EKOTECHNIKA

Unaudited
Group Interim Financial Statement
for the period
from 1 October 2013 to 31 March 2014

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Interim Group Management Report

1. Business and operating environment

1.1 Business activities

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; the production companies for machines and spare parts are entirely in Western Europe or North America. However, in the meantime, a large percentage of products are manufactured or assembled in Russia itself or purchased there. The company's subsidiaries on the Russian market trade under the EkoNiva-Technika brand.

The Group's main supplier is John Deere, the largest manufacturer of agricultural machinery in the world and the market leader. There are also other well-known suppliers, including JCB (telehandlers) and Vaederstad (tillers and seed drills). In the past year, cooperation efforts were also expanded to include one of the most important suppliers for dairy farming. The products and services of GEA / Westfalia support large, modern milk producers in Russia.

1.2 Economic parameters

Overall economic trend

Germany's economic performance grew by 0.4% in 2013. In the final quarter of the year, strong exports caused the gross domestic product to increase by 0.4% compared to the prior quarter, somewhat more than first expected. Statisticians confirmed that positive growth for the whole of 2013 was 0.4%. In the first quarter of 2014, the German economy grew very strongly, by 0.8% versus the prior quarter. This growth was entirely due to domestic demand.

In 2013, the Russian economy grew less than half as much as in the prior year, thus failing to meet the expectations of economists. Decreasing investment was not the least of reasons for this. The gross domestic product increased by 1.3% compared to 3.4% in 2012, the lowest growth since the 2009 recession. In the first quarter of 2014, GDP growth for the Russian economy amounting to 0.8%. According to the baseline forecast of the Russian Ministry of Economic Affairs, GDP is expected to grow by 1.1% in 2014. A more conservative prediction, based on a stronger effect of capital outflow and reduced demand for Russian energy sources in the EU and Ukraine offers expectations of 0.5% GDP growth.

After Russia's prime lending rate system was reorganized by the Russian central bank in mid-September 2013, the weekly rate for central bank money was at 5.5% until March 2014. The prime lending rate was increased to 7% in March 2014 At the end of April 2014, the Russian central bank surprisingly increased the rate again to 7.5%. The central bank justified the step by citing high risks of inflation and the weakness of the country's currency, the ruble. The tightening of monetary policy is intended to reduce the inflation rate to 6% by the end of the year. Thus there are no plans to reduce interest rates again in the months ahead. The significant increase of the prime lending rate could further put the brakes on an economy which is already weakening, because it increases borrowing costs. The World Bank considers it possible that the Russian economy will contract by 1.8% this year. The Ministry of Finance warns of a recession.

Due to the crisis in Ukraine, investors have withdrawn money from Russia in the short-term, and the Russian ruble is thus once again under great pressure. The domestic currency has lost 8.4% in value since the beginning of the year. Moreover, inflation is significantly higher than the central bank would like it to be. The currency exchange rate from ruble to euro was very volatile during the reporting period. On 1 October 2013, one euro was valued at approx. 43.65 rubles; the final rate on 31 March 2014 was about 49.05 rubles to the euro. In June 2014 the euro cost around 46.00 rubles again. Inflation in Russia was approximately 6.4% on average in the reporting period.

Performance in the agricultural equipment trade

Agricultural technology manufacturers represented in the German Engineering Federation (VDMA) have posted a new record result in 2013 in two respects. The production value in Germany for domestic business increased by 6% to EUR 2.25 billion, and export value rose by 11% to EUR 6.11 billion. Both values are about 25% above the average of the past five years.

The agricultural technology industry in Germany was able to maintain its production from January to March 2014 at the high level of the prior year. Sales for members of the VDMA rose by 1% to EUR 2.29 billion. Here the domestic market contributed to stabilization, while exports decreased by 2%. German companies felt the impact of already very weak trends in France and Poland, but most of all the countries in the Commonwealth of Independent States (CIS). In the first two months, deliveries to Russia and Ukraine were nearly 40% below the prior year. In contrast, exports to the US rose once again.

The market for agricultural technology in Russia is in fact declining a little, but still remains relatively stable. Strong declines have only occurred for combine harvesters. By comparison, the market for tilling, sowing and pesticide technology remained robust. Tractor sales declined slightly, as did technology for fodder production and processing operations.

