

QUARTERLY REPORT Q2 2013

QUARTER IN BRIEF

- 42 013 hectares seeded in total, 37 645 spring crops (36 758 core spring crops)
- Spring seeding was delayed due to excess moisture in soils, especially in the Chernigiv oblast
- Seeds and soy calibration facility was put in use to improve quality of seeding materials
- Area for soybean was shrunk by 2030 hectares
- Net loss for the period 17 177 KSEK

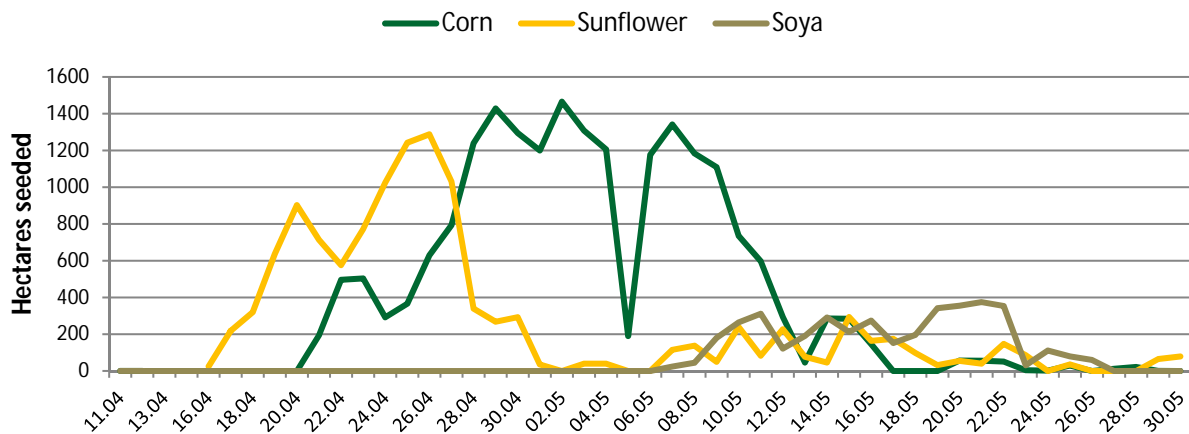
FINANCIAL INDICATORS

	2Q 2013	2012
Total revenue and gains	42 070	358 644
Gross profit	4 535	69 503
EBITDA	24 235	96 360
EBITDA margin	58%	27%
Net profit/loss	-17 177	43 403
Net margin	n.a.	12%
Total assets	420 231	346 140
Total equity	262 232	269 936
Total liabilities	157 999	76 204
Profit/loss per share	-2,2	5,6



OPERATIONS

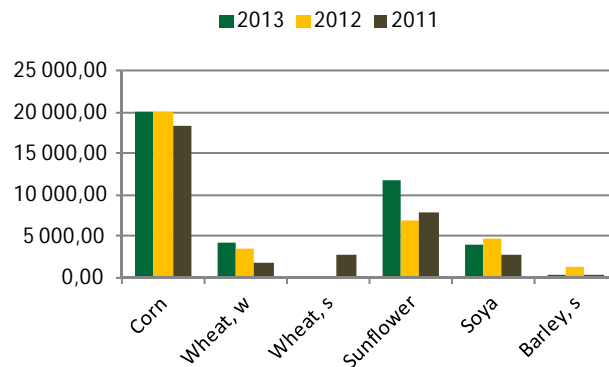
In the end of March the central parts of Ukraine was hit by a heavy snow fall, which paralyzed the country and a state of emergency was declared for two days. The large amount of snow lead to flooding on many fields and caused some delays for the start of the seeding. Additional rains during April caused further delays in the seeding. Equipment was transported to the regions where the weather allowed seeding in order to compensate for the delays. Despite these efforts almost two weeks of seeding was lost. In agriculture, where timing is key, such delays can negatively affect the crop yields, but on the other hand the excess moisture is beneficial for the crop vegetation.



