

KERNEL

Kernel Holding S.A.
and Subsidiaries



Q3 FY2015

Condensed Consolidated Interim Financial Statements

for 3 months ended 31 March 2015

Management Discussion & Analysis

for 3 months ended 31 March 2015

Key highlights

- Revenue amounted to USD 607.0 million in Q3 FY2015, 10% lower y-o-y as the result of a decline in international agriculture commodity prices.
- EBITDA increased 54% y-o-y to USD 115.2 million in Q3 FY2015, which was a company record for the third quarter. Excellent profitability from the sunflower oil in bulk division and better results in the farming division were major drivers behind this increase.
- The sunflower oil sold in bulk segment's EBITDA amounted to USD 69.4 million in Q3 FY2015, up 38% y-o-y. The segment's EBITDA margin growth to 25% in Q3 FY2015 compared to 16% a year ago was the key factor behind this, as the Company utilized its established market positions to lock in high margins during the peak of the sunflower seed procurement cycle when many competitors faced a lack of access to working capital financing. The bottled oil segment's contribution decreased to USD 4.3 million in Q3 FY2015 vs. USD 6.6 million a year ago as the result of Ukrainian hryvnya devaluation during the period under review.
- The grain and infrastructure segments continued to deliver growth in volumes, with grain exports up 2% y-o-y and export terminal throughput up 18% y-o-y. Strong exports from Ukraine as a result of the increase in our own farming production compensated for lower volumes in Russia stemming from wheat export restrictions. A strong 8% EBITDA margin in the grain segment and consistent profitability in the export terminals business resulted in a solid USD 34.3 million EBITDA contribution by the grain and infrastructure business, which was lower than the USD 49.1 million booked a year ago because of a one-off hike in grain margins a year ago and a poorer contribution from the silo services segment due to dryer weather in autumn FY2015.
- The farming segment's EBITDA improved to USD 12.4 million in Q3 FY2015 compared to negative USD 21.5 million a year ago. The better performance from the farming segment in FY2015 reflects significant changes in production technology that resulted in 16-28% crop yield growth, while a combination of drier weather during harvesting and Ukrainian hryvnya devaluation decreased production costs per hectare.
- Net profit attributable to the shareholders of Kernel Holding S.A. stood at USD 7.2 million in Q3 FY2015 (compared to a net loss of USD 25.1 million a year ago), reflecting a foreign exchange loss of USD 82.8 million, which was primarily caused by the revaluation of prepaid taxes and intragroup receivables after 33% Ukrainian hryvnya devaluation in Q3 FY2015.
- Net operating cash flow increased to a strong USD 253.1 million in Q3 FY2015 (compared to USD 134.4 million a year ago) as a result of solid business performance from most of the segments and a seasonal decrease in working capital.
- Net debt decreased 2x y-o-y to USD 481.9 million as of 31 March 2015 due to a strong USD 494.2 million net operating cash flow generated during the last twelve months, which reflected strong business performance as well as lower working capital requirements caused by lower soft commodity prices. As a result, net debt to 12-month trailing EBITDA decreased to 1.1x as of 31 March 2015, while net debt adjusted for readily marketable inventories was only 0.6x of EBITDA at the end of period.

USD million except ratios and EPS

	Q3 FY2015	Q3 FY2014	y-o-y	9M FY2015	9M FY2014	y-o-y
P&L highlights						
Revenue	607.0	675.0	(10%)	1,838.7	1,813.4	1%
EBITDA ⁽¹⁾	115.2	74.8	54%	338.0	135.4	2.5x
Net profit/(loss) attributable to equity holders of Kernel Holding S.A.	7.2	(25.1)	n/m	85.5	(67.6)	n/m
EBITDA margin	19.0%	11.1%	7.9pp	18.4%	7.5%	10.9pp
Net margin	1.2%	(3.7%)	4.9pp	4.6%	(3.7%)	8.4pp
EPS ⁽²⁾ , USD	0.09	(0.31)	n/m			

Cash flow highlights

Operating profit before working capital changes	92.2	70.8	30%	297.3	145.4	2.0x
Change in working capital	180.7	96.5	87%	(12.0)	(251.4)	(95%)
Cash generated from/(used in) operations	272.9	167.3	63%	285.3	(106.0)	n/m
Net cash generated by operating activities	253.1	134.4	88%	218.3	(193.4)	n/m
Net cash used in investing activities	(3.4)	(26.4)	(87%)	(16.3)	(72.3)	(77%)

Credit metrics

Net interest-bearing debt	481.9	916.4	(47%)
Readily marketable inventories	230.7	446.4	(48%)
Adjusted net debt ⁽³⁾	251.2	470.1	(47%)
Shareholders' equity	859.1	1,081.6	(21%)
Net debt/EBITDA ⁽⁴⁾	1.1x	4.1x	(3.0x)
Adjusted net debt ⁽³⁾ /EBITDA	0.6x	2.1x	(1.5x)
EBITDA/Interest ⁽⁵⁾	5.7x	3.5x	2.2x

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

⁽²⁾ EPS is measured in US dollars per share based on 79.7 million shares during the periods under review.

⁽³⁾ Adjusted net financial debt is net debt minus readily marketable inventories. Adjusted net debt/EBITDA is calculated based on 12-month trailing EBITDA.

⁽⁴⁾ Net debt/EBITDA is calculated based on 12-month trailing EBITDA.

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

Note: The financial year ends 30 June. Differences are possible due to rounding.

Segment Results and Discussion

for 3 months ended 31 March 2015

Segment results summary

	Revenue, USD million			EBITDA, USD million			EBITDA margin		Volumes, thousand tons		
	Q3 FY2015	Q3 FY2014	y-o-y	Q3 FY2015	Q3 FY2014	y-o-y	Q3 FY2015	Q3 FY2014	Q3 FY2015	Q3 FY2014	y-o-y
Sunflower oil											
Sunflower oil sold in bulk	275.1	310.0	(11%)	69.4	50.1	38%	25%	16%	249.2	264.5	(6%)
Bottled sunflower oil	26.8	32.7	(18%)	4.3	6.6	(35%)	16%	20%	23.8 ⁽¹⁾	22.6 ⁽¹⁾	5%
Grain and infrastructure											
Grain	299.2	308.5	(3%)	22.5	32.8	(31%)	8%	11%	1,331.7	1,310.8	2%
Export terminals	16.7	13.2	26%	11.2	8.2	37%	67%	62%	1,222.0 ⁽²⁾	1,038.5 ⁽²⁾	18%
Silo services	4.8	13.1	(63%)	0.6	8.1	(93%)	12%	62%			
Farming											
Farming	46.7	34.9	34%	12.4	(21.5)	n/m	27%	(62%)			
Sugar and discontinued operations ⁽⁴⁾	0.7	9.2	(92%)	0.2	0.5	(56%)	29%	5%			
Unallocated corporate expenses				(5.4)	(9.9)	(45%)					
Revenue reconciliation	(63.0)	(46.7)	35%								
Total	607.0	675.0	(10%)	115.2	74.8	54%	19%	11%			

	Revenue, USD million			EBITDA, USD million			EBITDA margin, %		Volumes, thousand tons		
	9M FY2015	9M FY2014	y-o-y	9M FY2015	9M FY2014	y-o-y	9M FY2015	9M FY2014	9M FY2015	9M FY2014	y-o-y
Sunflower oil											
Sunflower oil sold in bulk	792.4	727.2	9%	166.9	99.6	68%	21%	14%	729.9	622.0	17%
Bottled sunflower oil	91.8	110.6	(17%)	17.0	23.2	(27%)	19%	21%	80.8	75.4	7%
Grain and infrastructure											
Grain	898.8	866.1	4%	55.4	46.1	20%	6%	5%	3,955.5	3,530.8	12%
Export terminals	43.0	35.0	23%	28.7	21.3	35%	67%	61%	3,872.1 ⁽³⁾	3,085.2 ⁽³⁾	26%
Silo services	38.9	73.6	(47%)	18.4	42.4	(57%)	47%	58%			
Farming											
Farming	246.7	269.8	(9%)	66.7	(70.1)	n/m	27%	(26%)			
Sugar and discontinued operations ⁽⁴⁾	24.5	24.0	2%	3.3	0.3	n/m	13%	1%			
Unallocated corporate expenses				(18.4)	(27.4)	(33%)					
Revenue reconciliation	(297.4)	(293.0)	1%								
Total	1,838.7	1,813.4	1%	338.0	135.4	2.5x	18%	7%			

⁽¹⁾ Million liters.

⁽²⁾ Including 137,592 tons transhipped through the Taman port in Q3 FY2015 and 221,096 tons in Q3 FY2014, which represents 50% of the total throughput volume of the Taman facility (Kernel Holding S.A. owns 50% of the Taman grain transshipment facility).

