell at the point of harvest. The determination of fair value for a biological asset or agricultural produce may be facilitated by grouping biological assets or agricultural produce according to significant attributes; for example, by type or quality. Fair value of each group of agricultural produce at the end of the reporting period is determined as lower of the available average market price for similar products at the point of harvest or net realizable value. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimates and actual numbers. A 10% increase or decrease in market prices compared to the selling prices used would result in an increase or decrease in the fair value of agricultural produce of USD 1,068 thousand. (31 December 2013: an increase or decrease in the fair value of agricultural produce of USD 638 thousand).

Share purchase warrant.

The share purchase warrant belongs to level 2 in the hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques, for details refer to Note 16 of consolidated financial statements of the Group for the year ended 31 December 2013. The fair value of the share purchase warrant was determined using Black-Scholes model based on the following inputs:

	30 September 2014	**31 December 2013**
Current stock price, USD	0.36	3.61
Risk-free rate, %	2.50	2.45
Volatility, %	153.21	47.40

4. Business disposals

On 18 June 2014 the Board of Directors took decision and disposed 100% of shares in LLC "Pivdenne" for the amount of USD 0.1 thousand. There were no other acquisitions or disposals of shares in subsidiaries in the period.

In thousands of US dollars	**LLC "Pivdenne"**
Voting right disposed	(100.00%)
Effective interest attributable to the owners of the Company	(100.00%)
Biological assets (crops in the field)	197
Cash and cash equivalents	1
Fair value of accounts receivable	803
Accounts payable	(838)
Loans	(86)
Fair value of 100% of net assets	**77**
Less recognised/plus derecognised non-controlling interest	-
Plus goodwill	-
Less loss on bargain sale	(76.9)
Total purchase consideration	**0.1**
Cash and cash equivalents disposed	1
Outflow (+) / inflow (-) of cash on disposal	**0.9**

5. Property, plant and equipment

Movement of property, plant and equipment for the nine months ended 30 September 2014 and 2013 was as follows:

In thousands of US dollars	Buildings and construction	Agricultural equipment	Vehicles and office equipment	Construction in progress	Total
Carrying amount as at 1 January 2014	**45,037**	**21,782**	**5,121**	**18,387**	**90,327**
Additions	92	728	49	941	1,810
Disposals	(1)	(1,277)	(599)	(331)	(2,208)
Transfers	308	2,454	163	(2,925)	-
Depreciation charge	(1,592)	(1,875)	(596)	-	(4,063)
Exchange differences	(17,056)	(8,307)	(1,809)	(6,950)	(34,122)
Carrying amount as at 30 September 2014 (unaudited)	**26,788**	**13,505**	**2,329**	**9,122**	**51,744**

In thousands of US dollars	Buildings and construction	Agricultural equipment	Vehicles and office equipment	Construction in progress	Total
Carrying amount as at 1 January 2013	**47,312**	**21,111**	**4,185**	**3,881**	**76,489**
Additions	370	4,171	2,140	5,337	12,018
Disposals	-	(868)	(883)	-	(1,751)
Depreciation charge	(2,170)	(2,250)	(602)	-	(5,022)
Exchange differences	-	(1)	-	-	(1)
Carrying amount as at 30 September 2013 (unaudited)	**45,512**	**22,163**	**4,840**	**9,218**	**81,733**

The Group capitalised USD 705 thousand of borrowing costs (for 9 months ended 30 September 2013: USD 590 thousand) on the construction of big-breeding complex during the period. Borrowing costs that are directly attributable to the construction were capitalised at the effective rate of 18%.

