

# Annual accounts for the year ended June 30, 2011

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**KERNEL HOLDING S.A.**

65, boulevard Grande-Duchesse Charlotte  
L-1331 Luxembourg  
R.C.S. Luxembourg B 109173

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**KERNEL**

**TEAMAUDIT S.A**  
67, rue Michel Welter  
L-2730 Luxembourg

## Statement of Management Responsibilities

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The Management of Kernel Holding S.A. is responsible for preparing the financial statements which reflect in all material aspects the financial position of Kernel Holding S.A. as at 30 June 2011, as well as the results of its activities, cash flows and changes in equity for the year then ended in accordance with Luxembourg Financial Reporting Standards (Lux Gap).

In preparing these financial statements, the Kernel Holding S.A. Management is responsible for:

- selecting appropriate accounting policies and their consistent application;
- making reasonable measurement and calculation;
- following principles of Lux Gap or disclosing all considerable deviations from Lux Gap in the notes to the financial statements;
- preparing financial statements of the Kernel Holding S.A on a going concern basis, except for the cases when such assumption is illegal;
- accounting and disclosing in the financial statements all the relations and transactions between related parties;
- accounting and disclosing in the financial statements all subsequent events that need to be adjusted or disclosed;
- disclosing all claims related to previous or potential legal proceedings; and
- disclosing in the financial statements all the loans or guarantees on behalf of the management.

Kernel Holding S.A. Management is also responsible for:

- development, implementation and control over effective and reliable internal control systems for the Company;
- keeping accounting records in compliance with the legislation and accounting standards of Lux Gap;
- taking reasonable steps within its cognisance to safeguard the assets of the Company; and
- detecting and preventing from fraud and other irregularities.

October 26, 2011

On behalf of the Management

**Patrick Conrad**  
Director

**Anastasiia Usachova**  
Director

To the shareholders of  
**KERNEL HOLDING S.A.**  
65, Boulevard Grande-Duchesse Charlotte  
L-1331 Luxembourg

## Report of the réviseur d'entreprises agréé

### Report on the annual accounts

Following our appointment, we have audited the accompanying annual accounts of KERNEL HOLDING S.A., which comprise balance sheet as at June 30, 2011 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Responsibility of the Board of Directors for annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### Responsibility of the Réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

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

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

### Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of KERNEL HOLDING S.A. as of June 30, 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

### Report on other legal and regulatory requirements

The management report, which is the responsibility of the board of directors, is consistent with the annual accounts.

Luxembourg, October 27, 2011

### TEAMAUDIT S.A.

Reviseurs d'Entreprises  
67, Rue Michel Welter  
L-2730 Luxembourg

Represented by  
**Jean ZEIMET**  
Réviseur d'Entreprises agréé



## Balance Sheet as at June 30, 2011

(in US dollars and in thousands unless otherwise stated)	Notes	30 June 2011	30 June 2010
<b>ASSETS</b>			
<b>A.Subscribed capital unpaid</b>			
I. Uncalled subscribed capital		-	-
II. Subscribed capital called but unpaid		-	-
<b>B. Formation expenses</b>	Note 3	<b>4,166</b>	6,836
<b>C. Fixed assets</b>			
I. Intangible Assets		-	-
II. Tangible Assets		-	-
III. Financial fixed Assets	Note 4		
1. Shares in affiliated undertakings		<b>488,049</b>	435,715
2. Amount owed by affiliated undertakings		<b>38,800</b>	38,800
<b>D. Current Assets</b>			
I. Inventories		-	-
II. Debtors			
1. Trade receivables			
a) Becoming due and payable within one year			
b) Becoming due and payable after more than one year			
2. Amounts owed by affiliated undertakings			
a) Becoming due and payable within one year	Note 5	<b>113,656</b>	306
b) Becoming due and payable after more than one year	Note 5	<b>41,118</b>	41,118
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests		-	-
4. Other receivables		-	-
III. Transferable Securities		-	-
IV. Cash at bank, in postal cheque accounts, cheques and cash in hand	Note 2	<b>42,082</b>	10,902
<b>E. Regularisation accounts/prepayments and accrued income</b>	Note 6	<b>23</b>	31
<b>Total Assets</b>		<b>727,894</b>	533,708