⁽³⁾ Including 1,084,245 tons transhipped through the Taman port in 9M FY2015 and 970,092 tons in 9M FY2014, which represents 50% of the total throughput volume of the Taman facility.

⁽⁴⁾ Discontinued operations from sugar and assets held for sale.

Note: Differences are possible due to rounding. Segment revenue includes intersegment sales reflected in 'Reconciliation'.

Sunflower oil sold in bulk

- The segment's EBITDA margin reached 25% in Q3 FY2015, up from 16% a year ago, as competition decreased. Third quarter sales predominantly reflected production from sunflower seed bought in December-January, which is the peak of the procurement cycle when working capital requirements are highest during the season. As access to capital remains restricted in Ukraine, several competitors stopped procuring sunflower seed at the peak, which resulted in lower competition and higher lock-in margin. Additionally, an accounting treatment of the difference between the market and official USD/UAH exchange rates resulted in a portion of the profit related to sales contracted for Q4 FY2015 being recognized in Q3 FY2015 accounts.
- Sunflower oil sales volumes in bulk decreased 6% y-o-y to 249.2 thousand tons in Q3 FY2015, which reflected different timing in contract delivery terms. As a result, the segment's EBITDA increased 38% y-o-y to USD 69.4 million in Q3 FY2015, while revenues were down 11% y-o-y to USD 275.1 as international sunflower oil prices decreased y-o-y.
- The segment's 9M FY2015 EBITDA increased by 1.7x to USD 166.9 million, which was a result of material growth in profitability and a

17% increase in sales volumes y-o-y. Revenues were up 9% y-o-y to USD 792.4 million in 9M FY2015.

Bottled sunflower oil

- Bottled oil sales increased 5% y-o-y to 23.8 million liters in Q3 FY2015, as the Company continued to increase export sales of branded products. The average price declined since most sales were domestic and the Ukrainian hryvnya was devalued 33% during the quarter under review.
- The segment's EBITDA margin amounted to a healthy 16% in Q3 FY2015 (compared to 20% a year ago), which was above management's expectations given the magnitude of local currency devaluation. As a result, the segment's revenues decreased 18% y-o-y to USD 26.8 million in Q3 FY2015, while EBITDA decreased to USD 4.3 million, down 35% y-o-y.
- 9M FY2015 revenue was down 17% y-o-y to USD 91.8 million (volumes were up 7% y-o-y but prices were down), with EBITDA declining 27% y-o-y to USD 17.0 million in 9M FY2015 due to a time lag between Ukrainian hryvnya devaluation and the shelf price sunflower oil adjustment.

Segment Results and Discussion

for 3 months ended 31 March 2015

Grain

- Grain export volumes increased 2% y-o-y to 1.3 million tons in Q3 FY2015, regardless of wheat export restrictions introduced in Russia. The increase in production volumes from our own farming division and higher grain export pace in Ukraine were the major drivers behind the underlying growth. Q3 FY2015 sales decreased 3% y-o-y due to lower international grain prices.
- The grain segment's EBITDA margin was at above average levels of 8% in Q3 FY2015 but lower than last year's one-off hike to 11%. Devaluation of the Ukrainian hryvnya during the period decreased the cost of grain delivery to ports, which translated into higher profitability. The segment's EBITDA amounted to a solid USD 22.5 million in Q3 FY2015, down 31% y-o-y as last year's numbers reflected a carry-over effect from previous quarter results.
- 9M FY2015 revenues were up 4% y-o-y to USD 898.8 million, which reflected 12% y-o-y growth in volumes and lower international grain prices, while EBITDA increased 20% y-o-y to USD 55.4 million in 9M FY2015 as margins improved in the current financial year.

Export terminals

- The export terminals' throughput increased 18% y-o-y to 1.2 million tons in Q3 FY2015, which reflected strong growth in grain exports from Ukraine and a higher share of volumes being transshipped through our own terminal. Transshipment volumes in Russia decreased y-o-y due to restrictions on wheat exports and were only slightly compensated by the first export deliveries of corn through the Taman terminal.
- The segment's EBITDA margin was strong at USD 10.3 per ton in Q3 FY2015 (compared to USD 10.0 a year ago), which resulted in a USD 11.2 million contribution to the Company's EBITDA in the quarter under review, up 37% y-o-y and reflected only Ukrainian operations, as income from the grain transshipment joint venture in the Russian Federation is accounted below operating profit. The segment's revenues were up 26% y-o-y to USD 16.7 million in Q3 FY2015.
- 9M FY2015 revenues, up 23% y-o-y to USD 43.0 million, were driven by growth in volumes transshipped in Ukraine. 9M FY2015 EBITDA consequently increased 35% y-o-y to USD 28.7 million.

Silo services

- The silo service segment's contribution was negligible in Q3 FY2015 and amounted to USD 0.6 million in EBITDA (vs. USD 8.1 million a year ago) and USD 4.8 million in revenues (down 2.7x y-o-y). Drier weather conditions during the autumn harvesting campaign resulted in lower demand for grain drying services and the earlier completion of harvesting in FY2015.
- 9M FY2015 sales were USD 38.9 million, down 47% y-o-y, and 9M FY2015 EBITDA decreased 57% y-o-y to USD 18.4 million, both trends reflecting the high base effect from last year and below average autumn crop moisture this year.

Farming

- Q3 FY2015 sales amounted to USD 46.7 million, up 34% y-o-y, and EBITDA increased to USD 12.4 million in Q3 FY2015 compared to a negative EBITDA of USD 21.5 million a year ago. The increase in sales and profitability reflected better operational performance from our farming division, as crop yields increased 16-28% y-o-y following a major shift in production technology and management system. Ukrainian hryvnya devaluation and drier weather conditions during the harvesting campaign also decreased our production costs. The net change in the fair value of biological assets and agricultural produce was seasonally negative and amounted to USD 11.4 million in Q3 FY2015 compared to USD 15.3 million a year ago.
- 9M FY2015 revenues decreased 9% y-o-y to USD 246.7 million due to a higher share of harvest contracted for sale in the last quarter of the financial year, while EBITDA increased to USD 66.7 million in 9M FY2015 compared to negative USD 70.1 million a year ago as a result of the aforementioned operational performance gain.
- In mid-May, the Company completed its spring planting campaign in favorable weather conditions. Total FY2016 planted acreage stands at 384 thousand hectares, up 3% y-o-y. Corn is the key crop with 41% of total acreage (vs. 48% last year), while soybean accounts for 17% (17% last year), sunflower seed for 16% (18% last year), winter wheat for 19% (8% last year) and winter rapeseed for 2% (nil last year). Fertilizer application for the FY2016 harvest is up by 8-43% y-o-y while seed quality continues to improve following the launch of our own seed facility a year ago. Additionally, during this spring planting campaign, for the first time we conducted all our sowing and spraying operations with large-scale 24-row planters and sprayers, equipped with high performance parallel driving systems to add efficiency to our field procedures.

Financial Highlights

for 3 months ended 31 March 2015

Income statement highlights

- Revenues decreased 10% y-o-y to USD 607.0 million in Q3 FY2015 as a result of the decline in international soft commodity prices.
- The net change in the fair value of biological assets and agricultural produce (IAS 41 effect) was seasonally negative at USD 11.4 million in Q3 FY2015 (compared to negative USD 15.3 million in Q3 FY2014), with both amounts representing the expense of a portion of the fair value component booked in the previous periods.
- Gross profit decreased 12% y-o-y to USD 122.1 million in Q3 FY2015 compared to USD 138.9 million a year ago, primarily because of the significant difference between the market and official exchange rate of the US dollar in Ukraine, which inflated the cost of goods sold book value, while underlying business profitability improved in most segments.
- Other operating income amounted to USD 44.6 million in Q3 FY2015, up 2.7x y-o-y from USD 16.3 million a year ago. The key component of other operating income was the difference between the market and official USD/UAH exchange rates, which increased in Q3 FY2015 due to capital controls introduced by the National Bank of Ukraine. While the Company's cash flows were based on market exchange rates, the cost of goods sold was translated into US dollars at a lower official exchange rate, which inflated the accounting value of the cost of goods sold, while the difference was booked in other operating income.
- Distribution costs decreased 37% y-o-y to USD 50.4 million in Q3 FY2015, which primarily reflected Ukrainian hryvnya devaluation resulting in lower dollar value of railway tariffs. As a percentage of revenues, distribution costs amounted to 8.3% in Q3 FY2015 compared to 11.9% a year ago.
- General and administrative expenses decreased 19% y-o-y to USD 16.7 million in Q3 FY2015, reflecting Ukrainian hryvnya depreciation.
- Profit from operating activities increased 1.8x y-o-y to USD 99.5 million in Q3 FY2015 compared to USD 54.4 million a year ago as a result of improved profitability in sunflower oil and crop production.
- Net finance costs decreased 12% y-o-y to USD 18.0 million in Q3 FY2015 as a result of lower working capital requirements caused by decreased international commodity prices.
- Foreign exchange losses amounted to USD 82.8 million in Q3 FY2015 compared to USD 64.5 million a year ago. Both quarters under review reflected significant Ukrainian hryvnya devaluation: by 33% in Q3 FY2015 and by 27% in Q3 FY2014. As a result, the Company revalued prepaid taxes denominated in local currency and intragroup receivables and liabilities, which resulted in the foreign exchange loss.
- Other expenses amounted to USD 1.8 million in Q3 FY2015 compared to a USD 6.1 million charge in Q3 FY2014.
- The share of net loss from joint ventures amounted to USD 0.5 million in Q3 FY2015 (in line with Q3 FY2014), with both numbers reflecting seasonality specific to grain exports from the Russian Federation.
- Income tax gain increased to USD 11.0 million in Q3 FY2015 compared to a gain of USD 8.1 million, with both gains reflecting the impact of Ukrainian hryvnya devaluation.
- As a result of aforementioned points, net income attributable to the shareholders of Kernel Holding S.A. amounted to USD 7.2 million in Q3 FY2015 compared to a loss of USD 25.1 million in Q3 FY2014.

