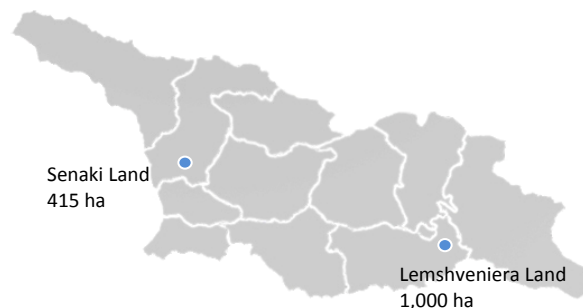




Domicile	Georgia
Status	Joint Stock Company
Inception	14 May 2008
Geographic Focus	Georgia
Focus Sectors	Plant-growing Cattle-breeding Poultry production Silkworm and fish breeding
Investment Advisor	Abbey Asset Management Ltd
Registrar	JSC Kavkasreestri
Base Currency	Georgian Lari (GEL)
Management Fee	1.5% of Market Cap less Net Cash, payable quarterly in arrears
Performance Fee	15% of annual share price appreciation over the Hurdle Rate, payable annually in arrears
Hurdle Rate	Equal to Bank of Georgia's one-year GEL term deposit, set annually



**Basic climate indicators**

	Lemshveniera Land	Senaki Land
Av. level of rainfall	422 mm	1,831 mm
Av. relative air humidity	68%	74%
Av. air temperature	+12.9 °C	+14.5 °C
Max. number of hail days	3	12
Av. wind speed	2.1 m/sec	2.7 m/sec

This report provides CAD's investors with an overview of significant developments in the company, its operating and financial activities in Q4 2010.

**News**

- JSC UniFarm, CAD's venture with the Alania dairy farm in Senaki, has completed the shipment of 64 Holstein cows from the Friesian region of the Netherlands. The cattle were purchased from the leading Dutch dairy cattle exporting company Firma Schaap. After a month long quarantine period, the newly arrived cattle were added to the farm's existing herd of 160 cows.
- The new barn construction works have been completed ahead of the arrival of experts from a Dutch farm equipment manufacturing company DSD Stalinrichtig in January 2011 to carry out barn interior equipment installation works.
- JSC UniFarm received a milking parlor from a leading Swedish dairy business solutions company DeLaval. The first stage of the milking parlor installation works were concluded by DeLaval engineers in December 2010. The final stage of installation works will resume after the holiday season and the parlor will be fully functional by the end February 2011.
- The company management paid a visit to Turkey for consultations with veterinary epidemiology experts and a Turkish veterinary vaccine manufacturer – Vetal. As a result of the consultations, the management have taken precautionary measures against the spread of cattle disease on the farm (mainly against Brucellosis and Foot and Mouth Disease).
- A senior agriculture expert Paulus Hettinga from a Dutch organization PUM, which offers specialized know-how consultancy to small and medium size enterprises, paid another visit to the farm during the reporting period. Mr Hettinga provided JSC UniFarm consultancy services in farm management and cattle nutrition specifics. The company management plans to re-apply to PUM again in the nearest future to receive consultancy services in crop and harvest management and veterinary medicine.
- The company has registered a new brand Pakizo for marketing its dairy product range. Pakizo is a name of a cow in the Georgian popular culture. The dairy products marketed under the new brand will be sold in West Georgia from 2011 and will include matsoni (Georgian yogurt), sour cream, cottage cheese, imeruli cheese and gouda cheese.



- The company management have developed the packaging design for its Pakizo dairy products and placed an order for matsoni, sour cream and cottage cheese cups with a Turkish plastic packaging manufacturing company Turan Plastic. The packaging, which shows a picture of a cow on a farm, will reinforce the brand's major marketing message that the company is the only producer of dairy products in Georgia with its own supply of fresh milk.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, (IFRS based)

As at 31 December 2010

(Amounts in Georgian Lari, unless otherwise stated)