2. Business performance

2.1 General statement regarding business performance

The agricultural equipment trade in Russia is subject to strong seasonal influences. From October to February, business volume is very low. The important sales occur between March and August, depending on the weather. In the reporting period, this weakness was amplified by loss of value for the ruble, which meant a significant increase in the cost of equipment for Russian farmers. Experience has shown that this influence becomes relatively less significant after some time.

The comparative figures in the balance sheet of this Group interim financial statement refer to 30 September 2013; the comparison for the statement of comprehensive income and the cash flow statement is with the period from 1 October 2012 to 31 March 2013. The prior year figures in the statement of changes in equity refer to the period from 1 October 2012 to 30 September 2013.

2.2 Profit situation

When comparing the sales and profit situation with the prior year’s period, it should be noted that the change in the exchange rate has significant influences. The average RUB/EUR rate in the reporting period was about 46.09 compared to 40.25 in the prior year’s period.

Total Group sales in the reporting period amounted to EUR 65,108 thousand (prior year EUR 71,177 thousand), 74.0% or EUR 48,185 thousand attributable to the sale of agricultural machinery (prior year EUR 59,393 thousand or 83.4%). The sale of spare parts accounted for 20.5% or EUR 13,376 thousand (prior year EUR 8,600 thousand or 12.1%). This represents an increase of 56% over the same period last year. The sale of fuel and lubricants accounted for EUR 1,192 thousand (prior year EUR 1,087 thousand). Services brought in EUR 1,453 thousand (prior year EUR 1,021 thousand).

Other operating income amounting to EUR 2,131 thousand (prior year EUR 1,607 thousand) resulted largely from guarantee refunds, earnings from contractual fines and penalties and currency translation differences.

The key share of expenses is attributable to the costs of agricultural machinery sold (EUR 39,590 thousand, prior year EUR 50,034) and spare parts (EUR 10,212 thousand, prior year EUR 6,105 thousand).

Gross profit (revenue minus cost of goods and services sold) rose by some 5.8% to EUR 13,964 thousand (prior year EUR 13,197 thousand). Adjusted for currency (based on the prior year’s rate) this amounted to an increase of some 21.2%. The reason for this improvement is the significant increase of sales for spare parts which have greater margins than the sales of agricultural machinery.

Payroll expenses of EUR 7,536 thousand (prior year EUR 6,505 thousand) included wages and salaries as well as social insurance and comparable contributions.

Amortization, depreciation and impairment amounting to EUR 1,532 thousand (prior year EUR 1,150 thousand) were not a large share of total costs.

Other operating expenses of EUR 8,113 thousand (prior year EUR 6,356 thousand) were essentially made up by currency translation differences as well as marketing, advertising, and travel expenses. The increase with respect to the reference period is based solely on currency effects.

Earnings before interest, tax, depreciation and amortization (EBITDA) amount to EUR 446 thousand (prior year EUR 1,943 thousand), earnings before interest and tax (EBIT) amount to EUR -1,086 thousand (prior year EUR 793 thousand). Currency exchange losses are reflected particularly here.

The net financial income and expenses in the amount of EUR -11,893 thousand (prior year EUR -6,361 thousand) essentially resulted from interest expenses amounting to EUR 7,651 thousand (prior year EUR 5,859 thousand) and losses from currency effects amounting to EUR 4,104 thousand (prior year gain EUR 133 thousand), leading to earnings before taxes (EBT) of EUR -12,979 thousand (prior year EUR 5,568 thousand). After tax income of EUR 2,405 thousand (prior year EUR 269 thousand), a net loss remains for the period of EUR 10,574 thousand (prior year EUR 5,299 thousand).

2.3 Asset position

Approximately 23.0% of total assets amounting to EUR 206,754 thousand (prior year EUR 202,662 thousand), are classified as non-current assets (EUR 47,612 thousand, prior year EUR 48,383 thousand or about 23.9%). These essentially include property, plant and equipment (EUR 31,111 thousand, prior year EUR 32,989 thousand).

Intangible assets in the amount of EUR 10,150 thousand (prior year EUR 11,427 thousand) essentially comprise goodwill; the change was due entirely to currency translation. The goodwill resulted from the founding of the Group by acquisition of the EkoNivaTechnika Holding Group in 2011.

