

28 September 2009

Landkom International Plc

Interim results

Landkom International PLC (AIM: LKI, "Landkom" or "the Group"), the Ukrainian producer of high value oilseed rape ("OSR") and wheat, has published its unaudited interim results for the six months to 30 June 2009 and is providing an update on a potential material transaction and a Board appointment.

Highlights

- Oil Seed Rape (OSR) and wheat harvests completed well in advance of 2008
- 16,572 ha of OSR planted by 21 August 2009, well within optimal planting window
- Rationalisation of land bank to improve efficiency on target - down to 65,930 hectares (ha) from 115,000 ha with further reductions planned
- Vitaliy Skotsyuk joins as executive director - Ukrainian with local and international agricultural experience - see separate announcement
- Overhead cuts ahead of target with 60 per cent drop in administrative expenses
- Reviewing number of proposals for strategic tie-ups with international farming concerns

Neil Balfour, Landkom Chairman, commented

"Our second year as a listed entity has been particularly demanding, compounded by low agricultural prices. However, a combination of the aggressive rationalisation of the land bank, very tight cash management and cost controls, plus significant improvements in our farming capabilities, have strengthened our underlying core proposition.

"Our strategy, with its associated global relevance, is as appropriate now as when the business started. To that end we are continuing to focus on our operational performance and cash management whilst reviewing a number of strategic options to take the business to the next level.

"I am also delighted to welcome Vitaliy to the Board - I am confident he will make a valuable contribution to the current executive team."

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Strategic overview

Landkom has continued to operate in challenging market conditions during the first half of 2009 as well as implementing a number of operational and managerial changes, as the Group continues to transition from a startup into a substantial farming operation seeking to realise profitability.

The Ukrainian farming sector is experiencing a period of consolidation after a number of years of rapid and fragmented development. The Board is reviewing a number of strategic proposals for the Group in order to reduce overheads per hectare, improve purchasing and sales power while also reducing the key farming risk of weather by widening the geographic spread of the farming operations.

The Group has made good progress with its own restructuring programme, initiated at the beginning of this year. The land bank has been rationalised from 115,000 ha to 65,930 ha. The Board expects to reduce further the land bank to approximately 50,000 ha. By focusing on a smaller land bank, the Group will be able to reduce operating costs at a time when agricultural produce prices are low.

The Group has continued to be focused on cash conservation and reducing the cost base. Since September 2008, the Group's cost base has been reduced in part through the reduction of 23 international workers from the peak in 2008. The international and Ukrainian farming teams are now also fully integrated and working successfully together. Net cash used in operations fell by 75 per cent.

Despite the substantial improvements in the efficiencies and operations, the Group's overall financial performance was disappointing, mostly due to the sharp reduction in agricultural commodity prices. Also the yields across western Ukraine from this summer's harvest were lower than anticipated partly due to the drier than usual Spring. This resulted in significantly lower revenues than expected with the associated impact on margins and the Group's cash position.

Proposed transaction

The Board is in advanced discussions with a number of international farming operations with a view to completing a substantial merger of farming activities and/or securing both farming expertise and additional funding. The Group is one of the largest farming operations in the region with infrastructure and equipment in place and a professional farming team. Therefore despite the lower than expected yields this year, the Board remains confident that the Group is an attractive platform for farming operations within Ukraine.

Board changes

The Group has also announced today the appointment of Vitaliy Skotsyk, a Ukrainian citizen, with local and international experience in the agricultural sector, as an executive director. He built up and led AMACO, one of the largest agricultural equipment and input suppliers in the CIS over the past 12 years.

Initially he will enable the Group to accelerate its restructuring initiatives across all activities from equipment, farming strategy, staffing and legal structure to political relations. See separate announcement for more details.

Operational review

Harvest

Under the management of the Farming Director, the organisation and effectiveness of the farming operation has improved dramatically.

Despite a late start to the harvest due to belated ripening of the crop, 14,630 ha of OSR was harvested in 42 days. 2.75 times more hectares were harvested and it was completed some two weeks earlier than last year.

OSR yield from 14,630 ha was on average 2.7 tonnes/ha compared to 2.8 tonnes/ha in 2008 both of which were significantly higher than average Ukrainian yields. However, yields were lower than anticipated given the high fertiliser and chemical input levels applied.

39,437 tonnes of the OSR crop has now been sold at an average price (including VAT) of \$327 per tonne.