Cash flow highlights

- Operating cash flow before changes in working capital was USD 92.2 million in Q3 FY2015 compared to USD 70.8 million a year ago, with the increase driven by higher profits in the farming and sunflower oil sold in bulk segments.
- Working capital seasonally decreased, resulting in positive operating cash flow of USD 180.7 million in Q3 FY2015 (vs. USD 96.5 million in Q3 FY2014) as the period followed the peak of procurement season in November-January. Net cash flow obtained from operations increased substantially to USD 272.9 million in Q3 FY2015, compared to USD 167.3 million a year ago.
- Net cash used in investing activities was only USD 3.4 million in Q3 FY2015 compared to USD 26.4 million a year ago, as Company completed its major construction projects a year ago and focused only on maintenance capital expenditures in the quarter under review.

Credit metrics highlights

- Net debt decreased 47% y-o-y to USD 481.9 million as of 31 March 2015 versus USD 916.4 million as of 31 March 2014, reflecting strong net operating cash flow of USD 494.2 million during the last twelve months, which was caused by improved profitability in most business lines as well as the release of working capital caused by lower soft commodity price levels. Approximately half of net debt as of 31 March 2015 was covered by readily marketable inventories such as corn, wheat, sunflower oil and seed, with a total book value of USD 230.7 million.
- The net debt to 12-month trailing EBITDA ratio stood at 1.1x as of 31 March 2015, the lowest level in the last four years (4.1x a year ago), as a result of deleveraging and an earnings base increase. Net debt adjusted for readily marketable inventories decreased to 0.6x as of 31 March 2015, compared to 2.1x a year ago.

Credit metrics

USD million except ratios	31 March 2015	31 March 2014
Gross interest-bearing debt	594.9	1,015.4
Cash	113.0	99.0
Net interest-bearing debt	481.9	916.4
Readily marketable inventories	230.7	446.4
Adjusted net financial debt ⁽¹⁾	251.2	470.1
Shareholders' equity ⁽²⁾	859.1	1,081.6
Net debt/EBITDA ⁽³⁾	1.1x	4.1x
Adjusted net debt/EBITDA ⁽⁴⁾	0.6x	2.1x
EBITDA/Interest ⁽⁵⁾	5.7x	3.5x

⁽¹⁾ Adjusted net financial debt is the sum of short-term interest-bearing debt, the 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 12-month trailing EBITDA.

⁽⁴⁾ Adjusted net debt/EBITDA is calculated based on 12-month trailing EBITDA.

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

Note: Differences are possible due to rounding.

Condensed Consolidated Interim Financial Statements

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Selected Financial Data

for 3 months ended 31 March (in thousands of US dollars, unless otherwise stated)

	USD thousand		PLN thousand		EUR thousand	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
I. Revenue	606,993	675,010	2,259,774	2,061,818	538,585	492,690
II. Profit from operating activities	99,514	54,459	370,481	166,345	88,299	39,750
III. Loss before income tax	(3,604)	(37,022)	(13,417)	(113,084)	(3,198)	(27,022)
IV. Profit/(Loss) for the period from continuing operations	7,386	(28,948)	27,497	(88,422)	6,554	(21,129)
V. Net cash generated by operating activities	253,084	134,423	942,206	410,595	224,562	98,116
VI. Net cash used in investing activities	(3,446)	(26,392)	(12,829)	(80,614)	(3,058)	(19,264)
VII. Net cash used in financing activities	(220,563)	(49,556)	(821,134)	(151,369)	(195,706)	(36,171)
VIII. Total net cash flow	29,075	58,475	108,243	178,612	25,798	42,681
IX. Total assets	1,565,622	2,265,820	5,968,934	6,875,405	1,459,785	1,648,157
X. Current liabilities	553,426	837,668	2,109,937	2,541,820	516,014	609,320
XI. Non-current liabilities	154,581	350,542	589,340	1,063,685	144,131	254,983
XII. Issued capital	2,104	2,104	8,022	6,384	1,962	1,530
XIII. Total equity	857,615	1,077,610	3,269,657	3,269,900	799,640	783,854
XIV. Number of shares	79,683,410	79,683,410	79,683,410	79,683,410	79,683,410	79,683,410
XV. Profit/(Loss) per ordinary share (in USD/PLN/EUR)	0.09	(0.31)	0.34	(0.96)	0.08	(0.23)
XVI. Diluted number of shares	79,733,805	79,782,404	79,733,805	79,782,404	79,733,805	79,782,404
XVII. Diluted profit/(loss) per ordinary share (in USD/PLN/EUR)	0.09	(0.31)	0.34	(0.96)	0.08	(0.23)
XVIII. Book value per share (in USD/PLN/EUR)	10.78	13.57	41.11	41.19	10.05	9.87
XIX. Diluted book value per share (in USD/PLN/EUR)	10.78	13.56	41.08	41.14	10.05	9.86

Condensed Consolidated Interim Statement of Financial Position

as of 31 March 2015 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 31 March 2015	As of 31 December 2014	As of 30 June 2014	As of 31 March 2014
Assets					
Current assets					
Cash and cash equivalents	6	113,027	77,694	65,400	98,950
Trade accounts receivable, net		80,246	64,186	99,796	168,918
Prepayments to suppliers and other current assets, net	17	79,019	88,221	56,924	88,355
Corporate income tax prepaid	16	15,403	14,488	11,689	10,316
Taxes recoverable and prepaid, net	7	90,231	156,475	144,539	171,039
Inventory		317,774	556,967	299,527	554,466
Biological assets		20,903	21,299	182,836	67,005
Assets classified as held for sale	8	3,150	4,057	11,818	13,721
Total current assets		719,753	983,387	872,529	1,172,770
Non-current assets					
Property, plant and equipment, net	9	532,586	587,495	643,462	662,195
Intangible assets, net		54,704	72,841	94,739	105,108
Goodwill		116,894	127,631	138,575	145,303
Investments in joint ventures	10	89,316	100,526	98,075	97,801
Deferred tax assets		16,733	9,522	11,648	20,381
Corporate income tax prepaid	16	12,016	24,731	33,533	33,533
Available-for-sale financial assets	11	5,866	8,059	—	—
Other non-current assets	17	17,754	19,834	26,461	28,729
Total non-current assets		845,869	950,639	1,046,493	1,093,050
Total assets		1,565,622	1,934,026	1,919,022	2,265,820
Liabilities and equity					
Current liabilities					
Trade accounts payable	17	30,678	37,438	33,369	59,245
Advances from customers and other current liabilities	17	59,081	74,552	79,570	92,948
Short-term borrowings	12	376,708	537,755	405,821	586,772
Current portion of long-term borrowings	13	86,001	103,771	77,335	92,668
Liabilities directly associated with assets classified as held for sale	8	958	1,348	1,268	6,035
Total current liabilities		553,426	754,864	597,363	837,668
Non-current liabilities					
Long-term borrowings	13	118,796	156,532	247,525	315,780
Obligations under finance leases		7,420	8,726	12,486	13,675
Deferred tax liabilities		15,417	17,293	17,236	16,117
Other non-current liabilities	17	12,948	16,281	13,726	4,970
Total non-current liabilities		154,581	198,832	290,973	350,542
Equity attributable to Kernel Holding S.A. equity holders					
Issued capital	2	2,104	2,104	2,104	2,104
Share premium reserve		463,879	463,879	463,879	463,879
Additional paid-in capital		39,944	39,944	39,944	39,944
Equity-settled employee benefits reserve		3,325	3,325	3,176	3,028
Revaluation reserve		39,456	39,456	39,456	39,456
Translation reserve		(594,979)	(465,032)	(367,691)	(346,281)
Retained earnings		905,416	898,222	848,793	879,511
Total equity attributable to Kernel Holding S.A. equity holders		859,145	981,898	1,029,661	1,081,641
Non-controlling interest		(1,530)	(1,568)	1,025	(4,031)
Total equity		857,615	980,330	1,030,686	1,077,610
Total liabilities and equity		1,565,622	1,934,026	1,919,022	2,265,820
Book value		859,145	981,898	1,029,661	1,081,641
Number of shares	2	79,683,410	79,683,410	79,683,410	79,683,410
Book value per share (in USD)		10.78	12.32	12.92	13.57
Diluted number of shares		79,733,805	79,683,410	79,856,603	79,782,404
Diluted book value per share (in USD)		10.78	12.32	12.89	13.56