Property, plant and equipment predominantly comprise buildings (including facilities under construction) and means of transportation. The total of these items comprises EUR 26,619 thousand (prior year EUR 27,674 thousand).

About half of current assets in the amount of EUR 159,142 thousand (prior year EUR 154,279 thousand) consist of inventories (EUR 82,408 thousand, prior year EUR 65,775 thousand) – machinery and spare parts – for sale to customers. This item has increased due to the seasonal trend because in March the main sales season begins. Irrespective of this, the management is working on the goal of reducing stocks. Other assets also increased, particularly VAT receivables. This is related to the build-up of inventories mentioned.

Due to the seasonally weak result as well as negative currency effects, which are shown directly in the equity capital, the Group has negative equity capital in the amount of EUR -15,406 thousand (prior year EUR 479 thousand). The executive management assumes that this will only be the case temporarily. In June 2014, the sole shareholder of Ekotechnika GmbH has made an additional payment to the capital reserve in the amount of EUR 6 million. See also the explanations under sections 4 and 6 of this interim management report.

2.4 Financial position

A department of *OOO EkoNiva-Technika 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. Continuous monitoring of interest and currency trends is an important fundamental in this process.

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

The total debt capital of the Group comprises EUR 222,160 thousand (prior year EUR 202,183 thousand). The Group’s non-current financial liabilities amount to EUR 59,234 thousand (prior year EUR 58,682 thousand). Current debt capital totaling EUR 162,926 thousand (prior year EUR 143,501 thousand) essentially consists of loans of EUR 89,643 thousand (prior year EUR 102,614 thousand), liabilities to suppliers of EUR 53,963 thousand (prior year EUR 20,891 thousand) and prepayments received in the amount of EUR 9,752 (prior year EUR 4,605 thousand) as well other short-term liabilities in the amount of EUR 7,365 (prior year EUR 12,636 thousand).

2.5 Cash flow statement

In the reporting period, the operational cash flow before changes in working capital was EUR -527 thousand (prior year EUR 1,602 thousand). The increase of asset reserves by EUR 25,410 thousand (prior year EUR 15,818 thousand) was essentially achieved by making use of supplier credit lines. The reduction of trade receivables and payments on account (EUR 9,245 thousand, prior-year increase EUR 247 thousand) also had a positive effect on cash flow. Thus a cash inflow from operations resulted in the amount of EUR 25,304 thousand (prior year EUR 33,927 thousand). The operational cash flow after taxes and interest paid comprised EUR 20,152 thousand (prior year EUR 27,564 thousand).

Further investments in establishing service centers dominate the investment activity and led altogether to a cash outflow of EUR 5,687 thousand (prior year EUR 20,047 thousand).

The company gained EUR 78,494 thousand (prior year EUR 87,273 thousand) from external financing. After taking into account payments to amortize loans and borrowings in the amount of EUR 93,727 thousand (prior year EUR 89,956 thousand), financing activities resulted in a net cash outflow of EUR 15,768 thousand (prior year EUR 3,273 thousand).

3. Opportunities and risks

Management is aware that ongoing consideration of the key opportunities and risks is a central aspect of development for the company.

For this reason, the executive management monitors the political and economic environment continuously to be able to respond to any changes at the earliest possible stage. Moreover, the key figures are determined and analyzed on a routine basis. If unexpected results are found, the causes are reviewed and possible responses formulated.

The company's management continues to see the following points as key opportunities:

International development of agriculture:
The upward trend of agricultural production and associated sectors worldwide remains stable despite occurring volatility. The increasing population of the world and changes in nutritional habits or imitation of “Western-influenced” lifestyles which accompany increasing prosperity are key drivers of this trend. Last but not least, energy production from raw material crops also contributes to an ongoing increase in demand. Agricultural technology makes an important contribution to expanding production and achieving the necessary increase in efficiency to do so.

Investment assistance in Russia:
The Russian government has the medium term objective of domestically producing some 85% of all key agricultural commodities consumed in the country. To support this, investment incentives in the form of subsidies for the acquisition and financing of agricultural technology are provided, and primary agricultural production is exempted from taxes on gains. These measures provide considerable support for sales efforts. One consequence of Ukraine crisis and Russia's isolation in this matter is the greater importance once again of subsidies for Russian agriculture.

