



KSG Agro S.A.

**Management report on
2015 achievements and
developments**

Chairman's statement

Dear Investors and Partners,

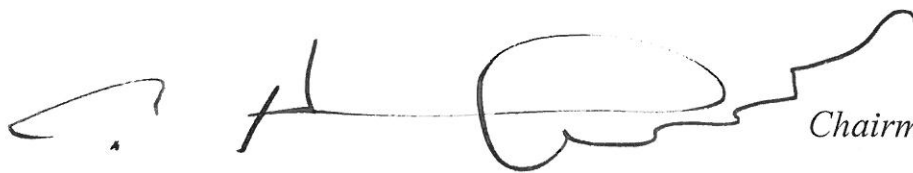
We are hereby pleased to inform you about KSG Agro's achievements and developments in the 2015 financial year.

I am proud to report that our Group has been able to stand the test of the hard times in the country. We have significantly improved our results and have every reason to believe they will keep streamlining further.

The Company is very grateful to all our partners, who have gave us a helping hand in such a turbulent time. The European and American banks and creditors have given us a possibility to restructure our debts. The Ukrainian banks and private companies have also supported us alike.

Despite the continuing political instability in Ukraine and the ongoing devaluation of hryvna, the national currency, we have found ways to bring down our operational costs and improve our result. The Group stays loyal to its strategy of focusing on plant production and pig breeding, and we continue developing these areas of business.

We are prepared to work hard further and truly believe in achieving positive results in the nearest future. We know our effort will pay off to bring to our Group's investors and us prosperity and profitability. We are on the right track and are sure that the positive trend of the previous year will continue in 2016 to support our continued development.



Chairman of the Board,

Sergiy Kasianov

Management report

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1. Strategy implementation in 2015

KSG Agro is one of the largest vertically integrated agricultural groups in the Dnipropetrovsk region, which works almost in all segments of the agricultural market, including production, storage, processing, and sale of the agricultural products.

As of 31 December 2015, KSG Agro is an agricultural holding with total controlled land bank of approximately 61 thousand hectares (including 28 thousand hectares in Crimea that are not controlled because of the annexation of Crimea).

The Company and its subsidiaries (hereinafter «the Group» or «KSG Agro» or «the Company») implement their development strategy:

Strategy	Implementation in 2015
<ul style="list-style-type: none">• continue optimization of internal operating processes in order to decrease expenses;• the Group plans to focus on pigs' breeding & farming and further increase its efficiency;• continuing to increase production of crop and meat and its sales;• focusing on export contracts with existing customers;• reduction of current debt and the extension period of credit;• the Group has renewed plans to increase the volume of production of fuel pellets and produced thermal energy	<ul style="list-style-type: none">• the Company's cost of sales decreased by 42.5% (while revenue decreased by 26.8% for the year ended 31 December 2015)• the Company's gross profit increased from USD (0.2) million for the year ended 31 December 2014 to USD 11.2 million for the year ended 31 December 2015;• signed Letter of intent with the International Creditors (including the ECAs, banks and international suppliers) related to the restructuring of the total debt in the amount of USD 17.1 million and by promissory note issued USD 1.2 million repayable within 10 years;• as at 31 December 2015, KSG Agro reduced its loan portfolio by USD 19,125 thousand compared to 31 December 2014• in 2015 restructured loans USD 4.9 million repayable within 5 years;• in 2015 subordinated loan USD 15.0 million



The consolidated financial statements include the statements of subsidiaries, please see the following link:

<http://www.ksgagro.com/investment/financial-reports/reports-for-2015/>

2. Corporate governance

The Board of Directors (the "Board") observes the majority of Warsaw Stock Exchange corporate governance rules included in the "Code of Best Practice for WSE Listed Companies" in the form and to the extent determined by the Resolution No. 19/1307/2012 of the Exchange Supervisory Board dated 21 November 2012. Code of Best Practice for WSE Listed Companies is available at the official website of the Warsaw Stock Exchange: http://www.corp-gov.gpw.pl/lad_corp.asp

The Board of Directors consists of five members, three of each hold an executive role (Directors A), and two directors are non executive ones (Directors B)

Mr. Sergiy Kasianov, chairman of the Board of Directors, has a significant indirect holding of securities in the Company. No other person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

Appointment and replacement of Directors and amendments to the Articles of Association

With regard to the appointment and replacement of Directors, its Articles of Association (hereafter referred as the "Articles of Association" and Luxembourg Statute comprising the Companies Law 1915 govern the Company. A general meeting of the shareholders under the quorum may amend the Articles of Associations from time to time and majority requirement provided for by the law of 10 August 1915 on commercial companies in Luxembourg, as amended.

Powers of Directors

The Board is responsible for managing the business affairs of the Company within the clauses of the Articles of Association. The Directors may only act at duly convened meetings of the Board of Directors or by written consent in accordance with article 9 of Articles of Association.

Rights of the shareholders

Articles of Association and national laws and regulation govern the operation of the shareholders meetings and their key powers, description of their rights.

Transfer of shares

Transfer of shares is governed by Articles of Association of the Company.

3. Internal controls system

The Company's management is responsible for establishing and maintaining adequate controls over financial reporting process for KSG Agro S.A., which include the appropriate level of Board of Directors' involvement.

KSG Agro S.A. maintains an effective internal control structure. It consists, in particular, of organizational arrangements with clearly defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures. An important element of the control environment is an ongoing internal audit program. KSG Agro S.A. system also contains monitoring mechanisms, and actions taken to correct deficiencies if they identified.

To assure the effective administration of internal controls, KSG Agro S.A. carefully selects employees, develops and disseminates oral and written policies and procedures, provides appropriate communication channels and fosters an environment conducive to the effective functioning of controls.

The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Ukrainian generally adopted accounting principles and transformation to International Financial Reporting Standards as adopted by European Union;
- that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company;
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

We believe that it is essential for the Company to conduct its business affairs in accordance with the highest ethical standards, as set forth in KSG Agro S.A.

4. Financial and operational results

The following table sets forth the Company's results of operations for the years ended 31 December 2015 and 2014 derived from the Consolidated Financial Statements:

(US\$ in thousands)	31 December 2015	31 December 2014	Changes in %
Revenue	19,262	26,302	(26.8)%
Gain on initial recognition at fair value and net change in fair value of biological assets less estimated	8,418	2,259	272.6%
Cost of sales	(16,516)	(28,744)	(42.5)%
Gross profit	11,164	(183)	
Government grant received	2,026	1,805	12.2%
Selling, general and administrative expenses	(1,631)	(2,844)	(42.7)%
Other operating income	1,533	935	64.0%
Other operating expenses	-	(83)	(100.0)%
Operating profit	13,092	(370)	
Finance income	2,027	1,319	53.7%
Finance expenses	(5,095)	(14,391)	64.6%
Foreign currency exchange loss	(9,539)	(22,227)	(57.1)%
Loss on impairment of goodwill	-	(827)	(100.0)%
Other expenses	(3,405)	(17,283)	(80.3)%
Gain/(Loss) on acquisition/(disposal) of subsidiaries and associates	-	4	(100.0)%
Gain/(Loss) on share purchase warrant	-	258	(100.0)%
Profit before tax	(2,920)	(53,517)	(94.5)%
Income tax expenses	739	281	163.0%
Profit for the year	(2,181)	(53,236)	95.9%
EBITDA	15,971	6,762	136.2%

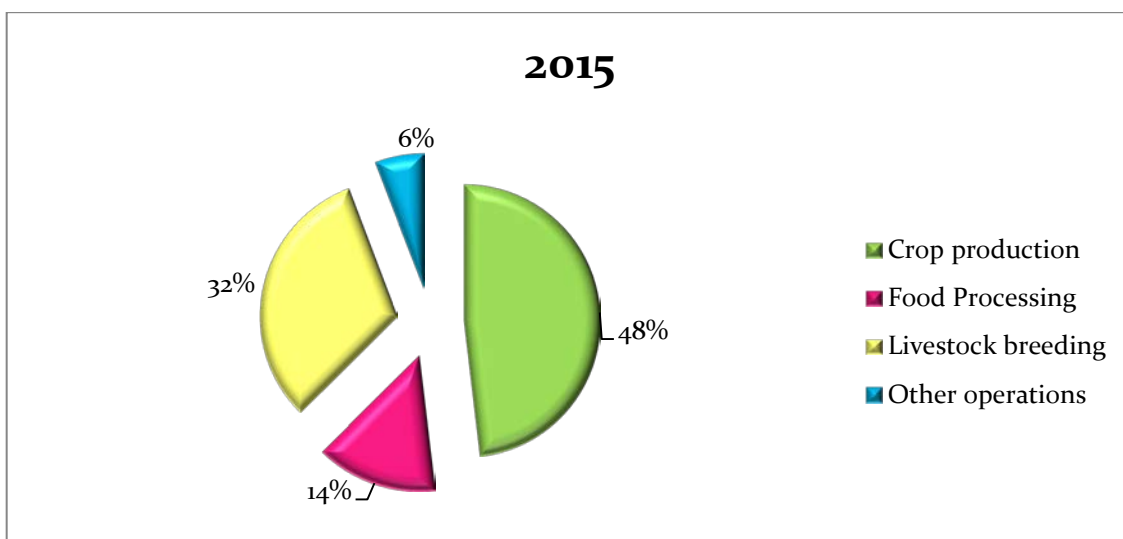
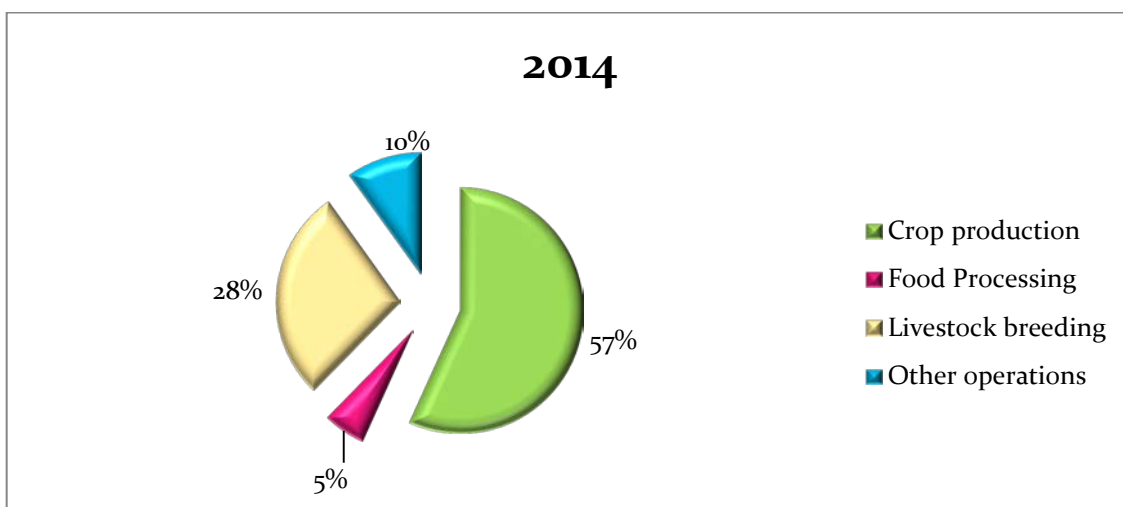
Revenue

The Company's revenue from sales of finished products decreased year-on-year by 26.8% (while cost of sales decreased by 42.5%) primarily due to the effect of exchange rate differences.

The main segment – crop production – comprises production and sales of wheat, barley, rapeseeds, sunflower, corn and other minor crops. Information about main crops harvested in year 2015 and comparative information for 2014 is as follows:

Crop harvested in thousands tons	2015	2014
Wheat	19.5	34.1
Barley	5.9	9.4
Rapeseeds	1.9	7.9
Sunflower	21.0	18.3
Corn	2.4	2.7
Total	50.7	72.4

The following chart sets forth the Company's revenue by segments in per cent for the years indicated:



The most significant portion of the Company's revenue comes from selling sunflower, wheat, rapeseeds and corn. The following table sets forth the volume of the Company's main crops and revenues generated from the sales of such crops:

	2015	2014	Change,%
Sunflower			
Sales, USD mln	7.8	4.8	63%
Sales, thousands tons	22.0	17.3	27%
Average price, USD/ton	354.5	275	29%
Wheat*			
Sales, USD mln	0.7	4.1	(83)%
Sales, thousands tons	6.5	34.3	(81)%
Average price, USD/ton	107.7	119	(10)%
Rapeseeds			
Sales, USD mln	0.6	2.3	(74)%
Sales, thousands tons	1.8	7.4	(76)%
Average price, USD/ton	333.3	313	6%
Corn			
Sales, USD mln	0.0	0.9	(100)%
Sales, thousands tons	0.1	8.3	(99)%
Average price, USD/ton	0.0	109	(100)%

* decreasing sales of wheat is due to Inter-segment transactions from Crop production to Livestock breeding for feed of animals

The pig breeding segment mainly represents sales of pigs and piglets. The following table describes revenues of this segment in more detail:

	2015	2014	Change,%
Pigs and piglets			
Sales, USD mln	5.7	6.9	-17%
Sales, thousand heads	60.0	64.2	-7%
Sales, tons	5,649	3,553	59%
Average price, USD/kg	1.01	1.95	-48%

Gain on initial recognition at fair value and net change in fair value of biological assets less estimated

Gain on initial recognition at fair value and net change in fair value of biological assets less estimated, increased by 272.6% from USD 2.2 million for the year ended 31 December 2014 to 8.4 million for the year ended 31 December 2015.

