

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2016

AGROTON PUBLIC LIMITED

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AGROTON PUBLIC LIMITED**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Iurii Zhuravlov - Chief Executive Officer Tamara Lapta - Deputy Chief Executive Officer Larysa Orlova - Chief Financial Officer Borys Supikhanov - Non-Executive Director Volodymyr Kudryavtsev - Non-Executive Director
Audit Committee	Borys Supikhanov (Head of the Committee) Volodymyr Kudryavtsev
Remuneration Committee	Borys Supikhanov (Head of the Committee) Volodymyr Kudryavtsev
Secretary	Inter Jura Cy (Services) Limited
Independent Auditors	KPMG Limited
Legal Advisors	K. Chrysostomides & Co LLC
Registered office	1 Lampousas Street 1095 Nicosia Cyprus



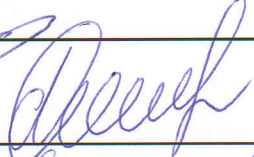
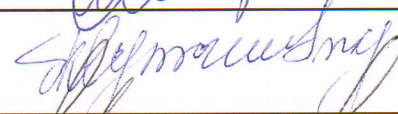
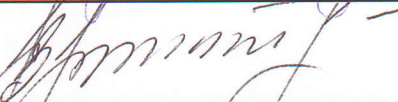
AGROTON PUBLIC LIMITED

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY
OFFICIAL RESPONSIBLE FOR THE DRAFTING OF THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

In accordance with article 9(3)(c) and (7) of the Transparency Requirements (Securities Listed for Trading on a Regulated Market) Law of 2007 (the "Law"), as amended from time to time, we, the Members of the Board of Directors and the Company official responsible for the drafting of the condensed consolidated interim financial statements of Agroton Public Limited (the "Company") for the six months ended 30 June 2016, confirm that to the best of our knowledge:

- a) the condensed consolidated interim financial statements presented on pages 3 to 29:
- i) have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and the provisions of article (9), section (4) of the Law, and
 - ii) give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Agroton Public Limited and of the entities included in the condensed consolidated interim financial statements, as a whole and
- b) the report of the Board of Directors provides a fair review of the developments and performance of the business as well as the position of Agroton Public Limited and of the entities included in the condensed consolidated interim financial statements, as a whole, together with a description of the major risks and uncertainties that they face.

Members of the Board of Directors:

Iurii Zhuravlov	
Tamara Lapta	
Larysa Orlova	
Borys Supikhanov	
Volodymyr Kudryavtsev	

Company official responsible for the drafting of the condensed consolidated interim financial statements of the Company for the six months ended 30 June 2016:

Larysa Orlova	
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Nicosia, 25 August 2016

AGROTON PUBLIC LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

	Note	<u>30 June 2016</u>	<u>30 June 2015</u>
Continuing operations			
Revenue	4	17 349	17 872
Cost of sales	5	(16 066)	(17 351)
Net change in fair value less cost to sell of biological assets and agricultural produce		7 753	(206)
Gross profit		9 036	315
Other operating income	6	1 063	2 489
Administrative expenses		(786)	(957)
Distribution expenses		(132)	(382)
Other operating expenses	7	(1 302)	(55)
Operating profit		7 879	1 410
Finance income	8	1 254	1 883
Finance costs	8	(3 946)	(21 515)
Net finance costs		(2 692)	(19 632)
Profit/(Loss) before taxation		5 187	(18 222)
Taxation		-	-
Profit/(Loss) from continuing operations		5 187	(18 222)
Discontinued operations			
Loss from discontinued operations	15	-	(5)
Profit/(Loss)		5 187	(18 227)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Effect of translation into presentation currency		1 363	10 718
Total comprehensive income/(expense)		6 550	(7 509)
Profit/(Loss) attributable to:			
Owners of the Company		5 183	(18 220)
Non-controlling interests		4	(7)
		5 187	(18 227)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		6 549	(7 484)
Non-controlling interests		1	(25)
		6 550	(7 509)
Profit/(loss) per share			
Basic and fully diluted profit/(loss) per share (USD)		0,30	(0,84)
Profit/(loss) per share – continuing operations			
Basic and fully diluted profit/(loss) per share (USD)		0,30	(0,84)

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

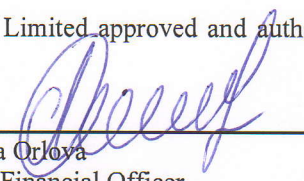
As at 30 June 2016

(in USD thousand, unless otherwise stated)

	Note	30 June 2016	31 December 2015
Assets			
Property, plant and equipment	9	5 702	5 742
Intangible assets		7 581	8 851
Biological assets	10	2 023	1 541
Total non-current assets		15 306	16 134
Inventories	12	6 465	19 803
Biological assets	10	24 454	5 086
Investments designated at fair value through profit or loss		255	255
Trade and other receivables	13	1 459	3 588
Loans receivable	11	17 585	16 336
Assets held for sale	15	19	20
Cash and cash equivalents	14	14 768	8 575
Total current assets		65 005	53 663
Total assets		80 311	69 797
Equity			
Share capital		661	661
Share premium		88 532	88 532
Retained earnings		(43 336)	(48 519)
Foreign currency translation reserve		6 513	5 147
Total equity attributable to owners of the Company		52 370	45 821
Non-controlling interests		201	200
Total equity		52 571	46 021
Liabilities			
Loans and borrowings	16	21 298	20 711
Total non-current liabilities		21 298	20 711
Loans and borrowings	16	2 090	1 899
Trade and other payables	17	4 229	1 043
Income tax liability		112	112
Liabilities held for sale	15	11	11
Total current liabilities		6 442	3 065
Total liabilities		27 740	23 776
Total equity and liabilities		80 311	69 797

On 25 August 2016 the Board of Directors of Agroton Public Limited approved and authorised these condensed consolidated interim financial statements for issue.