The harvest of 7,874 ha of winter wheat in the west Ukraine was also completed in six weeks, significantly earlier than 2008 when the Group had considerably more manpower. In the core western regions, despite the weather conditions, wheat yields were up over 30 per cent at 4.1 tonnes/ha. Yields for un-irrigated and low input lands in the central Ukraine and Crimea were lower at around 1.7 tonnes/ha.

Around 60 per cent of wheat was feed quality with the remainder for milling. Feed quality wheat will either be sold or used to pay land rents. Prices achieved from sales to date have ranged from \$87 to \$121 per tonne.

The Group also harvested 2,988 ha of barley, oil radish and other crops.

Planting for 2010

The farming team successfully planted 16,572 ha of OSR by 21 August 2009, well within the optimal planting window. The OSR was planted in a moist seedbed following rains in the middle of the summer, although the continued dry summer remains a risk for Landkom and other farming operators. However, the Group's timely adherence to planting windows should minimise exposure to the current dry conditions.

In the western regions, planting of 5,347 ha of winter wheat in the western region was completed by 27 September 2009 with the potential to plant subject to weather. In Crimea, 1,700 ha of winter wheat will be planted with an additional 570 ha of barley and mustard.

Following a review of cropping strategy, in addition to the winter crops planting, the Group plans to plant spring crops in 2010 for harvest in summer/autumn 2010, subject to the availability of funds. These crops are likely to be oil radish, maize or soya bean. A balanced portfolio of spring crops reduces the Group's exposure to severe weather risk over the winter months as well as extending the useful working time of the machinery base.

Storage and logistics

As previously announced, construction of two 10,000 tonne silos has been completed at the Group's facility. Once final certificates and permissions have been received, the facility will become another revenue generating asset with the potential to dry, clean and store third party grains.

Land bank

In January 2009, the land rationalisation programme was announced. The Group has successfully reached its targets with the land bank currently standing at 48,050 ha of registered land and 65,930 ha of signed land with registration in process, down from 115,000 ha of at the end of 2008. The average lease length is approximately nine years.

Landkom intends to fully cultivate its land bank at the earliest possible opportunity. However, the overall efficiency of Group's operations is hampered by its geographical spread. This is being addressed

by reducing the land bank further to 50,000 ha. The Directors believe that condensing the land bank to match the current scale of the business is integral to achieving operational efficiency.

On 28 August 2009, the Group announced that certain arrangements had come to light regarding land lease acquisition commitments with a potential additional liability estimated at between \$2.0 and \$2.5 million. The Group has now successfully negotiated, and is in the process of documenting, a substantial deduction in that liability to around \$1.5 million, payable over four years. The net present value of these arrangements is estimated at around \$1.4 million of which \$0.9 million has already been paid. The 10,300 ha in question are in the process of being fully consolidated into the Landkom land bank.

Financial review

The results for the six months to 30 June 2009 demonstrate the progress made on costs, although the lower yields and depressed pricing will hold back the Group's financial performance for this 10 month period to 31 October 2009.

As announced on 5 May 2009 with the Group's year end figures, Landkom is changing the accounting reference date to 31 October, a time when the harvest has been completed and a substantial part of the winter crop planted. This will best match the financial year to the annual farming cycle as well as bringing forward the reporting of the harvest results.

Revenues for the six months to 30 June 2009 were \$1.9 million which incorporates remaining revenues from the sale of 2008 harvest together with the sale of excess fertiliser and chemicals purchased but not used from the 2008/9 season.

Since the half year end, the Group has sold most of its crop harvested during the summer. When combined with depressed commodity pricing, revenue per tonne compares unfavourably to the cost of production per tonne.

The fair value adjustment to biological assets in the income statement of \$6.0 million is based on an estimation of the reduction in fair value of the crop in the ground, planted in the autumn of 2008, taking into account the variance in sales prices at the period end as compared to December 2008 and the variance of actual yields achieved compared to yields estimated in December 2008. The value of the biological asset at the time of harvest is a function of yields achieved and market prices at harvest.

The biological asset fair value of \$17.0 million in the balance sheet at 30 June 2009 represents the expected fair value of the 2008/9 crop at harvest, less future costs to be incurred, discounted back to 30 June 2009 and adjusted for the degree of growth achieved by 30 June 2009.

Direct costs relate to the direct farming costs which are not attributed to the biological asset. Of the \$7.0m of direct costs in the six months to 30 June 2009, \$1.7 million relates to costs associated with the sales made during the period, \$4.0 million relates to depreciation and \$0.8 relates to land payments for land not cultivated. These direct costs are down approximately 38 per cent compared to 2008.

