

AGROKULTURA FULL YEAR INTERIM RESULT – A SWING IN NET PROFITABILITY OF SEK 283 MILLION

Full Year Interim Report 2014 Agrokultura AB, “Agrokultura” or “the Group”, the Russian and Ukrainian producer of agricultural commodities, announces its results for the year ending 31 December 2014. Figures in brackets relate to the year ending 31 December 2013 unless otherwise stated.

Financial highlights

- Revenue for the period fell by 13 per cent to SEK 539 million (SEK 617 million) driven by a continued slump in commodity prices and higher carry over stock
- The profit before depreciation (EBITDA) was SEK 122 million (loss SEK 129 million) and net profit was SEK 22 million (net loss SEK 262 million).
- On 31 December 2014, Group debt totalled SEK 96 million (SEK 167 million). Group cash at the same date was SEK 31 million (SEK 29 million), and unsold inventory amounted to SEK 131 million (SEK 93 million).
- All business segments (Ukraine cropping, Russia cropping and Livestock) delivered positive operating profits coupled with positive cash generation
- Currency weakness in Ukraine and Russia generally positive for operations despite increased financing rates
- 48.4m of promissory notes settled through the issue of 7.3 million new shares at SEK 5.0 per share and payment of SEK 12.1 million in cash
- Profit per share was SEK 0.15 (loss SEK 1.88)
- The board proposes that no dividend is paid for the financial year 2014

Operational highlights

- Total harvested hectares totalling 115,400 ha with total production of 446,200 tonnes of oilseeds and grains
- Ukrainian weighted average yields up 20 per cent driven by the improvement in grain yields
- Russian weighted average yields up 1 per cent on 2013 consolidating 2 years of significant growth
- Implementation of a material cost saving programme focussed on all areas has enabled Group to turn around profitability despite continued difficult pricing environment
- No major negative impact on operations relating to political events in Ukraine

Stephen Pickup, Group Managing Director commented

“Our 2014 results demonstrate many of the improvements which have been worked on in the past 18 months. Our thorough cost cutting programme has created a company which can provide profitable operations even in a weak pricing environment. Improved processes provide more control ensuring investments in inputs are delivered to the field in full when needed. Yields have continued to improve showing we are learning from experiences although we are approaching targeted yield levels.

The reported results are dominated by the improvement in financial results which are the best in the Group's history by some margin. The greatest improvement has come in Ukraine where we report a SEK 179 million improvement in profitability compared to 2013. As a Group we see an improvement in profitability of SEK 283 million despite a fall in revenues due to the weak pricing environment. For the first time each business segment has delivered a positive operating profit which will give us more options with regard to selected investments at a time when the sector is generally cash constrained."

Upcoming Reporting Dates

- Annual Report 2014 – 24 April 2015
- Annual General Meeting – 26 May 2015
- The annual report for 2014 will be available on the Group's website and will be sent to shareholders who so request.

Managing Directors' Comments

The financial performance of the Group in 2014 is much improved and begins to show how the business will develop over the next five year period. Prices remain well below their 5 year trailing average and the Group is well positioned to take advantage of any improvements in the pricing environment. Although there were some improvements on the yield side of the business the majority of improvement came from the thorough restructuring of the Group's costs. This in depth programme commenced in August 2013 with SEK 150 million of savings being identified. The total positive swing in profitability totalled SEK 283 million.

The most significant areas of improvement came in direct costs through the complete review of technical crop plans together with some dramatic cuts in headcount cost and administrative costs. Cost of sales were 21 per cent lower than in 2013, headcount costs reduced by 28 per cent and administrative costs by 41 per cent. Despite these cuts, weighted average yields improved by 1 per cent in Russian and 20 percent in Ukraine which placed Agrokultura very much in the top quartile of scale farmers in both countries.

In 2014 the Group is reporting it's first ever operating profit in Ukraine. The Group's Ukraine business encountered favourable weather conditions which have assisted in demonstrating the operation's yield potential. Western Ukraine's advantage lies in the reliable precipitation levels which are central to delivering strong yields year on year. Although there remain some initiatives to further improve yields when weather conditions will allow, we expect a majority of improvements in Ukraine to come from more efficient purchasing of inputs without expensive trade credit, better timed purchases together with benefits related to the material weakening of the hryvnia. In the medium term, the Group will recommence machinery replacement capex in Ukraine which will have the impact of reducing maintenance cost, diesel costs and improving machinery downtime metrics.

The Group's Russian cropping business has delivered another year of real progress and development resulting in positive operating profits and cash generation despite the continued weakness in commodity prices. Although weighted average yields increased by just 1 per cent, this followed increases of 34 per cent in 2013 and material increases in 2012. Weather conditions were far from ideal with very dry conditions for most of the growing season for the spring crops. This hit yields for crops such as corn and soya and limited the yield potential for other crops such as sunflower and sugar beet. Operations are well organised and we benefit from the advantage of a strong and stable operating management team. Modest machinery investments have been made which are expected to de-risk the Russian operation further.

Administrative expenses have been another key area of action. Being generally non-yield driving, the goal has been to reduce such expenses to a minimum without damaging operations. Total administrative expenses fell 41 per cent to SEK 63 million (SEK 550 per cultivated ha). This has led to changes to how the management team works and has required significant change and discomfort within the organisation. There remains the opportunity to make further cuts (together with benefits from weakening currencies), and the Group will continue to seek ways to reduce administrative costs.

Both the Russian and Ukrainian economies have their difficulties which is mostly evident in the weakness of their currencies with the associated increase in local currency financing rates. A large proportion of the Group's revenues in Russia and Ukraine are directly linked to hard currencies such as USD and Euros whereas a significant costs are in local currencies and therefore the devaluations are expected to have a generally positive impact. This positive impact is more defined in Ukraine than in Russia largely due to the often looser correlations with international sales prices.

During 2014, the Group saw the emergence of new shareholders who ultimately made an offer for the Group. Following the offer at SEK 4.5, which delivered the new shareholders over 90 per cent of the shares of the Group, a new Board was proposed and elected. Given the limited free float, it was subsequently proposed to delist Agrokultura in order to better reflect the shareholder structure. On 27 February 2015, the Group was delisted. The Shareholders will initiate a compulsory acquisition process to buy out the remaining shareholders.

Operationally there are very limited changes following the new ownership with the shareholders assisting the management team to continue the positive improvements made in the past 18 months. Agrokultura is to remain an independent business focused on maximising its profitability and creating value for shareholders.

The management team which came together in the fourth quarter 2013 is committed to further improving performance through further cost savings and operational improvement. At the same time we await improved commodity pricing and will benefit from weakness in local currencies. Over the coming year the Group will focus on ensuring that costs remain under control whilst exerting strict business controls and procedures, and building upon the operating successes. We will continue to investigate ways delivering an improved land bank most likely through land swaps. We have in place a small, focused management team with significant experience in the sector who are well placed to work towards the delivery of these goals.

