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Quarterly report for the period  
1st July 2013 – 30st September 2013

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14<sup>th</sup> November 2013

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## 1 GENERAL INFORMATION ABOUT THE COMPANY

Company details:

Company Name:	Cereal Planet PLC
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### 1.1 COMPANY PROFILE

The core activity of the Cereal Planet Group, an Ukraine based Group of Companies, is the production of cereals (buckwheat, pea, wheat, barley, maize, and millet) with the Group's own equipment. The cereals are packed in the consumer packages under the official trade marks (namely «OLIMP», «Gostovskaya», «Kashka Vkusniashka», «Vershina Iakosti») which is used for own products and other goods. The principal activity of the Cereal Planet PLC is the holding of investments.

Group of Companies first ventured into grits industry in 1998 and achieved nowadays around 10% of Ukrainian market.

The Group of companies has a trade chain in Kharkov and in the region, subsidiaries in Poltava and Sumy, key clients-distributors in large regional and district cities of Ukraine, the sales channels of which are used for sales of Group owned and other trademarks.

The Group's technological equipment enables grain to be used in baking, confectionary, and medical fields (flax, rape, coriander, sunflower), and to be used in the preparation of fodder for various animals based on millet, rape and oats.

The Group has been exporting cereals to more than 25 countries including CIS countries, Europe and Asia for over 15 years. The prevalent export items are cereals and grain manufactured by the Group, as well as grain purchased from agricultural companies in bulk, which are exported using the railway and sea transport. The experience and long-term presence in this market made it possible to create and permanently expand the circle of partners in various countries of the world, the number of which nowadays exceeds 50 companies.

The Group consists of five companies:

Cereal Planet PLC – Cyprus based holding Company

Cereal Ukraine LLC – Ukrainian based holding Company

Selkhozskrom LLC – Ukrainian based factory of cereal processing



ACP Ranok – Ukrainian based trading company

Olimp LLC – Ukrainian based trading and distribution company

## 1.2 BOARD OF DIRECTORS

Anatoli Vlasenko - Chairman of the Board of Directors

Ask Investment Limited – Member of the Board of Directors (nominee)

Ask Management Limited – Member of the Board of Directors (nominee)

Cereal Planet PLC does not have Supervisory Board.

## 2 SELECTED FINANCIAL RESULTS STATEMENT FOR THE 3 Q 2013

Tables below provide selected key data from consolidated, unaudited financial statement of Cereal Planet PLC, in accordance with International Financial Reporting Standards for a 3 Q 2013 (period ended 30 September 2013).

TABLE 1 - SELECTED FINANCIAL DATA FROM THE PROFIT AND LOSS ACCOUNT

Selected Financial Results	3Q2013	3Q2012	Cumulative 1Q2013- 3Q2013	Cumulative 1Q2012-3Q2012
Revenues from the sale	6 517	6400	16 480	20 768
Profit / loss on sale	785	1280	2 655	3 263
Profit / loss from operating activities	60	244	715	765
Profit / loss Gross	60	244	715	765
Profit / loss net	-5	142	650	525
Depreciation	88	75	75	75
EBITDA	216	437	1116	1156

Source: Issuer

TABLE 2 - SELECTED FINANCIAL DATA FROM BALANCE SHEET

Selected financial data from balance sheet, EUR'000	30.09.2013	31.12.2012
Tangible fixed assets	3 052	1 866
Long-term receivables	0	0
Current assets	2 292	2 768
Short-term receivables	2 181	4 573



Cash and cash equivalents	140	71
Equity	3 204	2 441
Long-term liabilities	62	62
Short-term liabilities	4 399	6 775

Source: Issuer

### 3 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE 3 Q 2013

Tables below provide condensed interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for a 3 Q 2013 (period ended 30 September 2013).

#### 3.1 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

**Condensed statement of profit or loss and other comprehensive income**  
for the period from 01/01 to 30/09 of 2013 year (with comparative data)

	01/01/2013 30/09/2013	01/01/2012 30/09/2012	01/07/2013 30/09/2013	01/07/2012 30/09/2012
	€000	€000	€000	€000
<b>Continuing operations</b>				
Sales revenue	16 480	20 768	6 517	6 400
Cost of sales	(13 825)	(17 504)	(5 733)	(5 120)
Gross profit	2 655	3 263	785	1 280
Administrative expenses	(744)	(316)	(409)	(143)
Selling expenses	(1 286)	(1 790)	(526)	(732)
Other expenses	(155)	(187)	533	(43)
Other income	571	110	-254	0
Financial expenses	(326)	(316)	(69)	(118)
<b>Profit before tax</b>	<b>715</b>	<b>765</b>	<b>60</b>	<b>244</b>
Income tax expense	(46)	(239)	(46)	(100)
<b>Net profit for the period</b>	<b>669</b>	<b>526</b>	<b>14</b>	<b>143</b>
<b>Other comprehensive expense for the year</b>				
Currency translation difference	(19)	(1)	(19)	(1)
<b>Profit for the year attributable to</b>				
Total comprehensive income for the year	650	525	(5)	142



