

QUARTERLY REPORT Q2 2016

QUARTER IN BRIEF

- Close to 50 000 ha seeded
- Net profit for the period was 88 202 KSEK
- Grivna currency high volatile
- JD combines bought to service the people
- Hail affects Winter wheat in N. Poltava

FINANCIAL INDICATORS

	2Q 2016	2Q 2015
	KSEK	KSEK
Total revenue and gains	88 202	241 142
Gross profit	3 960	137 779
EBITDA	-2 940	82 422
EBITDA margin	-3 %	34 %
Net profit/loss	-14 653	107 390
Net margin	-17 %	45 %
Total assets	339 939	357 581
Total equity	198 776	199 142
Total liabilities	141 164	158 439
Profit/loss per share	-1,9	13,8

SEEDING CAMPAIGN

The total sowing area increased slightly from the year before. 48 342 hectares were tilled and 47 662 hectares were sowed under 2016, compared to 45 500 hectares in 2015. The timing of seeding was in line with last year. Sunflower started april 4th, 2 days earlier than preceding year. The seeding campaign was finalized with soy in the beginning of june.

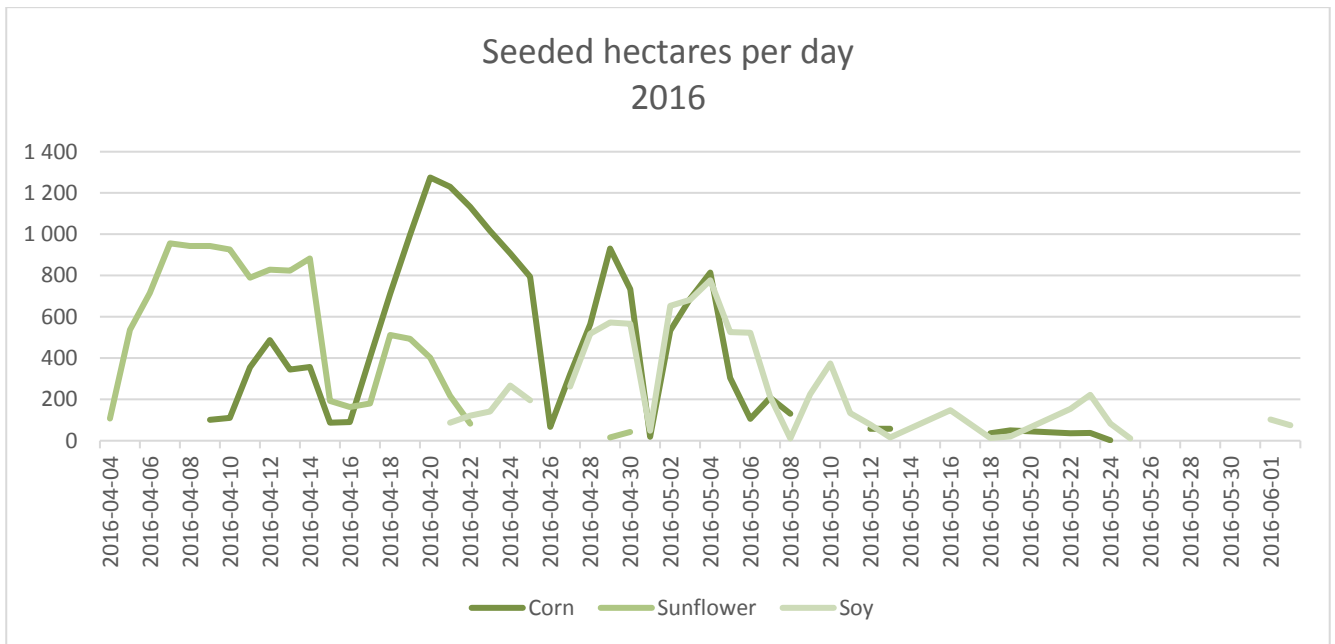
Winter wheat

Due to low amount of precipitation in the autumn period, winter wheat were passively developing, and by the period of terminated vegetation, the crops before the winter were at the stage of development with 2 or 3 leaves per a plant over the area of 4045 hectares. To intensify and ensure the vegetation, the crops were treated, at a temperature of 8-10 °C, with growth retardant, Agrostimulin and Urea in water solution. North Poltava suffered with strong hails by the end of June and significantly damaged the crops. The yields in north Poltava are therefore expected to be slightly lower than budgeted.

