

**Annual accounts
and Report of the Réviseur d'entreprises agréé**

As at 31 December, 2012

KSG Agro S.A.

Société anonyme

46A, Avenue J.F. Kennedy
L-1855 Luxembourg
Luxembourg
R.C.S. Luxembourg: B 156864
Share capital: USD 149,255.00

#VPC:REPLUX226402#

KSG Agro S.A.
Index to the Annual accounts
For the year beginning 01 January 2012 and ending 31 December 2012

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Audit report

To the Shareholders of
KSG Agro S.A.

Report on the annual accounts

We have audited the accompanying annual accounts of KSG Agro S.A., which comprise the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

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

Responsibility of the "Réviseur d'entreprises agréé"

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

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

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



Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of KSG Agro S.A. as of 31 December 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Board of Directors is consistent with the annual accounts and includes the information required by the law with respect to the Corporate Governance Statement.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 24 May 2013



Marc Minet

A handwritten signature in blue ink, appearing to be 'M. Minet', is written over the printed name 'Marc Minet'.

RCSL Nr. : B156864

Matricule : 2010 2228 759

eCDF entry date : 24/05/2013

BALANCE SHEETFinancial year from ⁰¹ 01/01/2012 to ⁰² 31/12/2012 (in ⁰³ USD)

KSG Agro S.A.
 46A, Avenue J.F. Kennedy
 L-1855 Luxembourg

ASSETS

	Financial year	Previous financial year
A. Subscribed capital unpaid		
I. Subscribed capital not called	101 _____	102 _____
II. Subscribed capital called but not paid	103 _____	104 _____
	105 _____	106 _____
B. Formation expenses		
	107 _____	108 _____
C. Fixed assets		
I. Intangible assets		
1. Costs of research and development	109 <u>36.595.956,26</u>	110 <u>37.006.429,13</u>
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	111 _____	112 _____
a) acquired for valuable consideration and need not be shown under C.I.3	113 _____	114 _____
b) created by the undertaking itself	115 _____	116 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	117 _____	118 _____
4. Payments on account and intangible fixed assets under development	119 _____	120 _____
II. Tangible assets		
1. Land and buildings	121 _____	122 _____
2. Plant and machinery	123 _____	124 _____
3. Other fixtures and fittings, tools and equipment	125 <u>2.075,37</u>	126 <u>3.629,13</u>
4. Payments on account and tangible assets in course of construction	127 _____	128 _____
III. Financial assets		
1. Shares in affiliated undertakings	129 _____	130 _____
2. Loans to affiliated undertakings	131 <u>2.075,37</u>	132 <u>3.629,13</u>
3. Shares in undertakings with which the company is linked by virtue of participating interests	133 _____	134 _____
4. Loans to undertakings with which the company is linked by virtue of participating interests	135 <u>36.593.880,89</u>	136 <u>37.002.800,00</u>
5. Investments held as fixed assets	137 <u>36.002.800,00</u>	138 <u>36.002.800,00</u>
6. Loans and claims held as fixed assets	139 <u>591.080,89</u>	140 <u>1.000.000,00</u>
7. Own shares or own corporate units	141 _____	142 _____
	143 _____	144 _____
	145 _____	146 _____
	147 _____	148 _____
	149 _____	150 _____

RCSL Nr.: B156864

Matricule : 2010 2228 759

	Financial year	Previous financial year
D. Current assets	151 <u>155.685,19</u>	152 <u>411.960,53</u>
I. Stocks	153 _____	154 _____
1. Raw materials and consumables	155 _____	156 _____
2. Work and contracts in progress	157 _____	158 _____
3. Finished goods and goods for resale	159 _____	160 _____
4. Payments on account	161 _____	162 _____
II. Debtors	163 <u>126.196,45</u>	164 <u>13.035,03</u>
1. Trade debtors	165 _____	166 _____
a) becoming due and payable after less than one year	167 _____	168 _____
b) becoming due and payable after more than one year	169 _____	170 _____
2. Amounts owed by affiliated undertakings	171 <u>72.065,41</u>	172 <u>7.750,00</u>
a) becoming due and payable after less than one year	173 <u>72.065,41</u>	174 <u>7.750,00</u>
b) becoming due and payable after more than one year	175 _____	176 _____
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	177 _____	178 _____
a) becoming due and payable after less than one year	179 _____	180 _____
b) becoming due and payable after more than one year	181 _____	182 _____
4. Other debtors	183 <u>54.131,04</u>	184 <u>5.285,03</u>
a) becoming due and payable after less than one year	185 <u>54.131,04</u>	186 <u>5.285,03</u>
b) becoming due and payable after more than one year	187 _____	188 _____
III. Investments	189 _____	190 _____
1. Shares in affiliated undertakings and in undertakings with which the company is linked by virtue of participating interests	191 _____	192 _____
2. Own shares or own corporate units	193 _____	194 _____
3. Other investments	195 _____	196 _____
IV. Cash at bank and in hand	197 <u>29.488,74</u>	198 <u>398.925,50</u>
E. Prepayments	199 _____	200 _____
TOTAL (ASSETS)	201 <u>36.751.641,45</u>	202 <u>37.418.389,66</u>

