1.14. FINANCIAL STATEMENTS OF LAST 3 YEARS

Table 14: Balance sheet

Balance				/MNT/
A. Current Asset	***2008***	***2009***	***2010***	***2011 Q2***
Cash and cash equivalents	128,733,317	18,060,895	6,940,500	52,106,257
Account receivable	222,813,606	2,095,073,758	345,598,844	184,638,902
Bad debt amortization	-	-		
Other tax receivable		3,204,489		
Other receivable			217,800	
Inventory	5,068,403,113	8,196,365,925	3,313,597,149	2,876,561,466
Prepaid expenses	-	-		96,490,343
Account of subsidiaries			1,900,000,000	1,066,883,993
Amount of the current asset	**5,419,950,037**	**10,312,705,067**	**5,576,354,293**	**4,276,680,963**
Non-current asset				
Fixed asset	17,151,258,000	20,322,578,160	20,883,624,889	32,044,297,532
Accumulated depreciation		-408,392,026	-917,962,901	-200,326,993
Other fixed asset	6,836,670,101	10,018,327,778	11,654,545,739	13,490,059,641
Accumulated depreciation	-42,770,053	-735,497,819	-1,556,698,211	-535,138,103
Unfinished buildings		101,735,623	2,524,374,686	2,2569,520,200
Intangible asset	3,953,871	3,953,871	3,953,871	3,953,871
Accumulated depreciation		-395,387	-790,774	-988,467
Investment and others				2000,000
Amount of non-current asset	**23,949,111,919**	**29,302,310,200**	**32,591,047,298**	**47,373,377,679**
Amount of total asset	**29,369,061,956**	**39,615,015,267**	**38,167,401,591**	**51,650,058,643**
Б. Liabilities and owners equity				
Account payables	602,041,664	2,819,494,978	1,025,513,169	420,466,973
Salaries payables				
Income tax payables	3,449,132		20,504,560	8,563,936
Citizen income tax payables	5,786,140	6,342,867	987,460	127,696
VAT payables			-	
Other tax payables				
Health social insurance payables	5,657,547			169,405
Dividend payables				
Short term bank loans			1,900,000,000	2,815,000,000
Other payables				
Preceded income			116,170,108	127,830,009
Short term payables/subsidiaries	4,988,955,225	7,109,912,733	2,469,871,858	
Amount of short term payables	**5,605,889,706**	**9,935,750,577**	**5,533,047,154**	**3,372,158,019**
Long term payables	16,984,335,300	24,982,391,094	28,237,845,242	468,187,241
Long term loans				
Other long term payables				
Amount of long term payables	**16,984,335,300**	**24,982,391,094**	**28,237,845,242**	**468,187,241**
Amount of debt	**22,590,225,006**	**34,918,141,671**	**33,770,892,396**	**3,840,345,261**

Owners equity							
Private equity	10,000,000	_	10,000,000	_	10,000,000	_	28,247,845,242
Amount of capital stock	10,000,000	_	10,000,000	_	10,000,000	_	28,247,845,242
Revaluation capital	11,554,795,132	_	11,554,795,132	_	11,129,775,386	_	26,567,984,661
Other section of owners equity							
Retained earnings /loss					-6,743,266,192	_	-7,006,116,520
During balance report	5,529,488	_	-2,081,963,354	_	123,340,997	_	64,042,787
Before balance report	-4,791,487,671	_	-4,785,958,183	_	-6,866,607,189	_	-7,070,159,308
Amount of owners equity	**6,778,836,949**	_	**4,696,873,595**	_	**4,396,509,195**	_	**47,809,713,382**
Amount of debt and owners equity	**29,369,061,956**	_	**39,615,015,267**	_	**38,167,401,591**	_	**51,650,058,643**