Spring crops

In order to improve the field germination rate, seedling vigor, and sprouting activity, all sunflower and corn seeds were treated before sowing with protective and stimulating composition



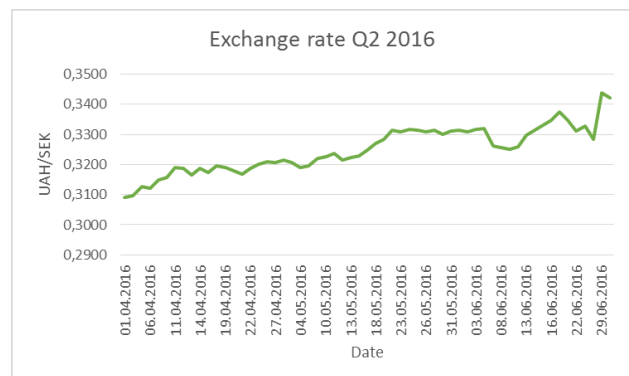
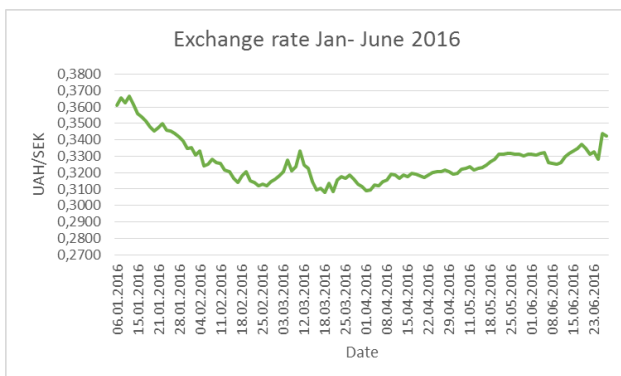


CURRENCY

During the beginning of the year the UAH/USD exchange rate demonstrated high level volatility due to unstable political situation – rather speculative than economically justified. On April 14, 2016 the Ukrainian Parliament appointed Parliament Speaker Volodymyr Groysman to the post of Prime Minister of Ukraine, having dismissed from this post Arseniy Yatsenyuk.

The monetary aggregates have been increased on 2,3% equal to 94 billion UAH. On top of that, the Ministry of Finance attracted 1,9 billion UAH from the UAH bonds emission.

The inflation rate constituted 5,1% as of May 01, 2016. The key creditor of Ukraine, the International Monetary Fund, forecasts GDP growth in Ukraine in 2016 by 1,5% with inflation at 15,1%, the World Bank expects GDP growth by 1% with an inflation rate of 15%