Stephen Pickup Group Managing Director

FINANCIAL REVIEW

Income Statement

Revenues

Revenues for the year were SEK 539 million (SEK 617 million), a drop of 13 per cent. This reduction was driven by a weighted average 12 per cent reduction in commodity prices compared to 2013 together with an increase of grain inventories held over the year end. The increase in grain inventories was intended to increase the average price received by selling less crop in the period immediately after harvest. These were partially offset by a 9 per cent improvement in yield. 91 per cent of revenues were derived from the cropping business with the remainder from Livestock which is located in Russia. Of the cropping revenues, 45 per cent were derived from Russia and 55 per cent from Ukraine. At the period end, the Group had unsold 2014 harvested crop valued at SEK 131 million which is included in inventory on the balance sheet. These inventories were mostly sold at around carrying value in quarter 1 2015.

The Group has recognised a profit from changes in the fair value of biological assets of SEK 160 million. This reflects the current pricing together with the average 3 year track record of yields. The profit is arrived through a combination of predominately realised profits for harvested 2014 crops of SEK 131 million, unrealised profits for crops in the ground at the period end of SEK 24 million and livestock gains of SEK 9 million.

Costs

Costs of sales fell by 21 per cent despite a largely flat level of planting. This is impacted most significantly by the material cost cutting programme following the review of all crop technical cards and the considered replacement in some cases of branded chemicals with generics. Improved controls ensured that the investment made in inputs was delivered in full to the fields. Reduced head count costs and devaluation of the Ukrainian hryvnia helped to further reduce costs.

Livestock feed costs are again on the rise in local currency which will impact future profitability due to the domestic nature of the livestock business. Milk revenues are locally priced whereas bought in feed costs are loosely correlated with foreign currency commodity prices. Other than third party harvest costs which are higher given the higher tonnages which have been harvested thanks to continuously improving yields, most elements of direct costs have been reduced. Land costs which are predominantly Ukrainian are reduced by 21 per cent following the disposal underutilised land and due to the weakening currency. The effects of the employee reductions is shown through the 27 per cent decrease in direct labour costs. Reductions in direct labour costs have many follow on improvements with cost reductions associated with having to support less employees. For the cropping business in Russia, the Group is targeting further reductions in payroll costs from the SEK 580 (\$82) per cultivated ha in 2014. In Ukraine our initial target is to deliver improvements on 2014's SEK 890 (\$120) per cultivated ha which in the short term will be aided by the recent currency devaluations. If achieved, these metrics will compare favourably to the listed peer group. Whilst administration expenses fell by 41 per cent compared to 2013 the Group still sees the potential for further improvements.

Cost per ha analysis is outlined below:

Year ended 31 December 2014

	Ukraine - SEK per ha				Russia - SEK per ha			
	Rapeseed	Winter wheat	Sunflower	Corn	Barley	Wheat	Sunflower	Soya
Seed	295	217	382	1,031	248	251	345	299
Fertiliser	1,380	1,274	225	1,220	148	399	182	12
Chemical	1,135	528	416	535	124	190	249	426
Total inputs	2,810	2,019	1,022	2,786	520	840	776	737
Other direct & indirect	2,440	2,645	2,306	3,018	1,237	1,308	1,351	1,264
Land costs	736	736	736	736	160	160	160	160
Administration	412	412	412	412	308	308	308	308
Other costs / income	(16)	(16)	(16)	(16)	62	62	62	62
Subtotal	6,382	5,797	4,460	6,936	2,287	2,678	2,657	2,531
Depreciation	524	524	524	524	486	486	486	486
Total cost	6,906	6,321	4,984	7,460	2,773	3,164	3,143	3,017

Year ended 31 December 2014

	Ukraine - USD per ha				Russia - USD per ha			
	Rapeseed	Winter wheat	Sunflower	Corn	Barley	Wheat	Sunflower	Soya
Seed	43	32	56	150	36	37	50	44
Fertiliser	201	186	33	178	22	58	27	2
Chemical	165	77	61	78	18	28	36	62
Total inputs	409	295	150	406	76	123	113	108
Other direct & indirect	356	386	336	440	180	191	197	184
Land costs	107	107	107	107	23	23	23	23
Administration	60	60	60	60	45	45	45	45
Other costs / income	(2)	(2)	(2)	(2)	9	9	9	9
Subtotal	930	846	651	1,011	333	391	387	369
Depreciation	76	76	76	76	71	71	71	71
Total cost	1,006	922	727	1,087	404	462	458	440

Year ended 31 December 2013

	Ukraine - USD per ha				Russia - USD per ha			
	Rapeseed	Winter wheat	Sunflower	Corn	Barley	Wheat	Sunflower	Soya
Seed	63	47	82	222	61	42	55	46
Fertiliser	297	274	48	262	45	72	32	40
Chemical	244	114	90	115	30	26	45	64
Total inputs	604	435	220	599	136	140	132	150
Other direct & indirect	421	404	343	678	230	254	240	204
Land costs	135	135	135	135	23	23	23	23
Administration	110	110	110	110	58	58	58	58
Other costs / income	(4)	(4)	(4)	(4)	32	32	32	32
Subtotal	1,266	1,080	804	1,518	479	507	485	467
Depreciation	106	106	106	106	113	113	113	113
Total cost	1,372	1,186	910	1,624	592	620	598	580

When compared to 2013 data the cost per ha information shows the impact of cost reductions and currency devaluations. Much improved input efficiency in Ukraine can be seen together with lower overhead costs. Targeted yields are now being achieved at the same time as costs are being materially reduced. Land rental costs remain high in Ukraine due to the high proportion of unplanted land and due to the fact that all land is rented in Ukraine compared to a majority of owned land in Russia. A number of crops including winter wheat, sunflower, sugar beet and soya provided positive net profit margins.

Results

The profit before interest, tax, depreciation and amortisation (EBITDA) was SEK 122 million (loss SEK 129 million). Depreciation and amortisation was SEK 65 million (SEK 96 million). Net profit was SEK 22 million (loss 262 million). The net profit was the first net profit in the Group's history with each business unit making a positive net profit contribution.

Other expenses are mainly made up of foreign currency exchange losses, and losses on disposal of property plant and equipment. Foreign currency exchange losses of SEK 55 million were incurred on the Group's foreign currency working capital and finance lease debts. Whilst these losses are significant they are offset by corresponding gains on agricultural commodities which are predominantly priced in USD or Euros.

2014 exceptional items mostly related to a small exceptional gain on the disposal of the Group's operations in Kaliningrad which overlapped 2013 and 2014. The profit from continuing operations was SEK 44 million (loss SEK 257 million). Excluding exceptional items, this profit was SEK 40 million (loss SEK 251 million).

The breakdown of the result shows that all business segments within the Group contributed positively to the reported positive net profit despite the weak pricing environment.

