EKOTECHNIKA

ANNUAL REPORT

from 1 October 2014 to 30 September 2015

Modern technology needs the land

CONTENTS

FOREWORD OF THE EXECUTIVE BOARD

STEFAN DÜRR
CEO

WOLFGANG BLÄSI
CFO

2015 was characterised by the difficult phase of restructuring of Ekotechnika, which we successfully completed in December. We would like to thank all parties involved for the support and trust placed in us.

Dear shareholders and friends of Ekotechnika AG,

We are pleased to present our first Annual Report as a listed joint stock company. On 17 December 2015, Ekotechnika shares (WKN A16123) were admitted to trading on the primary market of the Düsseldorf Stock Exchange. This stock market listing was preceded by a restructuring process involving significant job cuts as well as substantial concessions from our investors. We were therefore all the more pleased with the high demand for the new shares issued in the context of the swap capital increase, which was oversubscribed two-and-half times. We would like to thank everybody involved for their interest and their support in this project.

The operational and financial restructuring measures were necessary to improve our company's balance sheet and to sustain our company's competitiveness in the continued adverse market environment.
The agricultural machinery business in Russia remained very challenging in 2015. This is not least reflected in the fact that tractor business in the territory served by the Group dropped by half in the course of only two years, while sales of imported combine harvesters declined by almost 40%. The plunge in demand is attributable to the sharp increase in borrowing costs incurred by our customers, the Russian farmers. What is more, purchases of agricultural machinery from Russian manufacturers are subsidised, even though the products are not competitive in many respects. The volume contraction is also due to the uncertainty resulting from the high volatility in the Russian rouble. The weak sales of new machinery have benefited our spare parts business; having grown by one quarter in exchange rate adjusted terms, it meanwhile accounts for 29% of total sales revenues. The service segment also recorded growing sales (in roubles), which resulted in only a minor operating loss of approx. EUR -1.2 million (EBIT) at the bottom line; this amount includes approx. EUR 4.85 million in exchange losses. Financial expenses weighed heavily on our performance, with negative exchange rate effects alone accounting for over EUR 12 million, meaning that we closed the financial year with a high net loss of EUR 26.6 million.

The macroeconomic uncertainties described above make it difficult to issue a forecast for the current financial year. At the turn of the year 2015/16, the rouble again depreciated sharply in the wake of the falling oil price; it has recovered in recent days. In spite of these strong fluctuations, we expect business to stabilise in the current financial year and sales revenues to increase moderately compared to the previous year.

Thank you very much for your continued confidence.

Yours sincerely,
Stefan Dürr and Wolfgang Bläsi

Ekotechnika AG (formerly Ekotechnika GmbH), Walldorf
Group management report (IFRS) as of 30 September 2015

GROUP MANAGEMENT REPORT

1. BACKGROUND OF THE GROUP

1.1 Group business model

The Ekotechnika Group, whose parent is Ekotechnika AG (formerly Ekotechnika GmbH) engages in trade in agricultural machinery, including consulting, buying and selling machinery, trade in spare parts and customer service. The Group's sales territory is Russia; some machinery and spare parts are sourced from western Europe or North America. Most of the Group's products are now manufactured or assembled directly in Russia by local subsidiaries of foreign suppliers and purchased there. On the Russian market, the Group's companies operate under the EkoNiva-Technika brand.

The Group's principal supplier is the world's largest manufacturer of agricultural equipment, Deere & Company, Moline, Illinois, USA. The product portfolio also includes products of other leading suppliers such as JCB UK (telescopic handlers), Väderstad (planters, drills and cultivators), Grimme (potato harvesting technology), etc. The Group also offers products and services of one of the leading suppliers to dairy farmers, the GEA Group in Germany, which serves large, modern dairy producers in Russia.

2. ECONOMIC REPORT

2.1 Macroeconomic and industry-specific conditions

The global economy was buoyant until the end of the third quarter of 2015. On the heels of global growth of 3.4% in 2014, the International Monetary Fund is expecting economic growth on a similar scale for 2015. To date, regional developments have varied widely. In spite of ailing growth, China took a leading part in the positive trend, whereas the other emerging economies failed to deliver any impetus for growth.

