GRAIN ALLIANCE

ANNUAL REPORT 2015

BZK GRAIN ALLIANCE AB

Corporate identity number: 556754-1056

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

For the financial year 1 of January 2015 – 31 of December 2015

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THIS IS GRAIN ALLIANCE

OUR COMPANY

We are a progressive Swedish-Ukrainian agriculture producer. By using modern technology, financial management and efficient agricultural production methods we create sustainable value for shareholders and the communities where we operate. All our farmland is located in Ukraine, a country which once was the bread basket of Europe and has the potential to be the bread basket of the world. The combination of the most fertile soils in the world, highly developed infrastructure and a proximity to all major import markets makes Ukraine ideal for large-scale farming.

- Grain Alliance has experience from more than 17 years of successful large-scale farming in Ukraine, achieving production yields in par with Western peers.
- We control around 50 000 hectares of which 48 000 hectares are cultivated, and we are continuously expanding our territory.
- All our fields are leased from small landowners
- Our main crops are corn, sunflower, soybeans and wheat

OUR LOCATIONS

The head office is located in Stockholm, but all operations takes place in Ukraine. Berezan, 80 km east of the capital Kyiv, where the Ukrainian main office is located.

- We operate in 5 regions of Ukraine; Kyiv, Chernihiv, Poltava, Cherkassy and Khmelnitskiy.
- We have 5 strategically placed grain elevators; 4 with railroad on site.
- The climate in our regions are classified as a humid continental climate, excellent for crops growing with an annual precipitation between 550-630 mm.

OUR STRATEGY

As global demand for food is increasing we see an opportunity to create long term value for shareholders and local communities by improving and expanding our agricultural operations in Ukraine.

- Our production is targeted towards export markets in the Middle East, Africa and Asia.
- We are a low cost producer with access to low cost transport in the form of railroad and the Black sea ports of Ukraine.
- We produce high quality non-genetically modified soybeans for human consumption on the Asian markets
- Storage is a central part of our activities giving us the opportunity to sell our crops at any point of time without extra costs or loss of quality.
- Over the coming years, we aim to increase the cultivated area and expand our storage capacities accordingly.

Evgeniy Radovenyuk, CEO

WHO WE ARE

Grain Alliance is a highly efficient grains and oilseeds producer in Ukraine. The company controls 50,000 hectares in Ukraine; out of this area 48,000 is cultivated. Ukraine was once the "breadbasket of Europe" and is home to 25% of the world's black earth assets, the most fertile soils in the world.

Grain Alliance´s overall business strategy is to generate sustainable returns by increasing productivity and efficiency in Ukrainian agriculture by utilizing best agricultural practices, modern equipment and strict financial control. The underlying macroeconomic driver for the business is the increasing demand for food, which is driven by global economic growth and the changing consumption patterns in the developing world towards a more protein rich diet.

THE MOST FERTILE SOILS IN THE WORLD

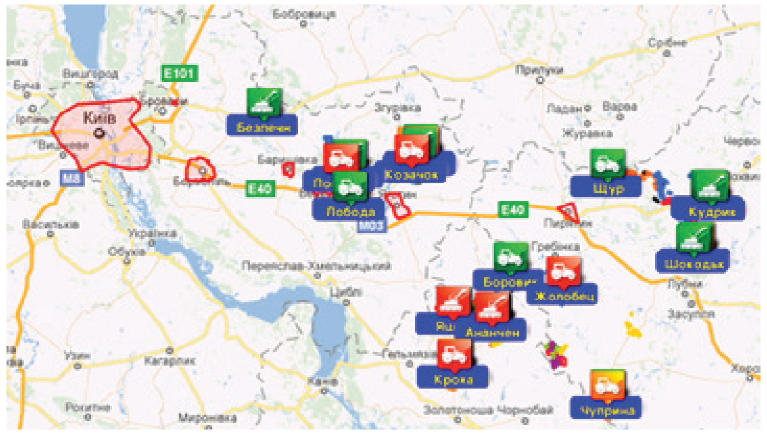
Ukraine has one of the world's richest soils – black earth or "chernozem." In fact, 25 percent of global black earth assets are located in Ukraine. There is also an untapped potential in that out of Ukraine's total arable land of 32.7 million hectares, only 27 million are cultivated.

TARGET THE GROWING ASIAN DEMAND

Grain Alliance is cultivating, cleaning and sorting organic soybeans according to Japanese food standards. The market for high quality non-genetically modified soybean is growing fast on a global level, especially in Asian markets.

STATE OF THE ART INFORMATION SYSTEM

Grain Alliance has developed a unique agriculture resource planning system, Agrido, which covers all aspects of large-scale farming operations. Grain Alliance's unique, systematic approach ensures efficient use of resources and promotes sustainability. Since its introduction, Grain Alliance has reduced fuel consumption by more than 20 percent.



MODERN EQUIPMENT

Quality grain storage is necessary to ensure that grains and oilseeds remain in good condition and provide the opportunity to sell at any time without additional expense. Grain Alliance is continuously expanding storage capacity and by the end of 2015 the company had storage capacity exceeding 211,000 tons. In addition, Grain Alliance has started exchanging gas as the heating source for grain dryers to renewable fuel sources.

BETTER YIELDS AND RETURNS

Grain Alliance's modern approach to large-scale farming has rendered high, sustainable and consistent yields for all our main crops well on par with Western peers. Despite a very turbulent business environment, the strong operational focus has generated solid returns.

INVESTING IN THE COMMUNITY

A strong social commitment is a pillar of our approach to investments and business. We strive to be responsible investors and focus not only on operational excellence but also on the communities where we operate. As a result of this, Grain Alliance contribute substantial funds to the charity foundation "Village Development Fund," www.rozvitoksela.org, with the goal of improving the standard of living in the rural areas of Ukraine.

GLOBAL PRODUCTION AND DEMAND

2015 was the third year of global grain stocks increase. After years of shrinking global stocks, the last three years have managed to produce crop volumes never seen before on the planet. Still, demand was growing as the global population grew and consumer patterns changed to higher quality of living.

WEATHER PATTERNS

All farming depends on weather conditions. During 2015 the weather was extremely dry during the second half of the year. Mid-June rains determined a proper plants development on early phases.

COUNTRY RISKS

As an international company Grain Alliance is exposed to currency risks. In 2015, as a result of the political turmoil and economic crisis in Ukraine the national currency lost value in comparison to all major currencies. In the short-term perspective this resulted in currency losses, but in the long-term perspective Grain Alliance could benefit from this situation as revenues are tied to the dollar, but costs such as salaries and land leases are local.

GLOBAL PRICES

Three years in a row of record-breaking harvests have depressed the agricultural commodities market and prices remained at a low level for all of Grain Alliance's main crops. Global pricing of agricultural produce is an external factor affecting Grain Alliance's financial result.

SUMMARY OF 2015

- Productivity increase in terms of yields for key crops (soy +41%, corn +3%).
- Cultivated area increased.
- Storage capacity was developed in the Khmelnitskiy region.
- Another year of the largest harvest in history of humanity kept prices low.
- A military conflict in the Donbas area continued.
- Ukrainian currency fell further against the Euro, dollar and Swedish crown, which created extra currency losses.
- Weather conditions were extreme in the second part of the year.
- Early and fast seeding of all crops.
- North Poltava and Chernihiv regions continues to grow and deliver reasonable results.
- First bio-mass thermal generator for drying of grain demonstrated and proved its efficiency.
- Early sales after harvest due to expectable sales price decrease and high interest rates in the Ukrainian economy, which resulted into small outgoing stocks of soy and sunflower.

FINANCIAL STATEMENTS IN BRIEF

(in thousands of SEK)

	2015	2014
Revenue, including revaluation of biological assets	441 017	301 360
Gross profit	163 074	110 111
EBITDA	195 792	110 837
EBITDA margin	44%	37%
Net profit	129 294	2 230
Net margin	29%	1%
Amortization of intangible assets	-	-
Depreciation, total	10 552	-16 990
Total assets	302 016	362 701
Total equity	197 801	116 826
Currency effect on equity	-158 787	-110 468
Total liabilities	104 214	245 874
No. Of shares	7 807 775	7 807 775
Profit per share	17	0,3
Equity per share	25	15
Equity ratio	65%	32%
Cultivated area, ha	45 473	43 400
Revenue/ha	9 698	6 976
EBITDA/ha	4 306	2 566

ROZVITOK SELA

Grain Alliance has taken to heart the goal of being a model corporate citizen and tries to help the people and communities where the company is active. For Grain Alliance the best way to give back to people in the villages is to provide support and act responsibly, in combination with the professionalism and dedication of the company's employees. As such, Grain Alliance took the initiative to start the foundation "Village Development Fund", or Rozvitok Sela, which is the Ukrainian name. The goal of the foundation is to improve the standard of living in rural areas of Ukraine. Throughout Grain Alliance's history, the company has striven to meet the changing needs of communities in Ukraine.

By living and working in the villages where the company operates, employees are in touch with the needs and issues in their communities and small efforts can make large differences in a person's life.

Grain Alliance is committed to dedicating its business expertise and resources to help deliver innovative and sustainable solutions to address some of Ukraine's most pressing challenges and improve the welfare of people in the villages. The fund works in close contact with Grain Alliance but is a separate, independent entity run by people who are passionate about their country and the well-being of their fellow citizens. While we have seen some progress in Ukraine during recent years, the gap between rich and poor has widened and living conditions for people in the countryside have become worse. In this setting, we see a large potential for businesses to have a significant and sustainable social impact. We view our work as purposeful, respectful and ethical. We take responsibility for outcomes and embrace transparency and have the highest regard for local customs, traditions and priorities.

The Village Development Fund centers around four pillars:

- Sustainability – environmental and social
- Responsibility
- Education – access and improvement
- Social welfare – social support for the rural population

ACTIVITIES 2015

In 2015 Rozvitok Sela continued cooperation with medical clinics in villages enabling them to perform tests for diabetes and improving their capabilities. Apart from the broader efforts, Rozvitok Sela also engaged in targeted actions and bought medication for people who otherwise could not afford it.

The fund also supports village schools and during 2015 financed the renovation and improvement of school facilities. The fund also supported children in difficult family situations, for instance, kids in large families or with only one parent living. Also, as small village schools are closed, children are forced to travel greater distances to attend classes. Rozvitok Sela finances school buses, fuel and drivers to make it possible for young families to continue to live in villages and give their children a good education.

The rural population is becoming older as the younger generation abandons the traditional way of life for a life in the larger cities. Rozvitok Sela supports impoverished pensioners with food and clothes.

A TURBULENT ECONOMICAL ENVIRONMENT

As a result of the political turmoil and the military conflict, Ukrainian GDP decreased by 9.9% according to the National Bank of Ukraine, and inflation reached 43.3% (State Statistics Service of Ukraine). At the same time the national currency (hryvnia) lost about 50% of its value compared to the dollar. In the face of these dramatic changes, the agricultural sector was essentially the only sector of the Ukrainian economy which still showed sustainability. According to the State Statistics Service, production fall in agriculture reached 4.8% (crop production fall by 5.8%).

In 2015, Ukraine harvested a slightly low volume of grain crops and leguminous plants, despite the annexation of the Crimea and the inability to carry out normal agricultural activities in Donbas. Agriculture was the key source of foreign currency revenue in Ukraine in 2015; the export of agricultural products amounted to $14.8 billion. In April 2014, the EU introduced a regime of autonomous trade preferences, according to which Ukraine can supply certain agricultural products to the EU market with zero import duty within established quotas. This led to an increase of exports of agricultural products to the EU, which totaled approximately $5.0 billion (33% of the total export of agricultural goods).

According to estimates by the USDA for the agricultural year 2015/16, Ukraine maintained its position in the global market as the world's top producer and exporter of sunflower oil. Ukraine is also the world's third largest exporter of corn, fourth largest exporter of barley and is in fifth place when it comes to wheat exports.

BUSINESS CONCEPT AND STRATEGY

GLOBAL DEMAND GROWTH

As the world population grows, particularly in urban areas, and incomes increase, diets and consumption patterns change and the demand for food and agricultural products increases. The United Nations estimates that world population will reach 9 billion by 2050. The planet is facing a great challenge in securing food for its population at the same time as the threat from climate change looms. Investments in enhancing the productivity of agriculture are essential and investing in agriculture and food systems is one of the most effective strategies for reducing poverty, hunger and promoting sustainability. The prospects of a growing global population point to higher prices for agricultural commodities. In the context of this development, it is evident that an efficient and sustainable producer like Grain Alliance can create large values for shareholders and the communities where the company operates.

To respond to the increasing demand, there are two things that have to be done globally: 1) increase the total cultivated area; 2) increase efficiency in agriculture. The world has to farm more land and get more back from each cultivated hectare or as the United Nations puts it: "immense effort will have to go into new, better and more intensive ways of producing our food." Still, the global growth rate of production yields for major cereal crops has been declining steadily. The rate of growth in global cereal yields dropped from 3.2% per year in 1960 to 1.5% in 2000. The growth originating from the introduction of genetically modified crops has come to a halt because of massive protests against such types of seed varieties. When it comes to increasing cultivated area, it is hard for Europe and the US to expand. It is equally biologically difficult for these regions to increase yields substantially. Therefore, it is the developing world and emerging markets that have to produce more, but in order for these countries to become competitive they have to undertake major improvements to their infrastructure, roads, railroads and ports.

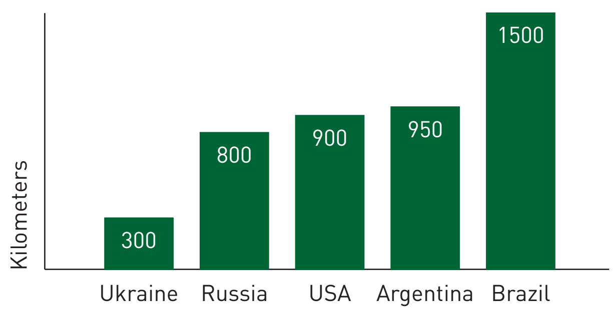
Ukraine's strategic position between Europe and Russia resulted in massive infrastructure investments from the Soviet Union. The country has a developed network of railways, 22,000 km of tracks, which are linked to Russia, Belarus, Moldova, Poland, Romania, Slovakia and Hungary; 18 seaports along the Black Sea and the Sea of Azov coastline; and 3 deepwater ports that can handle the largest panamax size ships. In addition to this, the country is blessed with 25% of the total global supply of some of the most fertile soils in the world, chernozem – black earth. The short distance, and the low transport costs, from the Black Sea ports to the major importers are small in comparison to the costs from the American continents. This combination gives Ukraine the potential to become one of the leading agricultural producers in the world – the breadbasket of the world.