Operating profit by segment

SEK million	Russia CBS	Ukraine	Livestock
Year ended 31 December 2014			
EBITDA	75.5	46.5	16.3
Operating result	41.0	23.2	9.6
Year ended 31 December 2013			
EBITDA	47.6	(120.3)	(3.2)
Operating result	(7.7)	(155.7)	(13.2)

Balance Sheet

Non-current assets

Non-current assets have fallen by 34% to 517 million SEK mainly due to a devaluation of the Ukrainian hryvnia and Russian rouble which had fallen by 63% and 44% respectively by 31 December 2014 when compared to 31 December 2013. Certain non-current assets were not impacted by the currency falls due to their foreign currency carrying value and the Russian business saw some investments in the form of new spraying capacity and other equipment which added to non-current asset values.

Current assets

Inventories incorporating work in progress, finished agricultural produce and raw materials amounted to SEK 192 million. Finished agricultural produce amounted to SEK 131 million of this figure and will be sold in the first quarter of 2015 at a level around book value.

Biological Assets

The fair value of cropping biological assets is SEK 101 million. This is higher than 2013 given higher levels of planting carried out in Russia and Ukraine due to the exceptionally wet weather in Autumn 2013 but also due to the improved 3 year historic yield trend due to substantially improved operational and financial performance.

The table below shows the main assumptions which have been made in the valuation of the crops in the ground at December 31 2014.

Crop	Russia		Ukraine	
	Yield	Price SEK	Yield	Price SEK
Winter rapeseed	n.a.	n.a.	2.8	2,494
Winter wheat	3.5	982	4.4	988
Winter barley	n.a.	n.a.	4.1	1,130

Liquid resources and indebtedness

Group financial indebtedness from continued operations has reduced to SEK 96 million compared to SEK 167 million a year before. This is due to the satisfaction of the debt to former fund manager Alpcot Capital Management together with certain operational debt reductions linked to the increased cost of borrowing in both Russia and Ukraine. Cash and equivalents at the period end were SEK 31 million giving a net debt of SEK 65 million.

SEK thousands	31 December 2014	31 December 2013
Debt	95,812	166,847
Cash and cash equivalents	30,832	28,790
net debt	64,980	138,057

Since the period end, Ukraine has renewed a reduced working capital facility with Raifeissen Bank and has also signed and drawn down an unsecured short term shareholder loan facility with favourable conditions. The Russian business continues to renew working capital facilities as they become required. Over the coming period assuming the business continues to generate free cash flow, borrowings will likely be further reduced.

Economic environment

The future stability of the Russian economy is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the government together with the international perceptive of actions carried out by the government.

In 2014, the Russian economy was negatively impacted by a significant drop in crude oil prices and a significant devaluation of the Russian rouble, as well as sanctions imposed on Russia by many western economies. In December 2014, rouble interest rates increased significantly after the Central Bank of Russia raised its key rate to 17%. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which if in place for an extended period of time could negatively affect the Group's future financial position, results of operations and business prospects. In the short term, the reduction in local currency denominated costs more than offsets the increase in financing costs and management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

In 2014, the economic and political situation in Ukraine also deteriorated significantly. As a result, Ukraine has experienced a fall in gross domestic product, a significant negative balance of payments and a sharp reduction in foreign currency reserves. Furthermore, between 1 January 2014 and 31 December 2014, the Ukrainian hryvnia devalued to major foreign currencies by approximately 63%, and the National Bank of Ukraine imposed certain restrictions on foreign currency operations. Restrictions have also been introduced for certain cross-border settlements. International rating agencies have downgraded sovereign debt ratings for Ukraine. Currently, a loan programme extension, which may necessitate certain austerity measures, is being negotiated by Ukraine with the International Monetary Fund. The combination of the above events has resulted in a deterioration of liquidity and much tighter credit conditions where credit is available. Again management has seen a material decrease in locally driven costs (in SEK terms) which offsets the raised levels of inflation and interest costs. Problems with the extension of credit facilities have been met with the support of shareholder loans after the reporting date.

Key ratios

The Group	2014	2013	2012	2011	2010
Operating margin %	10.7%	(36.5%)	(10.1%)	(27.3%)	(54.9%)
Equity / assets ratio %	80.0%	75.6%	80.9%	81.4%	74.5%
Shareholders equity MSEK	724	941	1,257	1,100	951
Average number of shares	140,221,049	139,008,658	134,124,104	84,656,369	48,005,758
Number of shares at end of year	146,263,128	139,008,658	139,008,658	99,197,472	49,591,892
Earnings per share, SEK	0.2	(1.9)	(0.7)	(1.4)	(4.0)
Equity per share, SEK	5.0	6.8	9.0	11.1	19.2

Personnel

The total number of employees in the Group at year end was 1,381 (1,679).

Parent Company Revenues and results

The parent company provides management services and production expertise to the subsidiaries, as well as loan and equity financing for investments and operations. Revenues in the parent company consisted of sales of services to other group companies amounting to SEK 5.0 million (SEK 9.1 million). The operating result amounted to a loss of SEK 14.5 million (loss SEK 34.3 million). The result for the period amounted to a loss of SEK 140.8 million (loss of SEK 315.0 million). Included in the results for the period are dividends from Group companies amounting to SEK 203 million which are included in income from group companies. The company also made impairments to its investments and loans to Group companies, amounting to SEK 409 million which are included in finance expense.

Important balance items and cash

Other liabilities were reduced during the year through settlement of promissory notes amounting to SEK 48.4 million through the issue of 7,254,471 new shares at a subscription price of 5 SEK per share and through the payment of SEK 12.1 million. The solidity of the parent company was at year end 99.5 per cent (91.9 per cent). As of 31 December 2014, cash and cash equivalents in the parent company amounted to SEK 5.9 million (SEK 3.4 million).

Hedging

When appropriate, the Group uses financial instruments such as forward offtake contracts or financial derivatives to hedge commodity prices. The purpose of the Group's hedging strategy is to hedge and reduce business risk rather than to speculate. Over the period, the Russian rouble and Ukrainian hryvnia have weakened significantly. Since the period end, both the Russian rouble and Ukrainian hryvnia have fallen further against major currencies. Ukrainian bank debt was denominated mostly in US dollars which naturally matches its production which is priced off US dollar dominated markets. Russian bank debt is denominated in Russian roubles which matches the principal that Russian sales prices do not follow international prices in the same way and therefore are Russian rouble dominated. Weakening of local currencies in the short term is not considered disruptive for the Group's local operations.

OPERATIONAL REVIEW

Crop Production

The Group crops a mix of winter and spring crops in order to balance weather risk with working capital and machinery constraints. Rapeseed, sunflower, corn and sugar beet are the most profitable crops and the Group seeks or will seek to maximise cropping of these crops within established agronomic rotations. Generally there is balanced mix of winter and spring crops. The Group's Russian business, following recent success, is continuing to implement no-till technology in its CBS (Central Black Soil) farms. New, larger seeding machinery that was purchased in 2013 was complemented in 2014 by more high capacity self-propelled sprayers and a tractor replacement programme was initiated for the 2015 season. No till farming reduces diesel, labour and machinery maintenance costs whilst also preserving ground moisture. In 2014 approximately 13,000 ha were cultivated "no-till" and this is expected to remain largely flat in 2015. Ukraine is less suited to no-till production given the smaller field sizes and the more plentiful rainfall. With Ukraine now better organised and controlled, machinery replacement investments and other positive investment decisions can now be made with confidence.

