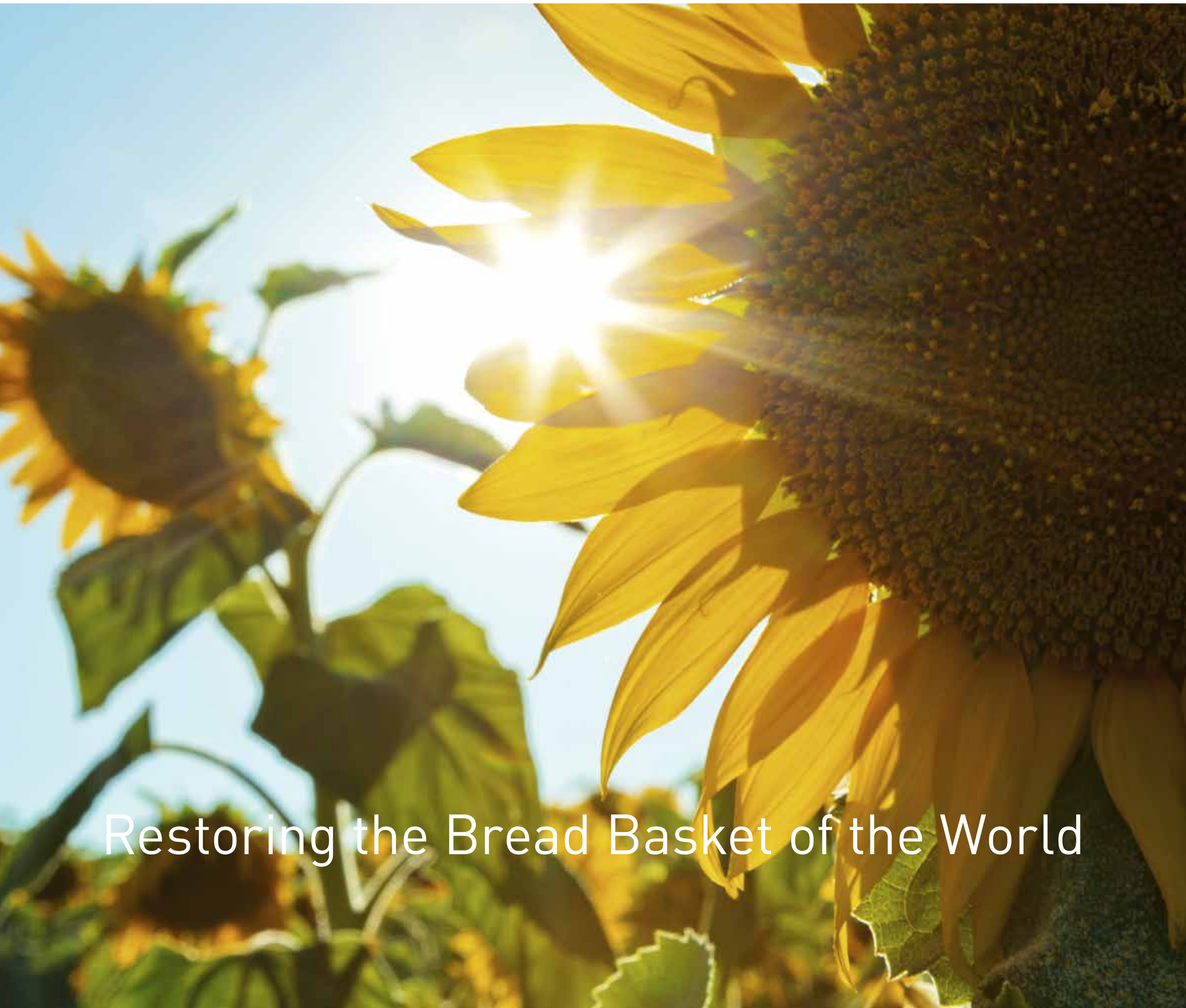
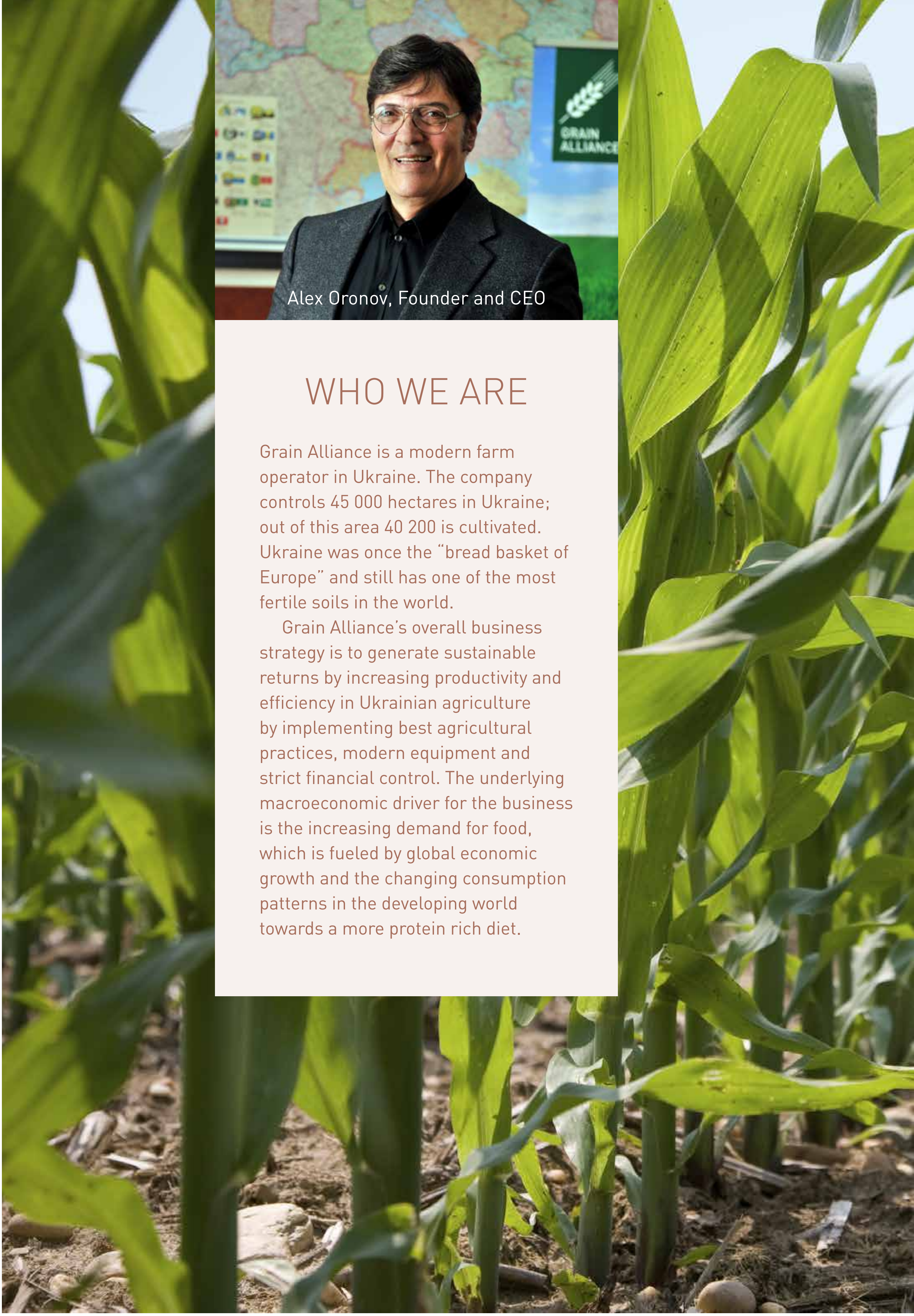
GRAIN
ALLIANCE

ANNUAL REPORT 2013



Restoring the Bread Basket of the World

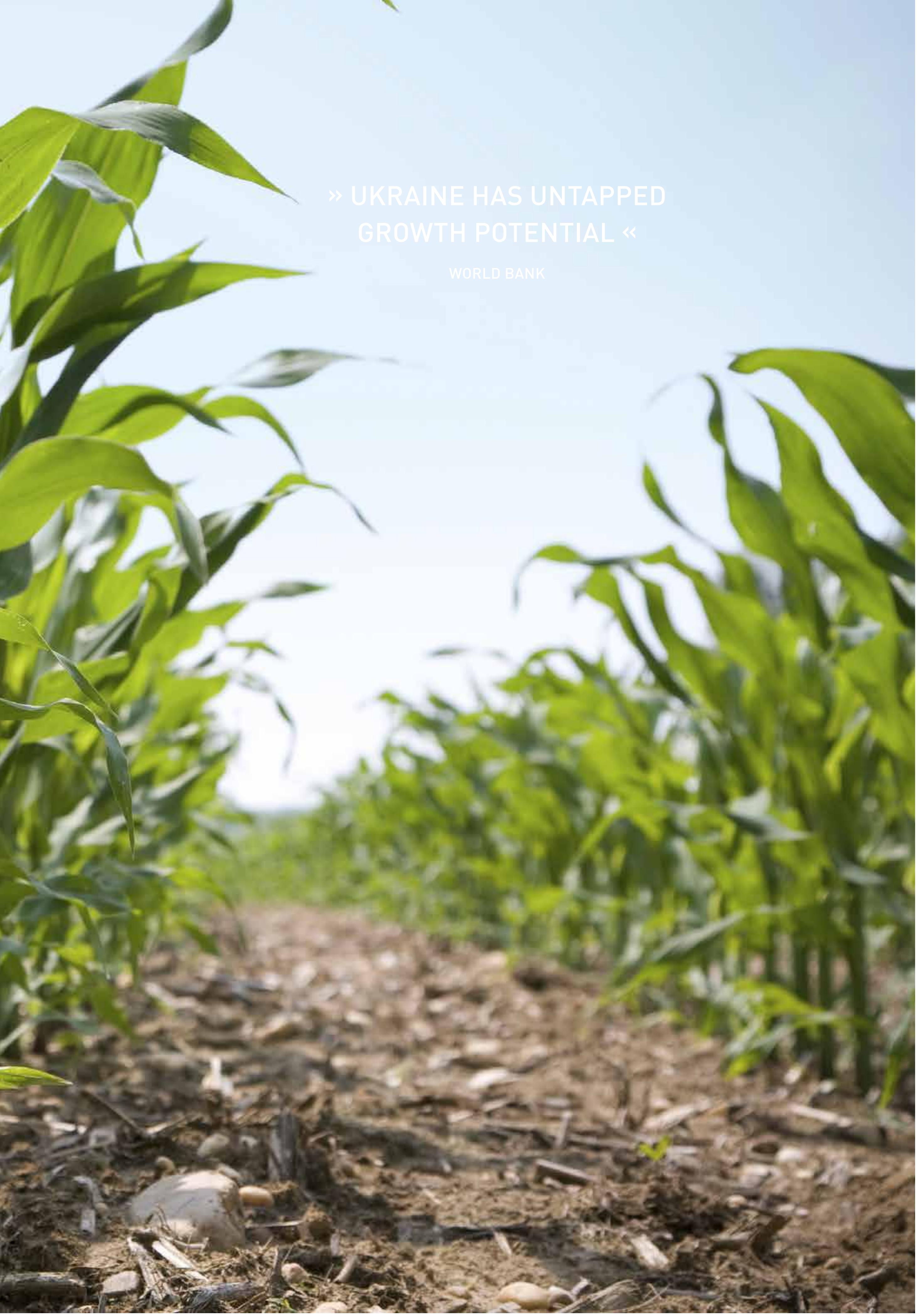


Alex Oronov, Founder and CEO

WHO WE ARE

Grain Alliance is a modern farm operator in Ukraine. The company controls 45 000 hectares in Ukraine; out of this area 40 200 is cultivated. Ukraine was once the "bread basket of Europe" and still has one of 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 implementing best agricultural practices, modern equipment and strict financial control. The underlying macroeconomic driver for the business is the increasing demand for food, which is fueled by global economic growth and the changing consumption patterns in the developing world towards a more protein rich diet.