6. Intangible assets

In thousands of US dollars	30 September 2014 (unaudited)	31 December 2013
Goodwill	5,429	8,816
Land lease rights	5,761	11,037
Other intangible assets	21	3
Total intangible assets	**11,211**	**19,856**

Movements in the carrying amount of land lease rights were as follows:

In thousands of US dollars	2014 (unaudited)	2013 (unaudited)
Carrying amount as at 1 January	**11,037**	**12,268**
Amortization charge	(1,051)	(1,208)
Exchange differences	(4,225)	-
Carrying amount as at 30 September	**5,761**	**11,060**

7. Inventories and agricultural produce

In thousands of US dollars	30 September 2014 (unaudited)	31 December 2013
Agricultural produce	6,333	4,629
Work in progress	2,643	2,555
Building materials	2	844
Agricultural stock	1,887	2,873
Goods for resale	218	655
Spare parts	541	207
Fuel	453	459
Other	384	759
Total inventories and agricultural produce	**12,461**	**12,981**

Agricultural produce consists mainly of sunflower, wheat and barley (31 December 2013: sunflower, wheat and corn).

8. Current biological assets

In thousands of US dollars	30 September 2014 (unaudited)	31 December 2013
Crops in the field	7,203	31,497
Livestock husbandry	1,653	1,426
Total current biological assets	**8,856**	**32,923**

The balances of crops in the field were as follows:

In thousands of US dollars	30 September 2014 (unaudited)	31 December 2013
Sunflower	4,239	-
Rapeseed	1,642	17,640
Wheat	1,007	10,866
Corn	313	-
Barley	2	2,990
Total crops in the field	**7,203**	**31,496**

Total area of agricultural land leased by the Group is approximately 94 thousand hectares at 30 September 2014 (unaudited).

8. Current biological assets (continued)

Movements in crops in the field during the period consist of:

In thousands of US dollars	2014 (unaudited)	2013 (unaudited)
Carrying amount as at 1 January	**31,497**	**36,900**
Costs incurred during the period, including spring crops	13,951	42,801
Increase from changes in fair value less expected costs to sell	5,176	2,935
Harvested during the period	(27,068)	(46,397)
Exchange difference	(16,353)	(1)
Carrying amount as at 30 September	**7,203**	**36,238**

9. Trade and other accounts receivable

In thousands of US dollars	30 September 2014 (unaudited)	31 December 2013
Trade accounts receivable	18,247	19,410
Less: provision for trade accounts receivable	(1,198)	(1,940)
Loans issued	4,724	10,230
Other financial receivables	4,173	2,034
Less: provision for other financial receivables	(489)	(793)
Total financial, trade and other receivables	**25,457**	**28,941**
Advances issued	1,467	3,112
Less: provision for advances issued	(144)	(233)
Loans to employees	-	54
Total trade and other accounts receivable	**26,780**	**31,874**

10. Loans and borrowings

In thousands of US dollars	30 September 2014 (unaudited)	31 December 2013
Long-term		
Financial lease liabilities	1,493	3,185
Bank and related party loans	33,538	40,403
Total long-term loans and borrowings	**35,031**	**43,588**
Current		
Financial lease liabilities	379	3,747
Bank loans	33,450	50,528
Other borrowings	3,413	5,529
Total current loans and borrowings	**37,242**	**59,804**

During the nine months ended 30 September 2014 the Group received bank loans of USD 2,270 thousand denominated in UAH and bearing interest from 22% to 28% per annum and USD 96 thousand denominated in USD and bearing interest of 10% per annum. The loans are payable in 2014-2015.

Additionally the Group repaid loans in the amount of USD 11,789 thousand denominated in USD and bearing interest from 10% to 11.5% per annum and USD 463 thousand denominated in UAH and bearing interest of 22% per annum.

The carrying value of the Groups' assets pledged as collateral for the Group's bank loans is as follows:

In thousands of US dollars	30 September 2014 (unaudited)	31 December 2013
Property, plant and equipment	10,860	40,918
Receivables (property rights under agreements on agricultural produce selling)	8,525	4,686
Term deposit	3,222	19,377
Inventory	846	1,393
Biological assets	2,036	32,975
Total carrying amount of collateral	**25,489**	**99,349**

Leased assets with the carrying amount of USD 1,921 thousand (31 December 2013: 8,082 thousand) act as collateral for the Group's obligations under finance lease agreements.