GRAIN ALLIANCE

Grain Alliance's goal is to become the most efficient agricultural producer in the region. We focus on the efficiency and profitability of our operations, not the size of the cultivated area. All our lands are leased and we are not involved in any land speculation. Privately funded agriculture on a large scale is a relatively new phenomenon on the planet. Farming on a large scale is very different from a traditional family farm. Therefore, we have made great efforts to create our own structured approach to large-scale farming. The saying that 'all business is local' is true for all business, but even more so for agriculture. Grain Alliance relies on strong local Ukrainian management. Our agricultural approach is based on best practices and scientific measurements. The basic principle is, "If it works there, it will work here." Nevertheless, the size of operations demands strict financial and operational control, in which IT plays a crucial role. Sustainability and environmental concerns also play a central role for all of Grain Alliance's operations. In order to secure sustainable high yields and profits we need to take care of the environment, the soils, and the communities where we operate.

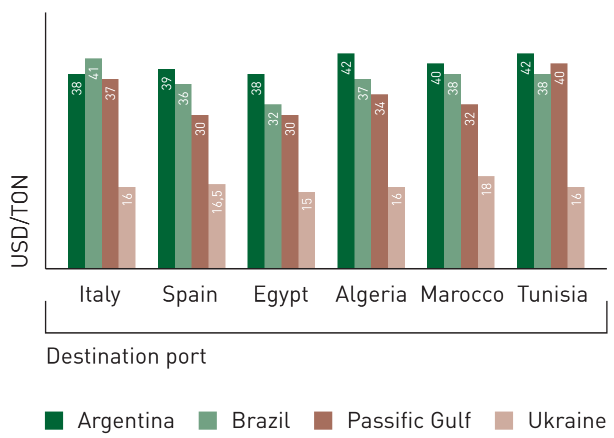
The combination of excellent soils, efficient modern farming, superior infrastructure and proximity to all major import markets is our key to success.

AVERAGE DISTANCE FROM PORT



Source: FAO, Worldbank and Grain Alliance

TRANSPORTATION COST PORT TO PORT, USD/TON



Source: FAO, World Bank and Grain Alliance

HOW IFRS AFFECT GRAIN ALLIANCE

As an agricultural producer, Grain Alliance uses IAS 41 Agriculture. The main assets employed in all agricultural companies are biological assets, which are subject to growth, deterioration, production, and reproduction during the production cycles. Due to these unique features of biological assets, specific accounting and reporting treatment is provided under IFRS. Under IFRS, companies involved in management of the biological transformation of living animals or plants (biological assets) for sale, into agricultural produce, or into additional biological assets, are required to comply with IAS 41 Agriculture. According to this standard, the biological transformation is recognized as the asset grows. IAS 41 covers:

Biological assets – living animals or plants:

- Agricultural produce (the harvested product) at the point of harvest;
- Government grants directed to biological assets.

All these biological assets are recognized at fair value minus estimated costs of sale at each balance sheet date. The fair value should represent the market price for the biological asset based on current expectations. Such fair values of biological assets are based on the following assumptions:

Expected crop yield, based on past crop yields and adjusted for current and predicted weather conditions;

- Crop prices are obtained from externally verifiable sources;
- Cultivation and production costs are projected based on actual historical cost;
- Discount rate used for 2015 was 30%, reflecting the cost of money in Ukraine as estimated by independent sources.

The gain or loss arising on initial recognition of a biological asset should then be incorporated into the company's income statement

PECULIARITIES OF IFRS ACCOUNTING FOR UKRAINIAN AGRICULTURE

IAS 41 states that agricultural produce should be valued and recorded in the balance sheet at market price at the time of harvest. Since Grain Alliance has a traditional crop rotation and grows standard crops, the harvest period coincides with the time when the rest of the northern hemisphere harvests crops, therefore supply is at its peak. This means that the price used to establish the value of goods in stock is the lowest of the year. As a result of using these very low prices, the value of goods in stock does not always reflect the true market value of the goods.

In addition to this, there are certain Ukrainian regulations that distort the valuation of goods in stock. In Ukraine, agricultural producers were granted excess accumulated VAT as a subsidy till December 31, 2015. In simple terms, agricultural producers could keep the VAT on goods sold. The basis for VAT is established when goods are sold, so when a producer decides to store crops, no VAT is accumulated. This meant that keeping goods in stock lowered the value of the goods by 20%, which is the VAT rate in Ukraine. This special VAT regime was cancelled since January 2016.

REPORT ON OPERATION

ABOUT GRAIN ALLIANCE

Grain Alliance is one of the leading agricultural companies in Ukraine. The company cultivates around 48,500 hectares of arable land in central Ukraine. The foundation for BZK Grain Alliance AB was laid as early as February 26, 1998. At that time, the company was a supplier of agricultural services, but during the summer of 1998, two thousand hectares were seeded. The cultivated area increased gradually and in 2008 amounted to 27 000 hectares. In May 2008, the founder of the company, the American entrepreneur Alex Oronov, together with a group of Swedish investors led by the Claesson & Anderzén group spearheaded and founded a new company structure – Grain Alliance. Under this new corporate structure, the land bank has gradually increased and the company has become more profitable.

In conjunction with the Swedish investments into the company a profound reorganization and restructuring was initiated. The company's operations were enhanced and new modern corporate governance principles were introduced. In addition to this, the additional capital enabled a rejuvenation the equipment fleet and the introduction of new agricultural techniques.

OPERATIONS AND LOCATIONS

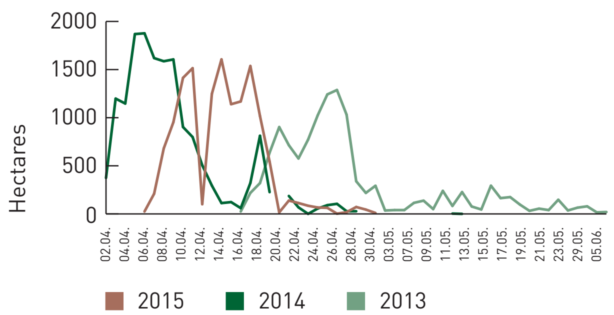
Grain Alliance lands are located in the centre of the Ukrainian black earth belt. The company operates in five districts in Ukraine; Kyiv-, Poltava-, Cherkasy-, Chernihiv- and Khleminskiy districts. The agricultural operations are divided into four regions (clusters), where each region cultivates between 8 000 to 18 000 hectares. Each of the regions is fully equipped with modern agricultural equipment and the short distance between the regions enables efficient utilization of machinery. In order to allow efficient handling and storage of the produced grain, the company has five drying facilities, three of which have a direct rail connection.

Efficiency and control are lead in Grain Alliance's strategy and therefore tend to focus company land within a limited geographical area. The radius of the Grain Alliance's core area (the area farmed) is about 80 kilometres. During the past three years, the company has gradually expanded beyond this core area in the Chernihiv region north of Kyiv. Cultivating land in a limited geographical area allows a more efficient use of resources as transport of both equipment and crops is shorter. The simple fact that the lands are within an hour's drive from the main office also strengthens the control. Farming is an activity that requires hands-on monitoring and control. Grain Alliance operations is further backed by the four central drying facilities the company has either built or renovated completely. Having access to own in-house storage and drying not only increases the speed of the harvest but also gives the company the opportunity to sell the crops when prices are their highest. From the other hand, with the idea to mitigate long-term weather risks in future, Grain Alliance started development of Western-Ukrainian cluster in the Khmelnytskyi district, where we carried out reconstruction and refurbishment of the drying and storage facility.

SEEDING 2015

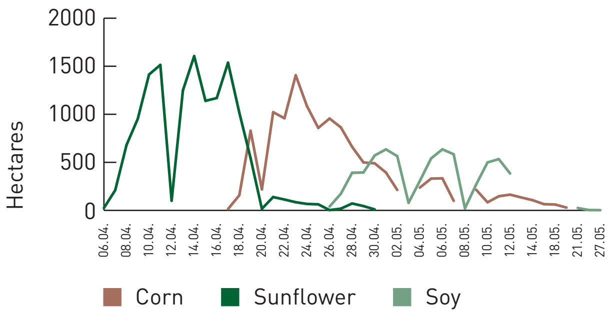
The weather conditions during the spring seeding was favourable for all crops. Total cultivated area was 45 473 hectares, out of which 41 965 hectares of the main crops: corn, wheat, sunflower and soybeans, and 2 233 hectares of the niche crops: pumpkin seeds, oil radish and shell-free oats. The seeding began and ended in regular terms, between April 6 and mid-May. On average 1000 hectares per day were seeded. The diagram below illustrates the difference in sowing period and seeding rate compared with the previous years:

SUNFLOWER SEEDING 2013 – 2015



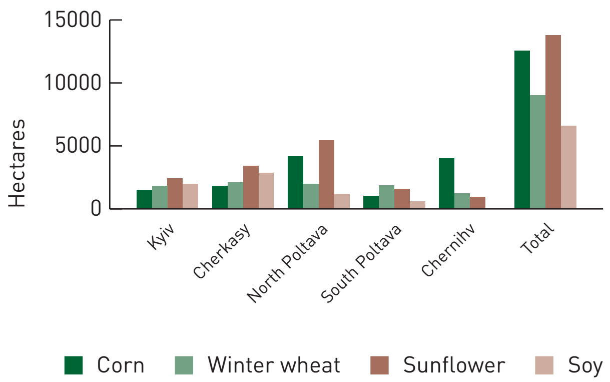
In 2009, Grain Alliance built up their own agricultural laboratory that collects and analyses environmental, climate and plant data. Results and performance data are regularly analysed and based on the collected agricultural technical records; soil, seed varieties, temperature, etc., this has further enhanced the agricultural approach in 2015. A new feature this year was that the seeds were treated with microelements and growth stimulants to boost growth by own seeds treatment plant. The choice of varieties of seeds was further adapted to the regional microclimate, soil type and in-house experience.

SEEDING PER CROP AND DAY 2015



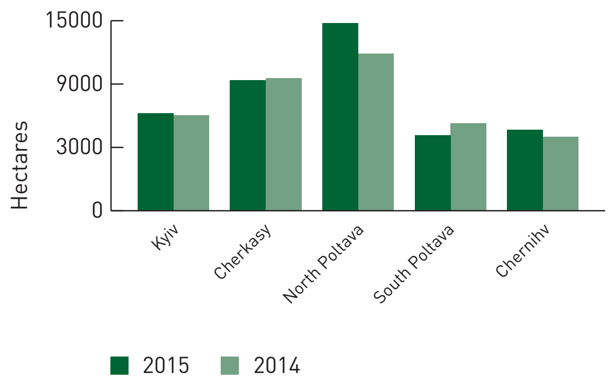
The distribution of crops between the regions was similar, but more focus was made to winter wheat and soybean areas expansion to improve crops rotation. High ratio of sunflower production was kept due to new lands development and usage of ClearField technology to fight weeds for next seasons. Soy was also introduced in the North Poltava cluster.

ALLOCATION OF CROPS PER REGION, 2015



Grain Alliance continued to increase the cultivated area mainly in North Poltava and Chernihiv regions. The expansion was strongest in North Poltava region where Grain Alliance expanded the cultivated area around 5000 hectares via signing new land leases. In other regions the nearby landowners had less chances to choose to lease out their land to Grain Alliance and the expansion was less dynamic.

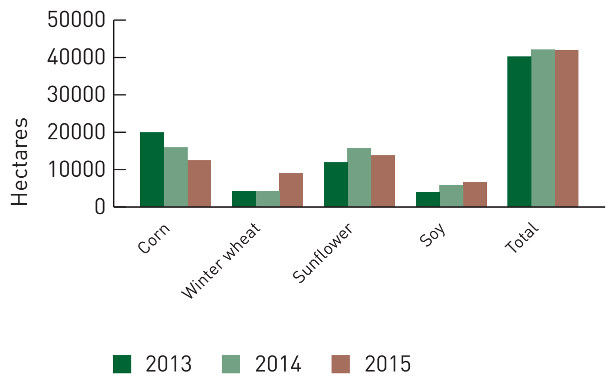
SEEDED HECTARES PER REGION 2015 AND 2014



ALLOCATION OF CROPS

The harvested area increased by 2,048 hectares (5%) compared with 2014. The new area was mainly introduced in the crop rotation via sunflower; hence, this partly explains the increase in area seeded with sunflower. In addition to the pure crop rotation adjustments a risk analysis was also made and the Board took the decision in previous fall to try to reduce financial risks due to expectable further fall in grain prices. As a result of this decision corn was reduced in favour of sunflower, which is a simpler crop with low cost of production, soybean, which is a less energy consuming crop, and winter wheat, which had lower price decrease expectations.