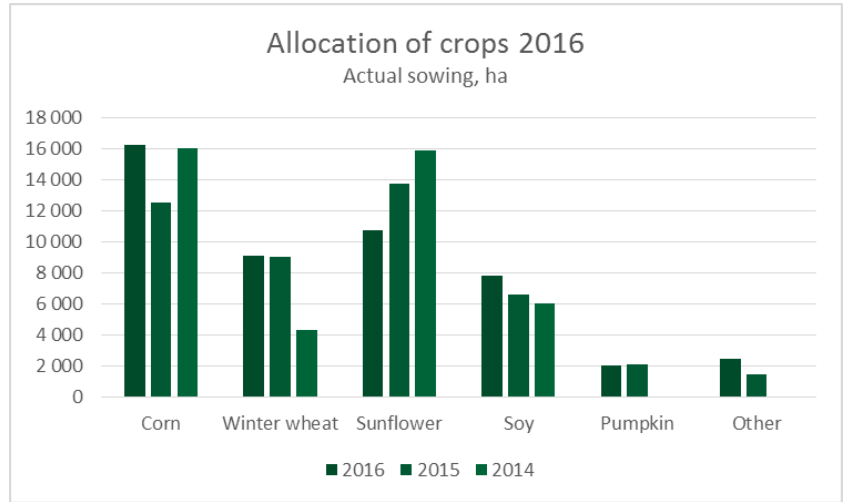


OTHER

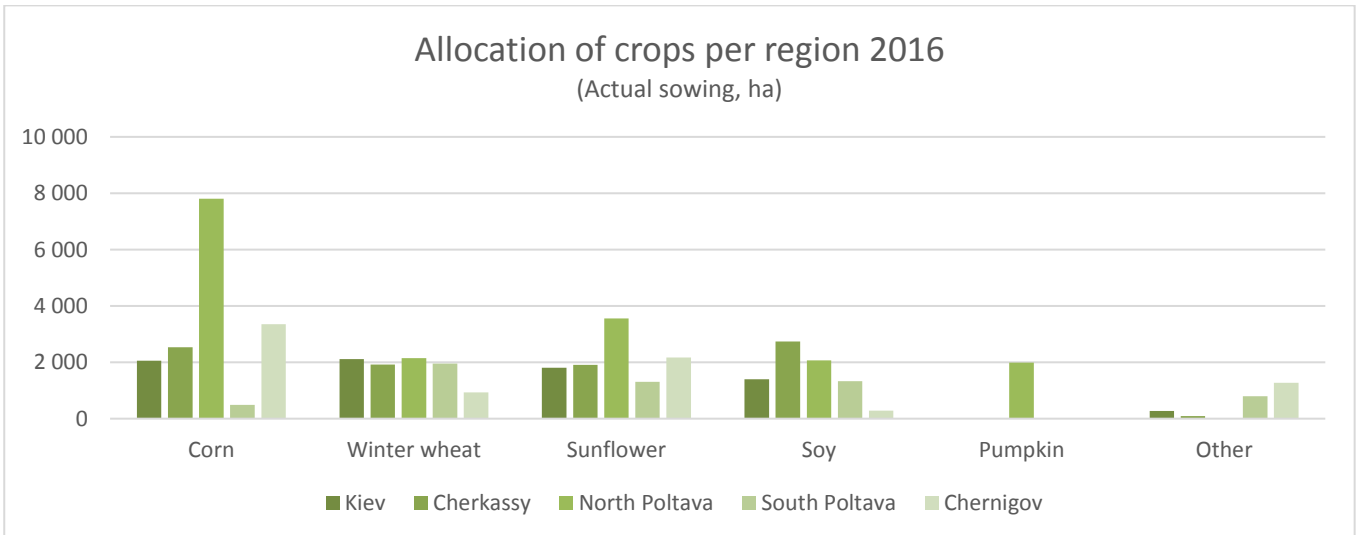
Grain Alliance has bought some light John Deere combines to provide services for the people in the villages. The combines will be ready to be used in July.

ALLOCATION OF CROPS

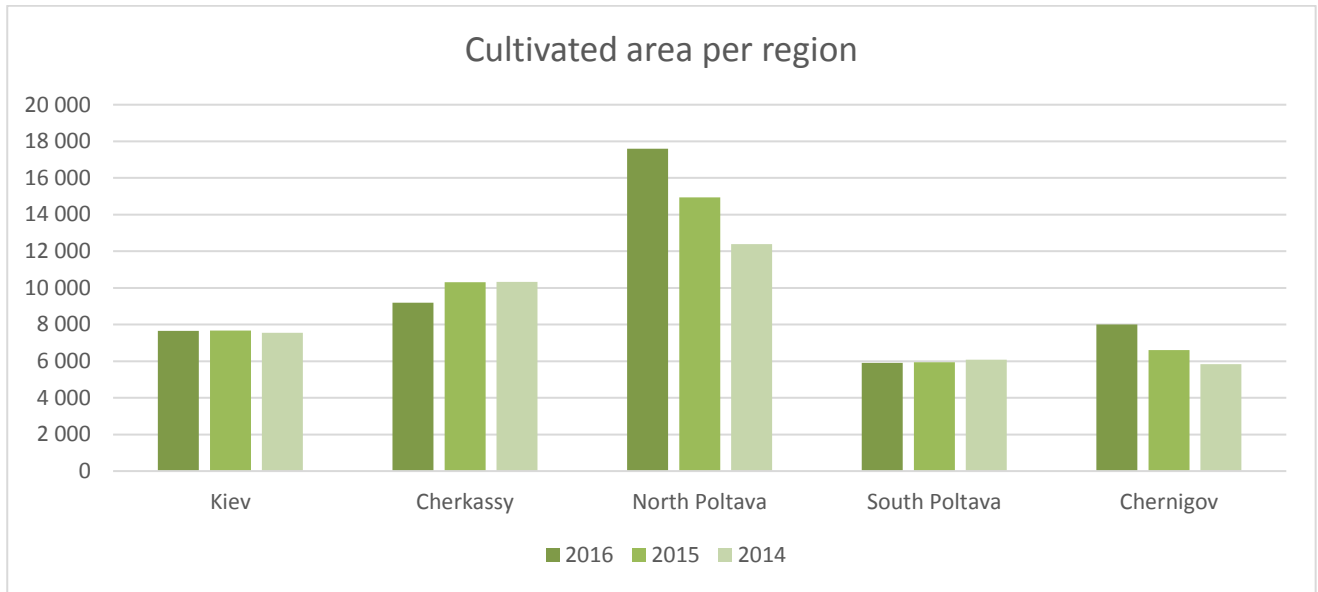
Crop	2016	2015	2014
Corn	16 240	12 548	16 029
Winter wheat	9 066	9 019	4 277
Sunflower	10 759	13 787	15 896
Soy	7 827	6 612	6 003
Pumpkin	1 984	2 050	
Other	2 466	1 458	
Total	48 342	44 016	42 205



