

**Kernel Holding S.A. and Subsidiaries
Condensed Consolidated
Interim Financial Statements**

for 6 months ended 31 December 2012

Management Discussion & Analysis

for 6 months ended 31 December 2012

Key highlights

49.5% y-o-y growth in revenues to USD 1,474.1 million in H1 FY2013 driven by record bulk oil and grain sales volumes.

H1 FY2013 EBITDA is USD 157.7 million, up 6.1% y-o-y, with lower margins in crushing and farming.

Record bulk oil sales volumes of 582 thousand tons in H1 FY2013, up 73.6% y-o-y driven by the combination of higher crushing volume, an earlier, start of the sunflower seed harvesting campaign, and carried-forward pre-sold inventories from FY2012. The crushing margin fell y-o-y due to the lower sunflower seed harvest.

The weak autumn crop harvest impacted the farming segment's profitability, resulting in a decreased EBITDA to USD 13.4 million in H1 FY2013 from USD 26.4 million in H1 FY2012. The segment's profitability was adversely impacted by unfavorable weather conditions and delays in the integration of recently acquired farming enterprises and implementation of a new management structure.

Record grain sales volumes of 1.6 million tons in H1 FY2013 (versus 1.0 million tons in H1 FY2012) largely compensated for the slim EBITDA margin of 2.7% in H1 FY2013 (versus 4.3% in H1 FY2012). Grain export volumes out of the Russian Federation were insignificant in the first year of operations due to the overall decline in production and exports from the country.

Export terminals' throughput benefited from larger grain sales, as higher utilization positively impacted profitability. The segments' EBITDA tripled y-o-y to USD 18.3 million in H1 FY2013.

The silo services segment posted EBITDA of USD 12.4 million in H1 FY2013 versus USD 11.7 million in H1 FY2012. 110,000 tons of green-field silo capacity was commissioned during the first half of the year.

Major corporate events

Formed a 50-50 joint venture to acquire a newly built deep water terminal in Taman port, Russia on September 27, 2012. The second-largest and one of the few deep water grain transshipment facilities on Russia's Black Sea coast, Taman terminal serves as a key gateway for the rapidly growing grain surplus in the Russian Federation. The facility will serve as a platform for the large-scale deployment of Kernel's grain export business from the Russian Federation.

The annual general meeting of shareholders appointed Mr. Sergei Shibaev as a new independent director of the company. Following the election, the Board of Directors of Kernel Holding S.A. consists of eight Directors, three of whom are independent Directors.

Revised guidance

FY 2013 Revenues: USD 2,800 million
 FY 2013 EBITDA: USD 350 million
 FY 2013 Net Income: USD 200 million

Financial highlights:

Amounts in USD millions, except for EPS and ratios

	H1 FY2013	H1 FY2012	% change
Revenue	1,474.1	985.9	49.5%
Profit from operating activities	119.0	116.4	2.2%
Net profit attributable to equity holders of Kernel Holding S.A.	69.7	101.9	(31.6%)
EBITDA ⁽¹⁾	157.7	148.6	6.1%
EPS ⁽²⁾	0.88	1.30	(32.3%)
Net debt/EBITDA ⁽³⁾	3.4	1.9	
Adjusted net debt/EBITDA ⁽⁴⁾	1.1	0.2	
EBITDA/Interest ⁽⁵⁾	4.2	6.4	

Production, sales and throughput:

	H1 FY2013	H1 FY2012	% change
Grain sales, tons	1,599,107	1,015,181	57.5%
Bulk oil sales, tons	581,674	335,101	73.6%
Bottled oil sales, '000 liters	60,104	78,189	(23.1%)
Sunflower seed crush, tons	1,218,313	1,035,546	17.6%
Refined oil production, tons	58,068	82,563	(29.7%)
Bottled oil production, tons	51,086	72,938	(30%)
Export terminals throughput, tons	1,762,693⁽⁶⁾	859,013	105.2%
Grains received in inland silos, tons	1,623,760	1,794,125	(9.5%)
Sugar production, tons	99,323	119,614	(17%)

(1). Hereinafter, EBITDA is calculated as a sum of the profit from operating activities plus amortization and depreciation.

(2). EPS is measured in US Dollars per share, based on 79.7 million shares for H1 FY2013 and 78.6 million shares for H1 FY2012.

(3). Net debt / EBITDA is calculated based on FY2012 EBITDA and EBITDA guidance for FY2013.

(4). Adjusted net financial debt is the sum of short-term interest-bearing debt, current maturities of long-term interest-bearing debt and long-term interest-bearing debt, less cash and cash equivalents, marketable securities and readily marketable inventories. Adjusted net debt / EBITDA is calculated based on FY2012 EBITDA and EBITDA guidance for FY2013.

(5). EBITDA/Interest is calculated based on 12 months trailing EBITDA and net finance costs.

(6). Excluding volumes transshipped through Taman port, which is owned through a 50%-50% joint venture between Kernel Holding S.A. and a subsidiary of Glencore International Plc.

Segment Results and Discussion

for 6 months ended 31 December 2012

Segment results summary:

	Revenue ⁽¹⁾ , USD million			EBITDA, USD million			EBITDA margin, %	
	H1 FY2013	H1 FY2012	% change	H1 FY2013	H1 FY2012	% change	H1 FY2013	H1 FY2012
Bulk oil	818.2	487.8	67.7%	101.9	74.5	36.7%	12.5%	15.3%
Farming	150.8	104.9	43.8%	13.4	26.4	(49.3%)	8.9%	25.2%
Grain	494.4	310.8	59.1%	13.3	13.2	0.5%	2.7%	4.3%
Bottled oil	97.4	123.5	(21.1%)	15.5	22.5	(31.2%)	15.9%	18.2%
Export terminal	29.9	13.5	121.8%	18.3	6.7	172.9%	61.2%	49.7%
Silo services	31.7	28.0	13.3%	12.4	11.7	6.1%	39.1%	41.8%
Sugar	14.4	27.8	(48.1%)	0.9	5.4	(83.1%)	6.4%	19.6%
Other & reconciliation	(162.6)	(110.3)	47.4%	(17.9)	(11.8)	51.2%		
Total	1,474.1	985.9	49.5%	157.7	148.6	6.1%	10.7%	15.1%

(1). Segment revenue includes intersegment sales
Note: Differences are possible due to rounding.

Bulk oil segment

Record sales volumes of 582 thousand tons of sunflower oil in bulk in H1 FY2013, up 73.6% from the same season a year ago. This growth resulted from a combination of a shorter maintenance period for the crushing plants this year, an earlier start of the sunflower seed harvesting campaign, and deliveries of contracted oil produced and pre-sold in the fourth quarter of the previous financial year.

Reduced margins, as expected, due to a lower sunflower seed harvest versus the last year.

We expect further acreage growth for sunflower seed both in Ukraine and the Russian Federation, as sunflower seed proved to be the most profitable crop across a majority of the regions in 2012/13.

Farming segment

A low autumn crop harvest impacted our profitability in the farming segment – our EBITDA stood at a mere USD 13.4 million during H1 FY2013 versus USD 26.4 million in H1 FY2012. The second quarter loss attributable to the lower autumn crop yields came in below management's expectations.

Our performance reflects unfavorable weather conditions and the prolonged integration of the newly added landbank.

We are gradually implementing the new management structure and strengthening management control. Along the way, we are looking to optimize the fields, stripping out land parcels in risky regions and those outside of our clusters, while adding weight to our existing operations.

Grain segment

Sales volumes increased to 1.6 million tons in H1 FY2013 from 1.0 million tons in H1 FY2012; the EBITDA margin was 2.7% in H1 FY2013 vs. 4.3% in H1 FY2012.

We have changed the way we approach our grain export activities in FY2013. Historically, management has targeted an EBITDA margin of 6%-8%. This season, facing continuously strong competition for the volumes in Ukraine and margins being under pressure, we have moved our focus to the volumes and combined contribution from the whole value chain including export terminals and silo services in order to assure maximum utilization of our highly profitable infrastructural assets. We trust that this strategy worked especially well for this season when Ukraine's harvest fell short of its normal level.

In the Russian Federation, we completed a landmark deal to acquire the deep-water transshipment terminal at the Black Sea coast of the Russian Federation through a 50/50 joint venture. This acquisition secures our access to a major bottleneck in the grain export value chain in Russian Federation and paves the way for developing sizable grain export operations in the Russian Federation.

Export terminals

The 2.1x y-o-y increase in transshipment volumes in Ukraine to 1.8 million tons was driven by a significant increase in our grain sales volumes. EBITDA tripled y-o-y to USD 18.3 million in H1 FY2013 from USD 6.7 million in H1 FY2012. Additionally, the recently acquired Taman grain transshipment terminal in the Russian Federation contributed another 0.2 million tons.

EBITDA per ton increased to USD 10.4 per ton in H1 FY2013 from USD 7.8 per ton in H1 FY2012, driven by higher turnover of infrastructure.

Silo services segment

Grains and oilseed received in inland silos amounted to 1.6 million tons during the first half of the year, down 9.5% y-o-y. EBITDA stood at USD 12.4 million for H1 FY2013, up 6.1% y-o-y.

110,000 tons of greenfield silo capacity commissioned during the period.

Bottled oil segment

EBITDA decreased 31.2% y-o-y to USD 15.5 million in H1 FY2013, along with a 23.1% y-o-y decline in volumes sold through the bottled oil channel in the period under review.

Sugar segment

99 thousand tons of white sugar was produced in H1 FY2013, down 17.0% y-o-y, in line with management's strategy to decrease production in response to a prolonged sugar oversupply and depressed market prices.

Financial Highlights and Analysis

for 6 months ended 31 December 2012

Income statement highlights

Revenues increased 49.5% y-o-y to USD 1,474.1 million in H1 FY2013 versus USD 985.9 million in H1 FY2012. Bulk oil and grain sales volumes were the key drivers for the top line, growing 73.6% y-o-y and 57.5% y-o-y, respectively. The average sales prices for grains and bulk oil during H1 FY2013 were comparable to the respective period a year ago.

Gross profit reached USD 233.4 million in H1 FY2013, up 6.6% y-o-y. The gross margin stood at 15.8% in H1 FY2013 versus 22.2% in H1 FY2012; a higher deviation of the gross margin compared to the operating profit margin is explained mainly by part of the operating profit being booked in operating monetary foreign exchange gain.

Other operating income stood at USD 36.6 million during H1 FY2013 versus USD 18.4 million in H1 FY2012. The growth is mainly attributed to a significant discrepancy between the interbank US Dollar to Ukrainian hryvnia (USD/UAH) exchange rate and the official rate at which the company effectively converts its hard currency proceeds to buy COGS components set by the National Bank of Ukraine. The discrepancy results in an inflated COGS line and respective operating monetary foreign exchange gain. The second largest contributor to other operating profit is the government grant attributable to the VAT retained by the farming segment.

Distribution costs stood at USD 115.1 million in H1 FY2013 versus USD 91.7 million in H1 FY2012, a 25.5% y-o-y increase driven by higher volumes. Relative to revenue, distribution costs decreased to 7.8% in H1 FY2013 from 9.3% in H1 FY2012, reflecting the shift in the delivery destination mix.