## Balance Sheet as at June 30, 2011 (continued)

(in US dollars and in thousands unless otherwise stated)	Notes	30 June 2011	30 June 2010
<b>LIABILITIES</b>			
<b>A. Equity</b>			
I. Subscribed capital	Note 7	1,945	1,933
II. Share premium account and similar premiums	Note 7	333,455	329,639
III. Revaluation reserve		-	-
IV. Reserves.			
1. Legal reserve	Note 9	123	123
2. Reserve for own shares or own corporate units		-	-
3. Reserves provided for by the articles of association		-	-
4. Other reserves		-	-
5. Reserve for net worth tax imputed		-	-
V. Profit or loss brought forward	Note 9	(10,394)	(1,723)
VI. Profit or loss for the financial year/period	Note 9	38,166	(8,671)
VII. Interim dividends		-	-
VIII. Capital investment subsidies		-	-
IX. Gains which are temporarily not taxable		-	-
<b>B. Subordinated debts</b>			
<b>C. Provisions for liabilities and charges</b>			
1. Provisions for pensions and similar obligations			
2. Provisions for taxation	Note 10	783	781
3. Other provisions	Note 10	123	52
<b>D. Non-subordinated debts</b>			
1. Debenture loans			
2. Amounts owed to credit institutions			
a) Becoming due and payable within one year	Note 11	171,970	476
b) Becoming due and payable after more than one year	Note 11	18,664	32,000
3. Prepayments received on account of orders as far as they are not deducted distinctly from inventories			
4. Trade creditors			
5. Bills of exchange payable			
a) Becoming due and payable within one year	Note 11	199	138
b) Becoming due and payable after more than one year	Note 11	-	-
6. Amounts owed to affiliated undertakings			
a) Becoming due and payable within one year	Note 11	28	13
b) Becoming due and payable after more than one year	Note 11	172,017	105,069
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests			
8. Tax and social security debts			
a) Tax debts	Note 11	68	51
b) Becoming due and payable after more than one year		-	-
9. Other creditors			
a) Becoming due and payable within one year	Note 11	747	73,827
b) Becoming due and payable after more than one year			
<b>E. Accruals and deferred income</b>			
<b>Total Liabilities</b>		<b>727,894</b>	<b>533,708</b>

## Profit and Loss Account for the year ended June 30, 2011

(in US dollars and in thousands unless otherwise stated)	Notes	30 June 2011	30 June 2010
<b>CHARGES</b>			
1. Use of merchandise, raw materials and consumable materials		-	-
2. Other external charges		-	-
3. Staff costs		60	142
4. Value Adjustments			
a) on respect of formation expenses and on tangible and intangible fixed assets	Note 3	2,791	2,531
b) on current assets			
5. Other operating charges		3,773	3,413
6. Value adjustments and fair value adjustments on financial fixed assets		9	-
7. Value adjustments and fair value adjustments on financial fixed assets. Loss on disposal of transferable securities		-	-
8. Interests payable and other financial charges			
a) concerning affiliated undertakings	Note 11	5	7
b) other interest and charges	Note 11	5,344	2,622
9. Extraordinary charges		117	150
10. Income tax	Note 10	2	-
11. Other taxes not included in the previous caption	Note 10	-	-
13. Profit of the financial period	Note 9	38,166	-
		<b>50,267</b>	<b>8,865</b>
<b>INCOME</b>			
1. Net turnover		-	-
2. Change in inventories of finished goods and of work and contracts in progress		-	-
3. Fixed assets under development		-	-
4. Reversal of value adjustments		-	-
5. Other operating income			
6. Income from financial fixed assets			
a) derived from affiliated undertakings	Note 5	49,900	-
b) other income from participating interests		-	-
7. Income from financial current assets			
a) derived from affiliated undertakings		-	-
b) other income		5	7
8. Other interest and other financial income			
a) derived from affiliated undertakings		-	170
b) other interests receivable and similar income		362	17
9. Extraordinary income		-	-
10. Loss for the financial period	Note 9	-	8,671
		<b>50,267</b>	<b>8,865</b>

# Notes to the Annual Accounts as at June 30, 2011

## Note 1 – General Information

Kernel Holding S.A. (herein refer to as the “Company”), was incorporated on June 15, 2005 in the form of a public limited company under Luxembourg law. Its registered office is established in Luxembourg, 65, Boulevard Grande-Duchesse Charlotte. The Company is registered at the Luxembourg company register under number B 109173.

