

KERNEL HOLDING S.A.

OPERATIONS UPDATE FOR THREE MONTHS ENDED 30 JUNE 2013

Production, sales and throughput:

Volume and tonnage	Q4 FY2013 ⁽¹⁾	Q4 FY2012 ⁽²⁾	yoy
Grain sales, tons	790,874	276,470	186.1%
Bulk oil sales, tons	290,270	268,679	8.0%
Bottled oil sales, '000 liters	24,030	24,231	-0.8%
Sunflower seed crush, tons	417,239	726,949	-42.6%
Refined oil production, tons	21,942	26,835	-18.2%
Bottled oil production, tons	22,890	24,086	-5.0%
Export terminals throughput, tons ⁽³⁾	619,808	355,098	74.5%

(1) Three months ended 30 June 2013.

(2) Three months ended 30 June 2012.

(3) Including 63,804 tons transhipped through Taman port, which represents 50% of the total throughput volume of the Taman facility. Taman port is owned through a 50%-50% joint venture between Kernel Holding S.A. and a subsidiary of Glencore International Plc.

Key highlights:

- Grain sales up 2.9x yoy to 790,874 tons in Q4 FY2013 driven by the company's strategy to maximize earnings through accelerated throughput across the supply chain in a low trading margin environment.
- Export terminals throughput up 1.7x yoy to 619,808 tons in Q4 FY2013, driven primarily by accelerated grain sales from Ukraine.
- Bulk oil sales up 8.0% yoy to 290,270 tons in Q4 FY2013 driven by carried-over stock from Q3 FY2013.
- Crushing volumes down 42.6% yoy, as the below-average sunflower seed harvest in 2012 pushed down utilization in the last months of 2012/13 crushing season.

Corporate:

- Kernel Holding S.A. acquired a farming business that manages 108,000 hectares of leasehold farmland and operates 100,000 tons of grain storage capacity. With a highly concentrated and fully-farmed land bank in the southern Chernihiv and Sumy regions and the northern Poltava region, the business is self-sufficient in working capital and is fully-equipped with modern farming machinery.
- Kernel Holding S.A. divested property of Chortkiv sugar plant and participatory interest in the local sugar trading entity for a gross consideration of USD 32.5 million.
- Ievgen Osypov was appointed as general manager of Kernel farming division. With fifteen years of managerial and operational experience in the farming business, Ievgen is the former CEO of Industrial Milk Company, which under his leadership developed into one of the largest and most efficient farming businesses in Ukraine. At Kernel, Ievgen is responsible for general management of the company's farming division.
- Along with the publication of this operations update, the Board of Directors announces the approval of the dividend policy, adopting the dividend per share approach (DPS). Following the announcement of FY 2014 results, Kernel Holding S.A. intends to start paying a sustainable annual dividend of USD 0.25 per share. The proposed dividends will be declared and paid in US dollars and will be subject to shareholders approval at the general meeting of the shareholders.

Selected average commodity prices, USD/t	Q4 FY2013⁽¹⁾	Q4 FY2012⁽²⁾	yoy
Sunflower oil, Ukraine FOB, Black Sea	1,127	1,167	-3.4%
Wheat, Ukraine FOB, Black Sea	305	261	16.8%
Corn, Ukraine FOB, Black Sea	275	254	7.9%
Barley, Ukraine FOB, Black Sea	293	257	14.1%

(1) Three months ended 30 June 2013.

(2) Three months ended 30 June 2012.

Source: APK-Inform. The prices are indicative and could differ from those realized by Kernel.

Consolidated Financial Statements for the 12 months ended 30 June 2013 will be published after the market close on 31 October 2013.

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Appendix 1 – FY2013 vs. FY2012

Volume and tonnage	FY2013⁽¹⁾	FY2012⁽²⁾	yoy
Grain sales, tons	3,021,704	2,123,229	42.3%
Bulk oil sales, tons	1,040,332	828,370	25.6%
Bottled oil sales, '000 liters	108,227	131,694	-17.8%
Sunflower seed crush, tons	2,314,789	2,493,056	-7.2%
Refined oil production, tons	107,007	139,839	-23.5%
Bottled oil production, tons	100,190	125,885	-20.4%
Export terminals throughput, tons	3,209,168 ⁽³⁾	1,809,346	77.4%
Inland silos grain and oilseeds throughput, tons	1,736,625	2,058,909	-15.7%

(1) 12 months ended 30 June 2013.

(2) 12 months ended 30 June 2012.

(3) Including 298,803 tons transhipped through Taman port, which represents 50% of the total throughput volume of the Taman facility. Taman port is owned through a 50%-50% joint venture between Kernel Holding S.A. and a subsidiary of Glencore International Plc.

Selected average commodity prices, USD/t	FY2013⁽¹⁾	FY2012⁽²⁾	yoy
Sunflower oil, Ukraine FOB, Black Sea	1,156	1,170	-1.2%
Wheat, Ukraine FOB, Black Sea	322	255	26.2%
Corn, Ukraine FOB, Black Sea	289	262	10.4%
Barley, Ukraine FOB, Black Sea	304	264	15.0%

(1) 12 months ended 30 June 2013.

(2) 12 months ended 30 June 2012.

Source: APK-Inform. The prices are indicative and could differ from those realized by Kernel.

Appendix 2 – Q4 FY2013 vs. Q3 FY2013

Volume and tonnage	Q4 FY2013⁽¹⁾	Q3 FY2013⁽²⁾	qoq
Grain sales, tons	790,874	653,745	21.0%
Bulk oil sales, tons	290,270	173,976	66.8%
Bottled oil sales, '000 liters	24,030	23,153	3.8%
Sunflower seed crush, tons	417,239	679,311	-38.6%
Refined oil production, tons	21,942	26,274	-16.5%
Bottled oil production, tons	22,890	25,166	-9.0%
Export terminals throughput, tons	619,808 ⁽³⁾	625,623 ⁽⁴⁾	-0.9%

(1) Three months ended 30 June 2013.

(2) Three months ended 31 March 2013.

(3) Including 63,804 tons trans-shipped through Taman port, which represents 50% of the total throughput volume of the Taman facility. Taman port is owned through a 50%-50% joint venture between Kernel Holding S.A. and a subsidiary of Glencore International Plc.

(4) Including 33,955 tons trans-shipped through Taman port, which represents 50% of the total throughput volume of the Taman facility.

Selected average commodity prices, USD/t	Q4 FY2013⁽¹⁾	Q3 FY2013⁽²⁾	qoq
Sunflower oil, Ukraine FOB, Black Sea	1 127	1 156	-2.6%
Wheat, Ukraine FOB, Black Sea	305	343	-10.9%
Corn, Ukraine FOB, Black Sea	275	292	-6.0%
Barley, Ukraine FOB, Black Sea	293	314	-6.6%

(1) Three months ended 30 June 2013.

(2) Three months ended 31 March 2013.

Source: APK-Inform. The prices are indicative and could differ from those realized by Kernel.

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