EKOTECHNIKA

UNAUDITED GROUP INTERIM FINANCIAL STATEMENT FOR THE PERIOD FROM 1 OCTOBER 2016 TO 31 MARCH 2017

Modern equipment for efficient farming

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FOREWORD OF THE EXECUTIVE BOARD

STEFAN DÜRR
Management Board Member

BJOERNE DRECHSLER
Management Board Member

Despite market conditions remaining difficult for agricultural equipment dealers in Russia, our business continued to grow in the first half of the financial year 2016/17.

Dear shareholders and friends of Ekotechnika AG,

In the first half of the financial year 2016/17 our business continued to grow although market conditions for agricultural equipment dealers in Russia remain difficult with a very high competitive pressure. The market for agricultural machinery is stabilising due to the improved income situation of our customers.

The sector of imported agricultural equipment also saw a minor growth, nonetheless the market is dominated by local producers who receive subsidies and are significantly cheaper today than imported equipment. This is especially important in regions with low yields per hectare where high investment volumes are difficult to finance.

The prices for agricultural commodities nominated in Russian Rubles where at an elevated level for the last six month what made our customers spending more on machinery as we can clearly see in our machinery sales. Unfortunately, we do not see this trend continuing and the lower Ruble based commodity prices will certainly have an impact on our sales of new machinery further on.

The Russian Ruble together with crude oil strengthend from a first half year average 2015/2016 of 77.28 to 65.42 in 2016/2017. This makes imported machinery more competitive compared to local manufacturers. The central bank key rate are now at 9.25% with an inflation below 4% which should result in further rate reductions in the near future.

The sales of new equipment grew by 18% which by now represents 60% (PY 63%) of the turnover. Here the John Deere brand is clearly dominant with a share in sales of 74%. This share will rise in the future even further due to our exclusive strategy which focuses on John Deere products. The second largest supplier is JCB with a share of 11%. We expect that the trade with new equipment will remain very volatile and will be characterized by low margins. The goal is to capture more spare parts business and sell more services to our customers. The fact that we are on the right course here is underlined by the growth rate of 42% and an improved margin of 25% (PY 21%) in our spare parts sales. The total share of spare parts sales in the turnover is now at a level of 34% (PY 29%). We consider that we will be able to protect the level of margins in the future through customer proximity and extended services. For John Deere and JCB we have chosen strategies for deepening our activities into the service and spare parts business such as engine overhaul operations, advanced remote maintenance and services in smart farming.

Practically we are the market leader in all regions of our responsibility, with a market share for tractors of about 40% - 55%.

Even though the financing situation has improved, the financing costs still remain high limiting the investment volumes by a very large extend. Here the subsidized financing for local producers make them even more inexpensive.

Thank you very much for your trust.

Yours sincerely,

Stefan Dürr | Bjoerne Drechsler

Ekotechnika AG, Walldorf
Interim Group management report to 31 March 2017

INTERIM GROUP MANAGEMENT REPORT

1. ECONOMIC BASIS OF THE GROUP

1.1 The Group’s business model

The business of the Ekotechnika Group, of which the parent company is Ekotechnika AG, consists of trading in agricultural machinery. The scope of services includes trading in machinery (advice, purchasing and sales), trading in spare parts and the provision of services. The Group’s sole sales market is Russia. Some machinery and parts are purchased in Western Europe or North America. A large part of the products is now made or assembled directly in Russia by subsidiaries of foreign suppliers and purchased there. On the Russian market, the Group’s companies trade under the EkoNiva-Technika brand. The Group’s main supplier is the world’s largest, market leading agricultural machinery manufacturer Deere & Company of Moline, Illinois, USA. Other well-known suppliers that complement the product portfolio include JCB from Great Britain (telescopic handlers) and others. This year, we switched from many of the complement products solely to the John Deere product line, following up the company's strategy of exclusivity. This will result in a more integrated functionality of pull type equipment into the John Deere precision farming concept with improved profitability for our customers.

2. ECONOMIC REPORT

2.1 Macroeconomic and industry-related framework

Russia Macro Development

After almost two years of recession, Russia has entered a path to recovery. With global growth and trade starting to strengthen at the end of 2016, Russia’s economy showed signs of overcoming the recession caused by the shocks of low oil prices and economic sanctions. Tradable sectors benefitted from the relative price adjustment and stabilizing commodity prices in the second half of 2016, and became the main drivers of economic growth, partly through increased exports. There was a positive momentum in non-tradable sectors as well, which slowed the pace of contraction compared to 2015. In 2016, Russia’s GDP contracted by 0.2 percent, compared to a 2.8 percent contraction in 2015, with the economy bottoming out in the first quarter of 2016. The incipient positive momentum appears to have spilled into 2017. In the first quarter of 2017, GDP grew by 0.7 percent. In the first four months of 2017, industrial production expanded by 0.7 percent. In the first quarter of 2017, agriculture also grew by 0.7 percent.