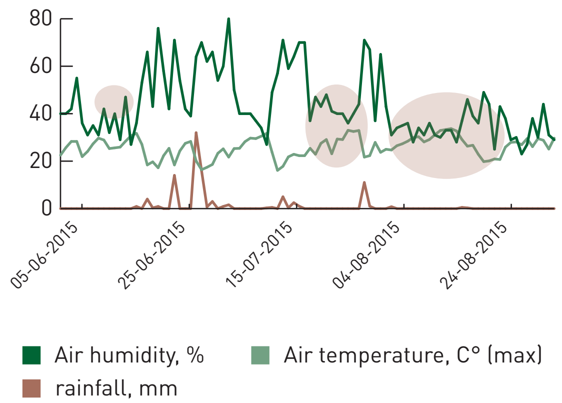
DYNAMIC OF HARVESTED HA 2013 – 2015



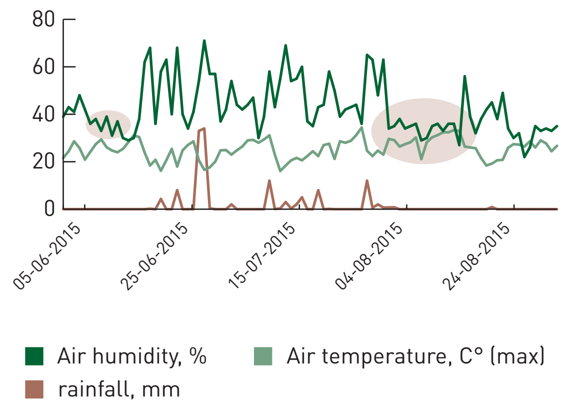
HARVEST 2015

The weather during the seeding period was favourable with rainfall in the end of May and second half of June. The season was very untypical in terms of rainfalls as Kyiv and Chernihiv regions received much less rains in comparison to other regions and to average historical annual amount of rains. Unfortunately, the first half of June was very hot with low atmosphere humidity, which burned out grains and shorten vegetation period of wheat. Second half of June and the first half of July were pretty favourable for corn, sunflower and soy development, but later on there were almost no rain from July 13 to the harvest time.

WEATHER DATABASE, YAHOTYN, KYIV DISTRICT



WEATHER DATABASE, NIZHYN, CHERNIHIV DISTRICT



The combination of high temperatures with low air humidity in August had high negative effect on corn development and much earlier terminated sunflower blooming. Despite the careful approach Grain Alliance suffered losses in the crop production, mainly with winter wheat and corn because of drought – especially combination of low air humidity and high temperatures during phase of grain ripening. Soy was almost not affected by such weather conditions.

In spite of severe weather conditions Grain Alliance managed to improve yields and further develop knowledge in grain production in comparison to previous years.

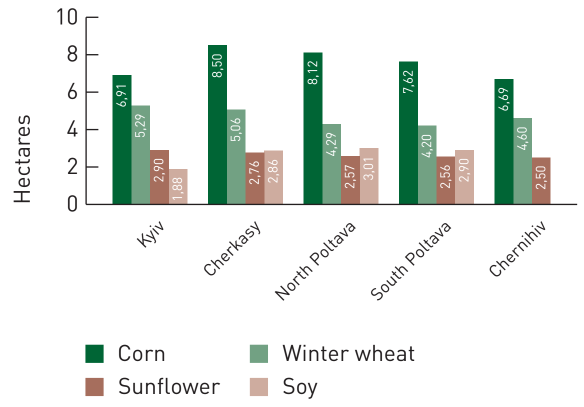
Crop	2013		2014		2015	
	Hectares harvested	Yield, ton/ha	Hectares harvested	Yield, ton/ha	Hectares harvested	Yield, ton/ha
Corn	20 037	7,04	15 938	7,30	12 548	7,53
Wheat	4 261	4,59	4 278	5,03	9 019	4,69
Sunflower	12 033	2,49	15 959	2,70	13 787	2,67
Soy	3 980	2,01	6 003	1,85	6 612	2,60

Soybean was seeded in time – between April 23 and May 6, thus giving the plants the 115-124 days of growth that it needs to reach its full potential. Seeds were treated with micro- and macro-fertilizers and plants were fed with micro-elements in due time of their vegetation. Canadian Sevita's varieties of soybean demonstrated good sustainability to draught. Corn was planted mainly in time, with some delays on fields expanded during the spring time. Seeds were treated with micro- and macro-fertilizers and plants were fed with micro-elements in due time of their vegetation. Ukrainian hybrids of corn demonstrated higher sustainability to severe weather conditions, and foreign hybrids demonstrated better results in conditions of good moistening.

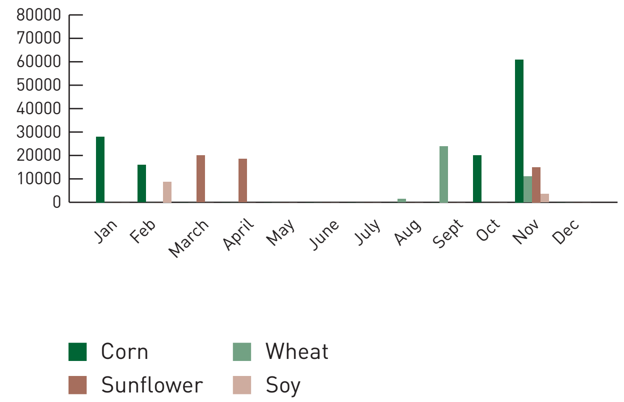
Winter wheat suffered a lot during the first half of June, but Ukrainian varieties demonstrated much better resistance to mentioned weather conditions in comparison to German varieties historically reproduced by Grain Alliance. With Ukrainian varieties we harvested 6.0-6.5 t/ha on average, which was 2.0-2.5 t/ha higher in comparison to similar German varieties. Therefore, we adopted varieties to regions in a much better way during fall 2015 seeding

In 2015, all regions, except Kyiv and Chernihiv, met their target budgets in terms of yields. Among the most positive outcomes is that the results of the corn, sunflower and soy are either stable or improving the third consecutive year. We also see that the Chernihiv, despite the expansion and poorer soils, continues to deliver reasonable results.

YIELDS PER HECTARE, TONS/HA, 2015



SALES, TONS 2015



CROP PRICES AND SALES 2015

During 2015 the crop prices did not recover from the large fall in 2013-2014. The last three years' harvests are the largest in history of humanity, which has led to sharply reduced prices. 2015 was almost as good as the previous two years for Ukrainian agriculture. Despite the conflict in the eastern parts of the country and deep financial crisis 60.7 million tons of grain were harvested, a slight decrease over the previous two years (63.8 and 62.4 million tonnes correspondingly). The local grain market was however affected by the further UAH devaluation. Yet, it is difficult to determine exactly how much the conflict and the crisis has affected Grain Alliance result. In 2015 the Ukrainian currency, the hryvnia, see the "currency effects," substantially further devaluated which in turn affected the local prices during the spring. Because of the further currency fluctuations during 2015, the deviations between domestic and international prices were larger. Although Grain Alliance mainly produce crops for export, there is a certain inertia in how quickly the local prices adapts to the world market price.

Due to high interest rates and much lower expectations for further devaluation of local currency between fall and winter time, we, in contrast to the previous years, decided to sell main volumes of grain harvest 2015 during the autumn 2015 to repay credit lines in advance and to get benefits out of early purchase of seeds, herbicides and fertilizers in November-December 2015. The substantial part of 2014 harvest was sold during the spring of 2015 when the currency was still relatively strong and prices were higher than in autumn 2014. As of December 2015, the Company had approximately 32 thousand tons of grain in stock.

DIRECTORS' REPORT

RESULT/SALES 2015

As mentioned earlier, grain prices remained at a relatively low level, mainly due to good harvests worldwide. The pressed prices have affected Grain Alliance result. Earnings in 2015 were positively affected by sales of two harvests during 2015 – inventories from the 2014 harvest were sold out during spring of 2015 at prices exceeding the inventory value at the balance sheet date of the previous year, and main volumes of 2015 harvest were sold during the autumn 2015. We note that IFRS accounting rules do not reflect the Company's operating results and financial position.

CURRENCY EFFECTS

The subsidiaries operational currency is the Ukrainian hryvnia, which further sharply lost in value in 2015 against both the Swedish krona and against the world's major trading currencies. The sharp currency devaluation is a result of the political developments in the area and low performance of national economy. The value of the subsidiaries' assets and liabilities have been affected, which is reflected in that the equity of the Group is decreased since the foreign exchange losses has increased. The financial result for Grain Alliance has also been affected by exchange rate fluctuation in different ways but mainly by foreign exchange losses on the subsidiary's foreign currency loans. The exchange losses in the consolidated income statement amounts to 34 737 KSEK for 2015 out of which 19 223 KSEK relates to intercompany loans. Under IFRS accounting standards, the currency losses on intercompany recognized in the income statement thus cannot be considered to reflect the Group's operating results.

CURRENCY RESTRICTIONS

In order to keep the devaluation of the Ukrainian hryvnia under control the Ukrainian National Bank prolonged restrictions on the forex market that artificially increased demand for local currency. However, the currency regulation was a bit softened in comparison to 2014 allowing for buying currency not only on so called "currency auctions" of the National Bank but also on the regular FX market. The auctions meant that hard currency was auctioned within a fixed exchange rate corridor, which further limited availability of foreign currency. During the year a prohibition to pay dividend to foreign parent companies was further prolonged. This means no transfer of profit from the Ukrainian subsidiary to the Swedish parent company will be made.

INVESTMENTS DURING 2015

Grain Alliance used the crisis situation to expand the land bank organically (via signing new land lease agreements in the neighbouring villages) and did related investments into machinery to support growth. 2014 investments into biomass thermal generator at the elevator in Yahotyn were fully returned during fall 2015 and demonstrated viability and efficiency. Thus, the company will continue its efforts in substitution of natural gas consumption by dryers with bio-fuel – wastes of grain cleaning. The goal is to reduce the dependence on natural gas as well as increase the share of renewable fuel in our production. In addition to machinery and land expansion investment we refurbished and launched up the elevator in Yarmolyntsi (Khmelnytskyi district) with a storage capacity of 12 000 tonnes and 600 t/day dryer, this investment is considered as starting up of our Western-Ukrainian cluster development.

STORAGE AND DRYING CAPACITY 2015-12-31

Elevators	Baryshivka	Berezan	Yahotyn	Pyriatyn	Yarmolyntsi
Storage cap.	18 000 t.	46 000 t.	64 000 t.	69 000 t.	14 000 t.
Type of storage	Flat bed	Flat bed + steel silos	Concrete + steel silos	Steel silos	Concrete silos + Flat bed
Drying cap.	400 t/day	1 000 t/day	1 000 t/day	1 000 t/day	600 t/day
Railroad	On site	On site	8 km	On site	5,5 km
Shipment cap	400 t/day	1 000 t/day	800 t/day	1 400 t/day	800 t/day

EMPLOYEES

The average number of employees in 2015 was 1205, divided between 209 women and 996 men. However, it is important to keep in mind that the number of employees depends on the season. The vast majority of employees are seasonal employees who assist during seeding or harvest.

OWNERSHIP

In total, there are 7,807,775 shares in the company. The principal owners, Ukrainian Investment AB and CA Agroinvest AB, owns 7,796,505 (99.9%) of the shares. Behind it stands the CA group.

ENVIRONMENTAL ASPECTS AND SUSTAINABILITY

Sustainability and caring for the environment is a central question for Grain Alliance. The company follows a balanced crop rotation plan, which aims to prevent exhaustion of the soil and minimize negative environmental effects. With this objective the company introduced pumpkin seeds production in 2015 as leftovers of pumpkin enriches the soil with organic mass. The crop production approach is based on scientific measurements of the soils and modern production methods. Since 2008 Grain Alliance has carried out annual soil analysis on the cultivated fields. Our laboratory was strengthened with additional tools in 2015 allowing for analysis of plants development in fields and diagnostics of diseases. The information from the analysis is the basis for the overall environmental strategy that aims to avoid exhaustion, harmful soil compaction and other adverse environmental effects. Another important part of this environmental strategy is the introduction of modern farming methods, and the old outdated equipment has been replaced in favour of modern equipment. We also introduce new methods of balanced plants' feeding with micro- and macro- fertilizers during vegetation period to avoid soil exhaustion. The company's long-term goal is to increase the share of renewable fuels in our production as well as in heating of villages and towns around us. The investment in the thermal generator in Yahotyn allowed for substantial decrease in natural gas consumption in 2015 in comparison to 2014. Granulation of wastes after grain cleaning on the elevator in Berezan allowed substitution of natural gas with this biofuel in all premises of the company.

HUMAN RESOURCE POLICY

Grain Alliance has an active HR policy that centres around personal development and education. Staff is offered training in agronomy and agricultural technology, economics, English language and management.

RISKS

The Group's agricultural operations are conducted entirely in Ukraine, which can be classed as an economy in transition. A transition economy is characterized by a limited availability of capital, high inflation, unbalanced trade balance and strained public finances. The operations as such is also associated with risks in the form of volatile world prices, climate change and other external influences on the soil and crops. The fact that operations are conducted in Ukraine also causes elevated economic and political risks compared with, for example, Sweden. In 2015, Ukrainian political and economic situation continued to deteriorate. The political situation is still insecure and further military conflict in the eastern parts of Ukraine have affected the operations and financial result. These factors have contributed to the decline of key economic indices, increase of the state budget deficit, depletion of the net NBU's foreign currency reserves and, as a result, further downgrading of the Ukrainian sovereign debt credit ratings. IMF continues support of the economy and we should expect stabilization in the nearest future.

Exactly how much the conflict has affected the result are difficult to quantify in numbers, but interest rates have risen and the financial result in 2015 was held down by currency losses. In 2015, the Ukrainian currency further devalued in relation to all major currencies. In connection with this, the Ukrainian central bank prolonged a series of measures introduced in 2014 to stabilize the currency, among other a mandatory exchange of 75% of revenues in hard currency and limited possibilities for acquiring hard currency. An eventual further deterioration of the political and macroeconomic situation in Ukraine may affect the subsidiaries' situation negatively. Relations between Ukraine and the Russian Federation has become very tense and also constitute an additional risk for the Company.

A stabilization of the Ukrainian economy will for the foreseeable future depend largely on the Ukrainian government's ability to enforce reforms and prudent fiscal policies. The Ukrainian government has announced its intention to continue to come closer to the EU by pursuing a broad reform agenda that seeks to create balance in the public finances and improve the investment climate.

The Company monitors the current situation and if necessary measures are taken to minimize any negative effects. To address the country-specific risks the company participates actively in discussions with industry associations, government agencies and the Swedish Embassy in Ukraine.

For more detailed information about risks and risk management, see Note 26.