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Matricule : 2010 2228 759

LIABILITIES

	Financial year	Previous financial year
A. Capital and reserves		
I. Subscribed capital	301 <u>36.053.187,04</u>	302 <u>37.302.661,64</u>
II. Share premium and similar premiums	303 <u>149.255,00</u>	304 <u>149.255,00</u>
III. Revaluation reserves	305 <u>40.319.201,87</u>	306 <u>39.884.778,54</u>
IV. Reserves	307 <u>-5.877,16</u>	308 <u>-164,13</u>
1. Legal reserve	309 _____	310 _____
2. Reserve for own shares	311 _____	312 _____
3. Reserves provided for by the articles of association	313 _____	314 _____
4. Other reserves	315 _____	316 _____
V. Profit or loss brought forward	317 _____	318 _____
VI. Result for the financial year	319 <u>-2.733.971,53</u>	320 <u>-6.960,38</u>
VII. Interim dividends	321 <u>-1.675.421,14</u>	322 <u>-2.724.247,39</u>
VIII. Investment subsidies	323 _____	324 _____
IX. Immunised appreciation	325 _____	326 _____
	327 _____	328 _____
B. Subordinated creditors	329 _____	330 _____
C. Provisions	331 _____	332 _____
1. Provisions for pensions and similar obligations	333 _____	334 _____
2. Provisions for taxation	335 _____	336 _____
3. Other provisions	337 _____	338 _____
D. Non subordinated debts	339 <u>697.248,37</u>	340 <u>115.728,02</u>
1. Debenture loans	341 _____	342 _____
a) Convertible loans	343 _____	344 _____
i) becoming due and payable after less than one year	345 _____	346 _____
ii) becoming due and payable after more than one year	347 _____	348 _____
b) Non convertible loans	349 _____	350 _____
i) becoming due and payable after less than one year	351 _____	352 _____
ii) becoming due and payable after more than one year	353 _____	354 _____
2. Amounts owed to credit institutions	355 _____	356 _____
a) becoming due and payable after less than one year	357 _____	358 _____
b) becoming due and payable after more than one year	359 _____	360 _____
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	361 _____	362 _____
a) becoming due and payable after less than one year	363 _____	364 _____
b) becoming due and payable after more than one year	365 _____	366 _____
4. Trade creditors	367 <u>280.231,44</u>	368 <u>110.297,90</u>
a) becoming due and payable after less than one year	369 <u>280.231,44</u>	370 <u>110.297,90</u>
b) becoming due and payable after more than one year	371 _____	372 _____

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	Financial year	Previous financial year
5. Bills of exchange payable	373 _____	374 _____
a) becoming due and payable after less than one year	375 _____	376 _____
b) becoming due and payable after more than one year	377 _____	378 _____
6. Amounts owed to affiliated undertakings	379 _____ 2.930,00	380 _____ 2.930,00
a) becoming due and payable after less than one year	381 _____ 2.930,00	382 _____ 2.930,00
b) becoming due and payable after more than one year	383 _____	384 _____
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests	385 _____	386 _____
a) becoming due and payable after less than one year	387 _____	388 _____
b) becoming due and payable after more than one year	389 _____	390 _____
8. Tax and social security	391 _____ 4.319,06	392 _____ 2.499,92
a) Tax	393 _____ 4.319,06	394 _____ 2.499,92
b) Social security	395 _____	396 _____
9. Other creditors	397 _____ 409.767,87	398 _____ 0,20
a) becoming due and payable after less than one year	399 _____ 172.302,10	400 _____ 0,20
b) becoming due and payable after more than one year	401 _____ 237.465,77	402 _____
E. Deferred income	403 _____ 1.206,04	404 _____
TOTAL (LIABILITIES)	405 _____ 36.751.641,45	406 _____ 37.418.389,66

RCSL Nr.: B156864

Matricule: 2010 2228 759

eCDF entry date: 23/05/2013

PROFIT AND LOSS ACCOUNTFinancial year from ⁰¹ 01/01/2012 to ⁰² 31/12/2012 (in ⁰³ USD)

KSG Agro S.A.
 46A, Avenue J.F. Kennedy
 L-1855 Luxembourg

A. CHARGES

	Financial year	Previous financial year
1. Raw materials and consumables	601 _____	602 _____
2. Other external charges	603 <u>1.144.098,68</u>	604 <u>3.458.947,91</u>
3. Staff costs	605 <u>1.810,60</u>	606 <u>4.459,76</u>
a) Wages and salaries	607 <u>1.810,60</u>	608 <u>4.459,76</u>
b) Social security costs	609 _____	610 _____
c) Social security costs relating to pensions	611 _____	612 _____
d) Other social security costs	613 _____	614 _____
4. Value adjustments	615 <u>1.958,86</u>	616 <u>587,39</u>
a) on formation expenses and on tangible and intangible fixed assets	617 <u>1.958,86</u>	618 <u>587,39</u>
b) on elements of current assets	619 _____	620 _____
5. Other operating charges	621 <u>71.225,48</u>	622 <u>42.197,40</u>
6. Value adjustments and fair value adjustments on financial fixed assets	623 _____	624 _____
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	625 _____	626 _____
8. Interest payable and similar charges	627 <u>516.111,20</u>	628 <u>102.701,48</u>
a) concerning affiliated undertakings	629 _____	630 _____
b) other interest payable and similar charges	631 <u>516.111,20</u>	632 <u>102.701,48</u>
9. Extraordinary charges	633 _____	634 _____
10. Tax on profit or loss	635 <u>2.014,90</u>	636 <u>2.244,61</u>
11. Other taxes not included in the previous caption	637 <u>80,35</u>	638 <u>7.042,97</u>
12. Profit for the financial year	639 <u>0,00</u>	640 <u>0,00</u>
TOTAL CHARGES	641 <u>1.737.300,07</u>	642 <u>3.618.181,52</u>