A moderate recovery of the global economy is expected for 2017, on the back of continued solid growth by commodity importers and a pickup in commodity exporters during the year. Russia is heading toward a moderate growth rate over the 2017-to-2019 period (between 1.3% and 1.4%), supported by rising oil prices and macroeconomic stability.

For Russia, growth adjustment happened earlier than for many oil exporters, reflecting the early impact of economic sanctions and the high inflation associated with the introduction of a floating exchange-rate regime.

Despite adverse terms-of-trade conditions in 2016 and continued restrictions on Russia’s access to international capital markets, the balance of payment remained stable.

The medium-term prognosis of the Russian economy is favorable. Projected growth rates are between 1.3% to 1.4% percent in the forecasting period of 2017-2019. Among factors driving this recovery, maintaining macro stability and high oil prices are the most influential.

2.2. Agricultural industry Russia

In the face of ongoing food sanctions, Russia has taken a typically bullish stance. The Russian government has turned towards domestic agriculture, its eye firmly fixed on achieving self-sufficiency.

Russia aims to increase agriculture production by 24.8% by 2020. By then Russia becomes self-sufficient in food production. Since that the agricultural sector has shifted into overdrive, with record-breaking production levels being recorded.

The country has reaffirmed its position as the world’s leading exporter of wheat, shipping approximately 23.5 million tons worldwide in 2016. Agricultural exports totaled $15 billion in 2016 – the first time in history such exports had matched Russian arm sales.

Grain might be leading the charge, but other key agriproducts are seeing increased volumes too – especially meat. Rosstat figures say January-July 2016 witnessed a 13.3% rise in meat output, compared with the same period in 2015.

Production of beef, which had been declining in 2015, grew 3.6% reaching 364.2 thousand tons through 2016's first half. Pork, a mainstay of Russia menus, rose 15.4% to 1.38 million tons. Poultry production rose to a total of 2.37 million tons, growing by 5.7%, across the review period.

Dairy is a big focus for Russia's agro-sector too. The government has set a self-sufficiency target of 90%. Currently, Russian dairy farmers are meeting between 72-75% of demand.

Subsequently, the Russian government has set aside $9 billion USD to develop the agriculture sector before 2020's looming self-sufficiency deadline. This sum includes state subsidies for Russian agricultural producers, in order for farmers to be able to invest in cutting-edge technology to bump up output levels.

2.3 Agricultural machinery business in Russia

The market for agricultural machinery is expanding since the second half of 2016. The latest development shows a strong growth in demand and that the market share that was lost to local producers is slowly returning to imported equipment. This trend will continue with a stable or strengthening ruble rate. But nonetheless many western producers will continue to look for local production opportunities to utilize the changed conditions in the competiveness of Russia. Also the John Deere Company is moving towards a local production strategy to cover the growing need of machinery in Russia and to detach the business from external shocks, economically and politically.

2.4 Course of business

Our company saw increasing sales in the first six month of this financial year, with a stable growing demand for new high priced machinery. We are working hard to improve our aftersales business and explore new activities, especially in smart farming that will drive efficiency of our customers and increase their profits. In our opinion this is the key for future sales – the market will turn to a more solution based approach then sole machinery sales. The strong USD weakened our competitive edge in comparison to Euro based producers. Our customer base and the whole agricultural sector continues to consolidate and is showing a strong tendency towards larger holding structures of Ekotechnika's clients. The share of key customers in our sales is rising.

3. Business performance

3.1 General statement regarding business performance

The agricultural equipment trade in Russia is subject to strong seasonal influences. From October to March, business volume is traditionally lower than in the second half of our financial year - from April to September.

The comparative figures in the balance sheet of this Group interim financial statement refer to 30 September 2016; the comparison for the statement of comprehensive income and the cash flow statement is with the period from 1 October 2015 to 31 March 2016. The prior year figures in the statement of changes in equity refer to the period from 1 October 2015 to 31 March 2016.

3.2 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 65.42 compared to 77.28 in the prior year's period.

Total Group sales in the reporting period amounted to EUR 55,175 thousand (prior year EUR 44,883 thousand), thereof 60.1% or EUR 33,139 thousand attributable to the sale of agricultural machinery (prior year EUR 28,142 thousand or 62.7%). The sale of spare parts accounted for 33.8% or EUR 18,640 thousand (prior year EUR 13,152 thousand or 29.3%). The sale of lubricants accounted for EUR 1,288 thousand (prior year EUR 1,007 thousand). The sale of tires and trade-in machinery accounted for EUR 626 thousand (prior year EUR 591 thousand) and

EUR 369 thousand (prior year EUR 722 thousand) correspondently. Services brought in EUR 1,113 thousand (prior year EUR 1,269 thousand). This represents overall revenue increase of 22.9% over the same period last year (which is only 4,1% after adjusting by prior year rate).

Other operating income amounting to EUR 1,784 thousand (prior year EUR 984 thousand) resulted largely from currency translation differences.