» UKRAINE HAS UNTAPPED GROWTH POTENTIAL «
WORLD BANK

GRAIN ALLIANCE IN 2013

- The decrease in turnover is mainly due to the dramatic decline in the price of corn.
- Further efficiency improvements in the area of fuel consumption and grain handling.
- Rapid expansion of storage facilities due to completion of the Piryatin grain elevator. By the end of 2013 Grain Alliance had storage capacity close to 170 000 tons.
- Completion of the soybean calibration facility at the Baryshevka grain elevator.
- Heavy rainfall during the fall delayed the harvest, caused crop losses and congested the drying facilities.
- Sales period was optimized, from low season during harvest to potential higher prices during spring, which resulted in increased outgoing stocks of corn and sunflower. A consequence of the increased stocks is a lower financial result due to the international accounting standard's principles of valuation.

FINANCIAL STATEMENTS IN BRIEF

	SEK of Thousands	
	2013	**2012**
Revenue, including revaluation of biological assets	82 317	358 644
Gross profit	-28 911	69 503
EBITDA	-25 308	96 360
EBITDA margin	Neg.	27%
Net profit	-77 352	43 403
Net margin	Neg.	12%
Amortization of intangible assets	22 447	23 185
Depreciation, total	-43 445	-39 813
Total assets	452 758	346 140
Total equity	193 143	269 936
Total liabilities	259 615	76 204
No. of shares	7 807 775	7 807 775
Profit per share	-9,9	5,6
Equity per share	24,7	34,6
Equity ratio	43%	78%
Cultivated area, ha	40 275	36 453
Revenue/ha	2 044	9 839
EBITDA/ha	-628	2 643

THIS IS GRAIN ALLIANCE

THIS IS GRAIN ALLIANCE

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, a highly developed infrastructure and proximity to all major import markets makes Ukraine ideal for large-scale farming.

- Grain Alliance has experience from 15 years of successful large-scale farming in Ukraine, achieving production yields on par with Western peers.
- We control around 45 000 hectares, of which 40 200 hectares are cultivated, and we are continuously expanding our territory.
- All our fields are leased from small landowners.
- Our main crops are corn, sunflower and soybeans.

OUR LOCATIONS

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

- We operate in 4 regions of Ukraine: Kiev, Chernigov, Poltava and Cherkassy.
- The radius between the farms in Kiev, Chernigov and Poltava is 80 km.
- We have 4 strategically placed grain elevators, 3 with on-site railroad.
- The climate in our regions is classified as a humid continental climate, excellent for growing crops, with annual precipitation between 550-630 mm.

OUR STRATEGY

As global demand for food increases, 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 in the Asian markets.
- Storage is a central part of our activities, giving us the opportunity to sell our crops at any point in time without extra costs or loss of quality.
- Over the coming years, we aim to increase the cultivated area and expand our storage capacities accordingly.

FOR MORE INFORMATION, VISIT WWW.GRAINALLIANCE.COM

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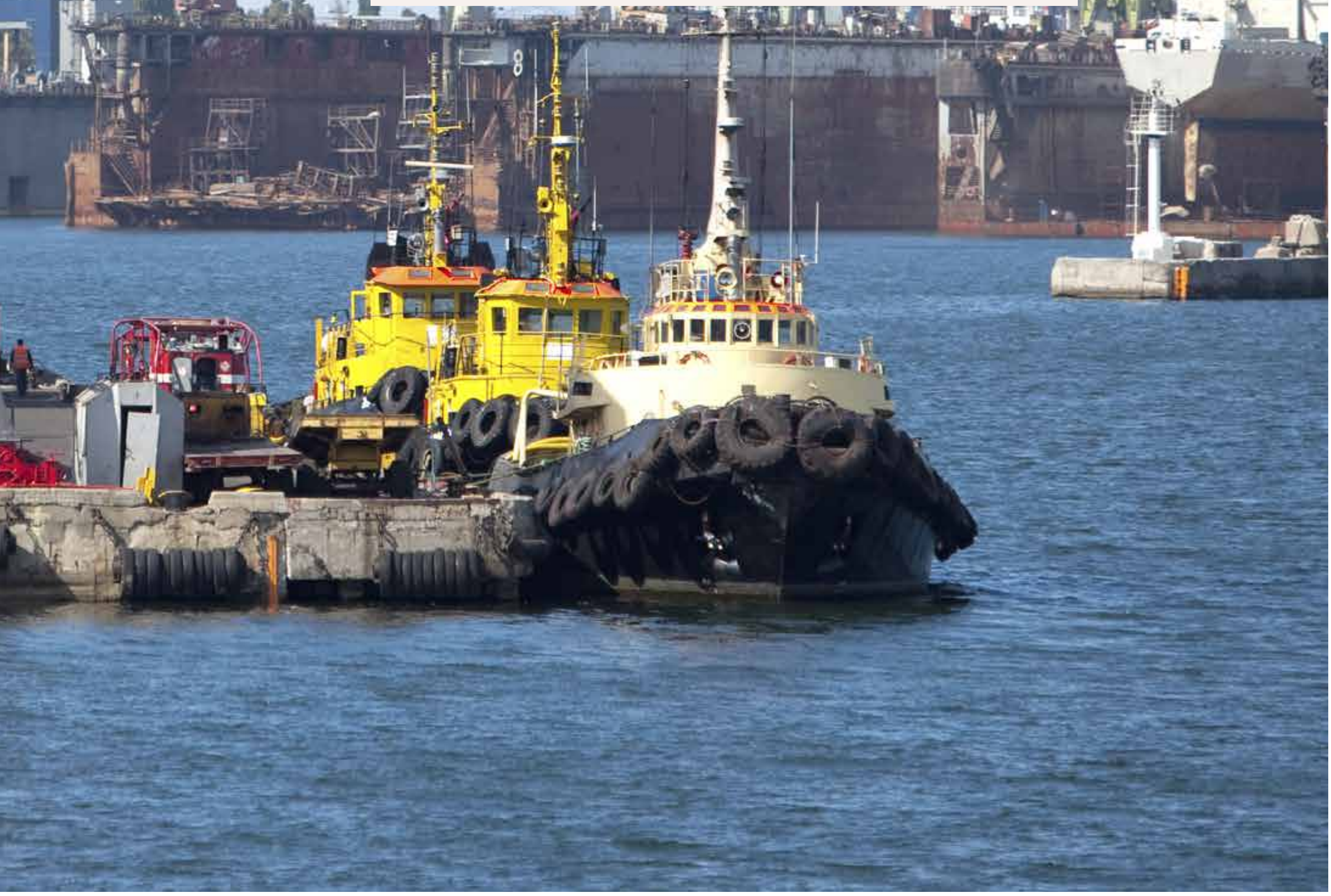


BUSINESS CONCEPT AND STRATEGY

GROWTH IN GLOBAL DEMAND

As the world population grows, particularly in urban areas, and incomes increase, diets and consumption patterns alter demand for food and agricultural products expand. The United Nations estimates that the 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. Investing in agriculture and food systems is one of the most effective strategies for reducing poverty and hunger and for promoting sustainability. These prospects have driven the prices for agriculture commodities to record levels and experts foresee a stable price growth. In the backdrop of this development it is evident that the most efficient and sustainable producers have the opportunity to create large value for shareholders and the communities where they operate.

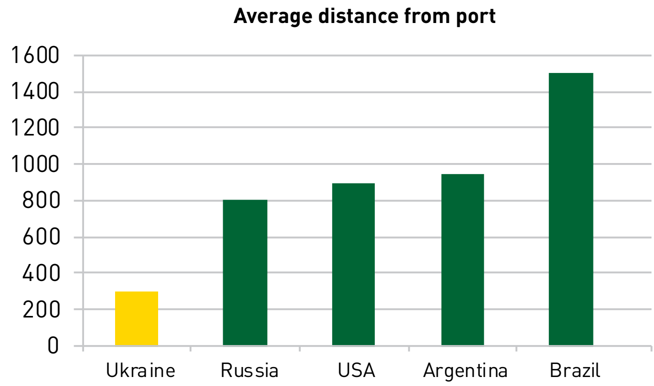
To respond to the increasing demand there are two things that have to be done: 1) increase the total cultivated area and 2) increase efficiency in agriculture. The world has to farm more land and get more back from each cultivated hectare or as the United Nations puts it "immense effort will have to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

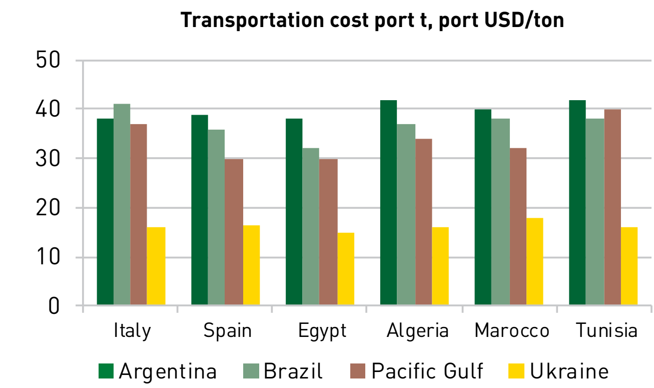
Ukraine's strategic position between Europe and Russia resulted in massive infrastructure investments from the Soviet Union. The country has a developed rail network, 22 000 km of tracks, which are linked to Russia, Belarus, Moldova, Poland, Romania, Slovakia and Hungary, 18 seaports along the Black Sea and Sea of Azov coastline and 3 deep seaports 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 distance and transportation costs from the Black Sea ports to the major importers are small in comparison to those from the American continents. This combination gives Ukraine the potential to become one of the leading agricultural producers in the world. The bread basket 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 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 taken great efforts to create our own structured approach to large-scale farming. The saying 'all business is local' is true for all business, but even more so for agriculture. Grain Alliance relies on strong local Ukrainian management, which is open to new thinking. Our agricultural approach is based on the adoption of best practices. If it works there, it works here. Nevertheless, the size of operations demands strict financial and operational control, in which IT plays a crucial role.

Sustainability also plays a central role in all Grain Alliance's operations. In order to secure sustainable high yields and profits, we need to take care of the environment, the soil and the communities where we operate.





THE MOST FERTILE SOILS IN THE WORLD

Out of Ukraine's total area of, 60 million hectares, 42.9 million hectares are arable land, of which 28 million hectares are cultivated (65%). Ukraine has one of the world's richest black soils, referred to as "chernozem". In fact, around 25 percent of global black soil assets are located in Ukraine.
The fields are large in international comparison.

INCREASE IN CULTIVATED AREA A PRIORITY

Grain Alliance is continuously increasing the land bank and cultivated area. Our goal in the medium term is to grow the cultivated area beyond 80 000 hectares. Our structured approach to farming ensures expansion without loss of control and profitability.

NEW INVESTMENTS IN JAPAN

The market for non-genetically modified soybeans is expanding rapidly as demand grows for healthy alternatives as a source of protein. Grain Alliance has, together with Japanese, U.S. and Korean partners, developed this branch of our activities. The goal is to supply the Asian markets with soybeans, corresponding to the highest quality requirements for human consumption.

STATE OF THE ART INFORMATION TECHNOLOGY SYSTEMS

Grain Alliance has developed a unique agriculture resource planning system, Agrido, which covers all aspects of large-scale farming. 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 CONTINUOUSLY ADDED

Quality grain storage is necessary to ensure that grain remains in good condition and provides the opportunity to sell at any time without additional expense. Grain Alliance is continuously expanding existing storage facilities and at the end of 2013 the company had close to 170 000 tons of storage capacity.

SIMPLY BETTER NUMBERS

Grain Alliance's modern approach to large-scale farming results in stable and consistent production yields for our main crops, well on par with Western peers. Corn, soybeans and sunflower are our main crops. Ukraine's climate and fertile soils create excellent conditions for these crops.

INVESTING IN THE COMMUNITY

A strong social commitment is a pillar of our approach to business. We strive to be responsible investors and focus not only on our operations but also on the people and the communities where we operate. As a result of this Grain Alliance took the initiative to start the foundation "Village development", www.rozvitoksela.org, the goals of which are to improve the standard of living in rural areas of Ukraine.

ROZVITOK SELA

Grain Alliance is a Swedish-Ukrainian agricultural company that has long believed that a company should not only grow by investing in business, but also in the people and communities where the company is active. For Grain Alliance the best way to give back to the 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 "Development of the village," the goals of which are to improve the standard of living in rural areas of Ukraine. Throughout Grain Alliance's history, the company has strived 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.

Being one of the largest employers in the regions where Grain Alliance is active, the company has taken the responsibility of being a good corporate citizen to heart. 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. The main objectives of these activities are to promote the development of local communities and the improvement of their welfare.