Germany remains one of Europe's strongest economies, with 1.5% growth in 2014 and 1.8% in the first nine months of 2015 (price-adjusted). By contrast, on the tail of moderate growth in 2014 (0.6%), Russia's economy contracted in 2015, with output shrinking by 2.9% in the first three quarters.

The Russian ruble was highly volatile in the fiscal year, with one euro costing around 49.95 rubles on 1 October 2014, but rocketing to 100 rubles/euro in December 2014. Closing at 74.58 rubles to one euro on 30 September 2015, the average exchange rate for the fiscal year was 64.48 rubles/euro (2013/2014: 47.05 rubles to the euro).

Finance costs also ballooned in Russia. At the beginning of 2014, the central bank rate was 5.5%, but this was raised to around 8.3% at the beginning of the fiscal year, climbing to around 17.0% in December 2014, before dropping back to 11.0% in August 2015. This figure is still 200% the rate charged in January 2014.

2.2. Performance in agricultural machine trading

In the first half of 2015, revenue in the agricultural technology sector was down by as much as 20% worldwide. The VDMA ["Verband Deutscher Maschinen- und Anlagenbau e.V.": German Engineering Federation] estimates a 10% drop in revenues for 2015 – driven by low revenues in the US and Europe – and a market volume of approximately EUR 90b. The Russian market for agricultural machinery shrank again for the third time running, with sales of foreign-manufactured tractors in the Group's contractual territory down from just under 500 per year in 2012/2013 to around 250 in the past fiscal year. The market for imported combine harvesters in this region has also weakened, from 80 in fiscal year 2012/2013 to just 50 in the past fiscal year.

2.3 Business performance

The fiscal year was dominated by the financial and operational restructuring of the Group. The economic collapse first triggered a deterioration in operations in 2014. As the currency and financing situation escalated in the first quarter of the fiscal year in the wake of the oil price slump and the sanctions imposed on Russia in response to the Ukraine crisis, the Ekotechnika Group fell into life-threatening decline. Under these circumstances, management decided in March 2015 to restructure the corporate bond alongside the ongoing restructuring of operating activities (to reduce headcount and improve efficiency throughout the Group). In May 2015, the majority of the creditors at the creditors' meeting agreed to the debt-to-equity swap and the accompanying measures. Karlsruhe Higher Regional Court approved the Company's request on 30 September 2015, affirming that the resolutions adopted by the creditors' meeting may be implemented even though actions for rescission are still pending.

The necessary corporate actions were taken in October and November 2015, with the Company being converted into Ekotechnika AG. The corporate actions were the simplified reduction of capital from EUR 2,025 thousand to EUR 81 thousand the increase in capital by EUR 1,539 thousand in return for a contribution in kind (contribution of debt securities in return for an increase in share capital) and an increase in capital by EUR 1,520 thousand in return for a cash contribution (capital contribution to strengthen the Company's capital base). The Company was also converted into a stock corporation. On 17 December 2015, the Ekotechnika shares were first listed on the primary market of the Düsseldorf stock exchange.

The results of operations were slightly better than planned in the fiscal year, with the revenue down by only around 36.3% compared with the -49.3% originally budgeted by management. At EUR 25,393 thousand, gross profit outstripped the budgeted figure of EUR 16,957 thousand. Positive effects stemming from the volatility of the ruble against the euro and the US dollar were responsible for these results. On 30 September 2015, the rate was 74.58 rubles to the euro, approximately 33% less than on 30 September 2014 (49.95 RUR/EUR). If machines are purchased in EUR or USD at a certain ruble exchange rate and then sold later at a lower ruble exchange rate, both revenue and gross profit will be higher. As machinery is often financed by dealers or a local bank in euros or US dollars, negative exchange rate effects come into play when the equipment is paid for. These negative effects outweigh the positive effects. EBIT amounted to EUR -1,180 thousand (prior year: +EUR 1,894 thousand), also an improvement on the planned EUR -9,636 thousand. As anticipated, the financial result was minimally better, leading to a net after-tax loss of EUR -26,579 thousand (prior year: EUR -27,043 thousand) – slightly better than the forecast EUR -30,000 thousand.