	31.12.2015			31.12.2014		
Current biological assets (crops)	Area, ha	Amount, USD thsd	USD/ha	Area, ha	Amount, USD thsd	USD /ha
Wheat	6,644	1,411	212	14,136	2,053	145
Barley	2,664	242	91	5,027	269	54
Rapeseed	842	258	308	10,872	1,085	100
Total current biological assets	10,150	1,911		30,034	3,407	

Cost of sales

The Company's cost of sales decreased by 42.5% to USD 16.5 million for the year ended 31 December 2015 from USD 28.7 million for the year ended 31 December 2014 in line with revenue which decreased by 26.8%.

Gross profit

The Company's gross profit increased from USD (0.2) million for the year ended 31 December 2014 to USD 11.2 million for the year ended 31 December 2015.

Cash flows

The following table sets out a summary of the Company's cash flows for the years indicated:

(in USD thousands)	2015	2014
Net cash flow from operating activities	2,918	(4,477)
Net cash flow from investing activities	(2,271)	7,861
Net cash flow from financing activities	2,290	(6,636)
Net cash flow for the year	2,937	(3,252)

5. Information with respect to Article 11 of the Law of 19 May 2006 on takeover bids

Article 11 a) the structure of their capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents.

According to article 5.1 of the articles of association of the Company (the Articles), the Company's subscribed share capital amounts to one hundred fifty thousand two hundred United States Dollars (USD 150,200.00) represented by fifteen million twenty thousand (15,020,000) shares having a nominal value of one Cent (USD 0.01) each.

All the issued share capital of the Company is admitted to listing and trading on the main market of the Warsaw Stock Exchange.

The Company bought back thirty-two thousand one hundred and seventy-two (32,172) own shares, representing 0.21% of share capital, that are accounted for as treasury shares.

Article 11 b) any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to article 46 of Directive 2001/34/EC.

The shares of the Company are transferred in accordance with customary procedures for the transfer of securities in Book-entry form.

Furthermore, there is no restriction in relation with the transfer of securities pursuant to article 7.5 of the Articles. The sole requirement is that any transfer shall be recorded in the register of shares of the Company.

In accordance with article 7.10 of the Articles, any shareholder, company or individual, who acquires or sells shares, including certificates representing shares of the Company, shall notify to the Company the percentage of the voting rights he/she/it will own

pursuant to such acquisition or sale, in case such percentage reaches the thresholds of 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% or supersedes or falls under such thresholds. The shareholders shall also notify the Company should the percentage of their respective voting rights reach the above mentioned thresholds or supersede them or fall under such thresholds pursuant to certain events amending the voting rights repartition of the Company.

Those notification requirements apply also to certain situations as listed by article 9 of the law of 11 January 2008 on transparency obligations with respect to the information of companies which securities are listed on a regulated market.

Article 11 c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Directive 2004/109/EC.

The main shareholder of the Company as at 31 December 2014 is:

- ICD Investments S.A. holds nine million seven hundred and five thousand five hundred (9,705,500) shares, representing 64.62% of the issued share capital of the Company.
- KSG Agro S.A holds thirty-two thousand one hundred seventy-two (32,172) shares, representing 0.21% of the issued share capital of the Company.
- In free float there are five million two hundred and eighty-two thousand three hundred twenty-eight (5,282,328) shares, representing 35.17% of the issued share capital of the Company.

Article 11 d) the holders of any securities with special control rights and a description of those rights.

There are no special control rights.

Article 11 e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees.

There is no employee share scheme.

Article 11 f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities.

Pursuant to article 7.10 of the Articles, if a shareholder breaches the thresholds mentioned in point b) and fails to notify the Company within the period of four (4) listing days, as stated therein, the exercise of voting rights attached to the new participation exceeding the relevant threshold will be suspended.

Article 11 g) any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/109/EC.

To the best of our knowledge there are no such agreements.

Article 11 h) the rules governing the appointment and replacement of board members and the amendment of the articles of association.

Pursuant to article 8 of the Articles, the directors of the Company (the Directors or the Board, as applicable) are to be appointed by the general meeting of the shareholders of the Company (the General Meeting) for a period not exceeding six (6) years and until their successors are elected. Moreover, the decision to suspend or dismiss a Director must be adopted by the General Meeting with a majority of more than one-half (1/2) of all voting rights present or represented. When a legal person is appointed as Director, the legal entity must designate a permanent representative (représentant permanent) in accordance with article 51bis of the law of 10 August 1915 on commercial companies, as amended (the Company Law).

In accordance with article 20 of the Articles, the Articles may be amended from time to time by a General Meeting under the quorum and majority requirements provided for by the Company Law.

Article 11 i) the powers of board members, and in particular the power to issue or buy back shares.

Under the provisions laid down in article 5.4 of the Articles, the Board is authorized during a period expiring 5 (five) years after the publication of the present authorization in the Mémorial C, Recueil des Sociétés et Associations (i.e. 08 July 2011), to increase in one or several times the share capital of the Company within the limits of the authorized capital. The authorized capital of the Company is set at one hundred fifty thousand seven hundred forty-five United States Dollars (USD 150,745.00) represented by fifteen million seventy-four thousand five hundred (15,074,500) shares with a nominal value of one Cent (USD 0.01).

With respect to the acquisition of own shares, article 6 of the Articles establishes that the Company may acquire its own Shares to the extent permitted by law. To the extent permitted by Luxembourg law, the Board is irrevocably authorized and empowered to take any and all steps to execute any and all documents to do and perform any and all acts for and in the name and on behalf of the Company which may be necessary or advisable in order to effectuate the acquisition of the shares and the accomplishment and completion of all related actions.

According to article 11.2 of the Articles, the Board is vested with the broadest powers to perform all acts of administration and disposition in the company's interests and within the objectives and purposes of the Company. All powers not expressly reserved by law or by the Articles to the General Meeting fall within the competence of the Board.

Article 11 j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such

that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements.

To the extent of our knowledge there are no such agreements.

Article 11 k) any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

To the extent of our knowledge there are no such agreements.

6. Subsequent events

The Group's parent is OLBIS Investments LTD S.A., registered in Panama, from 02.03.16.

Company signed a preliminary letter of intent (LoI) with the bank 'Credit Agricole' related to the restructuring of the total debt in the amount of USD 3.0 mln.

At a meeting of the European Business Association Board, held on February 22, 2016, KSG Agro S.A. was accepted as a new full member of the Association. European Business Association unites more than nine hundred companies. It is one of the biggest business communities working on the Ukrainian market. EBA activities focus on the possibility of establishing business relations with the best international and Ukrainian companies. The idea of the Association is to provide its member companies with the opportunity to work together to solve the important issues of the investment climate in Ukraine and improve it for the benefit of industry, society, the economy and the country as a whole.

7. Business and financial risks

Credit risk.

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

Credit risk concentration.

The Group is exposed to the concentration of credit risk. Management monitors and discloses concentrations of credit risk by obtaining monthly reports with exposures to counterparties with the balances in excess of 1% of net assets.

At 31 December 2015, the Group had 17 counterparties (31 December 2014: 4 counterparties) with aggregated receivable balances above USD 150 thousand each. The total aggregate amount of these balances was USD 9,941 thousand

(31 December 2014: USD 2,322 thousand) or 84% of the net amount of trade and other receivables (31 December 2014: 34%).

Market risk.

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities, all of which are exposed to general and specific market movements.

The Group does not have significant interest-bearing financial assets. Loans and borrowings issued at variable interest rates expose the Group to the interest rate risk. Loans and borrowings issued at fixed rates expose the Group to the fair value risk.

The sensitivities to market risks disclosed below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Interest rate risk.

Risk of changes in interest rate is generally related to interest-bearing loans. Loans issued at variable rates expose the Group to cash flow interest rate risk. Loans issued at fixed rates expose the Group to fair value interest rate risk. The Group is currently developing its policy on structure of fixed and variable rates loan portfolio. The Group's management analyses market interest rates to minimize interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. At 31 December 2015, if interest rate had been 5% higher with all other variables held constant, post-tax profit for the year would have been USD 5,398 thousand lower (2014: USD 3,015 thousand), respectively if interest rate had been 5% lower then profit after tax would have been decrease in the same amount. The impact on Equity would be the same as on the Profit&Losses.

Currency risk.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Because of this exposure, if the US dollar were to strengthen or weaken by 20 percent against the UAH, it would decrease or increase the Group's profit before tax by USD 155 thousand, respectively (31 December 2014: 40% and USD 10,908 thousand).

Because of this exposure, if the Euro were to strengthen or weaken by 20 percent against the UAH, it would decrease or increase the Group's profit before tax by USD 171 thousand, respectively (31 December 2014: 40% and increase or decrease by USD 6,751 thousand).

Liquidity risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is managed by the Group management who monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings and trade and other payables.


The Group primary manages business risks and does not have formalised policies and procedures for managing financial risks.

Capital Risk Management


The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to provide financing of its operating requirements, capital expenditures and Group's development strategy. The Group's capital management policies aim to ensure and maintain an optimal capital structure to reduce the overall cost of capital and flexibility relating to Group's access to capital markets.

The Group is currently developing its capital management policy. Management monitors on a regular basis the Group's capital structure and may adjust its capital management policies and targets following changes of its operating environment, market sentiment or its development strategy.

Management believes it is responding appropriately to all the risks identified in order to support the sustainability of the Company's business in the current circumstances.



29.04.16
S.V. Mazin
(Chief Executive Officer)



29.04.16
L.L. Omelchenko
(Chief Financial Officer)

KSG Agro S.A.
R.C.S. Luxembourg B 156.864

**Unaudited Consolidated Financial
Statements for the year ended 31 December
2015**

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KSG Agro S.A.

Statement of the Board of Directors and management's responsibility for the preparation and approval of the consolidated financial statements

The following statement is made with a view to clarify responsibilities of management and Board of Directors in relation to the 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 consolidated financial statements of the Group as of 31 December 2015 and for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

In preparing the consolidated financial statements, the Board of Directors and 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 consolidated financial statements;
- Compliance with ESMA Guidelines
- Preparing the 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.

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 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 3 of the law of Luxembourg 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 consolidated financial statements for the year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards 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. In addition, the management report includes a fair review of the development and performance of the business and the position of KSG Agro S.A. and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The unaudited consolidated financial statements as of 31 December 2015 and for the year then ended were approved on April 29, 2016.



S.V. Mazin
(Chief Executive Officer)



L.L. Omelchenko
(Chief Financial Officer)

KSG Agro S.A.

Unaudited Consolidated Statement of Financial Position

as at 31 December 2015

<i>In thousands of US dollars</i>	Note	31 December 2015 (unaudited)	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	7	22,500	40,254
Intangible assets	8	570	6,553
Long-term biological assets	10	16,631	20,219
Long-term receivables		926	2,227
Deferred expense		1,025	1,025
Deferred tax assets	23	117	-
Promissory notes receivable		217	570
Term deposits	11	1,738	-
Total non-current assets		43,724	70,848
Current assets			
Current biological assets	10	4,118	5,555
Inventories and agricultural produce	9	3,759	4,309
Trade and other accounts receivable	12	10,952	6,920
Deferred expense			255
Taxes recoverable and prepaid	13	554	1,054
Income tax prepaid		-	9
Term deposits	13	-	2,646
Cash and cash equivalents	11	1,147	(148)
Total current assets		20,530	20,600
TOTAL ASSETS		64,254	91,448
EQUITY			
Share capital	14	150	150
Share premium	14	37,366	37,366
Treasury shares	14	(112)	(112)
Retained earnings		(41,551)	(38,804)
Currency translation reserve		(9,616)	(13,012)
Equity attributable to the owners of the Company		(13,763)	(14,412)
Non-controlling interests		5,863	11,541
TOTAL EQUITY		(7,900)	(2,871)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	15	39,486	11,063
Promissory notes issued	17	1,988	215
Deferred tax liability		-	857
Total non-current liabilities		41,474	12,135
Current liabilities			
Loans and borrowings	15	7,388	55,626
Trade and other accounts payable	16	22,864	24,496
Share purchase warrant			-
Promissory notes issued	17	268	1,636
Taxes payable		160	415
Income tax payable		-	11
Total current liabilities		30,680	82,184
TOTAL LIABILITIES		72,154	94,319
TOTAL LIABILITIES AND EQUITY		64,254	91,448

Approved for issue and signed on behalf of the Board of Directors on April 29, 2016.