“The purpose of the Company is the acquisition, the management, the enhancement and the disposal of participations in whichever form in domestic and foreign companies. The company may also contract loans and grant all kinds of support, loans, advances and guarantees to companies, in which it has a direct or indirect participation or which are members of the same group. It may open branches in Luxembourg and abroad. Furthermore, the company may acquire and dispose of all other securities by way of subscription, purchase, exchange, sale or otherwise. It may also acquire, enhance and dispose of patents and licenses, as well as rights deriving therefrom or supplementing them. In addition, the company may acquire, manage, enhance and dispose of real estate located in Luxembourg or abroad.

The Company’s financial year runs from July 1 to June 30.

On the basis of the offering prospectus (the “Prospectus”) approved on October 25, 2007 by the Commission de Surveillance du Secteur Financier, shares in the Company were offered to investors in an offering consisting of a public offering in Poland and an international offering by way of private placements to selected institutional investors in certain jurisdictions outside of Poland.

NAMSEN Limited, a company registered in Cyprus, 13, Agiou Prokopiou Street holds 40,96% of the shares of the Company. As parent company to the Kernel Group, NAMSEN Ltd prepares consolidated annual accounts. These consolidated accounts are available at the registered office of NAMSEN Ltd.

## Note 2 – Principal accounting methods and valuation rules

### 2.1 General principles

The annual accounts are established in accordance with Luxembourg legal and regulatory provisions and generally accepted accounting practices.

In accordance with article 4 of the law dated December 10, 2010, the Board of Directors of the Company has resolved for the period ended December 31, 2010 not to implement the changes brought by this law to the content and the layout of the annual accounts, as well as to the related accounting principles and valuation policies.

### 2.2 Principal valuation rules

The following are the principal valuation rules, in compliance with the principles described above:

#### Currency conversion

The accounts are expressed in United-States Dollars (USD)

On the balance sheet date:

Assets expressed in a currency other than the balance sheet currency are valued individually at the lower of either their value at the historic exchange rate or their value determined on the basis of the exchange rate in effect on the balance sheet date.

Liabilities expressed in a currency other than the balance sheet currency are valued individually at the higher of either their value at the historic exchange rate or their value determined on the basis of the exchange rate in effect on the balance sheet date.

Income and charges denominated in currencies other than USD are translated at rates of exchange prevailing at the date of the relevant transaction.

## Note 2 – Principal accounting methods and valuation rules (continued)

### 2.2.1 Formation expenses

Formation expenses and capital increase expenses are amortised on a straight line basis over a period of 5 years.

### 2.2.2 Financial assets

Investments are valued at the lower of either their acquisition price or their fair market value estimated on the balance sheet date by the Board of Directors. To estimate the value of the investments, the Board of Directors uses the companies' latest financial statements.

Long-term loan are valued at their nominal value. Value adjustments are made when the estimated fair market value is lower than the nominal value.

### 2.2.3 Current assets receivables

Current assets receivables are valued at their nominal value. Value adjustments are made when the estimated fair market value is lower than the nominal value.

### 2.2.4 Cash at bank

This item is valued at its nominal value.

### 2.2.5 Assets: prepayments and accrued income

This item consists of charges paid or recorded in advance.

### 2.2.6 Creditors

Debts are valued at their nominal value.

