



Presentation to IFMA
Illinois USA Wednesday 22nd July 2009
By Robert Covell, Director of Agrico

Russia



AREA

- RUSSIA

- Area 17,075,400 sq km

- Arable as % of total land 8

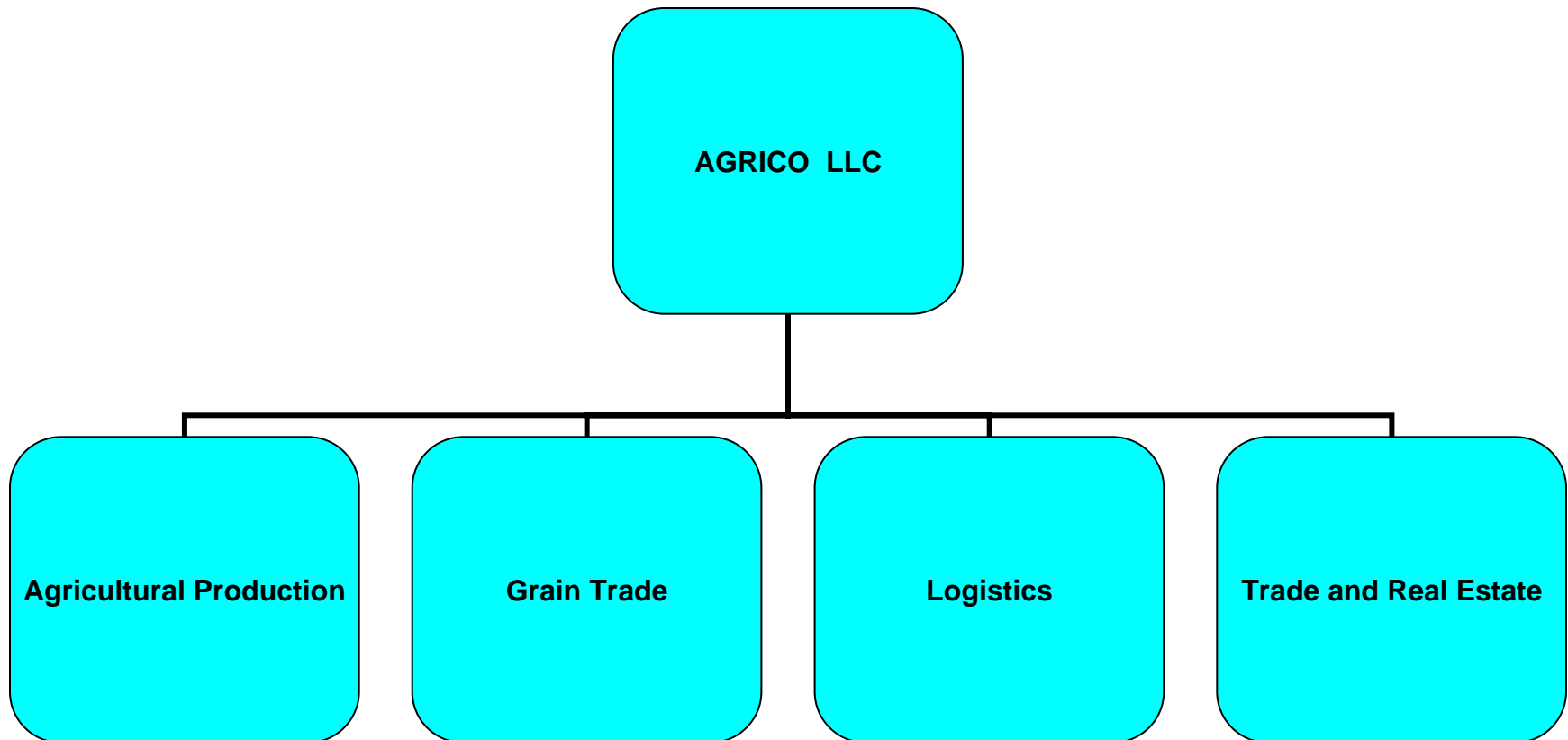


PEOPLE

■ RUSSIA

■ Population	143.2m
■ Pop. per sq km	8.4
■ Av. ann. Growth in	
■ Pop.2000-05	-0.46
■ No of men per 100 women	87
■ Urban population	73.3%
per 1,000 pop.	
■ Life Expectancy: Men	58.7yrs
□ Women	71.8yrs

Our Business Activities





Agricultural Production Today

- Based in Stavropol and Krasnodar Regions, Russia
- 85140 ha total land area
- Combinable crops and root vegetables
- 4,000 sow farrowing – 80,000 pigs
- Feed mill



Grain Trade

- Annual export of 1.5m tonnes
- Domestic Russian sales of 0.5m tonnes
- Export trade based in Lausanne, Switzerland
- Network of domestic origination companies
- Storage, elevators and handling infrastructure