 Tamara Lapta
 Deputy Chief Executive Officer


 Larysa Orlova
 Chief Financial Officer

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

	<u>Attributable to owners of the Company</u>				Total	Non- controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve			
Balance at 1 January 2015	661	88 532	(38 878)	(5 877)	44 438	200	44 638
Total comprehensive income							
Loss for the period	-	-	(18 220)	-	(18 220)	(7)	(18 227)
Other comprehensive income/(expense)	-	-	-	10 736	10 736	(18)	10 718
Other comprehensive income/(expense)	-	-	(18 220)	10 736	(7 484)	(25)	(7 509)
Balance at 30 June 2015	661	88 532	(57 098)	4 859	36 954	175	37 129
Balance at 1 January 2016	661	88 532	(48 519)	5 147	45 821	200	46 021
Total comprehensive income							
Profit for the period	-	-	5 183	-	5 183	4	5 187
Other comprehensive income/(expense)	-	-	-	1 366	1 366	(3)	1 363
Total comprehensive income/(expenses) for the year	-	-	5 183	1 366	6 549	1	6 550
Balance at 30 June 2016	661	88 532	(43 336)	6 513	52 370	201	52 571

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont.)**

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

- In accordance with the Cyprus Companies Law, Cap. 113, Section 55 (2) the share premium reserve can only be used by the Company in (a) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares; (b) writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (c) providing for the premium payable on redemption of any redeemable preference shares or of any debentures of the Company.
- Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the owners (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the owners.

The above requirement of the Law is not applied in the case of the Company due to the fact that its owners are not residents in Cyprus for tax purposes.

AGROTON PUBLIC LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

	Note	30 June 2016	30 June 2015
Cash flows from operating activities:			
Profit/(Loss) for the period		5 187	(18 227)
Adjustments for:			
Depreciation		452	1 245
Amortisation		780	1 643
Impairment of inventories	7	947	-
(Gain)/Loss from changes in fair value less cost to sell of biological assets and agriculture produce		(7 753)	206
Impairment of trade and other receivables	7	109	-
Impairment of property, plant and equipment		7	-
Reversal of provision for bad debts		(193)	(428)
Reversal of impairment of inventories		(425)	-
Interest income	8	(1 249)	(1 883)
Interest expense	8	777	619
Trade payables written-off	6	(2)	-
Bad debts written-off		-	14
Loss on disposal of property, plant and equipment	7	1	-
Loss on disposal of intangible assets		163	-
Foreign exchange loss	8	3 169	20 863
Cash flow from operations before working capital changes		1 970	4 052
Decrease in inventories		11 846	17 361
Increase in biological assets		(11 858)	(10 524)
Decrease/(Increase) in trade and other receivables		2 046	(1 276)
(Decrease)/Increase in trade and other payables		3 147	(387)
Net cash from operating activities		7 151	9 226
Cash flow from investing activities			
Acquisition of property, plant and equipment		(614)	(112)
Proceeds from disposal of property, plant and equipment		-	8
Interest received	8	4	-
Net cash used in investing activities		(610)	(104)
Net decrease in cash and cash equivalents		6 541	9 122
Cash and cash equivalents at the beginning of the period		8 575	5 206
Effect from translation into presentation currency		(348)	(8 361)
Cash and cash equivalents at the end of the period	14	14 768	5 967

The notes on pages 8 to 29 are an integral part of these condensed consolidated interim financial statements.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

1. GENERAL INFORMATION

Country of incorporation

Agroton Public Limited (the “Company”) was incorporated in Cyprus on 21 September 2009 as a public company with limited liability under the Cyprus Companies Law, Cap. 113. The Company was listed at the main market of Warsaw Stock Exchange on 8 November 2010.

The Company’s registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

Principal activities

The principal activities of the Group are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming) and milk processing. The poultry farming business has been temporarily abandoned due to the military clashes and armed conflict in Eastern Ukraine.

The Group's subsidiaries, country of incorporation, and effective ownership percentages are disclosed below:

Company name	Country of incorporation	Ownership Interest 30.06.2016	Ownership Interest 31.12.2015
Living LLC	Ukraine	99,99 %	99,99 %
PE Agricultural Production Firm Agro	Ukraine	99,99 %	99,99 %
Agroton PJSC	Ukraine	99,99 %	99,99 %
LLC Belokurakinskiy Elevator	Ukraine	99,99 %	99,99 %
Agro Meta LLC (i)	Ukraine	99,99 %	99,99 %
Rosinka-Star LLC	Ukraine	99,99 %	99,99 %
Etalon-Agro LLC (i)	Ukraine	99,99 %	99,99 %
ALLC Noviy Shlyah	Ukraine	99,99 %	99,99 %
ALLC Shiykivske	Ukraine	94,58 %	94,58 %
Agro-Chornukhinski Kurchata LLC	Ukraine	99,89 %	99,89 %
Agro-Svinprom LLC (ii)	Ukraine	99,89 %	99,89 %
Agroton BVI Limited	British Virgin Islands	100,00 %	100,00 %
Gefest LLC (i)	Ukraine	100,00 %	100,00 %
LLC Lugastan	Ukraine	99,99 %	99,99 %

(i) Agro Meta LLC, Etalon-Agro LLC, and Gefest LLC are in the process of liquidation.