The most important strengths of the corporate group include foremost long-term work together with key suppliers, most of all John Deere & Co. (Moline, Illinois, USA) – the international market leader for agricultural equipment – and Vaderstad Verken AB (Vaderstad, Sweden), and our presence in attractive agricultural regions of Russia.

The company's management sees the following risks:

Stability of investment assistance: As described above, investment assistance from the government is an important factor in the sale of agricultural technology. A significant decline in the support could have negative consequences. Russian national finances are heavily dependent on the oil trade. Such a scenario could ensue should there be a lasting, serious decrease in the price of oil. However, as before, we continue to consider this unlikely.

Bank financing: The financing of agricultural technology by our customers in Russia takes place essentially through Russian banks and other financing companies. Currently, it cannot be predicted with any certainty whether the refinancing of banks and financing companies will become more costly or be hindered generally. Should this occur, it might affect sales volume. The availability of financing for Russian agricultural companies decreased, particularly due to the crisis in Ukraine, the exchange rate trend and Russian fiscal policy.

Exchange rate trend: From April/May 2013 until the time the financial statement was prepared, the Russian ruble declined significantly in value compared to the euro as well as the US dollar. Previously the exchange rate was close to 40 rubles to the euro. In mid-March 2014, it was as low as 51 rubles and rose again to €46.50 by mid-June. The trend for the RUB/USD exchange rate followed a similar course. The loss of value for the ruble has negative consequences for the majority of euro and US dollar liabilities, because more rubles are required for repayment. On the operative side, currency effects are theoretically passed on to customers, but that is only possible to a certain extent. Even if this loss of value affects all tractor manufacturers equally, because there is simply no comparable Russian tractor, price increases cannot be passed on to end customers without limit.

Ukraine-Crisis: The progress of the crisis in Ukraine and the associated effects in terms of capital spending and financing options represent a certain degree of risk in June 2014 also. Although some relaxation signals are perceived in the last days, the further progress cannot be reliably predicted.

One of the key strengths of the Group primarily include the long-term cooperation with major suppliers, especially Deere & Company (USA) - the worldwide leader for agricultural machinery - and Vaderstad Verken AB (Sweden), as well as the presence in attractive agricultural regions of Russia.

The main weakness of the group lies in the unsatisfactory capital resources and the relatively high working capital. The cost of financing based thereon, are a significant burden. For this reason, the aim of the management is to reduce the working capital and debt financing.

4. Risks affecting inventories

The Ekotechnika Group had negative equity capital in the amount of EUR 15,406 thousand as of 31 March 2014. Executive management has been working with the shareholders for a year now to improve the key parameters in the consolidated balance sheet. This particularly includes inventories and accounts receivable. Cost of operation are also analyzed on an ongoing basis and adjusted where necessary.

In June 2014, an additional payment to the capital reserve in the amount of EUR 6 million was made.

Dependence on the Group's success in generating sufficient cash flows from business activity to service its liabilities constitutes a significant uncertainty with regard to the Group's ability to continue as a going concern. Based on current Group plans and considering the associated uncertainty, at the time the 2013/14 Group interim financial statement was compiled, management assumes that the Group will be able to produce sufficient means to continue its business in the foreseeable future. This includes the refinancing of bank loans due for repayment in 2014 insofar as these exceed the means generated from the operative business. The background for this is that companies of the Group use current loans from Russian banks. The predominant share of these credit lines is extended routinely. The company's management assumes that this will continue to be the case in the future.

5. Events after the balance sheet date

In June 2014, the additional payment in the capital reserve of Ekotechnika GmbH in the amount EUR 6 million was made.

The first interest payment from the 2013/2018 corporate bond of Ekotechnika GmbH occurred in May 2014.

6. Forecast of expected developments

Overall economic trend

The current trend of the world economy appears to be positive, but particularly with respect to Russia the economic situation is weaker. Moreover, Ukraine crisis is not yet passed, and there is no certainty yet of the effects that may lie ahead.

Performance of the agricultural sector

In contrast to the uncertainty regarding overall international economic trends, the executive management is fundamentally optimistic about prospects in the agricultural sector. Accompanied by certain volatility, the majority of market observers assume high prices for agricultural commodities in the medium-term, which should continue to increasing demand for modern agricultural equipment. As before, Russia has failed to meet the government's objective of producing about 85% of all key agricultural commodities domestically, so the positive conditions for investment will likely persist, particularly after the experiences of the Ukraine crisis.

