Ekotechnika GmbH
Walldorf

Independent auditor’s report
Consolidated financial statements and
group management report
as of 30 September 2014

Ernst & Young GmbH
Auditing and Tax

TABLE OF CONTENTS

Commentary

We issued the following auditor’s report in compliance with legal and professional regulations and in accordance with conditions described in the “Conditions of contract, liability and conditions of use”.

If this document in electronic form will be published in the electronic Bundesanzeiger (Federal Register), only the reporting and if required the auditor’s report are determined for the purpose of it.

Independent auditors’ report

Auditors’ report

We have audited the consolidated financial statements prepared by the Ekotechnika GmbH, Walldorf, Germany, comprising the balance sheet, the statement of comprehensive income, the statement of changes in shareholders’ equity, the cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the fiscal year from 1. October 2013 to 30 September 2014. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a Par. 1 of the German Commercial Code (HGB) are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and generally accepted standards for the audit of financial statements determined by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statement in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal audit system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis during the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS guidelines as adopted by the EU, the additional requirements of German commercial law pursuant to 315a Par. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without restricting this evaluation, we would like to point to the comments contained in Section 2 (“Supplementary Report”) as well as to Section 5.3 (“Risks Jeopardising the Company”) in the Group Management Report and the issues presented therein, according to which the continuation of the Ekotechnika Group largely depends on the materialisation of the following assumptions:

- Successful implementation of the refinancing and reorganisation measures presented in the reorganisation report prepared by the accounting firm of PricewaterhouseCoopers AG (“PWC”) as well as the legal validity of the “debt/equity swap” approved within the framework of the bondholders’ assembly on 6 May 2015. The legal validity goes into effect with the entry of the “debt/equity swap” on the commercial register. It calls for reducing the subscribed capital from the current level of EUR 2,025,000.00 to EUR 81,000.00 by means of a simplified reduction, followed by an increase from EUR 1,539,000.00 to EUR 1,620,000.00 against contributions in kind. The contributions in kind will be provided by having the bondholders transfer the bonds in their possession to the central settlement agent functioning on behalf of Ekotechnika GmbH. In compensation for the transfer of the principal claim of EUR 60 million and the loan interest accrued by the date of the entry of the approved capital measures, the bondholders receive the right to acquire a total of 1,539,000 new shares. Subsequently, the shareholder Ekotechnika Holding GmbH will undertake a cash capital increase in the total sum of EUR 3,040,000. As of the reporting date of the Group consolidated financial statement for 2014, the company management anticipates that the entry of the debt/equity swap is largely probable and that the legal challenges submitted before the deadline of the contestation period will not stand in the way of entry on the commercial register, so that funds for the repayment of the interest payments that would otherwise become due on 10 May 2015 as well as additional due interest payments as well as the loan of EUR 60 million due on 10 May 2018 will no longer be needed.

- The ability of the Ekotechnika Group to generate sufficient funds for the repayment of liabilities. This also includes funds to repay bank credits that are due for repayment to the extent that they are not refinanced or extended. As of the reporting date for the 2014 Group consolidated financial statement, the business management anticipates that the largely short-term financial liabilities of the Group will continue to be extended regularly as before, without regard to the deteriorated earnings performance and without regard to the fact that the credit conditions for certain short and long-term credits in Russia were not observed during the past year.

Eschborn/ Frankfurt am Main, 29 June 2015

Ernst & Young GmbH
Auditing and Tax

Kausch-Blecken von Schmeling	Titov
Certified Public Auditor	Certified Public Auditor

Ekotechnika GmbH, Walldorf

Consolidated statement of comprehensive income for the year ended 30 September 2014

	Notes	2014 EUR'000	2013* EUR'000
Revenues	**[9]**	171 042	212 391
Cost of goods and services sold	**[11]**	(131 676)	(166 197)
Gross profit		**39 366**	**46 194**
Other operating income	**[10]**	2 809	3 819
Payroll expenses	**[12]**	(13 774)	(14 476)
Depreciation, amortization and impairment	**[16,17]**	(13 767)	(2 511)
Other operating expenses	**[13]**	(12 740)	(16 118)
		(37 472)	**(29 286)**
Operating profit		**1 894**	**16 908**
Result of equity consolidation in associated companies	**[8]**	37	0
Financial income	**[14]**	1 773	700
Financial expenses	**[14]**	(27 837)	(18 299)
		(26 027)	**(17 599)**
Loss before tax		**(24 133)**	**(691)**
Income tax expense	**[15]**	**(2 910)**	**(42)**
Loss for the year		**(27 043)**	**(733)**
Attributable to:			
Parent company's shareholders		(27 042)	(733)
Non-controlling interests		(1)	-
Other comprehensive loss for the year			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(5 443)	(5 004)
		(5 443)	(5 004)
Attributable to:			
Parent company's shareholders		(5 443)	(5 004)
Non-controlling interests		-	-
Comprehensive loss for the year		**(32 486)**	**(5 737)**
Attributable to:			
Parent company's shareholders		(32 485)	(5 737)
Non-controlling interests		(1)	-

** For better clarity and transparency the reclassification between lines "Other operating income", "Other operating expenses" was made.*

Ekotechnika GmbH, Walldorf

Consolidated statement of financial position for the year ended 30 September 2014

		30 September 2014	30 September 2013*
ASSETS	*Notes*	*EUR'000*	*EUR'000*
Non-current assets :			
Intangible assets	**[16]**	38	11 427
Property, plant and equipment	**[17]**	30 977	32 596
Long-term loans issued	**[18]**	762	1 109
Investments in associates	**[8, 18]**	72	26
Deferred tax asset	**[15]**	814	2 944
		32 663	**48 102**
Current assets:			
Inventories	**[19]**	57 800	65 775
Short-term loans issued	**[18]**	13 183	24 932
Trade receivables	**[20]**	33 189	47 423
Taxes receivable		408	134
Prepayments	**[21]**	2 778	3 765
Other financial assets		997	2 315
Other short-term assets	**[22]**	4 308	5 616
Cash and cash equivalents	**[23]**	2 342	4 712
		115 005	**154 672**
		147 668	**202 774**
LIABILITIES AND EQUITY			
Equity attributable to shareholders of parent company			
Share capital		2 025	2 025
Additional paid in capital	**[24]**	6 000	-
Foreign currency translation reserve		(10 350)	(4 907)
Retained Earnings		3 361	4 094
Current year profit		(27 042)	(733)
		(26 006)	**479**
Non-controlling interests		(1)	0
		(26 007)	**479**
Non-current Liabilities:			
Long-term borrowings	**[26]**	58 284	57 911
Other long-term liabilities		744	652
Deferred tax liability	**[15]**	511	231
		59 539	**58 794**
Current liabilities:			
Provisions	**[25]**	1 243	2 203
Short-term borrowings	**[26]**	64 962	102 614
Trade accounts payable	**[27]**	31 844	20 891
Income tax payable		204	552
Advances received	**[28]**	5 784	4 605
Other financial liabilities	**[29]**	2 921	3 159
Other short-term liabilities	**[30]**	7 178	9 477
		114 136	**143 501**
		147 668	**202 774**

** For better clarity and transparency the reclassification between lines “Property, Plant and equipment”, “Other short-term assets”, “Deferred tax assets” and “Deferred tax liabilities” was made.*

Ekotechnika GmbH, Walldorf

Consolidated statement of changes in shareholders' equity for the year ended 30 September 2014

	Share capital	Contributions to implement the capital increase resolved	Additional paid in capital	Foreign currency translation reserve	Retained earnings	Consolidated net profit/loss	Equity attributable to majority shareholder	Non-controlling interests	Total equity
As of 30 September 2012	**25**	**2 000**	**-**	**97**	**(1 078)**	**5 172**	**6 216**	**-**	**6 216**
Capital increase	2 000	(2 000)	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	5 172	(5 172)	-	-	-
Loss for the year	-	-	-	-	-	(733)	(733)	-	**(733)**
Other comprehensive loss	-	-	-	(5 004)	-	-	(5 004)	-	**(5 004)**
Total comprehensive loss	-	-	-	(5 004)	5 172	(5 905)	(5 737)	-	**(5 737)**
As of 30 September 2013	**2 025**	**-**	**-**	**(4 907)**	**4 094**	**(733)**	**479**	**-**	**479**
Additional paid in capital	-	-	6 000	-	-	-	6 000	-	**6 000**
Reclassifications	-	-	-	-	(733)	733	-	-	-
Loss for the year	-	-	-	-	-	(27 043)	(27 042)	(1)	**(27 043)**
Other comprehensive loss	-	-	-	(5 443)	-	-	(5 443)	-	**(5 443)**
Total comprehensive loss	-	-	-	(5 443)	(733)	(26 310)	(32 485)	(1)	**(32 486)**
As of 30 September 2014	**2 025**	**-**	**6 000**	**(10 350)**	**3 361**	**(27 043)**	**(26 006)**	**(1)**	**(26 007)**

Ekotechnika GmbH, Walldorf

Consolidated cash flow statement for the year ended 30 September 2014

	Notes	2014 *EUR'000*	2013 *EUR'000*
OPERATING ACTIVITIES			
Loss for the year		(27 043)	(733)
Amortisation, depreciation and impairment of non-current assets	**[16,17]**	13 794	2 566
Loss/(gain) on disposal of property, plant and equipment		(83)	2
Net foreign exchange gains / (losses), net		7 907	2 691
Provision on related party loan issued	**[14,37]**	3 612	0
Interest expense	**[14]**	14 157	13 664
Interest income	**[14]**	(1 607)	(700)
Income taxes recognized in profit or loss	**[15]**	2 910	42
Operating profit before changes in working capital and provisions		**13 647**	**17 532**
Change in inventories		(346)	6 118
Change in trade receivables and prepayments		10 160	(22 027)
Change in other receivables and assets		1 725	2 343
Change in trade payables and advances received		8 488	6 260
Change in other liabilities		(2 361)	6 255
Cash flows from operations before income taxes and interest paid		**31 313**	**16 481**
Income taxes paid		(1 182)	(898)
Interest paid		(14 017)	(12 339)
Interest received		455	66
Cash flows from operating activities		**16 569**	**3 310**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		855	845
Acquisition of property, plant and equipment		(5 805)	(14 125)
Acquisition of intangible assets	**[16]**	(51)	(65)
Cash used in issuance of other financial assets		(22 711)	(26 714)
Proceeds from settlement of other financial assets		21 124	4 851
Cash flows from investing activities		**(6 588)**	**(35 208)**

FINANCING ACTIVITIES

Proceeds from additional paid in capital	6 000	0
Proceeds from borrowings	184 624	303 133
Repayment of borrowing	(199 770)	(266 834)
Payment of finance lease liabilties	(765)	(936)
Cash flows from financing activities	**(9 911)**	**35 363**
Net increase/(decrease) in cash and cash equivalents	70	3 465
Cash and cash equivalents at beginning of year	**4 712**	**2 613**
Effect of exchange rate fluctuations on cash and cash equivalents	(2 440)	(1 366)
Cash and cach equivalents at end of year	**2 342**	**4 712**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 OCTOBER 2013 TO 30 SEPTEMBER 2014

1. GENERAL INFORMATION

Ekotechnika GmbH (also referred to below as “the corporation” or “parent company”) voluntarily issues consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) based on Section 315a of the German Commercial Code (HGB). The parent company and its subsidiaries are referred to below as the “Group”.

The corporation is domiciled in the Federal Republic of Germany and its subsidiaries are domiciled in the Russian Federation. The parent company has its main business offices at Johann-Jakob-Astor-Str. 49, 69190 Walldorf, Germany. The parent company is listed in German Comercial register (HRB 711511, Amtsgericht Mannheim).

The Group has leading positions in the area of farm machinery supplies and servicing; it is one of the largest dealers of John Deere in the Russian Federation and overall in Europe. It is also the official representative of such manufacturers of agricultural machines as Vaderstad, JCB, Lemken, Poettinger, Kverneland, GEA and AGI.

These consolidated financial statements have been prepared on a going concern basis. For risks threatening the company's existence will be referred to the Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (Euro 000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at 30 September 2014.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. 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, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss for the period and net assets of OOO EkoNivaTechnika-Holding attributable to shares not fully held by the EkoTechnika Group. Minority interests are presented separately in the statement of comprehensive income and in the statement of financial position.

For legal reasons, the financial year of all Russian subsidiaries corresponds to the calendar year; for the purposes of issuing the consolidated financial statements, these subsidiaries compile financial statements as at and for the year ended 30 September. For the German companies included, the financial year begins on 1 October of a given year and ends on 30 September of the following year.

2.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

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 allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.4 Foreign currencies

The Group's consolidated financial statements are presented in Euros, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. It was concluded that that the functional currency for all Group's Russian subsidiaries is Rouble.

2.4.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of exchange differences arising on a monetary items that forms part of the Group's net investment in foreign operations that are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.4.2 Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statement of comprehensive incomes are translated at exchange rates prevailing at average rate. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of the accumulated other comprehensive income relating to that particular foreign operation is “recycled”, i.e. recognized in profit or loss.

2.5 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group’s investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Groupe carrying amount of the investment since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the Group’s share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group’s share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as calculates the amount an associate’ in the statement of profit or loss. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.6 Fair value measurement

The Group measures financial instruments at amortised cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ✓ In the principal market for the asset or liability, or
- ✓ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ✓ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ✓ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ✓ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.7 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty, and must be reduced by the value of pending customer remittances, discounts, and other similar deductions. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

2.7.1 Sale of goods

Revenue from the sale of goods is recognized when the following criteria have been satisfied:

- the Group has transferred the significant risks and rewards of ownership of the goods to the buyer, usually on delivery of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be established reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7.2 Rendering of services

Revenue from sale of services is recognized by reference to the stage of completion. Stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

2.7.3 Revenue from rendering of construction services

The Group is involved in the process of construction of building for its related parties. Revenue from construction contract is recognized by reference to the stage of completion of the contract activity when it can be estimated reliably An expected loss on the construction contract is recognized as an expense immediately. The stage of completion of contracts is determined by completion of a physical proportion of the contract work.

2.7.4 Interest income

For all financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of comprehensive income.

2.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

2.8.1 Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement 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 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 recognized in finance costs in the statement of comprehensive income.

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group. Operating lease payments are recognized within other operating expenses in the statement of comprehensive income on a straight-line basis over the lease term.

2.9 Taxation

2.9.1 Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.9.2 Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change.