## Financial position

as at 31 December 2012 and 30 September 2013 (with comparative data)

	30 September, 2013	31 December, 2012	31 December, 2011
<b>Assets</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Non-current assets</b>			
Property, plant and equipment	3 052	1 866	1 761
<b>Total non-current assets</b>	<b>3 052</b>	<b>1 866</b>	<b>1 761</b>
<b>Current assets</b>			
Inventories	2 292	2 768	2 070
Trade and other receivables	2 181	4 573	3 846
Cash and cash equivalent	140	71	141
<b>Total current assets</b>	<b>4 613</b>	<b>7 412</b>	<b>6 057</b>
<b>Total assets</b>	<b>7 665</b>	<b>9 278</b>	<b>7 818</b>
<b>Equity and liabilities</b>			
Share capital	53	52	52
Additional paid-in capital	111		
Exchange differences	77	96	154
Retained earnings	2 963	2 293	1 922
<b>Equity attributable to equity holders of the parent</b>	<b>3 204</b>	<b>2 441</b>	<b>2 128</b>
<b>Non-current liabilities</b>			
Deferred tax liability	62	62	72
<b>Total non-current liabilities</b>	<b>62</b>	<b>62</b>	<b>72</b>
<b>Current liabilities</b>			
Loans and borrowings current	2 148	3 048	1 946
Trade and other payables	2 251	3 727	3 672
<b>Total current liabilities</b>	<b>4 399</b>	<b>6 775</b>	<b>5 618</b>
<b>Total liabilities</b>	<b>4 461</b>	<b>6 837</b>	<b>5 690</b>
<b>Total equity and liabilities</b>	<b>7 665</b>	<b>9 278</b>	<b>7 818</b>





### 3.2 CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

for the period from 01/01 to 30/09 of 2013 year

€ '000	01/01/2013 - 30/09/2013	01/01/2012 - 31/12/2012
<b>Cash flows from operating activities</b>		
Profit before tax	715	632
Adjustments for:		
Depreciation of property, plant and equipment	88	100
Exchange difference arising on the translation of non- current assets on foreign currencies	0	0
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	0	0
Impairment charge of property, plant and equipment	0	0
Interest income	0	0
Interest expense	326	0
Cash flows from operations before working capital changes	1 129	732
Increase in inventories and work in progress	476	-698
Increase in trade and other receivables	2 392	-727
(Decrease)/increase in trade and other payables	-1 476	55
Cash flows from operations	2 521	-638
Tax refunded	0	15
<b>Net cash flows from operating activities</b>	<b>2 521</b>	<b>-623</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of property, plant and equipment	-1 492	-300
Acquisition of subsidiaries, net cash outflow on acquisition	0	0
Loans granted	1 860	1 594
Interest received	0	0
<b>Net cash flows used in investing activities</b>	<b>368</b>	<b>1 594</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital		0
Repayments of borrowings	-2 494	-419
Interest paid	-326	-481
Suspense account (pending correction of Depreciation, Minority interest and share capital)		0



<b>Net cash flows (used in)/from financing activities</b>	<b>-2 820</b>	<b>-900</b>
Net decrease in cash and cash equivalents	69	71
Cash and cash equivalents:		0
At beginning of the year/period	71	141
<b>At end of the year/period</b>	<b>140</b>	<b>71</b>

### 3.3 CONDENSED CONSOLIDATED STATEMENT FOR CHANGES IN EQUITY

	Share capital	Share premium	Translation reserve	Retained earnings	Non-controlling interests	Total
	€000	€000	€000	€000	€000	€000
<b>Balance at 31 December 2011 /1 January 2012</b>	<b>52</b>	<b>-</b>	<b>154</b>	<b>1 923</b>	<b>-</b>	<b>2 129</b>
Net profit the period	-	-	-	370	-	370
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	58	-	-	58
<b>Balance at 31 December 2012/1 January 2013</b>	<b>52</b>	<b>-</b>	<b>96</b>	<b>2 293</b>	<b>-</b>	<b>2 441</b>
Net profit the period	-	-	-	669	-	669
Issue of share capital	1	111	-	-	-	112
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	19	-	-	19
<b>Balance at 30 September 2013</b>	<b>53</b>	<b>111</b>	<b>77</b>	<b>2 964</b>	<b>-</b>	<b>3 204</b>

## 4 APPLIED ACCOUNTANCY PRINCIPLES

These interim financial statements have been prepared based on IAS 34 Interim Financial Reporting. These interim financial statements include substantial information required for a complete set of IFRS financial statements. The Board of Director's commentary included, explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

There were no changes in accounting policy of the Group during period 01/01/13-30/09/13.