2015 Harvest Planting

The Group's continuing operations planted a total of 52,000 ha equally split between Ukraine and Russia. Ukrainian planting was maintained at the level of the previous year to concentrate on replicating the improved performance of 2014 rather than aiming for significant expansion. Russian planting increased back to more normal levels due to the drier weather conditions in the sowing season which enabled full operating targets to be achieved.

Region	Winter Wheat	Winter Rape	Winter barley	Total
UK	7,350	10,850	7,350	25,550
Russia CBS	26,375	-	-	26,375
Total	33,725	10,850	7,350	51,925

A total of 74,000 ha are planned to be planted across Russia and Ukraine this spring to bring the total land available for harvest to over 120,000 which is at a level comparable to 2014. Russia's proportion of planted land to total land bank continues to increase and in Ukraine the Group will both increase planting and further rationalise the land bank to increase the proportion of land cultivated.

Harvest 2014

Weather conditions were reasonable throughout the year in the Company's areas of operations. Given the lack of material global weather events, global supply for agricultural commodities was again high in 2014 which depressed pricing. The harvest of the winter planted crops in Russia saw dry weather which led to little or no drying being required. Ukraine saw normal harvesting conditions with rainfall occasionally holding up operations.

In Russia, the weighted average improvement in yields was just 1 per cent compared to 2014 although these results successfully consolidated the improvements of 34 per cent in 2013. Overall weighted average improvements would have been greater were it not for the extremely dry weather in the second half of the year which restricted yield of spring planted crops such as corn, sunflower and soya. Winter wheat was successful delivering a yield of 4.1 tonnes per ha despite the poor seeding conditions in the autumn 2013 and a drier than usual growing season.

In Ukraine, weighted average yields were up 20 per cent compared to 2013 which in itself was a material improvement over 2012. Rapeseed continued to show strong performance and now has a good track record of strong, profitable yields. Corn yields recovered to 7.1 tonnes per ha following operational issues in 2013. All crops other than sunflower showed an increase in yield and met management targets given the cost structure.

The table below shows the harvested yields achieved in the 2014 harvest. Net yields are estimates.

Ukraine	Harvested Ha	Gross Yield	Estimated net yield	Change on 2013
Winter rapeseed	12,214	3.5	3.4	16%
Winter wheat	8,199	5.8	5.6	49%
Winter barley	4,089	5.7	5.5	49%
Corn	7,926	9.4	7.6	34%
Sunflower	12,044	2.1	1.9	-12%
Total Ukraine	44,472	4.8	4.4	

Russia CBS	Harvested Ha	Gross Yield	Estimated net yield	Change on 2013
Winter wheat	16,239	4.2	4.1	9%
Sunflower	16,667	2.1	2.0	-15%
Sugarbeet	1,338	47.6	43.7	-9%
Spring barley	11,147	3.8	3.7	40%
Corn	4,392	4.8	4.3	-30%
Soybean	5,124	0.7	0.7	-42%
Spring rape	7,227	1.5	1.4	32%
Spring wheat	4,600	2.9	2.8	n.a.
Buckwheat	1,934	1.2	1.1	-31%
Other	2,236	2.5	2.2	-8%
Total Russia CBS	70,904	3.7	3.6	

Sales

2014 saw a continuation of relatively depressed pricing for all commodities compared to the period 2009 to 2012. The Group's sales strategy for Ukraine extends the sales windows for crops through forward sales to reputable counterparties. Prices for Ukrainian produced goods are generally closely collated to the international prices taking into account hryvnia exchange rates. Average prices to date in USD on selected major crops for the 2013 harvest are set out below. Forward sales made in the first half of 2014 in corn, rapeseed and barley enabled materially higher prices to be achieved than had the Group sought to sell only after the harvest. No forward sales have been made to date for the 2015 harvest although the Group intends to make such contracts at the appropriate time.

Average price (ex VAT) USD per tonne for selling season	2014 harvest Ukraine	2013 harvest Ukraine	2014 harvest Russia	2013 harvest Russia
Rapeseed	381	430	283	299
Corn	113	159	121	108
Wheat	121	187	137	163
Sunflower	287	333	297	273

The Russian market is more domestically focused which causes it to be influenced more by the local environment which in the 2014 selling season has included certain tariffs on the export of wheat. Given the greater distance from export ports and the Groups limited silo capacity all Russian crop is sold domestically.

Storage

Storage is an important part of the Group's infrastructure, providing flexibility around crop harvest and sales as well as reducing operating costs and maintaining security over the harvested commodity. The Group has around 228,000 tonnes of storage located across Russia and Ukraine and expects to make selected further investments where cash resources permit. The table below shows the type and location of the Group's storage which will be available for use in the 2015 harvest.

Storage	Russia	Ukraine	Total
Grain Silo	10,000	53,000	63,000
Flat bed	115,000	15,000	130,000
Temporary	15,000	20,000	35,000
Total	140,000	88,000	228,000

Ukraine is expecting to cover approximately 75 per cent of its storage requirements using own storage facilities. Russia will cover approximately 80 per cent. Future storage priorities include improving the quality of Russian storage facilities to reduce wastage as well as adding a third silo in western Ukraine to reduce logistics costs. Expansion of an additional 10,000 tonnes of in an existing site in Ukraine has been started and the expanded storage is expected to be ready for the 2015 harvest. The Group has contracted external silo capacity to take harvest in locations where the Group does not have logistically efficient owned storage facilities. In the medium term, the Group plans to reduce third party storage usage to minimal levels.

Livestock

2014 has shown significant operating improvement in the Livestock business coming from a very difficult period between 2010 and 2013. It is a more long term business than the cropping segment with business disruption taking years to come through due to the birth and milking cycle. In 2014, the Group has seen more realistic feed costs and availability. This has permitted changes in feed mix which together with certain limited investments has led to increased pregnancy rates and milking metrics. Average milk production in 2014 was up 14 per cent to 580 litres per cow per month. Overall production totalled 1,012,000 litres per month. Profitability for the unit improved given the sustained higher milk prices of the past year and the decreased cost of feed.

In 2014 the direct and indirect costs of production of a litre of milk were SEK 4.0 which compared to revenue and gains of SEK 4.8.

