



The land and climate in western Ukraine is suited to the cultivation of winter barley, winter wheat and OSR with consistent levels of precipitation throughout the year and a speedy transition from winter to spring that reduces the risk of late frosts which can damage the crop. Snow cover protects the crop in the ground over winter. The long days during the growing season and adequate moisture can lead to the production of high yields.Oil Seed Rape

Barley

Barley is a grain used mainly for food production and poultry feed. Winter barley is seeded in September and October and the harvest starts in June. Spring barley is seeded in March and April and the harvest usually starts in July. The Group focuses its barley production principally on winter wheat, which typically has a higher average yield compared to spring barley.

Wheat

Wheat is a grain used mainly for food and livestock feed. Winter wheat is seeded in September and October and the harvest starts in July. Spring wheat is seeded in March and April and the harvest also usually starts in July. The Group focuses its wheat production principally on winter wheat, which typically has a higher average yield compared to spring wheat.

Generally the greater proportion of harvested wheat is of milling quality with the rest being feed wheat. The quality of wheat is affected by a number of factors, including weather conditions, the quality and variety of grain seeds and the type and use of farming technology, fertilisers and crop protection.

OSR

OSR is used in the production of oils, bio-fuel and for animal feed. Winter OSR is seeded between the end of July and September and the harvest typically starts in June. Spring OSR is seeded in March and April and the harvest typically starts in July. The Group sells rapeseed on the international market to the Ukrainian subsidiaries of international trading and agribusiness companies. The demand for OSR has increased in recent years driven primarily by demand from EU countries, where rapeseed oil is a common bio-fuel.

Potatoes

Potatoes are grown for food and seed. Potatoes are seeded in April and May and the harvest typically runs from the end of July to October. The Group produces more than 15 varieties which are categorised into seed, crisping and table potatoes. The table potato crop is sold to customers in Ukraine where the Group is one of the largest suppliers. Potato consumption on a per capita basis in Ukraine is one of the highest in the world and the Group hopes to benefit from the expected shift from smaller retail to supermarket buying patterns. In 2010 and 2014, the price of potatoes in Ukraine was higher than equivalent UK prices. Crisping potatoes are sold to a number of customers including Kraft and Frito-Lay. Processing potato prices are typically negotiated annually in advance at a fixed price.

Sugar beet

Sugar beet is used in the production of sugar, bio-fuel and livestock feed. Sugar beet is seeded in April and May and the harvest typically starts in September. The main customer for the Group's sugar beet crop is a Ukrainian sugar beet factory located near Lviv with whom CFG have a tolling arrangement where the factory takes the beet output in return for a fixed amount of sugar. CFG then sells this sugar on the Ukraine or International Sugar

market. As Ukraine is not part of the EU, the growth of sugar beet is not restricted by EU quotas. The price of sugar beet is based on local sugar prices which are presently higher than European sugar prices due to a lack of supply. Importation tariffs restrict the supply of cheaper imports into the country.

Maize

Maize is a grain grown mainly for the production of bio-fuel and livestock feed. Maize forms a relatively small proportion of the Group's crops and is sold to local Ukrainian customers or on the international market.