2.4 Situation

a) Results of operations

Ekotechnika AG generated total revenue of EUR 109,038 thousand in fiscal year 2014/2015 (2014: EUR 171,042 thousand). Approximately 63.3%, or EUR 69,040 thousand, of this revenue came from sales of agricultural machinery (2014: approximately 74.3% or EUR 127,074 thousand). A larger share of around 29.2% or EUR 31,888 thousand (2014: around 20.4% or EUR 34,844 thousand) was earned with the sale of spare parts. Revenue from customer service came to EUR 3,677 thousand (2014: EUR 4,224 thousand). The tractor and combine harvester market segments are responsible for the lower revenue. This development was, however, exacerbated by the weaker ruble and the resulting exchange losses. As sales of new equipment declined, as described above, spare parts sales accounted for a larger proportion of total revenue in the fiscal year. Unable to finance new purchases, customers have been spending more on repairing the machines they bought in previous years. Currency-adjusted revenue from spare parts (adjusted for the depreciation of the ruble over the reporting period) rose by more than 25.4%, while currency-adjusted sales of machinery declined by some 25.5%. Other significant currency-adjusted increases in revenue can be observed for customer service (up by around 19.3%) and sales of fuels and lubricants (up by around 14.7%).

The cost of materials decreased in line with revenue in the reporting period, down by some 36.5%. Gross profit came to EUR 25,393 thousand (2014: EUR 39,366 thousand). Fixed costs were primarily cut by laying off around 150 employees (average figure for the year); however, this measure will not be fully visible until the new fiscal year. Total depreciation and amortization was reduced by EUR 11,370 thousand to EUR 2,397 thousand year on year. This was solely due to the write-down of goodwill in the prior year. Other expenses include EUR 5,662 thousand (2014: EUR 2,070 thousand) in exchange losses. In addition, consulting fees of approximately EUR 1,600 thousand were incurred in connection with the restructuring of the corporate bond.

EBIT came to approximately EUR -1,180 thousand (2014: +EUR 1,894 thousand); EBT was EUR -25,687 thousand (2014: EUR -24,133 thousand). The negative EBIT trend is mainly due to the lower gross profit of EUR -13,973 thousand as well as the restructuring costs of EUR 1,600 thousand and exchange losses of EUR 4,849 thousand (2014: EUR 1,603 thousand).

The financial result remains negative but has improved due to lower interest expenses (2015: EUR 12,767 thousand; 2014: EUR 14,157 thousand) and other finance costs (EUR 156 thousand; 2014: EUR 3,825 thousand). It came to EUR -24,507 thousand in the fiscal year and EUR -26,027 thousand in the prior year. The decrease in interest is chiefly attributable to the change in the ruble/euro exchange rate, resulting in lower euro-denominated expenses. In the prior year, the other finance costs stemmed from the write-down of loans granted to the shareholder Ekotechnika Holding GmbH. The financial result also contains negative currency effects of EUR 12,024 thousand (2014: EUR 7,907 thousand).

The consolidated loss improved by EUR 464 thousand from EUR -27,043 thousand to -EUR 26,579 thousand.

b) Financial position

A department located at OOO EkoNivaTechnika-Holding, Russia, manages the Group's finances. While keeping finance costs to a minimum, it enables all companies in the Group to satisfy their liabilities as and when they fall due.

The main instruments for managing relations with suppliers are letters of credit and bank guarantees.

Further information on the capital structure and on currency, interest rate and liquidity risks can be found in the notes to the consolidated financial statements.

c) Capital structure

On the reporting date 30 September 2015, the Company's working capital was still burdened by the notes payable as the corporate actions relating to the financial restructuring of the Company had not been carried out by this time. As of the reporting date, non-current liabilities came to EUR 60,330 thousand (2014: EUR 59,539 thousand); this amount includes liabilities relating to the corporate bond of EUR 58,695 thousand. Current liabilities came to EUR 75,541 thousand (2014: EUR 114,136 thousand) and where thus about 33.8% lower than in the prior year. This change was mainly due to currency effects. Adjusted for exchange rate fluctuations, liabilities were on a par with the prior year. As in the prior year, the largest items are current bank liabilities of EUR 32,449 thousand (2014: EUR 62,569 thousand), including interest due on the corporate bond of EUR 8,142 thousand and trade payables of EUR 19,372 thousand (2014: EUR 31,844 thousand).

Group equity is significantly negative, at EUR -59,209 thousand as of the reporting date. This compares with the prior-year figure of EUR -26,007 thousand. This situation arose primarily as a result of the fiscal year's net loss.