(ii) In July 2011 the management of Living LLC resolved to dispose subsidiary of the Group namely Agro-Svinprom LLC engaged in the pig-breeding.

The parent company of the Group is Agroton Public Limited with an issued share capital of 21 670 000 ordinary shares with nominal value € 0,021 per share.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

1. GENERAL INFORMATION (cont.)

The shares at 30 June 2016 and as at the date of issue of these condensed consolidated interim financial statements were distributed as follows:

Shareholder	30 June 2016		25 August 2016	
	Number of Shares	Ownership interest, %	Number of Shares	Ownership interest, %
Mr. Iurii Zhuravlov	14 848 783	68,52 %	14 848 783	68,52 %
Others	6 821 217	31,48 %	6 821 217	31,48 %
	<u>21 670 000</u>	<u>100,00 %</u>	<u>21 670 000</u>	<u>100,00 %</u>

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2016 comprise the financial statements of the Company and its subsidiaries (together with the Company, the "Group").

2.1 Statement of compliance

These condensed consolidated interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and were not audited by the external independent auditors of the Group. These condensed consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to 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 as at and for the year ended 31 December 2015.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention except for the following:

- biological assets and agricultural produce, which are stated at fair value less costs to sell (agricultural produce is measured at fair value at the point of harvest)
- debt securities which are stated at amortised cost
- Investments designated at fair value through profit or loss.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

2. BASIS OF PREPARATION (cont.)

2.3 Functional and presentation currency

The functional currencies of the companies of the Group are the Ukrainian Hryvnia (UAH) and United States Dollar (USD). The currency of Cyprus is Euro, but the principal exposure of the parent undertaking is in US dollars, therefore the functional currency of the Company is considered to be USD. Transactions in currencies other than the functional currency of the Group's companies are treated as transactions in foreign currencies. The Group's management decided to use US dollar (USD) as the presentation currency for financial and management reporting purposes. Exchange differences arising are classified as equity and transferred to the translation reserve.

The exchange rates used in preparation of these condensed consolidated interim financial statements, are as follows:

Currency	30 June 2016	Average for the six months ended 30 June 2016	31 December 2015	Average for the six months ended 30 June 2015	31 December 2014
US dollar - UAH	24,8544	25,4578	24,0007	21,3649	15,7686

2.4 Going concern basis

These condensed consolidated interim financial statements have been prepared under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. Renewals of the Group's assets, and the future activities of the Group, are significantly influenced by the current and future economic environment in Ukraine. The Board of Directors and Management are closely monitoring the events in the current operating environment of the Group as described in note 21 to the condensed consolidated interim financial statements and has assessed the current situation and there is no indication of adverse effects while at the same time are taking all the steps to secure Group's short and long term viability. To this effect, they consider that the Group is able to continue its operations as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2015.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

4. REVENUE

	<u>30 June 2016</u>	<u>30 June 2015</u>
Sales of goods	17 006	17 535
Rendering of services	343	337
Total	<u><u>17 349</u></u>	<u><u>17 872</u></u>

Revenue generated from sale of goods was as follows:

	<u>30 June 2016</u>	<u>30 June 2015</u>
Livestock and related revenue	1 406	1 401
Winter wheat	1 856	3 299
Sunflower	13 560	12 579
Corn in grain	158	182
Other agricultural crops	26	74
Total	<u><u>17 006</u></u>	<u><u>17 535</u></u>

Sales volume for main agricultural products in tonnes was as follows:

	<u>30 June 2016</u>	<u>30 June 2015</u>
	<u>tonnes</u>	<u>tonnes</u>
Winter wheat	2 979	33 519
Sunflower	40 013	37 367
Corn in grain	3 746	1 925
Total	<u><u>46 738</u></u>	<u><u>72 811</u></u>

Sales volume for milk yield for the six months ended 30 June 2016 was 5 995 thousand tonnes (30 June 2015: 5 285 thousand tonnes).

Revenue generated from rendering of services relates to storage and handling services provided to third parties.

Livestock and related revenue includes revenue from poultry and other livestock related products.

5. COST OF SALES

	<u>30 June 2016</u>	<u>30 June 2015</u>
Livestock and related operations	1 785	3 325
Plant breeding and related operations	14 129	14 006
Other activities	152	20
Total	<u><u>16 066</u></u>	<u><u>17 351</u></u>

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

6. OTHER OPERATING INCOME

	<u>30 June 2016</u>	<u>30 June 2015</u>
Government grants	-	2
VAT grant	441	1 597
Reversal of provision for bad debts	193	428
Reversal of impairment of inventories	425	-
Trade payables written-off	2	-
Other income	2	462
Total	<u>1 063</u>	<u>2 489</u>

7. OTHER OPERATING EXPENSES

	<u>30 June 2016</u>	<u>30 June 2015</u>
Depreciation charge	6	4
Impairment of trade and other receivables	109	-
Bad debts written-off	-	14
Loss on disposal of property, plant and equipment	1	-
Loss on write-off and impairment of non-current assets	-	7
Loss on disposal of land lease rights	163	-
Impairment of inventories	947	-
Other expenses	76	30
Total	<u>1 302</u>	<u>55</u>

8. NET FINANCE COSTS

	<u>30 June 2016</u>	<u>30 June 2015</u>
Interest income	1 254	1 883
Finance income	<u>1 254</u>	<u>1 883</u>
Interest on non-bank loans	(191)	(158)
Interest on notes	(586)	(461)
Bank charges	-	(33)
Loss on foreign exchange differences	(3 169)	(20 863)
Finance costs	<u>(3 946)</u>	<u>(21 515)</u>
Net finance costs	<u>(2 692)</u>	<u>(19 632)</u>

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of USD 614 thousand (the six months ended 30 June 2015: USD 112 thousand).

