KSG Agro S.A.

Unaudited Interim Condensed Consolidated Financial Statements

31 March 2015

Contents

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 31 March 2015 and for the three 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 three months ended 31 March 2015, 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 three months ended 31 March 2015 were approved on 15 May 2015.

S.V. Mazin
(Chief Executive Officer)

L.L. Omelchenko
(Chief Financial Officer)

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Statement of Financial Position

In thousands of US dollars	**Note**	**31 March 2015 (unaudited)**	**31 December 2014 (unaudited)**
ASSETS			
Non-current assets			
Property, plant and equipment	5	26,858	40,254
Intangible assets	6	4,096	6,553
Long-term biological assets		15,534	22,955
Promissory notes receivable		353	498
Term deposits		1,780	3,240
Total non-current assets		**48,621**	**73,500**
Current assets			
Current biological assets	8	3,866	5,555
Inventories and agricultural produce	7	2,637	4,047
Trade and other accounts receivable	9	15,460	16,803
Taxes recoverable and prepaid		596	1,054
Income tax prepaid		6	9
Cash and cash equivalents		125	(147)
Total current assets		**22,690**	**27,321**
TOTAL ASSETS		**71,311**	**100,821**
EQUITY			
Share capital		150	150
Share premium		37,366	37,366
Treasury shares		(112)	(112)
Retained earnings		(33,967)	(25,625)
Currency translation reserve		(15,783)	(15,503)
Equity attributable to the owners of the Company		**(12,346)**	**(3,724)**
Non-controlling interest		**6,623**	**11,283**
TOTAL EQUITY		**(5,723)**	**7,559**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	10	26,904	28,384
Promissory notes issued		1,343	1,344
Deferred tax liability		201	298
Total non-current liabilities		**28,448**	**30,026**
Current liabilities			
Loans and borrowings	10	30,084	37,964
Trade and other accounts payable	11	17,971	24,551
Share purchase warrant		0	0
Promissory notes issued		212	294
Taxes payable		319	427
Total current liabilities		**48,586**	**63,236**
TOTAL LIABILITIES		**77,034**	**93,262**
TOTAL LIABILITIES AND EQUITY		**71,311**	**100,821**

Approved for issue and signed on behalf of the Board of Directors on 15 May 2015.

S.V. Mazin
(Chief Executive Officer)

L.L. Omelchenko
(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	Three months ended 31 March 2015 (unaudited)	2014 (unaudited)
Revenue	12	2,430	4,491
Gain / (loss) on initial recognition at fair value and net change in fair value of biological assets less estimated point-of-sale costs		(468)	1,375
Cost of sales	13	(2,670)	(4,849)
Gross profit / (loss)		**(708)**	**1,017**
Government grant received		116	145
Selling, general and administrative expenses	14	(333)	(817)
Other operating income		14	-
Other operating expenses	15	(71)	-
Operating profit / (loss)		**(982)**	**345**
Finance income	17	413	509
Finance expenses	17	(1,122)	(2,424)
Foreign currency exchange gain / (loss), net		(8,143)	(5,863)
Gain on PPE sale		454	-
Other expenses	16	(352)	(263)
Profit / (loss) before tax		**(9,732)**	**(7,696)**
Income tax benefit / (expense)		(1)	(19)
Profit / (loss) for the period		**(9,733)**	**(7,715)**
Profit attributable to:			
Owners of the Company		(8,342)	(7,037)
Non-controlling interest		(1,391)	(678)
Profit / (loss) for the period		**(9,733)**	**(7,715)**
Earnings per share			
Weighted-average number of common shares outstanding		15,020,000	15,020,000
Earnings per share (basic and diluted), USD		(0.65)	(0.47)

Unaudited Interim Condensed Consolidated Statement of Other Comprehensive Income

In thousands of US dollars	Three months ended 31 March 2015 (unaudited)	2014 (unaudited)
Profit / (loss) for the period	**(9,733)**	**(7,715)**
Other comprehensive income, net of income tax		
Currency translation differences	(3,549)	(26,549)
Total comprehensive income for the period	**(13,282)**	**(34,264)**
Total comprehensive income attributable to		
Owners of the Company	(8,622)	(33,586)
Non-controlling interest	(4,660)	(678)
Total comprehensive income for the period	**(13,282)**	**(34,264)**