2.9.3 Uncertain tax positions

Uncertain tax position is an item, the tax treatment of which is either unclear or is a matter of unresolved dispute between the Group and the relevant tax authority. The Group adopted a 'two-step' approach to the measurement of uncertain tax positions, under which it applies 'more likely than not' (more than 50%) recognition threshold for a liability.

2.9.4 Value added tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

All the Group intangible assets (except Goodwill) have finite useful lives. The Group intangible assets primarily represent software having useful life from one to five years.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

2.11 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	5 - 30 years
Transport	3 - 10 years
Equipment	3 - 15 years
Office equipment and furniture	2 – 7 years
Other fixed assets	2 - 7 years

The useful life for property, plant and equipment is reviewed at least at the end of each reporting period. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use 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 asset) is included in the statement of comprehensive income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.12 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 capitalized 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.

2.13 Impairments of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets (including goodwill) are allocated. These budgets and forecast calculations generally cover a period of five years. For later periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

Assets excluding goodwill

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset. Such reversal is recognized in the statement of comprehensive income.

Goodwill

Goodwill is tested for impairment annually as at 30 September and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2.14 Financial assets

2.14.1 Initial recognition and measurement

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 or available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition.

All financial assets of the Group except for those classified as financial assets at fair value through profit or loss are recognized initially at fair value plus transaction costs.

The Group's financial assets currently only include cash and cash equivalents, loans issued, trade and other receivables.

2.14.2 Subsequent measurement

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

Loans and receivables
Loans and receivables are non-derivatives 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 amortized cost using the EIR method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs for loans and in other operating expenses for receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired

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.

2.15 Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss The interest income is recorded as finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

2.16 Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Agricultural machinery: Purchase cost on a cost of individual item
- Spare parts: Purchase cost on a weighted average basis
- Fuel and other inventories: Purchase cost on a weighted average basis

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.17 Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position and the consolidated statement of cash flows comprise cash at banks and on hand and short-term deposits with an initial maturity of three months or less at inception.

2.18 Financial liabilities

2.18.1 Initial recognition and measurement

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 recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

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

2.18.2 Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

2.18.2.1 Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of comprehensive income.

2.18.2.2 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

2.19 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.20 Provisions

Provisions are recognized 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. When the Group expects some or all of a provision to be reimbursed, for example, under a dealership agreement regarding warranty obligations, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income separately from the reimbursement.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The group reconsidered its approach for presentation of other short-term assets (liabilities) and splitted them on two groups: other financial assets (liabilities) and other short-term assets (liabilities). Prior year figures were adjusted correspondently.

The accounting policies adopted are consistent with those used in prior year, except for the adoption of new standards and interpretations effective as of 1 October 2013

The effect of standards applied for the first time is described below:

IAS 19 Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. As the Group has no defined benefit obligations the application of the new standard did not have an impact on the financial position, the results of operations and the cash-flows of the Group, as well as the disclosures in its consolidated financial statements.

IFRS 7 Disclosures − Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation.* The disclosures also apply to financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32. The amendment did not have an impact on the financial position, the results of operations and the cash flows of the Group, as well as the disclosures in its consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. As the Group currently has no assets or liabilities measured at fair value the first time adoption of the standard has no impact on the financial position, the result of operations and the cash-flows of the Group. IFRS 13 also requires additional disclosures.

Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 35.

IAS 36 Impairment of Assets − Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. The amendment affected presentation only.

Improvements to International Financial Reporting Standards − 2009-2011 Cycle

In May 2012, the IASB issued its fourth omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. These amendments become effective for Group's financial statements.
The nature and the impact of each amendment is described below:

- ***IAS 1* Presentation *of Financial Statements − Clarification of requirements for comparative information***

  The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. The opening statement of financial position must be presented when an entity changes its accounting policies (making retrospective restatements or reclassifications) and those changes have a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. Unlike the voluntary comparative information, the related notes are not required to include comparatives as of the date of the third balance sheet. This amendment is applied retrospectively. The amendment affects presentation only and had therefore no impact on the Group's financial position or performance.

- ***IAS 16 Property, Plant and* Equipment − *Classification of servicing equipment***

  The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment (PP&E) are not inventory. In practice under IAS 16 (before amendment) major spare parts, for example, qualify as PP&E, while smaller spares would be carried as inventory, and as a practical matter many companies have a minimum value for capitalizing assets. However if a set of spares can only be used in connection with an item of PP&E, then they have to be accounted for as PP&E. Amendment has deleted the requirement that spare parts and equipment should be used 'in connection with an item of PP&E' before they can be classified as PP&E; items such as spare parts, stand-by equipment and servicing equipment are inventory unless they meets the definition of PP&E in IAS 16. The application of the new standard had no impact on the financial position, the results of operations and the cash-flows of the Group, as well as the disclosures in its consolidated financial statements.

- ***IAS 32 Financial* Instruments*: Presentation − Tax effects of distributions to holders of equity instruments***

  The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. This means that all tax effects of equity transactions are allocated in accordance with the general principles of IAS 12. This does not change the current accounting treatment of tax deductions for equity transactions, other than to permit an entity to show such tax effects within equity gross rather than netted off the related pre-tax item, as previously required by IAS 32. The amendment affects presentation only and therefore had no impact on the Group's financial position or performance.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Applicable to the Group's financial statements standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards when they become effective.

IAS 32 Offsetting Financial Assets and Financial liabilities – (Amendment)
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. IAS 32 paragraph 42(a) requires that "a financial asset and a financial liability shall be offset when, and only when, an entity currently has a legally enforceable right to set off the recognized amounts". The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement pro-

cess or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion. The amendment becomes effective for annual periods beginning on or after 1 January 2014. The Group expects that the application of the new standard will not impact the financial position, results of operations and cash-flows of the Group, as well as the disclosures in its consolidated financial statements.

IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 *Consolidation − Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group expects that the application of the new standard will not impact the financial position, results of operations and cash flows of the Group, as well as the disclosures in its consolidated financial statements. This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities − Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Group expects that the application of this new standard will not impact the financial position, results of operations and its cash flows. This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures may be required in the Group's financial statements. This standard becomes effective for annual periods beginning on or after 1 January 2014.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 has been renamed Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

IFRIC Interpretation 21 Levies

The interpretation is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The Group expects that the application of this new standard will not impact the financial position, results of operations and its cash flows. The interpretation is effective for annual periods beginning on or after 1 January 2014, once endorsed by the EU, with early application permitted. Retrospective application of this interpretation is required.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)

These amendments provide relief from discounting hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. As Group currently neither makes use of derivatives nor does it apply hedge accounting, Group is currently not affected by this standard.

IFRS 14 Regulatory Deferral Accounts

IFRS 14, Regulatory Deferral Accounts, permits entities which adopt IFRSs for the first time, with some limited exceptions, to continue to account for regulatory deferral accounts in their financial statements in accordance with their previous GAAP. This applies both for the first IFRS financial statements and for subsequent financial statements. Regulatory deferral accounts and changes to these items must be presented separately in the statement of financial position and the statement of profit or loss and other comprehensive income. The new standard also requires certain disclosures.

IFRS 14 was issued in January 2014 and becomes effective for fiscal years beginning on or after 1 January 2016. This amendment will not have any effect on the consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 sets out when and in what amount an entity reporting in accordance with IFRSs shall recognize revenue. In addition, preparers of financial statements are required to provide more informative and more relevant disclosures to users of financial statements. The standard establishes a single, principle-based, five-step model that will apply to all contracts with customers.

IFRS 15 was issued in May 2014 and is applicable for fiscal years beginning on or after 1 January 2017. The Company is currently reviewing the effects of application on the consolidated financial statements.

Improvements to IFRSs (2010-2012)

The Improvements to IFRSs 2010-2012 is a collection of amendments to various IFRSs and was issued in December 2013. Most of the amendments are effective for fiscal years beginning on or after 1 July 2014. The Group has not yet adopted the following amendments:

IFRS 2: Clarification on the definition of vesting conditions including separate definitions of service and performance conditions. This amendment will not have any effect in the consolidated financial statement of the Group as the Group has no share-based payments.

IFRS 3: Clarification on the classification and measurement of a contingent consideration in a business combination. Whether the obligation to pay a contingent consideration is classified as a liability or equity solely depends on the provisions of IAS 32.11. The contingent consideration is measured at fair value through profit or loss. This amendment will not have any effect in the consolidated financial statement as the Group has no contingent considerations , which are classified as assets or liabilities.

IFRS 8: Disclosures on the combination of operating segments and on the reconciliation of the total of the reportable segments' assets to the entity's assets. This amendment will not have any effect in the consolidated financial statement as the Group disclose judgements made by management in applying the aggregation criteria to operating segments. Segment net assets are not reported to the chief operating decision maker, so the reconciliation of segment net assets to total assets is not disclosed.

IFRS 13: Explanation of the amendment to IFRS 9 with regard to the measurement of short-term receivables and payables as a consequential amendment from IFRS 13. This amendment will not have any effect in the consolidated financial statement as the amendment only clarifies the rules of measurement of short-term receivables and payables while there are no changes in approach.

IAS 16, IAS 38: Changes in the accounting treatment for accumulated amortization and depreciation under the revaluation method. This amendment will not have any effect in the consolidated financial statement as the Group use cost method of property, plant and equipment recognition.

IAS 24: Clarification that management entities which provide essential planning, management or monitoring functions (external key management services) are considered to be a related party of the reporting entity for the purposes of IAS 24, and inclusion of an exemption regarding the disclosures on key management personnel compensation paid by the management entity to its own employees. This amendment will not have any effect in the consolidated financial statement as the Group has not such management entities.

Improvements to IFRSs (2011-2013)

The Improvements to IFRSs 2011-2013 is a collection of amendments to various IFRSs and was issued in December 2013. The amendments are effective for financial years beginning on or after 1 July 2014. The Group has not yet adopted the following amendments:

IFRS 1: Clarification on which version of the standards and interpretations a first-time adopter can or must apply. This amendemtn will not have any effect in the consolidated financial statement as the Group is not first-time adopter.

IFRS 3: Clarification on the exclusion of the accounting for the formation of joint arrangements from the scope of IFRS 3. The Group has no joint arrangements so this amendement will not have any effect on the Group's financial statement.

IFRS 13: Clarification on the scope of the portfolio exception in accordance with IFRS 13.48. The Group has not elected to apply the portfolio exemption under IFRS 13.48. If an entity makes an accounting policy decision to use the exception, this fact is required be disclosed per IFRS 13.96.

IAS 40: Clarification on the application of IFRS 3 and IAS 40 when classifying properties as investment properties or owner-occupied propertiesThe Group does not expect an effect of adopting of the improvement on its net assets, financial position and results of operations.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, 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 recognized in the consolidated financial statements:

Indicators of impairment of non-financial assets and related cash-generating units

Property, plant and equipment are tested for impairment when circumstances indicate there may be a potential impairment. Factors the Group considers important which could trigger an impairment review include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use, significant negative industry or economic trends and other factors. As of 30

September 2014, management of the Group concluded that due to the economic and political environment there were indicators of impairment of its assets and cash-generating units.

If an impairment test is required, the Group estimates the asset's recoverable amount. Management divided the Group into three cash-generating units based on analysis of individually identifiable cash flows. The group of assets that is considered together is as small as is reasonable practicable. However, the division should not go beyond the level at which each income stream is capable of being separately monitored and not beyond the point at which it would become necessary to start allocating direct costs between cash-generating units.

Impairment of goodwill

The Group's impairment tests for goodwill are based on value in use calculations that use a discounted cash flow model of a level of cash-generating units. 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 base of the cash generating unit being tested. Impairment tests assumptions are presented in Note 16.

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 inventories

An assessment of obsolete and slow-moving inventories except for agricultural machinery is based on their ageing as follows:

- less than 1 year – 0% of carrying amount
- 1-2 years – 20% of carrying amount
- 2-3 years – 50% of carrying amount
- more than 3 years – 100% of carrying amount

As the Group has the contracted option to return unused spare parts bought from John Deer with discount of 15% the impairment on such spare parts is accrued in amount of 15% of carrying amount of these spare parts ageed more than 1 year.

An assessment of net realizable value for agricultural machinery is based on analysis of future selling prices.
Changes in write down of inventories are recognized within cost of materials in profit and loss. Details are disclosed in Note 19.

Impairment of trade and other receivables

The Group determines an allowance for impairment of accounts receivable at the end of the reporting period. The Group assesses whether objective evidence of impairment exists individually for accounts receivable that are individually significant, or collectively for accounts receivable that are not individually significant. The Group recognizes an impairment loss on an individual receivable or a group of receivable if the loss expectation at initial recognition of the receivables has not changed, but it could be estimated reliably, based on past history, that loss events have occurred after initial recognition, but before the reporting date. In certain cases it may not be possible for the Group to identify a single, discrete event that caused the impairment; rather, the combined effect of several events may have caused the impairment. However, losses expected as a result of future events, no matter how likely, are not recognized. The Group also recognizes general provision on trade accounts receivable in amount of 1,5% of carrying value. Details are disclosed in Note 20.

Taxes

A number of provisions of the current Russian tax, currency and customs legislation are vaguely formulated and are subject to varying interpretations (which may apply to past relations), selective and inconsistent application, and frequent and often unpredictable changes. Thus, management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional or federal authorities at any time in future. Recent events within Russia suggest that in practice the tax authorities may take a more assertive position in interpreting and applying various norms and regulations, performing tax audits and imposing additional tax requirements. As a result, it is possible that the Group's transactions and activities that have not been challenged in past may be challenged in future. As such, significant additional taxes, penalties and interest may be assessed by the respective authorities.

On-site tax audits of the accuracy of tax calculation and payments conducted by the Russian tax authorities may cover three calendar years preceding the year in which the decision concerning conducting tax audit was made. Under certain circumstances the reviews might cover longer periods.

At 1 January 2012, a new transfer pricing legislation came into effect in Russia. This legislation introduces additional significant requirements for the level of intra-group prices and documentation of transactions between companies that are considered interrelated according to the provisions of the Russian Tax Code. The Group was not subject to the transfer pricing rules in 2012 due to the fact that it did not meet criteria. However, in 2014 and in the following years, the international and domestic intra-group turnovers of the Russian Group companies may be subject to the limitation and requirements established by the Tax Code. The Group is developing its transfer pricing policy and relevant documentation which are required by legislation to substantiate intra-group pricing for 2014 and in the following years.