10. BIOLOGICAL ASSETS

Biological assets were presented as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Crops under cultivation	23 573	3 732
Animals in growing and fattening	881	1 354
Total current biological assets	<u>24 454</u>	<u>5 086</u>
Cattle	2 015	1 533
Other	8	8
Total non-current biological assets	<u>2 023</u>	<u>1 541</u>
Total	<u><u>26 477</u></u>	<u><u>6 627</u></u>

10.1 Crops under cultivation

At 30 June 2016 and 31 December 2015 the crops under cultivation were presented as follows:

	<u>30 June 2016</u>		<u>31 December 2015</u>	
	<u>Thousands of hectares</u>	<u>Carrying values</u>	<u>Thousands of hectares</u>	<u>Carrying values</u>
Winter wheat plantings	36	7 244	36	3 659
Sunflower plantings	37	15 403	-	-
Corn plantings	4	548	-	-
Other plantings	2	378	1	73
Total	<u>79</u>	<u>23 573</u>	<u>37</u>	<u>3 732</u>

The main crops harvested and the fair value at the time of harvesting was as follows:

	<u>30 June 2016</u>		<u>30 June 2015</u>	
	<u>Volume, tonnes</u>	<u>Amount, USD thousand</u>	<u>Volume, tonnes</u>	<u>Amount, USD thousand</u>
Winter wheat	-	-	852	116
Other sowing	22 858	361	11 414	158
Total	<u>22 858</u>	<u>361</u>	<u>12 266</u>	<u>274</u>

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

10. BIOLOGICAL ASSETS (cont.)

10.1 Crops under cultivation (cont.)

Other sowing mainly includes grass plants for production of animal feed.

Expenses capitalised in biological assets mainly include fertilisers, fuel, seeds, labour and the operating lease rentals.

10.2 Non-current biological assets and animals in growing and fattening

Non-current biological assets:

	30 June 2016		31 December 2015	
	Number, heads	Fair value	Number, heads	Fair value
Cattle	3 090	2 015	2 445	1 533
Horses	8	8	8	8
Total		2 023		1 541

Animals in growing and fattening:

	30 June 2016		31 December 2015	
	Number, heads	Fair value	Number, heads	Fair value
Cattle	2 527	873	3 204	1 354
Horses	12	8	-	-
Total		881		1 354

Expenses capitalised in biological assets of animals include mixed fodder, electricity, labour, depreciation and other.

11. LOANS RECEIVABLE

	Note	30 June 2016	31 December 2015
<i>Current assets</i>			
Loans to related parties	18	13 855	12 930
Loans to third parties		3 730	3 406
Total		17 585	16 336

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

11. LOANS RECEIVABLE (cont.)

- On 29 June 2012, the Company has entered into a loan agreement with Stimi Agri Limited amounting to USD 2 million. The loan bears interest of 20% per annum and expired on 29 June 2013. On 28 June 2013 the two parties agreed to postpone the repayment date to 31 December 2014. During 2014 the two parties agreed to further postpone the repayment date to 31 December 2015. During 2015 the two parties agreed to further postpone the repayment date to 31 December 2016. The above loan is unsecured.
- On 29 June 2012, the Company has entered into a loan agreement with Stiom Agri Limited amounting to USD 2 million. The loan bears interest at a rate of 10% per annum and expired on 29 December 2013. On 28 June 2013 the two parties agreed to postpone the repayment dates to 31 December 2014. During 2014 the two parties agreed to further postpone the repayment to 31 December 2015. During 2015 the two parties agreed to further postpone the repayment date to 31 December 2016. The above loan is unsecured.
- On 4 March 2013, the Company has entered into a loan agreement with Agriland Trading Limited amounting to USD 10 million. The loan bears interest at a rate of 20% and expired on 4 March 2014. During 2014 the two parties agreed to further postpone the repayment to 31 December 2015. During 2015 the two parties agreed to further postpone the repayment date to 31 December 2016. The above loan is unsecured.
- On 1 October 2013, the Company has entered into a loan agreement with Hoyt Network Limited amounting to USD 10 million. The loan bears interest at a rate of 10% and expired on 1 October 2014. During 2014 the two parties agreed to further postpone the repayment to 1 October 2015. During 2015 the two parties agreed to further postpone the repayment date to 31 December 2016. The above loan is unsecured.

12. INVENTORIES

	30 June 2016	31 December 2015
Raw materials	432	898
Work-in-progress	3 403	2 942
Agricultural produce	406	15 111
Finished goods	990	2
Other	1 234	850
Total	6 465	19 803

Work-in-progress

Work in progress includes expenditure capitalised in respect of 17 thousand hectares (31 December 2015: 99 thousand hectares) of plough land prepared for sowing in the current or following year.

AGROTON PUBLIC LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

(in USD thousand, unless otherwise stated)

12. INVENTORIES (cont.)

Agricultural produce

The main agricultural produce was as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Winter wheat	82	591
Sunflower	12	13 722
Corn	36	310
Other agricultural crops	276	488
Total	<u>406</u>	<u>15 111</u>

The main agricultural produce volume in tonnes was as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Winter wheat	1 010	5 780
Sunflower	103	46 852
Corn	342	5 131
Total	<u>1 455</u>	<u>57 763</u>

At 30 June 2016 there were no loans secured by inventories (2015: nil).