	Per litre (SEK)	Per litre (USD)
Milk revenue	3.7	0.54
Meat revenue	0.3	0.05
Biological asset gain	0.7	0.11
Total revenue and gain	4.7	0.70
Direct cost	2.1	0.30
Indirect cost	2.0	0.29
Total production costs	4.1	0.59

Achieved milk prices in 2014 have averaged SEK 3.7 (USD 0.54). Increases in milk price (11 per cent up in 2014 compared to 2013) are partly related to market dynamics but also due to the improved quality of milk which enables the Group to supply to international brands operating in Russia and charge premium pricing. Sales of meat have continued to fall due to the holding back of meat sales due to depressed pricing and the expectation of higher meat prices due to international meat import restrictions. This fall should be reversed in the future. Given the domestic nature of the livestock business with both costs and revenues being linked to the domestic market, the recent devaluation of the rouble will cause a decrease in the segment's contribution in 2015 compared to the cropping segment where revenues are ultimately correlated to dollar prices not roubles. At December 31 2014, the Group's Russian livestock herd amounted to approximately 5,050 animals, consisting of 1,750 milking cows, 650 dry cows, 2,100 heifers and 550 bulls, calves and meat animals.

Land

The financial crisis in Ukraine has hindered the Group's ability to carry out cost effective restructuring of the land bank. Fortunately a majority of the most important restructuring was completed in 2013. The Group still controls too much land in Ukraine and given the material land rental costs will seek to either cultivate or dispose of the land. The new shareholder structure has the potential to provide financing to support this expansion should expected returns meet required levels. In addition, considerable efforts have been placed in developing an integrated land database in both Russia and Ukraine to interact operations, land and accounting to ensure a single point of information within the Group. In Russia this will be combined with a thorough review of the land in the land bank to conclude if it meets the long term goals of the Group. The purpose of integrated land database is to improve management of the land bank and thereby improve its security. At 31 December 2014, the land bank extends to 216,600 ha, of which 145,800 are in Russia and 70,800 are in Ukraine.

Land bank by cluster (ha)	31 December 2014	31 December 2013	31 December 2012
Russia			
North Voronezh (Ertel & Dina)	47,600	48,500	47,000
Kursk	44,000	45,900	45,900
Lipetsk	17,300	17,300	18,000
Kaliningrad	1,700	-	15,000
South Voronezh (Vorobievka)	11,400	11,400	9,900
Russia other	23,800	23,800	25,200
Total Russia	145,800	146,900	161,000
Ukraine			
Western Ukraine	70,800	69,600	67,100
Ukraine other	-	-	26,300
Total Ukraine	70,800	69,600	93,400
Total Group	216,600	216,500	254,400
Land bank by category (ha)			
Russia			
Registered owned land	87,400	83,000	87,500
Land in process of registration	2,300	5,000	10,000
Leased land	56,100	58,900	63,500
Total Russia	145,800	146,900	161,000
Ukraine			
Leased land	70,800	69,600	93,400
Total Ukraine	70,800	69,600	93,400
Total Group	216,600	216,500	254,400

During the year the Company issued 7.3 million new shares at SEK 5.0 per share as part settlement of promissory notes which had been issued to its former investment advisor, Alpcot Capital Management. Since the end of the reporting period the Group's shares which were listed on Nasdaq OMX First North have been delisted with the controlling shareholders expressing the intention to initiate a squeeze out at a price per share of SEK 4.5. At 20 March 2015 the Group had approximately 188 shareholders. The Group has decided not to pay a dividend.

The main shareholders were:

Salermo SA	71,803,842	49.1%
Magna Finance Investments Limited	68,285,714	46.7%
Other	6,173,572	4.2%
Total	146,263,128	100%

Declaration

The Board of Directors and the Managing Director declare that the interim report provides a true and fair picture of the operations, financial position and results of the parent company and the Group.

This report has not been subject to review by the auditors.

Stockholm

27 March 2015

GROUP STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Note	Year ended 31 December 2014	Year ended 31 December 2013
Continuing operations			
Revenue	3	539,384	617,393
Gain or loss on biological assets	7	160,395	(30,701)
Cost of sales	4	(513,634)	(648,833)
Gross profit		186,145	(62,141)
Distribution costs		(14,667)	(23,339)
Other income		7,879	11,466
Other expense		(62,645)	(39,492)
Administrative expenses	5	(63,062)	(106,317)
Exceptional items	6	4,206	(5,648)
Operating result		57,856	(225,471)
Finance income		637	345
Finance expense		(16,611)	(22,173)
Result before tax		41,882	(247,299)
Income tax		2,138	(9,491)
Result for the year from continuing operations		44,020	(256,790)
Loss for the year from discontinued operations	9	(22,304)	(4,734)
Result for the year		21,716	(261,524)
Currency translation differences		(292,688)	(54,633)
Total comprehensive loss for the year		(270,972)	(316,157)
Result for the year attributable to:			
Equity holders of the Company		20,725	(268,862)
Non-controlling interests		991	7,338
Total comprehensive loss attributable to:			
Equity holders of the Company		(271,595)	(323,515)
Non-controlling interests		623	7,358
Earnings per share:			
Basic and diluted earnings per share		0.15	(1.88)
Basic and diluted earnings per share from continuing operations		0.31	(1.85)
Basic and diluted earnings per share from discontinued operations		(0.16)	(0.03)
Weighted average number of shares		140,221,049	139,008,658
Number of shares at the end of the period		146,263,128	139,008,658

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousands	Note	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment		410,017	629,726
Intangible assets		37,102	53,796
Land in process for registration		6,745	22,083
Other non-current financial assets		79	11,779
Non-current biological assets	7	50,701	57,401
Deferred tax assets		11,564	9,271
Other non-current assets		361	1,811
Total non-current assets		516,569	785,867
Current assets			
Inventories	8	191,624	183,284
Biological assets	7	101,755	72,922
Trade and other receivables		46,735	71,917
Income tax receivable		479	997
Other financial assets		7,731	3,197
Cash and cash equivalents		30,832	28,790
Total current assets		379,156	361,107
Assets in disposal groups classified as held for sale	9	9,574	98,341
TOTAL ASSETS		905,299	1,245,315
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital		731,315	695,043
Other paid in capital		1,463,126	1,463,126
Foreign currency translation reserve		(561,089)	(285,437)
Accumulated deficit		(909,319)	(929,785)
Equity attributable to owners of the parent Company		724,033	942,947
Non-controlling interests		303	(1,917)
Total equity		724,336	941,030
Non-current liabilities			
Other non-current financial liabilities		52,511	73,313
Deferred tax liabilities		3,183	509
Total non-current liabilities		55,694	73,822
Current liabilities			
Trade and other payables		79,146	126,932
Other current financial liabilities		43,301	93,534
Income tax payable		24	-
Total current liabilities		122,471	220,466
Liabilities in disposal groups classified as held for sale	9	2,798	9,997
TOTAL LIABILITIES AND EQUITY		905,299	1,245,315