ALLOCATION OF CROPS PER REGION



CULTIVATED AREA PER REGION



KEY RATIOS

	2Q 2016	2Q 2015	2015
Total revenue and gains	88 202	241 142	441 017
Gross profit	3 960	137 779	163 074
EBITDA	-2 940	82 422	195 792
EBITDA margin	-3 %	34 %	44 %
Net profit/loss	-14 653	107 390	129 294
Net margin	-17 %	45 %	29 %
Total assets	339 939	357 581	302 016
Total equity	198 776	199 142	197 801
Total liabilities	141 164	158 439	104 214
No of shares	7 807 775	7 807 775	7 807 775
Profit/loss per share	-1,9	13,8	17
Equity per share	25,5	25,5	25
Equity ratio	58 %	56 %	65 %



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

	<u>The Group</u>			<u>The Parent Company</u>		
	<u>2016-06-30</u>	<u>2015-06-30</u>	<u>2015-12-31</u>	<u>2016-06-30</u>	<u>2015-06-30</u>	<u>2015-12-31</u>
Revenue from sales	90 212	206 608	402 072	-	-	-
Net gain / (loss) on fair value measurement of biological assets and agricultural produce	-2 010	34 534	38 945	-	-	-
Cost of sales	-84 242	-103 363	-277 943	-3 082	-	-
Gross profit	3 960	137 779	163 074	-3 082	-	-
Other operating income	1 462	24 983	63 463	-	-	-
Selling expenses	-10 886	-317	-641	-	-	-
General and administrative expenses	-965	-12 414	-31 443	-2 798	-6 796	-
Other operating expenses	-2 206	-2 603	-9 213	-	-	-
Operating profit / (loss)	-8 636	147 428	185 240	-3 082	-2 798	-6 796
Finance costs	-5 099	-9 502	-21 537	-2 007	-1 850	-3 925
Finance income	65	197	332	1 048	1 525	2 754
Foreign exchange gain/loss	-940	-30 733	-34 736	891	4 007	5 046
Profit / (loss) before tax	-14 609	107 390	129 299	-3 150	884	-2 921
Income tax expense	-44	-	-5	-	-	-
Profit / (loss) for the year	-14 653	107 390	129 294	-3 150	884	-2 921
Whereof attributed to equity holders of the company	-14 653	107 390	129 294			
Other comprehensive income:						
Foreign exchange differences	15 502	-25 073	-48 318	-	-	-
Tax effect	-	-	-	-	-	-
Total comprehensive income for the year	849	82 317	80 976	-3 150	884	-2 921
Whereof attributed to equity holders of the company	849	82 317	80 976			





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

	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
Non-current assets						
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	126 939	107 963	112 092	-	-	-
Shares in subsidiaries	-	-	-	256 426	256 530	256 367
Biological assets	1 393	1 325	1 484	-	-	-
Other non-current assets	49	499	1	-	-	-
	128 381	109 787	113 577	256 426	256 530	256 367
Current assets						
Inventories	25 525	18 145	113 126	-	-	-
Biological assets	123 646	171 683	7 380	-	-	-
Trade and other receivables	2 528	2 536	2 319	-	-	-
Receivable subsidiary	-	-	-	38 619	44 924	42 796
Other current assets	35 026	21 937	47 091	493	811	622
Cash and cash equivalents	24 833	33 493	18 522	20 840	29 924	17 740
	211 558	247 794	188 438	59 952	75 659	61 158
Total assets	339 939	357 581	302 015	316 378	332 189	317 525
Equity						
Issued capital	11 556	11 556	11 556	11 556	11 556	11 556
Other contributed capital	278 295	278 295	278 295	278 295	278 295	278 295
Retained earnings	52 209	44 833	66 737	-45 405	-38 450	-42 255
Foreign currency translation reserve	-143 284	-135 542	-158 787	-	-	-
	198 776	199 142	197 801	244 446	251 401	247 596
Non-current liabilities						
Liability to non-controlling interests	-	1 418	-	-	-	-
Loans and borrowings	39 624	53 602	58 496	56 535	55 913	57 467
	39 624	55 020	58 496	56 535	55 913	57 467
Current liabilities						
Loans and borrowings bank	74 587	67 632	23 083	-	-	-
Loans and borrowings relative parties	14 649	23 380	12 150	14 649	23 380	12 150
Trade and other liabilities	9 859	10 734	7 787	248	1 495	312
Other current liabilities	2 445	1 673	2 698	500	-	-
	101 540	103 419	45 718	15 397	24 875	12 462
Total liabilities	141 164	158 439	104 214	71 932	80 788	69 929
Total equity and liabilities	339 939	357 581	302 015	316 378	332 189	317 525