On behalf of the Board
Andriy Verevsky
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Condensed Consolidated Interim Statement of Profit or Loss

for 3 months ended 31 March 2015 (in thousands of US dollars, unless otherwise stated)

	Notes	3 months ended 31 March 2015	9 months ended 31 March 2015	3 months ended 31 March 2014	9 months ended 31 March 2014
Revenue		606,993	1,838,687	675,010	1,813,403
Net change in fair value of biological assets and agricultural produce		(11,443)	(9,910)	(15,333)	(36,439)
Cost of sales	17	(473,425)	(1,423,440)	(520,814)	(1,512,564)
Gross profit		122,125	405,337	138,863	264,400
Other operating income, net	14	44,554	81,120	16,271	57,880
Operating expenses					
Distribution costs	17	(50,433)	(154,836)	(80,012)	(198,453)
General and administrative expenses	17	(16,732)	(47,945)	(20,663)	(60,776)
Profit from operating activities		99,514	283,676	54,459	63,051
Finance costs, net	17	(18,027)	(55,688)	(20,434)	(53,875)
Foreign exchange loss, net	15	(82,821)	(156,196)	(64,482)	(62,708)
Other expenses, net		(1,750)	(7,667)	(6,100)	(30,081)
Share of (loss)/gain of joint ventures	10	(520)	5,764	(465)	4,465
(Loss)/Profit before income tax		(3,604)	69,889	(37,022)	(79,148)
Income tax benefit	16	10,990	8,800	8,074	3,389
Profit/(Loss) for the period from continuing operations		7,386	78,689	(28,948)	(75,759)
Discontinued operations					
(Loss)/Profit for the period from discontinued operations		(396)	(5,258)	175	(850)
Profit/(Loss) for the period		6,990	73,431	(28,773)	(76,609)
Profit/(Loss) for the period attributable to:					
Equity holders of Kernel Holding S.A.		7,194	85,465	(25,065)	(67,588)
Non-controlling interest		(204)	(12,034)	(3,708)	(9,021)
Earnings per share					
From continuing and discontinued operations					
Weighted average number of shares		79,683,410	79,683,410	79,683,410	79,683,410
Profit/(Loss) per ordinary share (in USD)		0.09	1.07	(0.31)	(0.85)
Diluted number of shares		79,733,805	79,683,410	79,782,404	79,892,946
Diluted profit/(loss) per ordinary share (in USD)		0.09	1.07	(0.31)	(0.85)
From continuing operations					
Weighted average number of shares		79,683,410	79,683,410	79,683,410	79,683,410
Profit/(Loss) per ordinary share (in USD)		0.09	1.13	(0.32)	(0.84)
Diluted number of shares		79,733,805	79,683,410	79,782,404	79,892,946
Diluted profit/(loss) per ordinary share (in USD)		0.09	1.13	(0.32)	(0.84)

On behalf of the Board

Andriy Verevsky
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

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

for 3 months ended 31 March 2015 (in thousands of US dollars, unless otherwise stated)

	3 months ended 31 March 2015	9 months ended 31 March 2015	3 months ended 31 March 2014	9 months ended 31 March 2014
Profit/(Loss) for the period	6,990	73,431	(28,773)	(76,609)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(129,705)	(226,066)	(196,778)	(196,762)
Items that will not be reclassified to profit or loss:				
Income tax relating to components of other comprehensive income	—	—	(556)	(556)
Other comprehensive loss, net	(129,705)	(226,066)	(197,334)	(197,318)
Total comprehensive loss for the period	(122,715)	(152,635)	(226,107)	(273,927)
Total comprehensive loss attributable to:				
Equity holders of Kernel Holding S.A.	(122,753)	(141,823)	(211,353)	(253,844)
Non-controlling interest	38	(10,812)	(14,754)	(20,083)

On behalf of the Board

Andriy Verevsky
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Condensed Consolidated Interim Statement of Changes in Equity

for 3 months ended 31 March 2015 (in thousands of US dollars, unless otherwise stated)

	Attributable to Kernel Holding S.A. shareholders									
	Issued capital	Share premium reserve	Additional paid-in capital	Equity-settled employee benefits reserve	Revaluation reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as of 31 March 2014	2,104	463,879	39,944	3,028	39,456	(346,281)	879,511	1,081,641	(4,031)	1,077,610
Loss for the period	—	—	—	—	—	—	(30,718)	(30,718)	(79)	(30,797)
Other comprehensive (loss)/income	—	—	—	—	—	(21,410)	—	(21,410)	4,403	(17,007)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(21,410)	(30,718)	(52,128)	4,324	(47,804)
Effect of changes of non-controlling interest	—	—	—	—	—	—	—	—	732	732
Recognition of share-based payments	—	—	—	148	—	—	—	148	—	148
Balance as of 30 June 2014	2,104	463,879	39,944	3,176	39,456	(367,691)	848,793	1,029,661	1,025	1,030,686
Profit/(Loss) for the period	—	—	—	—	—	—	23,422	23,422	(1,116)	22,306
Other comprehensive loss	—	—	—	—	—	(32,675)	—	(32,675)	(1,230)	(33,905)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(32,675)	23,422	(9,253)	(2,346)	(11,599)
Effect of changes of non-controlling interest	—	—	—	—	—	—	2,126	2,126	(2,126)	—
Balance as of 30 September 2014	2,104	463,879	39,944	3,176	39,456	(400,366)	874,341	1,022,534	(3,447)	1,019,087
Profit/(Loss) for the period	—	—	—	—	—	—	54,849	54,849	(10,714)	44,135
Other comprehensive (loss)/income	—	—	—	—	—	(64,666)	—	(64,666)	2,210	(62,456)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(64,666)	54,849	(9,817)	(8,504)	(18,321)
Distribution of dividends	—	—	—	—	—	—	(19,921)	(19,921)	—	(19,921)
Effect of changes of non-controlling interest	—	—	—	—	—	—	(11,047)	(11,047)	10,383	(664)
Recognition of share-based payments	—	—	—	149	—	—	—	149	—	149
Balance as of 31 December 2014	2,104	463,879	39,944	3,325	39,456	(465,032)	898,222	981,898	(1,568)	980,330
Profit/(Loss) for the period	—	—	—	—	—	—	7,194	7,194	(204)	6,990
Other comprehensive (loss)/income	—	—	—	—	—	(129,947)	—	(129,947)	242	(129,705)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(129,947)	7,194	(122,753)	38	(122,715)
Balance as of 31 March 2015	2,104	463,879	39,944	3,325	39,456	(594,979)	905,416	859,145	(1,530)	857,615

On behalf of the Board

Andriy Verevsky
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Condensed Consolidated Interim Statement of Cash Flows

for 3 months ended 31 March (in thousands of US dollars, unless otherwise stated)