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity share capital	Other paid in capital	Foreign currency translation reserve	Accumulated deficit	Attributable to owners of the parent company	Non- controlling interests	Total equity
Balance at 31 December 2012	695,043	1,463,126	(222,968)	(679,316)	1,255,885	1,270	1,257,155
Net result for the year	-	-	-	(268,862)	(268,862)	7,338	(261,524)
Other comprehensive loss	-	-	(54,653)	-	(54,653)	20	(54,633)
Total comprehensive loss	-	-	(54,653)	(268,862)	(323,515)	7,358	(316,157)
Purchase of shares from non-	-	-	479	18,393	18,872	(20,838)	(1,966)
Disposal of subsidiary	-	-	(8,295)	-	(8,295)	10,293	1,998
Balance at 31 December 2013	695,043	1,463,126	(285,437)	(929,785)	942,947	(1,917)	941,030
Net result for the year	-	-	-	20,725	20,725	991	21,716
Other comprehensive loss	-	-	(293,311)	-	(293,311)	623	(292,688)
Total comprehensive loss	-	-	(293,311)	20,725	(272,586)	1,614	(270,972)
Direct share issue	36,272	-	-	-	36,272	347	36,619
Dilution on interest in subsidiary	-	-	-	(259)	(259)	259	-
Disposal of subsidiary	-	-	17,659	-	17,659	-	17,659
Balance at 31 December 2014	731,315	1,463,126	(561,089)	(909,319)	724,033	303	724,336

CONSOLIDATED CASH FLOW STATEMENT

SEK thousands	Year ended 31 December 2014	Year ended 31 December 2013
Operating activities		
Cash received from customers	618,292	679,681
Cash received from government grants	16,116	22,009
Cash paid to suppliers and personnel	(634,432)	(697,638)
Cash flow used in operations	(24)	4,052
Interest paid	(16,466)	(20,082)
Interest received	376	145
Income tax paid	(4,888)	(3,350)
Net cash used in operating activities	(21,002)	(19,235)
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(163)	-
Acquisition of tangible fixed assets	(28,106)	(49,996)
Acquisition of intangible assets	(7,778)	-
Disposal of subsidiaries	53,495	19,526
Sale of fixed assets and intangible assets	33,848	26,052
Loans granted	-	(9,546)
Repayment of loans granted	-	25,388
Net cash used in investing activities	51,296	11,424
Financing activities		
Loans received	110,964	126,270
Repayment of loans	(137,170)	(129,265)
Net cash generated from financing activities	(26,206)	(2,995)
Net cash flow for the year	4,088	(10,806)
Cash at the beginning of the year	30,902	43,628
Exchange difference on cash	(4,143)	(1,920)
Cash at the end of the year	30,847	30,902
Less cash included in assets held for sale	(15)	(2,112)
Cash in continued operations	30,832	28,790

STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY

SEK thousands	Year ended 31 December 2014	Year ended 31 December 2013
Operating Income		
Revenue	5,040	9,062
Operating costs		
Cost of sales	(4,738)	(8,630)
Administrative expenses	(16,383)	(35,041)
Other income	1,534	304
Operating result	(14,547)	(34,305)
Income from Group Companies	284,175	
Finance income	2,214	22,782
Finance expense	(476,304)	(303,466)
Result before tax	(204,462)	(314,989)
Income tax	-	-
Result for the year	(204,462)	(314,989)
Total comprehensive result		
Result for year	(204,462)	(314,989)
Translation difference on loans to subsidiaries	(238)	(113)
Total comprehensive loss for the year	(204,700)	(315,102)

Parent company statement of financial position

SEK thousands	Note	Year ended 31 December 2014	Year ended 31 December 2013
ASSETS			
Non-current assets			
Investment in Group companies		374,389	563,896
Receivables from Group companies'		31,787	317,339
Other receivables'		6	6,994
Total non-current assets		406,182	888,229
<i>Current assets</i>			
Receivables from Group companies		286,559	1,654
Other receivables		7,840	5,391
Prepaid expenses and accrued income		25,748	77,113
Cash and cash equivalents		5,897	3,403
Total current assets		326,044	87,561
TOTAL ASSETS		732,226	975,790
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity share capital		731,316	695,043
Free reserves			
Other paid in capital		1,461,126	1,461,126
Reserve for fair value		(779)	(779)
Retained earnings		(1,258,640)	(943,538)
Result for the year		(204,700)	(315,102)
Total shareholders' equity		728,323	896,750
Non-current liabilities			
Other long term debts		-	-
Total long term liabilities		-	-
Current liabilities			
Accounts payable		1,532	4,889
Payables to Group companies		-	24,213
Other liabilities		10	45,205
Accrued expenses and deferred income		2,361	4,733
Total current liabilities		3,903	79,040
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		732,226	975,790
<i>Off balance sheet items</i>			
Pledged assets		-	-
Guarantees		97,626	97,626

1. ACCOUNTING PRINCIPLES

The interim report for the period ended 31 December 2014 has been prepared in accordance with IAS 34, "Interim Financial Reporting", International Financial Reporting Standards (IFRS) and the interpretations from the IFRS International Reporting Committee, as adopted by the EU. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts act and RFR 1 'Supplementary Accounting Rules for Groups' issued by the Swedish Financial Reporting Board. The parent company, Agrokultura AB's accounts are prepared according to the Swedish Annual Accounts Act and the recommendation RFR 2 "Accounting for legal entities" issued by the Swedish Financial Reporting Board.

The same accounting principles and methods of computation have been applied during the period as were applied during the financial year 2013 and the manner in which they were described in the 2013 annual report.

The new or amended IFRS standards and interpretations from IFRS Interpretations Committee, which became effective January 1, 2014, had no material effect on the consolidated financial statements. All amounts are in thousands of Swedish kronor, TSEK, unless otherwise indicated.

2. SEGMENT REPORTING

The business is managed, and reports internally, principally on a geographical basis with the exception to this being it's livestock operations which are managed and reported separately to the arable farming business. This basis has been used to determine the Group's operating segments.

SEK Thousands	Russia CBS	Kaliningrad arable	Ukraine	Livestock	Segment total	Management	Eliminations	Total Group
Year ended 31 December 2014:								
Revenue	221,748	12,040	268,157	47,933	549,878	1,546	(12,040)	539,384
Intersegment revenue	14,424	-	(1)	337	14,760	5,040	(19,800)	-
Gain or loss on biological assets	84,377	(3,255)	67,193	8,825	157,140	-	3,255	160,395
Cost of sales	(221,068)	(20,433)	(244,284)	(43,880)	(529,665)	(4,402)	20,433	(513,634)
Gross profit	99,481	(11,648)	91,065	13,215	192,113	2,184	(8,152)	186,145
Distribution costs	(1,538)	(337)	(13,065)	(64)	(15,004)	-	337	(14,667)
Other income	6,135	118	490	1,187	7,930	67	(118)	7,879
Other expense	(24,585)	(9,308)	(34,124)	(935)	(68,952)	(3,001)	9,308	(62,645)
Intersegment costs	(16,047)	(97)	(1,952)	(1,702)	(19,798)	-	19,798	-
Administrative expenses	(22,419)	(214)	(19,205)	(2,141)	(43,979)	(19,297)	214	(63,062)
Exceptional items	-	-	-	-	-	4,206	-	4,206
Operating profit	41,027	(21,486)	23,209	9,560	52,310	(15,841)	21,387	57,856
Intersegment finance income	1,922	667	-	-	2,589	30,143	(32,732)	-
Intersegment finance cost	(11,731)	(3,576)	(16,565)	(862)	(32,734)	-	32,734	-
Finance income	497	-	122	2	621	16	-	637
Finance expense	(8,422)	(79)	(7,391)	2,564	(13,328)	(3,362)	79	(16,611)
Profit before tax	23,293	(24,474)	(625)	11,264	9,458	10,956	21,468	41,882
Assets	464,407	9,575	317,389	96,989	888,360	16,940	(9,575)	895,725
Liabilities	(61,814)	(2,798)	(77,761)	(29,668)	(172,041)	(8,922)	2,798	(178,165)
Net assets	402,593	6,777	239,628	67,321	716,319	8,018	(6,777)	717,560

