



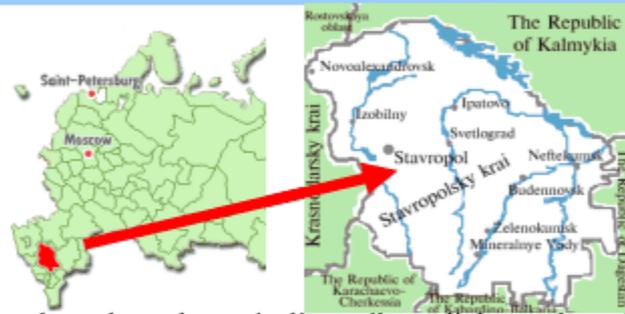
## Andropovsk Farms Limited (“AFL”) March 2009

- UK company established in 2006 to grow edible cereals, animal feed and vegetable oils, combining western farming expertise with high-quality land and a low cost base in south-west Russia;
- Current land area of around 14,200 Ha, expected to generate profits of around US\$ 2.0 million during the current financial year calculated on the basis of the current prices of commodities;
- Some of the lowest farming costs in the world;
- Land held via long leases (49 years) to avoid ownership problems;
- Immediate option on further 11,000 Ha on highly advantageous terms with future potential to increase to 40,000 + Ha;
- Seeking to raise between US\$ 7.0 and 10.0 million to acquire additional; land and fund working capital
- First class relationship with local Government authorities.



### The farm

- The existing farm comprises some 14,200 Ha, of which around 10,200 is prime arable land and 3,800 prime pasture;
- Situated in the southern Stavropol Krai region of Russia, the land comprises mainly high grade chernozem silts (“black earth”) in one of the most productive areas of Russia’s farming region;
- Located less than 40km from the town of Kursavka, where the main line railway links to the principal Russian grain port of Novorossisk - less than one day away - and where a 110,000 tonne silo is located, and less than 30km from the main trans-Caucasus highway;
- Ideal climate, with warm continental weather patterns, average rainfall of 550 mm and generally mild winters;
- The land was obtained at highly competitive rates, with rents from as low as US\$ 6.0 per Ha
  - Duration of leases is up to 49 years, with capped rental reviews ;
  - Prepared by Allen & Overy Moscow;
  - Capped five year reviews on most leases;
  - Pre-emption rights to purchase outright on formula price basis on most leases;
  - Management believe that the leases are currently worth some US\$550 per cultivated Ha.



### AFL: the farming operations

- 2008 was the company's first year of harvest . 7,700 Ha has been planted with Winter Wheat and Oil Seed Rape (OSR) for the 2009 season;;
- AFL has built a first class, well motivated and led labour force;
- Equipment is modern and highly efficient;
- AFL has identified areas of efficiency potential in 2008 which it intends to implement in 2009;
- Russia imports 50% of its beef requirement. Management are exploring the possibility of establishing a beef farming operation in 2010 and the Scottish Agricultural College (SAC) are in process of completing the feasibility study. Preliminary findings are already extremely positive.
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# ANDROPOVSK FARMS LIMITED

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## Financials

- AFL's cost of operation, (excluding Capex and interest on any debt) averages under \$US290 per Ha;
- The expected revenues for 2009 are around US\$ 6.6 million (basis current prices) with EBITD in 2009 anticipated at \$US 2.8 millions;

## Financing /Use of Proceeds

- The proceeds raised for AFL will be used to, repay existing debt acquire the additional land available and to fund working capital including machinery and 26,000 mts drying/storage capacity:
  - US\$ 3.5 million to repay existing short term debt
  - US\$ 1.0 – 4.0 million for machinery and plant
  - US\$ 2.5 million to fund working capital and new farms;

## Management

- The management team combines key skills of farming expertise (both in Western and Central & Eastern Europe), commodity trading experience, financial skills and insurance market knowledge: In 2009 we will bring additional agronomy skills to the team

### **Managing Director – Guy Cheyney**

- 30 years international physical commodity trading and finance, UK, Far East and USA
- 17 years trading in Russia, in depth knowledge of Russian systems and methods with first class relationships.
- Registered with the FSA in London

### **Director - Edward Close-Smith**

- 31 years experience in the international insurance market working as a Lloyd's broker.
- 1996-2006. MD (North America) of Thompson Heath & Bond Ltd, Lloyd's broker.
- 1986-1996. Bradstock Insurance London & North America
- 1976-1986. C.T. Bowring & Co (Insurance) Ltd

### **Director - David Lilley**

- 22 years experience in the international commodity markets.
- Founding Partner RK Capital Management LLP.
- B. Sc (honours) Economics 1987

### **Senior Farm Manager – Gordon Stephens**

- Over 20 years international farming experience including Zambia, Libya and Romania
- Specialist in Agricultural machinery and "big farm" management.

## Shareholders

- Founding shareholders: Guy Cheyney, Edward Close-Smith and Russian Administration 44.71%
- Other shareholders, 55.29%
- Total shares in issue 3,312,131
- Existing authorised share Capital; 6,000,000
- Guy Cheyney and Edward Close-Smith have options over 1,800,000 shares

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