	Notes	3 months ended 31 March 2015	9 months ended 31 March 2015	3 months ended 31 March 2014	9 months ended 31 March 2014
Operating activities:					
(Loss)/Profit before income tax		(3,843)	65,901	(36,950)	(81,932)
Adjustments for:					
Amortization and depreciation		15,650	54,332	20,377	72,348
Finance costs, net		18,027	55,688	20,434	53,875
Movement in allowance for doubtful receivables		2,073	2,798	2,621	4,729
Other accruals		1,562	2,041	405	468
(Gain)/Loss on disposal of property, plant and equipment		(188)	242	465	6,001
Net foreign exchange loss		49,408	111,418	44,920	44,805
Revaluation of other assets		(2,496)	786	40	8,618
Net change in fair value of biological assets and agricultural produce		11,443	9,910	15,333	36,439
Share of loss/(gain) of joint ventures	10	520	(5,764)	465	(4,465)
(Gain)/Loss on sales of equity investments	5, 8	—	(29)	2,650	4,497
Operating profit before working capital changes		92,156	297,323	70,760	145,383
Changes in working capital:					
Change in trade accounts receivable		(20,596)	13,949	(15,311)	(23,348)
Change in prepayments and other current assets		(2,291)	(48,336)	34,716	27,949
Change in restricted cash balance		(6,258)	(6,258)	—	6,193
Change in taxes recoverable and prepaid		39,202	(25,914)	(17,096)	(43,143)
Change in biological assets		(5,222)	127,314	(46,622)	159,548
Change in inventories		193,294	(51,185)	173,758	(300,179)
Change in trade accounts payable		(6,156)	(529)	(12,539)	(3,228)
Change in advances from customers and other current liabilities		(11,229)	(21,044)	(20,398)	(75,152)
Cash generated from/(used in) operations		272,900	285,320	167,268	(105,977)
Finance costs paid		(18,056)	(54,746)	(20,593)	(53,544)
Income tax paid		(1,760)	(12,292)	(12,252)	(33,912)
Net cash generated by/(used in) operating activities		253,084	218,282	134,423	(193,433)
Investing activities:					
Purchase of property, plant and equipment		(3,715)	(18,136)	(14,426)	(39,003)
Proceeds from disposal of property, plant and equipment		479	1,091	255	5,844
Purchase of intangible and other non-current assets		(210)	(467)	(2,868)	(4,075)
Acquisition of Subsidiaries		—	—	(17,403)	(43,684)
Disposal of Subsidiaries		—	1,242	8,050	8,642
Net cash used in investing activities		(3,446)	(16,270)	(26,392)	(72,276)
Financing activities:					
Proceeds from borrowings		5,536	250,367	24,450	601,555
Repayment of borrowings		(225,218)	(408,871)	(65,069)	(300,816)
Acquisition of non-controlling interest		—	(664)	—	—
Net cash (used in)/generated by financing activities		(219,682)	(159,168)	(40,619)	300,739
Effect of exchange rate changes on the balance of cash held in foreign currencies		(881)	(1,476)	(8,937)	(8,751)
Net increase in cash and cash equivalents		29,075	41,368	58,475	26,279
Cash and cash equivalents, at the beginning of the period		77,694	65,401	40,501	72,697
Cash and cash equivalents, at the end of the period		106,769	106,769	98,976	98,976

On behalf of the Board

Andriy Verevsky
Chairman of the Board

Anastasiia Usachova
Chief Financial Officer

Notes to the Condensed Consolidated Interim Financial Statements

for 3 months ended 31 March (in thousands of US dollars, unless otherwise stated)

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 in the Luxembourg Register of Companies) is the holding company for a group of entities (hereinafter referred to as the 'Subsidiaries'), which together form Kernel Group (hereinafter referred to as the 'Group').

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

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

The principal operating office of the Group is located at 3 Tarasa Shevchenka Lane, Kyiv, 01001, Ukraine.

As of 31 March 2015, 31 December 2014 and 31 March 2014, 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 March 2015	31 December 2014	31 March 2014
Jerste BV	Holding companies.	Netherlands	100.0%	100.0%	100.0%
Tweelingen Ukraine LLC		Ukraine	100.0%	100.0%	100.0%
Inerco Trade S.A.	Trading in sunflower oil, meal and grain.	Switzerland	100.0%	100.0%	100.0%
Restomon Ltd		British Virgin Islands	100.0%	100.0%	100.0%
Kernel-Trade, LLC		Ukraine	100.0%	100.0%	100.0%
Poltava OEP PJSC		Ukraine	99.7%	99.7%	99.7%
Bandurskiy OEP LLC	Production plants. Production of sunflower oil and meal.	Ukraine	100.0%	100.0%	100.0%
Vovchansky OEP PJSC		Ukraine	99.4%	99.4%	99.4%
Prykolotnjansky OEP LLC		Ukraine	100.0%	100.0%	100.0%
Kirovogradoliya PJSC		Ukraine	99.2%	99.2%	99.2%
Ekotrans LLC		Ukraine	100.0%	100.0%	100.0%
BSI LLC		Ukraine	100.0%	100.0%	100.0%
Stavropol oil CJSC		Russian Federation	100.0%	100.0%	100.0%
Ust-Labinsk Florentina OEP LLC		Russian Federation	100.0%	100.0%	100.0%
Estron Corporation Ltd	Provision of grain, oil and meal, handling and transshipment services.	Cyprus	100.0%	100.0%	100.0%
Poltava HPP PJSC	Grain elevators. Provision of grain and oilseed cleaning, drying and storage services.	Ukraine	94.0%	94.0%	94.0%
Kononivsky Elevator LLC		Ukraine	100.0%	100.0%	100.0%
Unigrain-Agro (Semenivka) LLC	Agricultural farms. Cultivation of agricultural products: corn, wheat, sunflower seeds, barley and soybean.	Ukraine	100.0%	100.0%	100.0%
Agrofirma Arshytsya LLC		Ukraine	100.0%	100.0%	100.0%
Hliborob LLC		Ukraine	100.0%	100.0%	100.0%
Agrofirma Kuybyshevo LLC		Ukraine	100.0%	100.0%	65.6%
Palmira LLC		Ukraine	100.0%	100.0%	93.0%
Enselco Agro LLC		Ukraine	100.0%	100.0%	100.0%
Druzhba-Nova ALLC		Ukraine	100.0%	100.0%	83.3%

These Condensed Consolidated Interim Financial Statements were authorized for issue by the Board of Directors of Kernel Holding S.A. on 26 May 2015.

Notes to the Condensed Consolidated Interim Financial Statements

for 3 months ended 31 March (in thousands of US dollars, unless otherwise stated)

2. Change in Issued Capital

Since 15 June 2005, the parent company of the Group has been Kernel Holding S.A. (Luxembourg) (the 'Holding' or the 'Company'). The issued capital of the Company as of 31 March 2015 and 2014 consisted of 79,683,410 ordinary electronic shares without indication of a nominal value, providing 79,683,410 voting rights.

The shares were distributed as follows:

	As of 31 March 2015		As of 31 March 2014	
	Shares allotted and fully paid	Share owned	Shares allotted and fully paid	Share owned
Equity holders				
Namsen Limited Liability Company registered under the legislation of Cyprus (hereinafter the 'Major Equity Holder')	31,247,152	39.21%	31,182,711	39.13%
Free float	48,436,258	60.79%	48,500,699	60.87%
Total	79,683,410	100.00%	79,683,410	100.00%

As of 31 March 2015 and 2014, 100% of the beneficial interest in the Major Equity Holder was held by Andriy Mykhailovych Verevskyy (hereinafter the 'Beneficial Owner').

As of 9 June 2014, the Company received notification from ING OFE that it had crossed the 5% threshold for ownership and owned 6.01% of Kernel Holding S.A.'s share capital at that moment. No further notification has been received thereafter.

On 23 November 2007, Kernel Holding S.A. was listed on the Warsaw Stock Exchange. The total size of the initial public offering was PLN 546,402 thousand, comprising 22,766,750 shares, of which 16,671,000 were newly issued shares. Prior to the IPO, the capital of Kernel Holding S.A. consisted of 46,670,000 shares without indication of a nominal value. On 27 June 2008, additional 5,400,000 ordinary 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. In 2011, Kernel issued 6,492,410 new shares, 1,092,410 of which were subscribed by stock option beneficiaries under the management incentive plan at an issue price of PLN 24.

3. Basis of Presentation of Financial Statements

These Condensed Consolidated Interim Financial Statements for the three months ended 31 March 2015 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 consolidated 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 2014.

The Group has adopted the standards, amendments and interpretations effective for annual periods beginning on or after 1 July 2014. The adoption of these standards and amendments did not have a material effect on the Condensed Consolidated Interim Financial Statements of the Group.

Notes to the Condensed Consolidated Interim Financial Statements

for 3 months ended 31 March (in thousands of US dollars, unless otherwise stated)

3. Basis of Presentation of Financial Statements (continued)

Functional and presentation currency

The Group's presentation currency is the United States dollar (USD). The functional currency of the majority of the Group's foreign Subsidiaries is their local currency, except for businesses engaged in the production and sale of sunflower oil, for which USD was selected as the functional currency.

Transactions in currencies other than the functional currencies of the Group's companies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Subsequently, monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the assets and liabilities of the Subsidiaries are translated at the exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in 'Other comprehensive income/(loss)' and accumulated in the 'Translation reserve'.