Now that the corporate bond has been restructured, the situation is radically different in the first quarter of the new fiscal year. If the corporate actions had been carried out in the reporting period, equity would have risen by EUR 69,878 thousand to EUR 10,669 thousand as of

30 September 2015. Total non-current liabilities would have been just EUR 1,635 thousand and current liabilities would have reduced to EUR 67,399 thousand.

For convenience, the debt-to-equity swap is presented in the following table:

After the debt-to-equity swap and the cash capital increase, equity is structured as follows (assuming that all transactions were executed by 30 September 2015):

Share capital:	EUR	3,140 thousand
Additional paid-in capital:	EUR	6,830 thousand
Currency translation reserve:	EUR	-16,973 thousand
Profit - reserves/net retained profit:	EUR	17,675 thousand*
Non-controlling interests	EUR	-3 thousand
Total equity:	EUR	10,669 thousand

* NB: The debt-to-equity swap will not affect profit or loss until fiscal year 2015/2016.

d) Capital expenditure

Capital expenditure was far lower in the reporting period than in prior years. The main investments were in service centers that were already under construction. Total investments in property, plant and equipment came to EUR 1,275 thousand (2014: EUR 5,805 thousand).

e) Liquidity

Cash on hand and bank balances totaled EUR 1,177 thousand on 30 September 2015 (2014: EUR 2,342 thousand). In the fiscal year, the cash flow from operating activities before changes in net working capital came to EUR 4,358 thousand (2014: EUR 13,983 thousand). This sharp decrease is mainly due to gross profit (EUR 25,393 thousand) being significantly lower than in the prior year (EUR 39,366 thousand).

The decrease in inventories without currency impact by EUR 15,727 thousand (2014: increase of EUR 346 thousand) had a positive effect on cash flow, as did the increase in other liabilities (EUR 4,602 thousand; 2014: decrease by EUR 2,697 thousand). These effects resulted in cash inflow from operating activities of EUR 27,400 thousand (2014: inflow of EUR 31,313 thousand). After taxes and interest, the cash flow from operating activities came to EUR 23,081 thousand (2014: EUR 16,569 thousand).

Net cash of EUR 1,837 thousand was used in investing activities (2014: EUR 6,588 thousand). This amounts contains cash outflows for investment in property, plant and equipment of EUR 1,275 thousand (2014: EUR 5,805 thousand), offset by inflows from the sale of property, plant and equipment of EUR 447 thousand (2014: EUR 855 thousand). The inflows from the settlement of other financial assets of EUR 15,394 thousand (2014: EUR 21,124 thousand) and outflows from the issue of such assets of EUR 16,278 thousand (2014: EUR 22,711 thousand) yield a new outflow of EUR 884 thousand (2014: outflow of EUR 1,587 thousand). They relate mainly to loans and advances granted or changes in the maturity of receivables from the related company Ekosem-Agrar GmbH.

Cash provided by bank loans decreased from EUR 184,624 thousand in the prior year to EUR 101,073 thousand in the fiscal year. Together with loan repayments of EUR 122,053 thousand (2014: EUR 199,770 thousand), net cash of EUR 21,700 thousand was used in financing activities. In the prior year, cash of EUR 9,911 thousand was used in financing activities. This amount included a payment of EUR 6,000 thousand to additional paid-in capital.

f) Net assets

The net asset situation is closely linked to the highly volatile ruble/euro exchange rate. On 30 September 2015, the rate was 74.58 rubles to the euro, approximately 33% less than on 30 September 2014 (49.95 rubles/euro). Total assets amounted to EUR 76,662 thousand as of 30 September 2015. Translated at the prior-year exchange rate, total assets would stand at around EUR 109,321 thousand (2014: EUR 147,668 thousand). 35.6% of total assets are non-current (EUR 27,255 thousand; prior year: EUR 32,663 thousand; 22.1%). Of these non-current assets, approximately 71.6% are property, plant and equipment (2014: approximately 94.8%). There is also a non-current receivable from Ekosem-Agrar GmbH (see 2.4 e) above); current assets decreased by a commensurate amount. It relates to a loan granted at an attractive interest rate, due shortly before the Ekotechnika bond matures. Further details on the various types of assets can be found in the statement of changes in non-current assets presented in the notes to the consolidated financial statements (note 16 et seq.). Current assets decreased substantially (by 57.0%) in the course of the fiscal year. Adjusted for exchange rate fluctuations, current assets decreased by around 37.1% due to lower inventories and trade receivables (down by 57.7% and 45.6%, respectively).