Tax exposure items, which were identified by management at the end of the reporting period as those, that can be subject to different interpretations of the tax laws and other regulations approximated EUR 1,406 thousand (2013: EUR 1,917 thousand). Those are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; these obligations are not recorded as the Group’s liabilities.

Warranty provision

As required by the dealership agreements with the manufacturers of agricultural machinery, the Group provides its customers with warranty, which is normally for one year. According the dealership agreement quality failures which fall under the warranty must be fixed by the Group without additional payment from its clients. The manufactures of machinery shall reimburse the Group’s expenses on removal of defects within the warranty period in size and at rates agreed by the parties. Based on this the Group concluded that it is a primarily obligor regarding the warranty, therefore, it recognizes warranty provision relating to agricultural machinery sold, for which warranty has not expired, as well as reimbursement asset relating to receivable from the manufacturer of agricultural machinery only to the extent when it is virtually certain to be received when the Group incurs warranty expenses. The warranty provision is recognized based on historical experience, including seasonality of sales, seasonality of warranty claims and warranty costs in the last several years. The warranty reimbursement assets is recognized based on the manufacturer’s obligations as stated in the dealership agreement and historic experience with acceptance or rejection of reimbursement.

The Group has elected to present the expenses and related reimbursements on a gross basis; as a result, it presents warranty-related expenses, which are primarily spare parts and payroll, in other operating expenses and payroll costs, as appropriate. Reimbursements of guarantee expenses are included into other operating income (in Note 10).

As of 30 September 2014, warranty provision amounted to EUR 892 thousand (2013: EUR 1,437 thousand). As of 30 September 2014, contingent asset relating to reimbursement of warranty expenses, included into other short-term assets, amounted to EUR 815 thousand (2013: EUR 1,340 thousand).

6. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which envisages the realization of assets and satisfaction of liabilities and commitments in the normal course of business. However, for the year ended 30 September 2014 the Group reported net loss of EUR 27,043 thousand (2013: net loss of EUR 733 thousand). The Group's equity as of 30 September 2014 was negative and amounted to EUR 26,007 thousand (2013: EUR 479 thousand (positive). The Group's loss in the reporting year was caused by a reduction of business volume, write down of deferred tax assets and goodwill as well as by the depreciation of the Russian ruble. Revenue in the reporting period was reduced by 19,5 % compared to the comparison period. This is caused by both – a reduction in sales volumes as well as the decrease of the ruble which leads to lower revenues when recalculating local Russian accounts to euro. Due to significant changes in economic and political environment management took decision to write off deferred tax assets for tax loss carry forward of EUR 789 thousand and other deferred tax assets of EUR 4,074 thousand. Also as a result of impairment test goodwill in the amount of EUR 10,540 thousand was written off (see Note 16). In the course of the reporting period the ruble devalued against euro from 43.8143 ruble for 1 euro as of 1 October 2013 to 49.954 ruble to 1 euro on 30 September 2014, which resulted in foreign currency translation net loss of EUR 9,510 thousand (2013: net loss of EUR 5,171 thousand).

Due to the significantly negative development in the reporting period and the first months of the new fiscal year which has been described several times, the management together with the sole shareholder decided at 10 March 2015 to do a financial restructuring of the corporate bond issued in 2013. The aim of the restructuring is a sustained improvement of the balance sheet – mainly due to a debt-to-equity swap which means that the EUR 60 million corporate bond including the open interest shall be switched into equity of the company by way of a capital increase by contribution in kind to strengthen equity. For further information about the restructuring please refer to the note 3 of the management report which is part of this financial statement.

As of 30 September 2014 the Group had current bank loans in an amount of EUR 64,962 thousand, including EUR 2,292 thousand bank interests liabilities. The difference to the number of short term bank loans in the balance sheet is accrued interest on the corporate bond. The crucial condition to prepare the consolidated financial statements on a going concern basis – apart from the bond restructuring mentioned above - is to secure the prolongation of the short-term bank loans, which is the usual way to external financing in Russia where loan contracts are usually made for a period not exceeding one year with the obligation to renegotiate the terms when the loans become due. As of the date of approval of these financial statements, the Group has serviced its debt obligations in a timely manner without breaches of covenants except for described at Note 26, repaid loans, which had come due in an amount of EUR 85,367 thousand, and attracted certain new loans in an amount of EUR 69,725 thousand. The current bank loans as per signing date amounted to approximately EUR 59 million.

The group management continues to work on reduction of working capital. The inventories have been reduced as per the balance sheet date and in the order process for the new season we have been very careful not to take too much risk. At the same time we continue working on the outstanding receivables. The final effect of those measures is difficult to predict because it also depends on clients behavior and the development of currency and interest rates. The aim of the management would be to reduce the sum of inventories and accounts receivable by about one third compared to the balance sheet date.

In addition we are continuing optimizing all administrative areas to reduce headcount and cost. This should lead to an annualized reduction of personnel expense of about EUR 1.7 million.

Cash-flow will also be improved by the reduction of investments. After spending over EUR 14 million in the previous period and almost EUR 6 million in the reporting period for investments in service centers and related infrastructure, this amount will be reduced to less than EUR 3 million in the 2014/15 fiscal year.

In total the reduction of inventories and accounts receivables by around 30 percent would reduce the financing costs amounting to approx. EUR 4.4 million and also reduce the need for new financing when short term loans fall due. Nevertheless there is a proportion of short term loans that have to be renewed when they fall due. Management today believes that the renewal of those loans can be possible also in the current market conditions. This is also supported by the fact that the main operative entities in Russia earn positive operating cash flow in local currency which is sufficient to serve the current short term debt. However – with the current operational development it will be very challenging.

7. SUBSIDIARIES

These consolidated financial statements includes assets, liabilities and operating results of the parent company and its subsidiaries, ownership interest and voting rights of which are presented below:

Designation	Domicile	Type of Company	As of 30 September 2014	As of 30 September 2013
OOO "EkoNivaTechnika-Holding"	Moscow, Russia	Holding	99,99%	99,99%
OOO "EkoNiva-Chernozemie"	Voronezh, Russia	Machinery sales	99,99%	99,99%
OOO "EkoNiva-Sibir"	Novo-Sibirsk, Russia	Machinery sales	99,99%	99,99%
OOO "EkoNiva-Vyatka"	Kirov, Russia	Machinery sales	99,99%	99,99%
OOO "EkoNiva-Ryazan"	Ryazan, Russia	Machinery sales	99,99%	99,99%
OOO "EkoNiva-Vladimir"	Vladimir, Russia	Machinery sales	99,99%	99,99%
OOO "EkoNiva-Farm"	Tula, Russia	Machinery sales	99,99%	99,99%
OOO "EkoNiva-Kaluga"	Kaluga, Russia	Machinery sales	99,99%	99,99%
OOO "EkoNiva-Tekhnika"	Moscow, Russia	Machinery sales	99,99%	99,99%
OOO "EkoNiva-Kostroma"	Kostroma, Russia	Machinery sales	99,99%	99,99%
OOO "Abris"	Voronezh, Russia	Advertising	99,99%	99,99%
OOO "NivaStroy"	Kaluga, Russia	Construction services	99,99%	99,99%

The equity interests above represent interests of the parent company in each respective subsidiary.

8. INVESTMENT IN AN ASSOCIATE

On 13 September 2013 Niva Control GmbH was set up through equal installments to its share capital performed by Ekotechnika GmbH and Ekosem-Agrar GmbH. In November 2013, both shareholders sold in total 40% of shares (20% each) in Niva Control GmbH to Agrotechnika GmbH, leaving Ekotechnika with a share in an associate of 30%. Niva Control GmbH is a private entity that is not listed on any public exchange, which is involved in the developing, designing and selling of special software for running and control of agricultural machinery and also registration of data concerning these agricultural machinery. The Group interest in Niva Control GmbH is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group from all Niva Control GmbH, NivaProject, which is an associated company (50:50) of OOO “EkoNiva-APK Holding” and OOO “EkoNivaTechnika-Holding” and ATC UK LLC, which is associated Company (20% of shares) of OOO “EkoNiva-Kaluga”:

	30 September 2014			
	Niva Control	**NivaProject**	**ATC UK LLC**	**Total**
	EUR'000	***EUR'000***	***EUR'000***	***EUR'000***
Non-current assets	11	46	75	**132**
Current assets	64	64	43	**171**
Non-current Liabilities	(42)	-	-	**(42)**
Current liabilities	(44)	(287)	(37)	**(368)**
Proportion of the Group’s ownership	**30%**	**50%**	**20%**	
Parent's share in Net assets	(3)	(89)	16	**(76)**

	2 014			
	NivaControl GmbH	**NivaProject LLC**	**ATC UK LLC**	**Total**
	EUR'000	***EUR'000***	***EUR'000***	***EUR'000***
Revenues	40		13	**53**
Cost of sale	(25)		(37)	**(62)**
Gross profit	**15**	**-**	**(24)**	**(9)**
Other operating income		231		**231**
Payroll expenses	(45)			**(45)**
Depreciation				**-**
Other operating expenses	(30)	(61)		**(91)**
Operating profit	**(60)**	**170**	**(24)**	**86**
Financial income			-	**-**
Financial expenses	(3)	(9)	(1)	**(13)**
(Loss)/profit berfore tax	**(63)**	**161**	**(25)**	**73**
Income tax expense	-	(44)	5	**(39)**
(Loss)/profit for the year	**(63)**	**117**	**(20)**	**34**
Group’s share of profit for the year	(19)	59	(4)	**36**

	NivaControl GmbH	**NivaProject LLC**	**ATC UK LLC**	**Total**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**
Carrying amount of the investments as of 1 October 2013	***-***	***-***	***26***	***26***
Purchase of shares	15	-	-	**15**
Net share in profit or loss for the year	(15)	59	(4)	**40**
Foreign currency translation	-	(3)	(6)	**(9)**
Carrying amount of the investments as of 30 September 2014	***-***	***56***	***16***	***72***

The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The parent does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 30 September 2014.

9. REVENUES

Revenue comprises the following:

	2014 EUR'000	2013 EUR'000
Sale of agricultural machinery	127 074	169 285
Sale of spareparts	34 844	34 257
Sale of fuel products	3 122	3 095
After-sale services	4 224	3 074
Construction services	1 778	2 680
	171 042	**212 391**

10. OTHER OPERATING INCOME

Other operating income is comprised as follows:

	2014 EUR'000	2013 EUR'000
Contractual fines and penalies	898	783
Reimbursement of guarantee costs	650	1 927
Currency remeasurement gain	467	54
Reimbursement of marketing expenses	296	237
Other income	498	818
	2 809	**3 819**

11. COSTS OF GOODS AND SERVICES SOLD

Costs of goods comprise the following:

	2014 EUR'000	2013 EUR'000
Cost of agricultural machinery	100 854	138 174
Cost of spare parts	27 358	23 654
Cost of fuel	2 428	2 095
Cost of rendering construction services	1 036	2 274
	131 676	**166 197**

12. PAYROLL EXPENSES

Personnel costs break down as follows:

	2014 EUR'000	2013 EUR'000
Wages and salaries	11 395	11 830
Social and pension costs	2 379	2 646
	13 774	**14 476**

The total salaries and social and pension costs of management personnel in the Group company in the financial year 2014 comprised EUR 445 thousand (2013: EUR 547 thousand) and EUR 45 thousand (2013: EUR 74 thousand) correspondently.

The average number of staff in the Group during the financial year 2014 was 708 employees (2013: 692). Of these 272 (2013: 272) work in administration, 235 (2013: 218) in customer service, and 201 (2013: 202) in sales department.

13. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

	2014 EUR'000	2013 EUR'000
Currency remeasurement loss	2 070	2 534
Bad debt expenses/recovery	1 092	542
Transportation expenses	1 082	1 704
Marketing and advertising expenses	972	1 082
Fuel expenses	852	789
Repairment and maintenance	850	1 118
Audit, consulting and legal fees	781	657
Materials for warrantee	771	849
Travel and representation expenses	745	1 160
Rent expenses	705	818
Cost of workshop	625	591
Other taxes	492	677
Insurance	394	286
Communication expenses	353	416
Warehouse service	283	287
Utilities	264	225
Bank charges	158	347
Change in warranty provision	(386)	590
Other expenses	637	1 446
	12 740	**16 118**

14. FINANCIAL INCOME / FINANCIAL EXPENSES

Financial income comprises the following:

	2014 EUR'000	2013 EUR'000
Currency remeasurement gain FINEX	-	-
Interest income	1 607	700
Other financial income	166	-
Financial income	**1 773**	**700**

Financial expenses comprise the following:

	2014 EUR'000	2013 EUR'000
Interest expenses	14 157	13 664
Currency remeasurement loss FINEX	7 907	2 691
Bank charges FINEX	1 948	1 656
Other financial expenses	3 825	288
Financial expenses	**27 837**	**18 299**

15. INCOME TAX EXPENSE

15.1 Income taxes recognized in the statement of comprehensive income

Income tax expense is constituted as follows:

	2014 EUR'000	2013 EUR'000
Current tax expense		
Current year income tax expense	626	1 075
Deferred taxes		
Recognition and reversal of temporary differences	2 284	(1 033)
Income tax (credit)/expense	**2 910**	**42**

The tax rate of 20% applies for the Group's Russian subsidiaries in accordance with Russian tax legislation. The tax rate is applied in calculating the deferred tax assets and liabilities. The tax rate of 25% is applied for the Group's German company in accordance with German tax legislation.