The exchange rates during the period of the financial statements were as follows:

Currency	Closing rate as of 31 March 2015	Average rate for the 3 months ended 31 March 2015	Average rate for the 9 months ended 31 March 2015	Closing rate as of 31 March 2014	Average rate for the 3 months ended 31 March 2014	Average rate for the 9 months ended 31 March 2014
USD/UAH	23.4426	21.1157	16.0051	10.9546	8.8627	8.2787
USD/EUR	0.9324	0.8873	0.8138	0.7274	0.7299	0.7399
USD/RUB	58.4643	62.1919	48.5032	35.6871	34.9591	33.4189
USD/PLN	3.8125	3.7229	3.4136	3.0344	3.0545	3.1118

The average exchange rates for each period are calculated as the arithmetic mean of the 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 the Russian Federation for USD/RUB.

All foreign exchange gains or losses that occur on the revaluation of monetary balances presented in foreign currencies are allocated as a separate line in the Condensed Consolidated Interim Statement of Profit or Loss.

Operating segments

Operating segments are reported in a manner consistent with internal reporting as provided to the chief operating decision makers in order to allocate resources to segments and to assess their performance. Management and members of the Board of Directors of the Group are identified as the chief operating decision makers.

Segments in the Condensed Consolidated Interim 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 sold in bulk	Production and sales of sunflower oil sold in bulk (crude and refined) and meal.
Export terminals	Grain handling and transshipment services in the ports of Ilyichevsk and Mykolaiv.
Farming	Agricultural farming. Production of wheat, barley, corn, soybean and sunflower seed.
Grain	Sourcing and merchandising of wholesale grain.
Silo services	Provision of grain cleaning, drying and storage services.
Sugar	Marketing and distribution of sugar.
Other	Income and expenses unallocated to other segments that are related to the administration of the Holding.

The measure of profit and loss, and assets and liabilities is based on the Group's accounting policies, which are in compliance with IFRS as adopted by the European Union.

Reconciliation eliminates intersegment items and reflects income and expenses not allocable to segments. The segment data is calculated as follows:

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

Since financial management of the Group's companies is carried out centrally, financial and some other liabilities are not allocated directly to the respective operating segments and are presented in the 'Other' segment. Consequently, the liabilities shown for the individual segments do not include financial liabilities and some other liabilities.

Notes to the Condensed Consolidated Interim Financial Statements

for 3 months ended 31 March (in thousands of US dollars, unless otherwise stated)

3. Basis of Presentation of Financial Statements (continued)

Seasonality of operations

The bottled sunflower oil segment is not significantly exposed to seasonality factors. The sunflower oil sold in bulk segment normally has seasonally lower sales in the first quarter of the financial year, which corresponds to the end of the crushing season and lower production levels. The operations of the farming segment reflect seasonality in the context of seeding and harvesting campaigns, which are conducted mainly in November-May and June-October. The grain, export terminals and silo services segments usually experience higher volumes in the several months after the commencement of the harvesting campaign (July for early grains and September for crops harvested in autumn), though the grain and export terminal segments' seasonality could also be affected by government regulations among other things.

In addition, the farming segment usually reflects a higher effect from the IAS 41 valuation of biological assets in the second half of the financial year when crops in fields are revalued to their fair value less costs to sell; and a higher effect from the IAS 41 valuation of agricultural produce in the first half of the financial year due to the completion of the harvesting campaign.

4. Key Data by Operating Segment

Key data by operating segment for the three months ended 31 March 2015:

	Bottled sunflower oil	Sunflower oil sold in bulk	Export terminals	Farming	Grain	Silo services	Sugar	Other	Re-conciliation	Discontinued operations	Continuing operations
Revenue (external)	26,835	275,124	18	4,308	299,195	799	717	—	—	(3)	606,993
Intersegment sales	—	—	16,645	42,398	—	3,993	—	—	(63,036)	—	—
Total revenue	26,835	275,124	16,663	46,706	299,195	4,792	717	—	(63,036)	(3)	606,993
Net change in fair value of biological assets and agricultural produce	—	—	—	(11,443)	—	—	—	—	—	—	(11,443)
Other operating income, net	368	23,298	—	10,128	10,705	55	—	—	—	—	44,554
Profit/(Loss) from operating activities	3,581	65,270	10,470	3,631	22,515	(398)	138	(5,762)	—	69	99,514
Finance costs, net											(18,027)
Foreign exchange loss, net											(82,821)
Other expenses, net											(1,750)
Share of loss of joint ventures											(520)
Income tax benefit											10,990
Profit for the period from continuing operations											7,386
Total assets	67,587	797,949	159,574	310,041	154,259	71,064	993	1,005	—	—	1,562,472
Capital expenditures	58	638	295	819	—	597	—	1,998	—	—	4,405
Amortization and depreciation	723	4,102	731	8,756	—	977	—	361	—	—	15,650
Liabilities	1,633	24,564	1,403	13,288	19,896	6,945	460	638,860	—	—	707,049

During the three months ended 31 March 2015, three of the Group's external customers accounted for more than 10% of total external revenue. Also during that period, export sales amounted to 96% of total external sales.

For the purpose of segment reporting, revenue from the sale of sunflower meal and cake is allocated to the bottled sunflower oil segment in proportion to the share of total sunflower oil production used for bottled sunflower oil sales, while remaining amounts are allocated to the sunflower oil sold in bulk segment.

The Group operates in two principal geographical areas – Ukraine and the Russian Federation. Information about its non-current assets by location and about revenue from continuing operations generated by the assets located in these areas is detailed below:

	Revenue from external customers	Non-current assets
	3 months ended 31 March 2015	As of 31 March 2015
Ukraine	564,441	727,768
Russian Federation	42,552	118,101
Total	606,993	845,869

Non-current assets that relate to the Russian Federation by location include investments in a joint venture (grain export terminal in Taman port).

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4. Key Data by Operating Segment (continued)

Key data by operating segment for the three months ended 31 March 2014:

	Bottled sunflower oil	Sunflower oil sold in bulk	Export terminals	Farming	Grain	Silo services	Sugar	Other	Re-Discontinued conciliation operations	Continuing operations	
Revenue (external)	32,677	310,024	695	10,642	308,510	3,286	9,579	—	—	(403)	675,010
Intersegment sales	—	—	12,541	24,291	—	9,830	—	—	(46,662)	—	—
Total revenue	32,677	310,024	13,236	34,933	308,510	13,116	9,579	—	(46,662)	(403)	675,010
Net change in fair value of biological assets and agricultural produce	—	—	—	(15,333)	—	—	—	—	—	—	(15,333)
Other operating income/ (expenses)	497	5,978	1	6,255	3,356	184	53	—	—	(53)	16,271
Profit/(Loss) from operating activities	6,309	45,074	7,368	(33,870)	32,841	6,390	6	(10,120)	—	461	54,459
Finance costs, net											(20,434)
Foreign exchange loss, net											(64,482)
Other expenses, net											(6,100)
Share of loss of joint ventures											(465)
Income tax benefit											8,074
Loss for the period from continuing operations											(28,948)
Total assets	84,856	1,106,969	187,405	425,321	262,528	130,189	52,900	1,931	—	—	2,252,099
Capital expenditures	3	637	123	7,634	—	578	—	336	—	—	9,311
Amortization and depreciation	285	5,021	783	12,352	—	1,703	—	233	—	—	20,377
Liabilities	2,535	34,134	1,059	64,670	23,558	21,286	1,396	1,033,537	—	—	1,182,175

During the three months ended 31 March 2014, one of the Group's external customers accounted for more than 10% of total external revenue. Also during that period, export sales amounted to 92% of total external sales.

For the purpose of segment reporting, revenue from the sale of sunflower meal and cake is allocated to the bottled sunflower oil segment in proportion to the share of total sunflower oil production used for bottled sunflower oil sales, while remaining amounts are allocated to the sunflower oil sold in bulk segment.

The Group operates in two principal geographical areas – Ukraine and the 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 are detailed below.

	Revenue from external customers		Non-current assets	
	3 months ended 31 March 2014		As of 31 March 2014	
Ukraine	572,954		967,335	
Russian Federation	102,056		125,715	
Total	675,010		1,093,050	

Non-current assets that relate to the Russian Federation by location include investments in a joint venture (grain export terminal in Taman port).

5. Acquisition and Disposal of Subsidiaries

No entities were acquired during the three month periods ended 31 March 2015 and 31 March 2014.

During the year ended 30 June 2014, the Group finalized accounting for the business combination of Druzhba-Nova Group. The adjustments to provisional values presented in prior periods' financial statements of the Group have been made retrospectively with corresponding changes in goodwill. These adjustments have resulted mostly from the finalization of valuation of property, plant and equipment. The most significant adjustments were made to provisional values related to the following accounts: decrease of property, plant and equipment in the amount of USD 4,071 thousand, and recognition of goodwill in the amount of USD 4,308 thousand.

No entities were disposed during the three month period ended 31 March 2015.

