

QUARTERLY REPORT Q3 2014

QUARTER IN BRIEF

- Winter wheat harvest finalized with an average yield of 5,03 tonnes/ha
- Warm weather during two weeks in August resulted in low yields in corn and soy
- Construction of silo in Yagotin, 12 000 tonnes, finalized and in operation
- Renovations of cow stables

FINANCIAL

Q3 2014

Q3 2013

INDICATORS

Total revenue and gains	213 810	72 410
Gross profit	80 222	7 324
EBITDA	88 393	9 957
EBITDA margin	41%	14%
Net profit/loss	6 233	-26 084
Net margin	3%	n.a.
Total assets	363 869	445 862
Total equity	129 176	240 580
Total liabilities	234 693	205 282
Profit/loss per share	3,2	-3,3



OPERATIONAL SUMMARY

Storage

A 12 000 tonne silo in Yagotin has been constructed and finalized by mid-September. Making total storage capacity in Yagotin of almost 65 000 tonne. Grand total storage capacity in Grain Alliance is now over 200 000 tonne. Storage is a central part of our activities, giving us the opportunity to sell our crops at any point in time without extra costs or loss of quality.

Harvest

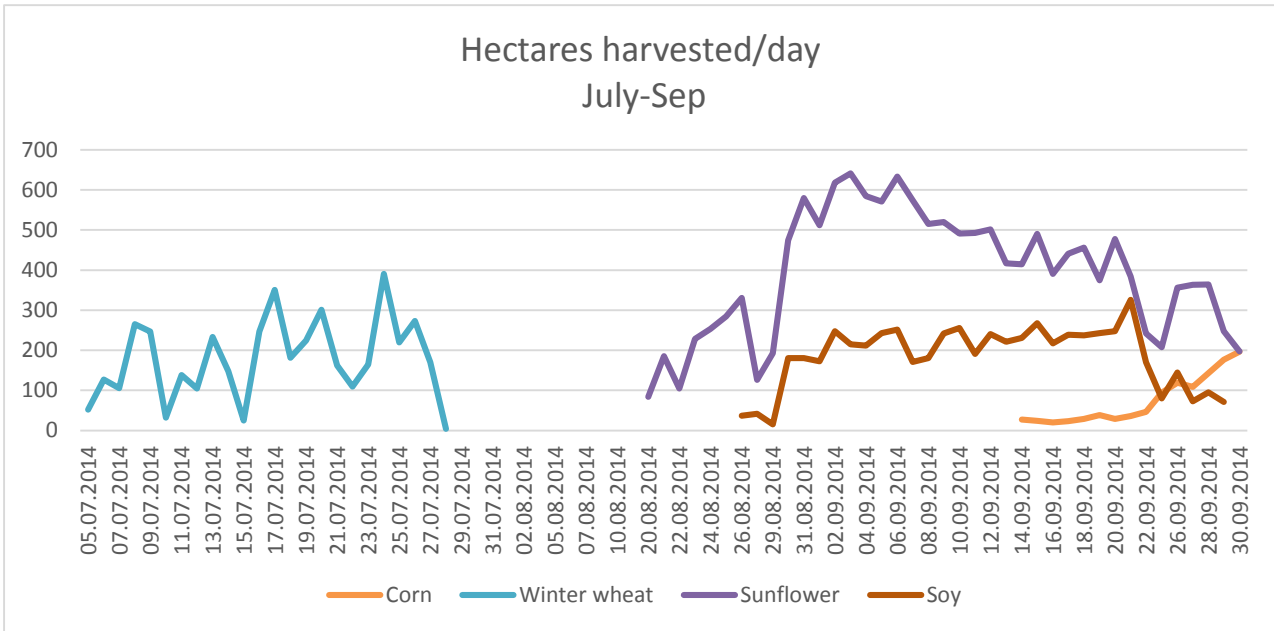
Winter wheat harvest was finalized by late July. Yields were generally higher than expected for South Poltava. Total gross yield for winter wheat was up 0,5 to 5,03 tonnes/ha (4,52). Harvesting for sunflower started on the 20th of August in North Poltava and were almost finish by the end of September in the Kiev region. Soy harvesting campaign lasted during September. Unfortunately we got low yield levels of corn and soy due to lack of precipitation and high temperature in August while grain was forming. However, in comparison to 2013, we reached growth of the winter wheat and sunflower yield: 10 % and 8% .