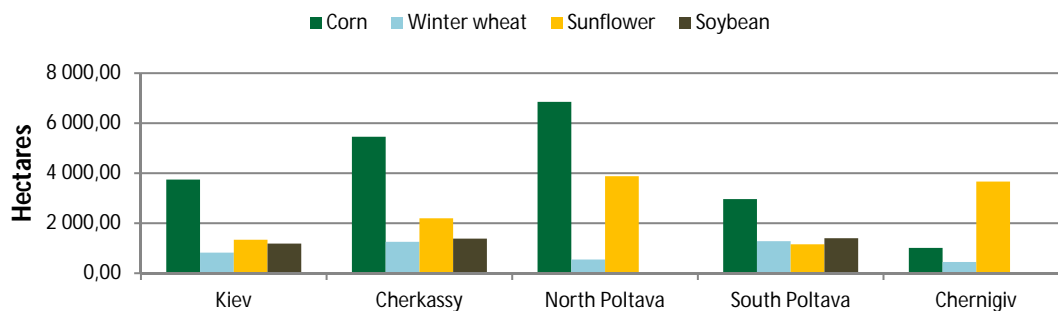
ALLOCATION OF CROPS

When Grain Alliance expands and new fields are integrated into the crop rotation plan via sunflower. Since Grain Alliance expanded rapidly during Q4 2012 and Q1 2013, especially in Chernigiv oblast (6598, seeded 4878), the majority of these fields were seeded with sunflower. Soybean seeding was reduced due to the delays in seeding. Corn was held at almost the same level as in 2012.

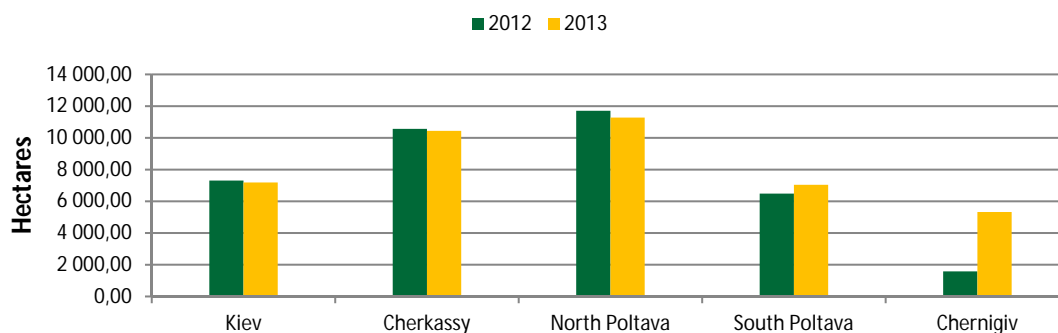
Crop	2013	2012	2011
Corn	20 082,99	20 137,04	18 349,39
Wheat, w	4 147,60	3 432,03	1 773,25
Wheat, s			2 797,24
Sunflower	11 801,94	6 936,70	7 867,11
Soya	3 970,68	4 578,00	2 778,10
Barley, s	272,30	1 212,46	296,00
Total	40 275,51	36 296,23	33 861,09



ALLOCATION OF CROPS PER REGION



CULTIVATED AREA PER REGION



GLOBAL AGRICULTURAL COMMODITIES MARKET

Grain Alliance produces mainly crops, which will be directly or indirectly exported from Ukraine. The strategy aims to provide the company with revenues in hard currency tied to the development of the international commodities markets. During the last years we have seen a high volatility with prices fluctuating +/- 20-30% from on a year to year basis, mainly due to abnormalities in weather patterns. This year has not seen the same weather shocks such as in 2012, when severe drought hit North America. The forecasted improved global supply has reduced prices, especially for corn and if the weather will remain stable we foresee an even further drop in corn prices.