Administrative expenses are down 51 per cent to \$3.5m (2008: \$7.1m). Excluding share option provisions and depreciation the administrative expenses are down 60 per cent to \$2.3 million (2008: \$5.6 million). The Group expects to make further cost reductions over the remainder of the year and into 2010.

The Group has too much agricultural equipment for its planted hectareage and is looking to address this over the coming period.

Loss, before amortisation and share based payments charges, was \$15.4 million (2008: \$17.7m) principally because of the drop in crop prices and realised yields. The loss per share adjusted on the same basis was 4.2p (2008: loss per share 4.6p).

Net cash used in operations of \$9.9 million was less than a quarter of the \$40.3 million used in the comparative six month period to 30 June 2008, with net cash invested at \$1.2 million (2008 \$36.0 million). This is indicative of improved financial control within the Group.

Cash flows from the harvest, as a result of the lower than expected yields and depressed commodity prices, will be materially lower than expected.

Net assets on 30 June 2009 were \$68.8 million (17.5p per share). The Group has no bank debt and cash was \$0.5 million.

The focus on costs and increased reliance on local Ukrainian employees has reduced the number of international workers substantially. The Group is continuing a staffing restructuring process and aims to reduce significantly headcount from current levels of 750 before the year end.

The Group intends meet its working capital needs, until the next harvest, from a combination of sales of surplus spare parts and machinery, leasing of farming and logistics equipment in the off season, through continued discussions on the VAT receivable and, to the extent required, outside financing.

Outlook

Landkom's long term objective remains unchanged to become a foodstuff and biofuel producer for the global markets. The Group seeks to utilise local land, labour and the favourable weather conditions to achieve profitable yields using high yield agronomic practices.

Despite the current global downturn, the world's population continues to grow and the fundamentals of the Group's strategy to develop a substantial enterprise introducing Western farming techniques into a fertile and underdeveloped part of Europe remain sound. Food and energy security trends also continue to support this strategy.

The Group has encountered a year of great challenges, considerable management change and is continuing to investigate its management policies and procedures. However, the Board believes that the current team, complemented by the experience and expertise of Vitaliy Skotsyk, is in a better position to execute the next stage of the Group's development and growth.

Condensed consolidated statement of comprehensive income - unaudited For the 6 month period ended 30 June 2009

	Note	Unaudited 6 months ended 30 June 2009 \$000	Unaudited 6 months ended 30 June 2008 \$000	Audited 12 months ended 31 December 2008 \$000
Continuing Operations				
Revenue		1,864	384	10,645
Losses arising from changes in value of biological assets	6	(5,950)	(818)	(11,036)
Direct costs		(6,971)	(11,224)	(36,318)
Gross (loss)		(11,057)	(11,658)	(36,709)
Distribution costs		-	(104)	(34)
Administrative expenses		(3,481)	(7,123)	(15,750)
Exceptional items	4	(1,409)	-	-
Net foreign exchange losses		(647)	(1,974)	(4,578)
Operating loss		(16,594)	(20,859)	(57,071)
Other income		-	398	-

Finance income		189	1,420	1,875
Finance costs		(158)	(122)	(347)
Share of loss from associate		(30)	-	(197)
Loss before income tax		(16,593)	(19,163)	(55,740)
Income tax expense		(19)	-	(236)
Loss for period		(16,612)	(19,163)	(55,976)
Other comprehensive income, net of tax				
Currency translation differences		1,645	2,476	(4,579)
Total comprehensive loss for the period		(14,967)	(16,687)	(60,555)
Loss for the period attributable to:				
Equity holders of the Company		(16,570)	(19,163)	(55,748)
Minority interests		(42)	-	(228)
Total comprehensive loss for the period attributable to:				
Equity holders of the Company		(14,925)	(16,687)	(60,327)
Minority interests		(42)	-	(228)
Loss per share (expressed in US\$ per share)				
Basic loss per ordinary share - cents	3	(7.4)	(9.8)	(28.2)
Restated in pence per share	3	(4.5)	(5.0)	(19.5)
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Fully diluted loss per ordinary share - cents	3	(7.4)	(9.8)	(28.2)
Restated in pence per share	3	(4.5)	(5.0)	(19.5)