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	Three months ended 31 March 2015 (unaudited)	2014 (unaudited)
Cash flows from operating activities			
Profit / (loss) before tax		(9,732)	(7,696)
Adjustments for:			
Depreciation and amortization	5,6	1,032	1,923
Impairment of accounts receivable	16	48	-
Impairment of VAT receivable	16	43	-
Provision for inventory	16	98	-
Unrealized loss / (gain) on biological assets and agricultural produce		468	(1,375)
Foreign currency exchange differences		8,143	5,863
(Gain) / loss on disposals of property, plant and equipment		(454)	-
Finance expenses	17	1,122	2,424
Finance income	17	(86)	(509)
Unwinding of discount	17	(327)	-
Operating cash flows before working capital changes		**355**	**630**
Change in trade and other accounts receivable		(5,777)	13,402
Change in current biological assets		(799)	5,708
Change in inventories and agricultural produce		29	(4,712)
Change in trade and other accounts payable		6,788	(20,643)
Cash from operations		**596**	**146**
Interest paid		(209)	(1,108)
Income tax paid		(11)	(19)
Net cash from operating activities		**376**	**(981)**
Cash flow from investment activities			
Acquisition of property, plant and equipment		-	(301)
Term deposits returned / (placed)		-	8,618
Interest received		86	290
Investment payment		(138)	-
Net cash from investment activities		**(52)**	**8,607**
Cash flow from financing activities			
Proceeds from bank loans and other borrowings		-	11,204
Repayment of bank loans		(8)	(18,509)
Repayment of financial lease liabilities		(16)	(5)
Interest paid		-	(70)
Net cash from financing activities		**(24)**	**(7,380)**
Net increase / (decrease) in cash and cash equivalents		300	245
Cash and cash equivalents at the beginning of the period		(147)	131
Exchange differences		(28)	115
Cash and cash equivalents at the end of the period		**125**	**492**

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	Share capital	Share premium	Treasury shares	Prepayment for future share issue	Currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling interest	Total equity
	Attributable to owners of the Company								
Balance as at 31 December 2014 (unaudited)	**150**	**37,366**	**(112)**	**-**	**(15,503)**	**(25,625)**	**(3,724)**	**11,283**	**7,559**
Profit / (loss) for the period	-	-	-	-	-	(8,342)	(8,342)	(1,391)	(9,733)
Other comprehensive income / (loss)	-	-	-	-	(280)	-	(280)	(3,269)	(3,549)
Total comprehensive income / (loss) for the period	-	-	-	-	(280)	(8,342)	(8,622)	(4,660)	(13,282)
Balance as at 31 March 2015 (unaudited)	**150**	**37,366**	**(112)**	**-**	**(15,783)**	**(33,967)**	**(12,346)**	**6,623**	**(5,723)**

In thousands of US dollars	Share capital	Share premium	Treasury shares	Prepayment for future share issue	Currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling interest	Total equity
	Attributable to owners of the Company								
Balance as at 31 December 2013	**150**	**37,366**	**(112)**	**-**	**(35)**	**12,766**	**50,135**	**28,757**	**78,892**
Profit / (loss) for the period	-	-	-	-	-	(7,037)	(7,037)	(678)	(7,715)
Other comprehensive income / (loss)	-	-	-	-	(26,549)	-	(26,549)	-	(26,549)
Total comprehensive income for the period	-	-	-	-	(26,549)	(7,037)	(33,586)	(678)	(34,264)
Balance as at 31 March 2014 (unaudited)	**150**	**37,366**	**(112)**	**-**	**(26,584)**	**5,729**	**16,549**	**28,079**	**44,628**

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 three months period ended 31 March 2015 (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 2014 (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 31 March 2015, the exchange rate used for translating foreign currency balances was USD 1 = UAH 23.44 (31 December 2014: USD 1 = UAH 15.77); EUR 1 = UAH 25.45 (31 December 2014: EUR 1 = UAH 19.23).

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 2014 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 2014 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 33.63%. Other significant assumptions include crop yields and crop prices. Crop yields were derived based on average yields of the Group achieved in the three 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. As a result, goodwill allocated to Agrotehnologiya LLC was impaired in full by USD 468 thousand, goodwill allocated to Dnipro LLC (part of Other) was impaired in full by USD 29 thousand and goodwill allocated to Agro-Golden LLC (part of Other) was impaired by USD 126 thousand. Goodwill allocated to all other companies is not impaired since their value-in-use exceeds their carrying value.

Management's estimates show that reasonably possible changes in the key assumptions would not cause impairment of goodwill. As at 31 March 2015, 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 33.63% 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:

	31 March 2015	**31 December 2014**
10 % increase / (decrease) in price for meat	3,825 / (3,825)	6,086 / (6,086)
10 % increase / (decrease) in prices for crops	767 / (767)	1,061 / (1,061)
10 % increase / (decrease) in yield for crops	767 / (767)	1,061 / (1,061)
10 % increase / (decrease) in production costs until harvest	(534) / 534	(720) / 720
5 % increase / (decrease) in discount rate	(506) / 535	(766) / 809

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 98 thousand. (31 December 2014: an increase or decrease in the fair value of agricultural produce of USD 146 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 2014. The fair value of the share purchase warrant was determined using Black-Scholes model based on the following inputs:

	31 March 2015	**31 December 2014**
Current stock price, USD	0.24	0.32
Risk-free rate, %	1.93	2.17
Volatility, %	24.13	159.28

4. Business disposals

There were no acquisitions or disposals of shares in subsidiaries in the period.