## Note 3 – Formation expenses

The company records its formation and capital increase expenses under this caption:

	2011 USD	2010 USD
Acquisition cost at July 1, 2010	13,866,377	12,228,689
Capital increase expenses	120,245	1,637,688
Acquisition cost at June 30, 2011	13,986,621	13,866,377
Value adjustments at July1, 2010	(7,030,074)	(4,502,203)
Value adjustments of the period	(2,790,516)	(2,527,871)
Value adjustments at June 30, 2011	(9,820,589)	(7,030,074)
Net book value at June 30, 2011	4,166,032	6,836,303
Net book value at July 1, 2010	6,836,303	7,726,486



## Note 4 – Financial Assets

The movements of the period are as follows:

	Shares in affiliated undertakings USD	Loans to affiliated undertakings or sister company USD	Participating interests USD	Loans to undertakings with which the company is linked by virtue of participating interests USD	Securities held as fixed assets USD	Other loans USD	Own shares or own corporate units USD	Total USD
<b>Gross book value - opening balance</b>	435,715,101	38,800,000	-	-	-	-	-	<b>474,515,101</b>
Additions for the period	57,815,038	-	-	-	-	-	-	<b>57,815,038</b>
Disposals for the period	(5,481,398)	-	-	-	-	-	-	<b>(5,481,398)</b>
Transfers for the period	-	-	-	-	-	-	-	-
<b>Gross book value - closing balance</b>	488,048,741	38,800,000	-	-	-	-	-	<b>526,848,741</b>
Depreciation - opening balance	-	-	-	-	-	-	-	-
<b>Depreciation for the period</b>	-	-	-	-	-	-	-	-
Reversals for the period	-	-	-	-	-	-	-	-
Transfers for the period	-	-	-	-	-	-	-	-
<b>Depreciation - closing balance</b>	-	-	-	-	-	-	-	-
Net book value - closing balance	488,048,741	38,800,000	-	-	-	-	-	<b>526,848,741</b>
Net book value - opening balance	435,715,101	38,800,000	-	-	-	-	-	<b>474,515,101</b>

## Note 4 – Financial Assets (continued)

Undertakings in which the Company holds at least 20% in their share capital or in which it is a general partner are as follows:

Undertaking's name (legal form)	Registered office	Ownership %	Last balance sheet date	Currency	Net equity at the balance sheet date of the company concerned	Profit or loss of the last financial year	Shares in affiliated Companies
JERSTE B.V.	Prins Bernhardplein 200 1097 JB Amsterdam, NL	100%	30.06.11	USD	25,942,000	(57,000)	29,912,730
INERCO TRADE SA	Genève Switzerland	99,97%	30.06.11	USD	33,619,000	17,536,000	3,532,674
KERNEL CAPITAL LLC	16, Nemirovicha-Danchenka Street, Kyiv, 01133 Ukraine	99,67%	30.06.11	USD	46,656,000	426,000	48,384,231
KERNEL TRADE	16, Nemirovicha-Danchenka Street, Kyiv, 01133 Ukraine	99,08%	30.06.11	UAH	647,023,000	(167,184,000)	231,948,527
UKRAGROBIZNES LLC	35, Olesya Gonchara str. 01034 Kiev, Ukraine	91,30%	30.06.11	USD	68,000	(1,000)	67,290
INERCO COMMODITIES SA	Route de Berne, 52 1010 Lausanne, Switzerland	100%	30.06.11	USD	(673,000)	(481,000)	44,699
ESTRON CORPORATION LTD	Annis Komninis, 29A P.C. 1061 Nicosia, Cyprus	100%	30.06.11	USD	6,875,000	(626,000)	97,526,715
CHOREX DEVELOPMENTS LTD	Egypt Street 10 P.C. 1097 Nicosia, Cyprus	100%	30.06.11	USD	64,000	(1,000)	2,292
HAMALEX DEVELOPMENTS LTD	Salaminas, 10 Lympia Nicosia, Cyprus	100%	30.06.11	USD	6,000	(1,000)	2,292
ETRECOM INVESTMENTS	Agiou Prokopiou 13, 2406 Egkomi-Lefkosia, Cyprus	100%	30.06.11	USD	85,000	49,995,000	1
COROLEX PUBLIC CO LTD	Cyprus	99,99%	30.06.11	USD	12,392,000	(122,000)	76,627,241
TRANSBULTERMINAL LLC JV	Salaminas, 10 Lympia Ukraine	1%	30.06.11	USD	1,327,000	(1,326,000)	49

On June 22, 2010, the company acquired 94% of the Cyprus Company Corolex Public Co Limited.