Still the challenges found in the rural areas of Ukraine are so vast that they cannot be solved part-time by one company. Therefore Grain Alliance created the independent fund, "The Development of 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 the rich and poor has widened and the 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. All our activities are carried out in accordance with the law and international norms.

The Village Development Fund centers around four pillars:

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

The main activity of the Fund is work directed to the socio-economic development of the Kyiv, Cherkasy, Poltava, Chernihiv areas, with the goal of increasing the welfare of citizens living in that area.

РОЗВИТОК СЕЛА

A TURBULENT GLOBAL ENVIRONMENT

Grain Alliance is one of the leading agricultural companies in the CIS in terms of operational efficiency. The operational and agricultural approach is refined and enhanced every year as more modern equipment is introduced and new agricultural techniques are applied. Despite these improvements, there are strong external powers, which the company cannot influence, that affect profitability.

During 2013 the profitability of the company was affected mainly by the following factors:

HIGHER COSTS OF INPUT MATERIALS

The main part of Grain Alliance's costs are seeds, fuel, fertilizer and pesticides. The prices for these inputs are mostly set on the global markets. As a result of the heat wave that affected a large part of the world in 2012, the supply of quality seeds diminished, resulting in a higher cost of seeding materials, fertilizer and pesticides.

GLOBAL PRODUCTION AND USE

During 2013 global production of grains increased by 8% and consumption by 5%; ending stocks increased by 9%.[1] The sharp increase of output of grains was mainly caused by a sharp contrast in global weather conditions. In 2012, the global agricultural leader – the United States - experienced one of the worst heat waves and droughts in history, which stands in sharp contrast to the very favorable conditions during 2013. The difference in production was even greater for coarse grains, especially corn, where output increased by 11%, consumption by 0.3% and ending stocks by 19%. The sharp increase in production was compensated for by an increase in consumption. In relation to global usage, ending stocks remained on a lower level than in 2011 (20.3% in 2011 compared to 20.15% in 2013). Despite the fact that ending stocks only recovered slightly from the poor year in 2012, the market reacted in a more dramatic way resulting in a sharp downturn for global soft commodity prices.

GLOBAL PRICES

As a result of the global financial crisis global grain prices decreased in 2008, but have gradually recovered over the past four years, peaking in 2012 due to poor weather conditions. Corn prices dropped by 40% in 2013, the biggest price fall since 1960. Soybean prices were supported by increased consumption but still dropped by 8.3%.[2] Ukrainian sunflower prices were also affected by the general low expectations and dropped by 30%.[3] Corn, sunflower and soybeans account for 91% of Grain Alliance's total production.

WEATHER PATTERNS

In 2013 Ukraine experienced extremely rainy weather conditions. In the spring, Grain Alliance's area of operations was hit by fierce blizzards causing the government to declare a state of emergency at the end of March. The large amount of snow made the fields wet and muddy, delaying the seeding campaign considerably. The rain returned in September and continued during the fall, which resulted in a very slow harvesting campaign and wet crops. Sunflower, for example, is normally only cleaned, not dried, but in 2013 all of Grain Alliance's sunflower had to be dried, which resulted in increased consumption of natural gas and congestion at the elevators.

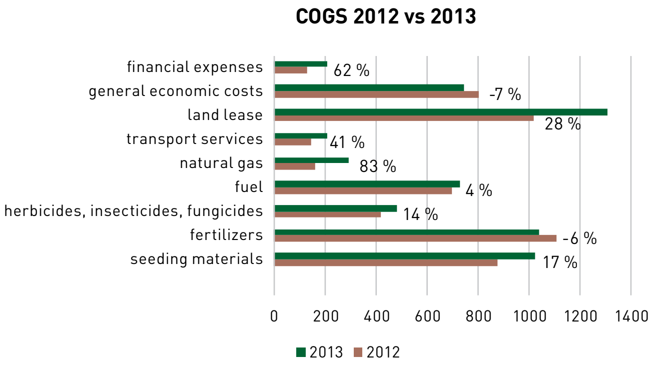
[1]United States Department of Agriculture, World Agricultural Supply and Demand Estimates Report January 10 2014 [2]Bloomberg. [3]APK-Inform4.

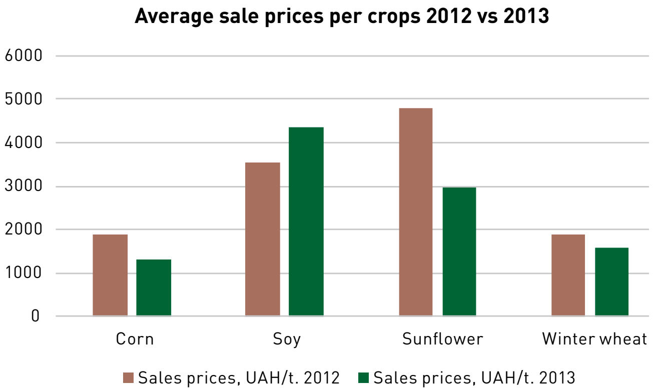
HOW EXTERNAL FACTORS AFFECT GRAIN ALLIANCE

DYNAMIC OF COGS

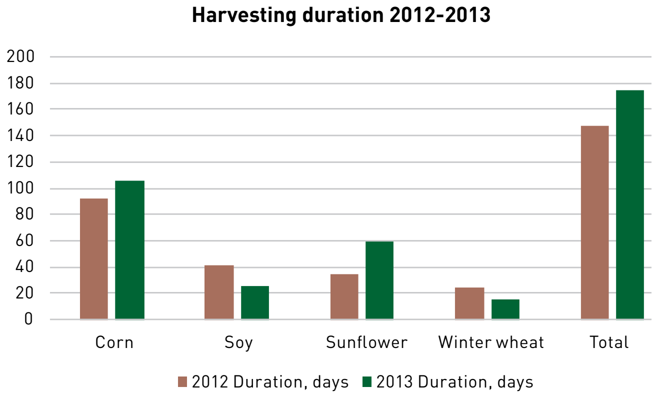
Most external expenses have increased significally, significantly. For example, natural gas has increased by 83% and seeding materials by 17%.

Grain Alliance's main crops in 2013 were corn and sunflower and these account for nearly 80% of total volume. The combination of increasing costs and decreasing selling prices has a big impact on the company's result.



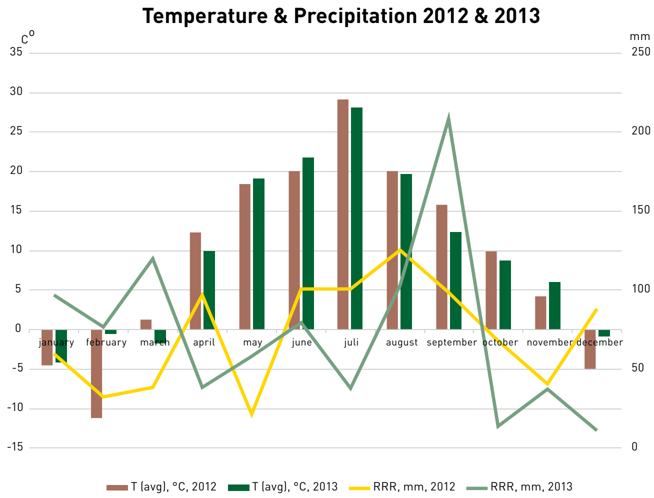


WEATHER – DAYS OF HARVEST 2012 VS 2013



The harvest duration was delayed by almost one month in 2013 compared to 2012. The heavy rain during the fall resulted in wet crops and therefore a very slow harvesting campaign. In September it rained over 200 mm compared to less than 100 mm the previous year.

The snowfall during the spring was also significantly heavier than 2012, which also delayed the seeding campaign.



HOW INTERNATIONAL ACCOUNTING STANDARDS, IFRS, AFFECT GRAIN ALLIANCE

As an agricultural producer, Grain Alliance use 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 specified under IFRS. Under IFRS, companies involved in the 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, 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 less estimated cost of sales at each balance sheet date. The fair value should represent the market price for the biological asset based on current expectations. The 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 2013 was 16%, reflecting the cost of money in Ukraine as estimated by independent sources;
- 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 is at the same time when the rest of the northern hemisphere harvest crops and supply are at their peak. This means that the price used to establish the value of the goods in stock is the lowest of the year. As a result of using these very low prices, the value of the goods in stock does not reflect the true market value of these goods.

In addition to this there are certain Ukrainian regulations that distort the valuation of the goods in stock. In Ukraine, agricultural producers are granted excess accumulated VAT as a subsidy. In simple terms, this means agricultural producers can keep the VAT on goods sold. The basis for VAT is calculated when goods are sold. As such, if a producer decides to store crops, no VAT is attributed. This means that keeping goods in stock lowers the value of these goods by 20%, which is the VAT rate in Ukraine.

In 2013 Grain Alliance made the sound decision to store its agricultural produce as long as possible and sell at higher prices. However, taking into account the abovementioned peculiarities of IFRS and Ukrainian regulations, the value of the goods in stock at the end of the fiscal year was significantly lower than the true market value thus lowering Grain Alliance's financial result and total assets.

REPORT ON OPERATIONS

GRAIN ALLIANCE BACKGROUND

Grain Alliance is a leading agriculture producer in Ukraine, where the Company cultivates 45 000 hectares. On February 26, 1998 the American entrepreneur, Alex Oronov, laid the foundation for Grain Alliance. Originally, the Company was a provider of tilling services, but during the summer of 2008 the company leased and cultivated 2000 hectares. The cultivated area was gradually increased and by 2008 covered 27 000 hectares of land. In May 2008 the founder joined forces with a group of Swedish investors, spearheaded by the CA group and formed a new entity, Grain Alliance. The newly formed Company quickly acquired a number of farms in the Poltava region. In 2009 the old and new companies merged into one.

In conjunction with the formation of Grain Alliance a thorough reorganization and restructuring of the company's existing structures was initiated. All parts and functions of the company were developed and modern corporate governance principles were introduced. In addition to the organizational changes, capital was added that enabled the Company to acquire modern agricultural equipment and introduce contemporary agricultural practices.

OPERATIONS & GEOGRAPHY

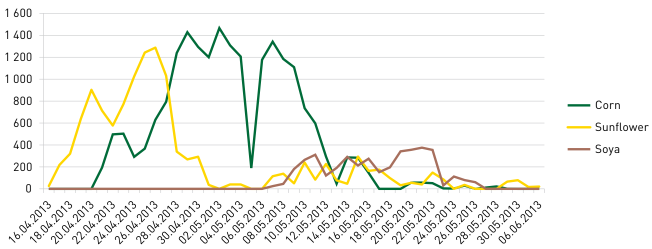
Grain Alliance's operations are located in the center of the Ukrainian black earth belt. The Company is active in four administrative regions of Ukraine: Kyiv, Poltava, Cherkassy and Chernigiv. The operations are broken down into five regions (clusters), each cultivating 8 000-12 000 hectares. Every cluster is fully equipped with modern agricultural equipment and the short distance between the regions makes efficient usage of equipment possible. Harvested crops are transported to one of the Company's four elevators, of which three have railroads.