Inventories were impaired due to the military conflict in Eastern Ukraine. As a result, the Group has tested the related product lines for impairment and recognised an impairment loss for inventories of USD 21 thousand (for the six months ended 30 June 2015: nil).

13. TRADE AND OTHER RECEIVABLES

	Note	<u>30 June 2016</u>	<u>31 December 2015</u>
Trade receivables		741	1 147
Provision for impairment of receivables		(405)	(349)
Trade receivables, net		<u>336</u>	<u>798</u>
Prepayments to suppliers		496	2 706
Other receivables		33 769	33 536
Provision for impairment of prepayments and other receivables		(33 469)	(33 650)
VAT recoverable		327	198
Total		<u>1 459</u>	<u>3 588</u>

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13. TRADE AND OTHER RECEIVABLES (cont.)

On 29 June 2012, the Company entered into a preliminary agreement with Stiom Agri Limited ('Seller') for the acquisition of 100% of the issued share capital of Private Enterprise 'Peredilske'. The parties agreed that the price for transfer of the company's shares amounting to USD 23 080 000.

On 26 December 2012, the Company entered into a preliminary agreement with Stiom Agri Limited ('Seller') for the acquisition of 100% of the issued share capital of Limited Liability Company 'Skhid Potencial-Resurs'. The parties agreed that the price for transfer of the company's shares shall amount to USD 10 000 000.

On 3 September 2013 both agreements for the acquisition of PE "Peredilske" and of LLC "Skhid-Potencial-Resurs" have been cancelled. The parties agreed that the whole amount paid should be returned to the Company within twelve months of the signing of the cancellation agreements, either in cash and/or an equivalent market value's worth of agricultural goods.

Due to political and economic developments and military conflict in Eastern Ukraine, Stiom Agri Limited is currently unable to repay this amount to the Group. It is highly probable that this amount will never be recovered, therefore an impairment loss for USD 33 080 thousand was recognised in 2014.

14. CASH AND CASH EQUIVALENTS

	30 June 2016	31 December 2015
Cash at bank - USD	14 661	5 438
Cash at bank - UAH	31	3 128
Cash in hand	76	9
Total	14 768	8 575

15. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

Discontinued operations

The assets and liabilities of subsidiary companies Agro-Svinprom LLC and Belokurakinskiy livestock complex LLC, operating in pig-breeding, have been presented as held for sale following the Management decision in July 2011 and December 2013 respectively to dispose both companies.

In this respect the Management of the Group has advertised their intention for the sale of the two subsidiaries to the public media, for attraction of prospective new investors. Belokurakinskiy livestock complex LLC was disposed on 14 April 2014.

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15. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE (cont.)

Results of discontinued operations

	30 June 2016	30 June 2015
Administrative expenses	-	(5)
Operating loss for the year	-	(5)
Loss for the year	-	(5)

Held for sale

At 30 June 2016 the disposal group comprised the following assets and liabilities:

	30 June 2016	31 December 2015
Assets classified as held for sale		
Property, plant and equipment	19	20
Total	19	20
Liabilities classified as held for sale		
Trade and other payables	(11)	(11)
Total	(11)	(11)
Net assets	8	9

16. LOANS AND BORROWINGS

	30 June 2016	31 December 2015
<i>Non-current liabilities</i>		
Notes	21 298	20 711
	21 298	20 711
<i>Current liabilities</i>		
Loan from owner	2 090	1 899
	2 090	1 899
Total loans and borrowings	23 388	22 610

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16. LOANS AND BORROWINGS (cont.)

Notes

On 14 July 2011, the Company's issued USD 50 000 000 12,50% Notes due on 14 July 2014, have been admitted to the official list of the UK Listing authority and to the London Stock Exchange Plc and trading on the London Stock Exchange's regulated market.

The Notes bear interest at a rate of 12,50% per annum payable semi-annually in arrears on 14 January and 14 July in each year, commencing on 14 January 2012.

The Notes are recognised initially at fair value USD 50 000 000 net of issue costs equal to USD 2 777 014. The difference between the proceeds (net of issue costs) and the redemption value as at 14 July 2014 is recognised in the consolidated statement of profit or loss over the period of the issue.

On 8 August 2013 with the consent of the Noteholders the Company has amended the terms and conditions of the Notes as follow:

- Extend the maturity of the Notes by 60 months to 14 July 2019 in order to lengthen the average maturity of the Groups funding sources;
- Postpone the interest payment that was due for payment to Noteholders on 14 July 2013 to 14 January 2014;
- Decrease the interest rate with effect from 14 January 2013 from 12,5% to 8% per annum;
- Amend the definition of Leverage Ratio Exception so that the maximum Consolidated Leverage Ratio would be 4,0 rather than 3,0; and
- Amend the definition of Permitted Indebtedness so that Additional Indebtedness is not to exceed USD 20 million (rather than USD 5 million) at any time outstanding.

On 18 December 2013 the Company has secured a second consent of the Noteholders to amend the terms and conditions of the Notes as follow:

- Postpone to 14 January 2015 the interest payments that was due for payment to Noteholders on 14 January 2014 (including the postponed 14 July 2013 Interest Payment) and the one that would be due for payment to Noteholders on 14 July 2014;
- Further decrease the interest rate with effect from 14 January 2013 from 8% to 6%;
- Permit the Issuer, the Sureties and any of their respective subsidiaries to re-purchase Notes, which they may at their option hold, re-sell or surrender for cancellation;
- Remove the augmented quorum requirement for any Noteholders' meeting the business of which includes any Reserved Matter(s), so that the quorum requirement for any Noteholders' meeting for passing an Extraordinary Resolution (whether or not the business of such meeting includes any Reserved Matter(s)) shall henceforth be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate more than half of the principal amount of the Notes for the time being outstanding;

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16. LOANS AND BORROWINGS (cont.)