Development of the Ekotechnika Group

As mentioned before, management is working on the Group organization, cost structures and improvement of the balance sheet structure. Although in particular the fiscal policy and exchange rate trend have not been helpful in recent months, the first successes should be evident in the balance sheet for 30 September 2014.

Walldorf, 30 June 2014

Wolfgang Bläsi
Managing Director

Olga Ohly
Managing Director

Consolidated statement of comprehensive income for the period from 1 October 2013 till 31 March 2014 (not audited)

	Notes	01.10.2013 - 31.03.2014	01.10.2012 - 31.03.2013
		TEUR	*TEUR*
			*** restated**
Revenues	**[12]**	63 655	70 156
Revenue from rendering of services		1 453	1 021
Cost of goods and services sold	**[14]**	(51 144)	(57 980)
Gross profit		**13 964**	**13 197**
Other operating income	**[13]**	2 131	1 607
Payroll expenses	**[15]**	(7 536)	(6 505)
Depreciation		(1 532)	(1 150)
Other operating expenses	**[16]**	(8 113)	(6 356)
		(15 050)	**(12 404)**
Operating profit		**(1 086)**	**793**
Financial income	**[17]**	827	277
Financial expenses	**[17]**	(12 720)	(6 638)
		(11 893)	**(6 361)**
(Loss)/profit berfore tax		**(12 979)**	**(5 568)**
Income tax expense	**[18]**	**2 405**	**269**
		(10 574)	**(5 299)**
Attributable to:			
Parent company's shareholders		(10 574)	(5 299)
Non-controlling interests		-	-
Other comprehensive (loss)/profit for the period			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(5 311)	(157)
		(5 311)	(157)
Attributable to:			
Parent company's shareholders		(5 311)	(157)
Non-controlling interests		-	-
Comprehensive (loss)/profit for the period		(15 885)	(5 456)
Attributable to:			
Parent company's shareholders		(15 885)	(5 456)
Non-controlling interests		-	-

* Certain numbers shown here do not correspond to those in the 31 March 2013 financial statements due the changes in the consolidated financial statements as of 30 September 2013.

Consolidated statement of financial position for the period ended 31 March 2014 (not audited)

ASSETS	Notes	31.03.2014 *TEUR*	01.10.2013 *TEUR*
Non-current assets :			
Intangible assets		10 150	11 427
Property, plant and equipment	**[6]**	31 111	32 989
Long-term financial assets		1 174	1 135
Deferred tax asset		5 177	2 832
		47 612	**48 383**
Current assets:			
Inventories	**[7]**	82 408	65 775
Short-term financial assets	**[8]**	21 659	24 932
Trade receivables	**[8]**	33 484	47 423
Taxes receivable		446	134
Prepayments		3 410	3 765
Other short-term assets	**[8]**	10 152	7 538
Cash and cash equivalents	**[9]**	7 583	4 712
		159 142	**154 279**
		206 754	**202 662**
LIABILITIES AND EQUITY			
Equity attributable to shareholders of parent company	**[10]**		
Share capital		2 025	2 025
Foreign currency translation reserve		(10 218)	(4 907)
Retained Earnings		3 361	4 094
Current year profit		(10 574)	(733)
		(15 406)	**479**
Non-controlling interests		0	0
		(15 406)	**479**
Non-current Liabilities:			
Long-term borrowings	**[11]**	58 089	57 911
Other long-term liabilities		1 093	652
Deferred tax liability		52	119
		59 234	**58 682**
Current liabilities:			
Provisions		2 008	2 203
Short-term borrowings	**[11]**	89 643	102 614
Trade accounts payable	**[11]**	53 963	20 891
Income tax payable		195	552
Advances received	**[11]**	9 752	4 605
Other short-term liabilities	**[11]**	7 365	12 636
		162 926	**143 501**
		206 754	**202 662**

Consolidated statement of changes in shareholders' equity for the period ended 31 March 2014 (not audited)