Inventories were reported at EUR 24,473 thousand, compared to EUR 57,800 thousand in the prior year. Trade receivables stood at EUR 18,060 thousand, against EUR 33,189 thousand. Both developments were in line with management's stated aim to reduce current assets. The reduction of inventories was accelerated by granting large discounts on older or slow-moving machinery. Where required, trade receivables were rigorously enforced in court, which reduced outstanding amounts considerably.

In summary, management is not satisfied with the operating performance in the past year, even though the sharp fall in revenue was reflected across the entire agricultural machinery market in Russia.

3. Performance indicators

Financial performance indicators:

The difficult market situation referred to in last year's outlook is clearly reflected in this year's figures. The decline in revenue by 36.3% year on year is, however, lower than the forecast 49.3%. At EUR -24,507 thousand, the financial result is lower than planned (budget was for EUR -20,783 thousand). At EUR 12,767 thousand, interest expenses are slightly below the budgeted EUR 13,238 thousand, while net exchange losses (also contained in the financial result) came in at EUR 12,024 thousand as against the planned EUR 8,282 thousand. While still high, at EUR -26,579 thousand, the consolidated loss was an improvement on the forecast loss of EUR -30.000 thousand.

Comparison of actual and budgeted figures for the reporting period:

The budget was prepared on the assumption of 135 tractor sales for the reporting period and resulting revenue of more than EUR 20,549 thousand. 142 units were actually sold, generating revenue of EUR 18,186 thousand. Sales of 22 combine harvesters, generating revenue of EUR 3,326 thousand, were budgeted. The actual figures in the reporting period were sales of 43 units and revenue of EUR 5,709 thousand. The forecast for other machinery and add-ons was also surpassed, with revenue of EUR 33,297 thousand budgeted and EUR 45,144 thousand actually earned. This revenue amount includes sales of presses (actual: EUR 8,434 thousand; budget: EUR 4,345 thousand), cultivators (actual: EUR 4,794 thousand; budget: EUR 4,677 thousand) and other add-ons. Management had assumed an exchange rate of 65 rubles/euro, which was very close to the actual average rate for the fiscal year of 64.48 rubles/euro. The departures from the forecasts are mainly attributable to differences in sales figures and machinery prices.

The costs of sold machinery were also mostly slightly improved on the budgeted amount. The costs of tractors were 13.6% lower than originally forecast, while revenue was only 11.5% lower than planned. The actual costs relating to combine harvesters were EUR 5,268 thousand, 94.0% more than planned (EUR 2,715 thousand), but must be viewed in the context of the 71.6% improvement in revenue in the reporting period (EUR 5,709 thousand) compared to the budget (EUR 3,326 thousand). The other revenue drivers led to costs of EUR 36,379 thousand, or 33.9% more than planned for. However, in view of the fact that revenue (EUR 45,144 thousand) was 35.6% up on the forecast (EUR 33,297 thousand), this increase is reasonable.

Non-financial performance indicators:

Employees
Apart from technology, the Group's performance primarily depends on its employees who are always in direct contact with customers when selling machines and spare parts and providing services and are therefore the Company's calling card. For this reason, we pay great attention to finding the right employees and retaining and continually developing our existing employees. This includes providing regular professional training and personal development seminars. Visits made with customers to trade fairs in Germany and abroad – where we also exhibit – are an integral part of our annual schedule. We travel to the major trade fairs, e.g., the Agritechnica trade fair in Hanover from 8 to 14 November 2015, with up to 100 customers, who are also looked after by our employees. This way we ensure that our employees identify strongly with the Company and our products.

Nevertheless, to restructure the Company we had to substantially reduce our headcount. On average, there were 558 employees in fiscal year 2015, against 708 in the prior year – a decrease of 150 (21.2%). Most of this decrease is due to lay-offs of administrative employees (reduced by 87, or 32.0%).

4. SUBSEQUENT EVENTS

The corporate actions in connection with the debt-to-equity swap described above were carried out after the reporting date of 30 September 2015.

The additional paid-in capital of EUR 6,000 thousand (as of 30 September 2015) was fully offset against the accumulated loss.