S.V. Mazin
(Chief Executive Officer)

L.L. Omelchenko
(Chief Financial Officer)

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

KSG Agro S.A.**Unaudited Consolidated Income Statement**

for the year ended 31 December 2015

<i>In thousands of US dollars</i>	Note	2015 (unaudited)	2014
Revenue	18	19,262	26,302
Gain on initial recognition at fair value and net change in fair value of biological assets less estimated point-of-sale costs	10	8,418	2,259
Cost of sales	19	(16,516)	(28,744)
Gross profit/(loss)		11,164	(183)
Government grant received		2,026	1,805
Selling, general and administrative expenses	20	(1,631)	(2,844)
Other operating income		1,533	935
Other operating expenses	21	-	(83)
Operating (loss)/profit		13,092	(370)
Finance income	22	2,027	1,319
Finance expenses	22	(5,095)	(14,391)
Foreign currency exchange gain/(loss), net	31	(9,539)	(22,227)
Loss on impairment of goodwill			(827)
Other expenses	21	(3,405)	(17,283)
Gain/(Loss) on acquisition/(disposal) of subsidiaries and associates			4
Gain on share purchase warrant			258
Loss before tax		(2,920)	(53,517)
Income tax benefit/(expense)	23	739	281
Loss for the year		(2,181)	(53,236)
(Loss)/Profit attributable to:			
Owners of the Company		(2,747)	(50,156)
Non-controlling interest		566	(3,080)
Loss for the year		(2,181)	(53,236)
Earnings per share			
Weighted-average number of common shares outstanding		15,020,000	15,020,000
Basic earnings per share, USD		(0,18)	(3,34)
Diluted earnings per share, USD		(0,18)	(3,34)

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

KSG Agro S.A.**Unaudited Consolidated Statement of Comprehensive Income/(Loss)***for the year ended 31 December 2015*

<i>In thousands of US dollars</i>	Note	2015 (unaudited)	2014
Loss for the year		(2,181)	(53,236)
Other comprehensive income/(loss), net of income tax			
Items that will not be reclassified subsequently to profit or loss:			-
Items that will be reclassified subsequently to profit or loss:			
Currency translation differences- disposed subsidiaries		771	-
Currency translation differences		(2,576)	(25,605)
NCI of disposed subsidiary		(1,043)	-
Related income tax impact		-	-
Total comprehensive loss for the year		(5,029)	(78,841)
Total comprehensive loss attributable to:			
Owners of the Company		649	(63,133)
Non-controlling interests		(5,678)	(15,708)
Total comprehensive loss for the year		(5,029)	(78,841)

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

KSG Agro S.A.**Unaudited Consolidated Statement of Cash Flows**

for the year ended 31 December 2015

<i>In thousands of US dollars</i>	Note	2015 (unaudited)	2014
Cash flows from operating activities			
Loss before tax		(2,920)	(53,517)
Adjustments for:			
Depreciation and amortization	7,8	2,879	7,132
Impairment and write-off of trade and other accounts receivable	21	1,247	4,249
Impairment of LLR	8	425	-
Write-off TAR (Crimea) and prepayments		-	5,631
Impairment of VAT receivable		-	1,558
Reversal of impairment of provision for inventory		-	(312)
Provision for inventory		3	434
Unrealised gain on biological assets and agricultural produce	10	(8,418)	(2,259)
Loss from dead crops	21	-	3,209
Exchange differences	31	9,539	17,663
Gain on share purchase warrant		-	(258)
Loss on disposal of property, plant and equipment	21	-	235
Finance expenses other than share purchase warrant	22	5,095	11,836
Finance income	22	(667)	(909)
Gain/(loss) on subsidiaries disposal		(1,358)	(9)
Loss on fines and penalties		-	1,443
Goodwill impairment		-	827
Unwinding of discount	22	(1,360)	(410)
Amortization of financial instruments	22	-	2,398
Other		-	(37)
Operating cash flows before working capital changes		4,465	(1,096)
Change in trade and other accounts receivable		(15,220)	(1,222)
Change in current biological assets		(4,975)	2,350
Change in inventories and agricultural produce		1,269	38
Change in trade and other accounts payable		19,127	(1,700)
Cash generated from operations		4,666	(1,630)
Interest paid		(1,746)	(2,841)
Income tax paid		(2)	(6)
Cash generated from / (used in) operating activities		2,918	(4,477)
Cash flow from investment activities			
Acquisition of property, plant and equipment		-	(1,952)
Proceeds from disposal of property, plant and equipment		-	-
Interest paid		-	(505)
Disposal of subsidiaries/(assets held for sale), net of cash disposed		(10)	(16)
Acquisition of subsidiaries, net of cash acquired		-	-
Loan given		-	(61)
Interest received		667	865
Term deposit received/(placed)		-	9,530
Investment payments		(2,018)	-
Settlement of accounts payable related to investment activities		(910)	-
Disposal of assets held for sale		-	-
Net cash generated from / (used in) investment activities		(2,271)	7,861

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

KSG Agro S.A.**Unaudited Consolidated Statement of Cash Flows (continued)***for the year ended 31 December 2015*

<i>In thousands of US dollars</i>	Note	2015 (unaudited)	2014
Cash flow from financing activities			
Proceeds from bank loans and other borrowings		5,273	4,344
Repayment of bank loans		(2,866)	(10,789)
Contributions to share capital		-	-
Reorganisation of interests		-	-
PN settlement		-	-
Repayment of financial lease liabilities		(117)	(191)
Net cash (used in) / received from financing activities		2,290	(6,636)
<hr/>			
Net (decrease)/increase in cash and cash equivalents		2,937	(3,252)
Cash and cash equivalents at the beginning of the year	11	(148)	131
Effect of exchange rate differences on cash and cash equivalents		(1,642)	2,973
Cash and cash equivalents at the end of the year	11	1,147	(148)

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

KSG Agro S.A.

Unaudited Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

Note	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		
<i>In thousands of US dollars</i>									
Balance as at 31 December 2013	150	37,366	(112)	-	(35)	11,352	48,721	28,757	77,478
Crimea disposal	-	-	-	-	-	-	-	(1,508)	(1,508)
Loss for the year	-	-	-	-	-	(50,156)	(50,156)	(3,080)	(53,236)
Other comprehensive loss	-	-	-	-	(12,977)	-	(12,977)	(12,628)	(25,605)
Total comprehensive loss for the year	-	-	-	-	(12,977)	(50,156)	(63,133)	(15,708)	(78,841)
Balance as at 31 December 2014	150	37,366	(112)	-	(13,012)	(38,804)	(14,412)	11,541	(2,871)
Disposal	-	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(2,747)	(2,747)	566	(2,181)
Other comprehensive income/ (loss)	-	-	-	-	2,625	-	2,625	(5,201)	(2,576)
NCI of disposed subsidiary	-	-	-	-	-	-	-	(1,043)	(1,043)
Forex reserve of disposed entities	-	-	-	-	771	-	771	-	771
Total comprehensive loss for the year	-	-	-	-	3,396	(2,747)	649	(5,678)	(5,029)
Balance as at 31 December 2015 (unaudited)	150	37,366	(112)	-	(9,616)	(41,551)	(13,763)	5,863	(7,900)

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

KSG Agro S.A.

Notes to the Unaudited Consolidated Financial Statements

for the year ended 31 December 2015

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, its subsidiaries and joint operation (together referred to as the "Group") produces, processes and sells agricultural products and its business activities are conducted mainly in Ukraine.

The number of employees of the Group as at 31 December 2015 was 623 employees (31 December 2014: 835 employees). Scope of consolidation

The Group's parent is ICD Investments S.A. (65%) - , registered in Switzerland, and the ultimate controlling party is Mr. Sergiy Kasianov. Remain Group's shares (35%) listed on the Warsaw Stock Exchange.

The subsidiaries and principal activities of the companies forming the Group and the Parent's effective ownership interest as at 31 December 2015 and 2014 were as follows:

Operating entity	Principal activity	Country of registration	Effective ownership ratio, %	
			31 December 2015	31 December 2014
KSG Agro S.A.	Holding company	Luxembourg	Parent	Parent
KSG Agricultural and Industrial Holding LTD	Subholding company	Cyprus	100%	100%
KSG Agro Polska	Trade of agricultural products	Poland	100%	100%
KSG Energy Group LTD	Trade of pellets	Cyprus	50%	50%
Parisifia LTD	Intermediate holding company	Cyprus	50%	50%
Abbondanza SA	Trade of agricultural products	Switzerland	50%	50%
Enterprise №2 of Ukrainian agricultural and industrial holding LLC	Agricultural production	Ukraine	100%	100%
Scorpio Agro LLC	Agricultural production	Ukraine	100%	100%
Souz-3 LLC**	Agricultural production	Ukraine	-	100%
Goncharovo Agricultural LLC	Agricultural production	Ukraine	100%	100%
Agro-Trade House Dniprovsky LLC	Agricultural production	Ukraine	100%	100%
Dnipro LLC	Agricultural production	Ukraine	100%	100%
KSG Trade House LTD	Trade of agricultural products	Ukraine	100%	100%
Trade House of the Ukrainian Agroindustrial Holding LLC	Agricultural production	Ukraine	100%	100%
Unirem Agro Plus LLC	Agricultural production	Ukraine	-	100%
Askoninteks LLC	Agricultural production	Ukraine	100%	100%
Agro Golden LLC	Agricultural production	Ukraine	100%	100%
Agro LLC	Lessor of equipment	Ukraine	100%	100%
SPE Promvok LLC	Lessor of equipment	Ukraine	100%	100%
Agricultural Company Chumaki LLC (Dniproagrostandard LLC) **	Agricultural production	Ukraine	-	100%
Dniproagroprogress LLC **	Agricultural production	Ukraine	0.1%	100%
Meat plant Dnipro LLC	Manufacture	Ukraine	100%	100%
Hlebna Liga LLC	Trader	Ukraine	100%	100%
Agrofirm Vesna LLC	Agricultural production	Ukraine	100%	100%
Vidrodzhennya LLC **	Agricultural production	Ukraine	-	100%
Agrotrade LLC	Agricultural production	Ukraine	50%	50%
Factor D LLC	Agricultural production	Ukraine	50%	50%
Rantye LLC	Agricultural production	Ukraine	50%	50%
Agrotechnologiya LLC**	Oil processing	Ukraine	-	51%

KSG Agro S.A.**Notes to the Unaudited Consolidated Financial Statements**

for the year ended 31 December 2015

Operating entity	Principal activity	Country of registration	Effective ownership ratio, %	
			31 December 2015	31 December 2014
PrJSC Pererobnyk	Flour and animals' feed producing	Ukraine	25%	25%
Agroplaza LLC	Intermediate holding company	Ukraine	50%	49,95%
Stepove LLC	Agricultural production	Ukraine	50%	49,93%
Dzherelo LLC	Agricultural production	Ukraine	50%	49,95%
Kolosyste LLC	Agricultural production	Ukraine	50%	49,95%
Hlebodar LLC *	Agricultural production	Ukraine	50%	49,95%
Ukrzernoprom - Prudy LLC *	Agricultural production	Ukraine	50%	50,00%
Ukrzernoprom - Uytne LLC *	Agricultural production	Ukraine	50%	50,00%
Ukrzernoprom - Kirovske LLC *	Agricultural production	Ukraine	50%	50,00%
Ukrzernoprom - Yelizavetove LLC *	Agricultural production	Ukraine	50%	50,00%
KSG Dnipro LLC (SFG Bulah LLC)	Agricultural production	Ukraine	100%	100%
Ranniy Ranok LLC	Agricultural production	Ukraine	100%	-
Pererobnyk LLC PE	Flour and animals' feed producing	Ukraine	25%	-

Companies marked with * are located in Crimea. The Group has no operating control over them starting from October 01, 2014, so deconsolidation of these companies was provided and net assets were written off to zero.

On the annual basis companies with voting rights less than 51% tests for the compliance with IFRS 10 regarding existence of control. In these consolidated financial statements presented subsidiaries with absolute control over operating activity and cash flows and total responsibilities for the incurred profits or losses.

Companies marked with ** are de-consolidated due to the fact of control transfer to third parties. As at 22 September 2015 Company Souz-3 LLC was in bankruptcy process according to lawsuits Result of such de-consolidation is shown in Note 5.

Pererobnyk LLC PE and Ranniy Ranok LLC were established in 2015 year (Note 4).

These consolidated financial statements are presented in thousand US dollars ("USD"), unless otherwise stated.

2. Summary of Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of IFRS issued by International Financial Reporting Interpretations Committee ("IFRIC") and as adopted by the European Union. These consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of a share purchase warrant at fair value and the recognition of biological assets and agricultural produce based on fair value less costs to sell.

Going concern assumption. The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern, which assumes continuity of operations and realization of assets and satisfaction of liabilities in the ordinary course of business.

The main assumptions used for the budget have been estimated by the management of the Group, based on their knowledge of their local market at a date near the approval of the consolidated financial statements. The Group management assumptions are based on following judgements:

- change of Group business strategy from 2016 and next years by decreasing harvesting of crops and increasing meat production in proportion applicable for future growth;
- sale of parts of land bank according to expecting new business strategy;
- continuing increase of meat production and sales;
- restructure of current debts by partly repaying and signing new debt agreements;
- continue optimization of internal operating processes in order to decrease expenses;
- searching new contractors and signing agreements for sale of crops using USD prices.