The key share of expenses is attributable to the costs of agricultural machinery (EUR 26,991 thousand, prior year EUR 22,701 thousand) and spare parts sold (EUR 13,995 thousand, prior year EUR 10,341 thousand).

Gross profit (revenue minus costs for goods sold) increased by some 20.7% to EUR 12,155 thousand (prior year EUR 10,072 thousand). Adjusted for currency (based on the prior year's rate) this amounted to a decrease of some 2.2%.

Payroll expenses of EUR 4,640 thousand (prior year EUR 4,116 thousand) included wages and salaries as well as social insurance and comparable contributions. Adjusted for currency this amounted to a decrease of some 4.6%.

Amortization, depreciation and impairment amounting to EUR 874 thousand (prior year EUR 927 thousand) were not a large share of total costs.

Other operating expenses of EUR 4,375 thousand (prior year EUR 4,089 thousand) were essentially made up by administrative expenses as well as other tax expenses, marketing, advertising, and travel expenses. During the period there was dual trend. From one side we can consider increase of other operating expenses in comparison with reference period which is based on currency effect, additional bad debt expenses and some expenses due to additional tax risk accrual. On the other side we can see decrease of expenses on foreign exchange differences, administration expenses and marketing and advertising expenses.

Earnings before interest, tax, depreciation and amortization (EBITDA) amount to EUR 4,924 thousand income (prior year EUR 2,851 thousand income), earnings before interest and tax (EBIT) amount to EUR 4,050 thousand income (prior year EUR 1,924 thousand income). Currency exchange losses are reflected particularly here.

The net financial income and expenses in the amount of EUR 1,347 thousand loss (prior period EUR 57,416 thousand) essentially consist of income of EUR 1,370 thousand (prior period EUR 1,314 thousand) and expenses of EUR 2,717 thousand (prior period EUR 4,239 thousand). The interest expense has been reduced from EUR 2,684 thousand to EUR 2,031 thousand. There are two main impacts – in comparison period there was still accounted bond interest of EUR 353 thousand. The second is the overall reduction of interest rates after the successful financial restructuring. In previous year there has been a financial income from the debt-to-equity swap of EUR 60,341 thousand which was a one-time effect. Such a trend leads to earnings before taxes (EBT) of EUR 2,703 thousand income (prior year EUR 59,340 thousand). After income tax expenses of EUR 324 thousand (prior year EUR 611 thousand), a net income of EUR 2,379 thousand remains for the period (prior year EUR 58,729 thousand).

3.3 Asset position

Of total assets amounting to EUR 94,426 thousand (prior year EUR 72,819 thousand), approximately 26.9% (EUR 25,373 thousand, prior year EUR 29,944 thousand or about 41.1%) are classified as non-current assets. These essentially include property, plant and equipment (EUR 22,123 thousand, prior year EUR 19,148 thousand).

Property, plant and equipment predominantly comprise buildings (including facilities under construction) and means of transportation. The total net book value of these items comprises EUR 21,250 thousand (96% of total property, plant and equipment) comparing to EUR 18,374 thousand (96%) prior year.

One third of current assets (EUR 69,053 thousand, prior year EUR 42,875 thousand) in the amount of EUR 21,611 thousand (prior year EUR 16,125 thousand) consist of inventories – 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 and currency translation effects. Also the trade receivables increased by EUR 9,447 thousand of which EUR 3,125 thousand are currency translation effects. The remaining increase of EUR 6,322 results from increased sales in general and beginning of the March sales season in particular.

3.4 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 78,318 thousand (prior year EUR 60,249 thousand). The Group’s non-current financial liabilities amounted to EUR 243 thousand (prior year EUR 92 thousand). Current debt capital totaling EUR 78,075 thousand (prior year EUR 60,157 thousand) essentially consists of bank liabilities of EUR 31,725 thousand (prior year EUR 26,796 thousand), liabilities to suppliers of EUR 24,246 thousand (prior year EUR 17,505) and advances received in the amount of EUR 11,946 (prior year EUR 3,465 thousand) as well other financial liabilities in the amount of EUR 3,708 thousand (prior year EUR 3,831 thousand).

3.5 Cash flow statement

In the reporting period, the operational cash flow before changes in working capital was EUR 3,914 thousand (prior year EUR 2,136 thousand). The Group has negative cash flow in amount of EUR 2,546 thousand (prior year EUR 2,433 thousand positive cash flow) due to increase of inventory which occur because of stock build up for the upcoming high sales period. The increase of trade receivables and prepayments (EUR 7,833 thousand, prior year EUR 4,624 thousand) had a negative effect on cash flow. Thus, a cash outflow from operations resulted in the amount of EUR -741 thousand (prior year EUR +11,615 thousand). The operational cash flow after taxes and interest paid comprised EUR -2,877 thousand (prior year EUR 9,088 thousand).

Cash outflow of EUR 4,338 thousand (prior year EUR 8,830 thousand) was made up mainly of loans given to another party, predominantly to the related party.