5. Property, plant and equipment

Movement of property, plant and equipment for the three months ended 31 March 2015 and 2014 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 2015 (unaudited)	**21,159**	**7,890**	**3,334**	**7,871**	**40,254**
Additions	-	-	-	1,645	1,645
Disposals	(71)	(178)	(3)	(956)	(1,208)
Transfers	-	-	302	(302)	-
Depreciation charge	(270)	(259)	(153)	-	(682)
Exchange differences	(6,890)	(2,535)	(1,107)	(2,619)	(13,151)
Carrying amount as at 31 March 2015 (unaudited)	**13,928**	**4,918**	**2,373**	**5,639**	**26,858**

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	**45,932**	**25,955**	**6,853**	**11,587**	**90,327**
Additions	8	34	14	801	857
Disposals	-	(10)	-	-	(10)
Depreciation charge	(613)	(654)	(243)	-	(1,510)
Exchange differences	(12,418)	(7,017)	(1,853)	(3,133)	(24,421)
Carrying amount as at 31 March 2014 (unaudited)	**32,909**	**18,308**	**4,771**	**9,255**	**65,243**

The Group capitalised USD 354 thousand of borrowing costs 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	31 March 2015 (unaudited)	31 December 2014 (unaudited)
Goodwill	2,580	3,836
Land lease rights	1,504	2,699
Other intangible assets	12	18
Total intangible assets	**4,096**	**6,553**

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

In thousands of US dollars	2015 (unaudited)	2014 (unaudited)
Carrying amount as at 1 January	**2,699**	**11,037**
Amortization charge	(350)	(413)
Exchange differences	(845)	(2,903)
Carrying amount as at 31 March	**1,504**	**7,721**

7. Inventories and agricultural produce

In thousands of US dollars	31 March 2015 (unaudited)	31 December 2014 (unaudited)
Agricultural produce	364	1,123
Work in progress	694	1,025
Building materials	69	85
Agricultural stock	727	1,257
Goods for resale	149	177
Spare parts	71	93
Fuel	152	144
Other	411	143
Total inventories and agricultural produce	**2,637**	**4,047**

Agricultural produce consists mainly of sunflower, wheat and barley (31 December 2014: sunflower, wheat and barley).

8. Current biological assets

In thousands of US dollars	31 March 2015 (unaudited)	31 December 2014 (unaudited)
Crops in the field	2,332	3,407
Livestock husbandry	1,534	2,148
Total current biological assets	**3,866**	**5,555**

The balances of crops in the field were as follows:

In thousands of US dollars	31 March 2015 (unaudited)	31 December 2014 (unaudited)
Wheat	1,378	2,053
Barley	169	269
Rapeseed	785	1,085
Total crops in the field	**2,332**	**3,407**

Total area of agricultural land leased by the Group is approximately 66 thousand hectares at 31 March 2015 (unaudited).

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

In thousands of US dollars	2015 (unaudited)	2014 (unaudited)
Carrying amount as at 1 January	**3,407**	**31,497**
Costs incurred during the period, including spring crops	811	1,514
Increase / (decrease) from changes in fair value less expected costs to sell	(412)	773
Harvested during the period	-	-
Exchange difference	(1,474)	(8,515)
Carrying amount as at 31 March	**2,332**	**25,269**

9. Trade and other accounts receivable

In thousands of US dollars	31 March 2015 (unaudited)	31 December 2014 (unaudited)
Trade accounts receivable	8,231	8,836
Less: provision for trade accounts receivable	(211)	(314)
Loans issued	2,728	3,792
Other financial receivables	3,771	2,945
Less: provision for other financial receivables	(19)	(284)
Total financial, trade and other receivables	**14,328**	**14,975**
Advances issued	1,246	1,998
Less: provision for advances issued	(114)	(170)
Total trade and other accounts receivable	**15,460**	**16,803**

10. Loans and borrowings

In thousands of US dollars	31 March 2015 (unaudited)	31 December 2014 (unaudited)
Long-term		
Financial lease liabilities	382	789
Bank loans	26,522	27,595
Total long-term loans and borrowings	**26,904**	**28,384**
Current		
Financial lease liabilities	322	635
Bank loans	27,137	34,526
Other borrowings	2,625	2,803
Total current loans and borrowings	**30,084**	**37,964**

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

In thousands of US dollars	31 March 2015 (unaudited)	31 December 2014 (unaudited)
Property, plant and equipment	6,270	9,322
Property rights under agreements on agricultural produce selling	4,210	6,259
Term deposit	1,780	2,646
Inventory	468	695
Biological assets	1,726	2,565
Total carrying amount of collateral	**14,454**	**21,487**

Leased assets with the carrying amount of USD 698 thousand (31 December 2014: 1,095 thousand) act as collateral for the Group's obligations under finance lease agreements.