Due to the various object and due to the specific role of each subsidiaries, the Board of Directors decided not to make any value adjustments on the subsidiaries value.

On May 10, 2011, the company liquidated 99.911% of the Ukrainian Company Inerco Ukraine LLC.

## Note 5 – Debtors

This item consists mainly of:

	Within one year USD	After one year and within five years USD	After more than five years USD	Total 2011 USD	Total 2010 USD
Loan 1 Inerco Trade SA	-	-	235	235	235
Loan 2 Inerco Trade SA	-	-	11,560,000	11,560,000	11,560,000
Loan Lanen S.A.	-	-	29,558,000	29,558,000	29,558,000
Loan Northwestern Estates	9,001,500	-	-	9,001,500	-
Loan Josephine Estates Copr.	18,025,500	-	-	18,025,500	-
Loan Balaton Services Inc.	18,025,500	-	-	18,025,500	-
Loan Saurer Assets Inc.	18,025,500	-	-	18,025,500	-
Insurance Company Zheleznodorozhnye Puti	100,000	-	-	100,000	100,000
Interest receivable on loan 1 Inerco Trade SA	3,630	-	-	3,630	14,226
Interest receivable on loan 2 Inerco Trade SA	4,549	-	-	4,549	12,931
Interest receivable on loan 3 Inerco Trade SA	170,139	-	-	170,139	170,139
Receivable notary Seckler	1,289	-	-	1,289	8,839
Overpayment Intertrust Luxembourg S.A.	9,313	-	-	9,313	-
Prepayments Bourse de Luxembourg	411	-	-	411	-
Prepayments Arendt & Medernach	38,640	-	-	38,640	-
Interest receivable on loan Lanen S.A.	21,068	-	-	21,068	-
Interest receivable on loan Restomond LTD	137,886	-	-	137,886	-
Interest receivable on loan Northwestern Estates	101,017	-	-	101,017	-
Interest receivable on loan Josephine Estates Copr.	30,043	-	-	30,043	-
Interest receivable on loan Balaton Services Inc.	30,043	-	-	30,043	-
Interest receivable on loan Saurer Assets Inc.	30,043	-	-	30,043	-
Dividend receivable Etrecom Investments Ltd	49,900,000	-	-	49,900,000	-
<b>Total</b>	<b>113,656,070</b>	<b>-</b>	<b>41,118,235</b>	<b>154,774,305</b>	<b>41,424,369</b>

## Note 6 – Prepayments and accrued income

Prepayments and accrued income are made up as follows:

	2011 USD	2010 USD
Charges paid in advance - Intertrust (Luxembourg) S.A.	626	15,547
Charges noticed beforehand	22,500	-
Prepaid expenses	-	15,200
<b>Total</b>	<b>23,126</b>	<b>30,747</b>

## Note 7 – Subscribed capital

On the 30th of June 2011, the subscribed and fully paid-up capital of the Company was of USD 1,945,447 represented by 73,674,410 shares without indication of a nominal value. The authorized share capital, excluded the current issued share capital, was fixed at USD 41,814.57 represented by 1,583,525 shares without indication of a nominal value.

By a circular resolution of the Board of Directors of the Company dated December 21, 2010, the Board decided to increase the share capital by an amount of USD 12,765 so as to raise the share capital up to USD 1,945,447 by the issue of 483,410 new shares without indication of a nominal value. As a consequence of the increase of the share capital of the Company effected on January 5, 2011, the share capital of the Company was set at USD 1,945,447 divided into 73,674,410 shares without indication of a nominal value.

On 30 June 2011, the authorized share capital, excluded the current issued share capital, was fixed at USD 41,814.57 represented by 1,583,525 shares without indication of nominal value.

On 30 June 2011, the share premium of the Company was USD 333,454,471.

## Note 8 – Legal reserve

Under Luxembourg law, the company is obliged to transfer to a legal reserve 5% of its net profit each year until the reserve reaches 10% of the issued share capital. This reserve is not available for distribution.