IMPORTANT EVENTS DURING THE REPORTING PERIOD

The Company increased the cultivated area by 5%, mainly in the North Poltava and Chernihiv regions. The 14 000 tons' storage capacity in the west of Ukraine was launched up. In view of the stable low grain prices, expensive credit lines and limited expectations for further devaluation of the Ukrainian currency the Board took the decision to sell main volumes of harvest during the fall 2015. The proceeds from sales were used to fully repay long-term dollar-denominated debts, short-term debts in local currency and for purchase of agricultural inputs on early stages (in November-December), what allowed us to get the best possible discounts for seeds and herbicides for 2016 season. 20 000 tons of sunflower and 12 000 of soybeans were kept as security against possible further devaluation of local currency before seeding 2016.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

During the first quarter of 2016 20 000 tonnes of sunflower were sold at an average gross price of 10 050 UAH/ton, further 11 700 tonnes of soybeans are kept till April 2016. Current sales prices are not significantly higher than those that formed the basis for the valuation of goods stock 2015.

PLANS FOR THE FUTURE

Grain Alliance will continue to produce crops in Ukraine and expand the cultivated area. The Company believes that one of the continuing key success factors is to have storage capacity to fend off price fluctuations and logistic bottlenecks during harvest time and therefore additional storage capacity will be added during the coming years. The planned expansion will mainly take place in the regions where the Company already has significant operations, but also other geographical areas deemed by the Board to be interesting for a potential expansion. The company has started development of a new drying and storage facility in the Chernihiv region and launched up the elevator in Khmelnytskyi region. We will continue developments in these areas. In addition to the expansion of the land bank and further investments in equipment, the Company will continue enhancement of the agro-technical techniques with an increased focus on agronomy and in-house science laboratory development. Some limited changes will be implemented in crop rotation as well. The Company will continue gradual diversification of product lines with additional focus to food markets like food soybeans, pumpkin and oil-linen seeds, haricot beans, etc.

KEY RATIOS

	2015	2014	2013	2012	2011
Turn over, KSEK	402 072	225 106	86 289	315 738	183 026
Operational result, KSEK	185 240	93 847	(68 753)	56 547	57 721
Result after financial costs, KSEK	129 294	2 230	(77 352)	43 403	37 637
Equity ratio %	65,5%	32,2%	42,7%	77,9%	74,4%
Cash flow, KSEK	18 991	1 711	(52 776)	56 678	(3 293)

OUTLINE OF THE PARENT COMPANY RESULTS

The following earnings are at the disposal of the Annual General Meeting:

	SEK
Retained earnings	238 960 921
Net result of the period	(2 921 213)
	236 039 708

The Board proposes that the profit/loss be appropriated as follows:	
to be carried forward	236 039 708
	236 039 708

Results of operations and the financial position at year end are shown in the Income Statement and Balance Sheet that follow, as well as in the information contained in the Notes to the Accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of SEK

	Notes	The Group 2015	The Group 2014
Revenue from sales	5	402 072	225 106
Net gain / (loss) on fair value measurement of biological assets and agricultural produce	16	38 945	76 254
Cost of sales	6, 12	(277 943)	(191 249)
Gross profit		**163 074**	**110 111**
Other operating income	7	63 463	12 758
General and administrative expenses	8, 12	(31 443)	(22 656)
Selling expenses	8, 12	(641)	(1 159)
Other operating expenses	9	(9 213)	(5 207)
Operating profit / (loss)		**185 240**	**93 847**
Finance costs	10	(21 537)	(20 347)
Finance income	11	332	88
Foreign exchange gain	13	(34 737)	(71 357)
Profit / (loss) before tax		**129 299**	**2 230**
Income tax expense		(5)	-
Profit / (loss) for the year		**129 294**	**2 230**
Other comprehensive income:			
Items that can be reclassified in the income statement			
Foreign exchange differences		(48 318)	(78 548)
Tax effect		-	-
Total comprehensive income for the year		**80 976**	**(76 318)**
Whereof attributed to equity holders of the company		129 294	2 230
Whereof attributed to equity holders of the company		80 976	(76 318)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of SEK

	Notes	The Group 2015	The Group 2014
Non-current assets			
Property, plant and equipment	14	112 092	133 717
Biological assets	16	1 484	1 650
Other non-current assets	15	1	624
		113 577	**135 992**
Current assets			
Inventories	17	113 126	159 392
Biological assets	16	7 380	30 818
Trade and other receivables	18	2 319	1 963
Other current assets	18	47 091	30 624
Cash and cash equivalents	19	18 522	3 913
		188 439	**226 709**
Total assets		**302 016**	**362 701**
Equity			
Issued capital	20	11 556	11 556
Other contributed capital		278 295	278 295
Foreign currency translation reserve		(158 787)	(110 468)
Retained earnings		66 737	(62 557)
		197 801	**116 826**
Non-current liabilities			
Liability to non-controlling interests	10	0	1 810
Loans and borrowings	21	2 054	4 438
Loans and borrowings relative parties	21	53 387	49 970
		55 440	**56 218**
Current liabilities			
Loans and borrowings bank	21	26 139	158 647
Loans and borrowings relative parties	21	12 150	21 930
Trade and other liabilities	22	7 787	7 747
Other current liabilities	22	2 698	1 334
		48 774	**189 657**
Total liabilities		**104 214**	**245 874**
Total equity and liabilities		**302 016**	**362 701**
Pledged assets			
Property, plant and equipment		45 598	84 050
Inventories		-	94 103

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of SEK

The Group	Issued capital	Other contributed capital	Foreign exchange differences	Retained earnings	Total equity
Balance at 31 December 2013	**11 556**	**278 295**	**(31 921)**	**(64 787)**	**193 143**
Profit for the year				2 230	2 230
Loss for the year					
Other comprehensive income			(78 548)		(78 548)
Total comprehensive income			**(78 548)**	**2 230**	**(76 345)**
Transactions with owners					
Issue of capital					
Balance at 31 December 2014	**11 556**	**278 295**	**(110 468)**	**(62 557)**	**116 826**
Profit for the year				129 294	129 294
Other comprehensive income			(48 318)		(48 318)
Total comprehensive income			**(48 318)**	**129 294**	**80 976**
Transactions with owners					
Issue of capital					
Balance at 31 December 2015	**11 556**	**278 295**	**(158 786)**	**66 737**	**197 801**

CONSOLIDATED STATEMENT OF CASH FLOW

In thousands of SEK

The Group	2015	2014
Operating activities		
Profit / (loss) before tax	129 294	2 230
Non-cash adjustments:		
Depreciation	10 552	16 990
Gain on sales of fixed assets	537	(35)
Finance income	-	(87)
Foreign exchange gain	34 737	71 357
Finance costs	23 734	14 957
Non-controlling interests	(1 810)	(1 440)
Working capital adjustments:		
Change in biological assets	13 939	(21 900)
Change in trade receivables and other current assets	(30 892)	(12 993)
Change in agricultural produce and other inventories	(2 169)	(54 818)
Increase in trade and other payables and other current liabilities	4 129	175
	182 051	**14 436**
Interest received	-	87
Net cash flows from operating activities	**182 051**	**14 523**
Investing activities		
Purchase of property, plant and equipment	(31 903)	(16 727)
Prepayments for property, plant and equipment	(832)	-
Proceeds from (payments for) other non-current assets, net	-	1 724
Net cash flows used in investing activities	**(32 735)**	**(15 003)**
Financing activity		
Proceeds from loans and borrowings	329 037	676 204
Repayment of loans and borrowings	(435 627)	(659 057)
Interest paid	(23 734)	(14 957)
Net cash flows from financing activities	**(130 324)**	**2 190**
Net change in cash and cash equivalents	18 991	1 711
Foreign exchange difference cash	(4 383)	(471)
Cash and cash equivalents at 1 January	3 913	2 673
Cash and cash equivalents at 31 December (Note 19)	**18 522**	**3 913**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTES TO THE PARENT COMPANY'S ANNUAL REPORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. CORPORATE INFORMATION

BZK Grain Alliance AB (hereinafter referred as the "Parent Company" or the "Company", registration number 556754-1056) was incorporated in Sweden on 19 March 2008. The registered office of the Company is Stockholm (Gamla Brogatan 29, 111 20, Stockholm) in Sweden. The company is a majority-owned subsidiary of Ukrainian Investment AB (corporate id.number 556657-6699, with registered office in Kalmar). Ukrainian Investment AB is part of a group where CA Investment AB (corporate id.number 556794-8459, with registered office in Kalmar) prepares its consolidated financial statements for the smallest group and where Claesson & Anderzén AB (corporate id.number 556395-3701, with registered office in Kalmar) prepares consolidated accounts for the largest Group.

As at 31 December the Company holds ownership interests in the following subsidiaries (hereinafter the Company together with its subsidiaries referred to as the "Group"):

Name	Corporate id.nr	Location	Function	2015	2014
Baryshevski Grain Company LLC	32886518	Ukraine, Baryshivka	Planting, livestock farming	100%	100%
Ukraine LLC	03772950	Ukraine, Chyutivka	Planting, livestock farming	100%	94.2%
Ukraine LLC	03771896	Ukraine, Ovsyuki	Planting, livestock farming	100%	90%
Khmelnitska Grain Company LLC	39843554	Ukraine, Yarmolenci	Planting	100%	-
Charity Foundation "Development of the village"	38467802	Ukraine, Baryshivka	Charity fond	100%	100%

The principal activity of the Group is crops cultivation, cattle farming and sale of agricultural production in Ukraine.

1.1. GROUP RESTRUCTURING

Baryshevski Grain Company LLC is the parent company of the Ukrainian subsidiaries in the Group. During 2015 the subsidiary Khmelnitska Grain Company LLC was formed. The group owns 100 % whereof the parent company owns 90 %. During the year the subsidiary Agrido has been liquidated.

1.2. OPERATING ENVIRONMENT

The Ukrainian economy, where the Group's majority of operations are located, while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition, for example low levels of liquidity in the capital markets, high inflation and the existence of currency controls which cause the national currency to be limited liquidity outside of Ukraine. The stability of the Ukrainian economy will be impacted by the Government's policies and actions with regard to administrative, legal, and economic reforms. As a result, operations in Ukraine involve some risks that are not typical for developed markets.

The Ukrainian economy is integrated into the global economy and it is vulnerable to market downturns and economic slowdowns elsewhere in the world. Right now the focus is on the situation in Ukraine, in particular the Crimea area and the eastern parts of Ukraine. The political situation is dominated by the war against Russian supported separatists in the Donbass area. After a mass protest in Kyiv the former president Viktor Janukovitj left the country in February 2014, immediately thereafter the contradictions started. The conflict in Donbass escalated in March 2014 when Russia occupied the Crimea area. The situation in Ukraine has made interest rates rise significantly and the general business climate has deteriorated. The political disturbance has also led to instability in the capital markets, leading the local currency Hryvnia (UAH) to fall sharply against Swedish krona (SEK) and US dollar.

Notes to the consolidated financial statement (in thousands of SEK) 31

2. BASIS OF PREPARATION

These consolidated financial statements were approved for issue by management on 13 of June 2016. The Board has presented the annual report for publication on 24 May 2016.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except for biological assets and agricultural produce, which are measured to fair value in accordance with the requirements of IAS 41 Agriculture as disclosed below in Note 3 Summary of significant accounting policies, as well as financial instruments.

IFRS 8 and IAS 33 has not been applied, because the company is not listed.

The consolidated financial statements are presented in thousands of Swedish Krona ("SEK") and all values are rounded to the nearest thousand ("SEK 000") except when otherwise indicated.

Each entity of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with the local accounting standards. The consolidated financial statements of the Company and its subsidiaries are based on the statutory records and adjusted as necessary to comply with the requirements of IFRS.

2.1 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2015.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CLASSIFICATION

Non-current liabilities and non-current assets consist in all material of amounts expected to be recovered or paid after more than twelve months from balance sheet date. Current liabilities and current assets consist of amounts expected to be recovered or paid within twelve months from balance sheet date.

BUSINESS COMBINATIONS

Business acquisitions are accounted for the acquisition method, whereby the cost allocated to the acquired assets and liabilities at fair value at acquisition. If there is a positive difference this is recognized as goodwill. If there is a negative difference this is recognized in the income statement in the period it occurs.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Any excess of fair value over consideration paid is recognised immediately in the profit and loss and presented therein as the gain from business combinations.

FUNCTIONAL AND PRESENTATIONAL CURRENCY

The functional currency of the Parent Company is Swedish Krona. The functional currency of the Ukrainian subsidiaries is the Ukrainian Hryvnia ("UAH") as this is the currency which reflects the economic substance of the underlying events and circumstances of the Ukrainian subsidiaries. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are retranslated into the functional currencies at the statement of the financial position date at the functional currency rate of exchange ruling at that date. All differences are taken to the profit and loss. The income statement is translated at the average annual rate.

These financial statements are presented in SEK. The assets and liabilities of foreign subsidiaries are translated into SEK at the end of each year and profit and loss items and cash flows of the foreign subsidiaries are translated at exchange rates that approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The UAH is not a convertible currency outside the territory of Ukraine. Within Ukraine, official exchange rates are determined daily by the National Bank of Ukraine ("NBU"). Market rates may differ from the official rates but the differences are, generally, within narrow parameters monitored by the NBU. The translation of UAH denominated assets and liabilities into SEK for the purpose of the consolidated financial statements does not necessarily mean that the Company could realise or settle, in SEK, the reported values of these assets and liabilities. Likewise, it does not necessarily mean that the Company could return or distribute the reported SEK value of capital and retained earnings to its shareholders.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. As at 1 January 2010, the date of the first-time adoption of IFRS, the fair value of property, plant and equipment of the Ukrainian subsidiaries, which was appraised by an independent appraisal, were regarded as deemed cost.

Upon recognition, items of property, plant and equipment are divided into components, which represent items with a significant value that can be allocated to a separate depreciation period. Overhaul costs also represent a component of an asset. Major spare parts and stand-by equipment qualify as property, plant and equipment when they are expected to be used during more than one year.

Repair and maintenance expenditure is expensed as incurred. Major renewals and improvements are capitalised, and the assets replaced are retired. Gains and losses arising from the retirement of property, plant and equipment are included in profit and loss as incurred.

When each major inspection is performed, its cost is recognised as a component in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Estimates of remaining useful lives are made on a regular basis for all buildings, plant and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively. Depreciation commences on the first day of the month following the date of putting the item into operation.