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B. INCOME

	Financial year	Previous financial year
1. Net turnover	701 _____	702 _____
2. Change in inventories of finished goods and of work and contracts in progress	703 _____	704 _____
3. Fixed assets under development	705 _____	706 _____
4. Reversal of value adjustments	707 _____	708 _____
a) on formation expenses and on tangible and intangible fixed assets	709 _____	710 _____
b) on elements of current assets	711 _____	712 _____
5. Other operating income	713 _____	714 _____
6. Income from financial fixed assets	715 _____	716 _____
a) derived from affiliated undertakings	717 _____	718 _____
b) other income from participating interests	719 _____	720 _____
7. Income from financial current assets	721 _____	722 _____
a) derived from affiliated undertakings	723 _____	724 _____
b) other income	725 _____	726 _____
8. Other interests and other financial income	727 _____ 61.878,93	728 _____ 893.934,13
a) derived from affiliated undertakings	729 _____ 24.501,30	730 _____ 7.750,00
b) other interest receivable and similar income	731 _____ 37.377,63	732 _____ 886.184,13
9. Extraordinary income	733 _____	734 _____
10. Loss for the financial year	735 _____ 1.675.421,14	736 _____ 2.724.247,39
TOTAL INCOME	737 _____ 1.737.300,07	738 _____ 3.618.181,52

1 General information

KSG Agro S.A. (hereafter the "Company") was incorporated on 16 November 2010 under the name "Borquest S.A." and organised under the laws of Luxembourg as a Société anonyme for an unlimited period. On 08 March 2011, the Company's name was changed into the current denomination.

The registered office of the Company is established in Luxembourg, 46A, Avenue J.F. Kennedy, L-1855 Luxembourg and the Company number with the Registre de Commerce is B 156864. The financial year of the Company starts on 01 January 2012 and ends on 31 December 2012.

The Company set up a representative office in Poland.

The purpose of the Company shall be the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such ownership interests. The Company may in particular acquire by way of subscription, purchase and exchange or in any other manner any stock, shares and securities of whatever nature, including bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents and other intellectual property rights.

The Company also prepares consolidated financial statements, which have to be published according to the Luxembourg legal requirements.

2 Summary of significant accounting policies**Basis of preparation**

The annual accounts of the Company are prepared in accordance with Luxembourg legal and regulatory requirements.

Accounting policies and valuation rules follow the historical cost convention and are, besides the ones laid down by the law, determined and applied by the Board of Directors.

Tangible assets

Tangible fixed assets are valued at purchase price including the expenses incidental thereto or at production costs.

Where the company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded in order to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

	Rate of depreciation	Depreciation method
Computers	60%	Straight line depreciation
Other fixtures and fittings, tools, equipment and motor vehicles	20%	Straight line depreciation

Financial assets

Shares in affiliated undertakings and participating interests are valued at purchase price including the expenses incidental thereto.

Loans to affiliated undertakings, participating interests and other loans are valued at nominal value including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Prepayments and accrued income

This asset item includes expenditure incurred during the financial period but relating to a subsequent financial year.

Provisions

Provisions are intended to cover losses or debts of which the nature is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Accruals and deferred income

This liability item includes income received during the financial period but relating to a subsequent financial year.

Value adjustments

Value adjustments are deducted directly from the related asset.

Share warrants

Proceeds from the issuance of share warrants are credited to a reserve in equity. This reserve will be transferred to share premium account upon the exercise of warrants. Balance of warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to accumulated profits. Share warrants issued by the Company for no consideration are not accounted for when issued. Outstanding share warrants issued by the Company for no consideration, at the date of reporting, are disclosed as off balance sheet commitments in the annual accounts.

Guarantee

Guarantees are disclosed as off balance sheet commitments in the annual accounts.

Foreign currency translation

The Company maintains its accounts in US Dollar ("USD"). Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and fixed assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank and all items subject to fair value valuation are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the period.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account at the moment of their realisation. Consequently, only realised exchange gains and losses and unrealised exchange losses are reflected in the profit and loss account.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and only the net unrealised loss is recorded in the profit and loss account.