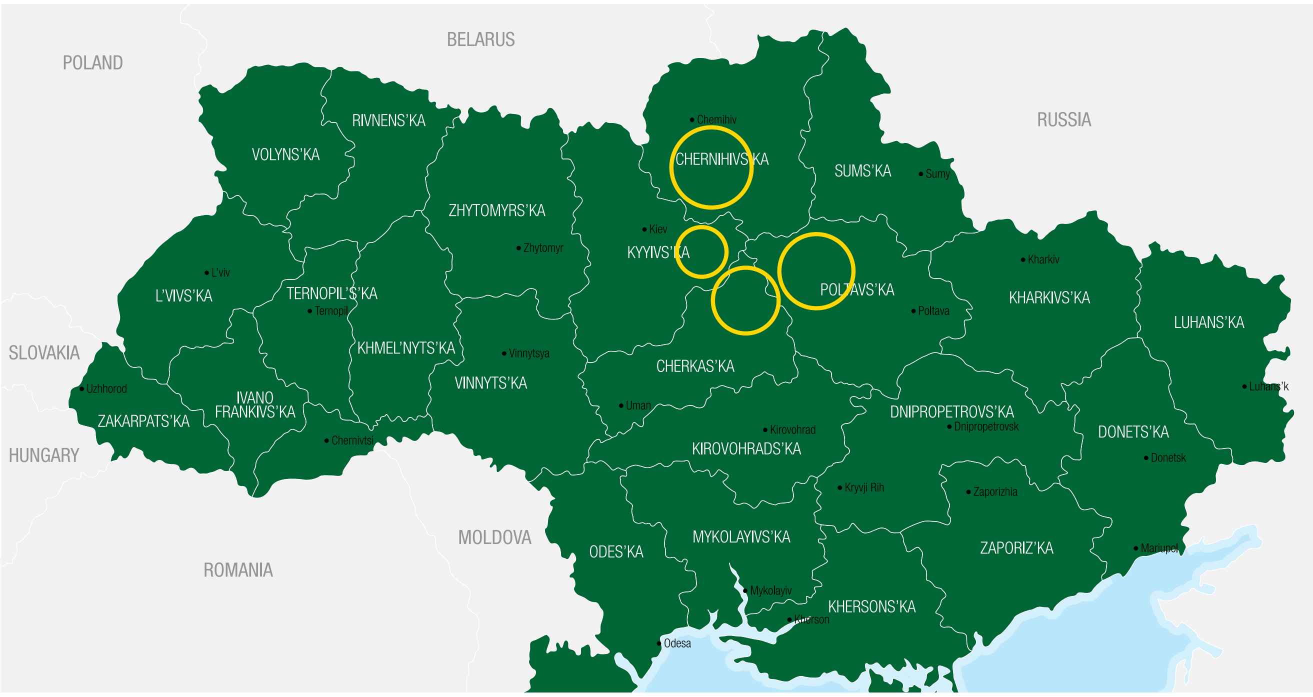
The strategy of Grain Alliance is to cultivate land within a limited and concentrated area. The radius of the Company's core area is 80 km. The location of the fields allows for an efficient usage of resources, since transport distances for machinery, materials and harvested crops are shorter. The fact that all land is located within a couple of hours' drive from the head office makes management and control easier and better. The four central grain elevators can handle and store the produced crops in an effective way.

SEEDING CAMPAIGN 2013

At the end of March, the central parts of Ukraine were hit by a fierce blizzard that brought the country to a halt. A state of emergency was declared on March 23, when more than 50 cm of snow fell during less than 12 hours. The large quantities of snow rapidly thawed during the week after blizzard, which in turn created obstacles for the start of the seeding. In Grain Alliance's most northernmost region, Chernigiv, a large part of the fields was flooded. The weather conditions delayed the spring seeding until April 16, which was finalized by May 30. The graph below illustrates the seeding speed per crop in hectares and days. On May 5 seeding was stopped due to heavy rainfall. Sunflower seeding was largely finished by May 1.

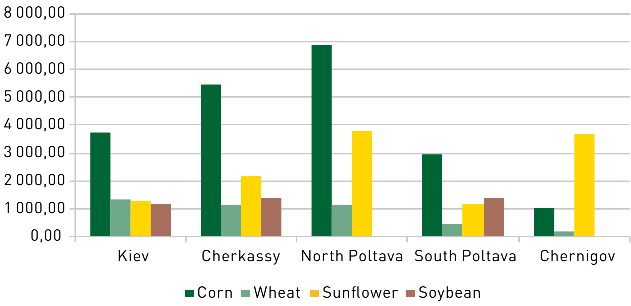
Hectares Seeded





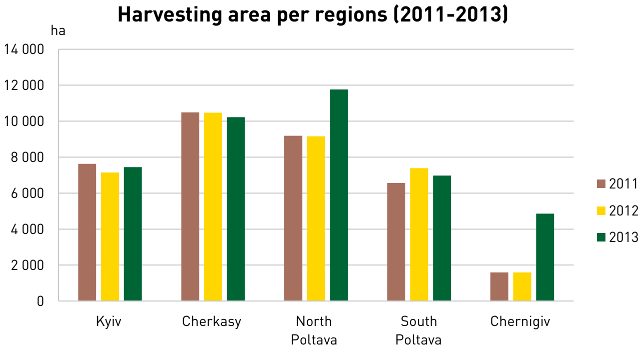
The allocation of crops within each region was relatively similar, with the exception of Chernigiv, where sunflower dominated Grain Alliance introduced new land into the crop rotation via sunflower, which explains the dominance of this crop in the Chernigiv region.

Harvested hectares per crop region 2013



Cultivated area increased in the south of the Poltava and Chernigiv regions. Competition for quality farmland has increased during the last two years.

Harvesting area per regions (2011-2013)



ALLOCATION OF CROPS

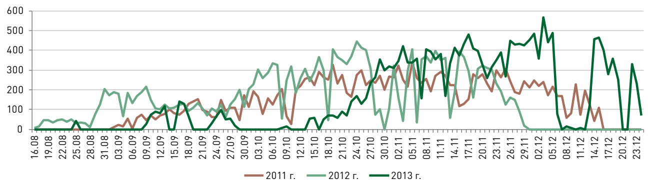
The cultivated area increased by 3 979 hectares (11%). The overall majority of the new area was brought into crop rotation by sunflower, which explains the substantial increase in sunflower. Due to delays during seeding, management also made the decision to decrease the area assigned for soybeans in favor of sunflower.

Crop	2013	2012	2011
Corn	20 083	20 137	18 349
Winter wheat	4 148	3 432	1 773
Spring wheat	-	-	2 797
Sunflower	11 802	6 937	7 867
Soybeans	3 971	4 578	2 778
Spring barley	272	1 212	296
Total	**40 276**	**36 296**	**33 860**

HARVEST

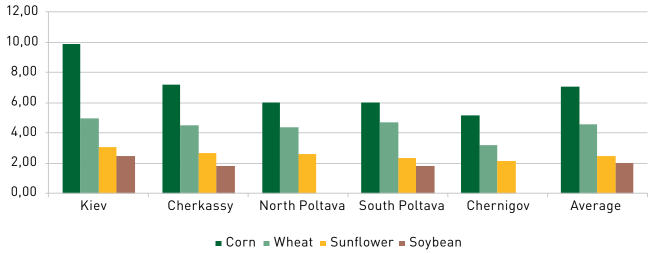
2013 was a year that offered uniquely poor weather conditions for the fall harvest. Heavy and relentless rains caused delays in all harvesting activities. As Grain Alliance's crop rotation is geared towards late spring crops (corn, sunflower and soybeans), the weather caused problems and delays.

Corn harvested, ha/day, 2011-2013



The preceding chart shows that the corn harvest was delayed by almost a month, compared to the three previous years. The persistent rains also resulted in both quality and quantity losses for soybeans and sunflower. The wet weather also caused a higher level of moisture in the harvested crops, which meant that a majority of the harvest had to be dried before storage. Increased drying volume means increased consumption of natural gas. Fortunately, Grain Alliance made significant investments in new energy efficient grain dryers during previous years, which were able to handle and dry the wet crops efficiently.

Yield per crop and region 2013



The yield per hectare lived up to expectations. Both the corn and sunflower harvest suffered from the fall rains. Chernigiv showed lower yields than the other regions, mainly due to late seeding and harvest, but also due to the fact that a large part of the cultivated area was "new" for the Company. A number of seasons have to pass before the soil has adapted and reached the same standard as the fields the Company has cultivated for several years.

PRICES 2013

The price of crops fell dramatically during 2013 as a result of the very positive global harvest. Corn was the biggest loser and the price declined by almost 40% during the year. Sunflower prices were also affected and remained at remarkably low levels. The low prices substantially affected Grain Alliance's financial result and as such the Company has tried to keep sales to a minimum during the harvest. The table below shows average prices in Ukrainian Hryvnia (UAH).

	Tons in stock 13 12 31	Sold tons 2013	Average price 2013 UAH/ton
Corn	108 573	19 493	1 240
Wheat	915	16 723	1 590
Sunflower	28 879	152	2 970
Soybeans	7 344	5 120	4 380
Total	**145 711**	**41 487**	

DIRECTORS' REPORT

PROFIT/TURNOVER

As mentioned, the price of grains dropped sharply in 2013 due to good harvests worldwide. Corn was the biggest loser, but sunflower prices were also low. This price fall obviously affected Grain Alliance's results significantly. The company therefore chose to expand its storage capacity to store the harvest and minimize sales in 2013 in anticipation of higher prices. This explains significantly lower sales revenue in 2013 compared to previous years. Net income has been negatively affected due to current accounting principles' valuing the stock at the harvest market price, which is lower than the closing date and significantly lower than the actual selling date. During the spring of 2014, the Company sold inventories at prices exceeding the inventory value at the balance sheet date. The results for 2012 and 2013 are not entirely comparable because storage capacity in 2012 was much lower. It should be noted that the IFRS accounting regulations provide an unsatisfactory view of the Company's earnings and financial position.

INVESTMENTS DURING 2013

In 2013 Grain Alliance continued (as in previous years) to make large investments in machinery and grain storage facilities. The company finalized the last phase of construction of the main grain storage facility in Piryatin by increasing storage capacity by 20 000 tons and completing the administrative building, where a new laboratory for grain analysis is planned. In addition to this the board of directors in July 2013 decided to increase the storage capacity of the elevators in Berezan and Yagotyn by 24 000 tons each. The expansion of storage capacity proceeded exceptionally fast (only 3 months) due to the fact that the company enhanced existing elevators with all the necessary infrastructure. The new elevators were connected to the existing infrastructure, dryers and conveyer system. The grain dryers had already been changed in 2011 .The construction was finished in November 2013.

STORAGE AND DRYING CAPACITY AT 2013-12-31

	Baryshevka	Berezan	Yagotin	Pirjatin
Storage cap.	15 000 t	48 000 t	50 000 t	55 000 t
Storage type	Flat ware-houses	Flat ware-houses and steel silos	Concrete and steel silos	Steel silos
Drying cap.	400 t/day	1000 t/day	1000 t/day	1000 t/day
Railroad	On site	On site	8 km	On site
Shipment cap.	800 t/day	1000 t/day	400 t/day	1400 t/day

In conjunction to the rapid expansion in the Chernigiv region, the machinery park at the site was modernized and new equipment was added. Today Grain Alliance's Chernigiv cluster is capable of seeding and harvesting 12 000 hectares per year.

EMPLOYEES

The average number of employees in 2013 amounted to 1 119, broken down into 267 women and 852 men. It is important to bear in mind that the number of employees varies significantly during the season.

SHAREHOLDERS

The company has 7 807 775 shares in total. The main shareholder, Ukrainian Investment AB, owns 7 437 848 shares, i.e., 95.3%. Ukrainian Investment AB is a joint ownership company for the CA group and the founder, Alex Oronov.

ENVIRONMENT AND SUSTAINABILITY

Sustainability is a key word in Grain Alliance's overall approach to large-scale farming; therefore we have adopted a structured approach to environmental sustainability issues. Grain Alliance has adopted a balanced crop rotation plan geared towards soil recovery and soil protection. This plan is based on scientific analysis of the soil. Starting in 2008, Grain Alliance has conducted yearly soil analyses of all cultivated area. The information in the analysis is the foundation for the overall sustainability strategy of the company, which aims to avoid soil exhaustion, intense soil compaction and other negative consequences for the environment. The introduction of new modern equipment has made it possible to discard old and bad equipment and to introduce contemporary agricultural practices.

HUMAN RESOURCES POLICY

Grain Alliance has an active human policy targeting personal development and growth. During 2013 key staff were offered education and training in the areas of agronomy, agricultural technology, financial management, administration and and English. This will continue in future years.

RISK

The Company's operations are fully located in Ukraine. As such, operations are exposed to risks in the form of volatile commodity markets, climate and other external factors affecting the soil and crops. The fact that operations are in Ukraine also implies higher economic and political risks than, for instance, in Sweden. The political disturbance that began in November 2013 has not affected the results for the period significantly. Grain Alliance is actively involved in discussions with agricultural associations and organizations in Ukraine, the relevant authorities and the Swedish embassy in Ukraine to minimize these risks. For more information about risks and risk management, please see note 27.

IMPORTANT EVENTS DURING THE REPORTING PERIOD

The substantial expansion in the Chernigiv region was a large step for the Company since it is a region where the company does not have storage and drying facilities. In conjunction with the expansion, territory with railroad access was acquired outside the city of Nezhyn in the Chernigiv region, where a new elevator is planned. In addition to this the soy calibration factory in Baryshevka was finalized and overall storage capacity was increased by 24 000 tons in Berezan, 24 000 tons in Yagotyn and 20 000 tons in Piryatin.