The Group has an insignificant negative cash flow amounting to EUR 32 thousand (prior year EUR -612 thousand) resulting from external financing.

4. 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 relations with key suppliers, most of all John Deere & Co. (Moline, Illinois, USA) – the international market leader for agricultural equipment – and JCB (Rocester, UK), as well as 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 oil price. 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:
The Russian central bank is following a strict free float policy. So we can expect the oil price as it represents the largest export commodity to have also in the future a substantial influence on the exchange rate. We understand that a lower oil prices and thus a weaker Ruble is improving the general performance of the agricultural sector but weakening the competitive position of our mostly imported merchandize. By now we do not see any extensive fluctuations of the Ruble in the close future. However it has to be mentioned the any increase in volatility directly influences the investment climate in a negative manner.

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 March 2017 also. Although some relaxation signals are perceived in the last year, the further progress cannot be reliably predicted.

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.

5. RISKS AFFECTING FINANCIAL POSITION

The Ekotechnika Group had equity capital in the amount of EUR 16,108 thousand as of 31 March 2017. Executive management is working to further 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.

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 2016/17 Group interim financial statement was compiled, the 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 2017 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.

6. FORECAST OF EXPECTED DEVELOPMENTS

Overall economic trend

The current economic trend global and local in Russia is having a stable to improving outlook. There are no major visible fluctuations in economic activity. The trend to a stabilizing of the Russian economy is expected next year.

Performance of the agricultural sector

We expect the Ruble exchange rate to be kept around the same level as now. This level is lowering the competitive advantage of Russian agricultural producers that are oriented on export commodities as e.g. grain cultures. These sectors will probably underperform in the close future. In contrast producers with a broader value chain as meat and milk producers will probably continue to outperform and generate further growth. On top of this we see many agricultural commodities on a very low level so that this could be a source of profit improvement in the close future.

Development of the Ekotechnika Group

The last 6 month the management was focused on gaining market share and driving sales. Even though we have increased spare parts sales significantly we were able to keep the costs under control and are keeping a tight budget policy. This should be a path for the future. Also the working capital was not increased as much as in earlier periods. Noticeable is also an improvement in the cost of financing which has been reduced to a much lower level due to interest rate reduction. The management is working to aim the financing towards more long-term borrowing.

The management currently assumes that the presented corporate planning in the annual financial statements will be achieved.

Walldorf, 6 June 2017

Stefan Duerr
Management Board
Member

Bjoerne Drechsler
Management Board
Member

EKOTECHNIKA AG, Walldorf
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FROM 1 OCTOBER 2016 TO 31 MARCH 2017 (UNAUDITED)

Ekotechnika AG, Walldorf
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31.03.2017 EUR'000	30.09.2016 EUR'000
Non-current assets			
Intangible assets		56	50
Property, plant and equipment	13	22,123	19,148
Long-term loans issued	15	3,194	10,746
Deferred tax assets		-	-
		25,373	**29,944**
Current assets			
Inventories	14	21,611	16,125
Short-term loans issued	15	17,003	3,431
Trade receivables	15	21,531	12,084
Taxes receivables	15	75	244
Prepayments	15	2,418	906
Other financial assets	15	289	142
Other short-term assets	15	5,156	2,650
Cash and cash equivalents	16	970	7,293
		69,053	**42,875**
		94,426	**72,819**

LIABILITIES AND EQUITY

	Notes	31.03.2017 EUR'000	30.09.2016 EUR'000
Equity attributable to shareholders of parent company			
Share capital	17	3,140	3,140
Additional paid in capital	17	6,830	6,830
Foreign currency translation reserve	17	(16,227)	(17,386)
Retain earnings/(losses)		19,992	(42,314)
Income for the period		2,362	62,306
		16,097	**12,576**
Non-controlling interests		11	(6)
		16,108	**12,570**
Non-current liabilities			
Long-term borrowings		-	-
Other long-term liabilities		243	92
Deferred tax liabilities		-	-
		243	**92**
Current liabilities			
Provisions		1,697	1,451
Short-term borrowings	19	32,450	27,486
Trade accounts payable	19	24,246	17,505
Income tax payable		532	314
Advances received	19	11,946	3,465
Other financial liabilities	19	3,708	3,831
Other short-term liabilities	19	3,496	6,105
		78,075	**60,157**
		94,426	**72,819**