In a simplified capital reduction, the share capital was reduced by EUR 1,944 thousand from EUR 2,025 thousand to EUR 81 thousand. Capital was then increased by EUR 6,830 thousand in return for a contribution in kind, of which EUR 1,539 thousand was allocated to the share capital and the remainder of EUR 5,310 thousand allocated to additional paid-in capital. The share capital was increased in return for the contribution of the corporate bond with the related accrued interest.

After the non-cash capital increase, the share capital amounted to EUR 1,620 thousand. The share capital was increased by EUR 1,520 thousand from EUR 1,620 thousand to EUR 3,140 thousand by issuing new shares in return for a cash contribution. These new shares were issued at a subscription price of EUR 2.00 each. The subscription right of other shareholders was excluded and Ekotechnika Holding GmbH subscribed to 1,520 thousand new shares at a price of EUR 2.00 per share. In addition to the increase in the share capital by EUR 1,520 thousand, a share premium of EUR 1,520 thousand was transferred to additional paid-in capital. The Company was subsequently converted into Ekotechnika AG.

Following these actions, the Company has share capital of EUR 3,140 thousand and additional paid-in capital of EUR 6,830 thousand.

See note 37 in the notes for more details.

5. OUTLOOK, OPPORTUNITIES AND RISKS

5.1. Outlook

Overall economic development
In 2016, the global economy is set to pick up steam and show growth of 3.5%. Under the circumstances described above, the Russian economy will not keep pace with this growth. The International Monetary Fund currently forecasts a fall in gross domestic product of 0.6% for 2016.

This trend will be driven by geopolitical factors (conflicts in Ukraine and Syria) and the related economic parameters (oil price, sanctions, Russian central bank interest rate). By contrast, Germany stands to see growth of around 1.6% again in 2016.

Developments in the agricultural sector

The wheat price remains low as it has been over the last three years. At the beginning of the reporting period, the price was approximately EUR 175 per metric ton and returned to this level at the end of the period after fluctuating widely between approximately EUR 155.00 per ton in May 2015 and EUR 200.00 per ton at the beginning of July 2015. The situation in Russia is not comparable. As global prices are translated into rubles at current rates, the wheat price in Russia was far higher than in previous years. This led to relatively good earnings for Russian farmers.

There is also a great need for investment in agricultural machinery. The market has been contracting for three years running, leading to an investment backlog which, when the general conditions improve, should boost business noticeably. Financing conditions are currently rather difficult due to the interest rate situation and the problems facing the banking sector, so the issue of government support for farmers should be one of the decisive factors influencing sales of agricultural machinery in Russia.

In particular, the sanctions imposed on state-owned banks by the EU and the US have weakened the outlook in the agricultural machine trade as the banks play a major role in financing farmers in Russia. Nevertheless, the situation for farmers in Russia is good overall because the inflationary ruble has pushed up food prices while other costs climbed less sharply. As a result, the margin on primary products for the food industry was above average during the reporting period. The outlook for the industry is therefore cautiously optimistic, but, in view of the political tensions between Russia and other countries, this situation is fragile.

Performance of the Ekotechnika Group

The dependency on the geopolitical and macroeconomic situation in Russia makes it very difficult to provide a forecast for fiscal year 2015/2016.

Management currently expects revenue in euros to increase slightly on the back of an increase in volume, assuming a ruble/euro exchange rate of 75 on average for the year. In light of a narrower gross margin, we anticipate a decrease in both gross profit (to some EUR 21,000 thousand) and a positive operating result, EBIT, of some EUR 6,700 thousand. As in the reporting year, the interest rates charged for local and trade finance range between 5.4% and 25%, depending on the currency and the type of financing instrument concerned. Now that interest is no longer payable on the bond, we expect a balanced result, excluding the positive effect of the debt-to-equity swap. As described elsewhere, the debt-to-equity swap will have a positive effect on earnings of around EUR 59,989 thousand.

In its planning, management is anticipating a stable ruble/euro exchange rate for the entire year. With regard to interest rates, we do not expect to see a significant improvement in the financing situation in Russia in the year to come. However, the Company’s situation is set to improve slightly as its credit rating will have been strengthened by the financial restructuring.

To sum up, management expects business to stabilize but it is not forecast to match the figures achieved in 2012/2013 in the near future. It will be some time before this is feasible.