The Group incurred a total comprehensive loss of USD 5,269 thousand during the year ended December 31, 2015 and as of that date current liabilities of the Group exceeded its current assets by USD 10,148 thousand. The Group has negative net equity of USD 8,140 thousand as at December 31, 2015. This gives rise to a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore,

KSG Agro S.A.

Notes to the Unaudited Consolidated Financial Statements

for the year ended 31 December 2015

that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Operating companies of KSG Agro S.A. have accumulated losses to date, significant new business opportunities have arisen. In particular, these opportunities have arisen in pigs breeding segment. The management has included these new business opportunities within their scenario based forecasts and on this basis the management believes there is a reasonable expectation that the Group will continue in operational existence for the foreseeable future. Accordingly, the management continues to adopt the going concern basis in preparing the financial statements.

Consolidated financial statements. Group recognise controls on subsidiary if next criteria are met:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the Group's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between Group subsidiaries are eliminated. Unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest is recorded as a separate component of the Group's equity.

Goodwill. Goodwill on acquisitions of subsidiaries is presented within intangible assets in the consolidated statement of financial position. It is carried at cost less accumulated impairment, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business from which the goodwill arose. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Joint operations. The Group accounts for the interest in the joint operations to the extent of:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

Financial instruments

Key measurement terms

Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure at fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets. The Group classifies all of its financial assets as loans and receivables. Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Group intends to sell in the near term. Loans and receivables are accounted for at amortized cost using the effective interest method, net of provision for impairment after their initial evaluation. Loans and receivables that mature more than 12 months after the consolidated statement of financial position date are included into non-current assets. The Group's financial assets are long term receivables, promissory note receivables, term deposits, trade and other accounts receivable, cash and cash equivalents.

Classification of financial liabilities. The Group's financial liabilities include loans, borrowings, trade and other payables, financial lease, promissory notes issued and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Loans and borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost using the effective interest method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

Financial assistance payable. Financial assistance payable is initially recognised at the fair value and carried at amortised cost using the effective interest method. Financial assistance is disclosed within trade and other payables.

Initial recognition of financial instruments. Derivatives are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Derecognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Land lease rights. Land lease rights acquired in business combinations are initially recognised at their fair value and subsequently are carried at cost less accumulated amortisation and impairment. When agreements on the right to lease land are renegotiated, the Group capitalises incurred costs relating to the agreement prolongation and revises useful lives of land lease rights based on the prolonged term. Recognized on consolidation lease agreements are amortized on straight line method over the term of the agreements without considering possible prolongation.

Property, plant and equipment. Property, plant and equipment items are stated at cost less accumulated depreciation and, where applicable, accumulated impairment. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. All repair and maintenance costs are expensed as incurred. 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 amount of the asset) is included in profit or loss when the asset is derecognised. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction-in-progress represents the cost of properties, plant and equipment which have not yet been completed less any accumulated impairment. This includes cost of construction works, cost of plant and equipment and other direct costs.

The Group leases the land on which its operations are located under operating lease agreements and therefore land is not included in the consolidated financial statements.

At each end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment is recognised in profit or loss. An impairment recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

Depreciation. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	<u>Useful lives in years</u>
Buildings and structures	5-30
Agricultural equipment	3-15
Vehicles and office equipment	3-17

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Operating leases. Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Income taxes. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Special tax for agricultural producers. The Company's subsidiaries in Ukraine engaged in the production, processing and sale of agricultural products may opt for paying a *special tax for agricultural producers* ("Group #4 of Tax payers defined in Tax Code of Ukraine") in lieu of corporate income tax, land tax, duties for special use of water objects, municipal tax, vehicle tax, duties for geological survey works and duties for trade patents if the revenues from sale of their self-grown agricultural products constitute not less than 75% of their total gross revenues. The amount of *special tax for agricultural producers* is assessed at 0.15% on the deemed value of the land plots owned or leased by the entity (as determined by the relevant State authorities). 31 December 2015, 4 Ukrainian subsidiaries of the Group elected to pay *special tax* (31 December 2014: 19). The rest of the Group's entities are subject to regular income tax.

Value added tax. In Ukraine VAT is levied at two rates: 20% on sales and imports of goods within the country, works and services and 0% on the export of goods and provision of works or services to be used outside Ukraine. Output VAT on the sale of goods and services is accounted for on the date the goods/services are delivered to a customer or the date the payment is received from the customer, whichever is earlier. Input VAT is accounted for as follows: entitlement to an input tax credit for purchases arises when VAT invoice is received which is issued on the earlier of the date of payment to the supplier or the date, on which the goods/services are received or entitlement to an input tax credit for imported goods or services arises on the date the tax is paid.

VAT related to sales and purchases is recognised in the statement of financial position on a net basis and disclosed as an asset or liability to the extent it has been recorded in VAT declarations. Prepayments issued and prepayments received are disclosed in these consolidated financial statements net of VAT balances as it is expected that such balances will be settled by delivery of the underlying product or service.

The Group's subsidiaries involved in the production and sale of agricultural produce and that meet certain other criteria are subject to a privileged VAT regime. For such qualifying entities, the net VAT payable is not transferred to the State authorities, but is retained in the business for use in agricultural production. Such net VAT liabilities are credited to profit and loss as government grants.

Government grants. According to the Ukrainian VAT legislation VAT which agricultural producers charge on sales of agricultural produce, net of VAT paid on purchases, is not transferred to the State budget but can be retained for use in agricultural production. These government grants are recognised in profit or loss for the year once the Group makes the qualifying expenditures on agricultural supplies or equipment.

Biological assets. Biological assets represent crops in the field and livestock and are measured at fair value less costs to sell.

Crops in the field. The fair value of crops in the field is determined by using valuation techniques, as there is no market for winter crops and other long-term crops of the same physical condition. The fair value of the Group's biological assets is calculated as the present value of anticipated future cash flows from the asset before tax. The fair value calculation of crops in the field is based on the existing field under crops and the assessments regarding expected crop yield on harvest, time of harvest, future cultivation, treatment, harvest costs and selling prices. The discount rate is determined by reference to weighted-average cost capital based on risk profile of the Group.

Livestock. The fair value of non-current livestock is determined by using valuation techniques, as there is no market for sows of the same physical conditions, such as weight, age and breed. The fair value of livestock is based on expected litter of piglets, expected volume of meat at the date of slaughter, respective anticipated prices, average expected productive lives of the livestock and future production costs. The discount rate is determined by reference to current market determined pre-tax rate.

A gain or loss arising on initial recognition of a biological asset at the fair value less costs to sell and from a change in the fair value less costs to sell of a biological asset at each subsequent reporting date is included in income statement in the period in which it arises.

The biological assets are classified as current or non-current depending on the expected pattern of consumption of the economic benefits embodied in the biological assets. Dairy cattle, sows, fruit gardens and long-term grass are classified as non-current and livestock husbandry and winter crops are classified as current biological assets.

Cost of agricultural preparation of fields before seeding is recorded as work-in-progress in inventories. After seeding the cost of field preparation is reclassified to biological assets held at fair value.

Agricultural produce. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated costs to sell at the date of harvest.

Inventories. Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the first in first out basis. The cost of work in progress comprises fuel and other raw material, direct labour, depreciation and amortization, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Trade and other receivables. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Advances issued. Advances issued to suppliers are carried at cost less provision for impairment. An advance issued is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the advance relates to an asset which will itself be classified as non-current upon initial recognition. Advances issued to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other advances are written off to profit or loss when the services relating to the advances are received. If there is an indication that the assets or services relating to an advance will not be received, the carrying value of the advance is written down accordingly and a corresponding impairment is recognised in profit or loss.

Impairment of financial assets carried at amortised cost. Impairment are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment has occurred:

- any portion or installment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains;
- the counterparty considers bankruptcy or a financial reorganisation;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty; or
- the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms.

Impairment are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Uncollectible assets are written off against the related impairment provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment account within the profit or loss for the year.

Cash and cash equivalents. Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with original maturities of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts, if any.

Share capital. Ordinary shares are classified as equity. Share premium is the difference between the fair value of the consideration received for the issue of shares and the nominal value of the shares. The share premium account can only be used for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the legislation in Luxembourg on reduction of share capital.

Borrowing costs. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee benefits - defined contribution plan. The Group makes statutory unified social contribution to the Pension Fund of Ukraine in respect of its Ukrainian based employees. The contributions are calculated as a percentage of current gross salary and are expensed when incurred.

Wages, salaries, unified social contribution to Pension Fund of Ukraine, paid annual leave and sick leave, bonuses are accrued in the year in which the associated services are rendered by the employees of the Group.

Functional and presentation currency. The currency of each consolidated entity is the currency of the primary economic environment in which the entity operates. The functional currency for the 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. All information in USD has been rounded to the nearest thousand, except when otherwise indicated. The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Transactions denominated in currencies other than the relevant functional currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of foreign currency denominated monetary assets and liabilities at year end, are recognized in profit or loss. Translation at year end does not apply to nonmonetary items.

When control over a foreign operation is lost, the previously recognised exchange differences on translation to a different presentation currency are reclassified from other comprehensive income to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The exchange rates used for translating foreign currency balances were:

	2015	2014
USD/UAH as of 31 December	24.0007	15.7686
USD/UAH average for the year	21.8123	11.8739
EUR/UAH as of 31 December	26.2231	19.2239
EUR/UAH average for the year	24.1905	15.6833

Revenue recognition. Revenues from sales of goods are recognised at the point of transfer of risks and rewards of ownership of the goods. If the Group agrees to transport goods to a specified location, revenue is recognised when the goods are passed to the customer at the destination point.

Revenues from rendering of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenues are shown net of Value Added Tax and discounts. Revenues are measured at the fair value of the consideration received or receivable.

Finance income and costs. Finance income and costs mainly comprise interest income and cash on equivalents and bank deposits, interest expense on borrowings and finance leases and exchange differences on borrowings.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

3. Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements. Estimates and judgements 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 judgements, apart from those involving estimations, in the process of applying the Group's accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next year are:

Biological assets. In the absence of observable market prices for biological assets in their condition at the reporting dates, the fair value of biological assets was estimated as the present value of future net cash flows expected to be generated from the assets discounted at a current market-determined pre-tax rate.

Fair values of biological assets are based on the following key assumptions:

- expected crop yield on harvest is based on the prior years results;
- the average productive life of livestock is determined based on internal statistical information;
- evaluation of non-current livestock based on restorable principle;
- market prices for grains and meat are obtained from external sources (commodity exchanges, purchase prices stipulated by the State Reserve Fund in Ukraine etc.);
- cultivation, treatment, harvesting and production costs, including land lease costs are projected based on historical information and adjusted, where necessary, to conform with new raw materials and production techniques currently in use;
- time of harvest is estimated based on the historical data;
- the discount rate is estimated as weighted average cost of capital.

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. The key assumptions used to determine the fair value of biological assets presented in Note 11.

Agricultural produce. Agricultural produce is the harvested product of the Group's biological assets. It is recorded at its estimated fair value less costs to sell, at the point of harvest. The determination of fair value for a biological asset or agricultural produce is facilitated by grouping the produce according to significant attributes; for example, by type or quality. The 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 and 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 330 thousand (31 December 2014: USD 1,061 thousand).

Allowance for doubtful receivables. The Group periodically assesses recoverability of receivables from main debtors. In the case objective evidence of uncollectability is in place, allowance is provided for the amount of doubtful receivables. No allowance for receivables from related parties is charged. Additionally a general provision for doubtful debts is provided on all receivables due for more than 365 days.

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Cost of inventories. At each reporting date the Group carries out assessment of goods for signs impairment of initial value. As at December 31, 2015 the Group's management uses method of individual assessment of each unit of goods. The same approach was used in 2014.

Goodwill. Goodwill arising from the acquisition of subsidiaries is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount (estimated under five-year cash flows financial plans) of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment is recognised. Impairment relating to goodwill cannot be reversed in the future periods.

Useful lives. Management estimates are necessary to identify the useful lives of property, plant and equipment. Management uses its expertise and judgment in reassessing the remaining useful lives of major items at each reporting date.

Subsidiaries. The Group consolidates the result of Parisifia Trading Ltd (Cyprus), KSG Energy Group Ltd (Cyprus) and Abondanza S.A. (Switzerland) although it only holds 50% of the voting rights, because it has the power to govern its financial and operating policies through arrangements with the other 50% shareholder. The Group also consolidates the results of Pererobnyk PrJSC, a company in which it holds 25% of the voting rights, because it has the power to govern its financial and operating policies through its sole presence in the supervisory and management boards of the company and ability to determine remuneration of its representatives in these governance bodies. Majority of the supervisory and management board members are employees of other entities of the Group. Judgement is required to determine whether the substance of the relationship between the Group and a subsidiary indicates that the entity is controlled by the Group. In making this judgement management considered arrangements with the other shareholders of the subsidiary.