15.2 Tax reconciliation

	2 014 EUR'000	2 013 EUR'000
(Loss)/profit before tax	(24 133)	(691)
Income tax at a tax rate of 25 %	6 033	173
Influence of differences in tax rates of different countries	(429)	(108)
Recognition of deferred tax on tax loss carry forward incurred in previous periods	-	348
Effect of expenses that are not deductible in determining taxable profit	(1 665)	(455)
Write-off of non-deductible goodwill	(1 986)	-
Write off of previously recognised deferred tax assets	(4 863)	-
	(2 910)	**(42)**
Current taxes for previous year	-	-
	(2 910)	**(42)**

15.3 Composition of deferred tax assets and liabilities

	01 October 2013 EUR'000	Additions EUR'000	Change to profit and loss EUR'000	Foreign currency translation EUR'000	30 September 2014 EUR'000
Intangible assets	1	-			1
Property, plant and equipment	(154)		378	36	260
Inventories	4 223	-	(2 556)	(355)	1 312
Short-term financial assets	875	-	(866)	(9)	-
Trade receivables	(4 619)	-	2 604	431	(1 584)
Other financial assets	(170)	-	133	14	(23)
Other short-term assets	807	-	(806)	(42)	(41)

Other long-term liabilities	9	-	31	(3)	37
Provisions	320	-	(157)	(44)	119
Short-term borrowings	(418)	-	418		-
Trade accounts payable	729	-	(625)	(56)	48
Advances received	125		(424)	9	(290)
Other financial liabilities	137		(97)	(12)	28
Other short-term liabilities	60		313	(32)	341
Prepayments	4		13	(1)	16
Loss carry forward	784	-	(643)	(62)	79
Total	**2 713**	**-**	**(2 284)**	**(126)**	**303**

Deferred tax asset	**814**
Deferred tax liability	**511**
Net deferred taxes	**303**

	30 September 2012	Additions	Change to profit and loss	Foreign currency translation	30 September 2013
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Intangible assets	(20)	-	20	1	**1**
Property, plant and equipment	(334)	-	142	38	**(154)**
Inventories	3 655	-	880	(312)	**4 223**
Short-term financial assets	-	-	925	(50)	**875**
Trade receivables	(3 382)	-	(1 606)	369	**(4 619)**
Other financial assets	(131)	-	(53)	14	**(170)**
Other short-term assets	49	-	805	(47)	**807**
Other long-term liabilities	33	-	(22)	(2)	**9**
Provisions	220	-	125	(25)	**320**
Short-term borrowings	(32)	-	(411)	25	**(418)**
Trade accounts payable	576	-	213	(60)	**729**
Advances received	-	-	132	(7)	**125**
Other financial liabilities	97	-	51	(11)	**137**
Other short-term liabilities	368	-	(293)	(15)	**60**
Prepayments	235	-	(223)	(8)	**4**
Loss carry forward	496	-	348	(60)	**784**
Total	**1 830**	**-**	**1 033**	**(150)**	**2 713**

Deferred tax asset	2 944
Deferred tax liability	231
Net deferred taxes	**2 713**

Deferred tax assets include EUR 79 thousand (2013: EUR 784 thousand), which were recognized for tax loss carry forwards of companies which had experienced tax losses in the reporting year. The utilization of these deferred tax assets is dependent on future taxable profits in excess of the profits arising from the existing taxable temporary differences and can be utilized till 2021. Management expects deferred tax assets relating to losses carried forward above will be utilized before their expiry (within 2 years) through future taxable profits generating from the companies operating activities and intercompany transactions.

During the reporting period deferred tax assets for tax loss carry forwards in amount of EUR 789 thousand were written off as management doesn't expect that the Group could utilize it in future till 2021 year.

As of 30 September 2014, there was no recognized deferred tax liability (2013: EUR 0 thousand) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group has determined that undistributed profits of its subsidiaries and joint venture will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries, for which a deferred tax liability has not been recognized, aggregate to EUR 0 (2013: EUR 0).

16. INTANGIBLE ASSETS

The intangible assets can be classified as follows:

	Computer Software	Goodwill	Total
	EUR'000	**EUR'000**	**EUR'000**
Cost			
as of 01 October 2012	***324***	***12 437***	***12 761***
Additions	65	-	65
Disposals	(231)	-	(231)
Currency remeasurement	(21)	(1 057)	(1 078)
as of 30 September 2013	***137***	***11 380***	***11 517***
Additions	51	-	51
Disposals	(74)	-	(74)
Impairment	-	(10 540)	(10 540)
Currency remeasurement	(15)	(840)	(855)
as of 30 September 2014	***99***	***-***	***99***
Amortization			
as of 01 October 2012	***(125)***	***-***	***(125)***
Disposal	147	-	147
Amortization	(125)	-	(125)
Currency remeasurement	13	-	13
as of 30 September 2013	***(90)***	***-***	***(90)***

Disposal	96	-	96
Amortization	(82)	-	(82)
Currency remeasurement	15	-	15
as of 30 September 2014	***(61)***	***-***	***(61)***
Net book value			
30 September 2013	47	11 380	**11 427**
30 September 2014	38	-	**38**

As of 30 September 2013 and 2014 there were no obligations to acquire intangible assets.

Goodwill resulted from the acquisition of 99% of ownership interest in OOO EkoNiva-Technika Holding and its subsidiaries in 2011 in the amount of 497 million roubles. For the purpose of impairment test, goodwill was allocated to the separate cash-generating units as follows:

	30 September 2014	**30 September 2013**	**Goodwill as of acquisition date**
	EUR'000	**EUR'000**	**RUR'000**
Central region	-	4 068	177 567
Siberian region	-	2 266	98 910
Black earth region	-	5 046	220 256
Total goodwill	**-**	**11 380**	**496 733**

As of 30 September 2014, for the purposes of goodwill impairment testing, the recoverable amount was determined based on a value in use calculation using cash flow projections as follows:

- cash flow projections were based on actual results of cash-generating units for the reporting period and on the business plan for the next year approved by the Group management;
- cash flows were measured in Russian rubles on the basis of prices as adjusted for inflation;
- in forecasting cash flows stable gross margins were assumed at the level of:
  - Central region – 18%;
  - Siberian region – 16%;
  - Black earth region – 19%;
- the following growth rates were forecasted for the year ending 30 September 2015 with regards of revenue and costs of goods and services sold:
  - Central region – zero growth rate;
  - Siberian region - increase of 16%;
  - Black earth region - decrease of 20%;
- other cash inflows and outflows for the year ending 30 September 2015 were budgeted based on management's best estimates;
- annual growth rate of 7% was projected for the years ending 30 September 2016 – 2018 and 5% for the year ending 30 September 2019;
- terminal growth rate of 3% was applied;
- pre-tax discount rate used in cash flows forecast was 15.5% as of 30 September 2014.

As a result of impairment testing, it was necessary to recognize 100% impairment of goodwill attributable to all cash-generating units. After goodwill impairment carrying amount of the Central region is EUR 9,673 thousand, of the Siberian region is EUR 5,652 thousand, Black earth region – EUR 14,915 thousand. The planning assumptions given above have been determined shortly after 30 September 2014. During the first months of the new fiscal year the economic situation in Russia has been significantly deteriorated. Due to this the plan which is currently in force has been reduced substantially compared to those initial values. Since there has already been a 100 % impairment based on those values, no adjustment of the impairment test has been made.

As of 30 September 2013, for the purposes of goodwill impairment testing, the recoverable amount was determined based on a value in use calculation using cash flow projections as follows:

- cash flow projections were based on actual results of cash-generating units for the reporting period and on the business plan for the next five years approved by the Group management;
- cash flows were measured in euro on the basis of stable prices, i.e. inflation was excluded;
- in forecasting cash flows stable operating margins were assumed;
- no growth was included in the projections, model is prepared in real terms;
- pre-tax discount rate used in cash flows forecast was 10.6% as of 30 September 2013;
- cash flows beyond the five-year period are equal to the cash flows in the last year in the business plan.

As a result of impairment testing, the Group's management concluded that recoverable amounts exceeded the carrying value of cash-generating units, and therefore no impairment was recognised.

As of 30 September 2013, with regard to the assessment of value in use of the Group's cash-generating unit, management believed that no reasonably possible change in any of the mentioned assumptions would have caused the carrying values of the units to materially exceed their recoverable amount, except for the following changes:

- Should sales volume in 2014 and subsequent four years decrease annually by 15%, assuming no changes in other assumptions, the Group would recognize EUR 652 thousand of impairment loss with regards of Siberian region cash-generating unit.

- Should discount rate increase by 1.5% to 12.1%, assuming no changes in other assumptions, the Group would recognize EUR 1,085 thousand of impairment loss with regards of Siberian region cash-generating unit.

- Should loss from foreign currency exchange in 2014 and subsequent four years comprise EUR 500 thousand with regards of Siberian region cash-generating unit, assuming no changes in other assumptions, the Group would recognize EUR 2,183 thousand of impairment loss.

17. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

	Land	Buildings	Advances for construction	Construction in progress	Transport	Equipment	Office equipment and furniture	Other fixed assets	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as of 01 October 2012	**1 843**	**8 624**	**500**	**10 117**	**2 539**	**1 453**	**863**	**129**	**26 068**
Additions	-	4 114	549	5 899	1 892	2 046	495	42	**15 037**
Disposals	-	(20)	(340)	(209)	(112)	(240)	(96)	(17)	**(1 034)**
Transfer	-	9 662	-	(9 931)	-	-	215	54	**-**
Foreign currency translation	(155)	(1 477)	(91)	(773)	(433)	(285)	(88)	(65)	**(3 367)**
Balance as of 30 September 2013	**1 688**	**20 903**	**618**	**5 103**	**3 886**	**2 974**	**1 389**	**143**	**36 704**
Additions	181	727	17	3 866	1 265	31	511	16	**6 614**

Disposals		(6)	(583)	(6)	(494	(193)	(233)	(4)	**(1 519)**
Transfer		645	-	(650)		4	1	-	**-**
Foreign currency translation	(224	(2 798)	(45)	(771)	(823	(269)	(221)	(26)	**(5 177)**
Balance as of 30 September 2014	**1 645**	**19 471**	**7**	**7 542**	**3 834**	**2 547**	**1 447**	**129**	**36 622**

	Land	Buildings	Advances for construction	Construction in progress	Transport	Equipment	Office equipment and furniture	Other fixed assets	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Accumulated depreciation									
Balance as of 01 October 2012		**(807)**	**-**	**-**	**(779**	**(399)**	**(357)**	**(62)**	**(2 404)**
Disposals		135	-	-	45	33	21	1	**235**
Depreciation charge for the year		(435)	-	-	(1 209	(407)	(358)	(32)	**(2 441)**
Foreign currency translation		105	-	-	235	68	88	6	**502**
Balance as of 30 September 2013		**(1 002)**	**-**	**-**	**(1 708**	**(705)**	**(606)**	**(87)**	**(4 108)**
Disposals		1	-	-	370	115	216	24	**726**
Depreciation charge for the year		(1 092)	-	-	(1 240	(341)	(454)	(45)	**(3 172)**
Foreign currency translation		227	**-**	**-**	435	109	147	(9)	**909**
Balance as of 30 September 2014		**(1 866)**	**-**	**-**	**(2 143**	**(822)**	**(697)**	**(117)**	**(5 645)**
Net book value									
As of 30 September 2013	**1 688**	**19 901**	**618**	**5 103**	**2 178**	**2 269**	**783**	**56**	**32 596**
As of 30 September 2014	**1 645**	**17 605**	**7**	**7 542**	**1 691**	**1 725**	**750**	**12**	**30 977**

It was capitalized EUR 203 thousand of borrowing costs in Construction in progress during 2014 financial year (2013: EUR 1,068 thousand).

As of 30 September 2014 and 2013 there were no commitments to acquire property, plant and equipment.

The carrying amount of the assets recognized under finance lease agreements amounted to EUR 1,418 thousand as of 30 September 2014 (2013: EUR 1,341 thousand). The leased assets represented transportation vehicles.

Depreciation charge in the Statement of comprehensive income for the year included depreciation charge in LLC NivaStroy which were shown in the line cost of construction services in cost of goods and services in amount of EUR 27 thousand as of 30 September 2014 (2013: EUR 55 thousand) and amortization charge for the year which is represented in the Note 16.

Assets pledged as security

The Group's land and buildings with carrying amount of EUR 16,447 thousand as of 30 September 2014 was pledged as a security for the Group's bank loans and borrowings (2013: EUR 7,641 thousand). The Group does not have the right to sell these before having settled the related liabilities.

18. LONG-TERM AND SHORT-TERM LOANS ISSUED AND INVESTMENTS IN ASSOCIATES

The other financial assets comprise the following:

Type	Interests	Maturity	Level	30 September 2014 EUR'000		30 September 2013 EUR'000	
				BV	FV	BV	FV
Long-term loans to related parties **[37]**	5%-14%	Dec 2015 - Oct 2017	Level 2	705	705	1 000	1 000
Investments in associates			Level 2	72	72	26	26
Long-term loans to employee			Level 2	57	57	109	109
Other long-term financial assets				**834**	**834**	**1 135**	**1 135**
Short-term loans to related parties **[37]**	5%-14%	Dec 14 - Sept 15	Level 2	12 303	12 303	24 060	24 060
Short-term loans to 3rd parties	9%-14%	Nov-Dec 2014	Level 2	763	763	672	672
Shor-term issued to employees			Level 2	117	117	200	200
Other short-term financial assets				**13 183**	**13 183**	**24 932**	**24 932**
Total				**14 017**	**14 017**	**26 067**	**26 067**

All loans issued are unsecured.

19. INVENTORIES

Inventories comprise the following:

	30 September 2014 EUR'000	30 September 2013 EUR'000
Agricultural machines	42 758	46 865
Spare parts	14 252	17 057
Other	507	1 511
Fuel	283	342
	57 800	**65 775**

During the year ended 30 September 2014, EUR 482 thousand was recognized as an expense for inventories carried at net realizable value (2013: EUR 337 thousand as an income). This is recognized in cost of sales.

The Group's goods for resale of EUR 15,247 thousand as of 30 September 2014 (2013: EUR 18,057 thousand) were valued at net realizable value. The allowance is EUR 1,403 thousand (2013: EUR 1,086 thousand).

Agricultural machinery and spare parts with carrying amount of EUR 57,264 thousand as of 30 September 2014 (2013: EUR 63,507 thousand) were pledged to secure the Group's bank loans and borrowings. The Group does not have the right to sell these inventories before having settled the related loans and borrowings.

20. TRADE RECEIVABLES

Trade receivables comprise the following:

	30 September 2014 EUR'000	30 September 2013 EUR'000
Trade receivables	35 073	48 655
Allowance for doubtful accounts of Trade receivables	(1 884)	(1 232)
Trade receivable, net	**33 189**	**47 423**

The movement in the provision in impairment of receivables was as follows:

	'000 EUR
01 October 2012	**(1 103)**
Charge for the year	(234)
Foreign currency translation	105
Utilised	
Unused amounts reversed	
30 September 2013	**(1 232)**
Charge for the year	(1 049)
Foreign currency translation	205
Utilised	192
Unused amounts reversed	
30 September 2014	**(1 884)**

Impairment loss of EUR 1,049 thousand (2013: EUR 234) is recognized in the statement of comprehensive income under other operating expense.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

The ageing analysis of trade receivables is as follows:

Ageing of trade receivables	30 September 2014 '000 EUR	30 September 2013 '000 EUR
Neither past due nor impaired	18 455	22 093
impaired	1 884	1 232
Not impaired but past due	14 734	25 330
less than 30 days	2 669	6 319
30-90 days	4 695	9 273
90-180 days	3 630	5 653
180 days-1 year	2 506	1 577
more than 1 year	1 234	2 508
	35 073	**48 655**

The fair value of the receivables approximately corresponds to their carrying amount due to the short remaining term.