Novoalexandrovsk Elevator





LOGISTICS

- Based in the port of Novorossiysk (Black Sea)
- Logistics chain management
- Freight forwarding including truck, rail and ship loading/unloading
- Customs clearance, ship charter
- 7m tonnes of dry goods transhipped

Novorossiysk Port





TRADE

- Office and Logistic space – Moscow, Siberia & Novorossiysk
- Small network of supermarkets – Siberia
- Property management (indoor markets) – Siberia
- Restaurants, office, shops/fast food – Siberia

Supermarket in Surgut





Agricultural Production

Our Areas





Our Mission

To build our agricultural manufacturing platform into the leading branded food products company in Russia

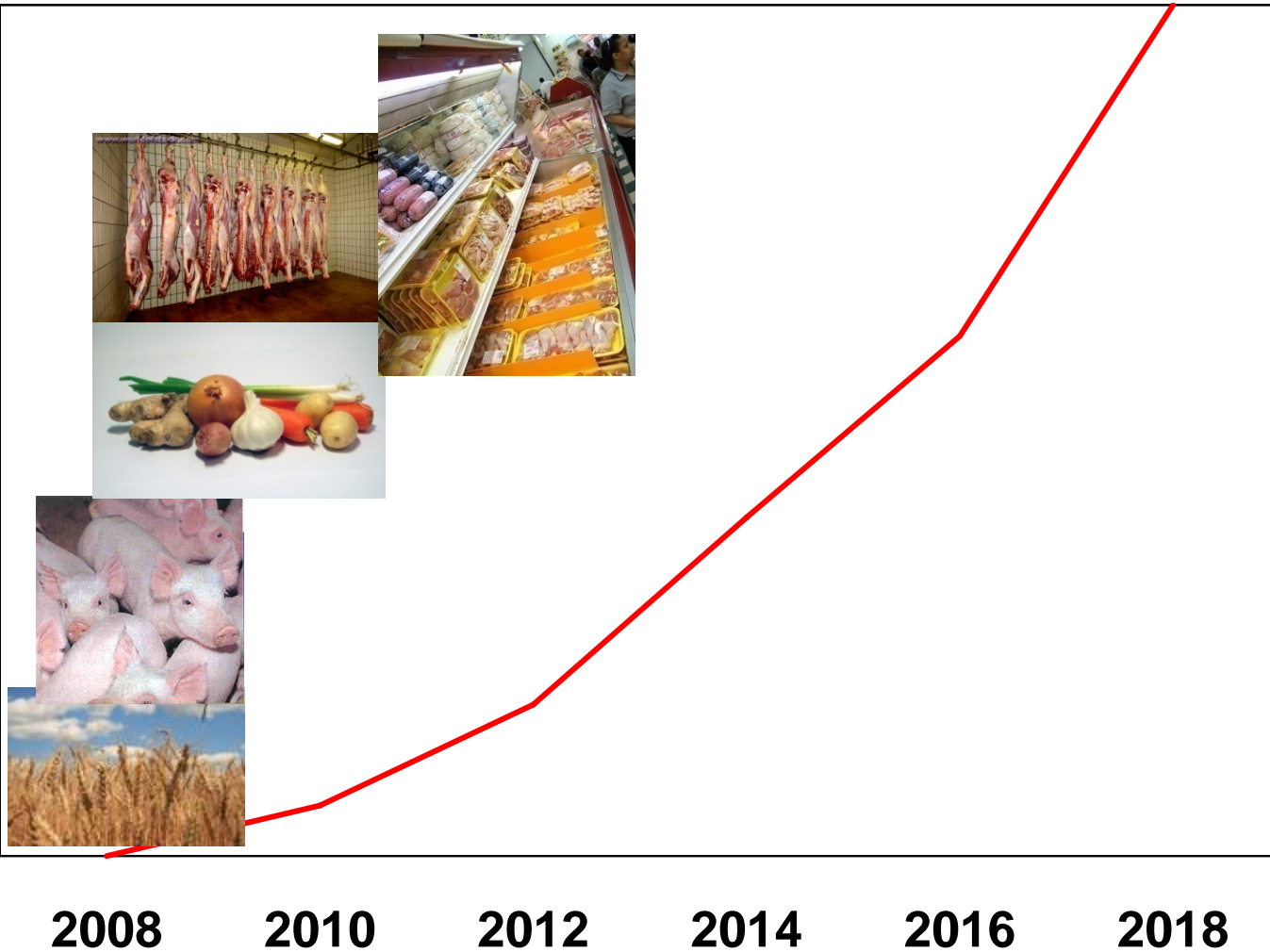
Our Vision



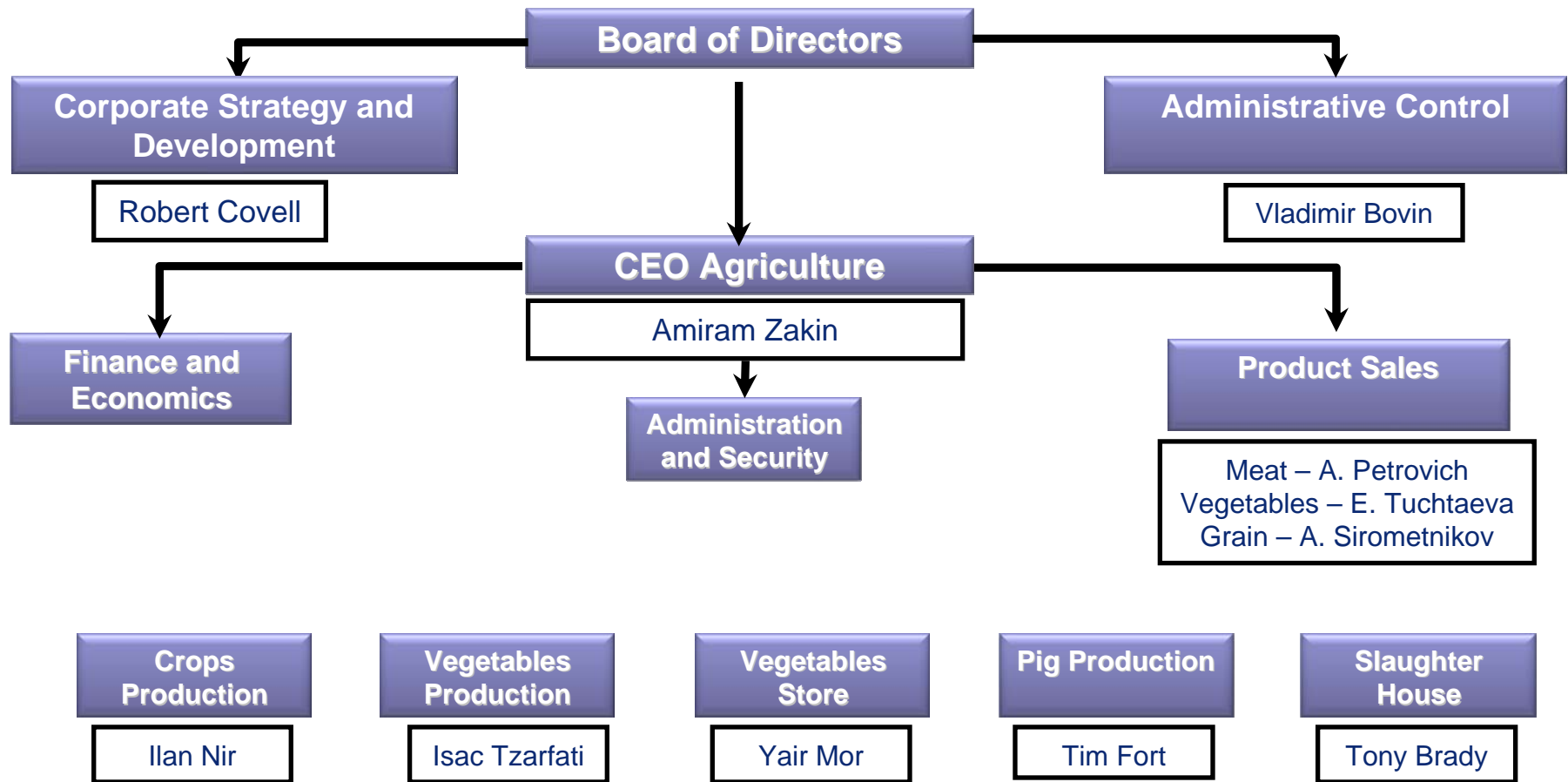
\$1,500

Sales, \$ mln

\$90



Our Team



Combinable Crops

- Land consists of 10 farms
- Krasnodar & Stavropol Regions
- Farm size: between 19,000 ha to 3,000 ha
- 85,140 ha of total land – owned and long-term leased
- Latest technology machinery and equipment (John Deere, Flexicoil,Manitou)
- On-farm short term storage facilities – 50,000 tonne capacity
- Grain elevators – 350,000 tonne capacity
- Railway loading points

Combinable Crops

■ WINTER CROPPING 09 Ha

❖ Wheat Milling	51,617
❖ Winter Barley	837
❖ Winter Rape	<u>0</u>
Total	52,454

■ SPRING CROPPING 09 Ha

❖ Combinable Peas	2,839
❖ Sunflower	17,904
❖ Maize	6,019
❖ Sugar Beet	1,865
❖ Carrot (trial)	2.5
❖ Potatoes	471
❖ Onions	71
❖ Red Beet (trial)	<u>4.5</u>
Total	29,176
❖ Fallow/uncultivated	2,040
❖ Roads/woodland	1,470