3 Fixed assets**Fixed tangible assets by valuation method**

	Gross book value - opening balance	Gross book value - closing balance	Net book value - opening balance	Depreciation	Net book value - closing balance	Total 31 Dec 2012
Other fixtures and fittings, tool and equipment	4,034.23	4,034.23	-	(1,958.86)	2,075.37	2,075.37
Total	4,034.23	4,034.23	-	(1,958.86)	2,075.37	2,075.37

Fixed financial assets**Fixed financial assets held at cost less impairment - movements gross book value**

	Gross book value - opening balance	Additions	Disposals	Transfers	Gross book value - closing balance
Shares in affiliated undertakings	36,002,800.00	-	-	-	36,002,800.00
Loans to affiliated undertakings	1,000,000.00	-	(573,919.11)	-	426,080.89
Loans to affiliated undertakings	-	165,000.00	-	-	165,000.00
Total	37,002,800.00	165,000.00	(573,919.11)	-	36,593,880.89

Shares in affiliated undertakings

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

Name	Registered Office	% holding	Date of last audited accounts	Net equity in last audited accounts	Net result in last audited accounts
KSG Agricultural and Industrial Holding Ltd	Cyprus	100%	31-Dec-12	43,110,333.00	(1,285,375.00)
				43,110,333.00	(1,285,375.00)

Loans to affiliated undertakings

Counterparty	Currency	Amount EUR	Currency	Amount USD	Interest rate	Maturity date
KSG Agricultural and Industrial Holding Ltd			USD	426,080.89	3.00%	27/09/2013
KSG Agricultural and Industrial Holding Ltd			USD	165,000.00	3.00%	22/03/2014
Total				591,080.89		

4 Debtors

Debtors	Within one year	More than one year	More than five years	Total 31 Dec 2012	Total 31 Dec 2011
Amounts owed by affiliated undertakings	72,065.41	-	-	72,065.41	7,750.00
Other debtors	54,131.04	-	-	54,131.04	5,285.03
Total	126,196.45	-	-	126,196.45	13,035.03

**Loans and cash advances receivable
from affiliated undertakings and
participating interests**

Due within one year		Amount		Interest rate		Maturity date
Counterparty	Currency	EUR	Currency	USD		
KSG Agricultural and Industrial Holding Ltd	EUR	50,000.00	USD	63,155.00	3.00%	05/09/2013
Total						

**Accrued interest receivable from affiliated undertakings
and participating interests**

Due within one year		Amount		Interest rate		Maturity date
Counterparty	Currency	USD				
Int. KSG Agricultural and Industrial Holding Ltd	USD	4,473.85		3.00%		27/09/2013
Int. KSG Agricultural and Industrial Holding Ltd	USD	3,808.75		3.00%		22/03/2014
Int. KSG Agricultural and Industrial Holding Ltd	USD	627.81		3.00%		05/09/2013
Total			8,910.41			

Other debtors

Due within one year		Total	Total
		31 Dec 2012	31 Dec 2011
Advances CIT		4,155.48	2,041.52
Advances GEMIA		26,384.00	-
Other short-term receivables		23,591.56	3,243.51
Total		54,131.04	5,285.03

5 Capital and reserves

Movements in capital and reserves	Balance as at 1 January 2012	Allocation of preceding result	Other movements	Net result for current	Balance as at 31 Dec 2012
Subscribed capital	149,255.00	-	-	-	149,255.00
Share premium and similar premiums	39,884,778.54	-	-	-	39,884,778.54
Capital contribution without issue of shares	-	-	434,423.33	-	434,423.33
Revaluation reserves	(164.13)	-	(5,713.03)	-	(5,877.16)
Profit or (loss) brought forward	(6,960.38)	(2,724,247.39)	(2,763.76)	-	(2,733,971.53)
Profit or (loss) for the financial year	(2,724,247.39)	2,724,247.39	-	(1,675,421.14)	(1,675,421.14)
Total	37,302,661.64	-	425,946.54	(1,675,421.14)	36,053,187.04

At the date of incorporation, the Company's share capital amounted to EUR 31,000.00 and was divided into 3,100,000 shares with a nominal value of 0.01. On 08 March 2011, the Extraordinary meeting of the shareholders, decided to adopt the USD as accounting and reference currency at the USD/EUR exchange rate of 0.72435 and to convert all accounts in the books of the Company from EUR to USD. The meeting decided to increase the share capital by an amount of USD 57,203.01 by the issue of 5,720,301.00 new shares with a nominal value of USD 0.01. The shareholders also approved the creation of an authorised share capital, where the Company may issue up to 20,000,000.00 new shares with a nominal value of USD 0.01. On 13 April 2011, the Board of Directors approved the increase of the share capital from USD 100,000.00 to USD 149,255.00 by the issuance of 4,925,500 new shares with a nominal value of USD 0.01.

Authorised capital amounts to USD 150,745.00, represented by 15,074,500.00 shares with a nominal value of USD 0.01.

As at 31 December 2012 the share capital of the Company amounts to USD 149,255.00, represented by 14,925,500 shares having a nominal value of USD 0.01 each.

Capital contribution without issue of shares

The amount recorded for the year 2012 on the "Capital contribution" item corresponds to 26 April 2012 signed subscription and share lending agreement between KSG Agro S.A., GEM Global Yield Fund Limited, GEMIA, Inc and the share lenders. During 2012 GEM accepted subscriptions for 94,500 ordinary shares.