11. Trade and other accounts payable

In thousands of US dollars	30 September 2014 (unaudited)	31 December 2013
Trade payables	24,139	23,986
Payables for own promissory notes	1,575	2,552
Financial assistance received	1,052	1,705
Land lease payables	2,539	3,116
Promissory notes issued to GEM	306	496
Other accounts payable	8,682	2,560
Total financial, trade and other payables	**38,293**	**34,415**
Prepayments received	1,091	15,885
Wages and salaries accrued	277	957
Total trade and other payables	**39,661**	**51,257**

12. Revenue

	Nine months ended 30 September	
In thousands of US dollars	2014 (unaudited)	2013 (unaudited)
Sale of agricultural produce and processed food	17,642	36,126
Rendering of services	785	960
Total revenue	**18,427**	**37,086**

13. Cost of sales

	Nine months ended 30 September	
In thousands of US dollars	2014 (unaudited)	2013 (unaudited)
Cost of goods sold	19,908	38,740
Cost of services rendered	519	842
Total cost of sales	**20,427**	**39,582**

14. Selling, general and administrative expenses

	Nine months ended 30 September	
In thousands of US dollars	2014 (unaudited)	2013 (unaudited)
Informational, expert and consulting services	114	1,453
Transport services	186	1,057
Crops storage and refining	118	787
Wages and salaries	346	732
Depreciation	266	568
Bank services	72	370
Materials	111	124
Taxes, other than income tax	9	21
Other expenses	318	533
Total selling, general and administrative expenses	**1,540**	**5,644**

15. Other operating expenses

	Nine months ended 30 September	
In thousands of US dollars	2014 (unaudited)	2013 (unaudited)
Maintenance and repairs	23	248
Impairment of accounts receivable and write-off of prepayments made	238	93
Total other operating expenses, net	**261**	**341**

16. Other expenses

In thousands of US dollars	Six months ended 30 June 2014 (unaudited)	 2013 (unaudited)
Loss on disposal of property, plant and equipment	147	1,055
Impairment of value-added tax receivable	532	358
Write-off of damaged goods	380	-
Loss on disposal of subsidiary	77	-
Loss from VAT on export operations	-	361
Loss of harvest	479	1,024
Fines and penalties	120	117
Other expenses	171	176
Total other expenses	**1,906**	**3,091**

17. Finance income and expenses

In thousands of US dollars	Nine months ended 30 September 2014 (unaudited)	 2013 (unaudited)
Finance income		
Interest income	988	1,596
Exchange differences	-	210
Other finance income	163	610
Total finance income	**1,151**	**2,416**
Finance expenses		
Interest expense on bank loans	(6,148)	(6,802)
Foreign exchange loss	(13,932)	-
Unwinding of discount on long-term financial liabilities	-	(420)
Other finance expenses	(592)	(693)
Total finance expenses	**(20,672)**	**(7,915)**

18. Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO reviews internal management reports on at least quarterly basis. The operations in each of the Group's reporting segments are:

- *Crop production.* Crop production is the core business of the Group. It is generally focused on production of sunflower, wheat, barley, rapeseed, soybeans and other crops, such as corn, triticale, peas, and buckwheat. The main factors affecting the crop production segment are climatic conditions, land quality, plant nutrition and moisture levels in the arable land.
- *Food Processing.* Established relationships with retail chains provide the Group with opportunities to sell groceries and meat products. Currently the Group produces flour, sunflower oil, packaged crops, macaroni and meat products such as sausages and meat delicates to retail chains.
- *Pigs' breeding.* A segment which deals with pigs' breeding and sale of respective livestock. Basic assets for sale in this segment are pigs in live weight.
- *Other operations.* This operating segment includes fruit and vegetable production, cultivation and the sale of farm animals (cattle), pellet production and the rendering of services to third parties. While this segment does not currently meet the threshold requiring separate segment disclosure, management believes it useful to distinguish this segment in its reporting.

Performance is measured based on segment profit or loss, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group's segments relative to other entities that operate within these industries.

Group's assets and liabilities are not monitored by operating segments. Substantially all non-current assets relate to subsidiaries located in Ukraine.