21. PREPAYMENTS

Payments on account in the amount of EUR 2,778 thousand (2013: EUR 3,765 thousand) represent advance payments to suppliers of agricultural machinery.

22. OTHER SHORT-TERM ASSETS

The other current assets comprise the following:

	30 September 2014 EUR'000	30 September 2013 EUR'000
Other Taxes receivable	2 443	3 574
Other current assets	1 865	2 042
	4 308	**5 616**

Other taxes receivable are primarily VAT receivable. Other current assets mainly consist of prepayments and inventory used for construction for third parties in amount of EUR 936 thousand (2013: EUR 392 thousand) and deferred income for reimbursement of warranty provision in amount of EUR 883 thousand (2013: EUR 1,500 thousand).

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	30 September 2014 EUR'000	30 September 2013 EUR'000
Bank balances	2 330	4 700
Cash on hand	12	12
Cash in transit	-	-
Cash and cash equivalents	**2 342**	**4 712**

24. SHARE CAPITAL AND CAPITAL RESERVES

The resolution of the shareholders' meetings on 3 and 4 June 2014 increased additional paid in capital by EUR 3,000 million each. Fully paid in registered capital is EUR 2,025 thousand. The increased amount of EUR 6,000 million is recognized as „Additional paid in capital".

25. PROVISIONS

The Provisions comprise the following:

	Warrantee provision	Audit expenses	Provision on tax risks	Other contingent liability	Total
as of 01 October 2013	**1 511**	**128**	**499**	**65**	**2 203**
Charge for the year	947	146	221	-	**1 314**
Foreign currency translation	(164)	(14)	(49)	-	**(227)**
Utilised	(1 402)	(132)	-	-	**(1 534)**
Unused amounts reversed	-	-	(463)	(50)	**(513)**
as of 30 September 2014	**892**	**128**	**208**	**15**	**1 243**
Current	892	128	208	15	1 243
Non-current	-	-	-	-	-

26. BORROWINGS

The borrowings comprise the following:

	Level	30 September 2014 EUR'000		30 September 2013 EUR'000	
		GBV	FV	GBV	FV
Bonds issued	Level 1	58 284	39 600	57 911	57 060
Current bank loans	Level 2	64 861	64 861	102 413	102 413
Current borrowings from other entities	Level 2	101	101	201	201
		123 246	**104 562**	**160 525**	**159 674**

The effective annual interest rates were as folows at 30 September:

	Non-current loans and borrowings		Current loans and borrowings	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
USD			5,4% - 7%	5,91% - 7%
RUR			9% - 13,59%	9% - 12%
EUR	10,74%	10,74%	6,47% - 7,17%	5,13% - 13,62%

In May 2013, the parent company issued a 5-year corporate bond in Germany with a volume of EUR 60 million and a coupon rate of 9.75%. The proceeds were used almost entirely to repay existing loans. Interest is calculated annually and falls due in arrears on 10 May of each year, but for the first time on 10 May 2014, and always for the period from 10 May of the year to 9 May of the following year.

Covenants under the Group's bank loan agreements are as follows:

- the Group is obliged to comply with certain ratios of loans and borrowings to EBITDA, calculated as profit before tax net of finance income, finance expenses and depreciation,
- the Group is obliged to comply with certain level of EBITDA,
- the Group is obliged to ensure certain level of loans and borrowings in the consolidated statement of financial position are not exceeded,
- the Group is obliged not to exceed the level of borrowings in certain banks.

If covenants are breached the borrowers can increase interest rate or demand early repayment.

During the years ended 30 September 2014 and 2013 and until the issuance of this financial statement the Group has complied with all the covenants, except covenants of Gazprom Bank and Rosselhozbank. These short-term loans were shown in category “on demand” in Note 35.4. Up to the date of signing these consolidated financial statements, the banks did not claim earlier repayment of the loans.

27. TRADE ACCOUNTS PAYABLES

Trade payables are exclusively comprised of trade payables due to third parties in the amount of EUR 31,752 thousand (2013: EUR 20,731 thousand) and due to related parties in the amount of EUR 92 thousand (2013: EUR 160 thousand). Trade payables are non-interest bearing and are normally settled on 60-day terms.

28. ADVANCES RECEIVED

Prepayments received in the amount of EUR 5,784 thousand (2013: EUR 4,605 thousand) represent advance payments from customers.

29. OTHER FINANCIAL LIABILITIES

Other financial liabilities comprise the following:

	30 September 2014 EUR'000	30 September 2013 EUR'000
Employee benefit liabilities	2 241	2 287
Short-term finance lease payable	580	678
Other financial liabilities	100	194
	2 921	**3 159**

The employee benefit liabilities represent wages and salary, bonuses to staff, unused vacation accruals and rebated contributions with regards to pension, medical and social insurance.

As of 30 September 2014 long-term finance lease liabilities of EUR 744 thousand (30 September 2013: EUR 652 thousand) were included in other long-term liabilities.

30. OTHER SHORT-TERM LIABILITIES

Other current liabilities comprise the following:

	30 September 2014 EUR'000	30 September 2013 EUR'000
VAT payable	6 682	9 033
Other taxes payable	496	444
	7 178	**9 477**

31. FINANCE LEASE LIABILITIES

The Group has finance leases for vehicles, generally passenger cars. These leases have no terms of renewal and escalation clauses. These leases have purchase option at the end of lease term.

Future minimum payments under finance lease and present value of the net minimum loan payments are as follows:

	30 September 2014		30 September 2013	
	Present value EUR'000	Minimum lease payments EUR'000	Present value EUR'000	Minimum lease payments EUR'000
Not later than 1 year	580	673	677	763
Later than one year and not later than five years	744	777	652	692
More than five years	-	-	-	-
	1 324	**1 450**	**1 329**	**1 455**
Future interest	126		126	

32. FUTURE OPERATING LEASEPAYMENTS

As of the reporting date, the Group has agreed operating lease contracts which oblige it to pay leasing installments. The pertain almost exclusively to long-term contracts for arable land. The liabilities comprise the following:

	30 September 2014 EUR'000	30 September 2013 EUR'000
Due within one year	348	240
Due within one up to five years	143	69
Due in more than five years	21	24
	512	**333**

33. CONSTRUCTIONCONTRACTS IN PROGRESS

During the financial year the Group was involved in different construction contracts. As of 30 September 2014 the Group has construction contracts in progress with its related party – LLC Kaluzhskaya Niva.

Total income and expence recognised under IAS 11 on contract in progress in the year	**30 September 2014** **EUR'000**	**30 September 2013** **EUR'000**
Cost incurred for period	548	1 814
Recognised profit	63	433
Contract revenue for the period	**611**	**2 247**
Recognised loses	-	-
Cost incurred relating to future activity	-	-
	611	**2 247**
Less progress billings and advances	(611)	(2 247)
Carried forward	-	-
Amounts due from customers for contract work	-	-
Amounts due to customers for contract work	-	-
Construction contracts in progress, net position	-	-
Aggregate amount of cost incurred and recognised prof-its (less losses) to date	2 140	1 814
Retention asset	-	-
Advances received	30	1 746

34. OPERATING ENVIRONMENT

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken 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 several countries. In December 2014, the Rouble interest rates have 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, increased inflation and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances. As part of this, management has taken the decision together with the shareholder to restructure the corporate bond issued in 2013 – for further details see management report as well as note 6.

35. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The key risk associated with the financial instruments related to foreign currency risk primarily resulted from loans and receivables denominated in Russian rubles and trade payables denominated in Euros and US Dollars. The Group did not use derivative instruments to hedge foreign currency risk due to immaturity of this market in the Russian Federation.

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 prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analyses in the following sections relate to the position as of 30 September 2014 and 30 September 2013.
The sensitivity analyses 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. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of 30 September 2014 and 30 September 2013.

35.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (i.e., when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries. The Group does not hedge its foreign currency risk.

The carrying amounts of the Group's financial assets and liabilities payable in currencies are as follows:

	30 September 2014					
EUR'000	**Level**	**USD**	**RUR**	**GBP**	**EUR**	**Total**
Long-term loans issued	Level 2	-	57	-	705	**762**

Investments in associates	Level 2	-	72	-	-	**72**
Short-term loans issued	Level 2	-	7 661	-	5 522	**13 183**
Trade receivable	Level 2	7 786	14 650	170	10 583	**33 189**
Other financial assets	Level 2	78	840	-	79	**997**
Cash and cash equivalents	Level 1	9	2 324	2	7	**2 342**
Total monetary financial assets		**7 873**	**25 604**	**172**	**16 896**	**50 545**
Long-term loans and credits	Level 1				58 284	**58 284**
Other long-term liabilities	Level 2	-	744	-	-	**744**
Short-term loans and credits	Level 2	19 255	36 781	-	8 926	**64 962**
Trade payables	Level 2	9 989	6 243	-	15 612	**31 844**
Other financial liabilities	Level 2	2	2 902	-	17	**2 921**
Total monetary financial liabilities		**29 246**	**46 670**	**-**	**82 839**	**158 755**
Net monetary position		**(21 373)**	**(21 066)**	**172**	**(65 943)**	**(108 210)**

	30 September 2013					
EUR'000	**Level**	**USD**	**RUR**	**GBP**	**EUR**	**Total**
Long-term loans issued	Level 2	-	109	-	1 000	**1 109**
Investments in associates	Level 2	-	26	-	-	**26**
Short-term loans issued	Level 2	18	11 606	-	13 308	**24 932**
Trade receivable	Level 2	2 600	38 495	6	6 322	**47 423**
Other short-term assets	Level 2	547	1 702	-	186	**2 435**
Cash and cash equivalents		18	4 520	-	174	**4 712**
Total monetary financial assets		**3 183**	**56 458**	**6**	**20 990**	**80 637**
Long-term loans and credits	Level 1	-	-	-	57 911	**57 911**
Other long-term liabilities	Level 2	-	652	-	-	**652**
Short-term loans and credits	Level 2	25 369	41 143	-	36 102	**102 614**
Trade payables	Level 2	5 227	4 837	-	10 827	**20 891**
Other short-term liabilities	Level 2	1	859	-	12	**872**
Total monetary financial liabilities		**30 597**	**47 491**	**-**	**104 852**	**182 940**
Net monetary position		**(27 414)**	**8 967**	**6**	**(83 862)**	**(102 303)**

Foreign currency sensitivity of financial instruments

The Group is primarily exposed to risks from changes in the exchange rate between euro (EUR), Russian ruble (RUB) and US dollar (USD).

The following tables demonstrate the sensitivity to a reasonable possible change in US dollar and ruble exchange rates in relation to euro (EUR), with all other variables held constant.

USD\RUR		Change in US$/RUB rate	Effect on loss before income tax EUR'000
	2014	40,00%	(8 549)
		-40,00%	8 549
	2013	11,04%	(3 027)
		-11,04%	3 027

EUR\RUR		Change in RUB/EUR rate	Effect on loss before income tax EUR'000
	2014	40,00%	(8 426)
		-40,00%	8 426
	2013	9,53%	854
		-9,53%	(854)

The Group also has net investment in foreign operations in ruble carring amount of which is as follows:

	30 September 2014 EUR'000	30 September 2013 EUR'000
Net investment in foreign operations	34 871	41 608

The following table demonstrates the sensitivity of equity to a reasonable possible change in ruble exchange rate in relation to euro (EUR), with all other variables held constant.

EUR\RUR	Change in RUB/EUR rate	Effect on equity EUR'000
2014	40,00%	13 948
	-40,00%	(13 948)
2013	9,53%	3 964
	-9,53%	(3 964)

35.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to the Group's following limited debt obligations with floating interest rates as of 30 September 2014 and 2013:

	30 September 2014 EUR'000	30 September 2013 EUR'000
LIBOR	6 364	6 528
EURIBOR	5 315	2 230

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's loss/profit before tax is affected through the impact on floating rate borrowings, as follows:

	30 September 2014		30 September 2013	
	Basis points	Effect on loss before tax, EUR'000	Basis points	Effect on loss before tax, EUR'000
Decrease in LIBOR	0,50%	32	1,00%	65
Increase in LIBOR	-0,50%	(32)	-1,00%	(65)
Decrease in EURIBOR	0,50%	27	1,00%	22
Increase in EURIBOR	-0,50%	(27)	-1,00%	(22)

35.3 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instruments or customer contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities (primarily for loans issued).

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. As of 30 September 2014, the Group had 6 customers (2013: 6 customers) that owed the Group more than EUR 1,000 thousand each and accounted for approximately 30% (2013: 50%) of all the receivables owed.

The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 20. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as medium, as its customers are located in several regions, however, their markets are not always independent.

Loans issued

Loans issued credit risk is managed on the Group's level by the Group's top management. Loans are issued in limited cases to certain customers or related parties. Outstanding loan principle or interest receivables are regularly monitored.

The requirement for impairment is analyzed at each reporting date on an individual basis. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Notes 18. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to loans issued as medium.

Cash and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. Counterparty credit limits are reviewed by the Group's management. The Group's maximum exposure to credit risk for the components of the statement of financial position as of 30 September 2014 and 2013 is the carrying amounts as illustrated in Note 23.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

35.4 Liquidity risk management

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The business of the Group requires financing to a great extent for the equipment which it trades. This financing is generally needed only for a period of three to six months. The financial department of *OOO EkoNiva-Technika Holding* in Russia provides central handling to secure liquidity at any time. There, all financing agreements and payment obligations converge and liquid resources are allocated accordingly. The Group's management is informed regularly of the situation regarding financing and payment obligations and makes key decisions outside of the daily business activities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

30 September 2014

EUR'000	On demand	Less than 3 months	between 4 months and 1 year	between 1 and 2 years	between 2 and 5 years	Total
Loans and borrowings	14.958	12.011	46.662	5 850	69 376	148 857
Trade payables	-	7.961	23.883	-	-	31 844
Other financial liabilities	-	2.121	800	744	-	3 665
Total	**14 958**	**22 093**	**71 345**	**6 594**	**69 376**	**184 366**

30 September 2013

EUR'000	On demand	Less than 3 months	between 4 months and 1 year	between 1 and 2 years	between 2 and 5 years	Total
Loans and borrowings	-	17 331	95 604	5 850	75 226	194 011
Trade payables	-	858	20 033	-	-	20 891
Other financial liabilities	-	364	508	652	-	1 524
Total	**-**	**18 553**	**116 145**	**6 502**	**75 226**	**216 426**

35.5 Fair value versus carrying amounts

As of 30 September 2014 and 01 October 2013, the carrying amounts of the Group's short term financial instruments approximated their fair value. The following methods and assumptions were used to estimate fair values:

- Fair values of short-term financial assets and liabilities approximate their carrying amounts (largely due to the short-term maturities of these instruments and the Group applying market interest rates).