FINANCIAL REVIEW

Grain Alliance has a financially strong position after two consecutive positive years. The outlook for 2013 is more negative due to lower corn prices, which for this period has reduced the valuation of the biological assets, crops in field. The consolidated loss of the period amounts to 17 177 KSEK. The inherent seasonality of agriculture and the emphasis on spring crops in Grain Alliance's crop rotation also affects the result of the period. Still the company's financial position is strong with an equity ratio of 62% during the one of the most cash constraint periods of the year, when there are no revenues and the company has made significant investments in storage, equipment and the soybean calibration facility. The liabilities increased from 115 839 KSEK in Q1 to 157 999 KSEK.

KEY RATIOS

	2Q 2013	1Q 2013	2012
Total revenue and gains	42 070	31 097	358 644
Gross profit	4 535	4 049	69 503
EBITDA	24 235	11 925	96 360
EBITDA margin	58%	38%	27%
Net profit/loss	-17 177	-7 224	43 403
Net margin	n.a.	n.a.	12%
Total assets	420 231	379 580	346 140
Total equity	262 232	263 741	269 936
Total liabilities	157 999	115 839	76 204
No of shares	7 807 775	7 807 775	7 807 775
Profit/loss per share	-2,2	-0,9	5,6
Equity per share	33,6	33,8	34,6
Equity ratio	62%	69%	78%





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

Notes	The Group		The Parent Company	
	2013-06-30	2012	2013-06-30	2012
Revenue from sales	31 754	315 738	-	-
Net gain / (loss) on fair value measurement of biological assets and agricultural produce	10 316	42 906	-	-
Cost of sales	(37 535)	(289 141)	-	-
Gross profit	4 535	69 503		
Other operating income	3 001	33 961	-	-
Selling, general and administrative expenses	(22 284)	(38 465)	(5 065)	(7 201)
Other operating expenses	(1 714)	(8 452)	-	-
Operating profit / (loss)	(16 462)	56 547	(5 065)	(7 201)
Finance costs	(4 188)	(8 274)	(1 617)	(3 983)
Finance income	1 066	2 076	1 015	1
Foreign exchange gain/loss	2 407	(6 946)	1 659	(4 025)
Profit / (loss) before tax	(17 177)	43 403	(4 008)	(15 208)
Income tax expense	-	-	-	-
Profit / (loss) for the year	(17 177)	43 403	(4 008)	(15 208)
Whereof attributed to equity holders of the company	(17 177)	43 403		
Other comprehensive income:				
Foreign exchange differences	9 473	-16 888	-	-
Tax effect	-	-	-	-
Total comprehensive income for the year	(7 704)	26 515	(4 008)	(15 208)
Whereof attributed to equity holders of the company	(7 704)	26 515		





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

Notes	The Group		The Parent Company	
	2013-06-30	2012	2013-06-30	2012
Non-current assets				
Intangible assets	14 230	24 557	-	-
Property, plant and equipment	212 668	174 934	-	-
Shares in subsidiaries	-	-	256 616	256 616
Biological assets	3 825	3 403	-	-
Other non-current assets	814	788	-	-
	231 537	203 682	256 616	256 616
Current assets				
Inventories	22 578	60 452	-	-
Biological assets	132 357	8 193	-	-
Trade and other receivables	1 582	2 344	-	-
Receivable subsidiary	-	-	57 066	11 763
Other current assets	29 127	16 058	2 190	1 691
Cash and cash equivalents	3 050	55 412	1 569	47 085
	188 694	142 459	60 825	60 539
Total assets	420 231	346 140	317 441	317 155
Equity				
Issued capital	11 556	11 556	11 556	11 556
Other contributed capital	278 295	278 295	-	-
Retained earnings	(4 612)	12 565	236 753	240 761
Foreign currency translation reserve	(23 007)	(32 480)	-	-
	262 232	269 936	248 309	252 317
Non-current liabilities				
Liability to non-controlling interests	3 670	3 444	-	-
Loans and borrowings	65 069	52 161	54 431	55 755
	68 739	55 605	54 431	55 755
Current liabilities				
Loans and borrowings	52 037	8 847	13 363	8 847
Trade and other liabilities	35 830	10 816	1 008	205
Other current liabilities	1 393	936	330	32
	89 260	20 599	14 701	9 084
Total liabilities	157 999	76 204	69 132	64 839
Total equity and liabilities	420 231	346 140	317 441	317 156