Notes (cont.)

- Reduce the proportion of votes required to pass an Extraordinary Resolution from not less than three-quarters in principal amount of the Notes owned by the Noteholders who are present in person or represented by proxy or representative at the relevant Noteholders' meeting to more than half of the principal amount of such Notes;
- Reduce the principal amount of Notes required to be held by Noteholders in order to pass an Extraordinary Resolution by way of electronic consent or written resolution from not less than three-quarters in principal amount of the Notes outstanding to more than half of such principal amount; and
- Remove restrictions on the Issuer's ability to declare or pay dividends to shareholders.

On 19 April 2014 the Company has purchased Notes in an aggregate principal amount of USD 22 100 000.

On 15 December 2014 the Company has secured a third consent of the Noteholders to amend the terms and conditions of the Notes as follow:

- Postpone to 14 January 2016 the interest payments that was due for payment to Noteholders on 14 January 2015 (including the postponed 14 July 2013, 14 January 2014 and 14 July 2014 Interest Payments) and the interest payment that will be due for payment to Noteholders on 14 July 2015; and
- Waive any Event of Default or Potential Event of Default arising as a result of the Issuer's failure to deliver and publish its audited annual financial statements and accompanying certificate for the financial year ended 31 December 2014 within the period stipulated therefor in breach of Condition 3.2(n) (Financial Information) of the terms and conditions of the Notes.

On 28 October 2015 the Company has purchased Notes in an aggregate principal amount of USD 10 350 000.

On 11 January 2016 the Company has secured a fourth consent of the Noteholders to postpone to 14 January 2017 the interest payment that was due for payment to Noteholders on 14 January 2016.

The following subsidiaries are acting as surety providers:

- Living LLC
- PE Agricultural Production Firm Agro
- Agroton PJSC
- Agro Meta LLC
- ALLC Noviy Shlyah
- ALLC Shiykivske
- Agro Ssynprom LLC
- Agro Chornukhinski Kurchata LLC
- Rosinka-Star LLC
- AF named by Shevchenko

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16. LOANS AND BORROWINGS (cont.)

Notes (cont.)

In February 2013 subsidiary company AF named by Shevchenko has been sold to a third party and subsequently released from its suretyship in respect of the Notes.

17. TRADE AND OTHER PAYABLES

	<u>30 June 2016</u>	<u>31 December 2015</u>
Trade payables	467	184
Payroll and related expenses accrued	385	372
Advances received	1 966	13
Liabilities for other taxes and mandatory payments	55	156
VAT payable	12	-
Payable for operating lease of land	1 305	249
Accrued expenses	11	37
Other provisions	9	13
Other liabilities	19	19
Total	<u><u>4 229</u></u>	<u><u>1 043</u></u>

18. RELATED PARTY BALANCES AND TRANSACTIONS

As at 30 June 2016 and the date of this report, the Company is controlled by Mr. Iurii Zhuravlov, who holds directly 68,52% of the Company's share capital. The remaining 31,48% of the shares is widely held.

For the purposes of these condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

According to these criteria the related parties of the Group are divided into the following categories:

- a. Companies in which Group's companies have an equity interest;
- b. Companies in which key management personnel has an equity interest;
- c. Key management personnel;
- d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies.

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18. RELATED PARTY BALANCES AND TRANSACTIONS (cont.)

Salary costs of key management personnel for the six months ended 30 June 2016 and 30 June 2015 were as follows:

	<u>30 June 2016</u>	<u>30 June 2015</u>
Wages and salaries	20	31
Contributions to social funds	5	9
Total	<u><u>25</u></u>	<u><u>40</u></u>

Key management personnel include Directors (Executive and Non-Executive), the Chief Financial Officer, the Chief Agronomist, the Head of the Food Production Division and the Head of the Livestock Division.

	<u>30 June 2016</u>	<u>30 June 2015</u>
<i>Number of key management personnel, persons</i>	12	12

Outstanding balances with related parties:

Loans receivable	<u>30 June 2016</u>	<u>31 December 2015</u>
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	13 855	12 930
Total	<u><u>13 855</u></u>	<u><u>12 930</u></u>

Loans payable		
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	2 090	1 899
Total	<u><u>2 090</u></u>	<u><u>1 899</u></u>

The Group's transactions with related parties:

Finance income	<u>30 June 2016</u>	<u>30 June 2015</u>
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	1 249	1 611
Total	<u><u>1 249</u></u>	<u><u>1 611</u></u>

Expenses

c. Key management personnel	25	40
Total	<u><u>25</u></u>	<u><u>40</u></u>

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19. OPERATING SEGMENTS

A reportable segment is a separable component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generates revenues other than risks and income of those components that are peculiar to other reportable segments.

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All reportable segments' results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For the six months ended 30 June 2016 the Group identified the following reportable segments, which include products and services, that differ by levels of risk and conditions of generation of income:

- (i) Plant breeding segment raises and sells agricultural products and renders accompanying services. The main types of agricultural produce which are sold in this reportable segment are wheat, rye, barley, sunflowers and rape. The main services which are sold in this reportable segment are ploughing, handling and grain storage services.
- (ii) Livestock segment raises and sells biological assets and agricultural products of cattle breeding. The main biological assets and agricultural products which are sold in this reportable segment are poultry, cattle, pigs and milk.

No operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Management monitors the operating results of each of the unit separately for the purpose of making decisions about resources allocation and evaluation of operating results.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the condensed consolidated interim financial statements. Group financing (including finance expense and finance income) and income taxes, are managed on a group basis and are not allocated to operating segments.

The Group carries out its core financial and economic activities in the territory of Ukraine. Accordingly, the Group selects one geographical reportable segment.

AGROTON PUBLIC LIMITED

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For the six months ended 30 June 2016

*(in USD thousand, unless otherwise stated)***19. OPERATING SEGMENTS (cont.)**

Information by reportable segment is presented as follows:

For the six months ended 30 June 2016	Livestock	Plant breeding	Other	Group level	Total
Total revenue	1 475	15 612	990	-	18 077
Inter-segment sales	(69)	(12)	(647)	-	(728)
External revenues	1 406	15 600	343	-	17 349
Net change in fair value less cost to sell of biological assets and agricultural produce	(25)	7 781	(3)	-	7 753
Expenses (excluding depreciation and amortisation)	(2 030)	(16 496)	(157)	-	(18 683)
(Loss)/profit for the period (excluding depreciation and amortisation)	(649)	6 885	183	-	6 419
Depreciation and amortisation	(67)	(1 135)	(30)	-	(1 232)
(Loss)/profit before taxation from continuing operations	(716)	5 750	153	-	5 187
Reportable segment assets	6 274	54 220	1 977	17 840	80 311
Reportable segment liabilities	345	25 110	2 173	112	27 740
For the six months ended 30 June 2015	Livestock	Plant breeding	Other	Group level	Total
Total revenue	1 529	16 548	30	-	18 107
Inter-segment sales	(104)	(105)	(26)	-	(235)
External revenues	1 425	16 443	4	-	17 872
Net change in fair value less cost to sell of biological assets and agricultural produce	67	(273)	-	-	(206)
Expenses (excluding depreciation and amortisation)	(3 888)	(29 101)	(11)	-	(33 000)
Loss for the period (excluding depreciation and amortisation)	(2 396)	(12 931)	(7)	-	(15 334)
Depreciation and amortisation	(937)	(1 942)	(9)	-	(2 888)
Loss before taxation from continuing operations	(3 333)	(14 873)	(16)	-	(18 222)

Information by reportable segments for the year ended 31 December 2015 is presented as follows:

Reportable segment assets	5 686	46 133	1 388	16 590	69 797
Reportable segment liabilities	68	21 676	1 920	112	23 776

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20. SEASONALITY OF OPERATIONS

The Group's operations are subject to seasonal fluctuations as a result of weather conditions. In particular, the cultivation of crops is adversely affected by winter weather conditions, which occur primarily from January to March. The first half of the year typically results in lower revenues and results for cultivations.

As a result of the annual cycle of crops producing and the Group's attempts to take an advantage of seasonal price changes by managing inventory in its storage facilities, the Group's Plant breeding segment is subject to seasonal fluctuations. Profits of this segment tend to be higher in the first half of a year.

21. OPERATING ENVIROMENT*Cyprus economic environment*

The Cyprus economy has been adversely affected during the last few years by the economic crisis. The negative effects have to some extent been resolved, following the negotiations and the relevant agreements reached with the European Commission, the European Central Bank and the International Monetary Fund (IMF) for financial assistance which was dependent on the formulation and the successful implementation of an Economic Adjustment Program. The agreements also resulted in the restructuring of the two largest (systemic) banks in Cyprus through a "bail in".

The Cyprus Government has successfully completed earlier than anticipated the Economic Adjustments Program and exited the IMF program on 7 March 2016, after having recovered in the international markets and having only used €7,25 of the total €10 billion earmarked in the financial bailout. Under the new Euro area rules, Cyprus will continue to be under surveillance by its lenders with bi-annual post-programme visits until it repays 75% of the economic assistance it received.

Although there are signs of improvement, especially in the macroeconomic environment of the country's economy, significant challenges remain that could affect the estimates of the Company's cash flows and its assessment of impairment of financial and non-financial assets.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

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21. OPERATING ENVIROMENT (cont.)*Ukrainian economic and political environment*

The Group conducts its operations mainly in Ukraine. Ukraine's political and economic situation has deteriorated significantly since 2014. Following political and social unrest in early 2014, in March 2014, various events in Crimea led to the accession of the Republic of Crimea to the Russian Federation, which was not recognised by Ukraine and many other countries. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. Following the instability in Crimea, regional tensions have spread to the Eastern regions of Ukraine, primarily Donetsk and Lugansk regions. In May 2014, protests in those regions escalated into military clashes and armed conflict between supporters of the self-declared republics of the Donetsk and Lugansk regions and the Ukrainian forces, which continued throughout the date of these financial statements. As a result of this conflict, part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory.

Political and social unrest combined with the military conflict in the Donetsk and Lugansk regions has deepened the ongoing economic crisis, caused a fall in the country's gross domestic product and foreign trade, deterioration in state finances, depletion of the National Bank of Ukraine's foreign currency reserves, significant devaluation of the national currency and a further downgrading of the Ukrainian sovereign debt credit ratings. Following the devaluation of the national currency, the National Bank of Ukraine introduced certain administrative restrictions on currency conversion transactions, which among others included restrictions on purchases of foreign currency by individuals and companies, the requirement to convert 65% of foreign currency proceeds to local currency, a ban on payment of dividends abroad, a ban on early repayment of foreign loans and restrictions on cash withdrawals from banks. These events had a negative effect on Ukrainian companies and banks, significantly limiting their ability to obtain financing on domestic and international markets.