**Condensed consolidated statement of financial position - unaudited
As at 30 June 2009**

	Note	Unaudited 30 June 2009 \$000	Unaudited 30 June 2008 \$000	Audited 31 Dec 2008 \$000
Assets				
Non-current assets				
Property, plant and equipment	5	44,856	49,040	48,337
Intangible assets		269	200	280
Goodwill		-	233	-
Investments		206	117	212
		45,331	49,590	48,829
Current assets				
Biological assets	6	16,957	13,777	13,358
Inventories	8	4,818	10,696	7,267
Trade and other receivables	7	12,797	18,991	11,124
Derivative financial instruments		-	6	-
Cash and cash equivalents		542	34,541	4,230
		35,114	78,011	35,979
Total Assets		80,445	127,601	84,808
Capital & reserves attributable to equity holders of the Company				
Share capital	9	466	411	411
Share premium		144,349	137,814	137,814
Retained loss		(72,484)	(20,487)	(57,072)
Share based payments reserve		2,693	1,812	2,754
Foreign exchange reserve		(6,249)	(839)	(7,894)
Total equity attributable to equity holders		68,775	118,711	76,013
Minority Interest		35	-	77
Total equity		68,810	118,711	76,090

	6 month period ended 30 June 2009 \$000	6 months period ended 30 June 2008 \$000	Year ended 31 December 2008 \$000
<i>Cash flows from operating activities</i>			
Loss for period	(16,593)	(19,163)	(55,740)
Adjustments for:			
Depreciation and amortisation	4,023	1,584	4,916
Loss on disposal of property plant and equipment	53	13	127
Share based payments charge	1,097	1,477	2,419
Provision on receivable	-	-	153
Share of loss in associate	30	-	197
Effect of foreign exchange variances	645	-	(2,916)
Fair value adjustment recognised in the performance statement			
Biological asset	5,950	313	11,036
Commodity derivatives	-	28	34
Non operating activity income/expense recognised in the performance statement			
Finance income	(7)	(1,420)	(1,875)
Finance costs	158	122	176
Gain / (loss) on realisation of currency options	-	-	42
Movements in working capital:			
Decrease / (Increase) in inventories	2,449	(9,425)	(5,996)
Increase in receivables	(1,081)	(15,248)	(3,856)
Increase in trade and other payables	2,916	8,232	4,148
Income tax expense	(19)	-	(236)
Net additions to biological assets	(9,548)	(6,788)	(17,094)
Net cash used in operations	(9,927)	(40,275)	(64,465)
<i>Cash flows from investing activities</i>			
Purchase of property plant and equipment	(624)	(37,324)	(39,227)
Proceeds from disposal of PP&E	127	-	-
Purchase of intangible assets	-	-	(201)
Interest received	7	1,420	1,875
Loss on realisation of currency options	-	-	(42)
Loans to associated companies	(593)	-	(172)
Investment in associated companies	(17)	-	(293)
Purchase of investments available for sale	-	(117)	(117)
Effect of foreign exchange variances	(94)	-	-
Net cash used in investing activities	(1,194)	(36,021)	(38,177)
<i>Cash flows from financing activities</i>			
Proceeds from issue of ordinary shares	6,631	21,698	21,698
Payment of transaction costs	(40)	(860)	(860)
Finance costs	(158)	(123)	(176)
Minority interest investment into group	-	-	127
Net cash received from financing activities	6,433	20,715	20,789
Net decrease in cash and cash equivalents	(4,688)	(55,581)	(81,853)
Cash and cash equivalents at beginning of period	4,230	87,646	87,646
Effect of foreign exchange variances	1,000	2,476	(1,563)
Cash and cash equivalents at end of period	542	34,541	4,230

Notes to the consolidated interim financial information - unaudited

1. Basis of preparation of financial information

This report was approved by the Directors on 25 September 2009.

The figures for the period ended 31 December 2008 have been extracted from the audited financial information. The auditors' report for the 2008 financial information was unqualified but included an emphasis of matter on the Group's ability to continue as a Going Concern.

Except as described below, the condensed consolidated interim financial information has been prepared on the same basis and using the same accounting policies as were applied in drawing up the Group's statutory financial information for the year ended 31 December 2008 and using those which will be applied for the period ending 31 October 2009. They have not been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial information, and should be read in conjunction with the consolidated financial information for the period ended 31 December 2008. The financial information is presented in United States Dollars.

The financial information for the six months ended 30 June 2008 and 2009 is unaudited. In the opinion of the Directors the financial information for this period presents fairly the financial position, results of operations and cash flows for the period in accordance with the recognition and measurement principles of the International Financial Reporting Standards ('IFRS') as adopted by the EU.