General and administrative expenses totaled USD 35.8 million in H1 FY2013 versus USD 29.1 million in H1 FY2012. Relative to total company revenue, general and administrative expenses fell to 2.4% in H1 FY2013 versus 3.0% in H1 FY2012. The company continues further optimization of G&A expenses at recently acquired assets.

Profit from operating activities amounted to USD 119.0 million in H1 FY2013 versus USD 116.4 million in H1 FY2012, up 2.2% y-o-y. The operating profit margin stood at 8.1% versus 11.8% a year ago, reflecting tighter profitability in the bulk oil, farming and grain segments.

Finance costs were USD 41.3 million in H1 FY2013 versus USD 27.7 million in H1 FY2012, up 49.3% y-o-y due to higher sales volumes and working capital requirements, while the financing cost slightly decreased compared to the same period a year ago.

Net profit attributable to the shareholders of Kernel Holding S.A. amounted to USD 69.7 million in H1 FY2013 versus USD 101.9 million in H1 FY2012, translating into a net profit margin of 4.7%.

Cash flow, liquidity and credit metrics:

Amounts in USD millions, except for ratios

	31 December 2012	31 December 2011
Cash	45.9	129.8
Inventory	907.7	561.3
Of which: readily marketable inventories	788.3	531.3
RMI/Inventories	86.8%	94.7%
Gross interest-bearing debt	1,233.4	736.5
Net interest-bearing debt	1,187.5	606.7
Adjusted net financial debt ⁽¹⁾	399.2	75.4
Shareholders' equity ⁽²⁾	1,263.9	1,081.4
Net debt/EBITDA ⁽³⁾	3.4	1.9
Adjusted net debt/EBITDA ⁽⁴⁾	1.1	0.2
EBITDA/Interest ⁽⁵⁾	4.2	6.4

Cash flow highlights

Operating profit before working capital changes stood at USD 151.6 million in H1 FY2013 versus USD 147.0 million in H1 FY2012, with dynamics largely following EBITDA movements.

Cash used in operations was seasonally negative at USD 370.2 million versus USD 28.4 million a year ago. The major driver was an increase in readily marketable inventories in H1 FY2013 versus H1 FY2012.

Net cash used in investing activities was USD 141.8 million in H1 FY2013 with two-thirds attributable to the cash paid for the acquisition of the Tama deep-water grain transshipment terminal, while the remaining third was for capital expenditures that include silo construction and purchases of agricultural machinery and equipment.

All of the above translated into USD 533.0 million provided by financing activities in H1 FY2013 versus USD 262.3 million in H1 FY2012.

Net debt increased to USD 1,187.5 million as of 31 December 2012 versus USD 606.7 million as of 31 December 2011, primarily reflecting the USD 257.0 million increase in readily marketable inventories, which are up considering the overall low harvest in Ukraine, as well as higher sugar stocks. Readily marketable inventories totaled USD 788.3 million covering 66% of the net debt as of 31 December 2012 versus 88% coverage as of 31 December 2011.

For the same reason, net debt to EBITDA increased to 3.4x as of 31 December 2012 versus 1.9x as of 31 December 2011. Adjusted for readily marketable inventories, net debt to EBITDA increased to 1.1x as of 31 December 2012 versus 0.2x as of 31 December 2011, following the Tama acquisition during the period under review.

Liquidity headroom improved to accommodate higher volumes; interest rates were slightly down year-on-year. Credit lines available as of 31 December 2012 stood at USD 1,743.3 million versus USD 1,378.1 million as of 31 December 2011.

(1). Adjusted net financial debt is the sum of short-term interest-bearing debt, current maturities of long-term interest-bearing debt and long-term interest-bearing debt, less cash and cash equivalents, marketable securities and readily marketable inventories.

(2). Total equity attributable to Kernel Holding S.A. shareholders

(3). Net debt/EBITDA is calculated based on FY2012 EBITDA and EBITDA guidance for FY2013.

(4). Adjusted net debt/EBITDA is calculated based on FY2012 EBITDA and EBITDA guidance for FY2013.

(5). EBITDA/interest is calculated based on 12 months trailing EBITDA and net finance costs.

Management Statement

This statement is provided to confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the 6 months ended 31 December 2012, and the comparable information, have been prepared in compliance with International Accounting Standard 34 - Interim financial statements (hereinafter, "IAS 34") and give a true, fair and clear view of Kernel Holding S.A. assets, financial standing and net results, and that the directors' report on the operations of the Kernel Group of companies truly reflects the development, achievements and situation of the Group, including a description of the key risk factors and threats.

This statement is provided to confirm that DELOITTE Audit S.a.r.l has been appointed in accordance with the applicable laws and performed the review as independent auditor of the condensed consolidated interim financial statements of Kernel Holding S.A. for the six month period ended 31 December 2012, and that the entities and the independent auditor performing the review met the conditions necessary to issue an impartial and independent report on the review in accordance with International Standards on review engagements.

27 February 2013

On behalf of the Management

Andrey Verevskiy
Chairman of the Board

Anastasia Usachova
Chief Financial Officer

Statement of Management Responsibilities

We confirm that to the best of our knowledge and belief:

- the condensed consolidated interim financial statements of Kernel Holding S.A. (“Company”) presented in this Interim Report and established in conformity with International Financial Reporting Standards as adopted in the European Union give a true and fair view of the assets, liabilities, financial position, cash flows and profit of the Company and the undertakings included within the consolidation taken as a whole;
- the interim accounts of the Company presented in this Interim Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of interim accounts give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Management Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

27 February 2013

On behalf of management

Andrey Verevskiy
Chairman of the Board

Anastasia Usachova
Chief Financial Officer

Principal Risks and Uncertainties

Kernel management considers the following factors, among others, that could materially influence the Company's operations and financial results:

Low harvest of grain or sunflower seed in Ukraine

An availability of raw materials influences the Company's operations and respectfully its financial results. Adverse weather conditions can lead to significantly lower harvests in the Company's areas of operations and consequently to a shortfall in sunflower seed for the bulk and bottled oil segments of the Company and/or to lower grain volumes available for the grain, silo services and export terminals segments, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Product quality

The Company's contractual obligations require it to follow quality requirements and regulations in respect to the grain, sunflower oil and protein meal sold. Respectively, there could be a material adverse effect on the Company's reputation and its business, financial condition and results of operations in the case of actual or alleged violations of such requirements or alleged or actual contamination of the Company's food products.

The risk of unfavorable changes to, or interpretations of, the tax laws and regulations in the countries in which Kernel Holding S.A. operates

The agricultural commodities market in Ukraine and Russian Federation, as in any other country, could face government regulatory initiatives, including but not limited to export quotas or ban, especially during the years of poor grain production and/or high levels of domestic grain prices. Respectively, the Company's business, financial condition and results of operations could be adversely affected by the regulations introduced or widely expected to be introduced by the governments in concern to the regulation of the agricultural commodities market.

The local price control for bottled sunflower oil

The Ukrainian legislation gives power to local state authorities to introduce regulation of prices of certain food products, including bottled sunflower oil. Inter alia, the local state authorities might sometimes require producers of certain food products, including bottled sunflower oil, to receive approval from the local officers of the State Price Inspection before the wholesale price of such products can be increased by more than 1% in any given month.

Increased competition

The Company could face increased competition from existing players and new entrants to the Ukrainian agricultural sector. As the Ukrainian agricultural industry develops, farmers grow stronger expanding their acreage and production, which in turn may lead to grain traders and crushers to see the opportunity to expand business. Respectively, there is potential to suffer a relative loss in market position from the increased competition, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Commodity price volatility

Most of the products that Company procures, processes and merchandizes are widely-traded agricultural commodities, the prices of which can be subject to the significant fluctuations in a short time span. Price movements of these agricultural commodities could have a material adverse effect on the Company's business, financial condition and results of operations. The Company's earnings are to an extent dependent on the prices of the commodities that it sells, including, amongst others, oil-bearing crops, grain, sugar, sunflower oil and meal. The global supply and demand balance for these products, supply of raw materials, weather, crop yields and governmental regulation and other factors beyond the Company's control could affect the price fluctuations. In addition, the price of sunflower oil depends on the supply and demand balance of the all set of edible oils due to a significant degree of substitution among many oils by its consumers. Any of the above factors could adversely affect the Company's business, results of operations and financial condition.

Further risks identified by the Company include:

- A prolonged period of weak economic growth, either globally or in the Company's key markets;
- The risk of protracted weakness or volatility in agricultural commodity prices;
- Failure to manage continued growth through acquisitions;
- Any loss or diminution in the services of Mr. Andrey Verevskiy, Kernel Holding S.A.'s Chairman of the Board;
- The risk that changes in assumptions underlying the carrying value of certain assets, including those occurring as a result of adverse market conditions, could result in an impairment of tangible and intangible assets, including goodwill;
- The risk that significant capital expenditure and other commitments Kernel Holding S.A. has made in connection with acquisitions may limit its operational flexibility and add to its financing requirements;
- Economic policy, political, social and legal risks and uncertainties in certain countries in which Kernel Holding S.A. operates or proposes to operate;
- The risk of disruptions to Kernel Holding S.A.'s manufacturing operations;
- Damage to Kernel Holding S.A.'s production facilities due to natural disasters;
- The risk that Kernel Holding S.A.'s insurance policies may provide inadequate coverage;
- The risk of product liability claims;
- The risk of potential liabilities from investigations, litigation and fines regarding antitrust matters; and
- The risk that Kernel Holding S.A.'s governance and compliance processes may fail to prevent regulatory penalties or reputational harm, both at operating subsidiaries and in joint ventures.

Significant Events

Description of significant events for the 6 months ended 31 December 2012

On 21 August 2012, Kernel Trade, a subsidiary of Kernel Holding S.A., signed an addendum to a USD 500 million credit agreement with a syndicate of banks, with respect to the renewal of a USD 222 million short-term tranche. The USD 500 million facility, signed in August 2011, is structured as a dual tranche credit, including (1) a USD 278 million long-term tranche available to the Company until 31 July 2014 and (2) a USD 222 million one-year tranche which is renewable subject to the lending syndicate's approval. The facility is used to finance the Company's purchase, storage and processing of sunflower seed into sunflower oil and meal for domestic sale or export.

On 27 September 2012, Kernel Holding S.A. entered into a 50-50 joint venture with Renaisco BV, a subsidiary of Glencore International plc. The joint venture has acquired a 100% interest in a deep water grain export terminal in Taman port, Russian Federation from the EFKO Group on 27 September 2012. The enterprise value was USD 265 million, including transaction costs, financed with a combination of equity and debt. One of the largest deep water grain export terminals on Russian Federation's Black Sea coast, it is strategically located in close proximity to Southern Russian Federation's main grain producing region. The grain export terminal has an installed throughput capacity of 3 million tons per annum and will serve as a platform for the large scale deployment of Kernel's grain export business from Russian Federation.

On 16 October 2012, Kernel Holding S.A. announced its decision to streamline its reporting system, releasing four financial reports per year and introducing a quarterly operations update starting from the financial year 2013, as follows. Beginning in financial year 2013, one reviewed semi-annual financial report will be published rather than two versions, with one unaudited financial report for the second quarter and a reviewed semi-annual financial report. The semi-annual report will be published within two months following the period end instead of four months as before. One audited annual financial report will be published in place of an annual and a fourth quarter report. The annual financial report will be published within four months following the period end, as before. Un-audited quarterly financial reports for the first and third quarters will be published within two months, rather than 45 days as before, following the respective period end. Additionally, the company will introduce quarterly operations updates, which are published within one month following the end of each quarter. The prior operations updates were included in the quarterly financial report.