Fair value measurement. Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available – Note 16) and non-financial assets (Note 9, 11). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date

Income tax and deferred taxes The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. 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 current tax and deferred tax provisions.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. Business Acquisitions and Disposals

Gain/(loss) on acquisition/(disposal) of subsidiaries and associates consists of the following:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Gain on acquisition/(disposal) of subsidiaries	1,576	(77)
Gain on associates' disposal	1,161	-
Deconsolidation of Crimean companies	-	81
Total net gain/(loss)	2,737	4

As at 1 July 2015 the Companies Unirem Agro Plus, Agricultural Company Chumaki LLC (Dniproagrostandard LLC), Dniproagroprogress LLC, as at 24 November 2015 the Company Agrotechnologiya LLC and as at 18 December 2015 the Vidrodzhennya LLC are de-consolidated due to the fact, that control was transferred to third parties. Also, as at the date of financial statement authorisation Company Souz-3 LLC as at 22 September 2015 were in bankruptcy process according to lawsuits

On the basis of subsidiaries' financials as at the date of the loss of control the related impacts were as follows:

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<i>In thousands of US dollars</i>	Agrotechnologia LLC	Dniiproagroproggress LLC	Dniiproagrostandard LLC	Souz-3 LLC	Unirem Agro Plus LLC	Vidrodzhennya LLC
Voting right disposed	(51%)	(99,9%)	(100%)	(100%)	(100%)	(100%)
Effective interest attributable to the owners of the Company	(51%)	(100%)	(100%)	(100%)	(100%)	(100%)
Land lease rights	-	17	186	-	148	554
Property, plant, and equipment	59	-	265	811	238	828
Long-life biological assets (fruit trees)	-	-	-	55	-	-
Intangible assets	-	-	-	11	-	-
Inventory	180	2	164	258	(6)	234
Cash and cash equivalents	-	-	-	1	6	3
Biological assets (crops in the field)	-	54	524	362	807	1,732
Raising livestock	-	-	2	-	-	20
Promissory notes	184	-	-	-	-	-
Taxes receivable	4	(4)	37	(24)	123	367
Fair value of accounts receivable	215	116	1,231	3,613	3,505	2,262
Loans	-	-	(510)	(5,484)	(1,837)	(267)
Accounts payable	(751)	(289)	(1,158)	(3,187)	(3,169)	(5,126)
Taxes receivable/(payable)	9	(1)	(19)	(57)	-	(34)
	-	-	-	-	-	-
Fair value of 100% of net assets	(100)	(105)	722	(3,641)	(185)	573
Plus derecognised non-controlling interest	1,043	-	-	-	-	-
Less Goodwill	-	-	0	(2,027)	(394)	-
Plus translation difference	215	192	(1,454)	4,506	(712)	(1,976)
Gain / (Loss) on disposal	1,358	297	(2,176)	6,120	(921)	(2,549)
Total consideration received	-	-	-	-	-	-
Cash and cash equivalents disposed	-	-	-	1	6	3
Outflow of cash on disposal	-	-	-	(1)	(6)	(3)

During the year the Group increased for the following entities:

Pererobnyk LLC PE was established by Parisifia LTD with charter capital of 5,000 UAH (232 USD).

Ranni Ranok LLC was established by Goncharovo Agricultural LLC (99,9%) and KSG Dniipro LLC (0,1%) with total charter capital of 10,000 UAH (464 USD).

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5. Material non-controlling interests in subsidiaries

The summary disclosure of non-controlling interest as at 31 December 2015 and 2014 presented below:

<i>In thousands of US dollars</i>	Portion	Voting rights	Profit or loss attributable to NCI	OCI attributable to NCI	Net assets attributable to NCI	Dividends paid to NCI
As at 31 December 2015 (unaudited)						
Parisifia Ltd Group	50%	50%	1,149	(5,064)	10,547	-
PrJSC Pererobnyk	75%	50%	(593)	(166)	(119)	-
Agrotechnologiya LLC*	49%	49%	10	29	-	-
Total			566	(5,201)	10,428	-
As at 31 December 2014						
Parisifia Ltd Group	50%	50%	3,715	(18)	26,557	-
PrJSC Pererobnyk	75%	50%	(591)	-	2,357	-
Agrotechnologiya LLC	49%	49%	(159)	-	(197)	-
Total			2,965	(18)	28,717	-

Agrotechnologiya LLC* disposed in 2016 (Note 5).

"Parisifia Ltd Group" contain next companies: Agrotrade LLC; Factor D; Rantye; Agroplaza LLC; Stepove LLC; Dzherelo LLC; Kolosyste LLC.

KSG Energy Group LTD, Parisifia LTD and Abondanza SA companies have immaterial NCI effect thus in current note such companies were not considered.

The summarised financial information of these subsidiaries (including the impact of consolidation fair value adjustments, but before intercompany eliminations), was as follows at 31 December 2015 and 2014:

<i>In thousands of US dollars</i>	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
As at 31 December 2015 (unaudited)					
Parisifia Ltd Group	4,552	40,145	(20,009)	(3,608)	21,080
PrJSC Pererobnyk	356	1,634	(880)	(1,269)	(159)
Total	4,908	41,779	(20,889)	(4,877)	20,921
As at 31 December 2014					
Parisifia Ltd Group	20,886	90,513	(42,216)	(16,070)	53,113
PrJSC Pererobnyk	729	16,963	(7,284)	(7,266)	3,142
Agrotechnologiya LLC	245	739	(1,387)	-	(403)
Total	21,860	108,215	(50,887)	(23,336)	55,852

<i>In thousands of US dollars</i>	Revenue	Profit/(loss)	Total comprehensive (loss) / income
As at 31 December 2015 (unaudited)			
Parisifia Ltd Group	9,449	2,297	(10,122)
PrJSC Pererobnyk	656	(791)	(221)
Agrotechnologiya LLC *	3	21	60
Total	10,108	1,527	(10,283)

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<i>In thousands of US dollars</i>	Revenue	Profit/(loss)	Total comprehensive (loss) / income
As at 31 December 2014			
Parisifia ltd Group	17,520	7,495	7,459
PrJSC Pererobnyk	1,451	(789)	(789)
Agrotechnologiya LLC	3,713	(324)	(324)
Total	22,684	6,382	6,346

Agrotechnologiya LLC * - till date of control transfer.

6. New Accounting Pronouncements

As from 1 January 2015, the Group adopted all changes to International Financial Reporting Standards (IFRSs) which are relevant to its operations.

The following standards were adopted by the Group on 1 January 2015:

- IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions".
- Improvements to IFRSs 2010-2012.
- Improvements to IFRSs 2011-2013.

This adoption did not have a material effect on the financial statements of the Group.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2015. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early.

Standards and Interpretations not adopted by the EU:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).
- IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2017).
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).
- IFRS 11 "Accounting for acquisitions of Interests in Joint Operations" (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 1: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2012–2014 Cycle (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).
- IAS 27 (Amendments) "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 41 (Amendments) "Bearer plants" (effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 38 (Amendments) "Clarification of acceptable methods of depreciation and amortisation" (effective for annual periods beginning on or after 1 January 2016).
- IAS 12 (Amendments) "Recognition of deferred tax assets for unrealized losses" (effective for annual periods beginning on or after 1 January 2017).
- Amendments to IAS 7: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017).
- IAS 27 (Amendments) "Equity Method in Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2016).

The management is currently evaluating the impact of the adoption of Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants" that effective for annual periods beginning on or after 1 January 2016 and which will not have any retrospective impact on the consolidated financial statements after it implementation.

After implementation a potential impact from bearer plants accounting due to requirements IAS 16 would be as follows:

- a) Cost model – depreciation expenses raises and finishing of recognition the "gain on initial recognition at fair value

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and net change in fair value of biological assets less estimated point-of-sale costs”;

b) Revaluation model - finishing of recognition the “gain on initial recognition at fair value and net change in fair value of biological assets less estimated point-of-sale costs”. Recognition of revaluation deviations will be through other comprehensive income and raise of depreciation expenses.

For other Standards and Interpretations the Board of Directors expects that their adoption in future periods will not have a material effect on the financial statements of the Group.

7. Property, Plant and Equipment

Movement of property, plant and equipment for the year ended 31 December 2015 and 2014 was as follows:

<i>In thousands of US dollars</i>	Buildings	Agricultural equipment	Vehicles and office equipment	Construction in progress	Total
At 1 January 2014					
Cost	51,089	30,427	7,808	18,387	107,711
Accumulated depreciation	(6,052)	(8,645)	(2,687)	-	(17,384)
Carrying amount as at 1 January 2014	45,037	21,782	5,121	18,387	90,327
Additions	2,110	134	833	675	3,752
Disposals	(1,119)	(2,287)	(1,071)	(1,658)	(6,135)
Transfers	833	(1,075)	(266)	508	-
Depreciation charge	(2,331)	(1,903)	(729)	-	(4,963)
Exchange differences, cost	(25,786)	(14,561)	(3,968)	(8,950)	(53,265)
Exchange difference, depreciation	3,703	5,088	1,747	-	10,538
Carrying amount as at 31 December 2014	22,447	7,178	1,667	8,962	40,254
At 31 December 2014					
Cost	27,127	12,638	3,336	8,962	52,063
Accumulated depreciation	(4,680)	(5,460)	(1,669)	-	(11,809)
Carrying amount as at 31 December 2014	22,447	7,178	1,667	8,962	40,254
Additions	1,194	248	31	4,082	5,555
Disposals	(3,498)	(1,115)	(127)	(691)	(5,431)
Transfers	2,309	955	16	(3,280)	-
Depreciation charge	(955)	(816)	(536)	-	(2,307)
Disposals of subsidiaries	(808)	(1,049)	(114)	(230)	(2,201)
Exchange differences, cost	(11,330)	(5,078)	(1,141)	(82)	(17,631)
Exchange difference, depreciation	1,693	1,947	622	-	4,261
Carrying amount as at 31 December 2015 (unaudited)	11,052	2,270	418	8,761	22,500
At 31 December 2015					
Cost	14,994	6,599	2,001	8,761	32,355
Accumulated depreciation	(3,942)	(4,329)	(1,583)	-	(9,855)
Carrying amount as at 31 December 2015 (unaudited)	11,052	2,270	418	8,761	22,500

During 2015 the Group capitalised borrowing costs in amount of USD 795 thousand (2014: USD 546 thousand) on the construction of a pig-breeding complex (Note 24) using average rate of 18% (2014: 20%).

Included in agricultural equipment are assets held under finance leases with a carrying value of USD 1,071 thousand (2014: USD 1,424 thousand) (Note 17)

For amount of property, plant and equipment pledged to secure bank loans refer to Note 17.

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8. Intangible Assets

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Goodwill	336	3,836
Land lease rights	234	2,699
Other	-	18
Total intangible assets	570	6,553

The following table represents movements in the goodwill:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Carrying amount as at 1 January	3,836	8,816
Goodwill impairment	-	(827)
Goodwill arising on acquisition/(disposal) of subsidiaries (Note 5)	(2,421)	-
Exchange differences	(1,079)	(4,153)
Carrying amount as at 31 December	336	3,836

Goodwill is allocated to cash-generating units ("CGUs") which represent the lowest level within the Group at which goodwill is monitored by management. Goodwill is allocated to the following CGUs:

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Soyuz-3	-	2,830
Unirem Agro	-	525
Agrotehnologiya	-	-
Other	336	481
Total goodwill	336	3,836

The Group performed its annual impairment test in December 2015. The Group considers the correlation of its net assets value against market capitalisation, among other factors, when reviewing for indicators of impairment.

Crop production CGUs. The recoverable amount of these CGUs as at 31 December 2015 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 22%. 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. As a result (after forex impact UAH/USD from 15,7686 at December 31, 2014 to 21,8123 – average for the year 2015), no goodwill allocated to CGUs was impaired since value-in-use of each CGU exceeds its carrying value.

Apart from the considerations in determining the value-in-use, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimate of recoverable amount for the crop production is particularly sensitive to the crops market price.

If the crops price used is decreased by 20%, an impairment of USD 121 thousand would have to be written-off against goodwill.

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for the year ended 31 December 2015

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

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
At 1 January		
Cost	5,139	14,810
Accumulated amortisation	(2,440)	(3,773)
Carrying amount as at 1 January	2,699	11,037
Acquisition / (Disposal)	(572)	(1,641)
Effect of de-consolidation	905	-
Amortization charge	(425)	(2,204)
Exchange difference, cost	(3,262)	(8,030)
Exchange difference, amortisation	889	3,537
At 31 December	234	2,699
Cost	2,357	5,139
Accumulated amortisation	(2,123)	(2,440)
Carrying amount as at 31 December	234	2,699

The average remaining useful life of land lease rights as at 31 December 2015 is 4 years.

9. Inventories and Agricultural Produce

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Raw materials	985	-
Agricultural produce	930	1,358
Agricultural stock	660	1,257
Work in progress	430	1,051
Semi-finished goods	293	-
Goods for resale	184	177
Finished goods	154	-
Other	123	466
Total inventories and agricultural produce	3,759	4,309

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

In 2015 the Group recognised inventory write-down USD 3 thousand (2014: USD 166 thousands). Also, due to increase of crops market price in 2015, the amount of USD 0 (2014: 371) thousand was recognised as reversal of previously write down expenses.