Ekotechnika AG, Walldorf
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Revenues	5	55,175	44,883
Cost of goods and services sold	6	(43,020)	(34,811)
Gross profit		**12,155**	**10,072**
Other operating income	7	1,784	984
Payroll expenses	8	(4,640)	(4,116)
Depreciation, amortization and impairment		(874)	(927)
Other operating expenses	9	(4,375)	(4,089)
		(8,105)	(8,148)
Operating profit		**4,050**	**1,924**
Financial income from debt-to-equity swap		-	60,341
Financial income	10	1,370	1,314
Financial expenses	10	(2,717)	(4,239)
		(1,347)	57,416
Income before tax		**2,703**	**59,340**
Income tax expense	11	(324)	(611)
Income for the period		**2,379**	**58,729**
Attributable to:			
Parent company's shareholders		2,362	58,725
Non-controlling interests		17	3
Other comprehensive income/(loss) for the period			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1,159	(6,623)
Attributable to:			
Parent company's shareholders		1,159	(6,623)
Non-controlling interests		-	-
Comprehensive income for the period		**3,538**	**52,106**
Attributable to:			
Parent company's shareholders		**3,521**	**52,102**
Non-controlling interests		**17**	**(2)**
Earnings per share		**0.75**	18.70
Shares Series A	18	0.96	23.85
Shares Series B	18	0.55	13.75

Ekotechnika AG, Walldorf
CONSOLIDATED CASH FLOW STATEMENT

	Notes	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
OPERATING ACTIVITIES			
Income for the period		2,379	58,728
Amortization, depreciation and impairment of non-current assets		874	927
(Gain) on disposal of property, plant and equipment		(45)	(41)
Net foreign exchange (gains)/losses, net		(519)	370
Financial income from debt-to-equity swap		-	(59,989)
Interest expense	10	2,031	2,684
Interest income	10	(1,271)	(1,185)
Income taxes recognized in profit or loss	11	324	611
Other non-cash items		141	31
Operating profit before changes in working capital		**3,914**	**2,136**
Change in inventories		(2,546)	2,433
Change in trade receivables and prepayments		(7,833)	(4,624)
Change in other receivables and assets		(2,035)	(61)
Change in trade payables and advances received		11,882	12,033
Change in other liabilities		(4,123)	(302)
Cash flows from operations before income taxes and interest paid		**(741)**	**11,615**
Income taxes paid		(152)	(379)
Interest paid		(1,989)	(2,234)
Interest received		5	86
Cash flows from operating activities		**(2,877)**	**9,088**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		68	171
Acquisition of property, plant and equipment		(253)	(451)
Acquisition of intangible assets		(14)	(29)
Cash used in issuance of other financial assets		(5,428)	(12,000)
Proceeds from settlement of other financial assets		1,289	3,479
Cash flows from investing activities		**(4,338)**	**(8,830)**
FINANCING ACTIVITIES			
Proceeds from the issue of share capital		-	1,520
Proceeds from additional paid in capital		-	1,520
Proceeds from borrowings		40,476	43,214
Repayment of borrowing		(40,195)	(46,642)
Payment of finance lease liabilities		(313)	(224)
Cash flows from financing activities		**(32)**	**(612)**
Net decrease in cash and cash equivalents		(7,247)	(354)
Cash and cash equivalents at beginning of year		7,293	1,177
Effect of exchange rate fluctuations on cash and cash equivalents		924	(33)
Cash and cash equivalents at end of year		**970**	**790**

Ekotechnika AG, Walldorf
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR'000	Share capital	Additional paid in capital	Foreign currency translation reserve	Retain earnings/(losses)
As of 01 October 2015	**2,025**	**6,000**	**(16,973)**	**(23,681)**
Reduction of paid in capital	-	(6,000)	-	6,000
Reduction of share capital	(1,944)	-	-	1,944
Capital increase (swap)	1,539	5,310	-	-
Increase of share capital	1,520	1,520	-	-
Reclassifications	-	-	-	(26,577)
Income/(loss) for the period	-	-	-	-
Other comprehensive income/(loss)	-	-	(344)	-
Total comprehensive income/(loss)	-	-	(344)	-
As of 31 March 2016	**3,140**	**6,830**	**(17,317)**	**(42,314)**
As of 01 October 2016	**3,140**	**6,830**	**(17,386)**	**(42,314)**
Reclassifications	-	-	-	62,306
Income for the period	-	-	-	-
Other comprehensive income	-	-	1,159	-
Total comprehensive income	-	-	1,159	-
As of 31 March 2017	**3,140**	**6,830**	**(16,227)**	**19,992**

Consolidated net profit/loss	Equity attributable to majority shareholder	Non-controlling interests	Total equity
(26,577)	**(59,206)**	**(3)**	**(59,209)**
-	-	-	**-**
-	-	-	**-**
-	6,849	-	**6,849**
-	3,040	-	**3,040**
26,577	-	-	**-**
58,725	58,725	3	**58,728**
-	(344)	-	**(344)**
58,725	58,381	3	**58,384**
58,725	**9,064**	**(-)**	**9,064**
62,306	**12,576**	**(6)**	**12,570**
(62,306)	-	-	**-**
2,362	2,362	17	**2,379**
-	1,159	-	**1,159**
2,362	3,521	17	**3,538**
2,362	**16,097**	**11**	**16,108**

Ekotechnika AG, Walldorf
NOTES TO THE GROUP INTERIM FINANCIAL STATEMENT

1. COMPANY INFORMATION

The Group interim consolidated financial statements for the six months ended 31 March 2017 were authorized for issue in accordance with a resolution of the company's management on 6 June 2017.

