

# QUARTERLY REPORT Q2 2014

## QUARTER IN BRIEF

- 42 205 hectares seeded in total
- The remaining stock from 2013 were sold
- Winter wheat state remains at a range from good to excellent
- All sunflower and corn seeds were treated with micro-fertilizers and growth stimulant
- Net profit for the period was 44 672 KSEK

## FINANCIAL INDICATORS 2Q 2014 2Q 2013

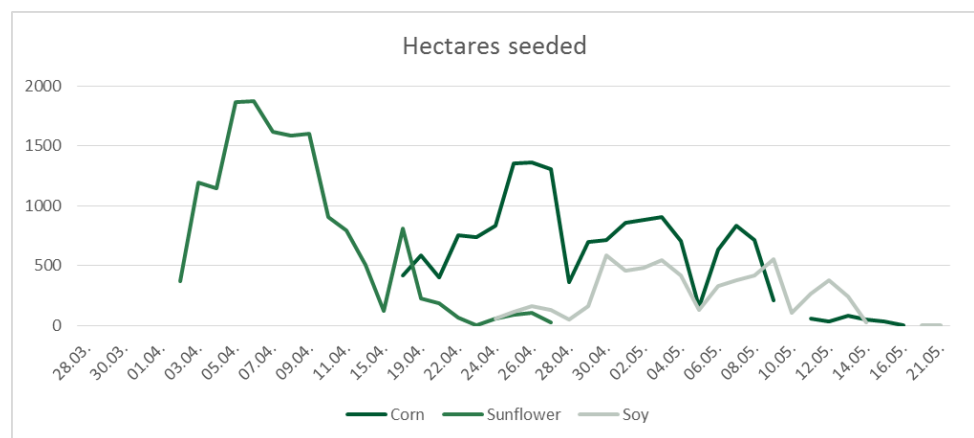
FINANCIAL INDICATORS	2Q 2014	2Q 2013
Total revenue and gains	188 446	42 070
Gross profit	80 309	4 535
EBITDA	89 165	24 235
EBITDA margin	61%	58%
Net profit/loss	44 672	-17 177
Net margin	24 %	n.a.
Total assets	389 229	420 231
Total equity	188 980	262 232
Total liabilities	200 249	157 999
Profit/loss per share	5,7	-2,2



## WEATHER AND SEEDING

Total seeding this year are 42 200 ha compared to last year which were just over 40 000 ha. We started seeding sunflower in all regions on the 2nd of April and finished the seeding campaign with soy in middle of May. The seeds this year are treated with micro-fertilizers and growth stimulant for development of root assemblage.

The weather during seeding has been good. The weather was warm and wet, perfect for plants but unfortunately as well for weeds growing. In Kiev region, where we started seeding earliest we had some urgency in dealing with weeds but sprayers were moved from other regions and the situation were managed. Some fields insignificantly suffered from hail, but in general the fields are in very good condition.



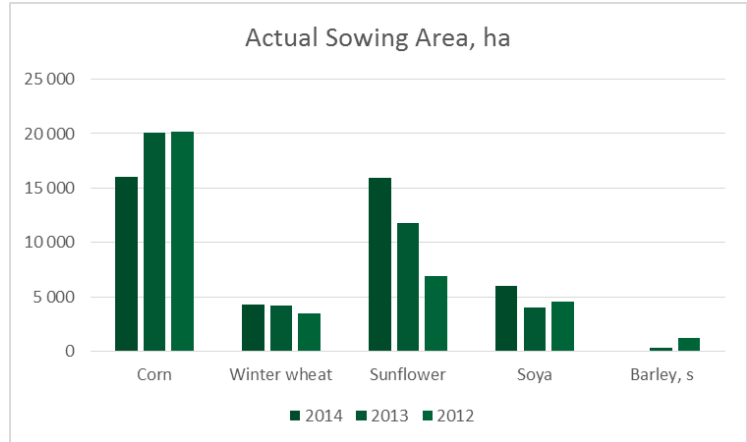
## STOCK

During the beginning of the second quarter, the company sold the last of their crops harvested in 2013.