5.2 Risks

Financing opportunities and finance costs for customers and the Group: In Russia, agricultural machinery is largely financed for our customers via Russian banks and other finance companies. In some cases, the general economic weakness, sanctions as a result of the Ukraine crisis and, finally, low oil prices had dramatic impacts on these financing opportunities, which in turn had a negative effect on banks’ financing activities.

Against the backdrop of the sanctions and the low oil price, the base rate remains high and is making the Group's business loans more expensive. The Russian central bank lowered the base rate to 11.0% until August 2015, but the further development is difficult to gauge.

This continues to pose a risk to the Company with regard to the short-term financing of its business. However, now that the bond has been restructured the situation is far better than it was in the past year and a half. As a result, management expects to be able to renew the revolving credit facilities at regular intervals, too.

Development of the exchange rate: The Russian ruble strengthened against both the euro and the dollar between the beginning of 2015 and April, but was volatile and lost ground again, closing the calendar year at a rate of around 80 rubles to the euro.

After the reporting date, the impact of the exchange rate on hard currency liabilities was lessened when the Ekotechnika AG bond was converted to equity under the debt-to-equity swap described above. As a result, the bond no longer has to be repaid at par value plus interest of EUR 5,850 thousand per annum, and the exchange rate will in the future have a lesser impact on the Group's financing.

On the operating side, the currency effects will theoretically be passed on to customers, but this will only be possible to a certain extent. Even though this devaluation will impact all tractor manufacturers in equal measure as there is simply no comparable Russian tractor, price increases cannot be passed on indefinitely to end customers.

Oil price: One factor which has a decisive influence on exchange rates and the economic development in Russia is the oil price. After it crashed at the end of June 2015, the price of oil has hovered at the low level between USD 40 and 50 a barrel. After the reporting date, it dipped further to less than USD 35 per barrel. There are no signs that the oil price will rise significantly in the near future. This is placing a huge burden on Russian public finances and will make it hard to keep Russian farming subsidies at the current levels.

Customers' credit ratings: As discussed in detail, our customers are currently finding it difficult to finance agricultural machinery purchases. This applies both to new sales and also to existing customer receivables to a certain extent. Bad debt could have a negative impact on the earnings situation for the current fiscal year. This risk is mitigated by maintaining close relations between sales teams and customers. The salespeople of the Ekotechnika Group can draw on their vast experience in assessing customer credit quality. They are also closely involved in negotiating finance and share the responsibility for customers' bad debts via bonus arrangements. After extensive bad debt allowances were recognized in the reporting period and the prior year, management assumes that there are currently no exposures that have not been provided for.

Government subsidies for farms: As farming operations, the customers of the Ekotechnika Group are to a certain extent dependent on government support in the form of direct subsidies and interest subsidies, which have become more difficult to predict due to the conditions described above. It is also possible that the Russian government could increase subsidies promoting production and sale of local machinery or even raise barriers to the sale of imported machinery and spare parts. If this situation continues to deteriorate, it could have an impact on the Group's results of operations.

Risk to sales volumes: Some machinery for sale often has to be ordered by the Group around six months before the sales season, at which time it has not received a large volume of orders from customers. This means that the Group ultimately bears the risk that not all machinery will be sold. This in turn poses a liquidity risk and a risk to sales volumes, particularly in the currently more volatile environment. As such, there is a general sales risk arising as a result of changing customer demands and a market environment which Ekotechnika is reliant on but which can change radically between purchase and sale. Another element of the sales risk is a specific exchange rate risk: machinery is purchased at one exchange rate and sold at a later date to the customer at a completely different rate. Over the last two years, the Company has endeavored to minimize the inventory risk in the light of its uncertain future prospects.

Legal disputes arising from restructuring activities: Although the legal restructuring has been successfully completed, various legal disputes have yet to be resolved. Apart from two ongoing actions for rescission against the resolutions of the creditors' meeting in May 2015, they concern terminations of bonds and action for the payment of interest. The Company believes that these actions, entailing a risk of around EUR 500 thousand, are highly unlikely to succeed. This assessment is supported by recent court rulings on similar cases.