TEUR	Share capital	Contributions to implement the capital increase resolved	Foreign currency translation reserve	Retained Earnings	Consolidated net profit/ loss	Total equity
As of 30 September 2012	**25**	**2 000**	**97**	**(1 078)**	**5 172**	**6 216**
Capital increase	*2 000*	*(2 000)*	-	-	-	-
Reclassifications	-	-	-	*5 172*	*(5 172)*	-
Loss fort he year	-	-	-	-	*(733)*	*(733)*
Other comprehensive loss	-	-	*(5 004)*	-	-	*(5 004)*
Total comprehensive loss	*2 000*	*(2 000)*	*(5 004)*	*5 172*	*(5 905)*	*(5 737)*
As of 30 September 2013	*2 025*	-	*(4 907)*	*4 094*	*(733)*	*479*
Reclassifications	-	-	-	*(733)*	*733*	-
Loss fort he year	-	-	-	-	*(10 574)*	*(10 574)*
Other comprehensive loss	-	-	*(5 311)*	-	-	*(5 311)*
Total comprehensive loss	-	**-**	(5 311)	(733)	(9 841)	**(15 885)**
As of 31 March 2014	**2 025**	**-**	**(10 218)**	**3 361**	**(10 574)**	**(15 406)**

Consolidated cash flow statement for the period from 1 October 2013 till 31 March 2014 (not audited)

	01.10.2013 - 31.03.2014 *TEUR*	01.10.2012 - 31.03.2013 *TEUR* * restated
OPERATING ACTIVITIES		
(Loss)/profit for the period	(10 574)	(5 299)
Amortization, depreciation and impairment of non-current assets	1 545	1 150
Loss/(gain) on disposal of property, plant and equipment	(37)	417
Net foreign exchange gains / (losses), net	4 104	(133)
Interest expenses	7 651	5 859
Interest income	(811)	(123)
Income taxes recognized in profit or loss	(2 405)	(269)
Operating profit/(loss) before changes in working capital and provisions	**(527)**	**1 602**
Change in inventories	(25 410)	(15 818)
Change in trade receivables and prepayments	9 245	(247)
Change in other receivables and assets	(239)	8 156
Change in trade payables and advances issued	46 257	34 396
Change in other liabilities	(4 022)	5 838
Cash flows from operations before income taxes and interest paid	**25 304**	**33 927**
Income taxes paid	(976)	(456)
Interest paid	(4 646)	(5 988)
Interest received	470	81
Cash flows from operating activities	**20 152**	**27 564**
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1 343	79
Acquisition of property, plant and equipment	(4 318)	(8 078)
Cash used in issuance of other financial assets	(10 864)	(22 897)
Proceeds from settlement of other financial assets	8 152	10 849
Cash flows from investing activities	**(5 687)**	**(20 047)**
FINANCING ACTIVITIES		
Proceeds from borrowings	78 494	87 273

Repayment of borrowing	(93 727)	(89 956)
Payment of finance lease liabilities	(535)	(590)
Cash flows from financing activities	**(15 768)**	**(3 273)**
Net increase/(decrease) in cash and cash equivalents	(1 303)	4 244
Cash and cash equivalents at beginning of the period	**4 712**	**2 613**
Effect of exchange rate fluctuations on cash and cash equivalents	4 174	103
Cash and cash equivalents at end of the period	**7 583**	**6 960**

* Certain numbers shown here do not correspond to those in the 31 March 2013 financial statements due the changes in the consolidated financial statements as of 30 September 2013.

NOTES TO THE GROUP INTERIM FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 OCTOBER 2013 TO 31 MARCH 2014

1. Company information

The Group interim consolidated financial statements for the six months ended 31 March 2014 were authorized for issue in accordance with a resolution of the company's management on 30 June 2014.

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 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.

2. Basis for preparing the balance sheet and the change of accounting methods

Basis for preparing the balance sheet

The interim consolidated financial statements for the six months ended 31 March 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 30 September 2013.

The consolidated interim financial statements are presented in Euros and all values are rounded to the nearest thousand (EUR thousand), except when otherwise indicated.

The Group interim consolidated financial statements dated 31 March 2014 were not subjected to checking or review by a German public auditor.

New accounting regulations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 September 2013, except for the adoption of new standards and interpretations effective as of 1 October 2013.

In addition to the standards and interpretations considered for 30 September 2013, the following standards and interpretations were applied for the first time, which had no effect on the Group interim consolidated financial statement.

Amendments to IFRS 10, IFRS 12 and IFRS 27. These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Amendments to IAS 32. These amendments clarify the meaning of ’currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Amendments to IAS 39. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has no derivatives.