Depreciation is calculated on a straight-line basis over the estimated remaining useful life of the asset as follows:

Asset category	Useful life (years)
Buildings	25-50
Plant and equipment	7-30
Vehicles	7-10
Furniture and fittings	3-5

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the year the item is derecognised.

CONSTRUCTION IN PROGRESS

Assets in the course of construction are capitalised as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Construction in progress is not depreciated.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE

Plants

Biological assets comprise crops that have been planted but have not yet been harvested. In accordance with IAS 41, the Group's biological assets have been recognized and are measured at fair value less cost to sell. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated costs to sell at the point of harvest. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

Due to the lack of observable market prices for certain biological assets in their condition (i.e. as a growing crop) at the time of valuation, the Group estimates the fair value of its biological assets by means of the discounted cash flow method (i.e., by calculating the present value of the net cash flows expected to be generated from the assets when sold as a grown crop, discounted at a current market-determined rate). In particular, the Group based its estimates of fair value of certain biological assets on certain key assumptions, including:

- expected crop yield is based on past crop yield adjusted for actual weather conditions;
- production costs expected to be incurred are projected based on the Group's actual, historical information and forecast assumptions;
- discount rate calculated as a weighted current market-determined rate.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less cost to sell of a biological asset is included in profit or loss for the period in which it arises. A gain or loss may arise on initial recognition of agricultural produce as a result of harvesting. It is included in profit or loss for the period in which it arises.

After the point of harvest the agricultural produce is measured at the lower of the fair value at the point of harvest less cost to sell and net realizable value. Any losses between the initial recognition of the agricultural produce at the point of harvest and net realizable value are included in profit and loss for the period in which they arise.

Once agricultural produce is sold its carrying value at the date of the sale is transferred to cost of sales.

Livestock

The livestock is measured at fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit based on the most likely market.

INVENTORIES OTHER THAN BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE

Inventories other than biological assets and agricultural produce are stated at the lower of cost and net realisable value. The cost of inventories includes the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost is determined based on the FIFO method. The cost of preparing and treating land prior to seeding is classified as work in progress. After seeding, costs of field preparation are transferred to biological assets.

MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement
The subsequent measurement of financial assets and liabilities depends on their classification as described below:

De-recognition – financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

De-recognition – financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs. The amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and operating expenses for receivables.

Fair value
Fair value measurement is based on the hierarchy presented in IFRS 13. The hierarchy is divided into three levels.

Level 1 – Is based on the market price for identical assets/liabilities in an active market.

Level 2 – Is based on a valuation technique where the price in the fair value measurement is direct or indirect observable.

Level 3 – Is based on a valuation technique where the price in the fair value measurement is unobservable.

CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits are defined as cash on hand, demand deposits, deposits paid as security and short term, highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risks of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

NET ASSETS OF UKRAINIAN SUBSIDIARIES

The net assets of Ukrainian subsidiaries, which are registered as limited liability companies, may be redeemed in cash at the request of the participants. The subsidiaries' obligation to redeem participants' interest gives rise to a financial liability for the present value of the redemption amount even though the obligation is conditional on the participant exercising the right. It is impractical to determine the fair value of this liability as it is unknown when and if participants will withdraw from the subsidiaries. As a practical expedient, the Group measures the liability to non-controlling interests, which are presented within non-current liabilities, at the carrying value of the subsidiaries' net assets that are not controlled by the Group.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

PENSION

The Parent Company reports defined contribution pension plan. The costs for pensions are recognized as an expense in the period incurred. Net pension costs are shown in Note 23.

Wages and salaries, pension costs and other social costs
Short-term employee benefits such as salary, social security contributions, withholding taxes, etc. are recognized as an expense in the period incurred. There is no share-based remuneration in the Company.

CONTINGENT ASSETS AND LIABILITIES

A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

LEASES

Finance leases
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating leases
Operating lease payments, including those made before or at the inception of the lease in order to secure the right to obtain a lease agreement, are recognised as an expense in profit or loss on a straight-line basis over the lease term.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable, excluding discounts, rebates, and other sales taxes or duty. Financial income consist of interest income which is accounted for at rate as interest is earned.

Sale of agricultural produce
Revenue from the sale of agricultural produce is recognised when the significant risks and rewards of ownership of the produce have passed to the buyer, usually on delivery of the produce.

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

TAXATION

Ukrainian fixed agricultural tax
According to effective Ukrainian tax legislation, the Group's entities, as involved in production, processing and sale of agricultural products may opt for paying fixed agricultural tax ("FAT") in lieu of income tax, land tax and some other local taxes if the revenues from sale of their own agricultural products constitute not less than 80% of their total (gross) revenues. The FAT is assessed at 0.15% on the deemed value of the land plots owned or leased by the entity (as determined by the relevant State authorities). As at 31 December 2015, all Group's subsidiaries elected to pay the FAT. The fixed agricultural tax is in the annual report defined as costs of sales.

Deferred tax / temporary differences
The Group does not recognize any deferred tax on the deficits in Sweden because there are no taxable income there. Nor is there any temporary differences in the Ukrainian subsidiaries when it does not recognize any variable tax expense based on the results, see writing above.

Value added tax
Value added tax ("VAT") incurred on a purchase of assets or services which is not recoverable from the taxation authority is recognised as part of the cost of acquisition of the asset or as part of expense item. In other cases revenues, expenses, assets and liabilities are recognised net of the amount of VAT. The Group's entities in the Ukraine, in frames of their production and sale of agricultural products, met certain quantitative thresholds ("qualifying entities") and are subject to a special VAT regime. The net VAT receivable reported cannot be claimed for refund or carried forward. At the same time, the entity has a right to retain the net VAT payable and use the respective amounts for funding its agricultural activities without making payments to special restricted accounts. Accordingly, the net VAT payables, determined at the level of individual tax payers, are recognized as income in the period in which they arise. The net VAT receivable is charged to profit or loss as incurred or included into carrying amount of assets acquired during the period, whichever is deemed more appropriate and applicable under the circumstances.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards applied during the year had no material impact on the consolidated balance sheet and income statement. A number of new standards, amendments to standards and interpretations will come into effect from the financial year 2016 or later and have not been applied in preparing these financial statements. The effect on BZK Grain Alliance AB's earnings and financial position will be investigated.

- ***IFRS 9 Financial instruments (2018)***
  The standard replaces IAS 39. IFRS 9 includes requirements for classification and measurement, impairment and hedge accounting. Classification determines how financial assets and liabilities should be accounted for. Impairment means an earlier recognition of credit losses and hedge accounting means extended information of risk management.
- ***IFRS 15 Revenue from Contracts with Customers (2018)***
  The standard addresses a five-step model to account for revenue from contracts with customers. Under IFRS 15, revenue is recognized at the amount that reflects the remuneration the company expects in exchange for transferring the goods or services to a customer.
- ***IFRS 16 Leases (2019)***
  The standard means that the lessee shall account for all contracts that fulfills the definition of a lease in IFRS 15 as assets and liabilities in the balance sheet and depreciation and interest expense in the income statement. Contracts shorter than 12 months and those relating to smaller amounts are excluded. Agreements which today represent operating leases would be activated in the balance sheet.
- ***IAS 1 Presentation of Financial Statements (2016)***

Improvement projects in 2015:

- ***IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets***
- ***IAS 16 Property, Plant and Equipment and IAS 41 Agriculture***

4. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

JUDGMENTS

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

CLASSIFICATION OF LEASE AGREEMENTS

A lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership, otherwise it is classified as operating lease. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. If the lease term is for the majority percent of the economic life of the asset, or at the inception of the lease the present value of the minimum lease payments almost amount to the fair value of the leased asset, the lease is classified by the Group as finance lease, unless it is clearly demonstrated otherwise.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group has made significant investments into property, plant and equipment. These assets are tested, as described below, for impairment annually, or when circumstances indicate there may be a potential impairment.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Estimation of recoverable amounts of assets is based on management's evaluations, including determining appropriate cash generating units, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods.

FAIR VALUE OF BIOLOGICAL ASSETS

Due to the lack of observable market prices for sowings in their condition at the reporting dates, the fair value of such biological assets was estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined pre-tax rate.

Fair values of biological assets were based on the following key assumptions:

- expected crop yield is based on past crop yield adjusted for actual weather conditions;
- production costs expected to be incurred are projected based on the Group's actual, historical information and forecasted assumptions;
- expected selling prices for agricultural produce at the point of harvest less cost to sell;
- discount rate calculated as a weighted current market-determined rate.

WEATHER

The Group is highly susceptible to changes in growing and weather conditions, which can impact the production of crops, the costs of production and crop yields. The Group must perform key operations at specific times, in particular during the limited autumn and spring planting periods and the narrow summer and autumn harvest periods. As a result, weather conditions during planting or harvest can have a significant impact on the Group's results of operations.

The Group's hiring policy contemplates the employment of the sufficient number of the agricultural experts, whose responsibility also includes the analysis, prognoses and correction of the Group's operating plans with respect to the weather issues. While making weather analysis and prognoses the engaged experts use the reliable external sources specialized in the weather analysis for the agricultural sector.

5. REVENUE FROM SALES

The Group	2015	2014
Corn	123 559	132 217
Sunflower	152 522	55 379
Wheat	40 158	18 955
Milk	4 414	4 692
Soy	66 057	4 381
Barley	53	297
Other	8 551	1 141
	395 314	217 061
Auxiliary agricultural services	6 758	8 045
	402 072	225 106

Revenues from two major customers, each individually exceeding 10% of total revenue, amounted to SEK 361 719 SEK (2014: three customers – SEK 202 375).

	The Group 2015	
Cargill AT, LLC	248 018	62%
Kernel-Trade, LLC	113 702	28 %
Others	40 352	10 %
	402 072	100%

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6. COST OF SALES

The Group	2015	2014
Depreciation of intangible assets	-	-
Depreciation of property, plant and equipment	9 759	15 969
Cost of auxiliary agricultural services	1 623	1 473
Other cost of sales	266 561	173 807
	277 943	191 249

The agricultural produce sold by the Group is measured based on the fair value of the respective agricultural produce sold less estimated cost to sell at the time of harvesting and taking into account subsequent write downs to net realisable value, if any. The depreciation above, together with the depreciation in note 8, represents the Company's total depreciation.

7. OTHER OPERATING INCOME

The Group	2015	2014
VAT retained (i)	61 242	11 914
Gain on accounts payable written off	85	36
Government subsides recognized as income	436	133
Penalties received	-	1
Gain on disposal of inventories	537	35
Other income	1 163	640
	63 463	12 759

(i) VAT retained represents VAT attributable to the qualifying sales of the Group's agricultural producers, which, according to the Ukrainian legislation (Note 3) is not payable to the budget.

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses	The Group 2015	The Group 2014
Payroll and related taxes	9 519	8 069
Professional services	14 770	9 246
Fuel and other materials used	1 924	1 855
Services provided by third parties	3 423	1 368
Depreciation expenses	793	1 021
Repair and maintenance expenses	315	328
Representative costs and business trips	155	161
Other expenses	545	609
	31 443	22 656

Selling expenses	The Group 2015	The Group 2014
Payroll and related taxes	287	498
Professional services (i)	-	1
Fuel and other materials used	333	587
Services provided by third parties	5	55
Depreciation expenses	-	-
Repair and maintenance expenses	16	17
Representative costs and business trips	-	1
Other expenses	-	1
	641	1 159

Audit fees for the parent company and the Group in year 2015 and 2014 relates to fees payable to Ernst & Young. Audit fees included in the general and administrative costs are as follows:

The Group	2015	2014
Audit assignment fees	1 306	424
Audit work not related to ordinary audit assignment	-	36
Tax advice	-	-
Other assignments	-	-
	1 306	460

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9. OTHER OPERATING EXPENSES

The Group	2015	2014
Charity expenses (i)	2 357	1 151
Result on disposal of inventories	683	264
Increase in bad debt allowance for trade receivables	3 488	126
Crops losses (ii)	358	357
Cost of goods sold	151	452
Food to employees	1 621	1 485
Cost of services and products provided to employees	-	1 176
Other expenses	555	195
	9 213	5 207

(i) Products and services provided to schools, kindergartens and hospitals, provided by the charitable foundation.

(ii) The losses are mainly incurred during the crops storage and attributable to the spoilage of crops negatively impacted, at the different stages of biological transformation, by the climatic, deceases and other factors inherent to the agricultural activity.

10. FINANCE COSTS

The Group	2015	2014
Interest on loans and borrowings related party	904	599
Interest on loans and borrowings bank	19 798	18 960
Non-controlling interests	-	-
Convertible loans interest	568	521
Convertible loans charges	267	267
	21 537	20 347

Liabilities for non-controlling interests are reported as current liabilities and not at equity, as they may be redeemed in cash at the request of the owners. Because of this, also minority interests are presented in the results as a financial item. See also accounting principles. Liabilities for non-controlling interests has been solved by pre-payments to enter into land lease agreements have been written off.

11. FINANCE INCOME

The Group	2015	2014
Interest income	332	88
	332	88

12. DEPRECIATION

The Group	2015	2014
Depreciation intangible assets (within cost of sales)	-	-
Depreciation property, plant and equipment (within cost of sales)	9 759	15 969
Depreciation general and administrative expenses (within administrative expenses)	793	1 021
Depreciation selling expenses (within selling expenses)	-	-
	10 552	16 990

Depreciations above are the company's total depreciations, which are divided in their respective functions in the income statement.