- In assessing the fair value of long-term financial instruments, the Group uses discounted values of future cash flows and makes assumptions based on market conditions existing at the reporting date. The nominal values of financial assets and liabilities with a maturity of less than one year, net of any estimated adjustments, are assumed to be their fair values.

36. SEGMENT REPORTING

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in sales and other activities in different regions of the Russian Federation, and are managed separately because they require different marketing strategies.

The following summary describes the operations in each of the Group's reportable segments:
- The Central segment includes activities of subsidiaries in Central region of the Russian Federation.
- The Blackearth Regionsegment includes activities of subsidiaries in Blackearth region of the Russian Federation.
- The Siberian segment includes activities of subsidiaries in Siberian region of the Russian Federation.

The Group aggregated certain operating segments with different characteristics in order to form the above reportable segments.

Management reviews the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before income tax (EBIT) and is measured consistently with profit or loss before income tax in the consolidated financial statements.

Transfer prices between operating segments are determined as cost of sale increased by minimal margin which is depended on different factors such as seasonality, fluctuation of exchange rates, terms of delivery and storage, terms and forms of financing, etc.

Information regarding the reportable segments is included in the tables below together with reconciliation to figures included in the IFRS consolidated financial statements.

Year ended 30 September 2014	**Central region EUR'000**	**Blackearth region EUR'000**	**Siberian region EUR'000**	**All other EUR'000**	**Elimination and adjustments EUR'000**	**Consolidated EUR'000**
Revenue	**87 628**	**67 504**	**24 366**	**11 068**	**(19 524)**	**171 042**
Sales of goods for resale - third parties	*78 279*	*66 273*	*17 529*	*4 061*	*(1 102)*	*165 040*
Sales (all) - Group companies	*7 574*	*149*	*5 506*	*5 193*	*(18 422)*	*-*
Construction revenue	*-*	*-*	*-*	*1 778*	*-*	*1 778*
Revenue from rendering of services	*1 775*	*1 082*	*1 331*	*36*	*-*	*4 224*
Cost of goods and services sold	**(61 713)**	**(52 806)**	**(14 075)**	**(6 136)**	**3 054**	**(131 676)**
Cost of rendering of services	-	-	-	-	-	-
Cost of goods for resale	*(61 697)*	*(52 806)*	*(14 075)*	*(3 338)*	*1 276*	(130 640)

Cost of construction contracts	*(16)*	-	-	*(2 798)*	*1 778*	(1 036)
Gross profit/(loss)	**25 915**	**14 698**	**10 291**	**4 932**	**(16 470)**	**39 366**
Other income	1 425	1 146	412	4 723	(4 897)	2 809
Payroll expenses	(6 191)	(2 599)	(1 864)	(3 120)	-	(13 774)
Depreciation, amortization and impairment	(1 881)	(602)	(387)	(432)	(10 465)	(13 767)
Other operating expenses	(14 463)	(5 836)	(8 024)	(10 373)	25 956	(12 740)
Results from operating activities	**4 805**	**6 807**	**428**	**(4 270)**	**(5 876)**	**1 894**

Year ended 30 September 2013	**Central region EUR'000**	**Blackearth region EUR'000**	**Siberian region EUR'000**	**All other EUR'000**	**Elimination and adjustments EUR'000**	**Consolidated EUR'000**
Revenue	**116 372**	**70 783**	**40 975**	**39 878**	**(55 617)**	**212 391**
Sales of goods for resale - third parties	*92 261*	*65 896*	*37 527*	*10 953*	-	*206 637*
Sales (all) - Group companies	*22 558*	*3 979*	*2 853*	*17 204*	*(46 594)*	-
Construction revenue	-	-	-	*11 703*	*(9 023)*	*2 680*
Revenue from rendering of services	*1 553*	*908*	*595*	*18*	-	*3 074*
Cost of goods and services sold	**(92 209)**	**(56 833)**	**(33 113)**	**(29 347)**	**45 305**	**(166 197)**
Cost of rendering of services	-	-	-	-	-	-
Cost of goods for resale	*(92 209)*	*(56 833)*	*(33 113)*	*(18 622)*	*36 854*	*(163 923)*
Cost of construction contracts	-	-	-	*(10 725)*	*8 451*	*(2 274)*
Gross profit/(loss)	**24 163**	**13 950**	**7 862**	**10 531**	**(10 312)**	**46 194**
Other income	1 362	1 481	525	9 427	*(8 976)*	*3 819*
Payroll expenses	(6 746)	(2 486)	(2 178)	(3 066)	-	*(14 476)*
Depreciation, amortization and impairment	(1 285)	(491)	(418)	(331)	*14*	*(2 511)*
Other operating expenses	(8 576)	(8 210)	(3 206)	(2 709)	*6 583*	*(16 118)*
Results from operating activities	**8 918**	**4 244**	**2 585**	**13 852**	**(12 691)**	**16 908**

		2014 EUR'000	**2013 EUR'000**
Result from operating activity		**1 894**	**16 908**
Result of equity consolidation in associated companies		37	-
Financial income	**[14]**	1 773	700
Financial expenses	**[14]**	(27 837)	(18 299)
		(24 133)	**(691)**
Income tax expense	**[15]**	(2 910)	(42)
Loss for the period		**(27 043)**	**(733)**

In the financial year 2014 three customers made 15% of Central segment revenue (2013: 3 customers made 13% of revenue), 2 customers made 17% of Siberian segment revenue (2013: 1 customer made 15%) and two main customers made 27% of Black Earth segment revenue (2013: 2 customers made 22%).

37. BUSINESS ACTIVITIES WITH RELATED PARTIES

For the purposes of this consolidated financial statement, parties are considered to represent related companies if one party is able to control the other; if multiple parties are subject to the control of another; or if one party can exercise significant influence on the financial and business decisions of another. Considerations of all possible relationships between related companies are based on the actual substance of relationship and not merely its legal form.

Beginning from 1 March 2013 Ekosem-Agrar GmbH can exercise significant influence through its main shareholder Stefan Duerr, so the main related party of EkoTechnika GmbH is Ekosem-Agrar GmbH.

The managing directors of EkoTechnika GmbH are considered management members in key positions.

Trading activities

In the course of the financial year, the Group companies conducted the following transactions with related companies and persons:

	2014 EUR'000	2013 EUR'000
Sale of agricultural machinery	10 104	8 623
Sale of spareparts	2 942	6 901
Revenue from rendering of construction services	1 628	1 830
Sale of fuel products	353	255
Revenue from rendering of services	135	113
Purchase of goods and other services	329	310
Other income	126	290

Receivables and payables from and to related companies and persons

The following balances remained outstanding at the end of the reporting period:

	30 September 2014 EUR'000	30 September 2013 EUR'000
Trade and other short-term assets	3 034	20 369
Trade accounts payable and other short-term liabilities	3 041	1 699

Financing and investing activities

The Group companies conducted the following financing transactions with related companies and persons.

	30 September 2014 EUR'000	30 September 2013 EUR'000
Long-terms loans granted **[18]**	705	1 000
Short-terms loans granted **[18]**	12 303	24 060
Other financial assets	**13 008**	**25 060**

	2014 EUR'000	2013 EUR'000
Interest income	1 340	531
Interest expense	28	3

EUR 19,966 thousand (2013: EUR 23,271 thousand) of loans were issued to the related parties during the year ended 30 September 2014, which is included into the line ‘Cash issuance of other financial assets’ in the consolidated cash flow statement. During the year ended 30 September 2014 the Group received settlement of loans issued to related parties of EUR 10,780 thousand (2013: EUR 3,342 thousand), which is included into the line ‘Proceeds from settlement of other financial assets’ in the consolidated cash flow statement.

Additionally, during the year ended 30 September 2014 the Group recognized impairment of its long-term loan issued to EkoTechnika Holding GmbH, the parent of EkoTechnika GmbH., in amount of EUR 3,612 thousand. The impairment loss was included into financial exepenses (Note 14).

As per 30.09.2014 companies of the group have guarantees outstanding in an amount of EUR 172 thousand (30.09.2013: EUR 317 thousand). The guarantees are issued in favor of companies of Ekosem-Agrar group to support their purchase of machines from the group. As per the date of issuing these financial statement management doesn’t expect that a party holding the guarantee will demand any payment because Ekosem-Agrar group is in a good situation and there’s no risk of non-payment.

Management remuneration is covered in Note 12.

38. IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date the exchange rates of foreign currencies against ruble drop dramatically from approx. 50 RUR for 1 EUR (approx. 40 RUR for 1 USD) as of 30 September 2014 to up to almost 100 RUR for 1 EUR during days in December (approx. 70 RUR for 1 USD in January 2015). As per mid June 2015 the rate is approx. 61 RUR for 1 EUR (approx. 54 RUR for 1 USD). As of 16 December 2014 the Bank of Russia Board of Directors decided to raise the Bank of Russia key rate to 17.00 percent per annum. This decision is aiming to reduce the substantially increased ruble depreciation risks and inflation risks. During the year 2015 the key rate was several times – the last time in the middle of June – reduced and is currenty at 11.50.

As of 6 March 2015 the Group decided to appoint Stefan Duerr to the post of the General Director of EkoTechnika GmbH. As of 9 March 2015 Olga Ohly declined all authority of the General Director of EkoTechnika GmbH.

In 2015 financial year tax authorities claimed against one of the Group’s Company concerning incorrect tax records. The amount of claim is EUR 484 thousand. Management assesses this risk as possible and treate this liability as contingent without accrual of liability in the financial statement.

On account of the rather negative development in the fiscal year 2013/2014 and in the first months of the new fiscal year described above, the management together with the shareholder resolved on 10 March 2015 to undertake a financial restructuring of the corporate bond issued in 2013.

On 6 May 2015, the so-called second noteholders' meeting took place in Walldorf after the so-called first noteholders' meeting (vote without meeting) had proved inquorate. At the second noteholders' meeting, the required majority of the noteholders voted in favour of the key issues of the company's financial restructuring. The restructuring process includes the following steps:

- Capital reduction (Kapitalherabsetzung) of the share capital at a ratio of 1:25. I. e., the share capital will be reduced from KEUR 2,025 to KEUR 81.

- Transformation (Umwandlung) of the nominal amount of the corporate bond as well as of the interest accrued into equity capital. In this context, the share capital will be increased by KEUR 1,539 to KEUR 1,620 against contribution of the corporate bond.

- Subsequently a cash capital increase by KEUR 1,520 to KEUR 3,140 will ensue. The cash capital increase will be transacted by Ekotechnika Holding GmbH, which, for this purpose, will contribute KEUR 3,040 into the company.

The realisation of these measures creates the preconditions for Ekotechnika GmbH as well as for the whole group to further the corporate development based on a solid balance sheet.

Securing the restructuring concept

To ensure the realisation of the restructuring concept, the noteholders' meeting of 6 May 2015 resolved upon a deferral of interest claims due on 10 May 2015 and the temporary exclusion of rights of termination.

Execution of the restructuring concept

The realisation and the coming into force of the measures previously described depend on various requirements and conditions. The prerequisite that the noteholders resolve upon the measures previously described was fulfilled at the noteholders' meeting of 6 May 2015.

Until 11 June 2015, the noteholders had the possibility to submit claims to contest the resolutions of the noteholders' meeting (contestation period). By the end of the contestation period, three claims contesting the effectiveness of the resolutions of the noteholders' meeting of 6 May 2015 had been filed with the regional court (Landgericht) of Heidelberg.

The company intends to file a motion pursuant to sec. 20 para 3 sentence 4 of the German Bond Act (Schuldverschreibungsgesetz – SchVG) with the higher regional court (Oberlandesgericht) of Karlsruhe requesting that the filing of the claims be not considered a hindrance to the execution of the resolutions contested and that deficiencies in such resolutions, if any, do not affect the effectiveness of the execution (approval application - *Freigabeantrag*).

The managing directors have asked the law firm GÖRG Partnerschaft von Rechtsanwälten mbB, to assess the chances of such application. The opinion comes to the conclusion that an approval application (Freigabeantrag) is likely (>50%) to be successful. The management comes to the same conclusion and considers the prospects of a favourable decision by the higher regional court of Karlsruhe to be more likely than not.

Against this background, the managing directors consider it more likely than not that the resolutions of the noteholders' meeting of 6 May 2015 will soon, presumably at the beginning of the business year 2015/2016, become enforceable.

The sole shareholder, Ekotechnika Holding GmbH, has already announced that it will pass the required shareholders' resolutions (capital measures and change of legal form) as soon as the resolutions of the noteholders' meeting have become enforceable. The managing directors will then implement the noteholders' and the shareholders' resolutions pursuant to the legal requirements as soon as possible.

All in all, the managing directors consider a successful realisation of the bond restructuring, as resolved by the noteholders' meeting of the Ekotechnika bond on 6 May 2015, to be more likely than not (>50%).

39. AUDITOR'S FEE

The fee for the annual audit (total remuneration plus expenses without VAT) recorded as an expense in the year ended 30 September 2014 was EUR 36 thousand (2013: EUR 36 thousand).

40. RELEASE

The consolidated financial statement of Ekotechnika GmbH for the financial year from 1 October 2013 to 30 September 2014 was not approved yet and is released for publication by executive management only preliminary, unaudited and subject to change (which can be significant) on 29 June 2015.