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

6 Non subordinated debts

Creditors by category	Within one year	More than one year	More than five years	Total as at 31 Dec 2012	Total as at 31 Dec 2011
Trade creditors	280,231.44	-	-	280,231.44	110,297.90
Amounts owed to affiliated undertakings	2,930.00	-	-	2,930.00	2,930.00
Creditors for tax and social security	4,319.06	-	-	4,319.06	2,499.92
Other creditors	172,302.10	237,465.77	-	409,767.87	0.20
Total	459,782.60	237,465.77	-	697,248.37	115,728.02

Amount owed to affiliated undertakings

	Total as at 31 Dec 2012	Total as at 31 Dec 2011
Argentum Investments Limited	96.00	96.00
Hillpeak Inc.	40.00	40.00
ICD Investments S.A.	2,794.00	2,794.00
Total	2,930.00	2,930.00

7 Other external charges

Other external charges	Total as at 31 Dec 2012	Total as at 31 Dec 2011
Bank account charges	3,045.08	3,294.00
Materials and energy	1,689.45	10,864.08
Legal fees	278,207.72	396,741.01
Insurance	352.70	824.16
Legal fees notary	3,670.08	2,776.08
Accounting fees	112,010.91	173,721.43
Auditing fees	188,722.12	65,615.83
Tax consulting and compliance	7,599.60	-
Other professional fees	61,016.29	2,719,738.54
Other professional fees office disbursements	10,248.77	9,890.06
Other professional fees responsibility fees	4,183.15	6,516.81
Other professional fees domiciliation fees	1,534.99	1,498.87
Other professional fees consultancy fees	407,244.49	14,045.16
Other professional expenses agency fees	47,861.11	83.69
Other commissions and professional fees	-	47,923.65
Other miscellaneous external charges	16,712.22	5,414.54
Total	1,144,096.68	3,458,947.91

8 Other operating income and charges

Other operating charges	Total as at 31 Dec 2012	Total as at 31 Dec 2011
Non-deductible VAT	68,105.75	41,696.67
Registration duties	3,119.73	500.73
Total	71,225.48	42,197.40

9 Taxation

The tax position of years until 2010 has been assessed by the Luxembourg tax authorities and may still be subject to a review by the authorities within five years following the date of the provisional tax assessment. The issuance of a final tax assessment could result in additional tax payable/ receivable.

10 Off balance sheet commitments and transactions

On 20 January 2012, the Company entered into a guarantee agreement for the credit agreement of total amount USD 10,943,275.00 between Deere Credit Inc (the Lender) and KSG Agricultural and Industrial Holding Lillimed (the Borrower) to act as a guarantor.

On 22 February 2012, the Company entered into an agreement with KSG Agricultural and Industrial Holding Limited (the buyer) and SARL 1-TEK (the seller) as guarantor.

On 22 March 2012, the Company entered into the loan agreement until 22 March 2014 with KSG Agricultural and Industrial Holding Limited (the borrower) as the lender of an amount of USD 200,000.00 with 3% annual interest.

On 28 April 2012, the Company entered into a guarantee agreement with Factor D Limited liability company (the borrower) and ALFA-BANK (the lender) as guarantor.

On 28 April 2012, the Company entered into a guarantee agreement with AGROTRADE Limited liability company (the borrower) and ALFA-BANK (the lender) as guarantor.

On 23 July 2012, the Company, in respect of the shares subscription and lending agreement with GEM Global Yield Fund Limited and GEMIA, Inc, issued warrants, which fair value amounted to USD 389,011.00 as at 31 December 2012 based on Black and Scholes valuation model involving stock price (i.e. KSG Agro shares quotation as at 31 December 2012), exercise price, risk free rate and volatility of stock.

On 06 September 2012, the Company entered into the loan agreement until 06 September 2013 with KSG Agricultural and Industrial Holding Limited (the borrower) as the lender of an amount of EUR 100,000.00 with 3% annual interest.

On 02 November 2012, the Company entered into the suretyship agreement with Big Dutchman Pig Equipment GmbH (the Beneficiary) pursuant to the loan agreement in an aggregate amount of EUR 4,000,000.00 between KSG Agricultural and Industrial Holding Limited (the borrower) and Big Dutchman Pig Equipment GmbH (the Beneficiary, as lender) to act as a guarantor.

On 12 November 2012, the Company entered into the loan agreement of total amount EUR 12,000,000.00 between KSG Agricultural and Industrial Holding Limited (the borrower) and Landesbank Baden-Wuerttemberg (the lender) to act as a guarantor.

11 Related party transactions

With the exception of loans disclosed in notes 3 and 4, corresponding to transactions with KSG Agricultural and Industrial Holding Ltd. concluded under normal market conditions and with the exception of commitments detailed in Note 10, there are no other transactions with related parties.

12 Emoluments granted to the members of the managing and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

In 2012 the directors of the Company received no remuneration (2011: nil).

13 Advances and loans granted to the members of the managing and supervisory bodies

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year. (2011: nil).

14 Subsequent events

There are no significant subsequent events.

