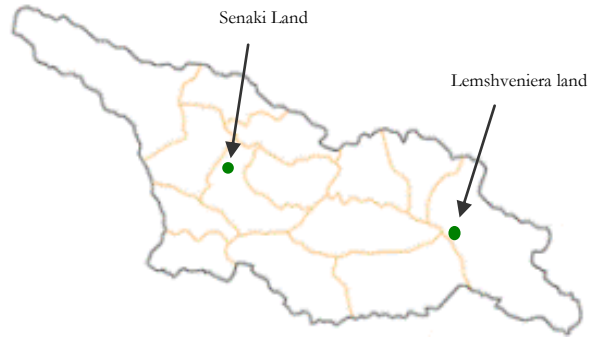




Domicile	Georgia
Status	Joint Stock Company
Inception	14 May 2008
Expected Life	Evergreen
Geographic Focus	Georgia
Focus Sectors	<ul style="list-style-type: none"> ▪ Plant-growing ▪ Cattle-breeding ▪ Poultry production ▪ Silkworm and fish breeding
Investment Advisor	Abbey Asset Management Ltd
Registrar	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



CAD holds 190 ha agricultural land in West Georgia and 1,000 ha in East Georgia

Basic climate indicators:

	Lemshveniera Lands	New lands acquired
▪ 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 2Q 2010.

2Q 2010

- CAD officially signed a new Sales and Purchase Agreement (SPA) with the Ministry of Economic Development on the dairy farm project. Under the new SPA, CAD acquired 190 ha agricultural land in the Senaki municipality (West Georgia) at a symbolic price, retained 1,000 ha of agricultural land in Lemshveniera and transferred 689 ha Lemshveniera land back to the state ownership. CAD also undertook an obligation to invest a total of GEL 3.0 million in the dairy sector in the Senaki region and to employ 30 people within the next 3 years.
- About a third of CAD’s GEL 3.0 million investment is to be allocated for the acquisition of highly productive Holstein breed dairy cows from the Friesland region of the Netherlands. The rest of the capital will be mainly used for the construction of a new barn, land cultivation, renovation of an old barn and setting up a new milking system.
- In line with the Memorandum of Understanding (MoU)* the consolidation of the Alania farm’s and CAD’s assets in West Georgia will be finalised by the end of September.

* CAD conducted a thorough due diligence process and selected a dairy farm in the Senaki municipality owned and operated by the Alania brothers (the “Alania farm”) as a partner in its dairy project. Being the only dairy farm in Georgia with a full production and distribution chain, managed by a team of highly qualified professionals with many years of experience in modern farming, the Alania farm satisfied CAD’s stringent requirements. In January 2010, CAD and the Alania farm signed a Memorandum of Understanding. The parties agreed on consolidation of the Alania farm’s assets (225 ha agricultural land, milk processing plant and 160 Holstein dairy cattle) and some of CAD’s assets (190 ha of agricultural land in West Georgia and GEL 3.0 million in cash & equivalents) into a new legal entity – JSC UniFarm, in which CAD would enjoy a controlling stake.



- CAD's venture with the Alania farm – JSC UniFarm has cultivated 202 ha of its 415 ha land (a sum of 225 ha and 190 ha contributed by CAD and the Alania farm, respectively) and fenced 3.5 km perimeter of its territory. In Q2, the company also built a barn metal frame (28x90m), which will house 240 Holstein cattle, a concrete slurry channel (65m) and a drinking water supply system. The management's target is to have a fully running dairy farm with a full production chain (primary production, processing and distribution) by the end of October - meeting one of the important requirements set by the SPA.
- After a competitive tender process, JSC UniFarm selected suppliers in milking system installation, barn interior equipment purchase, and dairy cattle acquisition:
 - A Swedish company DeLaval was chosen for the supply of the milking facilities. The milking room (16x28m) construction works will begin in September. The milking parlor is expected to be installed and running by the end of October;
 - A Dutch farm equipment manufacturing company DSD Stalinrichting was chosen for the barn interior equipment;
 - While negotiations are still underway, a Dutch dairy cattle exporting company Firma Schaap is likely to become a supplier of highly productive Holstein-Friesian dairy breed cows. In the first stage of dairy cattle import, 120 cows will be added to the current herd of 165. In September 2011 another 80 cows are planned to be purchased from the Dutch company.
- In Q2, CAD contacted a Dutch organisation PUM which offers specialised know-how consultancy and provides independent expert volunteers to small and medium size enterprises. It was agreed that a senior Dutch expert Paulus Hettinga with 30 years of experience in the agricultural industry would visit the Senaki farm and provide JSC Unifarm consultancy services in milking systems, herd management and nutrition specifics in the second half of the year.