On 30 November 2012, Kernel Holding S.A. convened the Annual General Meeting of Shareholders, which adopted the following resolutions with immediate effect:

- **RESOLUTION NO 1:** To approve that the 2012 Annual General Meeting of Shareholders is held on 30 November 2012.
- **RESOLUTION NO 2:** To approve in their entirety the consolidated financial statements of Kernel Holding S.A. for the financial year ended 30 June 2012, with a resulting consolidated net profit attributable to equity holders of Kernel Holding S.A. of USD 206,700 thousand.
- **RESOLUTION NO 3:** To approve in their entirety the Parent Company annual accounts (unconsolidated) for the financial year ended 30 June 2012, with a resulting net profit for Kernel Holding S.A. as parent company of the Kernel Holding S.A. group of USD 244,773,175.
- **RESOLUTION NO 4:** To carry forward the net profit of the Parent Company annual accounts (non-consolidated) of USD 272,457,944, to add USD 15,867 to the legal reserve, and to declare a dividend at nil for the financial year ended 30 June 2012.
- **RESOLUTION NO 5:** To grant discharge to the Directors for their management duties and the exercise of their mandates in the course of the financial year ended 30 June 2012.
- **RESOLUTION NO 6:** To re-elect both Mr. Andrzej Danilczuk and Ton Schurink as independent Directors for a one year term mandate, which shall terminate on the date of the general meeting of shareholders to be held in 2013.
- **RESOLUTION NO 7:** To elect Mr. Sergei Shibaev as new independent Director for a one-year term mandate, which mandate shall terminate on the date of the general meeting of shareholders to be held in 2013.
- **RESOLUTION NO 8:** To approve the independent Directors' fees for the new one-year mandate, which shall terminate on the date of the annual general meeting of shareholders to be held in 2013, for a total gross annual amount of USD 215,000.
- **RESOLUTION NO 9:** To approve the Executive Directors' fees for the new one-year mandate, which shall terminate on the date of the annual general meeting of shareholders to be held in 2013, for a total gross annual amount of USD 50,000.
- **RESOLUTION NO 10:** To terminate the mandate of PJSC "Deloitte & Touche USC", having its registered office at 48-50a, Zhylyanska St., 01033 Kiev, Ukraine, registered with the Companies' and Associations' Register of Ukraine under number 25642478 and to reappoint Deloitte Audit S.à r.l., having its registered office at 560, Rue du Neudorf, L-2220 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number 67 895 as independent auditors of Kernel Holding S.A. for a one-year term mandate, which shall terminate on the date of the annual General Meeting of Shareholders to be held in 2013.

Significant Events (continued)

Additionally, on 30 November 2012, Kernel Holding S.A. convened the Extraordinary General Meeting of Shareholders, which adopted the following resolutions with immediate effect:

- **RESOLUTION NO 1:** To authorize again the board of directors of the Company to issue, from time to time, up to three million two hundred seven thousand eight hundred two (3,207,802) new shares without indication of a nominal value, hence creating an authorized share capital, excluded the current issued share capital, of eighty four thousand seven hundred five US Dollars and sixty nine cents (USD 84,705.69) in accordance with the provisions of article 32 of the law of 10 August 1915 regarding commercial companies, as amended.
- **RESOLUTION NO 2:** To amend Article 5 of the Articles of Association of the Company in order to incorporate the amended authorized share capital.
- **RESOLUTION NO 3:** To amend Article 9 of the Articles of Association of the Company and to introduce a new title VI "Corporate Governance".
- **RESOLUTION NO 4:** To amend Article 14.2 of the Articles of Association of the Company in order to introduce new date of the Annual General Meeting of Shareholders, 10 December at 3.00 p.m. Luxembourg local time.
- **RESOLUTION NO 5:** To proceed to a renumbering of the articles and of the cross references within the articles of association of the Company further to the insertion of a new title VI "Corporate Governance" of the Articles of Association.

On 21 December 2012, Kernel Trade LLC, a subsidiary of Kernel Holding S.A., entered into a USD 170 million facility agreement with a Russian bank. The loan consists of two tranches – a USD 100 million 5-year tranche and a USD 70 million 18-month tranche. The loan is an USD facility with the purpose to refinance existing corporate debt. The facility is secured by the corporate guarantees of Kernel Holding S.A. and operational subsidiaries of the Group.

To the Shareholders of
Kernel Holding S.A.
65, boulevard Grand-Duchesse Charlotte
L-1331 Luxembourg

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Kernel Holding S.A. as of December 31, 2012, and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim statement of cash flows for the six-month period then ended, and the notes to the condensed consolidated interim financial statements as at December 31, 2012 (“the condensed consolidated interim financial information”). The Board of Directors is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

Other matter

The accompanying condensed consolidated interim financial information for the three-month ended December 31, 2012 and 2011, were not audited or reviewed by us and, accordingly, we do not express an opinion or any other form of assurance on it.

For Deloitte Audit, *Cabinet de révision agréé*



Sophie Mitchell, *Réviseur d'entreprises agréé*
Partner

February 27, 2013

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Selected Financial Data

for 6 months ended 31 December

	Thousand USD		Thousand PLN		Thousand EUR	
	2012	2011	2012	2011	2012	2011
(in thousands of US dollars unless otherwise stated)						
I. Revenue	1,474,128	985,902	4,775,880	3,062,606	1,157,780	715,078
II. Operating profit	118,993	116,377	385,514	361,514	93,457	84,409
III. Profit before income tax	72,876	92,183	236,104	286,357	57,237	66,861
IV. Profit for the period	69,100	92,227	223,871	286,494	54,271	66,893
V. Net cash used in operating activity	(427,552)	(54,573)	(1,385,183)	(169,526)	(335,799)	(39,582)
VI. Net cash used in investing activity	(141,845)	(189,263)	(459,549)	(587,926)	(111,405)	(137,273)
VII. Net cash generated by financing activity	532,771	263,424	1,726,071	818,300	418,438	191,062
VIII. Total net cash flow	(36,626)	19,588	(118,661)	60,848	(28,766)	14,207
IX. Total assets	2,693,343	2,208,829	8,348,286	7,548,452	2,042,093	1,709,032
X. Current liabilities	1,083,282	741,065	3,357,741	2,532,516	821,345	573,381
XI. Non-current liabilities	329,086	313,354	1,020,035	1,070,856	249,513	242,451
XII. Issued capital	2,104	2,104	6,522	7,190	1,595	1,628
XIII. Total equity	1,280,975	1,154,410	3,970,510	3,945,080	971,235	893,200
XIV. Weighted average number of shares	79,683,410	78,599,820	79,683,410	78,599,820	79,683,410	78,599,820
XV. Profit per ordinary share (in USD/PLN/EUR)	0.88	1.30	2.84	4.03	0.69	0.94
XVI. Diluted number of shares	80,051,981	79,027,854	80,051,981	79,027,854	80,051,981	79,027,854
XVII. Diluted profit per ordinary share (in USD/PLN/EUR)	0.87	1.29	2.82	4.01	0.68	0.94
XVIII. Book value per share (in USD/PLN/EUR)	15.86	13.76	49.17	47.02	12.03	10.65
XIX. Diluted book value per share (in USD/PLN/EUR)	15.79	13.68	48.94	46.76	11.97	10.59

On behalf of the Board

Andrey Verevskiy
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Condensed Consolidated Interim Statement of Financial Position

(in thousands of US dollars unless otherwise stated)	Notes	As of 31 December 2012 (Unaudited)	As of 30 June 2012 (Audited)	As of 31 December 2011 (Unaudited)
ASSETS				
Current assets				
Cash	6	45,903	82,529	129,769
Trade accounts receivable, net		223,354	146,362	116,051
Prepayments to suppliers and other current assets, net	21	134,893	90,335	122,681
Taxes recoverable and prepaid, net	7	269,908	238,294	235,007
Inventory	8	907,713	410,182	561,271
Biological assets	9	17,286	153,338	15,795
Total current assets		1,599,057	1,121,040	1,180,574
Non-current assets				
Property, plant and equipment, net	10	727,282	728,371	678,173
Intangible assets, net		83,756	91,087	81,407
Goodwill	11	137,227	137,227	131,739
Investments in joint ventures	12	93,188	-	-
Deferred tax assets	17	19,679	21,502	14,929
Other non-current assets	13, 21	33,154	19,805	122,007
Total non-current assets		1,094,286	997,992	1,028,255
Total assets		2,693,343	2,119,032	2,208,829
LIABILITIES AND EQUITY				
Current liabilities				
Trade accounts payable	21	33,752	25,490	43,046
Advances from customers and other current liabilities	14, 21	122,622	157,338	247,100
Short-term borrowings	15	852,557	167,348	383,611
Current portion of long-term borrowings	16	74,351	98,622	67,308
Total current liabilities		1,083,282	448,798	741,065
Non-current liabilities				
Long-term borrowings	16	287,662	414,238	269,250
Obligations under finance lease		12,822	12,622	9,921
Deferred tax liabilities	17	24,388	26,356	29,296
Other non-current liabilities		4,214	6,317	4,887
Total non-current liabilities		329,086	459,533	313,354
Equity attributable to Kernel Holding S.A. equity holders				
Issued capital		2,104	2,104	2,104
Share premium reserve		463,879	463,879	463,879
Additional paid-in capital		39,944	39,944	39,944
Equity-settled employee benefits reserve		1,211	1,211	-
Revaluation reserve		15,049	15,049	15,049
Translation reserve		(163,507)	(167,082)	(159,305)
Retained earnings		905,245	824,578	719,770
Total equity attributable to Kernel Holding S.A. equity holders		1,263,925	1,179,683	1,081,441
Non-controlling interest		17,050	31,018	72,969
Total equity		1,280,975	1,210,701	1,154,410
Total liabilities and equity		2,693,343	2,119,032	2,208,829
Book value		1,263,925	1,179,683	1,081,441
Weighted average number of shares		79,683,410	79,140,131	78,599,820
Book value per share (in USD)		15.86	14.91	13.76
Diluted number of shares		80,051,981	79,537,486	79,027,854
Diluted book value per share (in USD)		15.79	14.83	13.68

On behalf of the Board

Andrey Verevskiy
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Condensed Consolidated Interim Statement of Profit or Loss