During the harvest campaign we have introduced a radio frequency identification system in our general It-system which means that we have control over the grain shipment and transportation. We have also installed electronic scales in all our main warehouses in order for us to have clear control in the whole chain of our grains, from the fields to elevators.

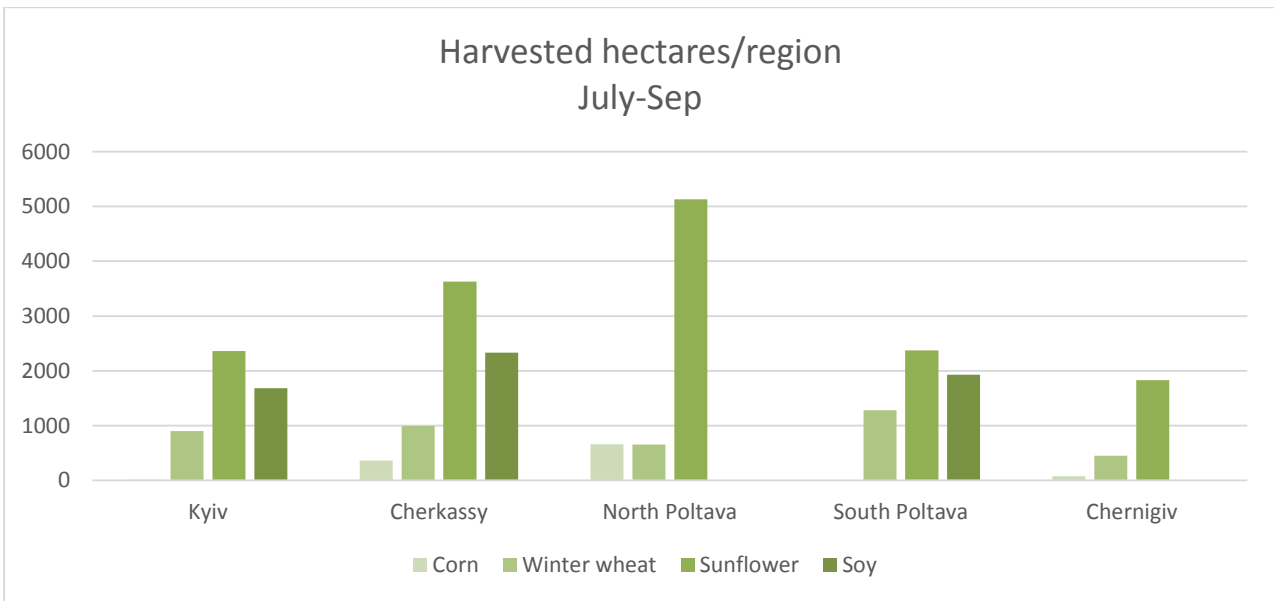
Winter wheat seeding

Seeding of winter wheat started September 10th in the Chernigov region. All seeding material was treated with micro elements, which will potentially add 2,3-3 C/ha of gross yields. Expected yield of the winter wheat are 6 tonnes/hectare.