13. FOREIGN EXCHANGE GAIN/LOSS

The Group	2015	2014
Foreign exchange difference on loans within the Group	(15 515)	(27 756)
Foreign exchange difference on loans	(19 223)	(43 601)
	(34 738)	(71 357)

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14. PROPERTY, PLANT AND EQUIPMENT

	Land	Building & Constructions	Plant & Equipment	Vehicles	Furniture	Construction in progress	Total
Cost							
As at 1 January 2014		116 901	141 098	13 931	4 886	164	276 980
Additions		1 028	7 739	622	455	16 733	26 577
Transfer						(9 821)	(9 821)
Disposals		(142)	(302)	(102)	(40)	(15)	(600)
Foreign currency translation differences		(45 089)	(55 312)	(5 432)	(1 937)	(1 026)	(108 796)
As at 31 December 2014	**15**	**72 683**	**93 223**	**9 019**	**3 365**	**6 036**	**184 340**
Additions	3 341	6 407	12 393	2 280	767	6 716	31 904
Transfer		(278)	(263)	(38)	35	544	-
Disposals		(31)	(829)	(212)	(362)	-	(1 434)
Foreign currency translation differences	(1 333)	(22 363)	(29 010)	(2 895)	(1 050)	(2 494)	(59 145)
As at 31 December 2015	**2 024**	**56 419**	**75 513**	**8 153**	**2 754**	**10 802**	**155 664**
Depreciation							
As at 1 January 2014		(11 290)	(40 196)	(5 507)	(1 833)		(58 826)
Depreciation for the year		(3 588)	(11 588)	(1 316)	(498)		(16 990)
Reclassification		-	-	-	1	-	1
Disposals		13	129	38	47	-	227
Foreign currency translation differences		4 841	17 060	2 295	768	-	24 965
As at 31 December 2014		**(10 024)**	**(34 595)**	**(4 489)**	**(1 515)**	**-**	**(50 622)**
Depreciation for the year		(2 414)	(7 207)	(600)	(331)	-	(10 552)
Reclassification		14	14	-	(28)	-	-
Disposals		7	386	190	78	-	661
Foreign currency translation differences		3 231	11 012	1 384	481	-	16 108
As at 31 December 2015		**(9 186)**	**(30 389)**	**(3 515)**	**(1 315)**	**-**	**(44 405)**
Net book value							
As at 31 December 2014	**15**	**62 659**	**58 628**	**4 531**	**1 849**	**6 036**	**133 717**
As at 31 December 2015	**2 024**	**47 233**	**45 123**	**4 639**	**1 439**	**10 802**	**111 259**

Property, plant and equipment comprised the following as at 31 December each year:

	2015	2014
Property, plant and equipment	111 259	133 717
Prepayments for property, plant and equipment	832	-
Total property, plant and equipment	112 092	133 717

As at 31 December 2015, a value of 45 598 regarding property, plant and equipment was pledged as a security for the bank loans (2014: SEK 84 050 - note 21).

The cost, accumulated depreciation and the carrying value of machinery and equipment held under finance lease agreements as at 31 December were as follows:

The Group	2015	2014
Cost	-	-
Accumulated depreciation	-	-
	-	-

15. OTHER NON-CURRENT ASSETS

The Group	2015	2014
Prepaid lease expenses (i)	-	461
Value added tax (Note 3)	-	-
Other non-current assets	-	162
	-	**623**

(i) Lease payments for 2 609,5 hectares are valid from 27 April 2010 until 1 June 2015 and 1 253,14 hectares are valid until 31 December 2015.

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16. BIOLOGICAL ASSETS

A reconciliation of changes in the carrying amount of biological assets is as follows:

The Group	Note	Plants	Animal-breeding	Total
Carrying amount at 1 January 2014		5 256	5 312	10 568
Increase due to purchases and subsequent expenditures		195 915	2 842	198 757
Decrease due to crops harvest	(i)	(243 633)	-	(243 633)
Decrease due to sales		(152)	(979)	(1 131)
Net gain / (loss) arising from changes in fair value of biological assets and agricultural produce (less cost to sell)	(ii)	78 336	(2 082)	76 254
Livestock losses			(67)	(67)
Currency translation differences		(6 275)	(2 005)	(8 280)
Carrying amount at 31 December 2014	(iii)	29 447	3 021	32 468
Increase due to purchases and subsequent expenditures		222 660	2 823	225 483
Decrease due to crops harvest	(i)	(279 108)	-	(279 108)
Decrease due to sales		-	(625)	(625)
Net gain / (loss) arising from changes in fair value of biological assets and agricultural produce (less cost to sell)	(ii)	40 926	(1 981)	38 945
Livestock losses		-	(11)	(11)
Currency translation differences		(7 363)	(925)	(8 288)
Carrying amount at 31 December 2015	(iii)	6 562	2 302	8 864

(i) Crops harvested during the year are initially recognised at fair value less costs to sell at the time of harvest. For determination of fair value of agricultural produce, the domestic crop prices, where supported by management plans, less costs to sell at the time of harvest are used. Crop production for the years ended 31 December 2015 and 2014 was as follows:

The Group	2015		2014	
	Tons harvested	FV less cost to sell at the time of harvest	Tons harvested	FV less cost to sell at the time of harvest
Corn	94 541	90 455	124 322	101 509
Sunflower	36 817	92 416	60 886	89 161
Wheat	42 334	44 318	33 069	21 979
Soybean	17 165	43 684	14 510	28 797
Barley	334	202	573	455
Other	-	8 032	-	1 732
	191 191	279 108	233 360	243 634

(ii) The gain arising from the change in fair value less costs to sell of plants represents the aggregate gain arising during the period on initial recognition of biological assets and agricultural produce and from the change in fair value less costs to sell of biological assets. A discounted cash flow model was used to determine the fair values of biological assets. The discounted cash flow model is based on the following significant assumptions:

The Group	2015		2014	
	Yield in tons per hectare	Price per ton less cost to sell	Yield in tons per hectare	Price per ton less cost to sell
Winter wheat	4,70	876	4,92	751
Winter rye	2,50	456	2,62	-
Winter barley	2,63	549	-	751
Corn	7,53	806	6,43	751
Soybean	2,59	1 927	1,65	2 231
Sunflower	2,67	2 032	2,49	1 856

(iii) Biological assets as at 31 December comprised:

Livestock	The Group 2015		The Group 2014	
	Number, heads	Carrying value	Number, heads	Carrying value
Cattle	1 043	2 187	1 043	2 765
Pigs	544	106	544	225
Horses	57	9	57	23
Others	-	1	-	9
	1 644	**2 302**	**1 644**	**3 022**

Livestock at 31 December 2015 comprises SEK 1 548 of non-current biological assets (2014: SEK 1 548).

Plants	The Group 2015		The Group 2014	
	Hectares	Carrying amount	Hectares	Carrying amount
Winter wheat	9 030	6 557	9 030	29 447
Winter rye	-	-	-	-
Winter barley	-	-	-	-
	9 030	**6 557**	**9 030**	**29 447**

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17. INVENTORIES

The Group	2015	2014
Agricultural produce (at fair value less costs to sell or net realisable value) (i)	74 477	132 014
Work in progress (at cost) (ii)	26 246	11 688
Raw materials (at cost) (iii)	8 489	13 730
Fertilizer, herbicide and pesticide (at cost)	2 668	1 141
Other inventories (at cost)	1 246	819
	113 126	159 392

(i) Agricultural produce is measured at the lower of the fair value at the time of harvest less cost to sell and net realizable value.

(ii) Work in progress represents the cost of preparing and treating land prior to seeding.

(iii) Raw materials mainly comprise seeds, other chemicals and fuel.

18. TRADE AND OTHER RECEIVABLES, OTHER CURRENT ASSETS

Trade and other receivables	The Group 2015	The Group 2014
Trade receivables	1 168	785
Trade receivables due from related party	-	-
Loans issued to employees	1 122	1 145
Less: bad debt allowance	28	33
	2 319	**1963**
Other current assets		
Deferred expenses	628	894
Advances paid	29 749	24 115
VAT recoverable	15 061	1 838
Other	1 653	3 777
	47 091	**30 624**

The Group	Provision for bad debts
As at 1 January 2014	104
Charge for the year	-
Used amounts (ii)	-
Foreign exchange translation difference	(40)
As at 31 December 2014	**64**
Charge for the year	5
Used amounts (ii)	(24)
Foreign exchange translation difference	(17)
As at 31 December 2015	**28**

(ii) relates to bad debt loss that has been established during the year

For detailed information about aging see note 26.

19. CASH AND CASH EQUIVALENTS

	The Group 2015	The Group 2014
Cash:		
– on bank accounts	18 512	3 904
– on hand	10	9
	18 522	3 913

Parts of The Groups cash are temporarily bound by Ukrainian currency restrictions.

20. SHARE CAPITAL

The registered share capital amounts to SEK 11 556 (2014: SEK 11 556) and consist of 7 807 775 shares (2014: 7 807 775 shares). B2K Grain Alliance AB only has one class of shares carrying equal voting power.

21. LOANS AND BORROWINGS

As at 31 December 2015 loans and borrowings are as follows:

Maturity			2016	2017 – 2019	
	Currency	Interest	Current portion	Non-current portion	Total
The Group					
Ukrainian bank	USD	5,5%-11%	3 056	-	3 056
Ukrainian bank	UAH	5,5% – 25%	23 083	-	23 083
Related party (Note 24)	SEK	4-7%	12 150	9 177	21 327
Convertible loans	SEK	3,5-7%	-	2 054	2 054
Convertible loans related party	SEK	3,5-7%	-	44 209	44 209
			38 289	**55 440**	**93 729**

50 Notes to the consolidated financial statement (in thousands of SEK)
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As at 31 December 2014 loans and borrowings are as follows:

Maturity			2015	2016 – 2018	
	Currency	**Interest**	**Current portion**	**Non-current portion**	**Total**
The Group					
Ukrainian bank	USD	5,5-9,2%	42 562	-	42 562
Ukrainian bank	UAH	5,5-22%	116 085	-	116 085
Related party (Note 24)	SEK	4-7%	21 930	8 743	30 673
Convertible loans	SEK	3,5-7%	-	4 438	4 438
Convertible loans related party	SEK	3,5-7%	-	41 227	41 227
			180 577	**54 408**	**234 985**

CONVERTIBLE LOANS

The Extraordinary General Meeting in BZK Grain Alliance AB decided in 2009 to issue convertible bonds up to a maximum of SEK 45 million, which entitles holders to convert bonds up to a maximum total of 1 million shares in the Company with a quotient value of SEK 1.48 per share. To the extent that conversion has not taken place on 1 April 2018 at the latest, the then outstanding portion of the principal amount of the convertible bonds is due for payment on 30 April 2018. A holder of convertible bonds is entitled to request conversion of his claim to new shares during the period 1 January 2015 to 1 April 2018 at a conversion rate of SEK 45 per share.

Convertible loans are registered with Euroclear and carry an annual interest rate of 7%, which is payable on 30 April each year. The loan falls due on 30 April 2018.

When calculating the market rate at the time of the loan, the interest rate was estimated at 9%. Convertibles are a compound financial instrument which is divided into its components (equity and debt). The debt on 31 December 2015 was SEK 38 million (2014: 37,5 million), and the equity portion was 4.8 million SEK.

22. TRADE AND OTHER LIABILITIES, OTHER CURRENT LIABILITIES

The Group	2015	2014
Trade and other liabilities		
Trade liabilities	2 152	3 408
Payroll and related taxes	2 958	1 582
Unused vacations accrual	2 353	2 031
Other	324	727
	7 787	7 747
Other current liabilities		
Value added tax	2 119	835
Advances received	121	153
Income tax payable	316	163
Other	142	183
	2 698	**1 334**

23. NUMBER OF EMPLOYEES AND EMPLOYEE BENEFITS

Number of employees			2015			2014
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden	-	-	-	-	-	-
Ukraine	209	996	1 205	258	945	1203
	209	996	1 205	258	945	1203

The management of the Group consists of 100% male.

EMPLOYEE BENEFITS

During the year no salaries, remuneration or pension expenses have been paid to the Board members.

The Group	2015	2014
Board and senior executives	854	385
Other employees	24 040	25 808
Pension costs Board and senior executives	228	134
Pension costs other employees	6 406	10 294
Social security costs	0	108
	31 529	**36 730**

52 Notes to the consolidated financial statement (in thousands of SEK)
Notes to the consolidated financial statement (in thousands of SEK) 53

24. RELATED PARTY DISCLOSURES

ULTIMATE CONTROLLING PARTY

As at 31 December 2015 the majority owner of the Parent Company is Ukrainian Investment AB, which is a subsidiary of Claesson & Anderzén AB. A citizen of Sweden, Mr Johan Claesson, has the controlling interest in Claesson & Anderzén AB.

When the customs procedures in Ukraine often are too complicated for the company's U.S. suppliers of used equipment, purchases are made by a related party, UkrEthanol LLC, who has knowledge and experience to handle customs declaration. At December 31, the Group's outstanding balances with related parties as follows:

Entity under common control	2015	2014
Loans and borrowings	**(65 538)**	**(70 199)**
Of which:		
CA Investment AB	(12 906)	(19 271)
CA Agroinvest AB	(51 063)	(49 445)
Ukrainian Investment AB	(1 569)	(1 483)
Trade and other receivables	-	-
Other current assets	**-**	**296**
Of which:		
Bezsmertniy V.P	-	26
Svitanok Ltd	-	-
Radovenyuk E.A	-	98
Radovenyuk A.F	-	172

For the year ended 31 December the Group's transactions with related parties are as follows:

Entity under common control	2015	2014
Interest expenses	**(3 433)**	**(3 543)**
Of which:		
CA Investment AB	(363)	(352)
CA Agroinvest AB	(2 985)	(3 107)
Ukrainian Investment AB	(85)	(85)
Purchase of services	**(4 692)**	**(2 418)**
Of which:		
Radovenyuk E.A	(638)	(1 086)
Radovenyuk A.F	(689)	(1 332)
SPD Radovenyuk	(1 268)	-
UkrEthanol	(2 097)	(1 654)
Purchases of property, plant and equipment	-	-
Purchases of seeds	-	-

COMPENSATION TO KEY MANAGEMENT PERSONNEL

For the year ended 31 December 2015 remuneration paid by the Group to key management personnel was SEK 968 (2014: SEK 544). Compensation included contractual salaries and taxes. Key management personnel consist of six individuals as at 31 December 2015 (2014: six).

25. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

TAXATION

The Group's operating activities are concentrated in Ukraine as disclosed in Note 1. Ukrainian legislation and regulations regarding taxation and other operational issues continue to evolve. Legislation and regulations are not always clearly written. Management believes that the Group has complied with all regulations and paid or accrued all applicable taxes. Where the risk of outflow of resources is probable, the Group has accrued tax liabilities based on management's best estimate.