The Group has applied IAS 1 - Presentation of financial statements and IFRS 8 - Operating segments as of 1 January 2009.

IAS 1 - Presentation of financial statements

The revised IAS 1 - Presentation of financial statements, prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present one statement: the statement of comprehensive income.

IFRS 8 - Operating segments

IFRS 8 states that segment information should be based on management's internal reporting structure and accounting principles. The Group's segment information has already been based on the management reporting structure and therefore the operating segments are the same as previously reported.

2. Segment reporting

As at 30 June 2009, 30 June 2008 and 31 December 2008 the Group's operations are principally the growing of arable crops in Ukraine for both the biofuels and food markets. Accordingly the Directors consider that the Group operates in one business segment and one geographical segment.

3. Loss per ordinary share

Adjusted basic and fully diluted loss per share have been calculated on the loss after taxation for the period and the weighted average number of ordinary shares in issue during the period.

Adjusted loss per share before amortisation of intangible assets and share based payments charge has been presented in addition to the basic loss per share since, in the opinion of the Directors, this provides shareholders with more appropriate representation of the underlying loss derived from the Group's businesses.

	30 June 2009	30 June 2008	31 Dec 2008
Number of shares			
Weighted average number of shares in issue	224,539,326	194,846,151	197,736,743
\$000			
Loss after tax on ordinary activities	(16,570)	(19,163)	(55,748)
Adjustments:			
Amortisation of intangible assets	49	6	50
Share based payments charge	1,097	1,477	2,419
Adjusted loss	(15,424)	(17,680)	(53,279)
Basic and fully diluted loss per ordinary share (cents per share)	(7.4)	(9.8)	(28.2)
Adjusted basic loss per ordinary share (cents per share)	(6.9)	(9.1)	(26.9)

4. Exceptional items

In August and September 2009 the Group put in place formal contractual documentation to make several payments in order to secure the use of agricultural farming land, which has been previously considered an integral part of the Group's landbank in Western Ukraine. The liabilities are due to be paid over a period of up to four years, and have therefore been discounted at an appropriate rate. As the newly contracted liabilities related to verbal agreements which existed at the balance sheet date, they have been provided for in the six month period ending 30 June 2009. The total liability amounts to \$1,409,000 which has been charged through the condensed statement of comprehensive income as the group does not capitalise its leased land interests in Ukraine.

5. Property, plant and equipment

	Land \$000	Buildings \$000	Vehicles & machinery \$000	Assets under construction \$000	Furniture, fittings & equipment \$000	Total \$000
Cost						
At 31 December 2007	-	67	12,945	707	114	13,833
Additions	-	2,823	26,449	7,620	395	37,287
Disposals	-	-	(106)	-	-	(106)
At 30 June 2008	-	2,890	39,288	8,327	509	51,014
Corporate asset acquisitions	-	454	420	-	1	875
Effect of exchange rate movements	-	-	(32)	-	(2)	(34)
Additions	79	-	626	1,157	17	1,879
Transfers	-	1,248	-	(1,248)	-	-
Disposals	-	(80)	(18)	-	(4)	(102)
At 31 December 2008	79	4,512	40,284	8,236	521	53,632
Effect of exchange rate movements	-	134	249	-	1	384
Additions	-	58	51	511	3	623
Transfers	-	312	33	(345)	-	-
Disposals	-	-	(519)	-	-	(519)
At 30 June 2009	79	5,016	40,098	8,402	525	54,120
Accumulated depreciation						
At 31 December 2007	-	3	395	-	89	487
Depreciation charge	-	28	1,461	-	43	1,532

Disposals	-	-	(45)	-	-	(45)
At 30 June 2008	-	31	1,811	-	132	1,974
Effect of exchange rate movements	-	-	26	-	-	26
Depreciation charge	-	105	3,165	-	64	3,334
Disposals	-	(36)	-	-	(3)	(39)
At 31 December 2008	-	100	5,002	-	193	5,295
Effect of exchange rate movements	-	36	63	-	1	100
Depreciation charge	-	253	3,655	-	85	3,993
Disposals	-	-	(123)	-	(1)	(124)
At 30 June 2009	-	389	8,597	-	278	9,264
Net book value:						
30 June 2009	79	4,627	31,501	8,402	247	44,856
31 December 2008	79	4,412	35,282	8,236	328	48,337
30 June 2008	-	2,859	37,477	8,327	377	49,040

6. Biological Assets

The Group's interests in biological assets are held in its Ukrainian subsidiaries.