Due to the unusually low grain prices in the fall of 2013, the Board decided, in consultation and agreement with the banks, to sell as little as possible of the harvest to wait for higher prices. One result of this strategy was a departure from the amortization plan for the existing loan portfolio. The company has formally breached its financial commitments and is reporting (per IAS 1, para. 74) these liabilities as current even though no amortization will happen. The loans will be renegotiated in 2014. Based on the forecast and cash flow budget for 2014, management estimates that the company's financing is secured.

IMPORTANT EVENTS AFTER THE END OF THEREPORTING PERIOD

During the first quarter of 2014, 100 826 tons of corn were sold at an average gross price of 1 650 UAH/ton. In addition, 23 000 tons of sunflower at 4 250 UAH/ton, and 1 348 tons soya at 5 580 UAH/ton, were sold. The sales prices were significantly higher than the prices that formed the basis for the valuation of closing stocks in 2013. During the first quarter of 2014, crops were sold at an average of 57% higher prices than the book value at 2013-12-31.

In February 20, 2014 demonstrations in Kiev reached their peak and the president, Viktor Yanukovych, was forced to leave office and flee to Russia. An interim government was put in place and new elections were announced to take place on May 25, 2014. The conflict continued, in particular, on the Crimean peninsula, which shortly thereafter was declared an independent part of the Russian Federation. In parallel, the situation in the eastern parts of the country became very unstable with demonstrations and gunfire. Grain Alliance's operations are located in regions that have not been affected by the conflict and it has not had any direct impact on operations. Interest rates have gone up and the general business climate is worse. The company has taken measures in order to be ready if the situation deteriorates further.

The political instability and the weak domestic economy have made the local currency Hryvnia (UAH) fall sharply in 2014. The currency has declined in value from 1 UAH:SEK 0.8132 at 2013-12-31 to 1 UAH:SEK 0.5926 at 2014-03-31. Grain Alliance has deliberately avoided liquidating its stock. We prefer to hold grains in stock because their value is strongly correlated to the US dollar (USD). This makes operations more dependent on the development of the USD than the UAH.

PLANS FOR THE FUTURE

The Company will continue to produce crops in Ukraine and if possible increase the cultivated area. The Company believes that one of the continuing critical success factors is to have the storage capacity to fend off price fluctuations. As such, additional storage capacity will be added in the coming years. The planned expansion will take place in the regions where the company already has substantial operations. In the Chernigiv region, the Company has acquired a land plot with the goal of constructing a new elevator with direct railroad access. No major change in the allocation of crops is foreseen.

KEY RATIOS

	2013	2012	2011	2010
Turnover, KSEK	86 289	315 738	183 026	160 969
Operating profit/loss, KSEK	(68 753)	56 547	57 721	(4 314)
Profit after financial items, KSEK	(77 352)	43 403	37 637	(23 457)
Equity ratio %	42,7 %	77,9 %	74,4 %	30,3 %
Cash Flow, KSEK	(52 776)	56 678	(3 293)	(4 245)

OUTLINE OF THE PARENT COMPAN Y RESULTS

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

Retained earnings	240 760 647 SEK
Net profit/loss for the year	(9 651 618 SEK)
	231 109 029 SEK

The Board proposes that the profit/loss be appropriated as follows:

To be carried forward	231 109 029 SEK
	231 109 029 SEK

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

		The Group		The Parent Company	
	Notes	**2013**	**2012**	**2013**	**2012**
Revenue from sales	5	86 289	315 738	-	-
Net gain / (loss) on fair value measurement of biological assets and agricultural produce	16	(3 972)	42 906	-	-
Cost of sales	6, 12	(111 228)	(289 141)	-	-
Gross profit		**(28 911)**	**69 503**	**-**	**-**
Other operating income	7	6 016	33 961	-	-
Selling, general and administrative expenses	8, 12	(34 686)	(34 901)	(7 992)	(7 201)
Selling expenses	8, 12	(4 082)	(3 564)	-	-
Other operating expenses	9	(7 090)	(8 452)	-	-
Operating profit / (loss)		**(68 752)**	**56 547**	**(7 992)**	**(7 201)**
Finance costs	10	(11 760)	(8 274)	(4 080)	(3 983)
Finance income	11	520	2 076	2 552	1
Foreign exchange gain		2 641	(6 946)	(132)	(4 025)
Profit / (loss) before tax		**(77 352)**	**43 403**	**(9 652)**	**(15 208)**
Income tax expense	29	-	-		
Profit / (loss) for the year		**(77 352)**	**43 403**	**(9 652)**	**(15 208)**
Whereof attributed to equity holders of the company		(77 352)	43 403		
Other comprehensive income					
Foreign exchange differences		559	(16 888)	-	-
Tax effect		-	-	-	-
Total comprehensive income for the year		**(76 793)**	**26 515**	**(9 652)**	**(15 208)**
Whereof attributed to equity holders of the company		**(76 793)**	**26 515**		

		The Group		The Parent Company	
	Notes	2013	2012	2013	2012
Non-current assets					
Intangible assets	12	-	24 557	-	-
Property, plant and equipment	14	218 154	174 934	-	-
Shares in subsidiaries	15	-	-	256 714	256 616
Biological assets	17	2 682	3 403	-	-
Other non-current assets	18	1 970	788	-	-
		222 806	203 682	256 714	256 616
Current assets					
Inventories	18	187 791	60 452	-	-
Biological assets	17	7 886	8 193	-	-
Trade and other receivables	19	1 663	2 344	-	-
Receivable subsidiary	19	-	-	55 830	11 763
Other current assets	19	29 939	16 058	1 208	1 691
Cash and cash equivalents	20	2 673	55 412	1 818	47 085
		229 952	142 459	58 856	60 539
Total assets		**452 758**	**346 140**	**315 570**	**317 155**
Equity					
Issued capital	21	11 556	11 556	11 556	11 556
Other contributed capital		278 295	278 295	-	-
Retained earnings		(64 787)	12 565	231 109	240 761
Foreign currency translation reserve		(31 921)	(32 480)	-	-
		193 143	**269 936**	**242 665**	**252 317**
Non-current liabilities					
Liability to non-controlling interests	10	3 250	3 444	-	-
Loans and borrowings relative parties	22	53 264	52 161	56 379	55 755
		56 514	55 605	56 379	55 755
Current liabilities					
Loans and borrowings bank	22	172 506	-	-	-
Loans and borrowings relative parties		16 231	8 847	15 723	8 847
Trade and other liabilities	22	13 466	10 816	771	205
Other current liabilities	23	898	936	32	32
		203 101	**20 599**	**16 526**	**9 084**
Total liabilities		**259 615**	**76 204**	**72 905**	**64 839**
Total equity and liabilities		**452 758**	**346 140**	**315 570**	**317 156**
Pledged assets					
Property, plant and equipment		102 635	-	-	-
Inventories		137 698	-	-	-

THE GROUP

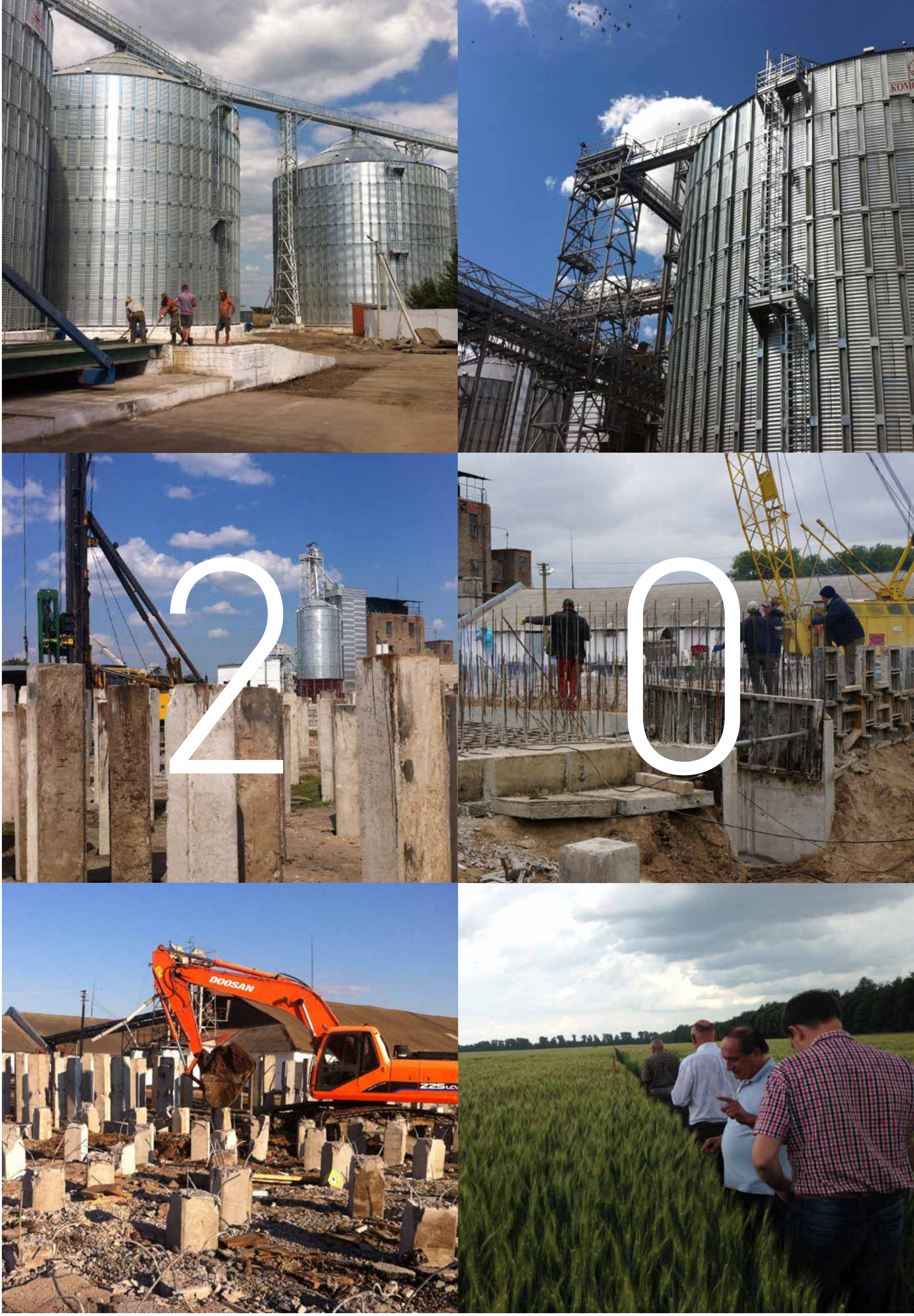
	Issued capital	Other contributed capital	Retained earnings	Foreign exchange differences	Total equity
Balance at 31 December 2011	**11 556**	**278 295**	**(30 837)**	**(15 592)**	**243 422**
Profit for the year Loss for the year			43 403		43 402
Other comprehensive income				(16 888)	(16 888)
Total comprehensive income			43 403	(16 888)	26 514
Transactions with owners					
Issue of capital					
Balance at 31 December 2012	**11 556**	**278 295**	**12 565**	**(32 480)**	**269 936**
Profit for the year			(77 352)		(77 352)
Other comprehensive income				559	559
Total comprehensive income			(77 352)	559	(76 793)
Transactions with owners					
Issue of capital					
Balance at 31 December 2013	**11 556**	**278 295**	**(64 787)**	**(31 921)**	**193 143**

THE PARENT COMPANY

	Issued capital	Other contributed capital	Retained earnings	Total equity
Balance at 31 December 2011	**11 556**	**278 295**	**(22 326)**	**267 525**
Loss for the year			(15 208)	(15 208)
Total comprehensive income			(15 208)	(15 208))
Transactions with owners				
Issue of capital	-	-		-
Balance at 31 December 2012	**11 556**	**278 295**	**(37 534)**	**252 317**
Loss for the year			(9 652)	(9 652)
Total comprehensive income			(9 652)	(9 652)
Transactions with owners				
Issue of capital	-	-		
Balance at 31 December 2013	**11 556**	**278 295**	**(47 186)**	**242 665**

Consolidated and Parent Company's statements of cash flows (in thousands of SEK)

