



MRIYA
AGRO HOLDING

**OPERATIONAL AND CASH
FLOW UPDATE
JULY - SEPTEMBER 2015**

OCTOBER, 2015



Key events of July-September 2015

- ❑ Winter crops 2014/15 harvest completed (146% of planned area thanks to return of control of land and better than expected available cash flow).
- ❑ Spring crops harvest is almost completed: mustard, buckwheat, sunflower and potato – completed, soya and corn – in final stage
- ❑ Sowing of MY 15/16 winter crops on 81 Kha is in progress: rapeseed – completed, wheat – almost finalized
- ❑ The company's land bank is under full management control -- problems have been identified and are being addressed systematically through registration and resigning of leases. Management analyzed land bank and has made a rationalization plan to optimize land bank
- ❑ As per the land bank rationalization plan, management has assumed 160 Kha cropped land for MY 15-16 and 165 Kha from MY 16-17 onwards
- ❑ An operational organizational restructuring is being implemented at the end of the winter planting season, which will focus on the optimal scaling of production units (“clusters”), and on transparent and standardized business processes
- ❑ Negotiations on restructuring legacy debt portfolio continue. The company continues to defend itself against litigation initiated by hostile creditors on multiple fronts
- ❑ The 2015 harvest is being actively shipped to leading international traders on export markets and key players on the domestic market



Agricultural operations (1/2)

Winter crops 2014/15 - Harvest update

Crop	Harvested, kha	Total planned, kha	Completion, %
Wheat	41,8	28,8	146%
Rape	20,8	12,6	166%
Barley	0,2	0,2	100%
Total*	62,8	41,5	151%

Crop	Actual yield, mt/ha	Planned yield, mt/ha	Yield difference	Total harvest, thd mt
Wheat	4,09	4,20	-3%	171,3
Rape	1,44	1,80	-20%	30,0
Barley	4,78	3,00	59%	0,7

Winter crops 2015/16 – Sowing

Crop	Planted, kha	Total planned**, kha	%, Completion
Wheat	43,6	60,6	72%
Rape	20,6	20,6	100%
Total	64,2	81,3	79%

Operations data as of 20/10/2015

Comments

- The additional ~21 kha which were added after initial planning had weak winter crops (wheat and rape) resulting in an average yield lower than forecasted but overall higher harvest
- Wheat yields were slightly below plan due to heat wave in July which reduced grain weight
- The harvest process was complicated by logistical challenges due to delays caused by excessive machinery breakdowns and limited availability of transportation equipment
- Overall the results are satisfactory, considering costs incurred (average fertilizer cost of USD15 per ha)

Comments

- Winter rape sowing completed, wheat – in final stage
- Some sowed fields are under risk due to lack of rain and early autumn ground frosts
- In addition, autumn sowing campaign is complicated by insufficient availability of agricultural machinery and excessive machinery breakdowns



Agricultural operations (2/2)

Spring crops - Harvest update

Crop	Harvested, kha	Total planned, kha	%, Completion
Mustard	4,2	4,1	102%
Buckwheat	2,9	3,8	76%
Potato	0,5	0,5	100%
Soya	7,2	20,8	35%
Sunflower	18,9	19,1	99%
Corn	8,0	12,7	63%
Total	41,6	61,0	68%

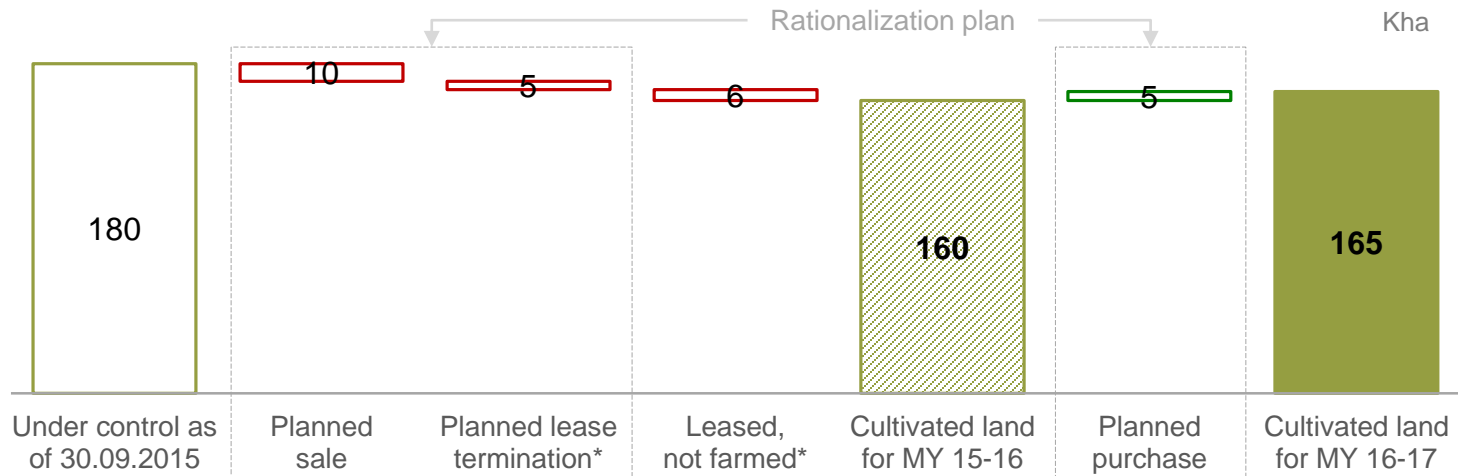
Crop	Actual yield, mt/ha	Planned yield, mt/ha	Yield difference	Total harvest, thd mt
Mustard	0,44	0,80	-45%	1,9
Buckwheat	0,51	1,20	-58%	1,5
Potato	19,08	24,80	-23%	8,8
Soya	0,92	2,00	-54%	6,7
Sunflower	2,09	2,00	4%	39,4
Corn	5,09	6,50	-22%	40,8