All crops continued harvesting in October and November except for winter wheat



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KEY RATIOS

	Q3 2014	2Q 2014	1Q 2014	2013
Total revenue and gains	213 810	188 446	172 232	86 289
Gross profit	80 222	80 309	54 374	-28 911
EBITDA	88 393	89 165	57 182	-25 308
EBITDA margin	41%	61%	33%	Neg.
Net profit/loss	6 233	44 672	24 839	-77 352
Net margin	3%	24%	14%	Neg.
Total assets	363 869	389 229	320 962	452 758
Total equity	129 176	188 980	142 598	193 143
Total liabilities	234 693	200 249	178 364	259 615
No of shares	7 807 775	7 807 775	7 807 775	7 807 775
Profit/loss per share	3,2	5,7	3,2	-9,9
Equity per share	16,5	24,2	18,3	24,7
Equity ratio	36%	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>2014-09-30</u>	<u>2013-09-30</u>	<u>2013-12-31</u>	<u>2014-09-30</u>	<u>2013-09-30</u>	<u>2013-12-31</u>
Revenue from sales	178 006	51 276	86 289	-	-	-
Net gain / loss on fair value measurement of biological assets and agricultural produce	35 804	21 134	-3 972	-	-	-
Cost of sales	-133 588	-65 086	-111 228	-	-	-
Gross profit	80 222	7 324	-28 911	-	-	-
Other operating income	13 702	3 926	6 016	-	-	-
Selling expenses	-936	-26 077	-34 686	-2 361	-6 360	-7 992
General and administrative expenses	-14 804	-3 069	-4 082	-	-	-
Other operating expenses	-3 710	-2 989	-7 090	-	-	-
Operating profit / loss	74 474	-20 885	-68 753	-2 361	-6 360	-7 992
Finance costs	-13 166	-7 701	-11 760	-2 773	-2 776	-4 080
Finance income	90	1 842	520	2 353	1 791	2 552
Foreign exchange gain/loss	-55 165	660	2 641	6 539	-832	-132
Profit / loss before tax	6 233	-26 084	-77 352	3 758	-8 177	-9 652
Income tax expense	-	-	-	-	-	-
Profit / loss for the year	6 233	-26 084	-77 352	3 758	-8 177	-9 652
Whereof attributed to equity holders of the company	6 233	-26 084	-77 352			
Other comprehensive income:						
Foreign exchange differences	-70 199	-3 273	559	-	-	-
Tax effect	-	-	-	-	-	-
Total comprehensive income for the year	-63 966	-29 357	-76 793	3 758	-8 177	-9 652





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

	<u>The Group</u>			<u>The Parent Company</u>		
	<u>2014-09-30</u>	<u>2013-09-30</u>	<u>2013-12-31</u>	<u>2014-09-30</u>	<u>2013-09-30</u>	<u>2013-12-31</u>
Non-current assets						
Intangible assets	-	7 899	-	-	-	-
Property, plant and equipment	149 168	213 502	218 154	-	-	-
Shares in subsidiaries	-	-	-	256 714	256 616	256 714
Biological assets	1 840	3 634	2 682	-	-	-
Other non-current assets	1 356	778	1 970	-	-	-
	152 364	225 813	222 806	256 714	256 616	256 714
Current assets						
Inventories	93 721	60 984	187 791	-	-	-
Biological assets	71 943	105 345	7 886	-	-	-
Trade and other receivables	1 699	1 123	1 663	-	-	-
Receivable subsidiary	-	-	-	62 656	54 652	55 830
Other current assets	39 009	50 173	29 939	1 031	1 916	1 208
Cash and cash equivalents	5 133	2 424	2 673	2 944	1 519	1 818
	211 505	220 049	229 952	66 631	58 087	58 856
Total assets	363 869	445 862	452 758	323 345	314 703	315 570
Equity						
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	-58 555	-13 518	-64 787	234 867	232 583	231 109
Foreign currency translation reserve	-102 120	-35 753	-31 921	-	-	-
	129 176	240 580	193 143	246 423	244 139	242 665
Non-current liabilities						
Liability to non-controlling interests	2 159	3 671	3 250	-	-	-
Loans and borrowings	56 634	98 918	53 264	56 146	55 522	56 379
	58 793	102 589	56 514	56 146	55 522	56 379
Current liabilities						
Loans and borrowings bank	143 615	53 110	172 506	-	-	-
Loans and borrowings relative parties	19 794	14 577	16 231	19 794	14 577	15 723
Trade and other liabilities	11 131	33 652	13 466	982	435	771
Other current liabilities	1 360	1 354	898	-	30	32
	175 900	102 693	203 101	20 776	15 042	16 526
Total liabilities	234 693	205 282	259 615	76 922	70 564	72 905
Total equity and liabilities	363 869	445 862	452 758	323 345	314 703	315 570