Amendments to IAS 36. These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. These amendments have no impact to the Groups as the Group has no impairment loss in current or previous periods.

3. Seasonal influences on business activity

Due to the seasonal character of the company's activities, the influences on the individual quarters of a financial year differ considerably. Between 65 and 70% of all revenues are achieved from April to September. This seasonality can lead to considerable fluctuations in the result from one quarter to another.

4. Group structure

On 31 March 2014, the Group structure consisted of the parent company and 13 foreign companies in which Ekotechnika GmbH holds the majority of capital and voting rights.

On 11 November 2013 Ekotechnika GmbH bought 30% of shares of Niva Control GmbH, Walldorf, at price EUR 15 thousand. Niva Control GmbH, Walldorf, was officially entered in the Mannheim Commercial Register on 17 October 2013 under the Entry No. HRB 718008.

5. Goodwill

Goodwill is tested for impairment annually (on 30 September).

The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations.

The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 September 2013.

6. Non-current assets

The decrease of property, plant and equipment by EUR 1,878 thousand resulted predominantly from fluctuation by presentation rate from 43.65 on 30 September 2013 to 49.05 on 31 March 2014.

7. Inventories

Inventories increased seasonally from EUR 65,775 thousand to EUR 82,408 thousand as a result of inventory buildup with respect to the main sales season.

8. Receivables and other current assets

Trade receivables dropped significantly by EUR 13,939 thousand compared to the start of the financial year. The decline was the result of seasonal variations and serious work performed by management for improving of receivables collectability.

The repayment received for a loan sharply reduced the short-term financial assets by EUR 3,273 thousand to EUR 21,659 thousand. The short-term financial assets mainly represented by short-term loans issued to related parties.

Other assets rose significantly by EUR 2,614 thousand compared to 30 September 2013. The strong rise is essentially attributable to an increase of VAT receivables resulting from inventory buildup.

9. Cash and bank balances

This line item continues to include cash and credit institution funds available with an original term of no more than three months.

10. Equity capital

Share capital remains stable. The currency translation reserves have entirely decreased due to currency effects reported directly in equity. Taking into account negative financial result for the reporting period negative equity in amount of EUR 15,406 thousand (30.09.13: + EUR 479 thousand) is represented. In June 2014, an additional payment to the capital reserve in the amount of EUR 6 million was made.

11. Liabilities

Liabilities comprise the following:

	31.03.2014 TEUR	01.10.2013 TEUR
Remaining term up to 1 year	**89 643**	**102 614**
thereof secured bank loans	84 336	100 217
thereof corporate bond	5 209	2 292
thereof non-banks loans	98	104
Remaining term 1-5 years	**58 089**	**57 911**
thereof corporate bond	58 089	57 911
	147 732	**160 525**

As of 30 March 2014, short-term borrowings amounted to EUR 89,643 thousand, which is EUR 12,971 thousand below the level on 30 September 2013. Non-current financial liabilities increased slightly by EUR 178 thousand to EUR 58,089 thousand.

Trade payables increased by EUR 33,072 thousand to EUR 53,963 thousand. This is attributable to seasonal variations associated with the buildup of inventories.

Advances received also increased from EUR 4,605 thousand to EUR 9,752 thousand due to seasonal effects.

The greatest share of other current liabilities comprises VAT amounting to EUR 3,448 thousand (prior year EUR 9,033 thousand). The decrease of other current liabilities is also due to seasonal effects.

12. Revenues

Revenues comprise the following:

	01.10.2013 - 31.03.2014 TEUR	01.10.2012 - 31.03.2013 TEUR
Agricultural machinery	48 185	59 393
Spareparts	13 376	8 600
Fuel	1 192	1 087
Construction services	902	1 076
	63 655	**70 156**

13. Other operating income

The other operating income is constituted as follows:

	01.10.2013 - 31.03.2014 TEUR	01.10.2012 - 31.03.2013 TEUR
Reimbursement of guarantee costs	618	494
Contractual fines and penalies	524	392
Currency remeasurement gain	336	46
Reimbursement of marketing expenses	145	242
Other income	508	433
	2 131	**1 607**

The other income is commissions and compensation for agents, transport and storage services and rental income.