Comments

- Spring crops harvesting is almost completed:
 - mustard, buckwheat, potato and sunflower - harvested
 - soya and corn – in final stage
- Mustard and buckwheat were initially planted as “cropped” fallow land to secure land bank and to prepare fields for subsequent season sowing (costs of growing are comparable with costs of black fallow land maintenance) and only economically profitable fields were harvested
- Harvested sunflower area is slightly below plan due to previous management actions causing loss of parts of cropped land
- Main target of potato seeding in 2015 was to secure seeding materials for the next season and target completed. But actual yield was below plan due to exceptional dry weather in the region
- This season’s yields of soya and corn are unsatisfactory throughout the country owing to heat in summer and lack of precipitation
- In line with country’s trend Mriya’s corn and soya actual yields are below plan. Expectation for yields for whole season are an improvement from to-date level but below initial plan

Operations data as of 20/10/2015

Land bank status



- Land bank controlled by Mriya as of 30 September 2015 - 180 Kha
- The company is actively registering leases which had not been registered. We are actively paying land rent (handing out wheat where the leases require, and will pay rent in cash subsequently) and re-signing leases which expire in 2015/16
- Current land bank is not optimal regarding fields organization and logistics - management identifies about 20 Kha of suboptimal land
- Mriya`s management`s has made a rationalization plan to optimize land bank: (1) replacement of suboptimal ~9,6 Kha by selling mentioned fields and purchasing 5-6 Kha in more suitable places, (2) termination of land lease agreements for ~4,5 Kha controlled but not farmed land and (3) keeping of ~6 Kha of non-farmed land in the land bank, which can not be divested as it forms an integral part of the overall land bank of Mriya
- In line with proposed rationalization, management has assumed 160 Kha cropped land for MY 15-16 and 165 from MY 16-17 for budgeting purpose
- To optimize farming operations Mriya plans clustering: reorganization from 17 production blocks to 7 cluster

Cash statement summary



Comments

Item (in mln USD)	1 Mar - 30 Jun 2015	1 Jul - 30 Sept 2015
Cash at the beginning of the period	6,0	28,9
Cashflow from operating activities	-0,5	-12,7
<i>Cash proceeds from operating activities</i>	14,7	22,7
<i>Cash proceeds from agricultural produce</i>	7,8	17,5
<i>Cash proceeds from potato and starch</i>	2,5	1,1
<i>Cash proceeds from silos operations</i>	0,8	0,5
<i>Other operational proceeds</i>	3,6	3,6
Operational costs	-15,2	-35,5
<i>Cost of goods & other operational</i>	-7,0	-20,2
<i>Land and land social payments</i>	-1,0	-3,3
<i>Personnel expenses</i>	-3,8	-3,7
<i>G&A & Restructuring fees</i>	-3,5	-8,3
Cashflow from investment activities	-0,9	-3,9
Investment income	0,1	0,0
CapEx	-1,1	-3,9
Cashflow from financing activities	24,3	-1,3
Proceeds from financing activities	25,0	0,0
Financial expenses	-0,7	-1,3
Cash at the end of the period	28,9	11,0

- Cash position at 30 June mainly reflects the full disbursement of the new WC facility. However, the reported cash as of 30 June and 30 September is ring fenced with the agent bank acting on behalf of the WC lenders and the actual use of WC funds is restricted to farming expenses and restructuring costs and inaccessible for servicing legacy debts
- Income for the period Mar – Jun is generated from the inventory of crops of MY 2014/15 harvest, unsold by the Company when new management took control in February
- Income for the Jul – Sept is generated from the sales of winter crops (rapeseed & wheat) and initial sale of spring crops (soy & sunflower).
- Restructuring Fee paid in Q3 (USD 4.7mln) consists of all fees incurred since control take over in February
- CapEx for Jul – Sept includes investments into agri-machinery&equipment, silo , GPS project, security & IT
- Financial expenses are composed of expenses related to WC facility and lease expenses
- The Company has not made any payments in respect of legacy debt, whilst a restructuring proposal is being developed and negotiated

Crop sales



Sales volumes shipped

Crops	Sold March-June 2015, thd mt	Sold July-Sept 2015, thd mt
Grains	41,0	52,6
Oilseeds	2,9	34,2
Other	6,6	1,4
Total	50,5	88,2

Crops	Sold March-June 2015, thd mt	Sold July-Sept 2015, thd mt
Export	43,1	63,5
Domestic sales	7,4	24,7
Total	50,5	88,2

Crops inventory for selling - Volume in elevators

Crops	As of June 30, thd mt	As of Sept 30, thd mt	Change of inventory, thd mt
Grains	8,1	81,8	73,8
Oilseeds	0,6	24,0	23,4
Other	2,7	6,3	3,6
Total	11,4	112,2	100,8

Comments

- Mriya is working with all major multinational traders (Louis Dreyfus/ADM/Glencore/BTG/VAIT) for wheat, rape, soya and corn for export of its products
- Part of rape, corn and soya crop was presold to hedge price volatility and to maintain financial stability of Company
- Inventory belongs to the group's newly created trading companies which have no liabilities to legacy creditors and is pledged to the W/C lenders
- Volume and quality of soya are below expected levels due to unfavorable weather conditions
- Corn volumes are also expected below plan in line with lower yield
- Prices are within forecasted range