	The Group		The Parent Company	
	2013	**2012**	**2013**	**2012**
Operating activities				
Profit / (loss) before tax	(77 352)	43 402	(9 652)	(15 208)
Non-cash adjustments:				
Depreciation and amortisation	43 225	39 561	-	-
Gain on sales of fixed assets	(525)	-	-	-
Finance income	(519)	(577)	(3 156)	(1)
Foreign exchange gain	(2 641)	6 946	-	-
Finance costs	6 102	3 927	4 816	8 008
Non-controlling interests	(194)	(230)	-	-
Write down of property, plant and equipment	-	1 521	-	-
Working capital adjustments:				
Change in biological assets	1 543	(2 784)	-	-
Change in trade receivables and other current assets	(13 200)	(6 536)	(43 207)	55 575
Change in agricultural produce and other inventories	(127 377)	40 623	-	-
Increase in trade and other payables and other current liabilities	2 612	(4 952)	8 066	2 640
	(168 326)	**120 901**	**(43 133)**	**51 014**
Interest received	519	577	2 042	1
Income tax paid	-	-	-	-
Net cash flows from operating activities	**(167 807)**	**121 478**	**(41 091)**	**51 015**
Investing activities				
Purchase of property, plant and equipment	(65 045)	(50 591)	-	-
Prepayments for land lease rights	2 090	7 304	-	-
Proceeds from (payments for) other non-current assets, net	454	1 592	-	-
Proceeds from sale of assets classified as held for sale	-	-	-	-
Purchase of financial assets	-	-	(98)	(65)
Net cash flows used in investing activities	**(62 501)**	**(41 695)**	**(98)**	**(65)**
Financing activity				
Proceeds from loans and borrowings	248 403	59 542	-	-
Repayment of loans and borrowings	(64 769)	(78 720)	-	-
Issue of capital	-	-	-	-
Interest paid	(6 102)	(3 927)	(4 080)	(3 983)
Net cash flows from financing activities	**177 532**	**(23 105)**	**(4 080)**	**(3 983)**
Net change in cash and cash equivalents	(52 776)	56 678	(45 269)	46 967
Foreign exchange difference cash	36	(3 608)	-	-
Cash and cash equivalents at 1 January	55 412	2 342	47 087	120
Cash and cash equivalents at 31 December	**2 672**	**55 412**	**1 818**	**47 087**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NOTES TO THE ANNUAL REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

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	2013	2012
Baryshevski Grain Company LLC	32886518	Ukraine, Baryshevka	Planting, livestock farming	100%	100%
Ukraine LLC	03772950	Ukraine, Chyutivka	Planting, livestock farming	94.2%	94.2%
Ukraine LLC	03771896	Ukraine, Ovsyuki	Planting, livestock farming	90%	90%
Grain Alliance Agroinvest Limited	HE281193	Cyprus	Dormant	100%	100%
Grain Alliance Holding Limited	HE281173	Cyprus	Dormant	100%	100%
Agrido LLC	38146829	Ukraine, Baryshevka	Dormant	100%	100%
Charity Foundation "Development of the village"	38467802	Ukraine, Baryshevka	Charity fond	100%	-

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

1.1. GROUP RESTRUCTURING

Baryshevsky Grain Company LLC is the parent company of the Ukrainian subsidiaries in the Group. During 2013, no changes in the Group structure took place.

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 domestic politics in particular Ukraine. Ukraine's domestic policy is right now characterized by tensions between west and the eastern forces. In addition, there has not been any reforms of the economic system introduced. Contradictions led to the Orange revolution in 2004 and the Euromajdan in 2014, where mass protests resulted in political disturbance. The Euromajdan led to that the president, Viktor Yanukovitj, deposited in February 2014. As a consequence there was an occupation of the Crimea area which led to an internal political destabilization. The situation in the 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 in the spring of 2014.

2. BASIS OF PREPARATION

These consolidated financial statements were approved for issue by management on 16 of June 2014. The Board has presented the annual report for publication on 9 June 2014.

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 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 Dec. 2013.

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

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


» WORLD POVERTY CANNOT BE REDUCED WITHOUT IMPROVEMENTS IN AGRICULTURE AND FOOD SYSTEMS «
UNITED NATIONS SECRETARY GENERAL BAN KI-MOON

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.

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.

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.

INTANGIBLE ASSETS

Intangible assets are represented by land lease rights. The land lease rights acquired as part of a business combination are initially measured at fair value and amortised over the period of the underlying leases. The period of amortisation is within the range of 5 years. The carrying value of land lease rights is assessed for impairment whenever there is an indication that the lease rights may be impaired.

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.

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.

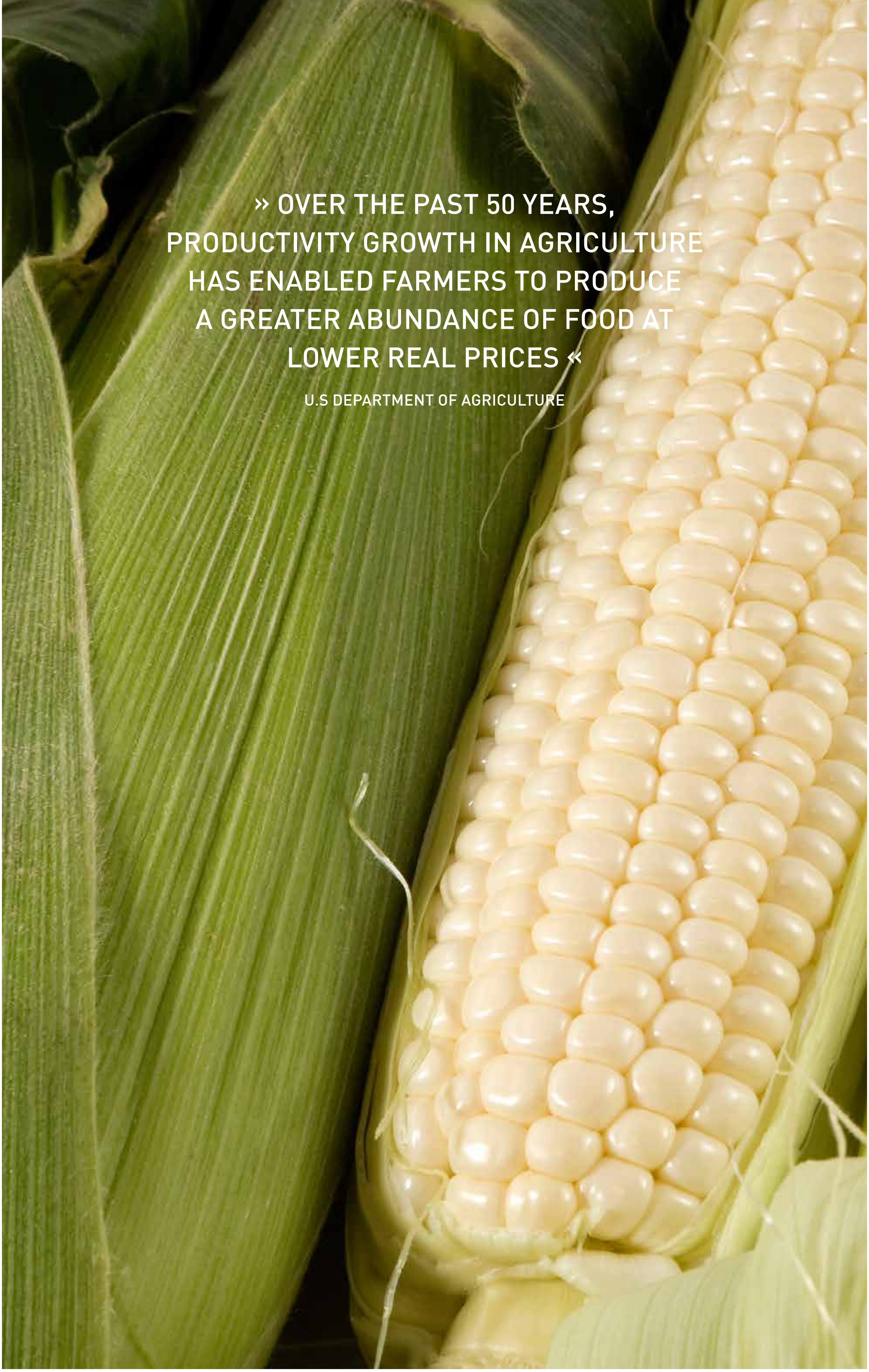
TAXATION

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 75% 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 2012, all Group's subsidiaries (except Agrido LLC) 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.


» OVER THE PAST 50 YEARS, PRODUCTIVITY GROWTH IN AGRICULTURE HAS ENABLED FARMERS TO PRODUCE A GREATER ABUNDANCE OF FOOD AT LOWER REAL PRICES «
U.S DEPARTMENT OF AGRICULTURE

Value added tax
Revenues, expenses, assets and liabilities are recognised net of the amount of value added tax ("VAT") except where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of expense item as applicable.

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.

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.

STANDARDS ISSUED BUT NOT YET EFFECTIVE
During the year, the new standard IFRS13 and the revised standards IAS1, IAS19 and IFRS7 been applied. The Company has early adopted the amended IAS36. The new standards 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 2014 or later and have not been applied in preparing these financial statements and is not expected to have any effect on BZK Grain Alliance AB's earnings and financial position.

- IFRS 9 Financial instruments (2018)
- IFRS 10 Consolidated Financial Statements (2014)
- IFRS 11 Joint Arrangements (2014)
- IFRS 12 Disclosurees of interest other Entities (2014)

Improvement projects in 2013:
- IAS 16 Property, Plant och Equipment
- IAS 12 Income Tax
- IAS 32 Financial Instruments
- IAS 34 Interim Financial Reporting

These improvements are not expected to have any impact on the Group's results and financial position.

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.

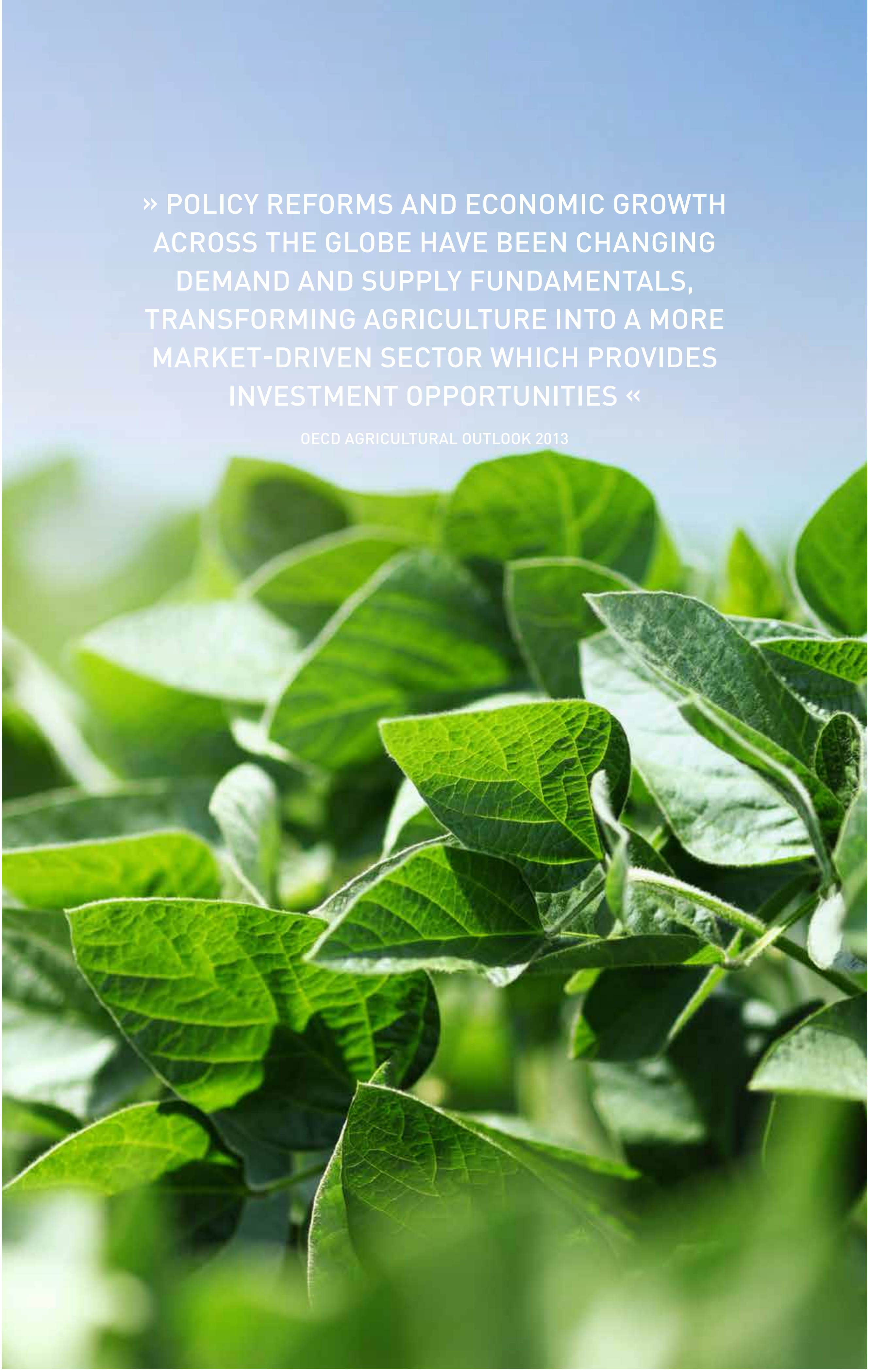
Fair values of biological assets were based on the following key assumptions:

- 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.