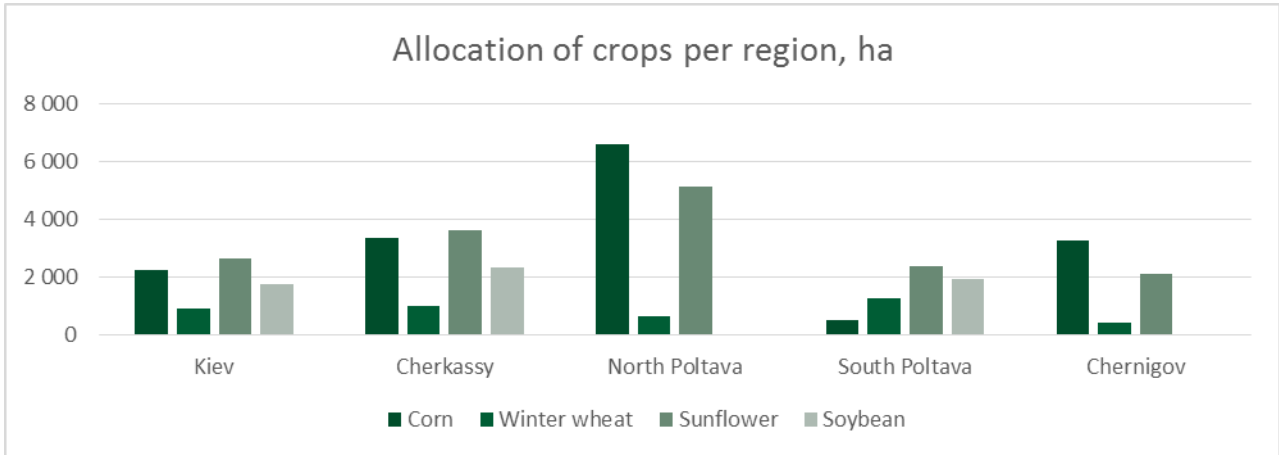


## ALLOCATION OF CROPS

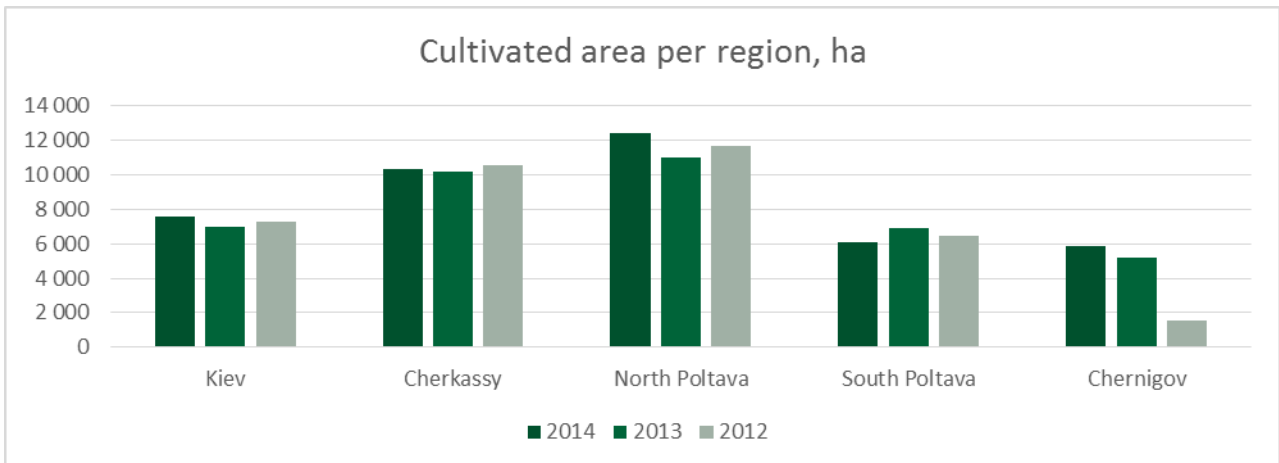
Crop	2014	2013	2012
Corn	16 029	20 083	20 137
Winter wheat	4 277	4 148	3 432
Sunflower	15 896	11 802	6 937
Soya	6 003	3 971	4 578
Barley, s		272	1 212
<b>Total</b>	<b>42 205</b>	<b>40 276</b>	<b>36 296</b>



## ALLOCATION OF CROPS PER REGION



## CULTIVATED AREA PER REGION



## WINTER WHEAT

The state of winter wheat remains at a range from good to excellent. We have injected 1 000 tons of KAS for winter wheat fertilizing. Later during spring, growth stimulant were injected to the fields.