Walldorf, 29 June 2015

Stefan Dürr General director	Wolfgang Blaesi Managing director

Group management report of Ekotechnika GmbH, Walldorf, for the period ended 30 September 2014

1. General corporate information

Business model of the Group

The business activity of the Ekotechnika Group consists of trade in agricultural equipment of all kinds. This includes machinery sales (consultation, purchase and sale), spare parts sales and providing services. The market for Group sales lies entirely within Russia; some of the machines and spare parts are purchased in Western Europe or North America. A large part of the products are meanwhile produced and/or assembled by subsidiaries of foreign suppliers directly in Russia and purchased from them. The Group companies on the Russian market trade under the EkoNiva-Technika brand.

The Group’s main supplier is Deere & Company, Moline, Illinois, USA. The product portfolio comprises other renowned suppliers such as JCB UK (telehandlers), Väderstad (seed drills and tillers) and Grimme (potato harvesters). The Group is also a reseller for GEA Group, Germany, a leading supplier for dairy farming, whose products and services are supplied to modern milk producers in Russia.

2. Economic report

2.1. Macroeconomic and sector-specific conditions

Following a temporary slowdown at the beginning of the year, growth in the world economy picked up moderately in the second calendar quarter of 2014. The recovery in the emerging countries was primarily supported by China and India. The situation in the Eurozone and some emerging countries such as Brazil or Russia was rather modest. According to the March 2015 forecast of the International Monetary Fund (IMF), global GDP will grow by 3.7% this year and by 4.0% next year.

In the final calendar quarter of 2013, Germany’s gross domestic product was up by 0.4% on the previous quarter thanks to strong exports. In the first quarter of 2014, the German economy grew by a strong 0.8% compared to the previous quarter. Growth was almost entirely supported by domestic demand. On annual average the German economy has overall proved to be stable. The rate of GDP growth lay at 1.5%. The German ifo institute for economic research expects stronger growth of the German environment in 2015. GDP should increase by 1.9%. It should then be 1.8% in 2016.

While the Russian economy had cooled down notably already at the end of 2013, the economy was additionally affected by the Ukraine crisis in 2014. In the first calendar quarter, Russia’s GDP was down by 0.3% on the previous quarter. Signs of economic stagnation emerged in the second quarter. While private consumption remained strong, investment activity declined. The financial restrictions imposed on the Russian banking sector by the European Union and the United States as well as the tighter monetary policy – the Russian central bank raised interest rates in an attempt to control inflation and the depreciation of the rouble – led to deterioration in the financing conditions and had an adverse impact on capital spending.

In the beginning of June 2015 the World Bank has significantly improved its forecast for the development of the gross domestic product of Russia – now a decline of 2.7% is expected in 2015 instead of the previous 3.8%. The forecast for 2016 was revised upwards. Next year’s GDP is expected to grow by 0.7%. Previously, a decline of 0.3% had been forecasted. The reason for the forecast updating is oil price expectation of the World Bank.

The Russian central bank gradually raised its benchmark one-week rate, which had stood at 5.5% until March 2014, to 9.5% by the end of October 2014. On 16 December 2014, the rate was lifted to 17% in a single move – which means it is now 200% higher than at the beginning of the calendar year. In 2015 – the last time in the middle of June – the main interest rate was reduced four times and now lies at 11.5 %. Inflation in Russia in 2014 was 7.8 %. Average inflation in Russia in 2015 is 16.3% so far.

Having depreciated against the currencies of all emerging countries throughout the second half of the calendar year 2013 due to declining investor confidence, the rouble continues to lose value both against the euro and the US dollar, additionally driven by the situation in Ukraine. This trend was aggravated by the above-mentioned slump in the oil price. The euro exchange rate rose from RUB/EUR 44 on 1 October 2013 to approx. RUB/EUR 50 on 30 September 2014 and to approx. RUB/EUR 68 on 31 December 2014. The fourth calendar quarter 2014 was characterised by very high volatility, with the exchange rate reaching RUB/EUR 100 on some days. Until the end of March the rouble became stronger again and is approx. 61 RUB/EUR now.

According to the International Grains Council, the new global wheat harvest of 2014/15 will exceed the record harvest of the year 2013/14 (712.5 million tons) by approx. 5.1 million tons and reach 717.6 million tons. This renewed upgrade in the forecast is due to further upward corrections for the wheat harvests in the European Union and Ukraine and, to a limited extent, the USA and China. Large quantities of wheat were harvested also in Russia, thanks to favourable weather conditions. Having increased until April, wheat prices declined notably in the course of 2014 – by about one third from the April highs until September (high 222 / low 148.50). About half of these losses were offset by early December 2014, however. The situation for maize was similar, although volatility was a bit lower. From January to mid-June 2015, the price of wheat was relatively stable, averaging at 185. The low point was mid-May and was 152. The prices for corn show a similar picture at a somewhat lower volatility.

Performance in the agricultural equipment trade

Global growth continues less robustly: After the price-adjusted sales growth of 5% in 2014, the turnover of mechanical engineering sector in 2015 is expected to increase by 3% in real terms in the world average.

According to information from the VDMA, Germany exported machines at a total value of EUR 36.6 billion in the first quarter of 2015; in the first quarter of 2014 the figure stood at EUR 36.5 billion. Exports to Russia saw a powerful reduction, with a 28.4% decline. Thus Russia slipped from fourth place on the ranking list of export destinations for German machine construction in 2013 to tenth place in the current quarter.

Tractor manufacturing in Russia declined by 20.8% in 2014 compared with the previous year – overall, domestic tractor plants produced 7,734 tractors, including 6,394 agricultural tractors (-16.3% compared with 2013), as reported by the consultancy firm of ASM-Holding in its report. The decline in combine harvester production in 2014 amounted to 5.9%. Overall, 5,652 harvesting machines were manufactured. With regard to feed harvesters, a decline of 18.7% was registered. Production quantities have also declined for other agricultural technology products.

During the same period, the export of agricultural machines manufactured in Russia increased by a measure of 1.8 in the fourth quarter of 2014, amounting to around one billion roubles. The export of combine harvesters rose by a measure of 2.2, agricultural tractors by a measure of 4.8 and trailed machines and other agricultural technology by 17%. The weakening of the rouble's exchange rate strongly enhanced the competitiveness of domestic agricultural technology both in the domestic and overseas markets, and promoted their export. According to the Association, the Russian agricultural machine manufacturers are exporting their products to thirty-seven countries, including the USA, Canada, Germany, Great Britain, the Netherlands, Hungary, Poland, Lithuania and Kazakhstan.

2.2. Business performance

Management is not satisfied with the Group's performance in the past financial year. Revenues from the sale of machinery declined – also in exchange rate-adjusted terms – whereas spare parts revenues increased moderately – and by almost 20% in exchange rate-adjusted terms. "Adjusted" means that the rouble values of the financial year 2013/14 were translated at the respective exchange rate of the financial year 2012/13 to facilitate a comparison.

A reduction in inventories and receivables was one of management's key objectives. Inventories were reduced by approx. 11.9%, while receivables declined markedly by about one third. While the level achieved is still below target, it should be borne in mind that last year did not present favourable conditions for a reduction in current assets.

The negative exchange rate effects of EUR 9.5 million (previous year: EUR 5.2 million) are certainly one of the main reasons for the clearly negative net result. They break down into approx. EUR 2.1 million from operating activities (previous year: EUR 2.5 million) and approx. EUR 7.9 million (previous year: EUR 2.7 million) from financing activities.

An amount of EUR 6 million was allocated to the capital reserve of Ekotechnika GmbH in June 2014.

On 5 June 2014, Ekotechnika Holding GmbH sold 100% of the shares in OOO Agroelement, Barnaul, Russia, at a price of RUB 10,000 (approx. EUR 210).

The first interest payment of EUR 5.85 million for the 2013/2018 corporate bond of Ekotechnika GmbH was made in May 2014.

2.3. Situation

a) Profit situation

Total Group sales revenues in the reporting period amounted to EUR 171,042 thousand (previous year: EUR 212,391 thousand), of which 74.3% or EUR 127,074 thousand (previous year: EUR 169,285 thousand; 79.7%) related to the sale of agricultural machinery. At 20.4% or EUR 34,844 thousand (previous year: EUR 34,257 thousand; 16.1%) the relative share of spare parts revenues increased significantly. Service revenues totalled EUR 4,224 thousand (previous year: EUR 3,074 thousand). The decline in sales revenues by approx. 19.5% is attributable, on the one hand, to lower sales – sales of tractor and combine harvesters were down approx. 15% – and, on the other hand, to the weak rouble.

The major portion of the expenses relates to the sale of machinery (EUR 100,854 thousand; previous year: EUR 138,174 thousand) and spare parts (EUR 27,358 thousand; previous year: EUR 23,654 thousand).

Gross profit (sales revenues less the cost of machines / spare parts sold) amounted to EUR 40,983 thousand (previous year: EUR 46,194 thousand); the gross profit margin (gross profit divided by sales revenues) amounted to 23.0%, compared to 21.7% in the comparative period. This moderate increase is mainly attributable to the exchange rate effects.

Other operating income of EUR 2,809 thousand (previous year: EUR 3,819 thousand) is primarily due to income from contractual fines and penalties, guarantee refunds, and currency translation differences.

Personnel expenses of EUR 13,774 thousand (previous year: EUR 14,476 thousand) include wages and salaries as well as social security contributions and similar contributions. In the past financial year, some 85 employees were made redundant in the context of cost-cutting programmes.

Depreciation/amortisation in the amount of EUR 13,767 thousand (previous year: EUR 2,511 thousand) includes not only fixed asset depreciation in the amount of EUR 3,172 thousand (previous year: EUR 2,441 thousand) but also goodwill amortisation of EUR 10,540 thousand (previous year: EUR 0 thousand). For more details, please refer to No. 16 in the notes. The increase in fixed asset depreciation primarily results from the taking into operation of the service centre in the Kaluga region.

Other operating expenses of EUR 12,740 thousand (previous year: EUR 16,118 thousand) primarily comprise currency translation differences, transport expenses, bad debt expenses as well as advertising and marketing expenses. These expenses were reduced by approx. 21% compared to the previous year – of which 18.3% relates to currency translation, however.

Earnings before interest and taxes (EBIT) amounted to EUR 1,894 thousand or 1.1% of total sales revenues (previous year: EUR 16,908 thousand; 8.0%). The decline is primarily attributable to the lower gross profit as well as to the increase in other operating expenses caused by the amortisation of goodwill.

Net financial income and expenses in the amount of EUR -26,027 thousand (previous year: EUR -17,599 thousand) are attributable to moderately higher interest expenses of EUR 14,157 thousand (previous year: EUR 13,664 thousand) as well as to a much lower exchange result of EUR -7,907 thousand (previous year: EUR -2,691 thousand).

This results in earnings before taxes of EUR -24,133 thousand (previous year: EUR -691 thousand). After tax expenses of EUR 2,910 thousand (previous year: EUR 42 thousand), the net loss amounts to EUR 27,043 thousand (previous year: net loss of EUR 733 thousand). Tax expenses are comprised of actual tax expenses of EUR 626 thousand (previous year: EUR 1,075 thousand) and essentially of valuation allowances for deferred tax assets of EUR 2,284 thousand (previous year: tax income of EUR 1,033 thousand).

Other comprehensive loss, which is directly recognised in Group equity outside of the income statement, includes negative differences totalling EUR 5,443 thousand (previous year: EUR 5,004 thousand).

The profit situation is not in line with management’s expectations and the forecast of the previous year. This is primarily due to the following factors:

- At EUR 39,366 thousand (previous year: EUR 46,194 thousand), gross profit was much lower than expected. This is attributable to the fact that sales were lower than projected because of the difficult market situation described above. According to the projections, gross profit would have increased to over EUR 50,000 thousand.
- EBIT were more than 88.8% lower than planned. On the one hand, this is due to the lower gross profit. On the other hand, it reflects increased depreciation/amortisation, especially because of the goodwill amortisation.
- At EUR -26,027 thousand, net financial income and expenses were clearly negative – almost exclusively due to the poorer exchange result, while interest expenses were in line with projections.

In summary, the loss for the year is essentially attributable to the reduced business volume and the exchange losses, which totalled EUR 9,510 thousand (previous year: EUR 5,171 thousand); of this amount, EUR 1,603 thousand (previous year: EUR 2,480 thousand) relates to the operating result and EUR 7,907 thousand (previous year: EUR 2.691 thousand) to financial income and expenses.

b) Financial position

A department of OOO EkoNivaTechnika-Holding is responsible for financial controlling of the company. Controlling is handled such that financing costs are kept as low as possible while enabling all companies of the Group to meet their obligations on schedule at all times.

Letters of credit and bank guarantees are important instruments for working with suppliers.

For more information on currency, interest rate and liquidity risks, refer to the notes to the consolidated financial statements

c) Capital structure

The Group’s debt capital totals EUR 173,675 thousand (2013: EUR 202,295 thousand) and remained stable from the previous year in exchange rate-adjusted terms. The Group’s non-current financial liabilities climbed moderately from EUR 57,911 thousand to EUR 58,284 thousand.

Current debt capital totalling EUR 114,136 thousand (2013: EUR 143,501 thousand) essentially comprises the much lower financial liabilities of EUR 64,962 thousand (2013: EUR 102,614 thousand) as well as increased liabilities to suppliers of EUR 31,844 thousand (2013: EUR 20,891 thousand).

Group equity was negative on 30 September 2014, when it amounted to EUR -26,007 thousand (previous year: EUR 479 thousand). This is mainly due to the consolidated net loss for the year of EUR 27,042 thousand (previous year: EUR -733 thousand) and the exchange effects from other comprehensive loss of EUR -5,443 thousand (previous year: EUR -5,004 thousand). These effects were offset to only a limited extent by an allocation to capital reserves of EUR 6,000 thousand).

d) Investments

The company's investments in the financial year were much lower than in the previous year and primarily related to the service centre in Rjazan. Investments in property, plant and equipment totalled EUR 5,805 thousand (previous year: EUR 14,125 thousand).

e) Liquidity

Cash and cash equivalents totalled EUR 2,342 thousand (previous year: EUR 4,712 thousand) on 30 September 2014.

Operating cash flow before changes in working capital amounted to EUR 13,647 thousand in the past financial year (previous year: EUR 17,532 thousand). This reduction is largely due to the declining operating result. The reduction in trade receivables and payments on account (EUR 10,160 thousand; previous year: increase of EUR 22,027 thousand) as well as other receivables and assets (EUR 1,725 thousand; previous year: EUR 2,343 thousand) had a clearly positive effect, as well the increase in trade accounts payable and prepayments received. This resulted in a cash flow from operating activities of EUR 31,313 thousand (previous year: cash flow of EUR 16,481 thousand). Operating cash flow after interest and taxes amounted to EUR 16,569 thousand (previous year: EUR 3.310 thousand).