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 2014	11 556	278 295	-62 557	-110 469	116 825
Profit for the year			129 294		129 294
Loss for the year					
Other comprehensive income				-48 318	-48 318
<i>Total comprehensive income</i>			129 294	-48 318	80 976
<i>Transactions with owners</i>					
Balance at 31 December 2015	11 556	278 295	66 737	-158 787	197 801
Profit for the year			-14 653		-14 653
Other comprehensive income				15 502	15 502
<i>Total comprehensive income</i>			-14 653	15 502	849
<i>Issued Capital</i>			-59		-59
Liquidation subsidiary			184		184
<i>Transactions with owners</i>					
Balance at 30 June 2016	11 556	278 295	52 209	-143 285	198 775

The Parent Company	Issued capital	Other contributed capital	Retained earnings	Total equity
Balance at 31 December 2014	11 556	278 295	-39 334	250 517
Loss for the year			-2 921	-2 921
<i>Total comprehensive income</i>			-2 921	-2 921
<i>Transactions with owners</i>				
Balance at 31 December 2015	11 556	278 295	-42 255	247 596
Loss for the year			-3 150	-3 150
<i>Total comprehensive income</i>			-3 150	-3 150
<i>Transactions with owners</i>				
Balance at 30 June 2016	11 556	278 295	-45 405	244 446





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

	The Group			The Parent Company		
	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
Operating activities						
Profit / (loss) before tax	-14 528	107 390	129 294	-3 150	884	-2 921
Non-cash adjustments:						
Depreciation and amortisation	5 271	5 273	10 552	-	-	-
Gain on sales of fixed assets	-	21	537	-	-	-
Finance income	-68	-	-	-1 048	-1 525	-2 754
Foreign exchange gain/loss	-	30 733	34 737	-	-	-
Finance costs	2 620	9 111	23 734	2 007	1 850	3 925
Non-controlling interests	-	-392	-1 810	-	-	-
Write down of property, plant and equipment	-	-	-	-	-	-
Working capital adjustments:						
Change in biological assets	-116 074	-140 540	13 939	-	-	-
Change in trade receivables and other current assets	44 509	943	-30 892	4 415	23 307	25 780
Change in agricultural produce and other inventories	87 708	98 771	-2 169	-	-	-
Change in trade and other payables and other current liabilities	1 986	5 323	4 129	2 935	3 949	-8 464
	11 425	116 633	182 051	5 159	28 465	15 566
Interest received	68	-	-	880	1 525	2 754
Income tax paid	-	-	-	-	-	-
Net cash flows from operating activities	11 493	116 633	182 051	6 039	29 990	18 320
Investing activities						
Purchase of property, plant and equipment	-37 246	-8 494	-31 903	-	-	-
Prepayments for PPE	-813	-	-832	-	-	-
Proceeds from (payments for) other non-current assets, net	-48	126	-	-	-	-
Proceeds from sale of assets classified as held for sale	-	-	-	-	-	-
Purchase of financial assets	-	-	-	-	-	-
Net cash flows used in investing activities	-38 107	-8 368	-32 735	0	0	0
Financing activity						
Proceeds from loans and borrowings	101 651	103 675	329 037	-	-1 090	464
Repayment of loans and borrowings	-66 005	-166 741	-435 627	-932	-	-
Issue of capital	-	-	-	-	-	-
Interest paid	-2 620	-9 111	-23 734	-2 007	-1 850	-3 918
Net cash flows from financing activities	33 026	-72 177	-130 324	-2 939	-2 940	-3 454
Net change in cash and cash equivalents	6 411	36 088	18 992	3 100	27 050	14 866
Foreign exchange difference cash	-101	-6 508	-4 383	-	-	-
Cash and cash equivalents at 1 January	18 522	3 913	3 913	17 740	2 874	2 874
Cash and cash equivalents at end of period	24 832	33 493	18 522	20 840	29 924	17 740



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