Yields

- Wheat 4.5 t/ha
- Barley 4.9 t/ha
- Rape 2.2 t/ha
- Sunflower 2.2 t/ha
- Maize 6.0 t/ha
- Pea 3.0 t/ha
- Sugar Beet 40 t/ha

Our Fields



Vegetables

Irrigation

- 1,000 ha of irrigated land - 440 ha potatoes, 140 ha onions, etc
- Harvesting equipment - Grimme and Samon
- Rotational crops - maize and sugar beet
- Yields- Potatoes 45 t/ha, Onions-65 t/ha

Vegetable Storage & Packing

- Stage-1 14,000 tonne potato storage facility
- Packing, seed and packing/grading/washing facilities
- 14 x 1,000 tonne temperature controlled rooms

Irrigation



Machinery Fleet

■ Tractors

- John Deere	8420	16
	8400	31
-	8300	8
	8200	7
	9400	20
	7810	<u>18</u>
	Total	100

■ COMBINE

- John Deere	9660 STL 12m	20
	9650	50
	9600	4
	9570	11
	Total	85

■ FORKLIFTS

- Manitou	MLA628	5
- Manitou	MLA633	25

■ CULTIVATION

- Flexi coil	ST820 x 15m	12
	ST820 x 10.5m	36

■ DRILLS

- Flexi coil	5000 Airseeder	15m	12
		10.5m	26

Drill & Cultivation capacity 284ha/hour

■ Sprayers

■ John Deere	4700	11
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Machinery Fleet

- **Irrigation** - 13 x 475m TL centre pivot
- - 2 x pump houses
- **Vegetable Harvesters**
- Grimme x 3 - potatoes
- Samon x 1 - onions
- **Vegetable Packing-Tong**



TRUCKS

Kamaz 10 tonne + 10 tonne trailer	100
Man + artic feed trailers	2
Man + live haul trailers	2
Cars, vans, minibus etc	100

SPARE PARTS

Total Value \$3m







Meat Production - Farming

Farming Complex

- 3750 sows
- PIC delivered July - Oct 2006
- 2 Farms: 1 breeding and 1 fattening
- Fully refurbished AP (GSI) equipment
- Now producing 76,000 pigs/year - 115kg Lwt
- Daily gain-wean to finish 680grams/day

Feed Mill

- 10 tonne/hr capacity





Meat Production - Processing

Slaughterhouse

- New slaughterhouse will be complete Sept 10
- Capacity of 180 animals per hour
- Latest technology equipment (MPS, Zanotti, Harslev)
- Target volume of 350,000 heads/year
- 29,383 tonnes dead weight of meat/year
- Potential to almost double throughput
- Initial products - half carcasses and primary cuts

Slaughterhouse





Short Term Plan – 2009 to 2011

Meat Production

- Complete construction of slaughterhouse Q4 2010
- Complete 5 additional pig farms – 2 x breeding farms 6750 sows each + 2 fattening farms + boar farm. On completion, total production of 350,000 x 115kg pigs per year Q4 2010 first sows placed
- Install manufacturing lines for higher value-added products including processed, packaged meats. Q4 2011.
- Develop own meat brand Q4 2009

Combinable Crops

- Acquire new suitable land – 100000ha by end 2010

Short Term Plan – 2009 to 2011

Vegetables

- Complete additional 1,000 ha centre pivot irrigation for growing root and other vegetables Q1 2010 and Q1 2011
- Add cold storage capacity for carrots-imported vegetables to give customers year round supply Q2 2011
- Develop own Vegetable Brand Q4 2009

Strategic Initiatives

- Continue strengthening the management team
- Complete construction of production facilities
- Add packaged products manufacturing lines
- Develop branding strategy for meat and vegetable packaged products
- Add vegetable processing
- Widen vegetable range
- As volumes increase, expand sales, marketing and distribution system to suit the requirements of a consumer products supply chain, i.e. cool chain for meat and vegetable, etc

Our Strengths

- Our people – combination of world experts and local talent
- Proven track record of performance
 - Managerial and Organizational
 - Manufacturing
 - Financial
- Global relationships with suppliers and financial institutions
- We are experienced and effective in Russian commercial and regulatory environments
- Transparency and accountability – financial, managerial, organizational, e.g. 8 years E & Y accounting to GAAP standards
- Strong track record of social responsibility
- Our reputation in the market place
- Our focus and desire to build a world class company



Why Are We Doing This

- We see an unprecedented business opportunity
- We see a path to creation of substantial wealth for our stakeholders
- The market dynamics are favorable
 - The markets are bare
 - The competition is opportunistic and unorganized
 - The government is encouraging local production
 - Russia's future is bright
- We want to build a world class organization
- We love what we do



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