(in thousands of US dollars unless otherwise stated)	Notes	6 months ended 31 December 2012 (Unaudited)	3 months ended 31 December 2012 (Unaudited)	6 months ended 31 December 2011 (Unaudited)	3 months ended 31 December 2011 (Unaudited)
Revenue	18	1,474,128	956,376	985,902	594,396
Cost of sales	19, 21	(1,240,768)	(837,981)	(767,044)	(452,834)
Gross profit		233,360	118,395	218,858	141,562
Other operating income	20	36,567	15,870	18,382	17,706
OPERATING EXPENSES					
Distribution costs		(115,117)	(61,242)	(91,722)	(56,628)
General and administrative expenses		(35,817)	(18,405)	(29,141)	(17,224)
Operating profit		118,993	54,618	116,377	85,416
Finance costs, net	21	(41,316)	(21,500)	(27,679)	(15,337)
Foreign exchange gain/(loss), net		1,404	1,789	572	(959)
Other (expenses)/income, net	21	(4,486)	(337)	2,913	(3,666)
Share of losses of joint venture	12	(1,719)	(1,719)	-	-
Profit before income tax		72,876	32,851	92,183	65,454
Income tax (charge)/benefit	17	(3,776)	(1,335)	44	(5,207)
Profit for the period		69,100	31,516	92,227	60,247
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of Kernel Holding S.A.		69,737	32,948	101,892	69,001
Non-controlling interest		(637)	(1,432)	(9,665)	(8,754)
Weighted average number of shares		79,683,410	79,683,410	78,599,820	79,683,410
Profit per ordinary share (in USD)		0.88	0.41	1.30	0.87
Diluted number of shares		80,051,981	80,048,427	79,027,854	80,047,690
Diluted profit per ordinary share (in USD)		0.87	0.41	1.29	0.86

On behalf of the Board

Andrey Verevskiy
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

(in thousands of US dollars unless otherwise stated)	6 months ended 31 December 2012 (Unaudited)	3 months ended 31 December 2012 (Unaudited)	6 months ended 31 December 2011 (Unaudited)	3 months ended 31 December 2011 (Unaudited)
Profit for the period	69,100	31,516	92,227	60,247
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	3,545	(1,437)	2,904	2,078
Other comprehensive income/(expenses), net	3,545	(1,437)	2,904	2,078
Total comprehensive income	72,645	30,079	95,131	62,325
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
Equity holders of Kernel Holding S.A.	73,312	31,515	104,739	71,085
Non-controlling interest	(667)	(1,436)	(9,608)	(8,760)

On behalf of the Board

Andrey Verevskiy
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Condensed Consolidated Interim Statement of Changes in Equity

Attributable to Kernel Holding S.A. shareholders

(in thousands of US dollars unless otherwise stated)	Issued capital	Share premium reserve	Additional paid-in capital	Subscribed capital	Equity- settled employee benefits reserve	Re- valuation surplus	Translation reserve	Retained earnings	Total	Non- controlling interest	Total equity
Balance as of 30 June 2011 (Audited)	1,945	321,556	39,944	137,354	-	15,049	(162,152)	617,878	971,574	25,716	997,290
Profit/(loss) for the period	-	-	-	-	-	-	-	101,892	101,892	(9,665)	92,227
Other comprehensive income	-	-	-	-	-	-	2,847	-	2,847	57	2,904
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	2,847	101,892	104,739	(9,608)	95,131
Effect of changes of non-controlling interest	-	-	-	-	-	-	-	-	-	56,861	56,861
Subscribed capital	-	-	-	(137,354)	-	-	-	-	(137,354)	-	(137,354)
Increase of share capital	159	145,126	-	-	-	-	-	-	145,285	-	145,285
Issued capital	-	(2,803)	-	-	-	-	-	-	(2,803)	-	(2,803)
Balance as of 31 December 2011 (Unaudited)	2,104	463,879	39,944	-	-	15,049	(159,305)	719,770	1,081,441	72,969	1,154,410
Profit for the period	-	-	-	-	-	-	-	104,808	104,808	13,747	118,555
Other comprehensive loss	-	-	-	-	-	-	(7,777)	-	(7,777)	(103)	(7,880)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(7,777)	104,808	97,031	13,644	110,675
Effect of changes of non-controlling interest	-	-	-	-	-	-	-	-	-	(55,595)	(55,595)
Recognition of share-based payments	-	-	-	-	1,211	-	-	-	1,211	-	1,211
Balance as of 30 June 2012 (Audited)	2,104	463,879	39,944	-	1,211	15,049	(167,082)	824,578	1,179,683	31,018	1,210,701
Profit/(loss) for the period	-	-	-	-	-	-	-	69,737	69,737	(637)	69,100
Other comprehensive income/(loss)	-	-	-	-	-	-	3,575	-	3,575	(30)	3,545
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	3,575	69,737	73,312	(667)	72,645
Effect of changes of non-controlling interest	-	-	-	-	-	-	-	10,930	10,930	(13,301)	(2,371)
Balance as of 31 December 2012 (Unaudited)	2,104	463,879	39,944	-	1,211	15,049	(163,507)	905,245	1,263,925	17,050	1,280,975

On behalf of the Board

Andrey Verevskiy
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Condensed Consolidated Interim Statement of Cash Flows

(in thousands of US dollars unless otherwise stated)	Notes	6 months ended 31 December 2012 (Unaudited)	6 months ended 31 December 2011 (Unaudited)
OPERATING ACTIVITIES:			
Profit before income tax		72,876	92,183
Adjustments for:			
Amortisation and depreciation		38,750	32,250
Finance costs, net		41,316	27,679
Movement in allowance for doubtful receivables		(744)	3,543
Gain on disposal of property, plant and equipment		(190)	(1,366)
Non-operating foreign exchange (income)/loss		(80)	2,608
Loss/(gain) from changes in fair value of biological assets		6	(1,495)
Loss/(gain) on sales of equity investments		103	(289)
Gain on acquisition of subsidiaries		-	(8,154)
Other gains		(2,196)	-
Share of loss of joint venture		1,719	-
Operating profit before working capital changes		151,560	146,959
Changes in working capital:			
(Increase)/decrease in trade accounts receivable		(76,539)	630
Increase in prepayments and other current assets		(35,997)	(30,974)
Decrease in restricted cash balance		-	5,716
Increase in taxes recoverable and prepaid		(8,439)	(8,445)
Decrease in biological assets		138,942	101,839
Increase in inventories		(500,916)	(359,822)
Increase in trade accounts payable		7,306	14,077
(Decrease)/increase in advances from customers and other current liabilities		(46,101)	101,663
Cash used in operations		(370,184)	(28,357)
Finance costs paid		(37,580)	(25,229)
Income tax paid		(19,788)	(987)
Net cash used in operating activities		(427,552)	(54,573)
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(43,755)	(36,676)
Proceeds from disposal of property, plant and equipment		484	249
Purchase of intangible and other non-current assets		(4,070)	(24,127)
Acquisition of Subsidiaries		-	(128,709)
Disposal of Subsidiaries		403	-
Purchase of investment in joint venture		(94,907)	-
Net cash used in investing activities		(141,845)	(189,263)
FINANCING ACTIVITIES:			
Proceeds from short-term and long-term borrowings		860,126	1,448,657
Repayment of short-term and long-term borrowings		(324,735)	(1,191,456)
Proceeds from share premium reserve increase		-	4,969
Proceeds from subscribed capital		-	159
Acquisition of non-controlling interest		(2,371)	-
Net cash generated by financing activities		533,020	262,329
Effects of exchange rate changes on the balance of cash held in foreign currencies		(249)	1,095
Net (decrease)/increase in cash and cash equivalents		(36,626)	19,588
Cash and cash equivalents, at the beginning of the period		82,529	110,181
Cash and cash equivalents, at the end of the period	6	45,903	129,769

On behalf of the Board

Andrey Verevskiy
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Notes to the Condensed Consolidated Interim Financial Statements

1. Corporate Information

Kernel Holding S.A. (hereinafter referred to as the 'Holding') incorporated under the legislation of Luxembourg on 15 June 2005 (number B-109 173 at the Luxembourg Register of Companies) is the holding company for a group of entities (hereinafter referred to as the 'Subsidiaries'), which together form the Kernel Group (hereinafter referred to as the 'Group').

The primary activity of the Group is related to the production and sale of bottled sunflower oil, the production and subsequent export of bulk sunflower oil and meal, the production and sale of sugar, the wholesale trade of grain (mainly wheat, barley and corn), farming, and the provision of logistics and transshipment services. The majority of the Group's manufacturing facilities are primarily based in Ukraine and Russian Federation.

The Group's financial year runs from 1 July to 30 June.

The principal operating office of the Group is located at 92-94 Dmitrievskaya str., 01135 Kyiv, Ukraine.

As of 31 December 2012, 30 June 2012 and 31 December 2011, the primary subsidiaries of the Group and principal activities of the Subsidiaries consolidated by the Holding were as follows:

Subsidiary	Principal activity	Country of incorporation	Group's effective ownership interest as of			
			31 December 2012	30 June 2012	31 December 2011	
Jerste BV		Netherlands	100%	100%	100%	
Enselco LLC	Holding companies.	Ukraine	100%	100%	100%	
Enselco Agroholding LLC		Ukraine	100%	100%	100%	
Inerco Trade S.A.	Trading in sunflower oil, meal and grain.	Switzerland	100%	100%	100%	
Restomon S.A.		British Virgin Islands	100%	100%	100%	
Kernel-Trade LLC		Ukraine	100%	100%	100%	
Poltava oil-crushing plant Kernel Group PJS	Production plants. Production of sunflower oil and meal.	Ukraine	99.7%	99.7%	99.7%	
Bandurskiy oil-crushing plant LLC		Ukraine	100%	100%	100%	
Vovchansky OEP PJSC		Ukraine	99.4%	99.4%	99.4%	
Prykolotnjansky OEP LLC		Ukraine	100%	100%	100%	
Kirovogradoliya JSC		Ukraine	99.2%	99.2%	99.2%	
Ekotrans LLC		Ukraine	100%	100%	100%	
Ukrainian Black Sea Industry LLC		Ukraine	100%	100%	100%	
Stavropol oil OJSC		Russian Federation	100%	100%	100%	
Nevinnomissky oil-crushing plant CJSC		Russian Federation	100%	100%	100%	
Ust-Labinsky EMEK Florentina CJSC		Russian Federation	100%	100%	100%	
Chortkivsky tsukrovyy zavod LLC		Production plants. Production of sugar.	Ukraine	90.1%	73.8%	73.8%
Tsukrove LLC			Ukraine	100%	71.3%	71.3%
Palmirsky Tsukrovyy Zavod LLC			Ukraine	89.1%	72.7%	72.7%
Orzhytsky Tsukrovyy Zavod LLC			Ukraine	90%	73.4%	76.2%
Estron Corporation Ltd.	Provision of grain, oil and meal handling and transshipment services.	Cyprus	100%	100%	100%	
Poltavske Khlіbopriemalne Pidpriemstvo PJSC	Grain elevators. Provision of grain and oilseed cleaning, drying and storage services.	Ukraine	94%	88.2%	88.2%	
Kononivsky Elevator LLC		Ukraine	100%	100%	100%	
Unigrain-Agro (Globyno) LLC	Agricultural farms. Cultivation of agricultural products: corn, wheat, sunflower seeds, barley, soya beans and sugar beet.	Ukraine	100%	100%	100%	
Unigrain-Agro (Semenivka) LLC		Ukraine	100%	100%	100%	
Agrofirma Arshytsya LLC		Ukraine	100%	100%	100%	
Hliborob LLC		Ukraine	100%	100%	100%	
Agrofirma Kuybyshevo LLC		Ukraine	65.7%	52.5%	52.6%	
Palmira LLC		Ukraine	93%	81.5%	81.5%	
Enselco Agro LLC		Ukraine	100%	100%	100%	

During 6 months ended 31 December 2012 the Group acquired non-controlling interests of companies within sugar and farming segment with the carrying amount of USD 13,301 thousand, for the cash consideration in the amount of USD 2,371 thousand. These operations were recorded within statement of changes in equity as transactions between equity holders.