Information about operating segments for the nine months ended 30 September 2014 is as follows:

18. Operating segments (continued)

In thousands of US dollars	Crop production	Food Processing	Pigs' breeding	Other operations	Total
Revenue	10,026	472	5,926	2,934	**19,358**
Inter-segment transactions	(432)	-	-	(499)	(931)
Revenue from external customers	**9,594**	**472**	**5,926**	**2,435**	**18,427**
Change in fair value of biological assets less estimated point-of-sale costs	(10,266)	-	5,452	1,974	(2,840)
Cost of sales	(10,880)	(619)	(4,994)	(3,934)	(20,427)
Segment profit / (loss)	**(11,552)**	**(147)**	**6,384**	**475**	**(4,840)**
Government grant received					1,388
Selling, general and administrative expenses					(1,540)
Other operating/non-operating income / (expense), net					(2,088)
Operating profit					**(7,080)**
Finance income					1,151
Finance expenses					(20,672)
Income on put option and warrants					126
Profit before tax					**(26,475)**
Income tax expense					(14)
Profit for the period					**(26,489)**

Information about operating segments for the nine months ended 30 September 2013 is as follows:

In thousands of US dollars	Crop production	Food Processing	Other operations	Total
Revenue	29,765	4,622	5,652	**40,039**
Inter-segment transactions	(1,702)	(60)	(1,191)	(2,953)
Revenue from external customers	**28,063**	**4,562**	**4,461**	**37,086**
Change in fair value of biological assets less estimated point-of-sale costs	15,295	55	10,582	25,932
Cost of sales	(29,269)	(4,886)	(5,427)	(39,582)
Segment profit / (loss)	**12,785**	**(269)**	**9,616**	**23,436**
Government grant received				2,055
Selling, general and administrative expenses				(5,644)
Other operating income / (expense), net				(3,249)
Operating profit				**16,598**
Finance income				2,416
Finance expenses				(7,915)
Expenses on put option and warrants				134
Profit before tax				**11,233**
Income tax benefit				552
Profit for the period				**11,785**

Seasonality of operations.

Crop production segment, due to seasonality and implications of IAS 41, in the first half of the year mainly reflects the sales of carried forward agricultural produce and effect of biological assets revaluation, while during the second half of the year it reflects sales of crops and effect of revaluation of agricultural produce harvested during the year. Also, crop production segment has seasonal requirements for working capital increase during November-May, to undertake land preparation work.

Food processing segment, pigs' breeding as well as other operations segment are not significantly exposed to the seasonal fluctuations.

19. Related parties

Significant related party balances outstanding at the reporting dates are:

In thousands of US dollars	30 September 2014 (unaudited) Parent	30 September 2014 (unaudited) Entities under common control	31 December 2013 Parent	31 December 2013 Entities under common control
Assets				
Trade accounts receivable	-	1,787	-	2,347
Other financial receivables	-	-	-	-
Advances issued	-	-	-	-
Loans issued	-	-	-	8,404
Liabilities				
Trade and other accounts payable	-	258	-	1,794
Prepayments received	-	4	-	4,929
Loans	8,100	4,547	10,170	6,327
Interest payable	1,506	6	-	354

Revenue and expense transactions with related parties during the nine months ended 30 September 2014 and 2013 were as follows:

In thousands of US dollars	Nine months ended 30 September 2014 (unaudited) Parent	Nine months ended 30 September 2014 (unaudited) Entities under common control	Nine months ended 30 September 2013 (unaudited) Parent	Nine months ended 30 September 2013 (unaudited) Entities under common control
Food processing sales	-	19	-	867
Sales of agricultural produce	-	-	-	833
Purchases	-	-	-	(76)
Interest expenses	(913)	(829)	(226)	-

Except for loans from related parties, transactions with related parties are recorded at the contractual amounts agreed between the parties.

Transactions with the key management personnel.

Remuneration of key management personnel for the nine months ended 30 September 2014 comprised short-term benefits totalling USD 20 thousand (nine months ended 30 September 2012: USD 83 thousand) (unaudited). Key management personnel comprised from members of the Board of Directors.

20. Subsequent events

From 30 September 2014 till the report publishing date, the Group has experienced the following significant events in its activity:

- On 24 October 2014, the Group has repaid USD 4.2 million out of its short-term borrowings in TAScombank.