## Note 9 – Movements for the period on the reserves and profit/loss items

The movements for the period are as follows:

	Legal reserve USD	Reserves for own shares and own corporate units USD	Reserves provided for by the Articles of Association USD	Other reserves USD	Profit or loss brought forward (*) USD	Profit or loss for the financial year USD	Dividend payment USD
<b>As at July 1, 2010</b>	123,237	-	-	-	(1,722,612)	(8,671,392)	
Movements for the period							
-Allocation of prior year's profit or loss	-	-	-	-	(8,671,392)	8,671,392	-
- Profit or loss of the period	-	-	-	-	-	38,165,947	-
- Other movements	-	-	-	-	-	-	-
<b>As at June 30, 2011</b>	<b>123,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,394,004)</b>	<b>38,165,947</b>	

## Note 10 – Provisions for taxation

Provisions for liabilities and charges are made up as follows:

	Current tax for the financial year USD	Deferred tax for the financial year USD	Total for the financial year USD
Current and deferred taxes provisions-Opening balance	780,632	-	780,632
Movements for the year/period	2,371	-	2,371
Current and deferred taxes provisions-Closing balance	<b>783,003</b>	-	<b>783,003</b>
<b>Other provisions</b>			
Other provisions are composed of advisory fees and others	123,182	-	123,182
<b>Total</b>	<b>906,185</b>	<b>-</b>	<b>906,185</b>

## Note 11 – Creditors

This item consists mainly of:

	Within one year USD	After one year and within five years USD	After more than five years USD	Total 2011 USD	Total 2010 USD
Amounts owed to credit institutions	185,306,378	5,328,000		<b>190,634,378</b>	32,476,457
Bills of exchange payable	198,460	-	-	<b>198,460</b>	138,091
Amounts owed to affiliated undertakings	28,184	-	172,017,226	<b>172,045,410</b>	105,081,571
Tax and social security debts	67,715	-	-	<b>67,715</b>	51,215
Other creditors	746,939	-	-	<b>746,939</b>	73,827,019
<b>Total</b>	186,347,676	5,328,000	172,017,226	<b>363,692,901</b>	211,574,353

The amount of USD 137,354,748 received from ING result from the offering of shares to Institutional Investors and is directly linked to the capital increase of August 2011 as mentioned in note 14 “Subsequent Event”.

## Note 12 – Tax status

The Company was incorporated as a Holding company and, according to the Luxembourg tax law, was exempt from income and wealth tax. On July 31, 2007, the company adopted the corporate objects of a fully taxable company. Since that date, the Company is fully taxable under Luxembourg tax regulations.

## Note 13 – Off balance sheet commitments

The financial commitments are as follows:

	2011 USD	2010 USD
Guarantee in respect of Bandurskyi Elevator	52,000,000	52,000,000
Acquisition of Ukrros - Call options	40,000,000	-
<b>Total</b>	<b>92,000,000</b>	<b>52,000,000</b>

The Company is engaged as guarantor in the facility agreement of April 4, 2008 existing between the limited liability Company “Bandurskyi Elevator” (Borrower), a company incorporated and existing under the laws of Ukraine with its registered office at 40 Tsentral’na Street, village of Bandurka, 55 247 Mykolayiv Oblast, Ukraine and the credit institution “Investkredit Bank AG” (Lender) organized and existing under the laws of the Republic of Austria with its registered office in Vienna. The facility agreement is set up to finance part of the project which consist of the construction of a greenfield multi-seed crushing plant for processing of up to 900 metric tons of rapeseed, up to 1,500 metric tons of sunflower seed and up to 1,180 metric tons of soybeans per day; the crushing plant produces crude vegetable oil and meal, destined mostly for export with a total annual capacity of 230,000 metric tons of oil, 195,000 metric tons of meal and 86,700 metric tons of hulls. Therefore, the credit institution has provided to the Borrower a loan facility for a principal amount of up to USD 52,000,000, (USD fifty two million) granted for 7 years (April 1, 2015). The reference interest rate is LIBOR with a margin of 3.52% p.a. until project physical completion, 3.316% p.a. after project physical completion and 2.653% p.a. from the earlier of financial completion and fulfilment of the Guarantor Target Ratios. Kernel Holding S.A. as guarantor guarantees all the obligations (including principal, interest, costs, fees and charges) at any time owned by the borrower “Bandurskyi Elevator” to the lender “Investkredit Bank AG”.

