

# KERNEL HOLDING S.A.

## OPERATIONS UPDATE FOR THREE MONTHS ENDED 31 DECEMBER 2012

Production, sales and throughput:

Volume and tonnage	Q2 FY2013 <sup>(1)</sup>	Q2 FY2012 <sup>(2)</sup>	yoy
Grain sales, tons	1,089,598	598,246	82.1%
Bulk oil sales, tons	382,680	229,956	66.4%
Bottled oil sales, '000 liters	33,760	47,014	-28.2%
Sunflower seed crush, tons	760,218	749,610	1.4%
Refined oil production, tons	33,785	49,440	-31.7%
Bottled oil production, tons	30,773	44,654	-31.1%
Export terminals throughput, tons	1,223,610 <sup>(3)</sup>	467,782	161.6%
Grain and oilseeds received in inland silos, tons <sup>(4)</sup>	1,623,760	1,794,125	-9.5%
Sugar production, tons <sup>(4)</sup>	99,323	119,614	-17.0%

(1) Three months ended 31 December 2012

(2) Three months ended 31 December 2011

(3) Including 201,043 tons transhipped through Taman port, which represents 50% of total throughput volume of Taman facility. Taman port is owned through 50%-50% joint venture between Kernel Holding S.A. and a subsidiary of Glencore International Plc.

(4) Six months ended 31 December 2012 and 2011 respectively

### Key highlights:

- 82.1% yoy growth in grain sales reflecting a higher pace of grain exports from Ukraine this marketing season owing to (1) market-wide anticipation of a wheat export ban and (2) stronger prices increasing farmers` willingness to sell.
- Close to full capacity utilization at crushing plants, an earlier start of the marketing season, and larger shipments of contracted sunflower oil resulted in an increase of bulk oil sales to record quarterly levels of 382,680 tons, up 66.4% yoy.
- The decline in domestic bottled oil sales reflects lower deliveries to customers as a higher volume was exported in bulk.
- 31,650 ha sown with winter wheat for FY2014 harvest; the share of the winter wheat decreased according the company`s continued improvement of the crop structure.

### Corporate:

- The AGM appointed Mr. Sergei Shibaev as a new independent director of the Company, increasing the Board composition to eight directors, three of whom are independent.
- USD 170 million dual-tranche facility agreement entered in late December to refinance the existing corporate debt.

### Selected average commodity prices, US\$/t

3 months ended 31 December	2012	2011	yoy
Sunflower oil, Ukraine FOB, Black Sea	1,152	1,097	5.0%
Wheat, Ukraine FOB, Black Sea	340	242	40.5%
Corn, Ukraine FOB, Black Sea	299	241	24.2%
Barley, Ukraine FOB, Black Sea	312	267	16.8%

Source: APK-Inform. Prices could differ from those, realized by Kernel

Reviewed Consolidated Financial Statements for the 6 months ended 31 December 2012 will be published after the market close on 28 February 2013.

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**Appendix 1 – H1 FY2013 vs. H1 FY2012**

<b>Volume and tonnage</b>	<b>H1 FY2013<sup>(1)</sup></b>	<b>H1 FY2012<sup>(2)</sup></b>	<b>yoy</b>
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	-30.0%
Export terminals throughput, tons	1,963,736 <sup>(3)</sup>	859,013	128.6%
Grain and oilseeds received in inland silos, tons	1,623,760	1,794,125	-9.5%
Sugar production, tons	99,323	119,614	-17.0%

(1) Six months ended 31 December 2012

(2) Six months ended 31 December 2011

(3) Including 201,043 tons transhipped through Taman port, which represents 50% of total throughput volume of Taman facility. Taman port is owned through 50%-50% joint venture between Kernel Holding S.A. and a subsidiary of Glencore International Plc.

<b>Selected average commodity prices, US\$/t</b>	<b>H1 FY2013<sup>(1)</sup></b>	<b>H1 FY2012<sup>(2)</sup></b>	<b>yoy</b>
Sunflower oil, Ukraine FOB, Black Sea	1,172	1,189	-1.5%
Wheat, Ukraine FOB, Black Sea	320	251	27.6%
Corn, Ukraine FOB, Black Sea	295	267	10.4%
Barley, Ukraine FOB, Black Sea	304	269	13.2%

(1) Six months ended 31 December 2012

(2) Six months ended 31 December 2011

Source: APK-Inform. Prices could differ from those, realized by Kernel

**Appendix 2 – Q2 FY2013 vs. Q1 FY2013**

<b>Volume and tonnage</b>	<b>Q2 FY2013<sup>(1)</sup></b>	<b>Q1 FY2013<sup>(2)</sup></b>	<b>qoq</b>
Grain sales, tons	1,089,598	532,127	104.8%
Bulk oil sales, tons	382,680	198,994	92.3%
Bottled oil sales, '000 liters	33,760	26,059	29.6%
Sunflower seed crush, tons	760,218	458,095	66.0%
Refined oil production, tons	33,785	24,283	39.1%
Bottled oil production, tons	30,773	20,313	51.5%
Export terminals throughput, tons	1,223,610	740,126	65.3%

(1) Three months ended 31 December 2012

(2) Three months ended 30 September 2012

<b>Selected average commodity prices, US\$/t</b>	<b>Q2 FY2013<sup>(1)</sup></b>	<b>Q1 FY2013<sup>(2)</sup></b>	<b>qoq</b>
Sunflower oil, Ukraine FOB, Black Sea	1,152	1,191	-3.3%
Wheat, Ukraine FOB, Black Sea	340	300	13.3%
Corn, Ukraine FOB, Black Sea	299	290	3.1%
Barley, Ukraine FOB, Black Sea	312	297	5.1%

(1) Three months ended 31 December 2012

(2) Three months ended 30 September 2012

Source: APK-Inform. Prices could differ from those, realized by Kernel