Ekotechnika AG (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 over all in Europe. The second-largest supplier is JCB with a share of 11%.

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 2017 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 2016.

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 2017 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 2016, except for the adoption of new standards and interpretations effective as of 1 October 2016.

In addition to the standards and interpretations considered for 30 September 2016, the following standards and interpretations were applied for the first time, which had no effect on the Group interim consolidated financial statement.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

Annual Improvements Cycle – 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10 - B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has not interest in subsidiary classified as held for sale.

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 2017, the Group structure consisted of the parent company and 6 foreign companies in which Ekotechnika AG holds the majority of capital and voting rights. There are no changes compared to 30 September 2016.

5. REVENUES

Revenues comprise the following:

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Sale of agricultural machinery	33,139	28,142
Sale of spareparts	18,640	13,152
Sale of lubricants	1,288	1,007
Sale of tires	626	591
Sale of trade-in machinery	369	722
Revenue from rendering of services	1,113	1,269
	55,175	**44,883**

Due to the fluctuation of the ruble exchange rate against euro the average exchange rate for the reporting period was 65.42 RUB/EUR in comparison to 77.28 RUB/EUR in the previous period. That means that a decrease of approximately 18.1% y-o-y is purely related to this effect.

6. COST OF GOODS AND SERVICES SOLD

Cost of goods and services sold comprise the following:

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Cost of agricultural machinery	26,991	22,701
Cost of spare parts	13,995	10,341
Cost of lubricants	1,033	783
Cost of tires	662	609
Cost of trade-in machinery	339	377
	43,020	**34,811**

7. OTHER OPERATING INCOME

The other operating income is constituted as follows:

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
FOREX gain	686	160
Reimbursement of warranty costs	384	346
Reimbursement of marketing expenses	176	188
Contractual penalties income	78	30
Gain on FA disposals	45	41
Other income	415	219
	1,784	**984**

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

8. PAYROLL EXPENSES

Payroll expenses break down as follows:

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Wages and salaries	2,318	2,253
Bonuses	1,643	1,090
Social and pension costs	679	773
	4,640	**4,116**

9. OTHER OPERATING EXPENSES

The other operating expenses comprise the following:

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Administration expenses	1,408	1,592
Other taxes	847	474
Expenses on premises	423	396
Warranty costs	320	222
Bad debt expenses	292	15
FOREX loss	248	530
Cost of workshop	223	104
Marketing and advertising expenses	212	391
Other selling expenses	170	173
Office expenses	62	33
Contractual penalties loss	10	2
Other expenses	160	157
	4,375	**4,089**

10. FINANCIAL INCOME / FINANCIAL EXPENSES

Financial income comprises the following:

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Interest income	1,271	1,185
FOREX financial gain	81	132
Other financial income	17	(2)
	1,369	**1,315**

Interest income in the amount of EUR 1,271 thousand (prior year EUR 1,185 thousand) resulted entirely from lending.

Other financial income consists of the income of equity consolidation in associated companies amounting to EUR 17 thousand (6 months 2016: loss EUR 2 thousand).

Financial expenses comprise the following:

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Interest expenses	2,031	2,684
Bank financial charges	332	484
FOREX financial loss	-	132
Other financial expenses	353	940
	2,716	**4,240**

The main impact in the reduction of interest expense is the corporate bond, interests on which was accrued until 23 October 2015 in amount of EUR 353 thousand and due to financial improvement of interest rates.

11. INCOME TAX EXPENSE

Income tax expense is constituted as follows:

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Current tax expense Current year income tax expense / (credit)	324	707
Deferred taxes Recognition and reversal of temporary differences	-	(96)
Income tax expense	**324**	**611**

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.

12. SEGMENT REPORTING

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 March 2017 and 2016, respectively.

6 months ended 31 March 2017	Central region EUR'000	Blackearth region EUR'000	Siberian region EUR'000	All other EUR'000	Elimination and adjustments EUR'000	Consolidated income result EUR'000
Revenue	**23,514**	**27,665**	**5,357**	**215**	**(1,576)**	**55,175**
Sales of goods for resale - third parties	21,537	27,104	5,404	17	-	54,062
Sales (all) - Group companies	1,559	131	(312)	198	(1,576)	-
Revenue from rendering of services	418	430	265	-	-	1,113
Cost of goods and services sold	**(17,621)**	**(22,733)**	**(4,146)**	**(217)**	**1,697**	**(43,020)**
Gross profit/(loss)	**5,893**	**4,932**	**1,211**	**(2)**	**121**	**12,155**
Other income	1,030	602	170	3,057	(3,075)	1,784
Payroll expenses	(1,180)	(1,250)	(497)	(1,713)	-	(4,640)
Depreciation, amortization and impairment	(593)	(211)	(63)	(48)	41	(874)
Other operating expenses	(1,580)	(3,616)	(945)	(1,314)	3,080	(4,375)
Results from operating activities	**3,570**	**457**	**(124)**	**(20)**	**167**	**4,050**