The Group's operations and financial position will continue to be affected by Ukrainian political developments including the application of legislation and tax regulations. Management is of the opinion that the contingencies relating to the Group's operations are not of greater significance than those of similar businesses in Ukraine.

OPERATING LEASE COMMITMENTS OF THE GROUP

The Group has entered into, or acquired, commercial lease agreements for land. The amount of lease payments is subject to renegotiation on an annual basis. At the end of each of the lease terms, the lessee has the right to renew the lease agreements. Total costs for commercial lease agreements for land during 2015 was 24 409 (2014: 25 206).

Future minimum rentals payable under non-cancellable operating land leases comprise:

	2015	2014
Up to 12 months	28 945	24 638
1-5 years	95 389	70 236
Over 5 years	42 223	28 036
	166 557	**122 910**

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Notes to the consolidated financial statement (in thousands of SEK) 55

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are comprised of trade receivables and liabilities, loans and borrowings, cash and cash equivalents. The main purpose of these financial instruments is to provide funding for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other liabilities, arising in the course of its operations. Fair values of the Group's financial instruments are close to their carrying amounts.

The main risks arising from the Group's financial instruments are market risk, liquidity risk, credit risk and agricultural risk. The policies for managing each of these risks are summarized below.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments exposed to market risk include loans and borrowings, deposits, accounts receivable, accounts payable and finance leases. The sensitivity analyses in the following sections relate to the position as at 31 December 2015 and 2014. They have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant. In calculation of sensitivity analysis, the sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held on 31 December 2015 and 2014.

INTEREST RATE RISK

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, all other variables equal, of the Group's profit before tax.

Effect on profit before tax	Change in basis points	The Group
2015		
Change in interest rate (LIBOR)	50	(434)
Change in interest rate (LIBOR)	(12)	104
2014		
Change in interest rate (LIBOR)	2	(27)
Change in interest rate (LIBOR)	(2)	27

FOREIGN CURRENCY RISK

The Group performs its operations in Swedish Krona ("SEK"), Ukrainian Hryvnia ("UAH"), US dollar ("USD") and Euro ("EUR"). The Group attracts a substantial amount of foreign currency denominated loans and borrowings, and is thus exposed to foreign exchange risk. Foreign currency denominated loans and borrowings give rise to foreign exchange exposure. The Group has not entered into transactions to hedge against these foreign currency risks.

Currency risks as defined by IFRS 7 arise when financial instruments are denominated in a currency that is not the functional currency, and are of a monetary nature; translation-related risks are not taken into consideration. Relevant risk variables are generally non-functional currencies in which the Group has financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, all other variables equal, of the Group's profit before tax.

Effect on profit before tax	Change in foreign currency rate	The Group
2015		
Change in USD exchange rate	18,0%	835
Change in USD exchange rate	-40,0%	(1 856)
2014		
Change in USD exchange rate	28,9%	(11 489)
Change in USD exchange rate	-28,9%	11 489

LIQUIDITY RISK

The objective is to maintain continuity and flexibility of funding through the use of credit terms provided by suppliers as well as loans and borrowings. Management analyses the aging of assets and maturity of liabilities and plans the liquidity depending on expected repayment of various instruments. In the case of insufficient or excessive liquidity in individual entities, management relocates resources and funds to achieve optimal financing of business needs. The table below summarises the maturity profile of the financial liabilities at 31 December based on contractual undiscounted payments:

The Group	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 December 2015					
Loans and borrowings, principal amount	-	-	34 680	52 694	87 374
Interest payable	-	552	-	5 596	6 149
Trade and other liabilities (Note 22)	-	3 275	4 483	-	7 758
	-	**3 827**	**39 164**	**58 290**	**101 281**
31 December 2014					
Loans and borrowings, principal amount	-	-	176 631	49 069	225 701
Interest payable	-	7 985	7 921	9 973	25 880
Trade and other liabilities (Note 22)	-	3 489	5 591	-	9 081
	-	**11 475**	**190 144**	**59 042**	**260 661**

CREDIT RISK

Sales are performed only to recognised, creditworthy third parties. The policy is that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and, therefore, the exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 18.

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Notes to the consolidated financial statement (in thousands of SEK) 57

The ageing analysis of the trade and other receivables is as follows:

The Group		Past due, but not impaired				
	Neither past due, nor impaired	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
31 December 2015						
Trade and other receivables	-	2 319	-	-	-	2 319
	-	2 319	-	-	-	2 319
31 December 2014						
Trade and other receivables	-	1 597	122	244	-	1 963
	-	1 597	122	244	-	1 963

CAPITAL MANAGEMENT

Management considers debts and net assets attributable to majority participants as primary capital sources. The objective of capital management is to safeguard the ability to continue as a going concern in order to provide returns on investment for shareholders and benefits for other stakeholders as well as to provide financing of its operating requirements, capital expenditures and sustainability of the development strategy.

The capital management policies aim to ensure and maintain an optimal capital structure to reduce the overall cost of capital, and flexibility relating to the access to capital markets. Management monitors capital using a gearing ratio, which is net debt divided by total net assets attributable to majority shareholders plus net debt, including in the net debt loans and borrowings, finance lease liability, trade and other liabilities, less cash and cash equivalents.

The Group	2015	2014
Loans and borrowings	93 729	234 985
Trade and other liabilities	6 386	7 747
Less cash and cash equivalents	(18 522)	(3 913)
Net debt	**81 593**	**238 819**
Equity	357 343	116 826
Total equity and net debt	438 936	355 645
Gearing ratio	**19%**	**67%**

Management monitors the capital structure on a regular basis and may adjust its capital management policies and targets following changes in the operating environment, market sentiment or its development strategy. The policy is to maintain a gearing ratio below 50%. The reason for the high debt ratio at the yearend of 2014 was because we had a large amount of crops in stock. In early 2015, the majority of these crops were sold and thereby loan was amortized.

AGRICULTURAL RISK

Agricultural risk arises from the unpredictable of weather, pollution and other risks relating to the performance of crops. In order to manage the level of risk associated with agricultural activity, the Group holds a diversified portfolio of arable crops.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments are determined with reference to various market information and other valuation methodologies as considered appropriate. However considerable judgement is required in interpreting market data to develop these estimates. Accordingly, the estimates are not necessarily indicative of the amounts that the Group could realise in a current market situation. All financial assets and liabilities are valued at amortised cost. Set out below is the comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the consolidated statement of financial position

The Group	Carrying amount		Fair value	
	2015	2014	2015	2014
Loans and receivables				
Cash and cash equivalents	18 522	3 913	18 522	3 913
Trade and other receivables	2 319	1 963	2 319	1 963
Other financial liabilities				
Trade and other liabilities	10 485	9 081	10 485	9 081
Loans and borrowings	93 729	234 985	93 729	234 985

28. EVENTS AFTER THE REPORTING DATE

During the first quarter of 2016, 20 000 tonnes of sunflower were sold at an average gross price of 10 050 UAH/ton, further 11 700 tonnes of soybeans are kept till April 2016. Current sales prices are not significantly higher than those that formed the basis for the valuation of goods stock 2015.

During the first quarter 2016 we have been consuming mostly credit funds received from BNP Paribas to cover our short-term operational needs, to purchase dry fertilizers and to pay for self-propelled aggregates for dry fertilizers. In the beginning of February we have repaid all short-term credits to BNP after sales of sunflower. Cash incomes from sales of sunflower were enough to close credits to BNP, and to make payment for plant protection material and purchase of diesel. Thus, we were obligated to continue consuming credit funds from BNP in February and from Credit Agricole in March to cover our operational needs and pay for agricultural equipment.

Ukraine LLC Ovsyuki and Ukraine LLC Chutivka which was subsidiaries to Barishevka Grain Comapny LLC were liquidated during the first quarter 2016.

The VAT rules in Ukraine has been changed from 2016. Previous years we were entitled to retain the VAT received from sales to recover VAT on inputs. From 2016 we have to distribute our expenses on purchase of goods and services, as well as our incomes from sales, on several accounts depending on the type of goods/services. How much VAT we are entitled to retain depends on the type of goods/service. The following categories are used:

- grain and industrial crops, 15 %
- cattle and milk, 80%
- pigs, 50%
- other crops and agricultural services 50%
- other goods and services, 0%

From a political perspective, it has been a lot of disturbance in the Ukraine, and we follow this every day that passes. Our business has so far been most affected in terms of the sharp fall in domestic currency. The currency risk has under the circumstances been handled well.

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Notes to the consolidated financial statement (in thousands of SEK) 59

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

The Parent Company	Notes	2015	2014
Revenue from sales		-	-
Gross profit		**-**	**-**
General and administrative expenses	2	(6 796)	(3 035)
Operating profit / (loss)		**(6 796)**	**(3 035)**
Finance costs	3	(3 925)	(4 073)
Finance income	4	2 754	3 207
Foreign exchange gain	5	5 046	11 753
Profit / (loss) before tax		**(2 921)**	**7 852**
Income tax expense	16	-	-
Profit / (loss) for the year		**(2 921)**	**7 852**
Other comprehensive income:		-	-
Total comprehensive income for the year		**(2 921)**	**7 852**

PARENT COMPANY'S STATEMENT OF FINANCIAL POSITION

The Parent Company	Notes	2015	2014
Non-current assets			
Shares in subsidiaries	6	256 367	256 530
		256 367	**256 530**
Current assets			
Receivable subsidiary	7	42 796	68 084
Other current assets	7	622	958
Cash and cash equivalents	8	17 740	2 874
		61 158	**71 916**
Total assets		**317 525**	**328 446**
Equity			
Issued capital	9	11 556	11 556
Other contributed capital		278 295	278 295
Retained earnings		(42 255)	(39 334)
		247 596	**250 517**
Non-current liabilities			
Loans and borrowings	10	2 054	4 438
Loans and borrowings relative parties	10	55 413	52 565
		57 467	**57 003**
Current liabilities			
Loans and borrowings relative parties	10	12 150	20 228
Trade and other liabilities	11	312	698
Other current liabilities	11	-	-
		12 462	**20 926**
Total liabilities		**69 929**	**77 929**
Total equity and liabilities		**317 525**	**328 446**
Pledged assets		**-**	**-**

60 Parent Company's statement of comprehensive income (in thousands of SEK)
Parent Company's statement of financial position (in thousands of SEK) 61

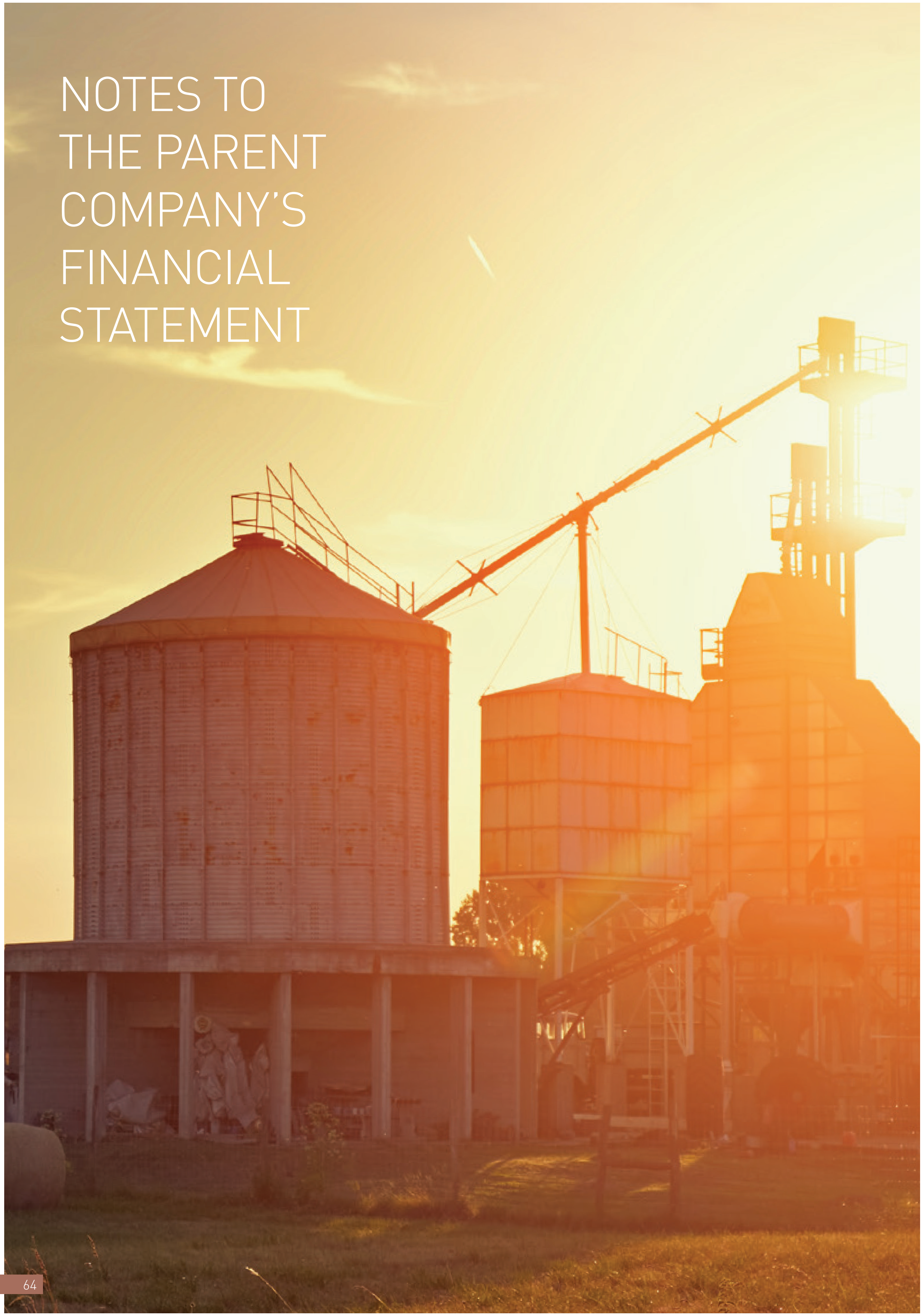
PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