The condensed consolidated financial information for 3 months ended 31 December 2012 and 2011 were not audited or reviewed.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors of Kernel Holding S.A. on 27 February 2013.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

2. Change in Issued Capital

Since 15 June 2005, the holding company of the Group is Kernel Holding S.A. (Luxembourg), whose issued capital as of 31 December 2012 consisted of 79,683,410 ordinary bearer shares without indication of a nominal value, providing 79,683,410 voting rights (as of 31 December 2011 – 79,683,410 shares).

The shares were distributed as follows:

	As of 31 December 2012		As of 31 December 2011	
	Shares allotted and fully paid	Share owned	Shares allotted and fully paid	Share owned
Equity holders				
Namsen LTD (limited company registered under the legislation of Cyprus) (hereinafter the 'Major Equity holder')	30,460,657	38.23%	30,460,657	38.23%
Free floating shares	49,222,753	61.77%	49,222,753	61.77%
Total	79,683,410	100.00%	79,683,410	100.00%

As of 31 December 2012 and 2011, 100% of the beneficial interest in the 'Major Equity holder' was held by Verevskiy Andrey Mikhaylovich (hereinafter the 'Beneficial Owner').

In order to perform an initial public offering of the shares of the Group on the Warsaw Stock Exchange ('WSE'), the general meeting of shareholders resolved to split the existing shares of the Group at a split ratio of one to five thousand (1:5,000) and to consequently split the existing nine thousand three hundred and thirty-four (9,334) shares of the Group without indication of a nominal value into 46,670,000 (forty-six million six hundred and seventy thousand) shares of the Group without indication of a nominal value.

On 23 November 2007, the Holding was listed on the Warsaw Stock Exchange. The total size of the offering was PLN 546,402,000, comprising 22,766,750 shares, of which 16,671,000 were newly issued shares.

On 27 June 2008, an additional 5,400,000 ordinary bearer shares of the Group were admitted to trading on the main market of the WSE.

On 3 June 2010, Kernel issued 4,450,000 new shares, thereby increasing the Group's share capital by USD 117,506.70, to a total amount of USD 1,932,681.54. Following the issuance of new shares, Kernel's share capital was divided into 73,191,000 shares without indication of a nominal value, giving right to 73,191,000 voting rights at the General Meeting of the Group.

On 5 January 2011, Kernel issued 483,410 new shares without indication of a nominal value. All the newly issued shares were subscribed by a stock option beneficiary under the Management Incentive Plan. Issue price of 1 share was PLN 24. As a result of the increase, the Company's share capital was increased by an amount of USD 12,764 and set at USD 1,945,446.46, divided into 73,674,410 shares without indication of a nominal value.

On 30 March 2011, Kernel Holding S.A. announced its intention to issue approximately five million new ordinary shares of the Company through an offering to institutional investors ('the Offering'). The Offering was conducted through an accelerated book build which closed on 31 March 2011. The allocations to institutional investors were announced on 1 April 2011, whereby 5,400,000 ordinary shares were placed at a price of PLN 74 per share. The Offering raised gross proceeds of PLN 399.4 million for the Company. In order to ensure that allottees in the Offering could receive and trade their allocations immediately, Namsen Limited, a company controlled by Andrey Verevskiy, lent shares in Kernel for the purpose of the settlement of shares. The respective capital increase was adopted on 21 July 2011 at the Extraordinary General Meeting of Kernel Holding S.A. Shareholders.

On 4 August 2011, Kernel issued 6,009,000 new shares without indication of a nominal value. 5,400,000 newly issued shares have been subscribed by 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 increase, the Company's share capital was set at USD 2,104,120.11, divided into 79,683,410 shares without indication of a nominal value.

Luxembourg companies are required to allocate to the legal reserve a minimum of 5% of the annual net income until this reserve equals 10% of the subscribed issued capital. This reserve of an amount of USD 125,000 as of 31 December 2012, unchanged from 31 December 2011, may not be distributed as dividends.

3. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies

These condensed consolidated interim financial statements for the 6 months ended 31 December 2012 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and do not include all of the information and disclosures required in the annual financial statements. The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012, except as required by new and amended standards, as described below.

The Group has adopted the following new and amended standards:

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12). The amendments become effective to annual periods beginning on or after 1 January 2012. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) effective to annual periods beginning on or after 1 July 2012. Amends IAS 1 Presentation of Financial Statements to revise the way other comprehensive income is presented.

The adoption of the amendments did not have any impact on the financial position or performance of the Group.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies (continued)

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a joint venture recognised at the date of acquisition is recognised as goodwill which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its joint venture, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

The exchange rates used in preparation of these condensed consolidated interim financial statements are as follows:

Currency	Closing rate as of 31 December 2012	Average rate for the 6 months ended 31 December 2012	Closing rate as of 31 December 2011	Average rate for the 6 months ended 31 December 2011
USD/UAH	7.9930	7.9930	7.9898	7.9772
USD/EUR	0.7582	0.7854	0.7737	0.7253
USD/RUB	30.3727	31.5419	32.1961	30.1382
USD/PLN	3.0996	3.2398	3.4174	3.1064

The average exchange rates for each period are calculated as the arithmetic mean of exchange rates for all trading days during this period. The sources of exchange rates are the official rates set by the National Bank of Poland for USD/PLN and USD/EUR, by the National Bank of Ukraine for USD/UAH and by the Central Bank of Russian Federation for USD/RUB rates.

Operating segments are reported in a manner consistent with the internal reporting as provided to the chief operating decision makers, including Management and the members of the Board of Directors of the Group, to allocate resources to each segment and for performance assessment.

Segments in the consolidated financial statements are defined in accordance with the type of activity, products sold, or services provided. The operating segments' activities are as follows:

Operating segments	Activities
Bottled sunflower oil	Production, refining, bottling, marketing and distribution of bottled sunflower oil.
Sunflower oil in bulk	Production and sales of sunflower oil in bulk (crude and refined) and meal.
Grain	Sourcing and merchandising of wholesale grain.
Export terminals	Grain handling and transshipment services in the ports of Ilyichevsk and Nikolayev.
Silo services	Provision of grain cleaning, drying and storage services.
Sugar	Production, marketing and distribution of sugar.
Farming	Agricultural farming. Production of wheat, barley, corn, soya bean, sunflower seed and sugar beet.

The measure of profit and loss and assets and liabilities is based on the Group Accounting Policies which are in compliance with IFRS.

In the financial statements as of 31 December 2012 and 31 December 2011, the segment table reflects continuing operations only.

The reconciliation eliminates intersegment items and reflects income and expenses that cannot be attributed to segments.

Segment data is calculated as follows:

Intersegment sales reflect intergroup transactions effected on an arm's length basis. Capital expenditures, amortisation and depreciation related to property, plant and equipment and intangible assets are allocated to segments when possible.

Since financial management of the Group Companies is centralized, financial liabilities are not allocated directly to respective operating segments. Consequently, the liabilities shown for individual segments exclude financial liabilities.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3. Basis of Presentation of Financial Statements and Summary of Significant Accounting Policies (continued)

The operating segments have different seasonality patterns.

The bottled oil and oil in bulk segments do not have pronounced seasonality in earnings, but are highly seasonal in terms of working capital requirements. The highest level of working capital is required in December – April, when the Group has significant raw material in storage.

The grain segment has the same seasonal requirements in working capital in December – April and the lowest revenues routinely in the fourth quarter of the Group's financial year (ending on 30 June).

The farming segment, in the first half of the Group's financial year due to seasonality and the implications of IAS 41, mainly reflects the sale of crops and the effects of the revaluation of agri produce carried forward, while financial performance during the second half of the financial year reflects the effects of the revaluation of biological assets and the sale of carried-forward agri produce.

The sugar segment is highly seasonal, as sugar plants normally operate during September – December processing sugar beets harvested in September – November. Higher revenue is typically expected in second half when carried forward sugar stock is gradually sold.

4. Key Data by Operating Segment

Key data by operating segment for 6 months ended 31 December 2012:

(in thousands of US dollars unless otherwise stated)	Bottled sunflower oil	Sunflower oil in bulk	Export terminals	Farming	Grain	Silo services	Sugar	Other	Re-conciliation	Total
Revenue (external)	97,392	818,178	10,867	23,918	494,374	14,988	14,411	-	-	1,474,128
Intersegment sales	-	-	19,005	126,907	-	16,722	-	-	(162,634)	-
Total revenue	97,392	818,178	29,872	150,825	494,374	31,710	14,411	-	(162,634)	1,474,128
Other operating income	1,494	14,193	32	6,267	14,409	150	22	-	-	36,567
Operating profit	14,255	92,785	16,585	(6,901)	13,280	8,942	(1,086)	(18,867)	-	118,993
Finance costs, net										(41,316)
Foreign exchange gain, net										1,404
Other expenses, net										(4,486)
Share of losses of joint venture										(1,719)
Income tax expense										(3,776)
Profit for the period										69,100
Total assets	96,694	1,264,398	234,479	311,125	491,598	170,326	117,750	6,973	-	2,693,343
Capital expenditures	361	3,533	1,626	11,180	-	16,216	193	1,349	-	34,458
Amortisation and depreciation	1,198	9,101	1,682	20,290	25	3,460	2,004	990	-	38,750
Liabilities	2,060	32,450	4,218	50,615	16,512	25,430	9,058	1,272,025	-	1,412,368

During 6 months ended 31 December 2012, two of the Group's external customers accounted for more than 10% of total external revenue. Also during that period, export sales amounted to 89% of total external sales revenue.

The Group operates in two principal geographical areas – Ukraine and Russian Federation. The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of non-current assets are detailed below.

	Revenue from external customers	Non-current assets
	6 months ended 31 December 2012	As of 31 December 2012
Ukraine	1,394,963	1,039,804
Russian Federation	79,165	54,482
Total	1,474,128	1,094,286

Notes to the Condensed Consolidated Interim Financial Statements (continued)

4. Key Data by Operating Segment (continued)

Key data by operating segment for 6 months ended 31 December 2011:

(in thousands of US dollars unless otherwise stated)	Bottled sunflower oil	Sunflower oil inbulk	Export terminals	Farming	Grain	Silo services	Sugar	Other	Re-conciliation	Total
Revenue (external)	123,498	487,841	3,564	15,030	310,752	17,428	27,789	-	-	985,902
Intersegment sales	-	-	9,903	89,879	-	10,550	-	-	(110,332)	-
Total revenue	123,498	487,841	13,467	104,909	310,752	27,978	27,789	-	(110,332)	985,902
Other operating income	-	1,252	2	21,600	(4,629)	128	29	-	-	18,382
Operating profit	21,278	67,897	4,897	12,997	13,210	9,046	1,531	(14,479)	-	116,377
Finance costs, net										(27,679)
Foreign exchange gain, net										572
Other income, net										2,913
Income tax benefit										44
Profit for the period										92,227
Total assets	147,972	996,076	168,511	248,585	319,325	121,001	165,225	42,134	-	2,208,829
Capital expenditures	657	20,143	40	2,287	-	561	12,217	1,789	-	37,694
Amortisation and depreciation	1,173	6,651	1,797	13,399	26	2,641	3,906	2,657	-	32,250
Liabilities	7,832	135,623	3,807	50,743	23,807	11,728	61,493	759,386	-	1,054,419

During 6 months ended 31 December 2011, two of the Group's external customers accounted for more than 10% of total external revenue. Also during that period, export sales amounted to 82% of total external sales revenue.