SEK Thousands	Russia CBS arable	Kaliningrad arable	Ukraine arable	Livestock	Segment total	Management	Eliminations	Total Group
Year ended 31 December 2013:								
External revenue	239,160	41,440	334,798	56,078	671,476	389	(54,472)	617,393
Intersegment revenue	23,401	-	2,660	1,050	27,111	9,062	(36,173)	-
Gain or loss on bio assets	33,186	(14,418)	(76,641)	13,660	(44,213)	-	13,512	(30,701)
Cost of sales	(258,237)	(38,428)	(335,425)	(61,884)	(693,974)	(2,463)	47,604	(648,833)
Gross profit	37,510	(11,406)	(74,608)	8,904	(39,600)	6,988	(29,529)	(62,141)
Distribution costs	(3,888)	(204)	(19,403)	(56)	(23,551)	-	212	(23,339)
Other income	7,539	1,836	72	5,156	14,603	-	(3,137)	11,466
Other expense	(15,084)	2,330	(23,708)	(707)	(37,169)	(356)	(1,967)	(39,492)
Intersegment costs	(12,292)	(556)	(4,669)	(18,654)	(36,171)	-	36,171	-
Administration expenses	(28,092)	(514)	(38,555)	(2,756)	(69,917)	(36,981)	581	(106,317)
Exceptional items	6,617	(13,071)	5,131	(5,052)	(6,375)	727	-	(5,648)
Operating profit	(7,690)	(21,585)	(155,740)	(13,165)	(198,180)	(29,622)	2,331	(225,471)
Intersegment finance income	18,438	18,211	-	-	36,649	33,846	(70,495)	-
Intersegment finance cost	(15,275)	(5,891)	(13,916)	(855)	(35,937)	(34,560)	70,497	-
Finance income	306	74	44	-	424	(5)	(74)	345
Finance expense	(5,045)	(1,515)	(8,136)	(5,038)	(19,734)	(3,954)	1,515	(22,173)
Profit before tax	(9,266)	(10,706)	(177,748)	(19,058)	(216,778)	(34,295)	3,774	(247,299)
Assets	584,733	94,148	407,376	132,257	1,218,514	26,801	-	1,245,315
Liabilities	(65,368)	(9,985)	(122,012)	(49,862)	(247,227)	(57,058)	-	(304,285)
Net assets	519,365	84,163	285,364	82,395	971,287	(30,257)	-	941,030

3. REVENUE

SEK Thousands	Year ended 31 December 2014	Year ended 31 December 2013
Crop revenue		
Rapeseed	128,747	127,473
Wheat	95,624	151,795
Barley	59,366	31,937
Sunflower	121,092	103,782
Soya	6,989	20,892
Corn	50,360	98,240
Sugar beet	20,800	18,811
Buckwheat	2,558	12,772
Oats	82	66
Rye	-	41
Other crops	463	142
Total crop revenue	486,081	565,951
Livestock revenue		
Milk	43,555	37,987
Meat	5,588	8,896
Other livestock sales	48	-
Total livestock revenue	49,191	46,883
Other goods sold	2,680	666
Other services provided	1,432	3,893
Total revenue	539,384	617,393

4. COST OF SALES

SEK Thousands	Year ended 31 December 2014	Year ended 31 December 2013
Seed	54,254	47,553
Fertilisers	66,680	89,908
Chemicals	48,407	69,980
Animal feed, medicine and genetics	24,901	30,196
Fuel	63,234	68,595
Salaries	67,776	92,978
External harvest costs	44,557	40,720
Spare parts and maintenance services	36,472	46,527
Land costs	44,478	56,477
Agricultural VAT & export VAT	3,700	(160)
Other production costs	21,624	24,573
Inventory provisions	837	8,817
Depreciation and amortisation	63,072	93,670
Movement in inventory and biological assets	(26,358)	(21,001)
Total cost of sales	513,634	648,833

5. ADMINISTRATIVE EXPENSES

SEK Thousands	Year ended 31 December 2014	Year ended 31 December 2013
Salaries and taxes	37,381	53,954
Other staff costs	183	296
Travel and transport	4,741	8,373
Public relations	328	395
Communication	1,364	1,869
Office costs	2,571	3,791
Management fees	-	14,230
Audit	2,951	5,739
Legal	3,314	3,816
Other professional	5,175	6,771
Listing costs	209	257
Bank charges	1,152	1,275
Other	2,219	2,775
Depreciation and amortisation	1,474	2,776
Total administrative expenses	63,062	106,317

6. EXCEPTIONAL ITEMS

SEK Thousands	Year ended 31 December 2014	Year ended 31 December 2013
Profit on disposal of Ukrainian farms	-	3,856
Profit on disposal of Russia CBS farms	-	1,456
Profit / (loss) on disposal of Kaliningrad farms	23,889	(19,255)
Profit on liquidation of other entities	102	-
Other items	85	-
Currency translation (loss) / profit on disposal of entities	(19,870)	8,295
Total	4,206	(5,648)

During 2013 and 2014 the Group has been in a process of disposing of its entire operations in Kaliningrad resulting in a profit of SEK 23,889 thousand in 2014 (2013: loss SEK 19,255 thousand). Currency translation losses of SEK 19,870 thousand on these foreign investments were realised upon disposal of the assets in Kaliningrad and liquidation of other Group companies and therefore transferred from the foreign currency translation reserve to the income statement.

7. BIOLOGICAL ASSETS

The Group has two types of biological assets, cropping and livestock.

Cropping biological assets at year-end are primarily winter wheat and winter rapeseed, which is presented as current assets in the statement of financial position, as they are normally transferred to agricultural produce within one year.

Livestock biological assets are animal livestock, primarily cattle. These normally generate income for 4–8 year periods.

In line with IAS 41 Agriculture, biological assets are measured on initial recognition and at each reporting date at fair value less estimated point-of-sale costs. Any changes in fair value are recognised in the statement of comprehensive income in the year in which they arise.

The fair value of the crops in the fields is calculated using a discounted cash flow method. Potential net yields (based on historical Group yields), independently (adjusted to local conditions where necessary) sourced market prices for the time of delivery, together with expected costs to the point of harvest, are discounted to give a fair value at the period end. To the extent that the fair value is in excess or below the costs incurred, there will be a positive or negative impact in the income statement line "Gain or loss on biological assets". The valuation of cropping biological assets are highly sensitive to changes in the market value of the finished products and harvest yield. The finished products are principally traded on active markets which have 5 year volatility in excess of 100%. Harvest yields are sensitive to unpredictable weather. Where available the Group uses 5 year historic average yields to take into account this sensitivity.