Investments in service centres were lower than in the previous year. Cash outflow from investing activities amounted to EUR 6,588 thousand (previous year: EUR 35,208 thousand).

As outlined above, the Group clearly reduced its financial liabilities, especially current financial liabilities. The company gained EUR 184,624 thousand (previous year EUR 303,133 thousand) from external financing. After taking into account payments to amortise loans and borrowings in the amount of EUR 199,770 thousand (previous year: EUR 266,834 thousand), financing activities resulted in a net cash outflow of EUR 9,911 thousand (previous year: cash inflow of EUR 35,363 thousand).

f) Asset position

When looking at the asset position, the influence of the changes in the exchange rate must be taken into account. The rouble/euro exchange rate on 30 September 2014 was RUB/EUR 49.954, up 14.4% on the exchange rate of RUB/EUR 43.6497 on 30 September 2013. This means that, if the rouble value had remained unchanged, the euro value would have been 12.6% lower in the consolidated balance sheet.

Total assets in the amount of EUR 147,668 thousand (2013: EUR 202,774 thousand) include non-current assets of EUR 32,663 thousand, which represents approx. 24.7% (2013: EUR 48,102 thousand; approx. 23.7%). These primarily comprise property, plant and equipment (EUR 30,977 thousand; 2013: EUR 32,596 thousand). After goodwill amortisation intangible assets of EUR 38 thousand (2013: EUR 11,427 thousand) are irrelevant now. Non-current financial assets declined moderately from EUR 1,109 thousand in the previous year to EUR 762 thousand.

Property, plant and equipment predominantly comprise buildings (including constructions in progress and advances for these constructions) and the respective land. These items total EUR 26,799 thousand (2013: EUR 27,310 thousand). For further details regarding the individual asset groups, please refer to the fixed assets schedule in the notes to the consolidated financial statements (No. 17).

Current assets declined significantly in the course of the fiscal year. Inventories, which decreased from EUR 65,775 thousand to EUR 57,800 thousand, again represented the main component. Accounts receivable were reduced markedly from EUR 47,423 thousand to EUR 33,189 thousand; this is a considerable improvement even in exchange rate-adjusted terms.

As these figures show, the company was in a difficult situation at the end of the financial year. The exchange rate and interest rate trend between the end of the financial year and the preparation of the present financial statements also remained negative. Needless to say, management is not satisfied with these developments. At present, the company is developing cost saving measures in the administrative area and has been discussing measures to stabilise the situation with its suppliers. This also relates to reducing inventories and optimising the financing conditions.

3. Post balance sheet events

Between the end of the reporting period and the preparation of the current financial statements, the rouble continued to lose value and dropped from RUB/EUR 49.95 on 30 September 2014 to approx. RUB/EUR 61 on 17 June 2015; it temporarily stood as low as approx. RUB/EUR 100. The decline as of 17 June 2015 compared to 30 September 2014 (approx. 22.1%) would primarily be reflected in the following balance sheet items:

- Property, plant and equipment: the amount of EUR 30,977 thousand recognised in the balance sheet would decline by approx. EUR 6.8 million.
- Reserve from currency translation in equity: additional exchange loss of approx. EUR 4.0 million.
- Current financial liabilities: these include EUR 36,781 in roubles, which would decline by approx. EUR 8.1 million.
- Group equity: the three above items would reduce equity by approx. EUR 2.7 million.

All other material assets and liabilities (amounts recognised in the balance sheet exceeding EUR 5 million) are largely denominated in hard currency, which means that no material changes would occur in the consolidated balance sheet.

As of 6 March 2015 the sole shareholder decided to appoint Stefan Duerr to the post of the General Director of Ekotechnika GmbH. As of 9 March 2015 Olga Ohly declined all authority of the General Director of Ekotechnika GmbH.

Owing to the afore-mentioned considerable negative developments in the 2013/2014 financial year and in the first few months of the new financial year, on 10 March 2015 the management board decided together with the shareholder to carry out a restructuring of the corporate bond issued in 2013.

On 6 May 2015 the second creditors’ meeting was held in Walldorf, since the so-called first creditors’ meeting (vote without a meeting) did not constitute a quorum. In the second creditors’ meeting the required majority of the bondholders agreed to the key points of the company’s financial restructuring. The restructuring will proceed according to the following steps:

- Decrease in share capital with a ratio of 25:1. That means the share capital is reduced from TEUR 2,025 to TEUR 81.
- Conversion of the nominal value of the corporate bond as well as the interest accrued into equity. In the course of this measure, the share capital is increased by TEUR 1,539 to TEUR 1,620 by bringing in the corporate bonds as fixed assets.

- This is followed by a cash capital increase of TEUR 1,520 to TEUR 3,140. The cash capital increase is completed by Ekotechnika Holding GmbH, which injects TEUR 3,040 into the company to this end.

The implementation of these measures creates the right conditions for Ekotechnika GmbH and for the whole group to take the company's development forward based on a solid balance sheet.

Safeguarding the restructuring plan

In order to safeguard the implementation of the restructuring plan, the bondholder meeting of 6 May 2015 also agreed to a deferral of the interest claims due on 10 May 2015 and the temporary suspension of termination rights.

Execution of the restructuring plan

The implementation and the taking into effect of the measures described above depend on various requirements and conditions being fulfilled. The fundamental requirement, that the bondholders approve the measures described, has been met as of the bondholder meeting of 6 May 2015.

By the time the contestation period for the resolutions passed at the bondholders meeting expired on 11 June 2015, three complaints had been received by the Heidelberg district court against the effectiveness of the resolutions bondholders meeting of 6 May 2015.

The company plans to file a petition with the Karlsruhe higher regional court in accordance with Section 20 (3) sentence 4 of the German Debenture Bond Act (SchVG) and Section 246a of the Stock Corporation Act with the aim of determining that the filing of the complaints does not stand in the way of the execution of the contested resolutions and shortcomings in these resolutions do not affect the effectiveness of the execution ("**application for exemption**").

The management board commissioned the law firm GÖRG Partnerschaft von Rechtsanwälten mbB to examine the chances of success of an exemption application of this kind. Their report comes to the conclusion that an exemption application would be very likely (>50 %) to succeed. The management board comes to the same conclusion and considers the chances of success of a positive ruling by the Karlsruhe higher regional court to be very good.

In light of this, the management board considers it highly probably that the resolutions of the bondholder meeting of 6 May 2015 will be enforceable at once, probably at the beginning of the 2015/2016 financial year, with the result that the capital measures decided can be entered into the commercial register of the company.

The sole shareholder, Ekotechnika Holding GmbH, has already announced that it will draft the required shareholder resolutions (capital measures and change in legal form) as soon as the resolutions of the bondholders' meeting can be implemented. After that the management board will implement the resolutions of the bondholders and shareholders' meeting in line with the legal requirements as quickly as possible.

Overall, the management board considers that the successful implementation of the bond restructuring as decided by the bondholders' meeting of the Ekotechnika bond on 6 May 2015 is very probable (>50 %).

4. Non-financial performance indicators

Employees

The development of our Group is based not only on technology but, to a considerable extent, on our employees, who always liaise directly with our customers when selling machines and spare parts and providing services. This makes them ambassadors for our company. We therefore attach great importance to finding the right employees as well as to retaining and developing them. This includes regular technical training courses as well as personal development seminars. Visits to trade fairs at home and abroad – also as an exhibitor – together with our customers are regular items on the agenda. We attend the leading trade fairs – such as Agritechnika in Hannover – with up to 100 customers, who are accompanied and supported by our employees. This way, we achieve high employee identification with the company and our products.

5. Outlook, opportunity and risk report

5.1. Outlook

The macroeconomy

From today's point of view, the economic development in the financial year 2014/15 varies greatly from region to region. For Germany, the Ifo Institute is anticipating stronger growth in 2015. The GDP growth rate will probably amount to 1.9%. In 2016 it is expected to be at 1.8%. In Russia, it is expected that the GDP will decline by 2.7%. In 2016, the World Bank anticipates that the BIP will grow again by 0.7%. The extent of the anticipated slump will certainly depend very much on the future oil price.

The agricultural sector

While world market prices declined in the past half-year based on a very positive global harvest, they have shown an upward trend over the past weeks. In Russia, rouble prices of agricultural commodities have increased sharply due to the currency depreciation, which means that investments are generally possible for farmers. At the same time, the need for investments in agricultural machinery remains high. Financing conditions are rather difficult at present due to the interest rate situation and the problems of the banking sector. This means that government support for farmers will be a critical factor for sales of agricultural equipment in Russia.

Performance of the Ekotechnika Group

The increased volatility in the Russian economy over the past months makes it very difficult to issue a forecast for the financial year 2014/15. Even in "normal" times, the main contracts are signed between February/March and the summer. Under the current conditions, there is even greater uncertainty.

In view of the trend described in the management report, management assumes that sales volumes of tractors and combine harvesters can be declined significantly compared to the past financial year. Based on an assumed RUB/EUR exchange rate of 65 on an annual average, this would lead to a decline in sales revenues of around 10%. In view of the market trend, we expect gross profit to drop to approx. EUR 17 million. EBIT will be negative due to the significant business decline - in the range of EUR 10 million. Based on the above rouble exchange rate, we project slightly improved net financial result. The annual result from today's perspective – without considering the restructuring – will be about EUR 30 million negative.

5.2. Risk report

Management sees the following risk for the company's business:

<u>Recruitment:</u>
As already presented in detail in the third chapter of this report, Ekotechnika GmbH is currently undertaking a restructuring of its corporate bond. Even if, from the point of view of the management and their legal advisers, the probability of a successful implementation of these measures lies above 50%, there remains a risk that the measure could fail. This could lead to negative effects, including the company's insolvency.

<u>Financing possibilities and financing costs facing the customers and the Group:</u>
Agricultural equipment for our customers in Russia is primarily financed by Russian banks and other financing companies. The general economic weakness, the sanctions imposed in the context of the Ukraine crisis and the low oil price are having partly dramatic effects on these financing possibilities, which has an adverse impact on banks' financing activities.

In December 2014, the Russian central bank increased the benchmark interest rate to 17%. This is equivalent to an increase by 11.5 percentage points in the course of the calendar year 2014. As subsidies for farmers failed to increase at the same rate, their financing costs are very high. At the same time, the financing costs of the Group's current assets are on the increase. If the benchmark interest rate stays at 17% until the end of the financial year, interest expenses would increase by approx. EUR 1.5 million. Management assumes, however, that the interest rate will be lowered in the current financial year, which would reduce the burden accordingly. By June 2015, the Central Bank lowered the interest rate in several steps down to 11.5%.

Exchange rate trend:
The Russian rouble depreciated sharply against both the euro and the dollar in the course of the financial year. On 1 October 2013, one euro cost RUB 43.81, compared to as much as RUB 49.95 on 30 September 2014. Up to the time of the preparation of the present financial statements, the exchange rate temporarily reached up to RUB/EUR 85; the RUB/USD exchange rate showed a similar trend. This depreciation is negative for the high share of euro and dollar-denominated liabilities, as a higher rouble amount is needed to repay these liabilities; at the same time, the effect on rouble financings is positive. For more information, please refer to the notes, No. 35.1. On the operating side, these exchange rate influences are theoretically passed on to the customer – but this is possible only to a certain extent. Even though the depreciation affects all tractor manufacturers equally, as there is simply no comparable Russian tractor, price increases cannot be passed on to the end customer to an unlimited extent.

Oil price
The oil price has a material influence on exchange rates and the Russian economy. Should the oil price stay at the level reached prior to the preparation of the present financial statements, this would additionally weaken the Russian economy.

Customers' creditworthiness:
As explained in detail above, it is currently not easy for our customers to finance purchases of agricultural machinery. This applies both to new sales and, to a certain extent, to existing accounts receivable. The non-recoverability of receivables could have an adverse impact on the profit situation in the current financial year.

Government support for agricultural businesses:
As agricultural businesses, the customers of the Ekotechnika Group are, to a certain extent, dependent on government support in the form of direct grants and subsidised interest rates. As a result of the framework conditions described above, these have become less reliable and predictable. Should this situation deteriorate further, it could have an impact on the Group's profit situation.

Sales risk
The machines sold by the company must be manufactured about six months prior to the selling season, when usually no substantial orders have been placed. This means that the Group ultimately bears the risk of not selling the machines. Especially in the current more volatile environment, this represents a liquidity and sales risk.

5.3. Going concern risks

The uncertainty whether the Group will be able to generate sufficient operating cash flow to serve its debt represents a major going concern risk. Based on the current plans of the Group and in consideration of the uncertainty involved, at the time of the 2014 consolidated financial statement the management anticipates that the company will be in a position to provide itself with sufficient funds to continue its activities throughout the foreseeable future. This includes the refinancing of bank credits due for repayment in 2015 to the extent that these credits surpass the means generated from the operational business. The background of this is that the companies within the Group are using short-term credits issued by Russian banks. The overwhelming share of the lines of credit are regularly extended. The company management anticipates that this will continue to be the case in the future. If, contrary to the expectations of the business management, the provision of funds from the operational business and via external financing should not be possible, this could potentially lead to the insolvency of the company. Further information regarding this can be found in Section 6 of the Group appendix.

Due to the balance sheet development, the company is currently in a phase of financial restructuring. The output of this process will be essential for the survival of the company.

5.4. Opportunity report

Management currently sees the following material opportunities:

Performance of the global and Russian agricultural sectors:
The growing world population and changing eating habits resulting from increasing prosperity or the adoption of “western” lifestyles are the key drivers of the positive trend in the global agricultural sector. Energy production from agricultural resources also contributes to constantly growing demand. Agricultural machinery makes an important contribution to expanding production and achieving the necessary increase in efficiency to do so. The sanctions imposed by the Russian government in summer 2014 – i.e. the import ban on food from Europe and the USA – have increased the need to develop local production even further.

Investment subsidies in Russia:
Quite some time ago, the Russian government defined the medium term objective of domestically producing some 85% of all key agricultural commodities consumed in the country. The import restrictions mentioned above have further increased the pressure. To support the expansion, investment incentives in the form of subsidies for the acquisition and financing of agricultural machinery are provided, and primary agricultural production is exempted from profit tax. Sales efforts are substantially supported by these measures.

Walldorf, 29 June 2015

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