	31-Dec-10 (Unaudited)	30-Sep-10 (Unaudited)	31-Dec-09 (Audited)	30-Sep-09 (Audited)	Change, %	
					Q-O-Q	Y-O-Y
<b>Assets</b>						
<b>Non-current assets</b>						
Biological assets	729,582	655,226	-	-	11.3%	n/a
Exploration and evaluation assets	-	-	-	81,593	n/a	n/a
Property, plant and equipment	3,367,068	2,187,262	1,624,239	1,630,381	53.9%	107.3%
Intangible assets	2,234	2,409	1,903	2,012	-7.3%	17.4%
<b>Total non-current assets</b>	<b>4,098,884</b>	<b>2,844,898</b>	<b>1,626,141</b>	<b>1,713,986</b>	<b>44.1%</b>	<b>152.1%</b>
<b>Current assets</b>						
Current income tax assets	-	-	218,322	159,959	n/a	-100.0%
Receivables and other assets	1,124,167	1,328,240	50,273	55,232	-15.4%	2,136.1%
Amounts due from credit institutions	3,952,792	4,505,151	5,989,370	2,347,940	-12.3%	-34.0%
Cash and cash equivalents	496,474	1,080,007	1,331,726	5,046,193	-54.0%	-62.7%
<b>Total current assets</b>	<b>5,573,432</b>	<b>6,913,398</b>	<b>7,589,691</b>	<b>7,609,324</b>	<b>-19.4%</b>	<b>-26.6%</b>
<b>Total assets</b>	<b>9,672,316</b>	<b>9,758,295</b>	<b>9,215,833</b>	<b>9,323,309</b>	<b>-0.9%</b>	<b>5.0%</b>
<b>Equity</b>						
Share capital	7,246,000	7,246,000	7,246,000	7,246,000	0.0%	0.0%
Retained earnings	1,057,236	1,535,707	1,516,178	1,431,411	-31.2%	-30.3%
Share premium	598,640	598,640	-	-	0.0%	n/a
Fixed assets revaluation provision	222,928	-	-	-	n/a	n/a
Government grants	187,741	187,741	361,166	361,166	0.0%	-48.0%
<b>Equity attributable to shareholders</b>	<b>9,312,546</b>	<b>9,568,089</b>	<b>9,123,343</b>	<b>9,038,577</b>	<b>-2.7%</b>	<b>2.1%</b>
Non-controlling interest	88,178	88,178	-	-	0.0%	n/a
<b>Total equity</b>	<b>9,400,723</b>	<b>9,656,266</b>	<b>9,123,343</b>	<b>9,038,577</b>	<b>-2.6%</b>	<b>3.0%</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Deferred income tax liability	17,342	17,342	17,342	65,353	0.0%	0.0%
<b>Total non-current liabilities</b>	<b>17,342</b>	<b>17,342</b>	<b>17,342</b>	<b>65,353</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Current liabilities</b>						
Trade and other payables	254,251	84,687	75,147	219,379	200.2%	238.3%
<b>Total current liabilities</b>	<b>254,251</b>	<b>84,687</b>	<b>75,147</b>	<b>219,379</b>	<b>200.2%</b>	<b>238.3%</b>
<b>Total liabilities</b>	<b>271,593</b>	<b>102,029</b>	<b>92,489</b>	<b>284,733</b>	<b>166.2%</b>	<b>193.6%</b>
<b>Total equity and liabilities</b>	<b>9,672,316</b>	<b>9,758,295</b>	<b>9,215,832</b>	<b>9,323,309</b>	<b>-0.9%</b>	<b>5.0%</b>



**CONSOLIDATED TOTAL COMPREHENSIVE INCOME, (IFRS based)**

As at 31 December 2010

(Amounts in Georgian Lari thousands, unless otherwise stated)

	Q4-2010 (Unaudited)	Q3-2010 (Unaudited)	Q4-2009 (Audited)	Q3-2009 (Audited)	Change, % Q-O-Q	Y-O-Y
Revenue	35,191	30,891	-	-	13.9%	n/a
Cost of sales	60,878	30,784	-	-	97.8%	n/a
<b>Gross profit</b>	<b>(25,687)</b>	<b>107</b>	-	-	<b>n/a</b>	<b>n/a</b>
Net gain or loss on biological assets	(233,585)	-	-	-	n/a	n/a
Salaries and other employee benefits	(41,703)	(44,283)	53,103	(38,673)	-5.8%	n/a
General and administrative expenses	(104,271)	(46,498)	(149,279)	(55,660)	124.3%	-30.2%
Asset management fees	(15,506)	(16,192)	(7,495)	(8,269)	-4.2%	106.9%
Depreciation and amortization charges	(6,865)	(10,164)	(6,425)	(6,425)	-32.5%	6.8%
Impairment charges	-	(230,314)	-	-	-100.0%	n/a
Other operating incomes/(expenses), net	-	(105,927)	(19,988)	897	-100.0%	-100.0%
Net foreign currency gains/(losses)	(180,328)	305,692	(32,774)	250,980	n/a	450.2%
<b>Operating profit/(loss)</b>	<b>(607,945)</b>	<b>(147,686)</b>	<b>(162,858)</b>	<b>142,850</b>	<b>311.6%</b>	<b>273.3%</b>
Finance income	129,475	81,077	156,009	154,480	59.7%	-17.0%
<b>Profit/(loss) before income tax</b>	<b>(478,470)</b>	<b>(66,609)</b>	<b>(6,849)</b>	<b>297,330</b>	<b>618.3%</b>	<b>6,886.8%</b>
Income tax (expense)/benefit for the period	-	-	91,616	(44,600)	n/a	-100.0%
<b>Profit/(loss) for the period</b>	<b>(478,470)</b>	<b>(66,609)</b>	<b>84,767</b>	<b>252,731</b>	<b>618.3%</b>	<b>n/a</b>
Fixed assets revaluation provision	222,928	-	-	-	n/a	n/a
<b>Total comprehensive income for the period</b>	<b>(255,543)</b>	<b>(66,609)</b>	<b>84,767</b>	<b>252,731</b>	<b>283.6%</b>	<b>n/a</b>
<b>Attributable to:</b>						
- shareholders of the Company	(249,246)	(64,968)	84,767	252,731	283.6%	n/a
- non-controlling interest	(6,297)	(1,641)	-	-	283.6%	n/a



**Caucasus AgroDevelopment**

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