## KNOWLEDGE DEVELOPMENT

Grain Alliance are designing a new module in our accounting system, which will combine weather statistics (temperature and precipitations), field research (soil content and dampness), sowing material, fertilizers and herbicides features. As a result, it will help the company to form the scientific basis of the sowing periods, to define the influence of weather on crops vegetation, to forecast yields and to take decisions about the expediency of further expenses.

## KEY RATIOS

	2Q 2014	1Q 2014	2013
Total revenue and gains	188 446	172 232	86 289
Gross profit	80 309	54 374	-28 911
EBITDA	89 165	57 182	-25 308
EBITDA margin	61%	33 %	Neg.
Net profit/loss	44 672	24 839	-77 352
Net margin	24 %	14 %	Neg.
Total assets	389 229	320 962	452 758
Total equity	188 980	142 598	193 143
Total liabilities	200 249	178 364	259 615
No of shares	7 807 775	7 807 775	7 807 775
Profit/loss per share	5,7	3,2	-9,9
Equity per share	24,2	18,3	24,7
Equity ratio	49 %	44 %	43 %





**Consolidated and Parent Company's statements of comprehensive income**  
*In thousands of SEK*

	<u>The Group</u>			<u>The Parent Company</u>		
	<u>2014-06-30</u>	<u>2013-06-30</u>	<u>2013-12-31</u>	<u>2014-06-30</u>	<u>2013-06-30</u>	<u>2013-12-31</u>
Revenue from sales	146 303	31 754	86 289	-	-	-
Net gain / (loss) on fair value measurement of biological assets and agricultural produce	42 143	10 316	-3 972	-	-	-
Cost of sales	-108 137	-37 535	-111 228	-	-	-
<b>Gross profit</b>	<b>80 309</b>	<b>4 535</b>	<b>-28 911</b>	-	-	-
Other operating income	12 009	3 001	6 016	-	-	-
Selling expenses	-585	-21 440	-34 686	-1 409	-5 065	-7 992
General and administrative expenses	-9 226	-844	-4 082	-	-	-
Other operating expenses	-2 022	-1 714	-7 090	-	-	-
<b>Operating profit / (loss)</b>	<b>80 485</b>	<b>-16 462</b>	<b>-68 753</b>	<b>-1 409</b>	<b>-5 065</b>	<b>-7 992</b>
Finance costs	-7 616	-4 188	-11 760	-2 686	-1 617	-4 080
Finance income	85	1 066	520	1 517	1 015	2 552
Foreign exchange gain/loss	-28 282	2 407	2 641	-	1 659	-132
<b>Profit / (loss) before tax</b>	<b>44 672</b>	<b>-17 177</b>	<b>-77 352</b>	<b>-2 578</b>	<b>-4 008</b>	<b>-9 652</b>
Income tax expense	-	-	-	-	-	-
<b>Profit / (loss) for the year</b>	<b>44 672</b>	<b>-17 177</b>	<b>-77 352</b>	<b>-2 578</b>	<b>-4 008</b>	<b>-9 652</b>
Whereof attributed to equity holders of the company	<b>44 672</b>	<b>-17 177</b>	<b>-77 352</b>			
<b>Other comprehensive income:</b>						
Foreign exchange differences	-48 834	9 473	559	-	-	-
Tax effect	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-4 162</b>	<b>-7 704</b>	<b>-76 793</b>	<b>-2 578</b>	<b>-4 008</b>	<b>-9 652</b>
Whereof attributed to equity holders of the company	<b>-4 162</b>	<b>-7 704</b>	<b>-76 793</b>			