Sergiy Kasianov, Director A

G.B.A.D. Cousin, Director B

Sergii Mazin, Director A

J. Mudde, Director B

Tomasz Jankowski, Director A

7 Other external charges

Other external charges	Total as at 31 Dec 2012	Total as at 31 Dec 2011
Bank account charges	3,045.00	3,294.00
Materials and energy	1,669.45	10,884.08
Legal fees	278,207.72	396,741.01
Insurance	352.70	824.16
Legal fees notary	3,670.08	2,776.08
Accounting fees	112,010.91	173,721.43
Auditing fees	188,722.12	65,615.83
Tax consulting and compliance	7,699.60	-
Other professional fees	61,016.29	2,719,739.54
Other professional fees office disbursements	10,248.77	9,890.06
Other professional fees responsibility fees	4,183.15	6,518.61
Other professional fees domiciliation fees	1,634.99	1,499.87
Other professional fees consultancy fees	407,244.49	14,045.16
Other professional expenses agency fees	47,861.11	83.68
Other commissions and professional fees	-	17,923.65
Other miscellaneous external charges	16,712.22	5,414.54
Total	1,144,088.68	3,488,947.91

8 Other operating income and charges

Other operating charges	Total as at 31 Dec 2012	Total as at 31 Dec 2011
Non-deductible VAT	68,106.76	41,896.67
Registration duties	3,119.73	500.73
Total	71,226.49	42,397.40

9 Taxation

The tax position of years until 2010 has been assessed by the Luxembourg tax authorities and may still be subject to a review by the authorities within five years following the date of the provisional tax assessment. The issuance of a final tax assessment could result in additional tax payable/receivable.

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On 22 March 2012, the Company entered into the loan agreement until 22 March 2014 with KSG Agricultural and Industrial Holding Limited (the borrower) as the lender of an amount of USD 200,000.00 with 3% annual interest.

On 26 April 2012, the Company entered into a guarantee agreement with Factor D Limited liability company (the borrower) and ALFA-BANK (the lender) as guarantor.

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On 23 July 2012, the Company, in respect of the shares subscription and lending agreement with GEM Global Fund Limited and GEMIA, Inc, issued warrants, which fair value amounted to USD 309,011.00 as at 31 December 2012 based on Black and Scholes valuation model involving stock price (the KSG Agro shares quotation as at 31 December 2012), exercise price, risk free rate and volatility of stock.

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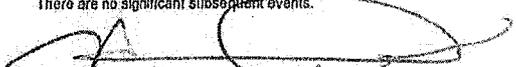
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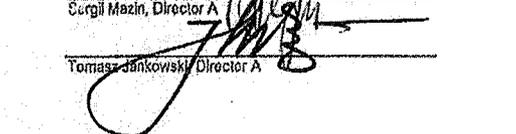
13 Advances and loans granted to the members of the managing and supervisory bodies

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year (2011: nil).

14 Subsequent events

There are no significant subsequent events.


 Sergiy Kaslanov, Director A

 Sergii Mazin, Director A

 Tomasz Jankowski, Director A


 G.B.A.D. Cousin, Director B
 represented by proxy

 J. Mudda, Director B


KSG Agro S.A.

Société anonyme

Registered address: 46A, Avenue J. F. Kennedy, L-1855 Luxembourg, the Grand Duchy of

Luxembourg

R.C.S. Luxembourg: B 156864

(the "Company")

REPORT

of the board of directors to the annual general meeting of shareholders of the Company

According to the prevailing law and the mandate you have granted to us we are pleased to report the results for the financial year ended 31 December 2012.

We herewith submit to your meeting the Company's annual accounts, consisting of the Company's balance sheet, the profit and loss account, and the explanatory notes thereto regarding the financial year ended 31 December 2012.

The inventory of movable and immovable assets of, and all debts owed to and by, the Company, summarising all commitments, and the debts of the officers, members of the board of directors as required by Article 72 of the Luxembourg Companies Act of 10 August 1915 is comprised in the annual accounts.

FINANCIAL HIGHLIGHTS IN 2012

The principal activities of the Company consist of holding participations.

During the financial year under review:

- On 26 April 2012, the Company entered to the subscription and share lending agreement with GEM Global Yield Fund Limited, GEMIA and the Share Lenders;
- On 6 September 2012 Company entered into loan agreement as a lender with KSG Agricultural and Industrial Holding Limited as a borrower for the total amount of EUR 100,000.00.
- On 01 November 2012, the Company entered to the Market Making Agreement with Dragon Capital (Cyprus) Limited, so to support the liquidity of the ordinary bearer shares in the share capital, issued by the Company and listed on the Warsaw Stock Exchange;
- On 27 December 2012, the Company entered to a service agreement on provision investor relations between the issuers of securities and the current or potential shareholders and other capital market participants with CC Group, in order to create an advantageous image of the securities issuer.
- On 12 November 2012, the Company entered into the guarantee agreement in order to secure the obligations of under the Loan Agreement made on 26/29 October 2012 between KSG Agricultural and Industrial Holding Limited and Landesbank Baden-Württemberg, Stuttgart for an amount of EUR 11,530,000.00.
- On 28 December Shareholders of the Company agreed to approve and authorize the acquisition by the Company of a portion of its own shares (the Buyback) to be realized on the Warsaw Stock Exchange for the maximum number of shares to be acquired 500,000 within the period of 18 months.

RESULTS

At the end of the year under review the Company recorded a loss of USD 1,675,421.14 (loss of USD 2,724,247.39 as of 31 December 2011) and no revenue was generated. Losses of the Company are due to general and administrative expenses. No income was yet derived from its participations.

Since the losses brought forward appear to be higher than 75% of the corporate capital, according to Art.100 of the law of 10 August 1915, concerning commercial companies, your meeting will have to deliberate on the continuity of the Company.

ACTIVITY IN THE FIELD OF RESEARCH AND DEVELOPMENT

The Company is not involved in any activity in the field of research and development.