The majority of the Group's biological assets are consumable winter crops that have been planted during the autumn and will be harvested during the following summer. Crops are accounted for at fair value less estimated point of sale costs.

The fair value of biological assets at each reporting date is determined based on the area planted and market prices at the reporting date, and based on the crops' location and condition, which includes estimates of biological transformation and yield potential or actual yield results if known.

Fair value is estimated on the basis of the present value of expected net cash flows, discounted at an appropriate risk adjusted pre-tax discount rate. Changes in any estimates could lead to recognition of significant fair value changes in the performance statement.

Other biological assets represent a small herd of cattle, which were acquired through asset acquisitions. Cattle are accounted for at fair value less estimated point of sale costs. The fair value of cattle is determined by the size of the herd and market prices at the reporting date.

	Cattle	Crops	Total
	\$000	\$000	\$000
Carrying value at 31 December 2007	-	7,302	7,302
Cultivation costs relating to 2007/2008 crops	-	7,293	7,293
Net change in fair value due to price, yield, maturity and cost changes	-	(818)	(818)
Carrying value at 30 June 2008	-	13,777	13,777
Biological assets acquired through asset acquisitions	12	-	12
Other biological asset additions	37	-	37
Cultivation costs relating to 2007/2008 crops	-	10,351	10,351
Net change in fair value due to price, yield, maturity and cost changes	-	(10,286)	(10,286)
Total 2007/2008 crop Biological asset	49	13,842	13,891
Harvest of biological assets and transfer to inventory	-	(13,842)	(13,842)
Cultivation costs relating to 2008/2009 crops	-	13,241	13,241
Fair value adjustment	-	68	68
Carrying value at 31 December 2008	49	13,309	13,358
Other biological asset additions	85	-	85
Cultivation costs relating to 2008/2009 crops	-	9,464	9,464

Fair value adjustment	-	(5,950)	(5,950)
Carrying value at 30 June 2009	<u>134</u>	<u>16,823</u>	<u>16,957</u>

7. Trade and other receivables

	30 June 2009 \$000	30 June 2008 \$000	31 Dec 2008 \$000
Trade receivables	390	135	390
Prepayments & accrued income	278	213	850
Advance payments to suppliers	-	5,580	-
VAT recoverable	10,574	12,881	8,951
Loans to associated companies	991	-	398
Other receivables	564	182	535
	<u>12,797</u>	<u>18,991</u>	<u>11,124</u>

VAT receivable is due from Ukrainian and UK authorities. The Group is making positive efforts to recover the Ukrainian VAT however the timing of repayment is uncertain.

8. Inventories

	30 June 2009 \$000	30 June 2008 \$000	31 Dec 2008 \$000
Fuel	253	689	186
Chemicals	1,197	1,684	819
Seeds	339	194	327
Mechanical spare parts	2,207	1,924	2,074
Fertilisers	293	5,214	1,822
Building materials	73	495	85
Work in progress	-	53	-
Other materials	259	443	266
Finished goods	197	-	1,688
	<u>4,818</u>	<u>10,696</u>	<u>7,267</u>

9. Called up share capital

The total authorised share capital of the company as at 30 June 2008, 31 December 2008 and 30 June 2009 is as follows:

	Ordinary shares
Number of shares of £0.001 each	500,000,000

The total allotted and fully paid shares of the company is as follows:

	\$000
30 June 2009	466
31 December 2008	411
30 June 2008	411

The issued share capital has been increased as follows:

Date	Class	Number of shares	Issue price
Total issued shares at 31 December 2007		189,208,629	
28 March 2008		10,800,306	100.0p

Total issued shares at 31 December 2008	200,008,935	
12 March 2009	40,000,000	12.0p
Total issued shares at 30 June 2009	240,008,935	

10. Other financial liabilities

	30 June 2009 \$000	30 June 2008 \$000	31 Dec 2008 \$000
Present value of the finance lease liabilities:			
Within one year	1,170	1,652	846
Between two and five years	67	1,133	156
	1,237	2,785	1,002

11. Taxation

No deferred tax losses have been provided in the financial information as the management do not believe such an asset will be recoverable in the foreseeable future.

12. Post balance sheet events

In August 2009 it was announced that the company is in preliminary discussions regarding a potential merger with another Ukrainian farming operation.