As of 31 December 2011, the Group operated in two principal geographical areas – Ukraine and Russian Federation. The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of non-current assets are detailed below.

	Revenue from external customers		Non-current assets
	6 months ended 31 December 2011	As of 31 December 2011	
Ukraine	962,030	978,418	
Russian Federation	23,872	49,837	
Total	985,902	1,028,255	

5. Acquisition and Disposal of Subsidiaries

No entities were acquired during the 6 months ended 31 December 2012.

The following entities were disposed of during the 6 months ended 31 December 2012:

- On 30 October 2012, the Group disposed of 100% of the share capital of Veselynivske ZPP LLC, the net assets of which as of the date of disposal were equal to USD 399 thousand, to a third party.
- On 30 October 2012, the Group disposed of 100% of the share capital of Gulyaypolsky Elevator LLC, the net assets of which as of the date of disposal were equal to USD 2,068 thousand, to a third party.
- On 28 December 2012, the Group disposed of 100% of the share capital of Grain Trading Company LLC, the net liabilities of which as of the date of disposal were equal to negative USD 1,874 thousand, to a third party.

Total received cash considerations for disposed entities was USD 490 thousand. Cash balances disposed comprised USD 87 thousand and were deducted from cash consideration received in the Condensed Consolidated Interim Statement of Cash Flows. Loss on disposals, in the amount of USD 103 thousand, was included in other income/(expenses) line in the Consolidated Interim Statement of Profit or Loss.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

5. Acquisition and Disposal of Subsidiaries (continued)

The following entities were acquired during 6 months ended 31 December 2011:

Subsidiary	Principal activity	Country of incorporation	Group's effective ownership interest on the date of acquisition	Date of acquisition
Black Sea Industry group:				
Eastern-Agro Investments LTD	Holding companies.	Cyprus	100%	30 September 2011
BREA Commodities Limited		Cyprus	100%	30 September 2011
Black Sea Industry LLC	Production plant. Production of sunflower oil and meal.	Ukraine	100%	30 September 2011
Russian oil group:				
Trade Company Russian oil LLC	Trading in sunflower oil, meal and grain	Russian Federation	100%	30 September 2011
Stavropol oil OJSC		Russian Federation	100%	30 September 2011
Nevinomissky oil-crushing plant CJSC	Production plants. Production of sunflower oil and meal.	Russian Federation	100%	30 September 2011
Production Management LLC		Russian Federation	100%	30 September 2011
Ust-Labinsky EMEK Florentina CJSC		Russian Federation	100%	30 September 2011
Enselco group:				
Enselco LLC		Ukraine	100%	01 October 2011
Enselco Agroholding LLC	Holding companies.	Ukraine	100%	01 October 2011
Nyva Agroholding LLC		Ukraine	100%	01 October 2011
Sluch Agro LLC	Grain elevators. Provision of grain and oilseed cleaning, drying and storage services.	Ukraine	100%	01 October 2011
Vesnianskyi Elevator LLC		Ukraine	100%	01 October 2011
Enselco Agro		Ukraine	100%	01 October 2011
Nyva Berezneguvate LLC	Agricultural farms. Cultivation of agricultural products: corn, wheat, sunflower seeds, barley, soya beans and sugar beet.	Ukraine	100%	01 October 2011
Nyva Vesnyane		Ukraine	100%	01 October 2011
Subsidiary "Ensel" PE		Ukraine	100%	01 October 2011
Agro Inter Sluch LLC		Ukraine	100%	01 October 2011
Private leased firm "Zlagoda"		Ukraine	100%	01 October 2011
Private leased entity "Real"		Ukraine	100%	01 October 2011
PE "Getman"		Ukraine	100%	01 October 2011
PE "Olymp"		Ukraine	100%	01 October 2011
Zhayvir		Ukraine	100%	01 October 2011
PE "Ladygi"		Ukraine	100%	01 October 2011
"Chamatskiy Shlyakh"		Ukraine	100%	01 October 2011
Matushevski" farm		Ukraine	100%	01 October 2011
Krymashevskiy O.M. & C farm		Ukraine	100%	01 October 2011
Agro LLC "Ukraine"	Ukraine	100%	01 October 2011	
Agro LLC "Skhid"	Ukraine	100%	01 October 2011	
Private agro entity "Agrarnyk"	Ukraine	100%	01 October 2011	
"Zolota Nyva" LLC	Ukraine	100%	01 October 2011	
"Troyanda Podillya" LLC	Ukraine	100%	01 October 2011	

Notes to the Condensed Consolidated Interim Financial Statements (continued)

5. Acquisition and Disposal of Subsidiaries (continued)

Fair value of assets, liabilities and contingent liabilities acquired during 6 months ended 31 December 2011 was as follows:

	Black sea industry group	Russian oil group	Enselco group	Total
	Fair value	Fair value	Fair value	
ACQUIRED NET ASSETS:				
Cash and equivalents	166	4,685	762	5,613
Trade receivables	15,394	3,720	814	19,928
Prepayments made and other current assets	2,052	3,432	7,528	13,012
VAT receivables and other tax prepaid	3,534	36	2,019	5,589
Inventory	2,090	7,670	4,519	14,279
Biological current assets	-	-	21,432	21,432
Fixed assets	99,435	48,580	15,221	163,236
Intangible assets	6,995	166	13,522	20,683
Other non-current assets	-	-	6	6
Deferred tax assets	172	5,245	-	5,417
Trade payables	(18,736)	(1,747)	(1,944)	(22,427)
Prepayments from customers and other short-term liabilities	(34,753)	(8,265)	(7,273)	(50,291)
Short-term loans	-	(17,823)	(919)	(18,742)
Long-term loans	-	(26,161)	-	(26,161)
Finance lease long-term	-	-	(1,694)	(1,694)
Deferred tax liabilities	(13,045)	(4,962)	(116)	(18,123)
Fair value of net assets of acquired Subsidiaries	63,304	14,576	53,877	131,757
Non-controlling interest of acquired Subsidiaries	-	-	-	-
Fair value of acquired net assets	63,304	14,576	53,877	131,757
Goodwill	44,396	5,182	(2,527)	47,051
Total cash considerations due and payable	107,700	19,758	51,350	178,808
less: acquired cash	(166)	(4,685)	(762)	(5,613)
less: cash paid	(69,076)	(9,333)	(50,300)	(128,709)
Net cash payable for acquisition of Subsidiaries	38,458	5,740	288	44,486

The purchase consideration consisted only of cash. Expenses related directly to the acquisition of Subsidiaries are reflected in general and administrative expenses.

Negative goodwill (amounting USD 2,527,000) arising upon acquisition is accounted for in other income/(expenses) in the income statement and disclosed in the line "other expenses".

The Group does not disclose revenue and net profit of acquired subsidiaries as if they had been acquired at the beginning of the reporting period as it is impracticable due to the fact that these companies did not produce IFRS financial information as of 1 July and up to the date of acquisition.

The following entities were disposed of during 6 months ended 31 December 2011:

- On 3 August 2011, the Group disposed of 100% of the share capital of Skifiya-Zernotrade LLC, the net assets of which as of the date of disposal were equal to USD 267 thousand, to a third party for a cash consideration of USD 6 thousand.
- On 9 December 2011, the Group disposed of 100% of the share capital of Elevator Grain Trading Company LLC, the net liabilities of which as of the date of disposal were equal to negative USD 378 thousand, to a third party for a cash consideration of USD 172 thousand.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

6. Cash

The balances of cash were as follows:

	As of 31 December 2012	As of 30 June 2012	As of 31 December 2011
Cash in banks in USD	34,632	67,497	83,489
Cash in banks in UAH	8,786	12,897	33,237
Cash in banks in other currencies	2,460	2,042	13,007
Cash on transit bank account	-	60	2
Cash in hand	25	33	34
Total	45,903	82,529	129,769

7. Taxes recoverable and prepaid

Taxes recoverable and prepaid increased mainly due to the increase in corporate income tax prepaid, which was USD 20,089 thousand as of 31 December 2012 versus USD 4,443 thousand as of 30 June 2012.

8. Inventory

As of 31 December 2012, 30 June 2012 and as of 31 December 2011, inventories of USD 907,713 thousand, USD 410,182 thousand and USD 561,271 thousand, respectively, were on the balance sheet, from which the following amounts were pledged as security for short-term borrowing of USD 507,279 thousand, USD 123,026 thousand and on USD 157,905 thousand, respectively.

Increase of inventory balances was primary caused by intensive purchases of grain for trading and sunflower seeds for oil production after the reporting date, due to current and anticipated changes in the market situation.

9. Biological Assets

The balances of biological assets were as follows:

Agricultural	As of 31 December 2012		As of 31 December 2011	
	Hectares	Value	Hectares	Value
Wheat crops	24,959	7,895	58,652	10,785
Corn crops	6,617	3,881	-	-
Rape seeds	-	-	6,258	1,952
Barley crops	-	-	3,049	346
Other crops	-	-	7,855	9
Total	31,576	11,776	75,814	13,092

Live stock	As of 31 December 2012		As of 31 December 2011	
	Number of heads	Value	Number of heads	Value
Live stock	10,058	5,510	12,751	2,703
Total	10,058	5,510	12,751	2,703

The following table represents the changes in the carrying amounts of biological assets during 6 months ended 31 December 2012 and 2011:

	Capitalised expenditures	Effect of biological transformation	Fair value of biological assets
As of 31 December 2011	13,092	-	13,092
Increase due to purchases and subsequent expenditures capitalised in biological assets (2012 harvest)	94,168	-	94,168
Gain arising from changes in fair value attributable to physical changes and to changes of the market price (included in operating income, harvest 2012)	-	39,370	39,370
As of 30 June 2012	107,260	39,370	146,630
Decrease due to harvest (2012 harvest)	(107,260)	(39,370)	(146,630)
Increase due to purchases and subsequent expenditures capitalised in biological assets (2013 harvest)	7,251	-	7,251
Gain arising from changes in fair value attributable to physical changes and to changes of the market price (included in operating income, harvest 2013)	-	4,525	4,525
As of 31 December 2012	7,251	4,525	11,776

Notes to the Condensed Consolidated Interim Financial Statements (continued)

10. Property, Plant and Equipment, net

During 6 months ended 31 December 2012, the Group acquired property, plant and equipment amounted to USD 34,458 thousand (31 December 2011: USD 207,334 thousand). These purchases were related mainly to construction of two silos. Additionally, there was decreasing effect on net book value due to normal depreciation charge.

11. Goodwill

No changes occurred as of 31 December 2012, changes as of 31 December 2011 were due to acquisitions of subsidiaries - Black Sea Industry group and Russian oil Group in amount of USD 49.6 million (note 5).

12. Investments in joint ventures

The Group has the following significant interests in joint ventures:

On 27 September 2012, a 50-50 joint venture was formed with Renaisco BV, a subsidiary of Glencore International PLC. The joint venture has acquired a 100% interest in a deep water grain export terminal in Taman port, Russian Federation for the enterprise value of USD 259,000 thousand, including transaction costs, financed with a combination of equity and debt.