OWN SHARES

During the year under review, the Company did not acquire any of its own shares.

DIRECTORS

During the financial period under review the board of directors consisted of:

Name	Date of Appointment	Date of Resignation
Mr Robert van 't Hoeft – Sole Director	16 November 2010	08 March 2011
Mr Sergiy Kasianov – Director A	08 March 2011	
Mr Oleksandr Shakhmatov – Director A	08 March 2011	30 March 2012
Mr Sergii Mazin – Director A	08 March 2011	
Mr Waldemar Cezary Wasiluk – Director A	30 March 2012	29 June 2012
Mr Tomasz Jankowski – Director A	29 June 2012	
Mrs Gwenaelle, Bernadette, Andree, Dominique Cousin – Director B	08 March 2011	
Mr Jacob Mudde – Director B	08 March 2011	

INFORMATION WITH RESPECT TO ARTICLE 11 OF THE LAW OF 19 MAY 2006 ON TAKEOVER BIDS

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

According to article 5.1 of the articles of association of the Company (the **Articles**), the Company's subscribed share capital amounts to one hundred forty-nine thousand two hundred fifty-five United States Dollars (USD 149,255.00) represented by fourteen million nine hundred twenty-five thousand five hundred (14,925,500) shares having a nominal value of one Cent (USD 0.01) each.

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

The Company issued on 26 April 2012 warrants to subscribe to (i) seven hundred fifty thousand (750,000) shares at a price of thirty-five Poland Zloty (PLN 35.00) each and (ii) seven hundred fifty thousand (750,000) shares at a price of forty Poland Zloty (PLN 40.00) each for the benefit of Global Yield Fund Limited in accordance with and subject to the terms and conditions of the warrants.

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

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

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

In accordance with article 7.10 of the Articles, any shareholder, company or individual, who acquires or sells shares, including certificates representing shares of the Company, shall notify to the Company the percentage of the voting rights he/she/it will own pursuant to such acquisition or sale, in case such percentage reaches the thresholds of 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% or supersedes or falls under such thresholds. The shareholders shall also notify the Company should the percentage of their respective voting rights reach the above mentioned thresholds or supersede them or fall under such thresholds pursuant to certain events amending the voting rights repartition of the Company.

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

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

In accordance with the information available on the website of the Warsaw Stock Exchange as of the date of this report, the main shareholders of the Company are:

- ICD Investments S.A. holds nine million eight hundred thousand (9,800,000) shares, representing 65.66% of the issued share capital of the Company.
- Generalli Otwarty Fundusz Emerytalny holds one million four hundred ninety-two thousand seven hundred six (1,492,706) shares, representing 10% of the issued share capital of the Company.
- ING Towarzystwo Funduszy Inwestycyjnych holds seven hundred ninety-one thousand seven hundred thirty-five (821,886) shares each, representing 5.51% of the issued share capital of the Company.
-

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

There are no special control rights.

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

There is no employee share scheme.

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

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

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

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

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

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

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

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

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

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

According to article 11.2 of the Articles, the Board is vested with the broadest powers to perform all acts of administration and disposition in the company's interests and within the objectives and

purposes of the Company. All powers not expressly conferred by law or by the Articles to the General Meeting fall within the competence of the Board.

Article 11 j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements.

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

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

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

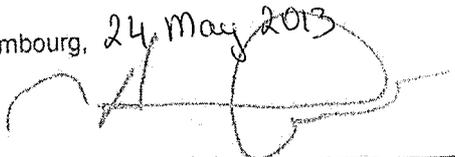
FUTURE DEVELOPMENTS

The Company entered into an agreement with IPOEMA Securities and Visum Capital Ltd., in order to facilitate Buyback program.

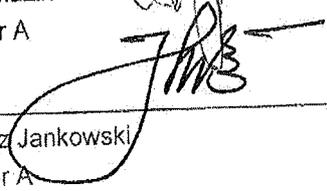
For the forthcoming year the management considers further development of the Company and its subsidiaries, expecting to expand production capacity by the introduction of the new technology and mechanical aids.

Finally, we request you to adopt the annual accounts, to grant discharge to the directors and the independent auditor for their mandates during the financial year ended 31 December 2012.

Luxembourg, 24 May 2013


Sergiy Kasianov
Director A


Sergii Mazin
Director A


Tomasz Jankowski
Director A


Gwenaëlle Bernadette Andree Dominique
Cousin Represented by proxy
Director B


Jacob Mudde
Director B

KSG Agro

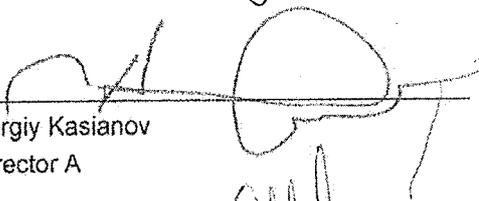
Société anonyme

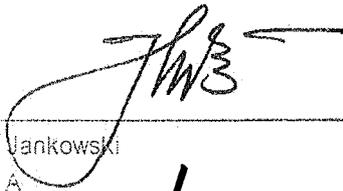
Registered address: 46A, Avenue J.F. Kennedy L-1855 Luxembourg,
the Grand Duchy of Luxembourg
R.C.S. Luxembourg, B 155884
(the "Company")

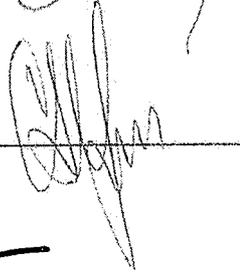
STATEMENT OF MANAGEMENT RESPONSIBILITY

To the best of our knowledge, the financial statements as of 31 December 2012 of KSG Agro S.A. have been prepared in accordance with the LUX GAAP accounting standards give a true and fair view of the assets, liabilities, financial position and result of its operations for the year ended 31 December 2012. The annual management report includes a fair review of the information required under article 4(4) of the Law.