### Judgments and estimates

In preparing these interim financial statements, management made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

### Significant accounting policies





Except as described herewith, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2012.

### Consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared by the consolidation of the historical financial statements of each of the Group's companies, on the basis of the accounting records of these companies.

Subsidiaries are all Group's entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

### Summary of significant accounting policies

The main principles of accounting policy, which have been adopted in the preparation of this audit consolidated financial information, are described below.

### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

#### *Sale of goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### *Rendering of services*

Revenues from services are recognized when such services are rendered and revenue can be reliably measured

### Taxes

#### *Current income tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

#### *Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and



- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized in other comprehensive income is recognized in other comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Value added tax*

Revenues, expenses and assets are recognized net of the amount of value-added tax ("VAT") except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is disclosed on the face of the consolidated statement of financial position.

#### **Property, plant and equipment**

Items of property, plant and equipment are stated at cost, less accumulated depreciation and/or accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalized directly attributable borrowing costs in accordance with early adopted International Financial Reporting Standard IAS 23 Borrowing Costs (Revised), any other costs directly attributable to bringing the asset



to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Group of fixed assets	years
Buildings	50
Plant and equipment	20
Motor vehicles	10
Other	10

#### *Group as a lessor*

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Finance costs**

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### **Financial instruments:**

##### **Financial assets**

##### *Initial recognition*

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investment not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention on the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents as well as loan, trade and other receivables.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents



Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the combined statement cash flows, cash and cash equivalents consist of cash as defined above.

Loans, trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are carried at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains and losses are recognized as income or expenses when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *(4) Impairment*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### *Financial assets carried at amortized cost*

For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no





objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is directly reduced for credit losses and the amount of the loss is recognized as other operating expenses in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting profit and loss. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

## Financial liabilities

### *Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

#### *Trade and other payables*

After initial recognition, trade and other payables with fixed maturity are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

#### *Interest-bearing loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in net profit or loss when the liabilities are derecognized as well as through the amortization process.

### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or





modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the combined statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### Issued capital

Share capital is recognized at the fair value of consideration received. Any excess over the nominal value of shares is taken to the share premium reserve. Cost incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change in equity are taken to profit or loss.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Inventories

Originally inventories are stated at the lower of cost and net realizable value after making an allowance for any obsolete or slow-moving items. The cost of inventories includes the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. At disposal cost of raw materials, spare parts and goods is determined based on the FIFO method, whereas cost of finished goods is determined based on the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less any estimated costs necessary to make the sale.

#### Impairment of non-financial assets



The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit and loss in those expense categories consistent with the function of the impaired asset, except for property, plant and equipment previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Group does not have the assets, for which annual impairment testing is required.

### Foreign currency transactions and translation to presentation currency

#### (1) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### (2) Translation to presentation currency

At each reporting date, the assets and liabilities of each company are translated into the Group's presentation currency at the rate of exchange prevailing at the reporting date. The revenues and expenses for the year or, if shorter, the period of combined of subsidiary in the Group are translated at the exchange rate prevailing at the date of transaction or average exchange rate for the period if it approximates the rate as of the date of transaction. The exchange differences arising on the translation are recognized in other comprehensive income.

### Contingent assets and liabilities



A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

#### Subsequent events

Events, which took place after the reporting date and prior to the date of approval of financial reports to be issued which provide additional information regarding the financial statements of the Group, are reflected in financial statements.

## 5 THE BOARD OF DIRECTORS' COMMENT ON THE FACTORS AND EVENTS THAT AFFECT THE ACHIEVED FINANCIAL RESULTS.

### 5.1 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Sales revenue for 3 Q 2013 in the amount of EUR 6 517 th

This result is better by 2% than in 3 Q 2012. In the 3 Q 2013 the Group carried out modernization works of the production lines. Total sales for accrued 3 Q 2013 decreased by 20% , from EUR 20 768 th to 16 480 th.