The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy.

Whilst management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Group's results and financial position in a manner not currently determinable. These condensed consolidated interim financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Going concern basis

The dangers which may arise from unexpected external factors such as competition, and the further deterioration of the market conditions cannot be ignored. In addition the current financial position of the Group, the uncertain economic conditions in Cyprus and Ukraine, the unavailability of finance, the blockage of funds, together with the current instability of the banking system and the anticipated overall future economic recession may hinder the management's effort to sustain the Group as a going concern. However having regard to the fact that with the consent of the Noteholders, the Company has amended the terms and conditions of the Notes with an extension of maturity date and postponement of interest payments, the Board of Directors believes that the Company will remain a going concern and that no indications of any kind of threat of liquidation exists in the foreseeable future.

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21. OPERATING ENVIROMENT (cont.)

The condensed consolidated interim financial statements do not include any adjustments that would be necessary in case the Group was not able to continue operating as a going concern which could include:

1. The ability of the Group to repay its Noteholders
2. The ability of the Group's trade and other debtors to repay the amounts due to the Group
3. The cash flow forecasts of the Group and the assessment of impairment of other financial and non-financial assets
4. The ability to realize the current assets held for sale
5. The ability of the Group to repay its loans
6. The ability of the Group to meet its obligations towards its customers

22. CONTINGENT AND CONTRACTUAL LIABILITIES

Economic environment

The exposure of the Group to the economic environment and possible impact is disclosed in note 21 to the condensed consolidated interim financial statements.

Taxation

As a result of unstable economic enviroment in Ukraine, tax authorities in Ukraine pay more and more attention to the business cycles. In connection with this, tax laws in Ukraine are subject to frequent changes. Furthermore, there are cases of their inconsistent application, interpretation and execution. Non-compliance with laws and regulations may lead to severe fines and penalties.

The Company operates in the Cypriot tax jurisdiction and its subsidiaries in tax jurisdiction of the respective countries of incorporation. The Group's management must interpret and apply existing legislation to transactions with third parties and its own activities. Significant judgment is required in determining the provision for direct and indirect taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group's uncertain tax positions are reassessed by management at every reporting period end. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities.

The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the reporting period.

In December 2010, the revised Tax Code of Ukraine was officially published. In its entirety, the Tax Code of Ukraine became effective on 1 January 2011, while some of its provisions took effect later. Apart from changes in CIT rates from 1 April 2011 and planned abandonment of VAT refunds for agricultural industry from 1 January 2018, respectively, the Tax Code also changes various other taxation rules.

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22. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)

Taxation (cont.)

The Group considers that it operates in compliance with tax laws of Ukraine, although, a lot of new laws about taxes and transactions in foreign currency have been adopted recently, and their interpretation is rather ambiguous.

In accordance with recent tax legislation changes, in 2016 the following VAT payment changes will be apply to agricultural producers:

1. With regard to transactions with grain and technical crops 85% of positive VAT balance will be paid to the budget and 15% will be transferred to special current account
2. With regard to livestock farming transactions (cattle and milk) 20% of positive VAT balance will be paid to the budget and 80% will be transferred to special current account
3. With regard to other agricultural production 50% of positive VAT balance will be paid to the budget and 50% will be transferred to special current account

Legal matters

In the course of its economic activities, the Group is involved in legal proceedings with third parties. In most cases, the Group is the initiator of such proceedings with the purpose of preventing or mitigating of economic losses.

The Group's management considers that as at the reporting period end, active legal proceedings on such matters will not have any significant influence on its financial position.

Pension and other liabilities

Most employees of the Group receive pension benefits from the Pension Fund, a Ukrainian Government organisation in accordance with the applicable laws and regulations of Ukraine. The Group is obliged to deduct and contribute a certain percentage of salaries to the Pension Fund to finance the benefits. The only obligation of the Group with respect to this pension plan is to make the specified contributions from salaries.

At 30 June 2016 and 31 December 2015 the Group's entities had no liabilities for any supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

Leases

The Group had the following contractual obligations under land operating lease agreements as at 30 June 2016 and 31 December 2015:

	30 June 2016	31 December 2015
Less than 1 year	3 551	2 883
Between 1 to 5 years	8 621	6 889
More than 5 years	2 962	874
Total	15 134	10 646

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22. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)

Plough-land is leased by the Group from individuals. The total size of leased plough-land at 30 June 2016 is 116 thousand hectares (31 December 2015: 122 thousand hectares). The average rental payment for leased plough-land in the six months ended 30 June 2016 ranges between 3% - 7% (year ended 31 December 2015: 3% - 4%) from the normative value of land.

23. EVENTS AFTER THE REPORTING PERIOD

Events referred to in note 21 to the condensed consolidated interim financial statements will continue to influence the Group's operations in 2016. While the management believe it is taking all necessary measures to maintain the sustainability of the business in the current circumstances, a further deterioration of economic and political conditions in Ukraine could adversely affect the Group's results and financial position, so that it is currently impossible to predict.

As at 27 July 2016 the Group announced their intention to repurchase or redeem the remaining outstanding Notes before their scheduled maturity date.

On 25 August 2016 the Board of Directors of Agroton Public Limited approved and authorised these condensed consolidated interim financial statements for issue.