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
Balance at 31 December 2012	11 556	278 295	12 565	-32 480	269 936
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>					
Balance at 31 December 2013	11 556	278 295	-64 787	-31 921	193 143
Profit for the year			6 232		6 232
Other comprehensive income				-70 199	-70 199
<i>Total comprehensive income</i>			6 232	-70 199	-63 967
<i>Transactions with owners</i>					
Balance at 30 September 2014	11 556	278 295	-58 555	-102 120	129 176
The Parent Company	Issued capital	Other contributed capital	Retained earnings		Total equity
Balance at 31 December 2012	11 556	278 295	-37 534		252 317
Loss for the year			-9 652		-9 652
<i>Total comprehensive income</i>			-9 652		-9 652
<i>Transactions with owners</i>					
Balance at 31 December 2013	11 556	278 295	-47 186		242 665
Loss for the year			3 758		3 758
<i>Total comprehensive income</i>			3 758		3 758
<i>Transactions with owners</i>					
Balance at 30 September 2014	11 556	278 295	-43 428		246 423





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

	The Group			The Parent Company		
	2014-09-30	2013-09-30	2013-12-31	2014-09-30	2013-09-30	2013-12-31
Operating activities						
Profit / loss before tax	6 233	-26 084	-77 352	3 758	-8 177	-9 652
Non-cash adjustments:						
Depreciation and amortisation	13 209	30 842	43 225	-	-	-
Gain on sales of fixed assets	-	-	-525	-	-	-
Finance income	-91	-51	-519	-2 353	-1 791	-3 156
Foreign exchange gain/loss	55 165	-660	-2 641	-	833	-
Finance costs	9 532	4 340	6 102	3 376	2 775	4 816
Non-controlling interests	-1 091	227	-194	-	-	-
Write down of property, plant and equipment	216	-73	-	-	-	-
Working capital adjustments:						
Change in biological assets	-63 215	-97 975	1 543	-	-	-
Change in trade receivables and other current assets	-9 106	-32 259	-13 200	-6 650	-43 947	-43 207
Change in agricultural produce and other inventories	96 117	-532	-127 377	-	-	-
Change in trade and other payables and other current liabilities	-1 873	23 254	2 612	4 017	5 725	8 066
	105 096	-98 971	-168 326	2 148	-44 582	-43 133
Interest received	91	51	519	1 750	1 793	2 042
Income tax paid	-	-	-	-	-	-
Net cash flows from operating activities	105 187	-98 920	-167 807	3 898	-42 789	-41 091
Investing activities						
Purchase of property, plant and equipment	-16 686	-55 129	-65 045	-	-	-
Prepayments for land lease rights	-	-232	2 090	-	-	-
Proceeds from (payments for) other non-current assets, net	615	10	454	-	-	-
Proceeds from sale of assets classified as held for sale	-	-	-	-	-	-
Purchase of financial assets	-	-	-	-	-	-98
Net cash flows used in investing activities	-16 071	-55 351	-62 501	0	0	-98
Financing activity						
Proceeds from loans and borrowings	173 214	116 953	248 403	-	-	-
Repayment of loans and borrowings	-250 262	-11 325	-64 769	-	-	-
Issue of capital	-	-	-	-	-	-
Interest paid	-9 532	-3 711	-6 102	-2 772	-2 776	-4 080
Net cash flows from financing activities	-86 580	101 917	177 532	-2 772	-2 776	-4 080
Net change in cash and cash equivalents	2 536	-52 354	-52 776	1 126	-45 565	-45 269
Foreign exchange difference cash	-76	-634	36	-	-	-
Cash and cash equivalents at 1 January	2 673	55 412	55 412	1 818	47 085	47 087
Cash and cash equivalents at end of period	5 133	2 424	2 672	2 944	1 520	1 818