CONSOLIDATED BALANCE SHEET, (IFRS based)

As at and for three months ended 30 June 2010

(Amounts in thousands of Georgian Lari, unless otherwise stated)

Exchange Rates (e-o-p)	30-Jun-10	31-Mar-10	31-Dec-09	30-Sep-09	30-Jun-09	Change, %	
						Q-O-Q	YTD
USD/GEL	1.8442	1.7494	1.6858	1.6771	1.6579	5.4%	9.4%
EUR/GEL	2.2484	2.3589	2.4195	2.4405	2.3293	-4.7%	-7.1%

	30-Jun-10 (Unaudited)	31-Mar-10 (Unaudited)	31-Dec-09 (Unaudited)	30-Sep-09 (Unaudited)	30-Jun-09 (Unaudited)	Change, %	
						Q-O-Q	YTD
Assets							
Non-current assets							
Biological assets	447	447	-	-	29	0.0%	n/a
Exploration and evaluation assets	82	82	82	82	82	0.0%	0.0%
Property, plant and equipment	1,703	1,860	1,624	1,630	1,637	-8.4%	4.9%
Intangible assets	3	2	2	2	2	43.4%	34.4%
Total non-current assets	2,234	2,390	1,708	1,714	1,749	-6.5%	30.8%
Current assets							
Current income tax assets	218	218	218	160	55	0.0%	0.0%
Receivables and other assets	224	74	50	26	31	203.8%	348.2%
Financial assets loans and receivables	571	372	-	-	-	53.6%	n/a
Amounts due from credit institutions	5,401	5,988	5,989	2,348	2,321	-9.8%	-9.8%
Cash and cash equivalents	1,239	1,011	1,340	5,046	4,878	22.5%	-7.6%
Total current assets	7,654	7,663	7,598	7,580	7,285	-0.1%	0.7%
Total assets	9,888	10,053	9,305	9,294	9,034	-1.6%	6.3%
Equity							
Share capital	7,246	7,246	7,246	7,246	7,246	0.0%	0.0%
Retained earnings	1,608	1,600	1,530	1,404	1,151	0.5%	5.1%
Share premium	599	599	-	-	-	0.0%	n/a
Equity attributable to shareholders of the company	9,453	9,444	8,776	8,650	8,397	0.1%	7.7%
Minority interest	91	89	-	-	-	3.0%	n/a
Total equity	9,544	9,533	8,776	8,650	8,397	0.1%	8.7%
Liabilities							
Non-current liabilities							
Government grants	251	425	425	425	425	-40.8%	-40.8%
Deferred income tax liability	(1)	13	2	45	1	n/a	n/a
Total non-current liabilities	250	438	427	470	426	-42.9%	-41.4%
Current liabilities							
Trade and other payables	94	82	103	174	211	14.2%	-8.4%
Total current liabilities	94	82	103	174	211	14.2%	-8.4%
Total liabilities	344	520	529	644	637	-33.9%	-35.0%
Total equity and liabilities	9,888	10,053	9,305	9,294	9,034	-1.6%	6.3%



CONSOLIDATED INCOME STATEMENT, (IFRS based)

As at and for three months ended 30 June 2010

(Amounts in thousands of Georgian Lari, unless otherwise stated)

	Q2-2010	Q1-2010	Q4-2009	Q3-2009	Q2-2009	Q1-2009	Change, %	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	Q-O-Q	Y-O-Y
Revenue	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-
Salaries and other employee benefits	(27)	(22)	53	(39)	(120)	(118)	27.3%	-77.1%
General and administrative expenses	(28)	(26)	(80)	(27)	(15)	(21)	5.8%	80.7%
Asset management fees	(18)	(11)	(7)	(8)	(8)	(7)	57.3%	124.9%
Depreciation and amortization charges	(9)	(7)	(6)	(6)	(6)	(5)	17.3%	36.3%
Other operating incomes/(expenses), net	5	2	-	(29)	-	-	200.0%	n/a
Net foreign currency gains/(losses)	(53)	(23)	(33)	252	236	(326)	136.1%	n/a
Operating profit/(loss)	(130)	(87)	(73)	143	87	(478)	48.7%	n/a
Finance income	127	169	156	154	163	221	-24.9%	-22.3%
Profit/(loss) before income tax	(3)	81	83	297	250	(256)	-104.2%	n/a
Income tax (expense)/benefit for the period	14	(11)	44	(45)	(37)	38	n/a	n/a
Profit/(loss) for the period	11	70	126	253	212	(218)	-84.3%	-94.8%
Attributable to:								
- shareholders of the Company	11	70	126	253	212	(218)	-84.3%	-94.8%
- minority interest	(3)	0	-	-	-	-	n/a	n/a
Profit/(loss) for the period	8	70	126	253	212	(218)	-88.2%	-96.1%



Caucasus AgroDevelopment

Bidzina Bejuashvili

Chairman of Supervisory Board

Office: +995 32 234 664

Mob: +995 95 227 997

bbejuashvili@abbey.ge

Rati Mekvabishvili

Chief Executive Officer

Office: +995 32 227 446

Mob.: +995 99 440 779

rati.mekvabishvili@agrofund.ge

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