6 months ended 31 March 2016	Central region EUR'000	Blackearth region EUR'000	Siberian region EUR'000	All other EUR'000	Elimination and adjustments EUR'000	Consolidate income result EUR'000
Revenue	**18,087**	**20,318**	**6,880**	**2,753**	**(3,155)**	**44,883**
Sales of goods for resale - third parties	15,726	19,425	6,041	2,423	-	43,615
Sales (all) - Group companies	1,820	428	581	326	(3,155)	-
Revenue from rendering of services	541	465	258	4	-	1,268
Cost of goods and services sold	**(15,494)**	**(15,122)**	**(5,077)**	**(2,256)**	**3,138**	**(34,811)**
Gross profit/(loss)	**2,593**	**5,196**	**1,803**	**497**	**(17)**	**10,072**
Other income	617	241	151	1,907	(1,932)	984
Payroll expenses	(1,429)	(956)	(339)	(1,392)	-	(4,116)
Depreciation, amortization and impairment	(589)	(202)	(73)	(43)	(20)	(927)
Other operating expenses	(993)	(2,579)	(800)	(52)	335	(4,089)
Results from operating activities	**199**	**1,700**	**742**	**917**	**(1,634)**	**1,924**

	01.10.2016-31.03.2017 EUR'000	01.10.2015-31.03.2016 EUR'000
Result from operating activity	**4,050**	**1,924**
Financial income from debt-to-equity swap	-	60,341
Financial income	1,370	1,314
Financial expenses	(2,717)	(4,239)
	2,703	**59,340**
Income tax expense	(324)	(611)
Income for the period	**2,379**	**58,729**

13. PROPERTY, PLANT AND EQUIPMENT

The increase of property, plant and equipment by EUR 2,975 thousand resulted predominantly from both, the fluctuation of the ruble exchange rate against the euro from 70.88 rub/eur on 30 September 2016 to 60.60 rub/eur on 31 March 2017 and depreciation of the property, plant and equipment. The impact from the currency fluctuation is approximately 17.0 % on any balance sheet item.

14. INVENTORIES

Inventories due to seasonality increased from EUR 16,125 thousand to EUR 21,611 thousand as a result of appreciation of ruble and work of management on stock building for the upcoming hot trade season. During six months ended 31 March 2017 EUR 711 thousand was recognized as an expense within cost of sales for inventories carried at net realizable value (6 months 2016: EUR 731 thousand income). These expenses are included in material costs.

15. RECEIVABLES AND OTHER ASSETS

Trade receivables increased by EUR 9,447 thousand compared to the start of the financial year. The growth was mainly the result of seasonal variations and appreciation of ruble. Impairment loss of EUR 292 thousand (6 months 2016: EUR 15 thousand) is recognized in the statement of comprehensive income under the operating expense.

The loans issued increased by EUR 6,020 thousand to EUR 20,197 thousand. The loans issued mainly represented by short-term loans issued to related parties.

Other assets increased significantly by EUR 3,996 thousand compared to 30 September 2016. The strong increase is essentially attributable to seasonality.
They mainly consist of prepayments made and VAT.

16. 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.

17. EQUITY CAPITAL

Share capital and additional paid in capital remains stable in amount of EUR 3,140 thousand and EUR 6,830 thousand correspondently. The foreign currency translation reserve represents foreign currency translation differences related to net investments in Russian subsidiaries and translation from the functional currency of Russian subsidiaries into the reporting currency of the Group. The foreign currency translation reserve is also influenced by exchange difference arising from translation of the financial statements of Russian subsidiaries denominated in rubles into euro which is used for presentation of consolidated financial statements. As of 31 March 2017 it amounted to EUR -16,227 thousand (as of 30 September 2016: EUR -17,386 thousand).

18. EARNINGS PER SHARE (EPS)

The Group has two types of shares:

- Shares Series A are only the shares that were created due to the swap of the corporate bond into equity. Shares Series A are eligible to receive a preferred dividend in case the company decides to pay any dividends.

- Shares Series B are the ones that existed before the debt-to-equity-swap plus those which were created due to capital increase against cash contribution.

If there is a dividend:

- 1. Step: 26,47% of total dividend are given to Series A shareholders only

- 2. Step: the remaining amount ist given to all Series A/B shareholders proportionally

The following table reflects the income and share data used in the basic EPS computations:

	01.10.2016-31.03.2017	01.10.2015-31.03.2016
Income for the period	2,362,000	58,725,000
Weighted average number of shares	**3,140,000**	**3,140,000**
Shares Series A	1,539,000	1,539,000
Shares Series B	1,601,000	1,601,000
Earnings per share	**0.75**	**18.70**
Shares Series A	0.96	23.85
Shares Series B	0.55	13.75

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

19. LIABILITIES

Borrowings comprise the following:

	31.03.2017 EUR'000	30.09.2016 EUR'000
Less than one year (current)	**32,450**	**27,486**
thereof secured bank loans	25,990	14,751
thereof unsecured bank loans	5,735	12,045
thereof non-banks loans	725	690
Between one and five years (non-current)	-	-
	32,450	**27,486**

Borrowings after deduction of impact from appreciation of ruble remain stable.