An investment in a joint venture is accounted for using the equity method from the date of acquisition. The total consideration paid for the Joint venture was USD 94,907 thousand. There was no payable for this acquisition as of 31 December 2012. Goodwill arising on the acquisition of joint venture was included in the carrying amount of the investment. The Group's share of the joint venture's loss from date of acquisition through 31 December 2012 comprised USD 1,719 thousand.

There has been no change in the Group's ownership or voting interests in this joint venture for the reported period.

The assets and liabilities of the joint venture as of the date of acquisition and 31 December 2012 and financial results for the period were as follows:

	As of 27 September 2012	As of 31 December 2012
Total assets	201,721	203,940
Total liabilities	(99,524)	(103,414)
Net assets	102,197	100,526
Group's share of net assets of joint venture	51,099	50,263
		3 months ended 31 December 2012
Total revenue		7,399
Total loss for the period		(3,438)
Group's share of loss of joint venture		(1,719)

13. Other non-current assets

The decrease of other non-current assets from USD 122 million at 31 December 2011 to USD 33 million as of 31 December 2012 was mainly due to set-off of the USD 51 million loan provided by the Group to the group of investors for the purchase of Enselco, following the completion the acquisition of Enselco.

14. Advances from customers and other current liabilities

The decrease in advances from customers from USD 247.1 million as of 31 December 2011 to 122.6 million as of 31 December 2012 was due to the settlement of liabilities as follows:

- USD 31 million for the acquisition of Ukrros;
- USD 38.5 million for the acquisition of Black Sea Industry LLC;
- USD 33.7 million for supply of sugar to Ukrainian State Agricultural Fund.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

15. Short-term Borrowings

The balances of short-term borrowings were as follows:

	As of 31 December 2012	As of 30 June 2012	As of 31 December 2011
Bank credit lines	849,238	163,000	381,092
Interest accrued on short-term loans	992	3,959	953
Interest accrued on long-term loans	2,327	389	1,566
Total	852,557	167,348	383,611

The balances of short-term borrowings as of 31 December 2012 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 4.75%	USD	August 2013	322,000
European bank	Libor + 3.75%	USD	June 2013	207,000
European bank	Libor + 8.95%	USD	September 2013	100,000
Russian Federation bank	12%	RUB	June 2013	55,972
Ukrainian subsidiary of European bank	Libor + 4.8%	USD	September 2013	55,000
Ukrainian subsidiary of European bank	Libor + 7%	USD	September 2013	50,000
Ukrainian subsidiary of European bank	Libor + 8%	USD	January 2013	30,000
Ukrainian subsidiary of European bank	Libor + 5%	USD	November 2013	12,897
Ukrainian subsidiary of European bank	7.5%	USD	June 2013	9,000
Ukrainian subsidiary of European bank	Libor + 5.7%	USD	September 2013	4,309
European bank	Libor + 2.13%	USD	July 2013	3,060
Total bank credit lines				849,238
Interest accrued on short-term loans				992
Interest accrued on long-term loans				2,327
Total				852,557

The balances of short-term borrowings as of 30 June 2012 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 4.75%	USD	August 2012	98,000
Ukrainian subsidiary of European bank	Libor + 4.8%	USD	June 2013	55,000
Ukrainian subsidiary of European bank	Libor + 7%	USD	October 2012	10,000
Total bank credit lines				163,000
Interest accrued on short-term loans				389
Interest accrued on long-term loans				3,959
Total				167,348

Notes to the Condensed Consolidated Interim Financial Statements (continued)

15. Short-term Borrowings (continued)

The balances of short-term borrowings as of 31 December 2011 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 4.75%	USD	August 2012	165,000
Ukrainian subsidiary of European bank	Libor + 4.8%	USD	August 2012	55,000
European bank	Libor + 8.41%	USD	March 2012	30,683
Ukrainian subsidiary of European bank	Libor + 4%	USD	July 2012	29,015
Ukrainian subsidiary of European bank	Libor + 6.5%	USD	March 2012	22,505
European bank	Libor + 3.75%	USD	June 2012	20,000
Ukrainian subsidiary of European bank	Libor + 7%	USD	October 2012	20,000
Ukrainian subsidiary of European bank	Libor + 7%	USD	October 2012	10,000
European bank	9%	RUB	August 2012	9,319
European bank	11.5%	RUB	July 2012	7,144
European bank	9.5%	RUB	March 2012	6,213
European bank	12%	RUB	July 2012	6,213
Total bank credit lines				381,092
Interest accrued on short-term loans				953
Interest accrued on long-term loans				1,566
Total				383,611

As of 31 December 2012, the overall maximum credit limit for short-term bank credit lines amounted to USD 1,401,912 thousand (as of 30 June 2012: USD 1,000,000 thousand and of 31 December 2011: USD 1,041,589 thousand).

Short-term loans from banks were secured as follows:

Assets pledged	As of 31 December 2012	As of 30 June 2012	As of 31 December 2011
Inventory	507,279	123,026	157,905
Property, plant and equipment	126,610	14,421	122,958
Intangible assets	5,929	-	-
Controlling stakes in Subsidiaries	not quantifiable	not quantifiable	not quantifiable
Total	639,818	137,447	280,863

In addition, controlling stakes in the following Subsidiaries were pledged to secure the short-term bank loans of the Group:

As of 31 December 2012			As of 30 June 2012			As of 31 December 2011		
	Maturity	Share in the mortgage		Maturity	Share in the mortgage		Maturity	Share in the mortgage
Vovchansky OEP VJSC	11/2013	100%	Agroservis LLC	10/2012	100%	CJSC Nevinimysskiy OEP	03/2012	100%
Prykolotnjansky OEP LLC	11/2013	100%	Zernoservis LLC	10/2012	100%	Agroservis LLC	10/2012	100%
Gutyansky Elevator LLC	11/2013	100%	Unigrain-Agro LLC	10/2012	100%	Zernoservis LLC	10/2012	100%
Kovyagivske KHP LLC	11/2013	100%	Lozivske HPP PJSC	10/2012	100%	Unigrain-Agro LLC	10/2012	100%
Kirovogradoliya JSC	09/2013	100%	Krasnopavlivsky KHP PJSC	10/2012	100%	Lozivske HPP PJSC	10/2012	100%
			Agrofirma Arshytsya LLC	10/2012	100%	Krasnopavlivsky KHP PJSC	10/2012	100%
			Chorna Kamyanka LLC	10/2012	100%	Agrofirma Arshytsya LLC	10/2012	100%
			Govtva LLC	10/2012	100%	Chorna Kamyanka LLC	10/2012	100%
			Manzhurka LLC	10/2012	100%	Govtva LLC	10/2012	100%
			Promin LLC	10/2012	100%	Manzhurka LLC	10/2012	100%
			Brovarky PRAC	10/2012	100%	Promin LLC	10/2012	100%
			Troyanske LLC	10/2012	100%	Brovarky PRAC	10/2012	100%
			Zorya LLC	10/2012	100%	Troyanske LLC	10/2012	100%
			Druzhba PRAC	10/2012	100%	Zorya LLC	10/2012	100%
			Agrofirma Vesna LLC	10/2012	100%	Druzhba PRAC	10/2012	100%
						Agrofirma Vesna LLC	10/2012	100%

Notes to the Condensed Consolidated Interim Financial Statements (continued)

16. Long-term Borrowings

The balances of long-term borrowings were as follows:

	As of 31 December 2012	As of 30 June 2012	As of 31 December 2011
Long-term bank loans	362,013	512,860	336,558
Current portion of long-term borrowings	(74,351)	(98,622)	(67,308)
Total	287,662	414,238	269,250

The balances of long-term borrowings as of 31 December 2012 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 5,5%	USD	February 2016	95,400
European bank	Libor + 6.25%	USD	January 2015	90,000
Ukrainian bank	9%	USD	June 2016	82,447
Russian Federation bank	Libor + 8,35%	USD	March 2019	43,100
Ukrainian subsidiary of American bank	Libor + 4,5%	USD	January 2017	25,000
European bank	Libor + 3.52%	USD	April 2015	20,390
Ukrainian subsidiary of European bank	Libor + 11.2%	USD	August 2015	5,676
Total				362,013

The balances of long-term borrowings as of 30 June 2012 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 5.5%	USD	February 2016	102,600
European bank	Libor + 8.95%	USD	September 2013	100,000
European bank	Libor + 6.25%	USD	January 2015	100,000
Ukrainian bank	9%	USD	June 2016	94,000
Ukrainian subsidiary of European bank	Libor + 7%	USD	September 2013	50,000
European bank	Libor + 3.52%	USD	April 2015	21,721
Ukrainian subsidiary of European bank	Libor + 5%	USD	November 2013	17,925
Ukrainian subsidiary of American bank	Libor + 4.5%	USD	January 2017	13,900
Ukrainian subsidiary of European bank	Libor + 5.7%	USD	September 2013	6,464
Ukrainian subsidiary of European bank	Libor + 11.2%	USD	August 2015	6,250
Total				512,860

The balances of long-term borrowings as of 31 December 2011 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 8.95%	USD	September 2013	100,000
Ukrainian bank	9%	USD	June 2016	95,050
Ukrainian subsidiary of European bank	Libor + 7%	USD	September 2013	80,000
European bank	Libor + 3.52%	USD	April 2015	24,375
Ukrainian subsidiary of European bank	Libor + 5%	USD	November 2013	21,765
Ukrainian subsidiary of European bank	Libor + 5.7%	USD	September 2013	8,618
Ukrainian subsidiary of European bank	Libor + 11.2%	USD	August 2015	6,750
Total				336,558

Notes to the Condensed Consolidated Interim Financial Statements (continued)

16. Long-term Borrowings (continued)

Long-term loans as of 31 December 2012 include credit lines from banks with the overall maximum credit limit of USD 341,338 thousand (as of 30 June 2012: USD 538,904 thousand and as of 31 December 2011: USD 336,560 thousand).