11. Trade and other accounts payable

In thousands of US dollars	31 March 2015 (unaudited)	31 December 2014 (unaudited)
Trade payables	9,159	12,510
Payables for own promissory notes	441	1,294
Financial assistance received	295	864
Promissory notes issued to GEM	101	213
Other accounts payable	5,884	6,908
Total financial, trade and other payables	**15,880**	**21,789**
Prepayments received	1,993	2,663
Wages and salaries accrued	98	99
Total trade and other payables	**17,971**	**24,551**

12. Revenue

	Three months ended 31 March	
In thousands of US dollars	2015 (unaudited)	2014 (unaudited)
Sale of agricultural produce and processed food	1,928	4,440
Rendering of services	502	51
Total revenue	**2,430**	**4,491**

13. Cost of sales

	Three months ended 31 March	
In thousands of US dollars	2015 (unaudited)	2014 (unaudited)
Cost of goods sold	2,171	4,820
Cost of services rendered	499	29
Total cost of sales	**2,670**	**4,849**

14. Selling, general and administrative expenses

In thousands of US dollars	Three months ended 31 March 2015 (unaudited)	2014 (unaudited)
Informational, expert and consulting services	99	77
Transport services	31	57
Crops storage and refining	-	121
Wages and salaries	55	135
Depreciation	60	61
Bank services	35	15
Materials	-	73
Taxes, other than income tax	9	46
Other expenses	44	232
Total selling, general and administrative expenses	**333**	**817**

15. Other operating expenses

In thousands of US dollars	Three months ended 31 March 2015 (unaudited)	2014 (unaudited)
Maintenance and repairs	71	-
Total other operating expenses, net	**71**	**-**

16. Other expenses

In thousands of US dollars	Three months ended 31 March 2015 (unaudited)	2014 (unaudited)
Impairment of accounts receivable and write-off of prepayments made	48	-
Impairment of value-added tax receivable	43	-
Write-off of damaged goods	98	-
Fines and penalties	134	-
Other expenses	29	263
Total other expenses	**352**	**263**

17. Finance income and expenses

In thousands of US dollars	Three months ended 31 March 2015 (unaudited)	2014 (unaudited)
Finance income		
Interest income	86	509
Other finance income	327	-
Total finance income	413	**509**
Finance expenses		
Interest expenses	(1,113)	(2,424)
Other finance expenses	(9)	-
Total finance expenses	**(1,122)**	**(2,424)**

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 three months ended 31 March 2015 is as follows:

In thousands of US dollars	**Crop production**	**Food Processing**	**Pigs' breeding**	**Other operations**	**Total**
Revenue	432	348	2,108	685	3,573
Inter-segment transactions	(287)	(2)	(412)	(442)	(1,143)
Revenue from external customers	**145**	**346**	**1,696**	**243**	**2,430**
Change in fair value of biological assets less estimated point-of-sale costs	(412)	-	(244)	188	(468)
Cost of sales	(810)	(283)	(1,248)	(329)	(2,670)
Segment profit / (loss)	**(1,077)**	**63**	**204**	**102**	**(708)**
Government grant received					116
Selling, general and administrative expenses					(333)
Other operating income					14
Other operating expenses					(71)
Operating profit					**(982)**
Finance income					413
Finance expenses					(1,122)
Foreign currency exchange loss					(8,143)
Gain on PPE sale					454
Other expenses					(352)
Profit before tax					**(9,732)**
Income tax expense					(1)
Profit for the period					**(9,733)**

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:

	31 March 2015 (unaudited)		**31 December 2014 (unaudited)**	
In thousands of US dollars	**Parent**	**Entities under common control**	**Parent**	**Entities under common control**
Assets				
Trade accounts receivable	-	755	-	1,123
Liabilities				
Trade and other accounts payable	-	1,757	-	2,889
Loans	9,115	2,540	8,551	3,777
Interest payable	1,536	3	1,572	4

20. Subsequent events

From 31 March 2015 till the report publishing date, the Company has experienced the following significant events in its activity:

- The Company continued negotiations with some prospective buyers about sale of part of its farming entities.