During the year ended 30 June 2014, the Group finalized the assessment of the disposal of 100% of an effective ownership interest in Nevinnomyssk oilseed crushing plant CJSC which was disposed in February 2014. The net assets of the disposed entity were equal to USD 15,566 thousand and the actual amount of cash settlement for the disposal of the plant amounted to USD 8,050 thousand.

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6. Cash and Cash Equivalents

	As of 31 March 2015	As of 31 March 2014
Cash with banks in USD	106,892	61,477
Cash with banks in UAH	3,767	35,255
Cash with banks in other currencies	2,361	1,519
Cash on transit bank account	—	684
Cash on hand	7	15
Total	113,027	98,950
Less restricted cash on security bank account and blocked	(6,258)	—
Cash and bank balances included in the group of assets held for sale	—	26
Cash for the purposes of cash flow statement	106,769	98,976

7. Taxes Recoverable and Prepaid, net

Taxes recoverable and prepaid, net decreased as of 31 March 2015 compared to 31 December 2014 mainly due to VAT refunds and the effect of Ukrainian hryvnya devaluation against the US dollar (Note 15). For the three months ended 31 March 2015, the amount of VAT refunded by the government in cash was USD 53,504 thousand (31 March 2014: USD 78,068 thousand).

8. Assets Classified as Held for Sale

As of 31 March 2015, according to management's plan to dispose all sugar plants and exit the sugar business, the assets of remaining sugar plant Palmira Sugar LLC were still classified as assets held for sale and its operations were classified as discontinued.

As of 31 March 2015, net assets classified as held for sale equaled USD 2,192 thousand (31 December 2014: USD 2,709 thousand).

9. Property, Plant and Equipment, net

During the three months ended 31 March 2015, the Group acquired property, plant and equipment in the amount of USD 4,405 thousand (31 March 2014: USD 9,311 thousand). These purchases were related mainly to the construction of silos and purchases of agricultural vehicles and equipment for the farming segment. Additionally, net book value decreased as a result of a standard depreciation charge.

A decrease in property, plant and equipment in the amount of USD 46,214 thousand was incurred because of the translation difference caused by the significant devaluation of the Ukrainian hryvnya during the three months ended 31 March 2015 (31 March 2014: USD 68,961 thousand).

10. Investments in Joint Ventures

For the three months ended 31 March 2015, the share of loss of joint ventures (Taman) equaled USD 520 thousand (31 March 2014: USD 465 thousand). The Group's total share of total comprehensive loss comprised USD 11,210 thousand (31 March 2014: USD 631 thousand). The difference between the share of loss of joint ventures and share of total comprehensive loss was represented mainly by a change in translation reserve.

The aforementioned result includes depreciation and amortization expenses in the amount of USD 388 thousand (31 March 2014: USD 709 thousand) and interest expenses in the amount of USD 393 thousand (31 March 2014: USD 875 thousand).

11. Available-for-Sale Financial Assets

In May 2014, the government approved a resolution setting the parameters of special government bond issues intended to compensate for VAT refunds due to businesses outstanding as of 31 December 2013 and not paid until the bonds' issuance. The bonds were issued with a maturity of five years, semi-annual coupon of 9.5% and semi-annual 10% amortization.

In July 2014, the Group received VAT bonds, the carrying amount of which as of 31 March 2015 amounted to USD 7,542 thousand (31 December 2014: USD 11,283 thousand). In January 2015, the Group received its first payment for VAT bonds in the amount of USD 2,484 thousand (including interest amounting to USD 800 thousand).

The total outstanding balance of VAT bonds as of 31 March 2015 included a current portion in the amount of USD 1,676 thousand (31 December 2014: USD 3,224 thousand), which was presented within the 'Prepayments to suppliers and other current assets, net' in the Condensed Consolidated Interim Statement of Financial Position.

Management plans to sell the financial assets when suitable conditions appear on the market.

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for 3 months ended 31 March (in thousands of US dollars, unless otherwise stated)

12. Short-term Borrowings

The balances of short-term borrowings were as follows:

	As of 31 March 2015	As of 31 March 2014
Bank credit lines	373,439	583,299
Interest accrued on short-term borrowings	1,347	1,284
Interest accrued on long-term borrowings	1,922	2,189
Total	376,708	586,772

The balances of short-term borrowings as of 31 March 2015 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 5.75%	USD	June 2015	70,000
Ukrainian subsidiary of European bank	Libor + 5.8%	USD	September 2015	65,000
European bank	Libor + 5.5%	USD	February 2016	54,000
European bank	Libor + 6.0%	USD	August 2015	51,000
Russian bank	Libor + 8.35%	USD	February 2016	38,000
Ukrainian subsidiary of European bank	Libor + 7.5%	USD	December 2015	37,689
Ukrainian subsidiary of European bank	10.0%	USD	May 2015	35,158
European bank	Libor + 4.0%	USD	June 2015	15,000
European bank	Libor + 5.5%	USD	April 2015	7,592
Total bank credit lines				373,439
Interest accrued on short-term borrowings				1,347
Interest accrued on long-term borrowings				1,922
Total				376,708

The balances of short-term borrowings as of 31 March 2014 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 4.75%	USD	August 2014	299,000
European bank	Libor + 3.75%	USD	June 2014	94,500
Ukrainian subsidiary of European bank	Libor + 4.8%	USD	September 2014	65,000
European bank	Libor + 7.5%	USD	October 2014	40,000
Ukrainian subsidiary of European bank	10.0%	USD	February 2015	35,000
Ukrainian subsidiary of European bank	Libor + 8.0%	USD	July 2014	28,600
European bank	Libor + 3.0%	USD	June 2014	19,000
European bank	3.75%	USD	October 2014	2,199
Total bank credit lines				583,299
Interest accrued on short-term borrowings				1,284
Interest accrued on long-term borrowings				2,189
Total				586,772

As of 31 March 2015, the overall maximum credit limit for short-term bank credit lines amounted to USD 642,334 thousand (as of 31 March 2014: USD 794,500 thousand).

Short-term borrowings from banks were secured as follows:

(Assets pledged)	As of 31 March 2015	As of 31 March 2014
Inventory	225,604	589,766
Property, plant and equipment	125,581	55,836
Controlling stakes in Subsidiaries	Not quantifiable	Not quantifiable
Total	351,185	645,602

As of 31 March 2015, the following controlling stakes of Subsidiaries were pledged: 21 agricultural companies, two sunflower oil plants and two export terminals (as of 31 March 2014: 36 agricultural companies and two sunflower oil plants).

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13. Long-term Borrowings

The balances of long-term borrowings were as follows:

	As of 31 March 2015	As of 31 March 2014
Long-term bank borrowings	204,797	408,448
Current portion of long-term borrowings	(86,001)	(92,668)
Total	118,796	315,780

The balances of long-term borrowings as of 31 March 2015 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 8.0%	USD	August 2018	135,000
European bank	Libor + 6.25%	USD	May 2016	45,000
European bank	Libor + 1.65%	USD	March 2020	15,422
Ukrainian subsidiary of American bank	Libor + 4.5%	USD	July 2016	9,375
Total				204,797

The balances of long-term borrowings as of 31 March 2014 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor + 8.0%	USD	August 2018	140,000
European bank	Libor + 5.5%	USD	February 2016	72,000
European bank	Libor + 6.25%	USD	April 2015	65,000
Russian bank	Libor + 8.35%	USD	February 2016	48,000
Ukrainian subsidiary of European bank	Libor + 7.5%	USD	November 2017	37,689
European bank	Libor + 1.65%	USD	March 2020	18,507
Ukrainian subsidiary of American bank	Libor + 4.5%	USD	January 2017	15,625
European bank	Libor + 2.65%	USD	April 2015	11,627
Total				408,448

Long-term borrowings as of 31 March 2015 included credit lines from banks with an overall maximum credit limit of USD 204,797 thousand (as of 31 March 2014: USD 408,448 thousand).

Long-term borrowings from banks were secured as follows:

(Assets pledged)	As of 31 March 2015	As of 31 March 2014
Property, plant and equipment	29,594	144,232
Controlling stakes in Subsidiaries	Not quantifiable	Not quantifiable
Total	29,594	144,232

As of 31 March 2015, stakes in Subsidiaries were pledged including controlling stakes in one sunflower oil plant, one agricultural company and a 50% stake in a joint venture (as of 31 March 2014: controlling stakes in two export terminals, two sunflower oil plants, two agricultural companies and a 50% stake in a joint venture).

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for 3 months ended 31 March (in thousands of US dollars, unless otherwise stated)

14. Other Operating Income, net

The most material part of other operating income was the difference between the market and official USD/UAH exchange rate, which amounted to USD 35,300 thousand for the three months ended 31 March 2015 (31 March 2014: USD 10,177 thousand). While the Company's cash flows are based on market exchange rates, the cost of goods sold is translated into US dollars at a lower official exchange rate, which inflates the accounting value of the cost of goods sold component, with the difference booked in other operating income.