10. Biological Assets

	2015 (unaudited)		2014	
	Units	Amount	Units	Amount
Non-current biological assets (livestock)				
Cattle	443	178	403	235
Sows	4,473	16,323	4,556	19,685
Boars	41	12	29	7
	Area, ha	Amount	Area, ha	Amount
Non-current biological assets (crops)				
Lucerne	-	-	688	215
Other perennial grasses	33	118	-	77
Total non-current biological assets		16,631		20,219
Current biological assets (livestock)				
	Units	Amount	Units	Amount
Cattle	228	71	206	123
Pigs	54,327	2,136	42,028	2,025
Other	-	-	-	-
Current biological assets (crops)				
	Area, ha	Amount	Area, ha	Amount
Wheat	6,644	1,411	14,136	2,053
Barley	2,664	242	5,027	269
Rapeseed	842	258	10,872	1,085
Total current biological assets		4,118		5,555
Total biological assets		20,749		25,774

The total area of agricultural land used by the Group is approximately 33 thousand hectares, including approximately 10 thousand hectares under winter crops as at 31 December 2015.

Significant quantity of Danish breed pigs (recorded as non-current biological assets) was purchased in April 2013 in order to produce piglets of given breed and to sell them in live weight.

The following table represents the changes during the years in the carrying amounts of non-current and current biological assets:

<i>In thousands of US dollars</i>	Crops	Livestock	Total
Carrying amount as at 1 January 2014	38,007	17,688	55,695
Purchases	-	5	5
Investments into future crops and livestock	15,184	7,366	22,550
Sales	-	(8,854)	(8,854)
Gain/(loss) arising from changes in fair value attributable to physical changes and changes in market prices	(16,637)	18,896	2,259
Harvested during the period	(16,479)	-	(16,479)
Loss from dead crops	(2,756)	-	(2,756)
Exchange differences	(13,620)	(13,026)	(26,646)
Carrying amount as at 31 December 2014	3,699	22,075	25,774
Purchases	-	49	49
Investments into future crops and livestock	4,512	8,439	12,951
Sales	-	(7,532)	(7,532)
Gain/(loss) arising from changes in fair value attributable to physical changes and changes in market prices	4,662	3,756	8,320
Harvested during the period	(9,094)	-	(9,094)
Disposals of subsidiaries	(3,534)	-	(3,534)
Impairment of lucerne	(155)	-	(155)
Loss from dead crops	(635)	-	(635)
	2,574	(8,067)	(5,394)

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for the year ended 31 December 2015

Exchange differences

Carrying amount as at 31 December 2015 (unaudited)	2,029	18,720	20,750
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Costs incurred during the period ended 31 December 2015 on crops in the field and livestock were as follows:

<i>In thousands of US dollars</i>	Crops	Livestock	Total
Raw materials	1,759	7,569	9,328
Land lease expenses	807	-	807
Staff costs	201	229	430
Depreciation and amortisation	165	544	709
Tax	314	-	314
Other	1,266	97	1,363
Total costs incurred during the period	4,512	8,439	12,951

Costs incurred during the period ended 31 December 2014 on crops in the field and livestock were as follows:

<i>In thousands of US dollars</i>	Crops	Livestock	Total
Raw materials	5,547	5,234	10,781
Land lease expenses	3,627	-	3,627
Staff costs	1,486	663	2,149
Depreciation and amortisation	1,331	601	1,932
FAT	273	24	297
Other	2,920	844	3,764
Total costs incurred during the period	15,184	7,366	22,550

Gain on initial recognition at fair value and net change in fair value of biological assets was as follows:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Crops in the field	1,630	1,477
Agricultural produce at the date of harvesting	3,032	(16,967)
Lucerne	-	(1,186)
Sows	2,968	16,509
Livestock husbandry	897	2,747
Dairy cows	(109)	(361)
Gardens	-	40
Total gain on initial recognition at fair value and net change in fair value of biological assets	8,418	2,259

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for the year ended 31 December 2015

In 2014 Group decided to change model cattle as life weight meat at level 1 as active market exists.

Description	Fair value as at 31 December 2015	Valuation technique	Unobservable inputs	Range of unobservable inputs
Crops in the field - Winter wheat	1,411	Discounted cash flows	Crop yield - tonnes per ha Crops price, USD Discount rate	2.68 144 per tonne 22%
Crops in the field - Winter barley	242	Discounted cash flows	Crop yield - tonnes per ha Crops price, USD Discount rate	1.86 133per tonne 22%
Crops in the field - Winter rapeseed	258	Discounted cash flows	Crop yield - tonnes per ha Crops price, USD Discount rate	1.29 390per tonne 22%
Lucerne	-			
Cattle	249	Market Price	Meat price, USD	855 per tonne
Sows	16,323	Discounted cash flows	Piglets production, heads (average) Price, USD Discount rate	138,023per year 1,303–2,367per tonne 22%
Pigs	2,136	Market Price	Meat price, USD	883–1,603per tonne
Fruit trees	-			

Agricultural produce harvested during 2015 and 2014 was presented in bunker weight as follows:

Crop harvested	2015	2014
	(unaudited) in tonnes	in tonnes
Winter wheat	19,448	34,134
Winter barley	5,906	9,366
Winter rapeseed	1,945	7,888
Sunflower	20,958	18,344
Corn	2,431	2,683
Total	50,688	72,415

For amount of biological assets pledged to secure bank loans refer to Note 17. Changes in key assumptions used to estimate biological assets fair value would have the following effect on the fair value of biological assets:

<i>In thousands of US dollars</i>	Effect on fair value of biological assets
10 % increase in price for meat	6,640
10 % decrease in price for meat	(6,640)
10 % increase in prices for crops	330
10 % decrease in prices for crops	(330)
10 % increase in yield for crops	330
10 % decrease in yield for crops	(330)
10 % increase in production costs until harvest	(139)
10 % decrease in production costs until harvest	139
5 pp increase in discount rate	(2,852)
5 pp decrease in discount rate	4,761

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for the year ended 31 December 2015

11. Cash and Cash Equivalents and Term Deposits

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Cash in bank / (Overdraft)	1,147	(148)
Cash on hand	-	-
Total cash and cash equivalents	1,147	(148)
Term deposits – non-current	1,738	-
Term deposits – current	-	2,646
Total deposits	1,738	2,646

Cash and cash equivalents and term deposits were denominated in the following currencies:

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)		31 December 2014	
	Cash and cash equivalents	Term deposits	Cash and cash equivalents	Term Deposits
UAH	719	1,738	(166)	2,646
EUR	44	-	2	-
USD	356	-	8	-
PLN	6	-	8	-
CHF	22	-	-	-
Total	1,147	1,738	(148)	2,646

As of 31 December 2015 the cash on banks accounts in amount USD 10 thousand was foreclosed by Ukraine executive authorities in favour of 3rd parties according to court decisions.

For amount of deposits pledged to secure bank loans refer to Note 17.

12. Trade and Other Accounts Receivable

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Trade accounts receivable	6,763	4,514
Less: provision for trade accounts receivable	(579)	(3,185)
Loans issued	2,396	2,631
Less: provision for loans issued	(279)	(1,098)
Other financial receivables	2,965	2,335
Less: provision for financial receivables	(1,731)	(125)
Loans to employees	-	-
Total financial trade and other receivables	9,535	5,072
Advances issued	1,490	2,144
Less: provision for advances issued	(73)	(296)
Total trade and other accounts receivable	10,952	6,920

As at 31 December 2015 almost all financial receivables were denominated in UAH (As at 31 December 2014 almost all financial receivables were denominated in UAH too), detailed information presented in note 29 – Currency risk.

Loans issued represent interest-free loans and are repayable within twelve months. The fair value of each class of trade and other receivables as at 31 December 2015 and 2014 approximates their carrying amount as of these dates. For amount of receivables pledged to secure bank loans refer to Note 17.

Long-term accounts receivable in amount USD 926 thousand are presented at amortised cost. These receivables are consist of trade receivables in amount 926.

KSG Agro S.A.**Notes to the Unaudited Consolidated Financial Statements**

for the year ended 31 December 2015

Movements in the impairment for trade and other receivables were as follows:

<i>In thousands of US dollars</i>	Trade receivables	Other receivables	Loans issued	Advances issued
Impairment at 31 December 2013	1,940	793	-	233
Reclassification of bad debt allowance	(10)	(379)	426	(37)
Impairment during the year	2,933	11	1,032	273
Exchange differences	(1,678)	(300)	(360)	(173)
Impairment at 31 December 2014	3,185	125	1,098	296
Reclassification of bad debt allowance	-	-	-	-
Impairment during the year	(980)	1,816	(585)	(721)
Exchange differences	(1,626)	(210)	(234)	498
Impairment at 31 December 2015 (unaudited)	579	1,731	279	73

Analysis by credit quality of financial receivables is as follows:

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)			31 December 2014		
	Trade receivables	Loans issued	Other receivables	Trade receivables	Loans issued	Other receivables
<i>Neither past due nor impaired</i>						
- Related parties	247	75	312	337	116	338
Total neither past due nor impaired	247	75	312	337	116	338
<i>Total overdue</i>						
- less than 90 days overdue	3,450	123	1,617	1,953	35	56
- 91 to 180 days overdue	103	298	28	206	230	-
- 181 to 360 days overdue	1,122	5	746	382	63	1,775
- over 360 days overdue	1,841	1,895	261	1,636	2,187	166
Total overdue	6,516	2,321	2,652	4,177	2,515	1,997
Less: provision for impairment	(579)	(279)	(1,731)	(3,185)	(1,098)	(125)
Total trade and other receivables	6,184	2,118	1,233	1,329	1,533	2,210

Related parties are represented by the private companies controlled by the majority shareholder of the Group.

Overdue accounts receivable are mainly presented by the amounts due from the entities under common control (refer to Note 27). Thus, management believes that all accounts receivable are recoverable in full amounts, unless respective provision for impairment was recognised. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

13. Taxes recoverable and prepaid, government grants received

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
VAT recoverable (1)	495	972
Other taxes receivable	59	82
Total taxes recoverable and prepaid	554	1,054

(1) As at 31 December 2015 the balance of VAT recoverable was accumulated on continuing capital expenditures and increased investments in working capital.

(2) The Ukrainian legislation provides for a number of different grants and tax benefits for companies involved in agricultural operations. The below mentioned grants and similar privileges are established by Verkhovna Rada (the Parliament) of Ukraine, as well as by the Ministry of Agrarian Policy of Ukraine, the Ministry of Finance of Ukraine, the State Committee of Water Industry, the customs authorities and local district administrations.

Government grants recognised by the Group as income during the years ended 31 December 2015 and 2014 were presented by VAT refunds amounting to USD 2,026 thousand and USD 1,805 thousand respectively.

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14. Share Capital and Share Premium

As of December 31, 2015 and 2014, the registered share capital of KSG AGRO S.A. amounted to USD 150,200 and comprised 15 020 thousand ordinary shares with a par value of USD 0.01 each. All issued shares were fully paid.

<i>In thousands of US dollars, except number of shares</i>	Number of shares	Ordinary shares	Share premium	Total
At 1 January 2014	15,020,000	150	37,254	37,404
Share issue	-	-	-	-
At 31 December 2014	15,020,000	150	37,254	37,404
Changes in Equity	-	-	-	-
At 31 December 2015 (unaudited)	15,020,000	150	37,254	37,404

Earnings per share calculation

Basic earnings per share were calculated through dividing net profit for the year attributable to ordinary shareholders of the parent company, by the average-weighted number of common shares outstanding during the year. Diluted earnings per share are calculated through dividing the net profit attributable to ordinary shareholders of the parent company (after adjustments to interest on convertible preference shares), by the average-weighted number common shares outstanding during the year plus the average-weighted number of common shares to be issued in case of the conversion of all potential common shares with dilutive effect.

The Group has put options warrants which contingent realisation would have an anti-dilutive effect on basic earnings per share given that the strike price of the warrants is higher than the market price for underlying common stock (Note #16).

Information about earnings and number of shares used when calculating basic and diluted earnings per share is as follows:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Loss for the year attributable to owners of the Company – basic	(2,747)	(50,156)
Profit/(loss) from discontinued operations attributable to ordinary shareholders of the parent company	-	-
Interest on convertible preference shares	-	-
Loss for the year attributable to owners of the Company – diluted	(2,747)	(50,156)
Weighted-average number of shares in issue – basic	15,020,000	15,020,000
Dilutive effect	-	-
Stock option	-	-
Convertible preference shares	-	-
Weighted-average number of shares in issue – diluted	15,020,000	15,020,000
Basic earnings per share, USD	(0.18)	(3.34)
Diluted earnings per share, USD	(0.18)	(3.34)

15. Loans and Borrowings

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Long-term		
Financial lease liabilities	128	789
Bank loans	39,358	10,274
Total long-term loans and borrowings	39,486	11,063

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Current		
Financial lease liabilities	606	635
Bank loans	3,269	46,121
Other borrowings	3,513	8,870
Total current loans and borrowings	7,388	55,626

As a result of Ukrainian crises, in 2014 several banks of Ukraine have been forced to start liquidation process. In order to ensure repayment due to bank depositors was decided to sign 3 side agreement with borrower (the Group), bank (Cambio Bank PJSC) and individuals. As a result such borrowings in consolidated financial statements as at December 31, 2015 presented as other borrowings amounted of USD 3,513 thousand.