During 6 months ended 31 March 2017 and 2016 and until the issuance of this financial statement the Group has complied with all covenants.

Trade payables increased by EUR 6,741 thousand to EUR 24,246 thousand. This is attributable to seasonal variations associated with the build-up of stock before trade hot period.

Advances received increased significantly from EUR 3,465 thousand to EUR 11,946 thousand due to seasonal effects and change of financing source.

The greatest share of other current liabilities is VAT amounting to EUR 3,129 thousand (prior year EUR 5,541 thousand). The decrease of other current liabilities is also due to seasonal effects.

20. BUSINESS ACTIVITIES WITH RELATED PARTIES

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

The managing shareholder and managing director of Ekotechnika AG are considered management members in key positions.

Operating activities

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

		Sale of agricultural machinery	Sale of spare-parts	Sale of lubricants	Sale of tires	Revenue from rendering of services	Purchase of goods and other services	Other income
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Entities under common control	01.10.2016-31.03.2017	5,166	3,714	179	48	42	(280)	34
	01.10.2015-31.03.2016	2,106	2,649	132	38	11	(543)	31
Associates	01.10.2016-31.03.2017	-	-	-	-	-	(5)	-
	01.10.2015-31.03.2016	-	-	-	-	-	-	-
Key management personnel	01.10.2016-31.03.2017	-	-	-	-	-	(906)	-
	01.10.2015-31.03.2016	-	-	-	-	-	(458)	-
Total	01.10.2016-31.03.2017	**5,166**	**3,714**	**179**	**48**	**42**	**(1,191)**	**34**
	01.10.2015-31.03.2016	**2,106**	**2,649**	**132**	**38**	**11**	**(1,001)**	**31**

Receivables and payables from and to related companies and persons

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

		Trade receivable, other financial assets and other short-term assets EUR'000	Trade accounts payable, other financial liabilities and other short-term liabilities EUR'000
Entities under common control	31.03.2017	10,284	2,564
	30.09.2016	3,881	585
Associates	31.03.2017	6	-
	30.09.2016	2	-
Key management personnel	31.03.2017	-	940
	30.09.2016	-	463
Total	31.03.2017	**10,290**	**3,504**
	30.09.2016	**3,883**	**1,048**

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.

		Long-term loans granted EUR'000	Short-term loans granted EUR'000
Entities under common control	31.03.2017	-	15,424
	30.09.2016	10,643	2,696
Parent company	31.03.2017	-	826
	30.09.2016	-	621
Associates	31.03.2017	116	11
	30.09.2016	88	73
Total	31.03.2017	**116**	**16,261**
	30.09.2016	**10,731**	**3,390**

		Interest income EUR'000	Interest Expenses EUR'000
Entities under common control	01.10.2016 - 31.03.2017	830	-
	01.10.2015 - 31.03.2016	677	-
Parent company	01.10.2016 - 31.03.2017	204	-
	01.10.2015 - 31.03.2016	205	411
Associates	01.10.2016 - 31.03.2017	2	-
	01.10.2015 - 31.03.2016	3	-
Key management personnel	01.10.2016 - 31.03.2017	-	40
	01.10.2015 - 31.03.2016	-	8
Total	01.10.2016 - 31.03.2017	**1,036**	**40**
	01.10.2015 - 31.03.2016	**885**	**419**

		Short-term borrowings EUR'000
Entities under common control	31.03.2017	-
	30.09.2016	-
Key management personnel	31.03.2017	197
	30.09.2016	169
Total	31.03.2017	**197**
	30.09.2016	**169**

As per 31 March 2017 companies of the group have guarantees outstanding in an amount of EUR 42 thousand (30 September 2016: EUR 48 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 of this 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.

21. OTHER INFORMATION

The average headcount in the Group during the reporting period was 465 employees (6 months 2016: 506).

Of these, 160 (6 months 2016: 171) work in administration, 154 (6 months 2016: 238) in customer service, and 151 (6 months 2016: 97) in sales department.

22. RELEASE

The Group interim financial statement of Ekotechnika AG for the period from 1 October 2016 to 31 March 2017 was approved for publication by the executive management on 6 June 2017.

Walldorf, 6 June 2017

Stefan Duerr Management Board Member	Bjoerne Drechsler Management Board Member

EKOTECHNIKA

Contact:
Ekotechnika AG
Johann-Jakob-Astor-Str. 49
69190 Walldorf
T: +49 (0) 6227 3 58 59 60
E: info@ekotechnika.de
I: www.ekotechnika.de