Gross profit for 3 Q 2013 in the amount of EUR 785 th

Gross profit result is decreased by 39% from EUR 1 280 th in 3 Q 2012 to EUR 785 th in 3 Q 2013. This decrease is due to the smaller margins on the products. On the top of that in the 2012 the Group benefited due to the price increase of the grain, at that time the Group had grain in storages purchased at cheaper price. Total gross profit decreased in accrued 3 Q 2013 by 19% in comparison to the accrued 3 Q 2012 . The Group is working on increase of the gross profit efficiency.

Net Loss for 3 Q 2013 in the amount of EUR 5 th

In the 3 Q 2013 the Group noted EUR 5 th loss in comparison to the EUR 142 th net profit in 3 Q 2012. In the accrued 3 Q 2013 the Group noted increase in the net profit by 24% , accrued 3 Q 2013 EUR 650 th net profit in comparison to accrued EUR 525 th net profit in 2012. Majority of the modernization works under current investment plan were executed therefore further periods increase of sales and profit is expected.

Financial position Property Plant and equipment EUR 3 052 th

The Group continues investment plan according to the schedule, consequently Property Plant and equipment item in the Financial position increased in the 3 Q 2013 by 64% from EUR 1 866 th to EUR 3 052 th.

Financial position Trade and other receivables EUR 2 181 th



The Group decreased Trade and other receivables from 31.12.2012 to 3 Q 2013 by 52% (from EUR 4 573 th to EUR 2 181 th), collection of the receivables improved.

Financial position Trade and other payables EUR 2 148 th

The Group decreased Trade and other payables from 31.12.2012 to 3 Q 2013 by 40% (from EUR 3 048 th to EUR 2 148 th). The Group paid due Trade and other payables

Financial position Loans and borrowings current EUR 2 148 th

At the end of September 2013 the Group repaid overdrafts, but at the beginning of October 2013 overdrafts were drawn again.

The total amount of financial position was decreased by 17% from EUR 9 278 th to EUR 7 665 th. The decrease was mainly due to settlements of receivables and payables.

## 5.2 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

Net cashflow from operating activities EUR 2 521 th

The Group improved substantially cashflow from the operating activities. But due to the continuity of the investment plan capital and needs for the working capital, this amount will be decrease in the near future.

## 5.3 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT FOR CHANGE IN EQUITY

Change in the equity EUR 3 204 th

The group increased amount of the equity by 31% from EUR 2 441 th in 31 12 2012 to EUR 3 204 th in 3 Q 2013. This increase was mainly due to the accrued net profit for the 2013 year.

# 6 REPORT ON THE COMPANY'S ACTIVITIES IN 3 Q 2013

## 6.1 ANNUAL GENERAL MEETING

Cereal Planet Group held Annual General meeting on 30 of September 2013. The main resolutions were related to :

- Approval of the financial statements for the 2012 year,
- The selection of the auditor. Nexia Poyiadijes, was selected to be the auditor for the 2013 year.
- Election of the same Board of Directors for the next consecutive year,
- Transfer of the profits for the reserves. The investment plan still needs funding therefore subject of the dividend will be discussed when investment plan would be completed and generated profits would ensure sufficient surplus ensure over capital needs.





## 6.2 PRODUCTION ACTIVITY

Cereal Planet Group continued modernization of the production facilities , namely modernization of the production line for the split peas. Production line for compounds for animals, installed in the 2 Q 2013, presently reach capacity 200 t/month.

TABLE 3 TOTAL PRODUCTION

Data in tons	2013		2012	
	3 Q	1- 3 Q	3 Q	1- 3 Q
<b>Production</b>	5 351	15 032	5 750	14 866
<b>Including export</b>	2042	5 051	3 190	7 300

Source: the Issuer

Production for the accrued 3 Q 2013 increased by 1% IN COMPARISON TO THE ACCRUED 3 q 2012. Export decreased by 31% in the accrued 3 Q 2013. The Group focuses on increase of processed goods export. But the results are limited up to now. In 2012 export was only in bulk

## 6.3 DISTRIBUTION AND TRADE ACTIVITY

The Group expanded its sales to the new regions of Ukraine: Lviv, Kherosn and Chernigov, namely there were signed contracts with local supermarket network Arsen, Soyuz, Fresh for delivery of the cereal products under private labeling. Deliveries started in 4 Q 2013. Besides transactions with the current clients, the Group signed number of the contracts with the new customers:

- ✓ contract with Turkish client for the supply of the oatmeal byproducts. Those products comes from the food for animals production lines
- ✓ contract for delivery of the yellow millet for the Spanish counterparty
- ✓ contract for the delivery of the packed cereal to the Thailand customer. These deliveries of the processed and packed cereal has capacity for further development.
- ✓ Contract for the delivery of buckwheat to the Israeli customer
- ✓ Cereal Planet Group won tender for deliveries of the split peas to Sudan

## 6.4 SUPPLY OF THE RAW MATERIAL

Grain supply was continuing in the due course. There were no problems with the supply of the various grains to the Cereal Planet factory.