As at 31 December, the Group's loans and borrowings were denominated in the following currencies:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Borrowings denominated in: - USD	19,485	26,585
- UAH	13,269	24,923
- EUR	14,120	15,181
Total loans and borrowings	46,874	66,689

As at December 31, 2015 the borrowings, that fall due and were restructured by the Company in 2015 are as follows:

- ICD Investments SA principal USD 10,297 thousand, interest USD 2,332 thousand - payable in 2026;
- Landesbank Baden principal USD 8,856 thousand, interest USD 577 thousand – repayable within 10 years;
- Big Dutchman Pig Equipment - principal USD 4,311 thousand, interest USD 376 thousand – repayable within 10 years;
- Import Export US Bank - principal USD 2,899 thousand, interest USD 123 thousand – repayable within 10 years;
- Export Kredit Fonden -Sydbank AS - USD 1,251 thousand– repayable within 10 years;
- PJSC Bank Credit Dnipro - USD 4,891 thousand– repayable within 5 years.
- PJSC KSG Bank - USD 2,376 thousand– payable in 2026.

As at 31 December, the Group's loans and borrowings maturity were as follows:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Loans and borrowings due:		
- within 1 year	7,388	55,626
- between 1 and 5 years	39,486	11,063
Total borrowings	46,874	66,689

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

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Property, plant and equipment	6,308	9,760
Receivables (Property rights under agreements on agricultural produce selling)	6,490	3,368
Term deposit	1,738	2,646
Inventory	490	2,336
Biological assets	1,326	6,935
Share in subsidiaries (Property rights)	1,755	-
Total carrying amount of collateral	18,107	25,045

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As at December 31, 2015 a related party pledged as collateral real estate of contractual value of USD 4,668 thousand for respective liabilities of the Group to the amount of USD 4,792 thousand (2014: contractual value of USD 4,572 thousand for respective liabilities of the Group to the amount USD 14,167 thousand).

The Group was not in compliance with certain loan covenants with respect to a loan of USD 16,457 thousand as at 31 December 2014. Consequently, non-current loan amounting to USD 16,457 thousand, which contractually matures in 2015, was classified as maturing within one year. In 2015, the Group management signed letters of intent and restructuring termsheet with some creditors regarding and agreed new loan's repayment schedules. Consequently outstanding debt on such loan agreements, presented in Group's consolidated financial statements as at December 31, 2015 according to agreed debt repayment terms.

As of December 31, 2015 the Group had loans payable (including interests) with overdue payments in amount USD 6,691 thousand. At the same time the Group is in negotiations with its creditors to achieve restructuring of its debts. Due to this breach and the fact that the negotiations with its finance providers had not been finalised by the end of the year, all the loans were classified into the short term borrowings of the Group. No pending litigation exists in respect with these cases.

Leased assets with the carrying amount of USD 1,071 thousand (31 December 2014: USD 1,268 thousand) are presented as a collateral for the Group's obligations under the finance lease agreements. The Group has not delayed any payments on these leases as at 31 December 2015 and therefore, according to the lease agreements, the lessor can't require the immediate return of leased assets with the carrying amount of USD 1,071 thousand (2014: USD 1,268 thousand).

Management in 2015 finalized negotiations on new schedule and terms of payments

As at 31 December 2015 and 2014, obligations under financial lease liabilities were:

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Long-term	128	789
Short-term	605	635
Total finance lease liabilities	733	1,424
Total future minimum lease payments	831	1,719
Less: interest expenses	(98)	(295)
Discounted value of future minimum lease payments	733	1,424

As at 31 December 2015, future minimum lease payments and their discounted value under financial lease agreements that are not subject to early termination and concluded for a term exceeding one year are as follows:

<i>In thousands of US dollars</i>	2016	2017	2018	2019	2020	Total
Future minimum lease payments	641	63	52	46	29	831
Less: interest expenses	(36)	(28)	(20)	(11)	(3)	(98)
Discounted value of future minimum lease payments	605	35	32	35	26	733

As at 31 December 2014, future minimum lease payments and their discounted value under financial lease agreements that are not subject to early termination and concluded for a term exceeding one year are as follows:

<i>In thousands of US dollars</i>	2015	2016	2017	2019	Total
Future minimum lease payments	788	507	415	9	1,719
Less: interest expenses	(153)	(98)	(44)	-	(295)
Discounted value of future minimum lease payments	635	409	371	9	1,424

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for the year ended 31 December 2015

As at 31 December 2015, minimum lease payments were as follows:

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Amounts payable under financial lease agreements:		
During 1 year	641	788
Over 1 year but no more than 5 years	190	931
Total lease payments	831	1,719

16. Trade and Other Accounts Payable

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Trade payables	7,572	10,665
Financial assistance received	10,912	5,694
Payables for own promissory notes	-	1,304
Land lease payables	233	1,274
Promissory notes issued to GEM	58	213
Other accounts payable	908	2,243
Total financial trade and other payables	19,682	21,393
Prepayments received	2,835	2,617
Litigation reserve	254	387
Wages and salaries accrued	93	99
Total trade and other payables	22,864	24,496

Prepayments received and accounts payable are interest-free and settled in the normal course of business.

17. Promissory notes issued

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Long-term promissory notes issued	1,988	215
Current promissory notes issued	268	1,636
Total promissory notes issued	2,256	1,851

Long term and short term promissory notes issued in amount USD 1,988 thousand are presented at amortised cost; initial cost of these financial liabilities is equal to USD 2,000 and 12 thousand respectively (including interest charged – USD 32 thousand).

18. Revenue

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Sale of agricultural produce and processed food	17,533	24,678
Rendering of services	1,729	1,624
Total revenue	19,262	26,302

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19. Cost of Sales

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Cost of agricultural produce and processed food	15,215	27,890
Cost of rendered services	1,301	854
Total cost of sales	16,516	28,744

Cost of goods sold for the year 2015 contains of the following components:

<i>In thousands of US dollars</i>	2015 (unaudited)
Incurring costs	10,770
Revaluation effects	3,857
Additional depreciation & amortization	1,889
Total cost of sales	16,516

20. Selling, General and Administrative Expenses

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Wages and salaries	176	675
Informational, expert and consulting services	264	651
Depreciation and amortisation	74	472
Transport services	81	249
Fuel and other materials	121	140
Bank services	84	136
Crops storage services	-	75
Taxes, other than income tax	220	27
Other expenses	611	419
Total selling, general and administrative expenses	1,631	2,844

The total fees for audit services provided to the Group for the year 2015 are USD 76 thousand (2014 – USD 112 thousand).

21. Other Expenses

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Other expenses		
Impairment of accounts receivable from Crimean companies	-	4,385
Impairment of accounts receivable	240	4,249
Loss of lucerne in Crimea	-	2,756
Impairment of LLR	425	-
VAT written off	71	1,558
Accounts receivable and prepayments write-off	-	1,246
Fines and penalties	396	1,197
Loss of harvest	635	453
Inventories write-off	-	268
Provision for litigations	-	246
Loss on PPE disposal	-	235
Loss of current's assets sales	236	-
Impairment of lucerne	155	-
Write-down of inventories	-	166
Write-off debts Souz-3 LLC and other debts reverse	1,247	-

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Other	-	524
Total other expenses	3,405	17,283

22. Finance Income and Expenses

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Finance income		
Interest income	709	909
Unwinding of discount on non-current financial assets	1,318	410
Total finance income	2,027	1,319
Finance expenses		
Interest expense on bank loans	(5,401)	(11,702)
Interest expense on trade loan	-	(324)
Interest expense under financial lease	(5)	(356)
Discount on non-current financial assets	(430)	(2,398)
Unwinding of discount on long-term financial liabilities	(32)	(26)
Other finance expenses	(22)	(131)
Finance expenses	(5,890)	(14,937)
Less: amounts capitalised on qualifying assets (Note 8)	795	546
Total finance expenses	(5,095)	(14,391)

23. Income Tax

The majority of the Group's operating entities are located in Ukraine, therefore the effective tax rate reconciliation is completed based on Ukrainian statutory rates. The majority of the Group companies that are involved in agricultural production pay the Fixed Agricultural Tax (the "FAT") in accordance with the Tax Code.

The FAT replaces the following taxes for agricultural producers: Corporate Income Tax, Land Tax, Special Water Consumption Duty, and Trade Patent. The FAT is calculated by local authorities and depends on the area and valuation of land occupied. This tax regime is valid indefinitely. FAT does not constitute an income tax, and as such, is recognised in the income statement within item cost of sales.

During the year ended 31 December 2015, the Group's companies that have the status of Corporate Income Tax (the "CIT") payers in Ukraine were subject to income tax at a rate of 18% (for the year ended 31 December 2014: 18%).

The deferred income tax assets and liabilities as of 31 December 2015 and 2014 were measured based on the tax rates expected to be applied to the period when the temporary differences are expected to reverse.

Income tax expense comprises the following:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Current tax expense	(7)	(13)
Deferred tax benefit/(expense)	746	294
Income tax benefit/(expense)	739	281

Reconciliation between the expected and the actual taxation charge is provided below.

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Loss before tax	(3,463)	(53,517)
- (Gain) attributable to FAT payers	5,392	(37,846)
- (Loss) attributable to Ukrainian subsidiaries	(8,103)	(13,790)
- (Loss) / Profit attributable to other Group companies	(752)	(1,881)
Income tax (benefit) / expense related to Ukrainian subsidiaries	1,459	2,482
Income tax (benefit) / expense related to other Group companies	312	373
• non-deductible expense	-	(112)

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• change in unrecognised deferred tax asset	(1,032)	(2,462)
• change related to tax payer status change (from CPT to FAT)		-
Income tax benefit/(expense)	739	281

Deferred taxes movement for the year 2015 presented below:

<i>In thousands of US dollars</i>	31 December 2014	Credited/ (charged) to income statement	Translation difference	31 December 2015 (unaudited)
Tax effect of deductible temporary differences				
Accounts receivable	140	(6)	(47)	87
Promissory notes received	13	(9)	(4)	-
Gross deferred tax asset	153	(15)	(51)	87
Tax effect of taxable temporary differences				
Property, plant and equipment	(1,010)	764	276	30
Gross deferred tax liability	(1,010)	764	276	30
Recognised deferred tax asset/(liability)	(857)	749	225	117

Deferred taxes movement for the year 2014 presented below:

<i>In thousands of US dollars</i>	31 December 2013	Credited/ (charged) to income statement	Translation difference	31 December 2014
Tax effect of deductible temporary differences				
Accounts receivable	59	146	(65)	140
Promissory notes received	38	(8)	(17)	13
Gross deferred tax asset	97	138	(82)	153
Tax effect of taxable temporary differences				
Property, plant and equipment	(2,224)	156	1,058	(1,010)
Gross deferred tax liability	(2,224)	156	1,058	(1,010)
Recognised deferred tax asset/(liability)	(2,127)	294	976	(857)

24. 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 operation 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, colseed (rape), soybeans and other crops, such as corn, triticale, pea, 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 and supplies to retail chains.
- *Livestock breeding.* A segment which deals with pigs breeding and sale of respective livestock (cattle). 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, 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

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such information is the most relevant in evaluating the results of the Group's segments relative to other entities that operate within these industries.

Items which are not disclosed separately in segment income and expenses are as follows: Government grant received, Gain/(loss) on acquisition/(disposal) of subsidiaries/assets held for sale, Other operating income, Selling, general and administrative expenses, Other operating expenses, Finance income, Finance expenses, Loss on share purchase warrant and Income tax benefit.