Luxembourg, 24 May 2013


Sergiy Kasianov
Director A


Tomasz Jankowski
Director A


Sergii Mazin
Director A


Jacco Mudde
Director B


Gwenaelle Bernadette Andree Dominique
Cousin
Director B
represented by proxy

PL.

KSG Agro S.A.

Société anonyme
Registered address: 46A, Avenue J.F. Kennedy, L-1855 Luxembourg,
the Grand Duchy of Luxembourg
R.C.S. Luxembourg: B 156864
(the "Company")

STATEMENT OF MANAGEMENT RESPONSIBILITY

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Luxembourg, 24 May 2013

Sergiy Kasianov
Director A

Tomasz Jankowski
Director A

Sergii Mazin
Director A

Jacob Mudde
Director B

Gwenaelle Bernadette Andree Dominique
Cousin *represented by proxy*
Director B

KSG Agro S.A.
Société anonyme
Registered address: 46A, Avenue J. F. Kennedy, L-1855 Luxembourg,
the Grand Duchy of Luxembourg
R.C.S. Luxembourg: B 156864
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Corporate Governance Statement

Directors:

Name	Date of Appointment	Date of Resignation
Mr Robert van 't Hoeft – Sole Director	16 November 2010	08 March 2011
Mr Sergiy Kasianov – Director A	08 March 2011	
Mr Oleksandr Shakhmatov – Director A	08 March 2011	30 March 2012
Mr Sergii Mazin – Director A	08 March 2011	
Mr Waldemar Cezary Wasiluk – Director A	30 March 2012	29 June 2012
Mr Tomasz Jankowski – Director A	29 June 2012	
Mrs Gwenaelle, Bernadette, Andree, Dominique Cousin – Director B	08 March 2011	
Mr Jacob Mudde – Director B	08 March 2011	

Audit Committee:

Name	Date of Appointment	Date of Resignation
Mr Oleksandr Shakhmatov – Director A	22 March 2011	30 March 2012
Mr Jacob Mudde – Director B	22 March 2011	
Mrs Gwenaelle, Bernadette, Andree, Dominique Cousin – Director B	22 March 2011	
Mr Waldemar Cezary Wasiluk – Director A	30 March 2012	29 June 2012
Mr Tomasz Jankowski – Director A	29 June 2012	

The Board of Directors (the "Board") states its application of Warsaw Stock Exchange corporate governance rules included in the "Code of Best Practice for WSE Listed Companies" to the form and extent determined by the Resolution No. 20/1287/2011 of the Exchange Supervisory Board dated 19 October 2011. Code of Best Practice for WSE Listed Companies is available at the official website of the Warsaw Stock Exchange: www.corp-gov.gpw.pl

The Board is responsible for establishing and maintaining adequate internal and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible of establishing processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing an independent administrator (the "Administrator") to maintain the accounting records of the Company independent of KSG Agro S.A. The Administrator has a duty of care to maintain proper books and records and prepare for review and approval by the Board the financial statements intended to give a true and fair view. The Board has appointed TMF Luxembourg S.A. as Administrator.

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring that the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board is also responsible to implement processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

There are no restrictions on voting rights.

The Internal Audit plan for 2013 was also analysed and approved by the Audit Committee, in order to make sure, that:

- Existing information system is able to identify and manage risk of misstatement in financial data once occurred, including override of controls and fraud;
- Information is communicated to management regularly and timely.

No person has any special rights of control over the Company's share capital.

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

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

Powers of Directors

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

Rights of the shareholders

The operation of the shareholders meetings and their key powers, description of their rights are governed by Articles of Association and national laws and regulation.

Transfer of shares.

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

Luxembourg, 24 May 2013


Sergiy Kasianov
Director A



Gwenaelle Bernadette Andree Dominique
Cousin
Director B
Represented by proxy

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AC.

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Luxembourg, 24 May 2013

Sergiy Kasianov
Director A



Gwenaelle Bernadette Andree Dominique
Cousin
Director B
represented by proxy

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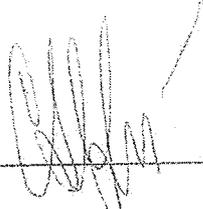


Sergii Mazin
Director A

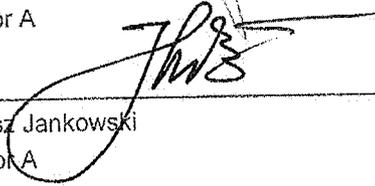
Jacob Mudde
Director B
JM

Tomasz Jankowski
Director A

Sergii Mazin
Director A



Tomasz Jankowski
Director A



Director B