The Parent Company	Issued capital (restricted equity)	Other contributed capital (non-restricted equity)	Retained earnings (non-restricted equity)	Total equity
Balance at 31 December 2013	**11 556**	**278 295**	**(47 186)**	**242 665**
Loss for the year			7 852	7 852
Total comprehensive income			**7 852**	**7 852**
Transactions with owners				
Issue of capital				
Balance at 31 December 2014	**11 556**	**278 295**	**(39 334)**	**250 517**
Profit for the year			(2 921)	(2 921)
Total comprehensive income			**(2 921)**	**(2 921)**
Transactions with owners				
Issue of capital				
Balance at 31 December 2015	**11 556**	**278 295**	**(42 255)**	**247 596**

PARENT COMPANY'S STATEMENT OF CASH FLOWS

The Parent Company	2015	2014
Operating activities		
Profit / (loss) before tax	(2 921)	7 852
Non cash adjustments:		
Finance income	(2 754)	(3207)
Finance costs	3 925	4 257
Working capital adjustments:		
Change in trade receivables and other current assets	25 780	(12 004)
Increase in trade and other payables and other current liabilities	(8 464)	4 400
	15 566	**1298**
Interest received	2 754	3 207
Income tax paid	-	-
Net cash flows from operating activities	**18 320**	**4 505**
Investing activities		
Purchase of financial assets	-	-
Net cash flows used in investing activities	**-**	**-**
Financing activity		
Proceeds from loans and borrowings	464	624
Interest paid	(3 918)	(4 073)
Net cash flows from financing activities	**(3 454)**	**(3 449)**
Net change in cash and cash equivalents	14 866	1 056
Foreign exchange difference cash	-	-
Cash and cash equivalents at 1 January	2 874	1 818
Cash and cash equivalents at 31 December	**17 740**	**2 874**

62 Parent Company's statement of changes in equity (in thousands of SEK)
Parent Company's statement of cash flows (in thousands of SEK) 63



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING PRINCIPLES OF THE PARENT COMPANY

The parent company, BZK Grain Alliance AB, financial statements have been prepared according to the Swedish Annual Accounts Act and recommendation RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. RFR 2, implies that the parent company, as the legal entity shall apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act and considering the relationship between accounting and taxation. The recommendation specifies the exceptions and additions that shall be made in accordance with IFRS

INVESTMENTS IN SUBSIDIARIES

(PARENT COMPANY'S SEPARATE FINANCIAL STATEMENTS)

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The investments in subsidiaries are initially recognised at cost. The carrying value of the investments is reviewed when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the investments are written down to their recoverable amount in accordance with IAS 36. Impairment losses are recognised in the statement of comprehensive income. An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the investments. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the investment's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the investment does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. Such reversal is recognised in the statement of comprehensive income.

2. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The Parent Company	2015	2014
General and administrative expenses		
Payroll and related taxes	-	276
Professional services (i)	6 796	2 575
Other expenses	-	184
	6 796	**3 035**

Audit fees for the parent company and the Group in year 2015 and 2014 relates to fees payable to Ernst & Young. Audit fees included in the general and administrative costs are as follows:

The Parent Company	2015	2014
Audit assignment fees	1 306	424
Audit work not related to ordinary audit assignment	-	36
Tax advice	-	-
Other assignments	-	-
	1 306	**460**

Notes to the Parent Company's financial statement (in thousands of SEK) 65

3. FINANCE COSTS

The Parent Company	2015	2014
Interest on loans and borrowings	3 925	4 073
	3 925	**4 073**

4. FINANCE INCOME

The Parent Company	2015	2014
Interest income	2 754	3 207
	2 754	**3 207**

5. FOREIGN EXCHANGE GAIN/LOSS

Concern	2015	2014
Foreign exchange difference on loans within the group	5 330	11 312
Foreign exchange difference cash	(285)	441
	5 046	**11 753**

6. SHARES IN SUBSIDIARIES

The Parent Company	
As at 1 January 2014	256 714
Liquidation subsidiaries	(184)
As at 31 December 2014	**256 530**
Investments in subsidiaries	
Liquidation subsidiaries	(163)
As at 31 December 2015 (i)	**256 367**

(i)	2015	2014
Barishevska Grain Company LLC	256 367	256 367
Agrido LLC	-	163
Khmelnitska Grain Company	0	-
	256 367	**256 530**

7. TRADE AND OTHER RECEIVABLES, OTHER CURRENT ASSETS

The Parent Company	2015	2014
Trade and other receivables		
Trade receivables due from related party (Note 13)	42 796	68 084
	42 796	**68 084**
Other current assets		
Advances paid	622	889
VAT recoverable	-	42
Other	-	27
	622	**958**

For detailed information about aging see note 14.

8. CASH AND CASH EQUIVALENTS

The Parent Company	2015	2014
Cash:		
– on bank accounts	7 717	2 821
– blocked funds	10 023	53
	17 740	**2 874**

9. SHARE CAPITAL

The registered share capital amounts to SEK 11 556 (2014: SEK 11 556) and consists of 7 807 775 shares (2014: 7 807 775 shares). BZK Grain Alliance AB only has one class of shares carrying equal voting power.

66 Notes to the Parent Company's financial statement (in thousands of SEK)
Notes to the Parent Company's financial statement (in thousands of SEK) 67

10. LOANS AND BORROWINGS

As at 31 December 2015 loans and borrowings are as follows:

The Parent Company	Currency	Interest	2016 Current portion	2017 – 2019 Non-current portion	Total
			Maturity		
Related party (Note 13)	SEK	4-7%	12 150	9 177	21 327
Convertible loans	SEK	3,5-7%	-	2 054	2 054
Convertible loans related party	SEK	3,5-7%	-	46 236	46 236
			12 150	**57 467**	**69 617**

As at 31 December 2014 loans and borrowings are as follows:

The Parent Company	Currency	Interest	2015 Current portion	2016 – 2018 Non-current portion	Total
			Maturity		
Related party (Note 13)	SEK	4-7%	20 228	8 743	28 971
Convertible loans	SEK	3,5-7%	-	4 438	4 438
Convertible loans related party	SEK	3,5-7%	-	43 822	43 822
			20 228	**57 003**	**77 231**

CONVERTIBLE LOANS

The Extraordinary General Meeting in BZK Grain Alliance AB decided in 2009 to issue convertible bonds up to a maximum of SEK 45 million, which entitles holders to convert bonds up to a maximum total of 1 million shares in the Company with a quotient value of SEK 1.48 per share. To the extent that conversion has not taken place on 1 April 2018 at the latest, the then outstanding portion of the principal amount of the convertible bonds is due for payment on 30 April 2018. A holder of convertible bonds is entitled to request conversion of his claim to new shares during the period 1 January 2015 to 1 April 2018 at a conversion rate of SEK 45 per share.

Convertible loans are registered with Euroclear and carry an annual interest rate of 7%, which is payable on 30 April each year. The loan falls due on 30 April 2018.

11. TRADE AND OTHER LIABILITIES, OTHER CURRENT LIABILITIES

The Parent Company	2015	2014
Trade and other liabilities		
Trade liabilities	22	-
Payroll and related taxes	-	8
Other	290	690
	312	**698**
Other current liabilities		
Other	-	-
	-	**-**

12. NUMBER OF EMPLOYEES AND EMPLOYEE BENEFITS

Number of employees	2015 Women	2015 Men	2015 Total	2014 Women	2014 Men	2014 Total
Sweden	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**

The Parent Company	2015	2014
Employee benefits		
Board and senior executives	-	134
Pension costs	-	34
Social security costs	-	108
	-	**276**

During the year no salaries, remuneration or pension expenses have been paid to the Board members.

68 Notes to the Parent Company's financial statement (in thousands of SEK)
Notes to the Parent Company's financial statement (in thousands of SEK) 69

13. RELATED PARTY DISCLOSURES

ULTIMATE CONTROLLING PARTY

As at 31 December 2015 the majority owner of the Parent Company is Ukrainian Investment AB, which is a subsidiary of Claesson & Anderzén AB. A citizen of Sweden, Mr Johan Claesson, has the controlling interest in Claesson & Anderzén AB.

As at 31 December the Company's balances owed to and due from related parties are as follows:

	2015	2014
Entity under common control		
Loans and borrowings (Note 10)	(67 565)	(72 794)
Of which:		
CA Investment AB	(12 906)	(19 271)
CA Agroinvest AB	(53 090)	(52 040)
Ukrainian Investment AB	(1 569)	(1 483)
Subsidiary		
Trade and other receivables	**42 796**	**68 084**
– Baryshevski Grain Company LLC		

For the year ended 31 December the Company's transactions with the related parties under common control are as follows:

	2015	2014
Purchase of services	(3 365)	(1 654)
Of which:		
SPD Radovenyuk	(1 268)	
UkrEthanol	(2 097)	(1 654)
Interest expenses	(3 433)	(3 543)
Of which:		
CA Investment AB	(363)	(352)
CA Agroinvest AB	(2 985)	(3 107)
Ukrainian Investment AB	(85)	(85)

COMPENSATION TO KEY MANAGEMENT PERSONNEL

For the year ended 31 December 2015, remuneration paid to key management personnel is SEK 0 (2014: 242). Compensation comprised the contractual salary and related taxes.

There are no key management personnel as of 31 December 2015 (2014: zero).

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments exposed to market risk include loans and borrowings, deposits, accounts receivable, accounts payable and finance leases. The sensitivity analyses in the following sections relate to the position as at 31 December 2015 and 2014. They have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant. In calculation of sensitivity analysis, the sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held on 31 December 2015 and 2014.

INTEREST RATE RISK

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, all other variables equal, of the company's profit before tax.

		Effect on profit before tax
	Change in basis points	The Parent Company
2015		
Change in interest rate (LIBOR)	50	(92)
Change in interest rate (LIBOR)	-12	22
2014		
Change in interest rate (LIBOR)	2	(5)
Change in interest rate (LIBOR)	(2)	5

FOREIGN CURRENCY RISK

Currency risks as defined by IFRS 7 arise when financial instruments are denominated in a currency that is not the functional currency, and are of a monetary nature; translation-related risks are not taken into consideration. Relevant risk variables are generally non-functional currencies in which the company has financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, all other variables equal, of the company's profit before tax.

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	Change in foreign currency rate %	Effect on profit before tax The Parent Company
2015		
Change in USD exchange rate	18	9 048
Change in USD exchange rate	(40)	(20 108)
2014		
Change in USD exchange rate	28,9	19 995
Change in USD exchange rate	-28,9	(19 995)

LIQUIDITY RISK

The objective is to maintain continuity and flexibility of funding through the use of credit terms provided by suppliers as well as loans and borrowings. Management analyses the aging of assets and maturity of liabilities and plans the liquidity depending on expected repayment of various instruments. The table below summarises the maturity profile of the financial liabilities at 31 December based on contractual undiscounted payments:

The Parent Company	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 December 2015					
Loans and borrowings, principal amount	-	-	12 150	51 664	63 814
Interest payable	-	-	-	5 804	5 804
Trade and other liabilities (Note 11)	-	312	-	-	312
	-	**312**	**12 150**	**57 468**	**69 930**
31 December 2014					
Loans and borrowings, principal amount	-	-	20 228	51 664	71 892
Interest payable	-	-	-	5 339	5 339
Trade and other liabilities (Note 11)	-	698	-	-	698
	-	**698**	**20 228**	**57 003**	**77 929**

CREDIT RISK

Receivable balances are monitored on an ongoing basis and, therefore, the exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 7. The ageing analysis of the trade and other receivables is as follows:

The Parent Company	Neither past due, nor impaired	Past due, but not impaired Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
31 December 2015						
Receivable subsidiary	-	7 299	-	7 100	28 397	42 796
Trade and other receivables	-	-	-	-	-	-
	-	**7 299**	**-**	**7 100**	**28 397**	**42 796**
31 December 2014						
Receivable subsidiary	-	13 414	-	13 414	41 256	68 084
Trade and other receivables	-	-	-	-	-	-
	-	**13 414**	**-**	**13 414**	**41 256**	**68 084**

CAPITAL MANAGEMENT

Management considers debts and net assets attributable to majority participants as primary capital sources. The objective of capital management is to safeguard the ability to continue as a going concern in order to provide returns on investment for shareholders and benefits for other stakeholders as well as to provide financing of its operating requirements, capital expenditures and sustainability of the development strategy. The capital management policies aim to ensure and maintain an optimal capital structure to reduce the overall cost of capital, and flexibility relating to the access to capital markets.

Management monitors capital using a gearing ratio, which is net debt divided by total net assets attributable to majority shareholders plus net debt, including in the net debt loans and borrowings, finance lease liability, trade and other liabilities, less cash and cash equivalents.

The Parent Company	2015	2014
Loans and borrowings	69 618	77 231
Trade and other liabilities	312	698
Less cash and cash equivalents	(17 740)	(2 874)
Net debt	52 190	75 055
Equity	247 596	250 517
Total equity and net debt	299 786	325 572
Gearing ratio	**17%**	**23%**

Management monitors the capital structure on a regular basis and may adjust its capital management policies and targets following changes in the operating environment, market sentiment or its development strategy. The policy is to maintain a gearing ratio below 50%.

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15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments are determined with reference to various market information and other valuation methodologies as considered appropriate. However considerable judgement is required in interpreting market data to develop these estimates. Accordingly, the estimates are not necessarily indicative of the amounts that the Group could realise in a current market situation. All financial assets and liabilities are valued at amortised cost. Set out below is the comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the consolidated statement of financial position:

The Parent Company	Carrying amount		Fair value	
	2015	**2014**	**2015**	**2014**
Loans and receivables				
Cash and short-term deposits	17 740	2 874	17 740	2 874
Trade and other receivables	42 796	68 084	42 796	68 084
Other financial liabilities				
Trade and other payables	312	698	312	698
Loans and borrowings	69 617	77 231	69 617	77 231

16. INCOME TAX

As at 31 December 2015, the tax loss carried forward is SEK 35 484 (2014: SEK 32 726). The Company has not recognized deferred tax assets as deficit.

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