Information about operating segments for year 2015 presented below:

<i>In thousands of US dollars</i>	Crop production	Food processing	Livestock breeding	Other operations	Total
Revenue	11,032	2,988	8,494	1,728	24,242
<i>including:</i>					
- sales of goods	11,032	2,988	8,494	(1)	22,513
- rendering of services	-	-	-	1,729	1,729
Inter-segment transactions	(1,762)	(219)	(2,384)	(615)	(4,980)
Revenue from external customers	9,270	2,769	6,110	1,113	19,262
Change in fair value of biological assets less estimated point-of-sale costs	4,662	-	3,756	-	8,418
Cost of sales	(6,700)	(2,353)	(5,149)	(2,314)	(16,516)
Segment profit/(loss)	7,232	416	4,717	(1,201)	11,164
Government grant received					2,026
Selling, general and administrative expenses					(1,631)
Other operating income / (expense), net					1,533
Operating profit					13,092
Finance income					2,027
Finance expenses					(5,095)
Foreign currency exchange gain/(loss), net					(9,539)
Loss on impairment of goodwill					-
Other income/(expenses), net					(3,405)
Gain/(Loss) on acquisition/(disposal) of subsidiaries and associates					-
Gain on share purchase warrant					-
Profit/(loss) before tax per segments					(2,920)
Income tax expense					739
Profit for the period					(2,181)
Other segment information:					
Depreciation and amortisation	1,272	86	1,229	292	2,879
Capital expenditure	91	8	2,829	-	2,928

Information about operating segments for 2014 is as follows:

<i>In thousands of US dollars</i>	Crop production	Food processing	Livestock breeding	Other operations	Total
Revenue	16,199	1,686	8,063	4,194	30,142
<i>including:</i>					
- sales of goods	16,199	1,686	8,063	2,570	28,518
- rendering of services	-	-	-	1,624	1,624
Inter-segment transactions	(1,273)	(222)	(738)	(1,607)	(3,840)
Revenue from external customers	14,926	1,464	7,325	2,587	26,302

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Change in fair value of biological assets less estimated point-of-sale costs	(15,492)	-	18,897	(1,146)	2,259
Cost of sales	(17,478)	(1,413)	(8,771)	(1,082)	(28,744)
Segment profit/(loss)	(18,044)	51	17,451	359	(183)
Government grant received					1,805
Selling, general and administrative expenses					(2,844)
Other operating income / (expense), net					852
Operating profit					(370)
Finance income					1,319
Finance expenses					(14,391)
Foreign currency exchange gain/(loss), net					(22,227)
Loss on impairment of goodwill					(827)
Other income/(expenses), net					(17,283)
Gain/(Loss) on acquisition/(disposal) of subsidiaries and associates					4
Gain on share purchase warrant					258
Profit/(loss) before tax per segments	(24,349)	(483)	17,054	(4,048)	(53,517)
Income tax expense	-	-	-	-	281
Profit for the period	-	-	-	-	(53,236)
Other segment information:					
Depreciation and amortisation	4,059	549	1,429	1,095	7,132
Capital expenditure	(81)	(52)	(1,369)	(28)	(1,530)

Breakdown of revenue by geographical segments is based on the domicile of the customers and is as follows:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Ukraine	18,975	26,074
Europe	287	228
Total revenue	19,262	26,302

25. Related Parties

Significant related party balances outstanding at the reporting dates are:

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)		31 December 2014	
	Parent and owners	Entities under common control	Parent and owners	Entities under common control
Assets				
Trade and other accounts receivable	-	634	1,721	342
Loans issued	-	-	-	448
Liabilities				
Trade and other accounts payable	3	2,579	-	2,889
Prepayments received	-	-	-	-
Loans	10,297	2,650	10,297	3,802
Interest payable	2,332	50	1,572	92

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Revenue and expense transactions with related parties during 2015 and 2014 were as follows:

<i>In thousands of US dollars</i>	2015 (unaudited)		2014	
	Parent and owners	Entities under common control	Parent and owners	Entities under common control
Sales	-	-	-	15
Unwinding of discount on long-term receivable	-	56	-	518
Purchases	-	-	-	-
Interest expenses	918	701	918	519
Capitalized interest costs (Note 8)	-	645	-	546

Purchases from related parties comprised of the following:

<i>In thousands of US dollars</i>	2015 (unaudited)		2014	
	Parent and owners	Entities under common control	Parent and owners	Entities under common control
Purchase of goods	-	-	-	-
Total	-	-	-	-

Entities under common control are companies controlled by majority shareholder – Sergey Kasianov.

As at 31 December 2015, the ultimate controlling party and other related parties provided collateral for the Group's loan of USD 4,675 thousand and USD 0 thousand respectively (2014: USD 2,403 thousand and USD 2,502, respectively).

Transactions with key management personnel. Key management personnel are those individuals that have the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, and consist of five members of the Board of Directors.

Remuneration of key management personnel for 2015 comprised short-term benefits totalling USD 173 thousand (2014: USD 304 thousand).

There are no other compensations for key management personnel, information about which need to be disclosed.

26. Contingencies and commitments**Legal suits against the Group.**

As of 31 December 2015 the Group had litigations for repayment of existing payables (except loans payable) in amount USD 1,220 thousand and charging additional fines in amount USD 840 thousand that were continue for 2015 year. The Group estimates that such legal cases will be resolved in favor of Group and due to this no provision was recognized as of 31 December 2014.

The bank 'Credit Agricole' suit in 2015 year Group with requirement to repay debt in amount USD 3,051 thousand payable as of 31 December 2014 and pay additional payments (fines, penalties, interest for the first half 2015, etc.) in total amount USD 920 thousand. In the first quarter of 2016 the Group management agreed with bank memorandum for restructure debt in 2016 and next years.

The Cyprus subsidiary, KSG Agricultural and Industrial Holding Limited, received claims to repay USD 709 thousands in accordance with the terms of a Guarantee agreement. A payment of approximately USD 450 thousands was done since the introduction of this claim. In first quarter 2016 the Company signed amicable agreement with counterparty and court proceedings were closed.

Contingencies of debt liabilities. The Group had overdue and breach covenants debt agreements with banks as of 31 December 2014 in total amount USD 29,700 thousand. In case the banks (other than mentioned in Note #32 'Events after the Reporting Period') with overdue payments and breach of covenants as of 31 December 2014 start sue the Group at the date of this consolidated financial statements the total amount of debts that should be repaid is equal to USD 32,672 thousand and additional payments (fines, penalties, interest for the 1st half 2015, etc.) to be paid in total amount USD 644 thousand. The Group management actively conducts negotiations with banks and expects to agree with such banks memorandum for restructure debts with favorable conditions for both parties.

27. Risk management policies

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the consolidated statement of financial position and as summarised below:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Financial assets		
Long-term receivables	926	2,227
Promissory notes receivable	217	570
Term deposits	1,738	2,646
Trade and other accounts receivable	9,535	5,072
Cash and cash equivalents	1,147	(148)
Total financial assets	13,563	10,367
Financial liabilities		
Trade and other accounts payable	19,682	21,393
Loans and borrowings	46,874	66,689
Promissory notes issued	2,256	1,851
Financial liabilities	68,812	89,933

Credit risk concentration. The Group is exposed to the concentration of credit risk. Management monitors and discloses concentrations of credit risk by obtaining monthly reports with exposures to counterparties with the balances in excess of 1% of net assets.

At 31 December 2015, the Group had 17 counterparties (31 December 2014: 4 counterparties) with aggregated receivable balances above USD 150 thousand each. The total aggregate amount of these balances was USD 9,941 thousand (31 December 2014: USD 2,322 thousand) or 84% of the net amount of trade and other receivables (31 December 2014: 34%).

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities, all of which are exposed to general and specific market movements.

The Group does not have significant interest-bearing financial assets. Loans and borrowings issued at variable interest rates expose the Group to the interest rate risk. Loans and borrowings issued at fixed rates expose the Group to the fair value risk.

The sensitivities to market risks disclosed below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Interest rate risk. Risk of changes in interest rate is generally related to interest-bearing loans. Loans issued at variable rates expose the Group to cash flow interest rate risk. Loans issued at fixed rates expose the Group to fair value interest rate risk. The Group is currently developing its policy on structure of fixed and variable rates loan portfolio. The Group's management analyses market interest rates to minimize interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. At 31 December 2015, if interest rate had been 5% higher with all other variables held constant, post-tax profit for the year would have been USD 5,398 thousand lower (2014: USD 3,015 thousand), respectively if interest rate had been 5% lower then profit after tax would have been decrease in the same amount. The impact on Equity would be the same as on the Profit&Losses.

Currency risk. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

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At 31 December 2015 the Group has financial assets and liabilities denominated in foreign currency, net position of which presented below:

<i>In thousands of US dollars</i>	USD	EUR	PLN	CHF	UAH
Financial assets					
Long-term receivables	926	-	-	-	-
Promissory notes receivable	-	-	-	-	217
Term deposits	-	-	-	-	1,738
Trade and other accounts receivable	335	7	-	-	9,193
Cash and cash equivalents	356	44	6	22	719
Total financial assets	1,617	51	6	22	11,867
Financial liabilities					
Trade and other accounts payable	2,533	138	10	158	16,842
Loans and borrowings	19,485	14,120	-	-	13,269
Promissory notes issued	134	-	-	-	2,121
Total financial liabilities	22,152	14,258	10	158	32,232
Total: net value	(20,535)	(14,207)	(4)	(136)	(20,365)

At 31 December 2014 the Group has financial assets and liabilities denominated in foreign currency, net position of which presented below:

presented below:

<i>In thousands of US dollars</i>	USD	EUR	PLN	CHF	UAH
Financial assets					
Long-term receivables	1,098	-	-	-	1,129
Promissory notes receivable	-	-	-	-	570
Term deposits	-	-	-	-	2,646
Trade and other accounts receivable	-	389	-	37	4,646
Cash and cash equivalents	8	2	8	-	(166)
Total financial assets	1,106	391	8	37	8,825
Financial liabilities					
Trade and other accounts payable	(1,792)	(533)	(138)	(6)	(18,924)
Loans and borrowings	(26,585)	(15,181)	-	-	(24,923)
Promissory notes issued	-	(1,555)	-	-	(378)
Total financial liabilities	(28,377)	(17,269)	(138)	(6)	(44,225)
Total: net value	(27,271)	(16,878)	(130)	31	(35,400)

Because of this exposure, if the US dollar were to strengthen or weaken by 20 percent against the UAH, it would decrease or increase the Group's profit before tax by USD 155 thousand, respectively (31 December 2014: 40% and increase or decrease by USD 10,908 thousand).

Because of this exposure, if the Euro were to strengthen or weaken by 20 percent against the UAH, it would decrease or increase the Group's profit before tax by USD 171 thousand, respectively (31 December 2014: 40% and increase or decrease by USD 6,751 thousand).

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is managed by the Group management who monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings and trade and other payables.

The table below shows liabilities at 31 December 2015 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the statement of financial position is based on discounted cash flows.

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The maturity analysis of financial liabilities at 31 December 2015 is follows:

<i>In thousands of US dollars</i>	Less than 1 year	From 1 year to 2 years	From 2 years to 5 years	Total
Loans and borrowings	6,783	2,388	36,970	46,141
Future interest cash flow – loans	2,451	2,221	19,122	23,794
Financial lease	605	35	93	733
Future interest cash flow – financial lease	36	28	34	98
Trade and other payables	19,682	-	-	19,682
Promissory notes issued	268	1,988	-	2,256
Total	29,825	6,661	56,218	92,704

The maturity analysis of financial liabilities at 31 December 2014 is follows:

<i>In thousands of US dollars</i>	Less than 1 year	From 1 year to 2 years	From 2 years to 5 years	Total
Loans and borrowings	54,991	-	10,274	65,265
Future interest cash flow – loans	12,516	918	91	13,525
Financial lease	635	409	380	1,424
Future interest cash flow – financial lease	153	98	44	295
Trade and other payables	21,393	-	-	21,393
Promissory notes issued	1,699	234	-	1,933
Total	91,387	1,659	10,789	103,835

The Group primary manages business risks and does not have formalised policies and procedures for managing financial risks.

28. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to provide financing of its operating requirements, capital expenditures and Group's development strategy. The Group's capital management policies aim to ensure and maintain an optimal capital structure to reduce the overall cost of capital and flexibility relating to Group's access to capital markets.

<i>In thousands of US dollars</i>	31 December 2015 (unaudited)	31 December 2014
Total amount of borrowings	46,874	68,540
Less cash and cash equivalents	(2,885)	(148)
Net debt	43,989	68,688
Total capital	(8,140)	(2,871)
Debt to capital ratio	(18,504)%	(2,392)%

The Group is currently developing its capital management policy. Management monitors on a regular basis the Group's capital structure and may adjust its capital management policies and targets following changes of its operating environment, market sentiment or its development strategy.

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29. Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

Fair value estimation. As at 31 December 2015 and 2014 the Group did not have financial assets carried at fair value.

Financial assets carried at amortized cost. Carrying amounts of trade and other financial receivables approximate their fair value.

Financial liabilities carried at amortized cost. Carrying amounts of trade and other payables, financial lease liabilities, promissory notes issued, bank and other borrowings approximate their fair values as at 31 December 2015 and 2014.

Liabilities carried at fair value through profit or loss. The fair value of share purchase warrant was determined using the Black-Scholes model (Note. Management applies judgement in categorising financial instruments using the fair value hierarchy. To determine the fair value of share purchase warrant the Group used valuation technique with inputs observable in markets, which is the Level 2 measurement.

30. Events after the Reporting Period

The Group's parent is OLBIS Investments LTD S.A., registered in Panama, from 02.03.16.

Company signed a preliminary letter of intent (LoI) with the bank 'Credit Agricole' related to the restructuring of the total debt in the amount of USD 3,000 thousand.

At a meeting of the European Business Association Board, held on February 22, 2016, KSG Agro S.A. was accepted as a new full member of the Association. European Business Association unites more than nine hundred companies. It is one of the biggest business communities working on the Ukrainian market. EBA activities focus on the possibility of establishing business relations with the best international and Ukrainian companies. The idea of the Association is to provide its member companies with the opportunity to work together to solve the important issues of the investment climate in Ukraine and improve it for the benefit of industry, society, the economy and the country as a whole.

31. Foreign currency exchange gain/(loss), net

The net position of FOREX losses as at December 31 presented below:

<i>In thousands of US dollars</i>	2015 (unaudited)	2014
Foreign currency exchange gain	5,161	1,130
Foreign currency exchange loss	(14,700)	(23,357)
Net amount	(9,539)	(22,227)