Table 15: Income Statement

Income Statement				/MNT/
Indicators	***2008***	***2009***	***2010***	***2011 Q2***
Sales revenue	7,669,353,855	10, 309,506,115	17,799,654,295	3,675,716,415
Sales depreciation and return	-27,210,995	1,678,903	1,871,418	
Sales discount		400,217		
Amount of sales revenue	**7,642,142,860**	**10,307,426,996**	**17,797,782,877**	**3,675,716,415**
Cost of Goods Sold	4,992,702,491	6,000,055,274	8,874,999,731	1,712,994.699
Gross Profit /loss/	**2,649,440,369**	**4,307,371,722**	**8,922,783,146**	**1,962,721,716**
Salaries expenses	693,125,611	1,063,419,166	1,130,814,909	393,447,463
Social insurance expenses	78,123,971	131,998,154	138,141,175	55,128,365
Repair and service costs	90,221,773	96,783,654	210,313,205	33,724,712
Operating costs	199,007,038	291,336,294	309,184,324	49,615,540
Rental costs	36,223,655	39,265,624	34,611,250	13,566,831
Commission costs	62,859,803	72,208,795	46,082,427	16,077,346
Transportation cost	174,443,284	227,043,963	151,170,616	7,729,200
Raw material costs	11,767,660	24,543,825	28,766,066	
Depreciation costs	759,720,590	1,102,551,568	1,434,607,603	860,460,048
Marketing costs	14,985,689	21,464,051	10,694,214	3,723,970
Post, communication costs	21,422,687	23,860,239	15,280,029	7,250,475
Fuel costs	170,901,138	378,164,246	240,541,891	37,979,031
Bad debt costs			9,040,522	
Interest rate expenses	550,735,409	3,174,908,815	4,910,534,681	207,150,904
Other costs	420,185,807	508,465,733	484,368,011	188,845,191
Total operation expenses	**3,283,724,114**	**7,156,014,125**	**9,154,150,925**	**1,874,915,537**
Main operating profit /loss/	**-634,283,746**	**-2,848,642,404**	**-231,367,779**	**87,806,178**
Unearned revenues	668,775,061	826,185,982		
Unearned loss	25,512,696	59,506,933		-13,852,973
Amount of unearned revenues /loss/	**643,262,365**	**766,679,050**	**375,218,337**	**-13,852,973**
Net profit before tax /loss/	**8,978,619**	**-2,081,963,354**	**143,850,557**	**73,953,206**
Tax	3,449,131,50	-	20,509,560	9,910,418
Net profit after tax /loss/	**5,529,488**	**-2,081,963,354**	**123,340,997**	**64,042,787**

1.15. INFORMATION ABOUT THE DEBTS OF THE ISSUER

Bond issuer' financial performance before the bonds are introduced is total 3.85 billion MNT of debts, of which 2,81 billion MNT is short term loan from Savings Bank of Mongolia to fund their current asset.

According to the first loan agreement of 1,900,000,000 MNT which is made on 29October, 2010, Savings Bank has financed 1,900,000,000 MNT with the condition of 21.6% of interest with 1 year, on January 21st of 2011 there was an amendment on the agreement, and the amendment was to increase the amount of the loan by 915,000,000 MNT with the condition of 15.6% of interest, extended the payment period till October 20th of 2012.

1.16. INDEPENDENT AUDITOR'S REPORT

DALAIVAN AUDIT
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INDEPENDENT AUDITOR'S REPORT

To: T. Sodnomdarjaa
Executive Director of Just Agro LLC

We have audited the accompanying financial statements of Just Agro LLC (hereinafter refers as Company), which comprise the balance sheet as of June 30, 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express our independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

During the audit, we were provided with the implementation status of prior audit recommendations given to the audit findings revealed during the financial audit of FY2010 and the interim review for 1st quarter FY2011 by the management and finance officials. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the management actions on the audit findings would greatly affect our qualification of audit opinion on the financial statements for the period ended December 31, 2011.

General Director, CPA
Ts. Jigden

July 22, 2011

an independent member of
BAKER TILLY
INTERNATIONAL

Working Note:

1. The following significant transactions were occurred during the 2nd quarter of FY2011:

   1.1 The balance of Investment account has been increased by MNT 2,000,000 as the companies named as "Makh Market International" LLC and "Khatan suman" LLC have been registered as subsidiaries of Just Agro LLC.

   1.2 On December 20, 2011 Just Agro LLC signed an agreement for Loan Transfer and Utilization amounted to MNT 7.5 billion with "Khatan suman" LLC. During the 2nd quarter of FY2011, Just Agro LLC borrowed a total of MNT 915,000 from Savings Bank. As a result, short term loan has been increased by this amount.

   1.3 Meat Processing Factory in Selenge Aimag (a province) and another same factory in Baganuur (a district) owned by "Khatan suman" LLC are being utilized by Just Agro LLC under an agreement for Property Adoption. In accordance with the agreement, Just Agro LLC is responsible for operation of factories, their maintenance and safety. Thus, the factories have been recorded into the accounts of the company.

   1.4 An official of the company explained the action stated in 1.3 is expected to be continued throughout FY2011. Thus, the auditor will audit the operational results to be reported in the financial statements for the year ended.

2. During the audit, the auditor obtained the implementation status of prior audit recommendations given to the audit findings revealed during the financial audit of FY2010 and the interim review for 1st quarter FY2011 from finance officials. There were a total of 7 recommendations focused on the financial reporting, accounts recording, the estimates of equity, costing and taxation. The company has been implemented 5 recommendations.

ALAI VAN-AUDIT" Co.,Ltd
TIFIED ACCOUNTING, AUDITING
& APPRAISAL

Auditor's Assistant: Sh.Narantungalag