## 7 THE MANAGEMENT BOARD'S OPINION ABOUT THE POSSIBILITY OF ACHIEVED THE FORECASTS

At the beginning of 2013 year Group prognoses 27 700 thousand EUR revenue and 990 thousand EUR net profit for the year end

TABLE 4 FORECAST AND IMPLEMENTATION

'000 EUR	Forecast	1H2013	Implementation
Revenue	27 700	16 480	59%
Net profit	990	650	66%

Source: the Issuer





In light of the unaudited results presented in this report Cereal Planet Group for the 3rd quarter of 2013, the Board of Directors of the Issuer maintains the published forecast. Decision of the Issuer to maintain forecasts of consolidated financial results for 2013 years is dictated by the following considerations :

- preparing the forecast of consolidated financial results for 2013 the Issuer's Board took into account the modernization of the production lines and increase of production, in the second half of the year. So far, the implementation of prediction is in accordance with the adopted assumption to achieve higher sales and achieve higher margins adopted in order to implement forecast.
- Secondly, the Issuer considers to introduce more processed products which might increase margins in the 4 rd Q of the 2013

## 8 EXECUTION OF THE INVESTMENT PIPELINE

According to the investment pipeline, in the 3 Q 2013 it was expected to commission production lines for

for bulgur and flakes.

Production line for bulgur is mostly acquired but still needs installation and trial period. Presently its estimated that it will be operated in 3 Q of 2014

Production line for flakes was already installed and works for 50% of its capacity. It needs further investments, which are expected to be completed by the 3 Q of 2014

## 9 INITIATIVES TO DEVELOP ITS ACTIVITIES AIMED TO IMPLEMENT INNOVATIVE SOLUTIONS AT THE ENTERPRISE DURING THE PERIOD OF THE REPORT – INFORMATION ON SUCH ACTIVITIES

Cereal Planet Group has not undertook any initiatives related to the innovation solutions in the period covered by this Report.

## 10 COMPANY STRUCTURE, SUBJECT TO CONSOLIDATION

TABLE 5 CEREAL PLANET GROUP CONSISTS OF 5 COMPANIES

Name	Address	Profile
Cereal Planet PLC	Boumpoulinas, 11 3rd Floor, 1060 NICOSIA, CYPRUS	Holding company In Cyprus
Cereal Ukraine LLC	61124 Kharkov, Kashtanowa 10 str	Holding company In Ukraine
SielhozkormLLC	62543, Kharkov region	Food processing factory



	Jurchenkowe	
ACPRanok	Kharkov Mechanizatorow 2 str	Trading company
Olimp LLC	61124 Kharkov, Kashtanowa 10 str	Trading and distribution company

## 11 SHAREHOLDERS STRUCTURE

The Shareholding structure of the Company, indicating shareholders at the date of report (as of 14/08/2013).

TABLE 6 SHAREHOLDERS STRUCTURE

Shareholder	Number of shares	Number of votes at the general meeting	Percentage in share capital	Percentage in the total number of votes at the general meeting
<i>Vlasenko Anatoli</i>	347 999	347 999	19.55%	19.55%
<i>Dubruskin Igor</i>	348 000	348 000	19.55%	19.55%
<i>Steshenko Walentyna</i>	348 000	348 000	19.55%	19.55%
<i>Vlasenko Oleksander</i>	347 999	347 999	19.55%	19.55%
<i>Slavgorodskyi Oleksander</i>	348 000	348 000	19.55%	19.55%
<i>Other shareholders</i>	40 002	40 002	2.25%	2.25%
<b>Total</b>	<b>1 780 000</b>	<b>1 780 000</b>	<b>100%</b>	<b>100%</b>

Source: Issuer



## 12 NUMBER OF EMPLOYEES AT THE END OF 3 Q 2013

TABLE 7 NUMBER OF EMPLOYEES

Number of employees	3 Q 2013
Production	158
Non production employees	258
Total	416

Source: Issuer

Antoliy Vlasenko,

Chairman of the Board of Directors