14. Cost of goods and services sold

Cost of goods and services sold comprise the following:

	01.10.2013 - 31.03.2014 TEUR	01.10.2012 - 31.03.2013 TEUR
Cost of agricultural machinery	39 590	50 034
Cost of spare parts	10 212	6 105
Cost of fuel	941	742
Cost of rendering construction services	380	840
Cost other	21	259
	51 144	**57 980**

15. Payroll expenses

Payroll expenses break down as follows:

	01.10.2013 - 31.03.2014 TEUR	01.10.2012 - 31.03.2013 TEUR
Wages and salaries	4 332	3 345
Bonuses	1 765	1 948

Social and pension costs	1 439	1 212
	7 536	**6 505**

16. Other operating expenses

The other operating expenses comprise the following:

	01.10.2013 - 31.03.2014 TEUR	01.10.2012 - 31.03.2013 TEUR
Currency remeasurement loss	2 432	226
Marketing and advertising expenses	765	954
Travel and representation expenses	506	638
Repairment and maintenance	437	488
Materials for warrantee	433	359
Transportation expenses	393	523
Fuel expenses	392	406
Rent expenses	391	417
Other taxes	274	286
Audit, consulting and legal fees	247	277
Utilities	205	336
Insurance	201	165
Cost of workshop	191	176
Communication expenses	190	196
Bad debt expenses/recovery	43	(189)
Other expenses	1 013	1 098
	8 113	**6 356**

17. Financial income / Financial expenses

Financial income comprises the following:

	01.10.2013 - 31.03.2014 TEUR	01.10.2012 - 31.03.2013 TEUR
Currency remeasurement gain FINEX	-	154
Interest income	811	123
Other financial income FINEX	16	-
Financial income	**827**	**277**

Interest income in the amount of EUR 811 thousand (prior year EUR 123 thousand) resulted entirely from lending.

Financial expenses comprise the following:

	01.10.2013 - 31.03.2014 TEUR	01.10.2012 - 31.03.2013 TEUR
Interest expenses	7 651	5 859
Currency remeasurement loss	4 104	21
Bank charges	844	668

Other financial expenses	121	90
Financial expenses	**12 720**	**6 638**

18. Income tax expense

Income tax expense is constituted as follows:

	01.10.2013 - 31.03.2014 TEUR	01.10.2012 - 31.03.2013 TEUR
Current tax expense		
Current year income tax expense	294	(124)
Deferred taxes		
Recognition and reversal of temporary differences	(2 699)	(145)
Income tax (credit)/expense	**(2 405)**	**(269)**

A tax rate of 20% applies for Russian subsidiaries. The tax rate was applied in calculating the deferred tax assets and liabilities. A tax rate of 25% was applied for the German companies.

19. Business activities with related parties

Beginning from 01 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 shareholder and managing directors of EkoTechnika GmbH are considered management members in key positions.

Trading activities

In the course of the reporting period, Group companies conducted the following transactions with related companies and persons not belonging to the Group.

	01.10.2013 – 31.03.2014 TEUR	01.10.2012 – 31.03.2013 TEUR
Sale of agricultural machinery	3 618	1 426
Sale of spareparts	562	519
Revenue from rendering of construction services	864	212
Sale of fuel products	165	32
Revenue from rendering of services	86	8
Purchase of goods and other services	80	44
Other income	177	4

Receivables and payables from and to related companies and persons

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

	31.03.2014 TEUR	01.10.2013 TEUR
Trade and Other short-term assets	14 993	20 369
Trade accounts payable and Other short-term liabilities	1 797	1 699

Financing and investing activities

The Group companies conducted the following financing transactions with related companies and persons not belonging to the Group during financial year:

	31.03.2014 TEUR	01.10..2013 TEUR
Other financial assets	21 914	25 060
Other financial liabilities	-	-

	01.10.2013 – 31.03.2014 TEUR	01.10.2012 – 31.03.2013 TEUR
Interest income	531	0

20. Other information

The average head count in the Group during the reporting period was 749 employees (prior year 646).

Of these, 289 (prior year 275) work in administration, 238 (prior year 192) in customer service, and 222 (prior year 179) in machinery sales.

21. Release

The Group interim financial statement of Ekotechnika GmbH for the period from 1 October 2013 to 31 March 2014 was approved for publication by the executive management on 30 June 2014.

Walldorf, 30 June 2014

Wolfgang Blaesi
Managing Director

Olga Ohly
Managing Director