» POLICY REFORMS AND ECONOMIC GROWTH ACROSS THE GLOBE HAVE BEEN CHANGING DEMAND AND SUPPLY FUNDAMENTALS, TRANSFORMING AGRICULTURE INTO A MORE MARKET-DRIVEN SECTOR WHICH PROVIDES INVESTMENT OPPORTUNITIES «

OECD AGRICULTURAL OUTLOOK 2013

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

5. REVENUE FROM SALES

The Group	2013	2012
Corn	13 235	212 405
Sunflower	306	58 237
Wheat	18 555	17 229
Milk	5 634	4 652
Soy	38 256	13 556
Barley	561	4 239
Other	5 521	-
	82 068	310 318
Auxiliary agricultural services	4 221	5 420
	86 289	**315 738**

Revenues from four major customers, each individually exceeding 10% of total revenue, amounted to SEK 77 952 (2012: three customers – SEK 269 404).

6. COST OF SALES

The Group	2013	2012
Depreciation of intangible assets	22 447	23 185
Depreciation of property, plant and equipment	19 353	15 561
Cost of auxiliary agricultural services	1 361	1 209
Other cost of sales	68 067	249 186
	111 228	**289 141**

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 not 8, represents the Company's total depreciation

7. OTHER OPERATING INCOME

The Group	2013	2012
VAT retained (i)	3 965	30 828
Gain on accounts payable written off	589	1 804
Government subsides recognized as income	678	52
Received penalties	-	1 150
Gain on disposal of inventories	526	-
Other income	258	127
	6 016	**33 961**

(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		The Parent Company	
	2013	**2012**	**2013**	**2012**
Payroll and related taxes	14 358	16 124	2 321	1 724
Professional services (i)	12 318	12 527	5 671	5 477
Fuel and other materials used	1 766	1 690	-	-
Services provided by third parties	1 693	2 104	-	-
Depreciation expenses	1 341	1 067	-	-
Repair and maintenance expenses	1 821	544	-	-
Representative costs and business trips	228	371	-	-
Other expenses	1 160	473	-	-
	34 686	**34 901**	**7 992**	**7 201**

Selling expenses

	The Group		The Parent Company	
	2013	**2012**	**2013**	**2012**
Payroll and related taxes	2 340	687	-	-
Professional services (i)	42	-	-	-
Fuel and other materials used	784	532	-	-
Services provided by third parties	550	2 284	-	-
Depreciation expenses	84	-	-	-
Repair and maintenance expenses	28	17	-	-
Representative costs and business trips	1	-	-	-
Other expenses	253	44	-	-
	4 082	**3 564**	**-**	**-**

Audit fees for the parent company and the Group in year 2013 and 2012 relates to fees payable to Ernst & Young. Audit fees included in the general and administrative costs are as follows:

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

	The Group		The Parent Company	
	2013	**2012**	**2013**	**2012**
Audit assignment fees	843	615	843	615
Audit work not related to ordinary audit assignment	-	554	-	554
Tax advice	-	-	-	-
Other assignments	-	-	-	-
	843	**1 169**	**843**	**1 169**

9. OTHER OPERATING EXPENSES

The Group	2013	2012
Charity expenses	3 113	5 347
Result on disposal of inventories	(149)	1 019
Increase in bad debt allowance for trade receivables	1 090	1 538
Write off of unrecoverable VAT	-	-
Crops losses (i)	892	-
Cost of goods sold	323	-
Other expenses	1 822	548
	7 090	**8 452**

(i) 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		The Parent Company	
	2013	**2012**	**2013**	**2012**
Interest on loans and borrowings	11 282	8 066	4 080	3 983
Non-controlling interests	-	(230)	-	-
Convertible loans charges	478	438	-	-
Finance lease charges	-	-	-	-
	11 760	**8 274**	**4 080**	**3 983**

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.

11. FINANCE INCOMES

	The Group		The Parent Company	
	2013	**2012**	**2013**	**2012**
Interest income	520	2 076	2 552	1
	520	**2 076**	**2 552**	**1**

12. DEPRECIATION

The Group	2013	2012
Depreciation intangible assets (within cost of sales)	22 447	23 185
Depreciation property, plant and equipment (within cost of sales)	19 353	15 561
Depreciation general and administrative expenses (within general and administrative expenses)	1 341	1 067
Depreciation selling expenses (within selling expenses)	84	-
	43 445	**39 813**

13. INTANGIBLE ASSETS

The movement in intangible assets was as follows:

The Group	2013	2012
Cost		
At 1 January	**106 554**	**113 855**
Additions	-	-
Foreign currency translation differences	75	(5 986)
	(2 169)	(1 318)
At 31 December	**104 460**	**106 554**
Accumulated amortisation		
At 1 January	**(81 994)**	**(63 015)**
Charge for the year	(22 447)	(23 185)
Foreign currency translation differences	(19)	4 206
At 31 December	**(104 460)**	**(81 994)**
Net book value		
At 1 January	**24 557**	**50 840**
At 31 December	**-**	**24 557**

Intangible assets include land lease rights acquired by the Group in business combinations. Land lease rights are amortised over the lease term on a straight line basis.

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

14. PROPERTY, PLANT AND EQUIPMENT

	The Group					
	Building & Constructions	Plant & Equipment	Vehicles	Furniture & fittings	Construction in progress	Total
Cost						
As at 1 January 2012	**62 407**	**53 967**	**41 950**	**1 333**	**18 388**	**178 045**
Additions	-	-	-	-	50 845	50 845
Transfer	10 555	31 577	8 309	1 519	(51 960)	-
Disposals	(571)	(827)	(150)	(131)	(488)	(2 167)
Foreign currency translation differences	(4 415)	(4 715)	(3 026)	(142)	(1 116)	(13 413)
As at 31 December 2012	**67 976**	**80 003**	**47 083**	**2 579**	**15 669**	**213 310**
Additions	-	-	-	-	65 159	65 159
Transfer	49 101	61 577	(33 081)	2 317	(79 914)	-
Disposals	(133)	(422)	(181)	(7)	(796)	(1 539)
Foreign currency translation differences	(43)	(60)	110	(3)	46	50
As at 31 December 2013	**116 901**	**141 098**	**13 931**	**4 886**	**164**	**276 980**
Depreciation						
As at 1 January 2012	**(4 941)**	**(8 592)**	**(10 786)**	**(305)**	**-**	**(24 624)**
Depreciation for the year	(2 744)	(6 802)	(6 640)	(442)	-	(16 628)
Disposals	161	358	73	55	-	646
Foreign currency translation differences	422	814	959	34	-	2 231
As at 31 December 2012	**(7 103)**	**(14 222)**	**(16 394)**	**(657)**	**-**	**(38 375)**
Depreciation for the year	(2 661)	(10 537)	(6 388)	(1 193)	-	(20 778)
Reclassification	(1 547)	(15 699)	17 246	-	-	-
Disposals	18	218	63	15	-	313
Foreign currency translation differences	3	44	(34)	2	-	15
As at 31 December 2013	**(11 290)**	**(40 196)**	**(5 507)**	**(1 833)**	**-**	**(58 826)**
Net book value						
As at 31 December 2021	**60 873**	**65 781**	**30 689**	**1 922**	**15 669**	**174 934**
As at 31 December 2013	**105 611**	**100 902**	**8 424**	**3 053**	**164**	**218 154**

As at 31 December 2013, a value of 102 635 regarding property, plant and equipment was pledged as a security for the bank loans (2012: SEK 0 - note 22).

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	2013	2012
Cost	-	-
Accumulated depreciation	-	-

15. SHARES IN SUBSIDIARIES

	The Parent Company
As at 1 January 2012	256 551
Purchase price	65
As at 31 December 2012	256 616
Investments in subsidiaries	98
As at 31 December 2013 (i)	256 714

(i)	2013	2012
Barishevskya Grain Company LLC	256 367	256 367
Grain Alliance Agroinvest Ltd	92	92
Grain Alliance Holding Ltd	92	92
Agrido LLC	163	65
	256 714	**256 616**

» RECENT DEVELOPMENTS IN FOOD SYSTEMS AND VALUE CHAINS HAVE YIELDED POSITIVE RESULTS «

FOOD AND AGRICULTURE ORGANISATION OF THE UNITED NATION

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

16. OTHER NON-CURRENT ASSETS

	The Group	
	2013	**2012**
Prepaid lease expenses (i)	1 705	-
Value added tax (Note 3)	-	525
Other non-current assets	265	263
	1 970	**788**

(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.

17. 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 2012		**4 843**	**3 970**	**8 813**
Increase due to purchases and subsequent expenditures		222 993	897	223 890
Decrease due to crops harvest	(i)	(262 151)	-	(262 151)
Decrease due to sales		-	(1 154)	(1 154)
Net gain / (loss) arising from changes in fair value of biological assets and agricultural produce (less cost to sell)	(ii)	40 267	2 639	42 906
Livestock losses		-	-	-
Currency translation differences		(356)	(352)	(708)
Carrying amount at 31 December 2012	(iii)	**5 596**	**6 000**	**11 596**
Increase due to purchases and subsequent expenditures		239 301	2 719	242 020
Decrease due to crops harvest	(i)	(238 326)	-	(238 326)
Decrease due to sales		-	(729)	(729)
Net gain / (loss) arising from changes in fair value of biological assets and agricultural produce (less cost to sell)	(ii)	(1 309)	(2 663)	(3 972)
Livestock losses		-	(36)	(36)
Currency translation differences		(6)	21	15
Carrying amount at 31 December 2013	(iii)	**5 256**	**5 312**	**10 568**

(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 2013 and 2012 was as follows:

	The Group			
	2013		**2012**	
	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	140 645	114 596	142 104	149 982
Sunflower	29 933	71 147	18 328	50 714
Wheat	19 537	30 552	14 971	15 424
Soybean	8 025	20 165	9 219	37 672
Barley	383	551	3 551	3 305
Other	-	1 315	6 584	5 054
	198 523	**238 326**	**194 757**	**262 151**

(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			
	2013		**2012**	
	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	4,15	1 077	5	1 219
Winter rye	-	-	4	1 219
Winter barley	-	-	-	-
Corn	6,74	764	-	-
Soybean	2,34	2 710	-	-
Sunflower	2,24	2 236	-	-

(iii) Biological assets as at 31 December comprised:

Livestock

	The Group			
	2013		**2012**	
	Number, heads	*Number, heads*	*Number, heads*	*Carrying value*
Cattle	1 041	4 782	1 042	5 599
Pigs	678	472	490	364
Horses	57	42	49	37
Others	-	57	-	-
	1 776	**5 312**	**1 581**	**6 000**

Livestock at 31 December 2013 comprises SEK 2 682 of non-current biological assets (2012: SEK 3 403).

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

Plants

	The Group			
	2013		2012	
	Hectares	*Carrying amount*	*Hectares*	*Hectares*
Winter wheat	4 531	5 256	4 256	5 380
Winter rye	-	-	76	216
Winter barley	-	-	-	-
	4 531	**5 256**	**4 332**	**5 596**

18. INVENTORIES

	The Group	
	2013	2012
Agricultural produce (at fair value less costs to sell or net realisable value) (i)	155 518	27 317
Work in progress (at cost) (ii)	22 648	27 363
Raw materials (at cost) (iii)	7 291	4 603
Fertilizer, herbicide and pesticide (at cost)	1 704	670
Other inventories (at cost)	630	500
	187 791	**60 452**

(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.