Long-term loans from banks were secured as follows:

Assets pledged	As of 31 December 2012	As of 30 June 2012	As of 31 December 2011
Property, plant and equipment	280,103	414,026	265,781
Intangible assets	-	5,930	5,932
Controlling stakes in Subsidiaries	not quantifiable	not quantifiable	not quantifiable
Total	280,103	419,956	271,713

In addition, controlling stakes in the following Subsidiaries were pledged to secure the long-term bank loans of the Group:

As of 31 December 2012			As of 30 June 2012			As of 31 December 2011		
	Maturity	Share in the mortgage		Maturity	Share in the mortgage		Maturity	Share in the mortgage
Ukrainian Black Sea Industry LLC	01/2015	100%	Vovchansky OEP PJSC	11/2013	100%	Vovchansky OEP PJSC	11/2013	100%
Eastern Agro LTD	01/2015	100%	Kirovogradoliya JSC	09/2013	100%	Kirovogradoliya JSC	09/2013	100%
Bandursky oil-crushing plant LLC	04/2015	100%	Gutyansky elevator LLC	11/2013	100%	Gutyansky elevator LLC	09/2013	100%
Transbulkterminal LLC	02/2016	100%	Prykolotnjansky OEP LLC	11/2013	100%	Prykolotnjansky OEP LLC	09/2013	100%
Estron Corporation Ltd.	02/2016	100%	Kovyagivske KHP LLC	11/2013	100%	Shevchenkisky KHP LLC	09/2013	100%
Oiltransterminal LLC	02/2016	100%	Ukrainian Black Sea Industry LLC	01/2015	100%	Kovyagivske KHP LLC	09/2013	100%
Ulyanivske LLC	06/2016	100%	Bandursky oil crushing plant LLC	04/2015	100%	Bandursky oil crushing plant LLC	04/2015	100%
Cherkasky OJSC	06/2016	100%	Estron Corporation Ltd.	02/2016	100%			
			Transbulkterminal LLC	02/2016	100%			
			Oiltransterminal LLC	02/2016	100%			
			Chortkivsky tsukrovy zavod LLC	06/2016	100%			
			Tsukrove LLC	06/2016	100%			
			Palmirsky Tsukrovy Zavod LLC	06/2016	100%			
			Orzhytsky Tsukrovy Zavod LLC	06/2016	100%			

Notes to the Condensed Consolidated Interim Financial Statements (continued)

17. Income Tax

The Parent is subject to corporate income tax in Luxembourg. The tax rate in Luxembourg was 22.05% as of 31 December 2012 and 31 December 2011. The corporate income tax rate in Ukraine, where the main operation of the Group is located, was 21% as of 31 December 2012, 23% as of 31 December 2011 and 19% as of 1 January 2013.

The new Tax Code of Ukraine, which was enacted on 2 December 2010, introduced a gradual decrease in income tax rates, from 23% effective 1 April 2011 to 16% effective 1 January 2014, as well as certain changes to the rules of income tax assessment effective from 1 April 2011. Consequently, the deferred income tax assets and liabilities as of 31 December 2012 were measured based on the revised income tax rates of the new Tax Code.

The components of income tax expense for the year ended 31 December 2012 and 2011 were as follows:

	6 months ended 31 December 2012	6 months ended 31 December 2011
Current income tax charge	(4,132)	(1,793)
Income tax benefit reported in the income statement	356	1 837
Income tax benefit	(3,776)	44

The income tax benefit is reconciled to the profit before income tax per consolidated income statement as follows:

	6 months ended 31 December 2012	6 months ended 31 December 2011
Profit before income tax	72,876	92,183
Tax at statutory tax rate of 21% (January 2012 till December 2012) and 23% since 1 April 2011	(15,304)	(21,202)
Expenditures not allowable for income tax purposes and non-taxable income, net	11,528	21,246
Income tax benefit	(3,776)	44

As of 31 December 2012, based upon projections for future taxable income over the periods in which the deductible temporary differences are anticipated to reverse, Management believes it is probable that the Group will realise the benefits of the deferred tax assets of USD 7,169 thousand recognised in respect of tax losses carried forward by Group Subsidiaries. The amount of future taxable income required to be generated by Group subsidiaries to utilise the tax benefits associated with net operating loss carry forwards is approximately USD 36,232 thousand. However, the amount of the deferred tax asset considered realisable could be adjusted in the future if estimates of taxable income are revised.

The major components of deferred tax assets and liabilities were as follows:

	As of 31 December 2012	As of 31 December 2011
DEFERRED TAX ASSETS ARISING FROM:		
Valuation of accounts receivable	11,808	3,715
Tax losses carried forward	7,169	7,014
Valuation of property, plant and equipment	633	2,424
Valuation of inventories	137	-
Valuation of accrued expenses and other temporary differences	5,631	819
Deferred tax asset	25,378	13,972
DEFERRED TAX LIABILITY ARISING FROM:		
Valuation of property, plant and equipment	(24,640)	(22,344)
Valuation of prepayments to suppliers and prepaid expenses	(4,404)	(3,290)
Valuation of intangible assets	(1,043)	(2,697)
Valuation of financial investments	-	(8)
Deferred tax liability	(30,087)	(28,339)
Net deferred tax liability	(4,709)	(14,367)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) as they are presented in the consolidated statement of financial position:

	As of 31 December 2012	As of 31 December 2011
Deferred tax assets	19,679	14,929
Deferred tax liabilities	(24,388)	(29,296)
Net deferred tax liabilities	(4,709)	(14,367)

Notes to the Condensed Consolidated Interim Financial Statements (continued)

18. Revenue

Revenue was as follows:

	6 months ended 31 December 2012	6 months ended 31 December 2011
Revenue from bulk sunflower oil, cake and meal	818,178	487,841
Revenue from grain trade	494,374	310,752
Revenue from bottled sunflower oil	97,392	123,498
Revenue from farming	23,918	15,030
Revenue from grain silo services	14,988	17,428
Revenue from sugar	14,411	27,789
Revenue from transshipment services	10,867	3,564
Total	1,474,128	985,902

19. Cost of Sales

Cost of sales was as follows:

	6 months ended 31 December 2012	6 months ended 31 December 2011
Cost of goods for resale and raw materials used	1,134,636	668,522
Amortisation and depreciation	35,407	29,883
Payroll and payroll-related costs	35,253	26,343
Rental payments	28,853	23,727
Other operating costs	6,619	18,569
Total	1,240,768	767,044

20. Other operating income

Increase in other operating income was caused mainly due to the operating foreign exchange gain in the amount of USD 24,995 thousand during the 6 months ended 31 December 2012.

21. Transactions with Related Parties

Related parties are the Beneficial Owner, companies under common control of the Beneficial Owner and the Group's key management personnel.

The Group had the following balances outstanding with related parties:

	Related party balances	Total category as per consolidated statement of financial position	Related party balances	Total category as per consolidated statement of financial position
	As of 31 December 2012		As of 31 December 2011	
Prepayments to suppliers and other current assets, net	15,054	134,893	8,429	122,681
Other non-current assets	12,249	33,154	108,842	122,007
Trade accounts payable	4,671	33,752	1,475	43,046
Advances from customers and other current liabilities	59,705	122,622	69,822	247,100

As of 31 December 2012 and 31 December 2011, the Group did not create allowance for the trade accounts receivable, prepayments made and other current assets from related parties.

Advances from customers and other current liabilities as of 31 December 2012 include amounts due to Namsen Limited. This amount includes:

- USD 39.3 million for the purchase of Inter-Agro which is interest bearing at 4% per annum;
- USD 20 million is a loan provided by Namsen to Inter-Agro Group.

Advances from customers and other current liabilities as of 31 December 2011 include amounts due to Namsen Limited. This amount includes:

- USD 31 million for the acquisition of Ukros;
- USD 38.5 million for the acquisition of Black Sea Industry LLC.

Transactions with related parties were as follows:

	Amount of operations with related parties	Total category per consolidated income statement	Amount of operations with related parties	Total category per consolidated income statement
	6 months ended 31 December 2012		6 months ended 31 December 2011	
Cost of sales	(997)	(1,240,768)	(95)	(767,044)
General, administrative and distribution expenses	(929)	(150,934)	(126)	(120,863)
Finance costs, net	144	(41,316)	1,088	(27,679)
Other income/(expenses), net	9	(4,486)	288	2,913

Transactions with related parties are performed on terms that would not necessarily be available to unrelated parties.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

21. Transactions with Related Parties (continued)

As of 31 December 2012, the Board consists of the following eight directors: the Chairman of the Board, three independent directors, four directors employed by Subsidiaries. Remuneration of the Board (8 Directors) for the 6 months ended 31 December 2012 amounted to USD 447,000 (for the 6 months ended 31 December 2011: 7 Directors, amounted USD 364,500).

The remuneration of the Chairman of the Board and four directors employed by Subsidiaries for their services as Board members amounted to nil for the 6 months ended 31 December 2012 (for the 6 months ended 31 December 2011: nil). The Members of the Board of Directors are refunded, to a reasonable extent, for any expenses incurred by them in performing their duties, including reasonable travelling expenses. Three directors employed by Subsidiaries are entitled to remuneration for their services as members of the Management Team of the Group. Remuneration of the Management Team of the Group, totalling 14 people, amounted to USD 899,000 for the 6 months ended 31 December 2012 (6 months ended 31 December 2011: 14 people, amounted to USD 939,750).

The Members of the Board of Directors and the Management Team members are not granted any pensions or retirement or similar benefits by the Group.

22. Commitments and Contingencies

In the ordinary course of business, the Group is subject to legal actions and complaints. As of 31 December 2012, the Group companies had ongoing litigations with the tax authorities mainly related to disallowance of certain amounts of VAT refund claimed by the Group, deductibility of certain expenses for corporate income tax purposes and other tax issues. According to the assessment performed by the management of the Group, the maximum exposure of the Group to such risks as of 31 December 2012 amounted to USD 115,000 thousand. Out of this amount USD 51,600 thousand relates to cases where court hearings took place and where the court of either first or second instance already ruled in favor of the Group. Management believes that based on past history of court resolutions of similar lawsuits by the Group it is unlikely that significant settlement will arise out of such lawsuits and no respective provision is required in the Group's financial statements as of reporting date.

In April 2012, the Group entered into a call option agreement to acquire a farming company located in the Khmelnytsk region of Ukraine with 79,200 ha of land under management. Upon signing, the Sellers received approximately 40% of the estimated net asset value partly from the Group and its related parties. The Group's share in the acquisition's prepayment was USD 5,976 thousand presented as other non-current assets in the consolidated financial statements as of 31 December 2012. In the meantime, the final payment of USD 31,700 thousand shall be due and payable only after fulfillment of certain conditions to the satisfaction of the Group by 1 December 2013. Prior to 31 December 2012, the Group submitted several claims to the Sellers in respect to non-fulfillment of the Seller's obligations which would cause a significant reduction of the final payment. In December 2012, the Group received a counterclaim and a Request for Arbitration from the Sellers. The parties are currently in tribunal formation process and negotiating the stay of arbitration until December 2013 when the final payment shall be determined. As of 31 December 2012, the Management of the Group assessed the recoverability of the above prepayment for the acquisition as well as results of the ultimate resolution of the respective legal case. Management believes that it is unlikely that any significant settlement will arise out of this lawsuit and the prepayment will be fully recoverable.

In November 2012 the National Bank of Ukraine ("NBU") introduced a requirement to sell 50% of foreign currency proceeds from export sales at Ukrainian interbank currency market. This requirements applies to the Group entities located in Ukraine only and which obtain proceeds from sale in foreign currency.

As of 31 December 2012 certain Group companies are involved in the continuous dispute related to the contamination of sunflower oil (total amount claimed by third parties is about USD 3,700 thousand). Based on the analysis of the substance of this dispute we assess risk of material settlements by the Group as a result of dispute resolution as possible.

Contractual Commitments on Sales

As of 31 December 2012, the Group had entered into commercial contracts for the export of 1,116,262 tons of grain and 301,766 tons of sunflower oil and meal, corresponding to an amount of USD 369,747 thousand and USD 159,254 thousand, respectively, in contract prices as of 31 December 2012.

As of 31 December 2011, the Group had entered into commercial contracts for the export of 895,639 tons of grain and 399,547 tons of sunflower oil and meal, corresponding to an amount of USD 228,722 thousand and USD 156,727 thousand, respectively, in contract prices as of 31 December 2011.

23. Subsequent events

No subsequent events occurred from 31 December 2012 through the date the condensed consolidated interim financial statements were authorised for issue.