**Consolidated and Parent Company's statements of financial position**  
*In thousands of SEK*

	<u>The Group</u>			<u>The Parent Company</u>		
	<u>2014-06-30</u>	<u>2013-06-30</u>	<u>2013-12-31</u>	<u>2014-06-30</u>	<u>2013-06-30</u>	<u>2013-12-31</u>
<b>Non-current assets</b>						
Intangible assets	-	14 230	-	-	-	-
Property, plant and equipment	168 852	212 668	218 154	-	-	-
Shares in subsidiaries	-	-	-	256 714	256 616	256 714
Biological assets	2 335	3 825	2 682	-	-	-
Other non-current assets	1 557	814	1 970	-	-	-
	<b>172 744</b>	<b>231 537</b>	<b>222 806</b>	<b>256 714</b>	<b>256 616</b>	<b>256 714</b>
<b>Current assets</b>						
Inventories	21 958	22 578	187 791	-	-	-
Biological assets	161 504	132 357	7 886	-	-	-
Trade and other receivables	1 680	1 582	1 663	-	-	-
Receivable subsidiary	-	-	-	55 436	57 066	55 830
Other current assets	27 765	29 127	29 939	1 086	2 190	1 208
Cash and cash equivalents	3 578	3 050	2 673	2 088	1 569	1 818
	<b>216 485</b>	<b>188 694</b>	<b>229 952</b>	<b>58 610</b>	<b>60 825</b>	<b>58 856</b>
<b>Total assets</b>	<b>389 229</b>	<b>420 231</b>	<b>452 758</b>	<b>315 324</b>	<b>317 441</b>	<b>315 570</b>
<b>Equity</b>						
Issued capital	11 556	11 556	11 556	11 556	11 556	11 556
Other contributed capital	278 295	278 295	278 295	-	-	-
Retained earnings	-20 116	-4 612	-64 787	228 531	236 753	231 109
Foreign currency translation reserve	-80 755	-23 007	-31 921	-	-	-
	<b>188 980</b>	<b>262 232</b>	<b>193 143</b>	<b>240 087</b>	<b>248 309</b>	<b>242 665</b>
<b>Non-current liabilities</b>						
Liability to non-controlling interests	2 479	3 670	3 250	-	-	-
Loans and borrowings	52 434	65 069	53 264	55 289	54 431	56 379
	<b>54 913</b>	<b>68 739</b>	<b>56 514</b>	<b>55 289</b>	<b>54 431</b>	<b>56 379</b>
<b>Current liabilities</b>						
Loans and borrowings bank	92 859	52 037	172 506	-	-	-
Loans and borrowings relative parties	19 290	-	16 231	19 290	13 363	15 723
Trade and other liabilities	32 052	35 830	13 466	658	1 008	771
Other current liabilities	1 135	1 393	898	-	330	32
	<b>145 336</b>	<b>89 260</b>	<b>203 101</b>	<b>19 948</b>	<b>14 701</b>	<b>16 526</b>
<b>Total liabilities</b>	<b>200 249</b>	<b>157 999</b>	<b>259 615</b>	<b>75 237</b>	<b>69 132</b>	<b>72 905</b>
<b>Total equity and liabilities</b>	<b>389 229</b>	<b>420 231</b>	<b>452 758</b>	<b>315 324</b>	<b>317 441</b>	<b>315 570</b>





**Consolidated and Parent Company's statements of changes in equity**  
*In thousands of SEK*

The Group	Issued capital	Other contributed capital	Retained earnings	Foreign exchange differences	Total equity
<b>Balance at 31 December 2012</b>	<b>11 556</b>	<b>278 295</b>	<b>12 565</b>	<b>-32 480</b>	<b>269 936</b>
Profit for the year			-77 352		-77 352
Loss for the year					
Other comprehensive income				559	559
<i>Total comprehensive income</i>			-77 352	559	-76 793
<i>Transactions with owners</i>					
<b>Balance at 31 December 2013</b>	<b>11 556</b>	<b>278 295</b>	<b>-64 787</b>	<b>-31 921</b>	<b>193 143</b>
Profit for the year			44 672		44 672
Other comprehensive income				-48 834	-48 834
<i>Total comprehensive income</i>			44 672	-48 834	-4 163
<i>Transactions with owners</i>					
<b>Balance at 30 June 2014</b>	<b>11 556</b>	<b>278 295</b>	<b>-20 116</b>	<b>-80 755</b>	<b>188 980</b>