19. TRADE AND OTHER RECEIVABLES, OTHER CURRENT ASSETS

	The Group		The Parent Company	
Trade and other receivables	2013	2012	2013	2012
Trade receivables	1 009	1 873	-	-
Trade receivables due from related party (Note 25)	-	-	55 830	11 763
Loans issued to employees	758	658	-	-
Less: bad debt allowance	(104)	(187)	-	-
	1 663	**2 344**	**55 830**	**11 763**
Other current assets				
Deferred expenses	1 215	1 719	-	-
Advances paid	9 172	13 735	1 173	1 688
VAT recoverable	17 532	435	23	23
Other	2 020	169	12	-
	29 939	**16 058**	**1 208**	**1 691**

	The Group
	Provision for bad debts
As at 1 January 2012	**390**
Charge for the year	195
Used amounts (ii)	(380)
Foreign exchange translation difference	(18)
As at 31 December 2012	**187**
Charge for the year	38
Used amounts (ii)	(38)
Foreign exchange translation difference	-
As at 31 December 2013	**187**

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

20. CASH AND CASH EQUIVALENTS

	The Group		The Parent Company	
	2013	2012	2013	2012
Cash:				
- on bank accounts	2 584	55 379	1 818	47 085
- on hand	89	33	-	-
	2 673	**55 412**	**1 818**	**47 085**

21. SHARE CAPITAL

The registered share capital amounts to SEK 11 556 (2012: SEK 11 556) and consists of 7 807 775 shares (2012: 7 807 775 shares). BZK Grain Alliance AB only has one class of shares carrying equal voting power.

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

22. LOANS AND BORROWINGS

As at 31 December 2013 loans and borrowings are as follows:

			Maturity		
			2014	2015-17	
	Currency	*Interest*	*Current portion*	*Non-current portion*	*Total*
The Group					
Ukrainian bank	USD	8,1-8,7%	117 923		117 923
Ukrainian bank	UAH	8,1-15%	54 583	-	54 583
Related party (Note 25)	SEK	3,5-7%	16 231	-	69 495
			188 737	**53 264**	**242 001**
The Parent Company					
Related party (Note 25)	SEK	3,5-7%	15 723	56 379	72 102
			15 723	**56 379**	**72 102**

As at 31 December 2012 loans and borrowings are as follows:

			Maturity		
			2014	2015-17	
	Currency	*Interest*	*Current portion*	*Non-current portion*	*Total*
The Group					
Related party (Note 24)	SEK	3,5-7%	8 847	52 161	61 008
			8 847	**52 161**	**61 008**
The Parent Company					
Related party (Note 25)	SEK	3,5-7%	8 847	55 755	64 602
			8 847	**55 755**	**64 602**

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 2013 was SEK 36,9 million (2012: 36,5 million), and the equity portion was approximately 4.8 million SEK.

23. TRADE AND OTHER LIABILITIES, OTHER CURRENT LIABILITIES

	The Group		The Parent Company	
	2013	**2012**	**2013**	**2012**
Trade and other liabilities				
Trade liabilities	6 317	5 909	18	65
Payroll and related taxes	3 252	2 578	253	140
Unused vacations accrual	3 397	2 273	-	-
Liabilities related to acquisition of subsidiary	-	-	-	-
Other	500	56	500	-
	13 466	**10 816**	**771**	**205**
Other current liabilities				
Value added tax	-	68	-	-
Other taxes	-	188	-	-
Advances received	245	297	-	-
Income tax payable	270	-	-	-
Other	383	383	32	32
	898	**936**	**32**	**32**

24. NUMBER OF EMPLOYEES AND EMPLOYEE BENEFITS

Number of employees

	2013			2012		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden	-	1	1	-	1	1
Ukraine	267	851	1 118	244	730	974
	267	**852**	**1 119**	**244**	**731**	**975**

The management of the Group consists of 100% male.

Employee benefits

The Parent Company	2013	2012
Board and senior executives	1 609	1 125
Other employees	-	-
Pension costs	195	197
Social security costs	518	401
	2 322	**1 723**

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

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

The Group	2013	2012
Board and senior executives	3 263	2 065
Other employees	32 220	31 779
Pension costs Board and senior executives	820	556
Pension costs other employees	12 169	11 602
Social security costs	518	401
	48 990	**46 403**

25. RELATED PARTY DISCLOSURES

Ultimate Controlling Party

As at 31 December 2013 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, a citizen of Sweden, has the controlling interest in Claesson & Anderzén AB.

THE GROUP

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:

The Group	2013	2012
Entity under common control		
Loans and borrowings	(67 699)	(60 232)
Of which:		
CA Investment AB	(14 784)	(7 935)
CA Agroinvest AB	(51 517)	(50 984)
Ukrainian Investment AB	(1 398)	(1 313)
Trade and other receivables	4	3 960
Of which:		
UkrEtanol LLC	-	3 247
Svitanok Ltd	-	212
Radovenyuk E.A	-	500
Bereznyaki F.G	4	1
Other current assets	462	270
Of which:		
Bezsmertniy V.P	-	251
Svitanok Ltd	105	19
Radovenyuk E.A	77	-
Radovenyuk A.F	280	-

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

The Group	2013	2012
Entities under common control		
Interest expenses	(3 552)	(3 425)
Of which:		
CA Investment AB	(352)	(217)
CA Agroinvest AB	(3 115)	(3 123)
Ukrainian Investment AB	(85)	(85)
Purchase of services	(1 906)	(4 389)
Of which:		
Radovenyuk E.A	(1 232)	(1 039)
Radovenyuk A.F	(674)	(736)
UkrEthanol LLC	-	(2 614)
Purchases of seeds	(1 563)	(779)
Of which:		
UkrEthanol LLC	(1 563)	-
Bereznyaki	-	(779)
Purchases of property, plant and equipment	(26 939)	(9 400)
Of which:		
UkrEthanol LLC	(26 726)	(8 947)
Slaviya Ltd	(213)	(453)

Compensation to key management personnel

For the year ended 31 December 2013, remuneration paid by the Group to key management personnel was SEK 4 083 (2012: SEK 2 466). Compensation included contractual salaries and related taxes.

Key management personnel consists of six individuals as at 31 December 2013 (2012: six).

THE PARENT COMPANY

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

	2013	2012
Entity under common control		
Loans and borrowings (Note 22)	(67 699)	(60 232)
Of which:		
CA Investment AB	(14 784)	(7 935)
CA Agroinvest AB	(51 517)	(50 984)
Ukrainian Investment AB	(1 398)	(1 313)
Subsidiary		
Trade and other receivables	55 830	11 763
- Baryshevski Grain Company LLC		

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

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

	2013	2012
Interest expenses	(3 552)	(3 425)
Of which:		
CA Investment AB	(352)	(217)
CA Agroinvest AB	(3 115)	(3 123)
Ukrainian Investment AB	(85)	(85)

Compensation to key management personnel

For the year ended 31 December 2013, remuneration paid to key management personnel is SEK 2 126 (2012: SEK 1 526). Compensation comprised the contractual salary and related taxes.

Key management personnel consist of one individual as at 31 December 2013 (2012: one).

26. 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 2013 was 40 145 (2012: 29 933).

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

	2013	2012
Up to 12 months	38 901	27 788
1-5 years	70 515	51 267
Over 5 years	19 201	12 588
	128 617	**91 643**

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIESS

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 2013 and 2012. 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 2013 and 2012.

Interest rate risk

The principal interest rate risk relates to financial lease obligations. The Group or the Company have not entered into any transactions to hedge these interest rate risks. The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, all other variables equal, of the Group's loss before tax.

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

	Change in basis points	Effect on profit before tax	
		The Group	The Parent Company
2013			
Change in interest rate (LIBOR)	33	(265)	(53)
Change in interest rate (LIBOR)	(33)	265	53
2012			
Change in interest rate (LIBOR)	23,2	(21)	(21)
Change in interest rate (LIBOR)	(23,2)	21	21

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 loss before tax.

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 loss before tax.

	Change in basis points	Effect on profit before tax	
		The Group	The Parent Company
2013			
Change in USD exchange rate	30%	(34 967)	17 367
Change in USD exchange rate	-5%	5 828	(2 894)
2012			
Change in USD exchange rate	15%	9 558	9 442
Change in USD exchange rate	-15%	(9 558)	(9 442)

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:

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

	The Group					The Parent Company				
	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 December 2013										
Loans and borrowings, principal amount	-	136 228	44 030	48 549	228 807	-	-	15 723	51 664	67 387
Interest payable	-	5 664	2 815	4 715	13 194	-	-	-	4 715	4 715
Trade and other liabilities (Note 23)	-	3 773	10 591	-	14 364	-	803	-	-	803
	-	**145 665**	**57 436**	**53 264**	**256 365**	**-**	**803**	**15 723**	**56 379**	**72 905**
31 December 2012										
Loans and borrowings, principal amount	-	-	8 847	48 071	56 918	-	-	8 847	51 664	60 511
Interest payable	-	-	-	4 091	4 091	-	-	-	4 091	4 091
Trade and other liabilities (Note 23)	-	3 579	8 172	-	11 751	-	237	-	-	237
	-	**3 579**	**17 019**	**52 162**	**72 760**	**-**	**237**	**8 847**	**55 755**	**64 839**

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 19.

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 2013						
Trade and other receivables	36	1 663	-	-	-	1 698
	36	**1 663**	**-**	**-**	**-**	**1 698**
31 December 2012						
Trade and other receivables	23	2 344	-	-	-	2 367
	23	**2 344**	**-**	**-**	**-**	**2 367**

The Parent Company

		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 2013						
Receivable subsidiary	-	11 049	-	11 049	33 732	55 830
Trade and other receivables	36	-	-	-	-	36
	36	**11 049**	**-**	**11 049**	**33 732**	**55 866**
31 December 2012						
Receivable subsidiary	11 763	-	-	-	-	11 763
Trade and other receivables	23	-	-	-	-	23
	11 786	**-**	**-**	**-**	**-**	**11 786**

Notes to the Consolidated and Parent Company's financial statements (in thousands of SEK)

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		The Parent Company	
	2013	2012	2013	2012
Loans and borrowings	242 001	61 008	72 102	64 602
Trade and other liabilities	14 364	11 752	803	237
Less cash and cash equivalents	(2 673)	(55 412)	(1 818)	(47 085)
Net debt	253 692	17 348	71 087	17 754
Equity	193 143	269 936	242 665	252 317
Total equity and net debt	446 835	287 284	313 752	270 071
Gearing ratio	**57 %**	**6%**	**23 %**	**6%**

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 2013 was because we had a large amount of crops in stock. In early 2014, 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.

28. 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*	
	2013	**2012**	**2013**	**2012**
Loans and receivables				
Cash and cash equivalents	2 673	55 412	2 673	55 412
Trade and other receivables	1 663	2 344	1 663	2 344
Other financial liabilities				
Trade and other liabilities	14 364	11 752	14 364	11 752
Loans and borrowings	242 001	61 008	242 001	61 008

The Parent Company

	Carrying amount		*Fair value*	
	2013	**2012**	**2013**	**2012**
Loans and receivables				
Cash and short-term deposits	1 818	47 085	1 818	47 085
Trade and other receivables	55 830	11 763	55 830	11 763
Other financial liabilities				
Trade and other payables	803	237	803	237
Loans and borrowings	72 102	64 602	72 102	64 602

29. INCOME TAX

The Parent Company

As at 31 December 2013, the tax loss carried forward is SEK 40 762 (2012: SEK 31 188). The Company has not recognized deferred tax assets as deficit.

30. EVENTS AFTER THE REPORTING DATE

From a business perspective, there have been major sales in the first quarter of 2014. The company sold 100 826 tons of corn at an average price of 1 650 UAH / t. Further 23 000 tons of sunflower (4 250 UAH / t), and 1 348 tons of soybean (5 580 UAH / t). The sales prices were significantly higher than the prices that formed the basis for the valuation of closing stocks in 2013. Crops were during the first quarter of 2014 sold to an average of 57% higher prices than the book value at 2013-12-31.

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 and has affected the company positively.

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