Kernel Holding S.A. is also guarantor under those facilities mentioned in Note 14 “Subsequent Events”.

The Company entered into a call option agreement with the Companies Ulisse Commercial Inc, Eastburn Holding Corp, Roadtown Investments Ltd and Northwestern Estates Plc to acquire 71% of the Company Ukrros. The option exercise price bears interest of 4% per annum from the 22nd of March 2011. The option can be exercised at any time prior to 22nd of March 2012.

## Note 14 – Subsequent events

On 3 August 2011, Kernel Holding S.A. increased share capital by an amount of USD 158,673.64 by the issue of 6,009,000 new shares without indication of a nominal value, of which 5,400,000 newly issued shares have been subscribed by the Company's principal shareholder, Namsen Limited. The remaining newly issued shares have been subscribed by holders of stock options issued in connection with the Company's management incentive plan. As a result of the capital increase, the Company's share capital is set at USD 2,104,120.11 divided into 79,683,410 shares without indication of a nominal value, giving right to 79,683,410 votes at the General Meeting of the Company.

The shares were registered in the NDS pursuant to resolution no. 395/2010 of the Management Board of the NDS dated July 5, 2010 and admitted to trading on the WSE pursuant to resolution no.642/2010, the Management Board of the WSE dated July 7, 2010.

In August 2011, Kernel Holding S.A. executed a share purchase agreement to acquire a 100% interest of Russian Oils, a company with oilseed crushing assets in the Krasnodar and Stavropol regions of Southern Russia. On 19 September 2011, conditions precedent to the purchase of a 100% interest in Russian Oils were fulfilled and the acquisition was finalised. The acquisition of Russian Oils will add a total of 400,000 tons of sunflower seed crushing capacity per year and 100,000 tons per year of oil refining and bottling capacity to the Company.

On 17 August 2011, Kernel Trade LLC, a subsidiary of Kernel Holding S.A., entered into a USD 500 million credit agreement with a syndicate of banks led by ING Bank N.V., UniCredit Bank AG and Deutsche Bank AG. The working capital facility will be drawn to finance Kernel Trade LLC's sunflower seed purchases, storage and processing into sunfloweroil and meal to be sold on the domestic market or exported.

On 26 August 2011, the Antimonopoly Committee of Ukraine has approved the acquisition by Kernel of the controlling stake in Ukrros (a Company with extensive farming operations, grain, silos and sugar productions facilities in Ukraine). Following this approval, Kernel Holding S.A. executed the call option agreement to acquire 71% of the entity's interest.

On 8 September 2011, Kernel Holding S.A. entered into a call option agreement for the purchase of a 100% interest in Enselco, a Ukrainian farming company managing 29,300 ha of leasehold farmland. This new farm, equipped with the latest farming technology, will expand the total farm land under management by the Company to 210,000 ha, and strengthen the Company's sugar operations. Together with the farming operations, Kernel is acquiring 30,000 tons of grain storage capacity strategically located to service the new farm. Subject to approval of the transaction by the Antimonopoly Committee of Ukraine, Kernel will pay a total cash consideration of USD 52.3 million.

On 23 September 2011, Kernel Holding S.A. received approval from the Antimonopoly Committee of Ukraine for the acquisition of BSI crushing plant. The value of the transaction is USD 140 million on a debt-free and cash-free basis.

On 28 September 2011, Inerco Trade SA entered into a USD 100 million two-year loan extended by European banks for general corporate purposes and secured against corporate guarantees of Kernel Holding S.A. and operational subsidiaries of the Group.

On 30 September 2011, Kernel Trade, a subsidiary of Kernel Holding S.A., entered into a USD 100 million five-year loan extended by a Ukrainian bank. The loan is a multicurrency UAH/USD facility, and will be drawn to refinance existing Ukrros debt and finance sugar production. The facility will be secured by pledge of sugar plants and corporate guarantee of Kernel Holding S.A.