The Parent Company	Issued capital	Other contributed capital	Retained earnings	Total equity
<b>Balance at 31 December 2012</b>	<b>11 556</b>	<b>278 295</b>	<b>-37 534</b>	<b>252 317</b>
Loss for the year			-9 652	-9 652
<i>Total comprehensive income</i>			-9 652	-9 652
<i>Transactions with owners</i>				
<b>Balance at 31 December 2013</b>	<b>11 556</b>	<b>278 295</b>	<b>-47 186</b>	<b>242 665</b>
Loss for the year			-2 578	-2 578
<i>Total comprehensive income</i>			-2 578	-2 578
<i>Transactions with owners</i>				
<b>Balance at 30 June 2014</b>	<b>11 556</b>	<b>278 295</b>	<b>-49 764</b>	<b>240 087</b>





**Consolidated and Parent Company's statements of cash flows**  
In thousands of SEK

	<u>The Group</u>			<u>The Parent Company</u>		
	<u>2014-06-30</u>	<u>2013-06-30</u>	<u>2013-12-31</u>	<u>2014-06-30</u>	<u>2013-06-30</u>	<u>2013-12-31</u>
<b>Operating activities</b>						
Profit / (loss) before tax	44 672	-17 177	-77 352	-2 578	-4 008	-9 652
Non-cash adjustments:						
Depreciation and amortisation	8 192	19 700	43 225	-	-	-
Gain on sales of fixed assets	-	-	-525	-	-	-
Finance income	-86	-51	-519	-1 517	-1 015	-3 156
Foreign exchange gain/loss	28 282	-2 408	-2 641	-	-1 659	-
Finance costs	5 878	2 107	6 102	2 686	1 617	4 816
Non-controlling interests	-771	227	-194	-	-	-
Write down of property, plant and equipment	192	-295	-	-	-	-
Working capital adjustments:						
Change in biological assets	-153 271	-121 314	1 543	-	-	-
Change in trade receivables and other current assets	2 157	-12 308	-13 200	516	-43 892	-43 207
Change in agricultural produce and other inventories	163 800	36 850	-127 377	-	-	-
Change in trade and other payables and other current liabilities	18 823	25 469	2 612	2 322	4 293	8 066
	<b>117 868</b>	<b>-69 200</b>	<b>-168 326</b>	<b>1 429</b>	<b>-44 664</b>	<b>-43 133</b>
Interest received	86	51	519	670	765	2 042
Income tax paid	-	-	-	-	-	-
<b>Net cash flows from operating activities</b>	<b>117 954</b>	<b>-69 149</b>	<b>-167 807</b>	<b>2 099</b>	<b>-43 899</b>	<b>-41 091</b>
<b>Investing activities</b>						
Purchase of property, plant and equipment	-5 884	-40 261	-65 045	-	-	-
Prepayments for land lease rights	-	-351	2 090	-	-	-
Proceeds from (payments for) other non-current assets, net	414	-25	454	-	-	-
Proceeds from sale of assets classified as held for sale	-	-	-	-	-	-
Purchase of financial assets	-	-	-	-	-	-98
<b>Net cash flows used in investing activities</b>	<b>-5 470</b>	<b>-40 637</b>	<b>-62 501</b>	<b>0</b>	<b>0</b>	<b>-98</b>
<b>Financing activity</b>						
Proceeds from loans and borrowings	54 881	62 161	248 403	-	-	-
Repayment of loans and borrowings	-160 503	-4 247	-64 769	-	-	-
Issue of capital	-	-	-	-	-	-
Interest paid	-5 878	-1 515	-6 102	-1 829	-1 617	-4 080
<b>Net cash flows from financing activities</b>	<b>-111 500</b>	<b>56 399</b>	<b>177 532</b>	<b>-1 829</b>	<b>-1 617</b>	<b>-4 080</b>
Net change in cash and cash equivalents	984	-53 387	-52 776	270	-45 516	-45 269
Foreign exchange difference cash	-79	1 025	36	-	-	-
Cash and cash equivalents at 1 January	2 673	55 412	55 412	1 818	47 085	47 087
<b>Cash and cash equivalents at end of period</b>	<b>3 578</b>	<b>3 050</b>	<b>2 672</b>	<b>2 088</b>	<b>1 569</b>	<b>1 818</b>