The fair value of livestock is based on market prices of livestock of similar age, breed, gender and genetics. This market price is adjusted to take into account the age and productivity of individual animals. The valuation of livestock is sensitive to changes in productivity of animals which is measured on a regular basis.

In accordance with the fair value hierarchy described in note 2v cropping and livestock biological assets are categorised within level 3 at the start and end of the current and comparative reporting period. This categorisation is determined as certain inputs into the fair value calculation are unobservable in active markets.

	2012 harvest	2013 harvest	2014 harvest	2015 harvest	Total current bio asset – Cropping	Total non- current bio asset - Livestock
Fair value at 31 December 2012	3,574	94,603	-		98,177	45,461
Purchases and costs incurred in production	386	510,029	98,796		609,211	27,787
Gain or loss from changes in fair value	651	(13,985)	(30,069)		(43,403)	12,702
Change due to harvest	(4,622)	(582,616)	-		(587,238)	-
Disposal	-	(1,937)	-		(1,937)	(25,103)
Currency translation effect	11	(1,378)	(521)		(1,888)	(3,446)
Fair value at 31 December 2013	-	4,716	68,206		72,922	57,401
Purchases and costs incurred in production	-	347	366,221	89,742	456,310	23,035
Gain or loss from changes in fair value	-	(3,929)	130,852	24,248	151,171	9,224
Change due to harvest	-	(639)	(541,215)	-	(541,854)	-
Disposal	-	-	(747)	-	(747)	(18,314)
Currency translation effect	-	(489)	(16,143)	(19,415)	(36,047)	(20,645)
Fair value at 31 December 2014	-	6	7,174	94,575	101,755	50,701

8. INVENTORIES

SEK Thousands	31 December 2014	31 December 2014
Raw materials at cost	40,186	56,693
Work in progress	20,115	33,481
Agricultural inventories	131,323	93,110
Total	191,624	183,284
Metric tonnes of agricultural produce	140,820	90,133
Average book value of agricultural produce SEK / metric tonne	933	1,033
Included above are net realisable value provisions relating to:		
Raw materials at cost	(6,437)	(9,570)
Agricultural inventories	(12)	(22)
Total	(6,449)	(9,592)

9. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Assets held for sale include assets from the Groups former operations in Kaliningrad and two legal entities which contain agricultural land parcels as their main asset. The management is in the process of disposing of its Kaliningrad assets and actively marketing the two legal entities for sale which is expected to complete within 12 months of the reporting date. The Kaliningrad assets are included in the Kaliningrad cropping segment and Livestock segment and the two legal entities are included in the Russia CBS arable reporting segment.

The results of discontinued operations were as follows:

SEK Thousands	31 December 2014	31 December 2013
Revenue	12,040	54,472
Gain or loss on biological assets	(3,255)	(13,512)
Cost of sales	(20,433)	(47,604)
Gross profit	(11,648)	(6,644)
Distribution costs	(337)	(212)
Other income	118	3,137
Other expense	(9,308)	1,967
Administration expenses	(214)	(581)
Operating loss	(21,389)	(2,333)
Finance income	-	74
Finance expense	(79)	(1,515)
Loss before tax	(21,468)	(3,774)
Tax expense	(836)	(960)
Loss for the year from discontinued operations	(22,304)	(4,734)

The major classes of assets and liabilities included within assets held for sale are shown below:

SEK Thousands	31 December 2014	31 December 2013
Property, plant and equipment	7,272	65,787
Intangible assets	(1)	2
Land in process for registration	243	482
Deferred tax assets	14	17
Inventories	15	12,821
Biological assets	-	6,504
Trade and other receivables	1,481	8,991
Income tax receivable	520	118
Other financial assets	14	1,505
Cash and cash equivalents	16	2,114
Total assets in disposal groups classified as held for sale	9,574	98,341
Trade and other payables	(2,776)	(2,827)
Other current financial liabilities	-	(5,767)
Income tax payable	-	(1,371)
Deferred tax liabilities	(22)	(32)
Total liabilities in disposal groups classified as held for sale	(2,798)	(9,997)
Net assets / liabilities of disposal groups	6,776	88,344

Net cash flows of discontinued operations are as follows:

SEK Thousands	31 December 2014	31 December 2013
Operating cash flows	4,910	(4,140)
Investing cash flows	11,939	(2,219)
Financing cash flows	(4,016)	(2,086)
Net cash outflow	12,833	(8,445)

10. RELATED PARTY TRANSACTIONS

Key management remuneration

Remuneration to key management personnel (including amounts paid under consultancy agreements to service companies) is as shown below. Key management personnel include heads of department and deputy heads of department at a Group level and heads of finance and operations in Russia and Ukraine. No post-employment benefits, other long term benefits or share based payments were made during the year to key management personnel.

SEK Thousands	31 December 2014	31 December 2013
Short term employee benefits:		
Board of Directors	1,623	1,450
Group management	3,102	6,190
Russia management	5,014	5,138
Ukraine management	3,994	5,737
Total	13,733	18,515

SEK Thousands	31 December 2014	31 December 2013
Termination benefits:		
Group management	-	884
Total	-	884

Brown & co.

Adam Oliver was a Director of Company until 16 May 2013. Mr Oliver also works as a partner of the business consultancy firm Brown and Co. who the Group received professional advice on certain Agricultural matters. Brown and Co. were remunerated SEK 665 thousand during 2013. The Group also engaged Brown and Co. to provide advice relating to the disposal of its Kaliningrad operations. A fee amounting to 1% of the disposal proceeds will be payable to Brown and Co upon completion of the transaction. Brown and Co. were not considered a related party at 31 December 2014.

Settlement of Promissory Notes

Between 2011 and 2013 the Company issued transferable Promissory Notes to its former investment advisors "Alpcot Capital Management" amounting to 48,363,140 SEK. The Promissory Notes were due for settlement on 31 October 2014. Prior to this date Promissory Notes amounting to 37,976,168 SEK were transferred to the Company's major shareholder, Steenord Corp who owned 49% of the Company's outstanding shares. Settlement took place in November 2014 by issuing 5,696,425 shares to Steenord Corp and 9,494,043 SEK in cash.

Other board remuneration

Sture Gustavsson entered into a consultancy agreement with the Group to provide agronomical advice over and above his role as a Director. Total remuneration under the consultancy agreement amounted to SEK 225 thousand (2013: SEK 120 thousand).

Transactions with major shareholder

During 2014 the company sold part of its sugar beet production to a companies under the control of a major shareholder. The transactions were negotiated and agreed under an arms length basis and were on similar terms to other customers. Revenue amounted to SEK 16,071 thousand and trade receivables at 31 December 2014 amounted to SEK 2,995 thousand.