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 2011	11 556	278 295	(30 837)		43 402
Profit for the year				(16 888)	(16 888)
Loss for the year					(16 888)
Other comprehensive income			43 403	(16 888)	26 514
<i>Total comprehensive income</i>					
<i>Transactions with owners</i>					
Balance at 31 December 2012	11 556	278 295	12 565	(32 480)	269 936
Profit for the year			(17 177)		(17 177)
Other comprehensive income				9 473	9 473
<i>Total comprehensive income</i>			(17 177)	9 473	(7 704)
<i>Transactions with owners</i>					
Balance at 30 June 2013	11 556	278 295	(4 612)	(23 007)	262 232
The Parent Company	Issued capital	Other contributed capital	Retained earnings		Total equity
Balance at 31 December 2011	11 556	278 295	(22 326)		267 525
Loss for the year				(15 208)	(15 208)
<i>Total comprehensive income</i>				(15 208)	(15 208)
<i>Transactions with owners</i>					
Balance at 31 December 2012	11 556	278 295	(37 534)		252 317
Loss for the year				(4 008)	(4 008)
<i>Total comprehensive income</i>				(4 008)	(4 008)
<i>Transactions with owners</i>					
Balance at 30 June 2013	11 556	278 295	(41 542)		248 309





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

	The Group		The Parent Company	
	2013-06-30	2012	2013-06-30	2012
Operating activities				
Profit / (loss) before tax	(17 177)	43 402	(4 008)	(15 208)
Non-cash adjustments:				
Depreciation and amortisation	19 700	39 561	-	-
Finance income	(51)	(577)	(1 015)	(1)
Foreign exchange gain/loss	(2 408)	6 946	(1 659)	-
Finance costs	2 107	3 927	1 617	8 008
Non-controlling interests	227	(230)	-	-
Write down of property, plant and equipment	(295)	1 521	-	-
Working capital adjustments:				
Change in biological assets	(121 314)	(2 784)	-	-
Change in trade receivables and other current assets	(12 308)	(6 536)	(43 892)	55 575
Change in agricultural produce and other inventories	36 850	40 623	-	-
Change in trade and other payables and other current liabilities	25 469	(4 952)	4 293	2 640
	(69 200)	120 901	(44 664)	51 014
Interest received	51	577	765	1
Income tax paid	-	-	-	-
Net cash flows from operating activities	(69 149)	121 478	(43 899)	51 015
Investing activities				
Purchase of property, plant and equipment	(40 261)	(50 591)	-	-
Prepayments for land lease rights	(351)	7 304	-	-
Proceeds from (payments for) other non-current assets, net	(25)	1 592	-	-
Proceeds from sale of assets classified as held for sale	-	-	-	-
Purchase of financial assets	-	-	-	(65)
Net cash flows used in investing activities	(40 637)	(41 695)	-	(65)
Financing activity				
Proceeds from loans and borrowings	62 161	59 452	-	-
Repayment of loans and borrowings	(4 247)	(78 720)	-	-
Issue of capital	-	-	-	-
Interest paid	(1 515)	(3 927)	(1 617)	(3 983)
Net cash flows from financing activities	56 399	(23 105)	(1 617)	(3 983)
Net change in cash and cash equivalents	(53 387)	56 678	(45 516)	46 967
Foreign exchange difference cash	1 025	(3 608)	-	-
Cash and cash equivalents at 1 January	55 412	2 342	47 085	120
Cash and cash equivalents at end of period	3 050	55 412	1 569	47 087