In line with the approach used in the Consolidated Financial Statements for the year ended 30 June 2014, the foreign exchange loss related to VAT recoverable and prepaid for the three months ended 31 March 2014 was classified as part of 'Foreign exchange loss, net' instead of 'Other operating income, net' where it was presented initially, which ensures accounts comparability.

15. Foreign Exchange Loss, net

Foreign exchange loss, net was related to the following balances:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Revaluation of balances of accounts receivable and payable nominated in foreign currencies	38,733	(11,170)
VAT recoverable and prepaid	27,814	44,841
Corporate income tax prepaid	12,134	13,878
Cash and cash equivalents nominated in foreign currencies	3,942	2,055
Borrowings nominated in foreign currencies	3,813	12,399
Obligations under financial leases	1,429	2,151
Other	(5,044)	328
Total	82,821	64,482

16. Income Tax

The difference between income tax charge reported in the accompanying Condensed Consolidated interim Financial Statement of Profit or Loss and income before tax, multiplied by the respective statutory tax rates, is mainly due to the non-deductibility of certain expenses for income tax purposes and the effect of farming companies of the Group, which are subject to a fixed agricultural tax regime and are not subject to corporate income tax.

As of 31 March 2015, the Group prepaid USD 27,419 thousand of income tax (31 December 2014: USD 39,219 thousand). The decrease was mostly connected to the devaluation of the Ukrainian hryvnya and subsequent foreign exchange losses recognized (see Note 15).

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17. Transactions with Related Parties

Related parties are the Beneficial Owner, companies under common control of the Beneficial Owner, joint ventures 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 March 2015		As of 31 December 2014	
Prepayments to suppliers and other current assets, net	22,725	79,019	18,513	88,221
Other non-current assets	4,795	17,754	4,795	19,834
Trade accounts payable	7,112	30,678	7,061	37,438
Advances from customers and other current liabilities	1,603	59,081	1,323	74,552
Other non-current liabilities	6,828	12,948	13,784	16,281

As of 31 March 2015 and 31 December 2014, the Group did not create an allowance for trade accounts receivable, prepayments made and other non-current assets from related parties.

No expense has been recognized for the three months ended 31 March 2015 and 2014 for bad or doubtful debts in respect of the amounts owed from related parties.

Trade accounts payable as of 31 March 2015 and 31 December 2014 included an amount of USD 7,043 thousand due to Namsen Limited.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

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
	3 months ended 31 March 2015		3 months ended 31 March 2014	
Cost of sales	(4)	(473,425)	(127)	(520,814)
General, administrative and distribution expenses	(1,720)	(67,165)	(5,141)	(100,675)
Finance costs, net	(5)	(18,027)	31	(20,434)

For the three months ended 31 March 2015, distribution expenses included USD 1,143 thousand of services for the transportation of goods paid to Zernovoy Terminalny Complex Taman LLC (31 March 2014, distribution costs included USD 2,727 thousand).

All other transactions occurred with related parties under common control.

As of 31 March 2015, the board of directors consisted of the following eight directors: the chairman of the board, three non-executive independent directors, and four directors employed by Subsidiaries. Remuneration of the board of directors (8 Directors) for the three months ended 31 March 2015 amounted to USD 116 thousand (31 March 2014: 8 directors, USD 66 thousand). The non-executive directors are also refunded, to a reasonable extent, any expenses incurred by them in performing their duties, including reasonable travelling expenses.

Five 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, totaling 14 people, amounted to USD 600 thousand for the three months ended 31 March 2015 (31 March 2014: 14 people, USD 538 thousand).

The members of the board of directors and management team members are not granted any pensions or retirement or similar benefits by the Group. The management of the Group has been provided with options to purchase the shares of the Holding.

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18. Commitments and Contingencies

The Group is involved in litigation in connection with a case of contaminated Ukrainian oil that occurred in April 2008. The Group estimates that it could be required to pay USD 3,700 thousand if the ruling is in favor of the counterparty. Management believes that no significant settlement will arise out of the lawsuit and no respective provision is required in the Group's financial statements as of the reporting date.

In April 2012, the Group entered into a call option agreement to acquire Stiom Holding, a farming company located in Khmelnytskyi region of Ukraine. Upon signing, the sellers received approximately 40% of the estimated net asset value partly from the Group and its related parties. As of 31 March 2015, the consideration paid for Stiom Holding by the Group comprised USD 33,472 thousand. In the meantime, the final payment shall be due and payable only after fulfillment of certain conditions to the satisfaction of the Group and subject to rights of set-off in respect of claims against the sellers. The Group submitted several claims to the sellers in respect to the non-fulfillment of the seller's obligations. In December 2012, the Group received a request for arbitration from the sellers in which the sellers claimed amounts due to them. An arbitral tribunal was formed, the parties exchanged written statements on the case and directions on next steps are awaited from the tribunal. Management believes that it is unlikely that any significant settlement will arise out of this lawsuit.

Taxation and legal issues

As of 31 March 2015, the Group's management assessed its maximum exposure to tax risks related to VAT refunds claimed by the Group, the deductibility of certain expenses for corporate income tax purposes and other tax issues for a total amount of USD 74,435 thousand (31 December 2014: USD 94,273 thousand), from which USD 45,839 thousand related to VAT recoverability (31 December 2014: USD 58,816 thousand) and USD 28,595 thousand related to corporate income tax (31 December 2014: 35,457 thousand).

As of 31 March 2015, companies of the Group were engaged in ongoing litigation with tax authorities concerning tax issues for USD 44,580 thousand (31 December 2014: USD 57,703 thousand) included in the aforementioned amount. Of this amount, USD 23,998 thousand relates to cases where court hearings have taken place and where the court in either the first or second instance has already ruled in favor of the Group (31 December 2014: USD 27,121 thousand). Management believes that based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and no respective provision is required in the Group's financial statements as of the reporting date.

Ukraine's tax environment is characterized by complexity in taxing and arbitrary interpretation by tax authorities of tax laws and regulations that, inter alia, can increase fiscal pressure on tax payers. Inconsistent application, interpretation, and enforcement of tax laws can lead to litigation which, as a consequence, may result in the imposition of additional taxes, penalties, and interest, and these amounts could be material. Given its current economic and political issues, the Government is considering implementing certain reforms in the tax system of Ukraine. Currently, it is not clear what specific measures will be undertaken within these reforms, nor what overall impact they will have on the tax environment in general and on the tax standing of the Group in particular. Management believes that the Group has been in compliance with all of the requirements of effective tax legislation.

Starting from 1 September 2013, Ukrainian legislation implemented new transfer pricing rules. These rules introduced additional reporting and documentation requirements for transactions with related parties. In accordance with the new rules, the tax authorities obtained additional tools with the help of which they may claim that prices or profitability in transactions with related parties differ from arm's length transactions. The management assesses controllable operations in accordance with legislation and prepares the required documentation on transfer pricing.

Operating environment

In 2014, Ukraine faced with political and economic turmoil. Crimea, an autonomous republic of Ukraine, was effectively annexed by the Russian Federation. Ukraine also suffered from separatist movements and the collapse of law enforcement in Luhansk and Donetsk regions.

The Ukrainian hryvnya devalued against major foreign currencies. The National Bank of Ukraine introduced a range of measures aimed at limiting the outflow of customer deposits from the banking system, improving the liquidity of banks, and supporting the exchange rate of the Ukrainian hryvnya.

Significant external financing is required to support economic stabilization and the political situation depends, to a large extent, upon the success of the Ukrainian government's efforts; further economic and political developments are currently difficult to predict and an adverse effect on the Ukrainian economy may continue.

The Group does not have assets in Crimea, or Donetsk and Luhansk regions.

Contractual commitments on sales

As of 31 March 2015, the Group had entered into commercial contracts for the export of 688,750 tons of grain and 352,157 tons of sunflower oil and meal, corresponding to an amount of USD 127,048 thousand and USD 165,948 thousand, respectively, in contract prices as of the reporting date.

As of 31 March 2014, the Group had entered into commercial contracts for the export of 455,400 tons of grain and 544,230 tons of sunflower oil and meal, corresponding to an amount of USD 113,969 thousand and USD 281,502 thousand, respectively, in contract prices as of the reporting date.

19. Subsequent Events

A dividend of USD 0.25 per share for FY2014 was distributed on 30 April 2015 to shareholders on the register at the close of business on 23 April 2015. The dividend, approved at the general meeting of shareholders on 10 December 2014, was distributed in US dollars and was subject to deduction of the Luxembourg withholding tax at a rate of 15%.