5.3 Risks to the Group's ability to continue as a going concern

Renewal of credit facilities: Because the Group depends on being able to generate adequate cash and cash equivalents from its operations to cover its liabilities, there is major uncertainty concerning the Group's ability to continue as a going concern. Based on the Group's current plans and taking into account the related uncertainty, management believed at the time the financial statements for fiscal year 2015 were being prepared that the Group will be able to secure sufficient resources to continue its operations in the foreseeable future. This also includes the refinancing of bank loans which are due for repayment in 2016 to the extent that these exceed the cash flow from operating activities. The background to this is that the group companies use short-term loans from Russian banks. The vast majority of these credit facilities is renewed on a regular basis. Management assumes that this will continue to be the case in future.

Despite having completed the financial restructuring, it is possible that the financing banks in Russia are not willing to approve the necessary renewals of credit facilities in the near future. As explained above, it should be remembered that liquidity is tight in the Russian banking market due to the general economic developments, the falling oil price and the sanctions imposed on many Russian financial institutions.

If, contrary to management's expectations, the Company is no longer able to generate adequate liquidity from its operating activities or external financing, or if external financing can only be obtained on significantly worsened terms, the Company could face insolvency.

Summing up, management believes that the main risks today lie in the political and economic environment. As these factors are largely beyond the Company's control, management is working hard to ensure that the Company is in a position to respond appropriately to various types of change.

5.4. Opportunities

According to management, the following points present significant opportunities:

Developments in the agricultural sector worldwide and in Russia: The rising global population and changing eating habits due to rising prosperity or the imitation of western lifestyles are the main drivers of the positive global development in the agricultural sector. Especially energy production using plant-based raw materials contributes to a permanent increase in demand. Agricultural technology will make a significant contribution to the expansion of production and the necessary efficiency enhancements. The sanctions imposed by the Russian government in the summer of 2014, namely a ban on food imports from the EU, the US and other countries, reinforced the need to develop local production. This ban on imports covers dairy products, meat and meat products, fish, fruit and vegetables.

Investment subsidies in Russia: For some time now, the Russian government has pursued the medium-term target of producing approximately 85% of all key agricultural commodities consumed in the country locally. The above-mentioned import restrictions have added to the pressure. In order to support expansion, investment incentives are granted in the shape of subsidies for the acquisition and financing of agricultural machinery and primary agricultural production is exempted from income tax. These measures significantly bolster our sales activities.

Walldorf, 18 January 2016

Stefan Dürr	Wolfgang Bläsi
Chairman of the board / CEO	Managing director / CFO

EKOTECHNIKA AG (fomerly Ekotechnika GmbH), Walldorf
Consolidated financial statements (IFRS) for the fiscal year from 1 October 2014 to 30 September 2015

Ekotechnika AG (formerly Ekotechnika GmbH), Walldorf
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	09/30/2015 EUR'000	09/30/2014 EUR'000
Non-current assets :			
Intangible assets	16	30	38
Property, plant and equipment	17	19,514	30,977
Long-term loans issued	18	7,649	762
Investments in associates	8	62	72
Deferred tax asset	15	0	814
		27,255	**32,663**
Current assets:			
Inventories	19	24,473	57,800
Short-term loans issued	18	1,938	13,183
Trade receivables	20	18,060	33,189
Taxes receivable		87	408
Prepayments	21	1,937	2,778
Other financial assets		292	997
Other short-term assets	22	1,443	4,308
Cash and cash equivalents	23	1,177	2,342
		49,407	**115,005**
		76,662	**147,668**

LIABILITIES AND EQUITY

	Notes	09/30/2015 EUR'000	09/30/2014 EUR'000
Equity attributable to shareholders of parent company			
Share capital	24	2,025	2,025
Additional paid in capital	24	6,000	6,000
Foreign currency translation reserve		(16,973)	(10,350)
Retained earnings		(23,681)	3,361
Current year loss		(26,577)	(27,042)
		(59,206)	**(26,006)**
Non-controlling interests		(3)	(1)
		(59,209)	**(26,007)**
Non-current Liabilities:			
Long-term borrowings*	26	60,036	58,284
Other long-term liabilities		153	744
Deferred tax liability	15	141	511
		60,330	**59,539**
Current liabilities:			
Provisions	25	592	1,243
Short-term borrowings*	26	40,598	64,962
Trade accounts payable	27	19,372	31,844
Income tax payable		613	204
Advances received	28	3,643	5,784
Other financial liabilities	29	4,121	2,921
Other short-term liabilities	30	6,602	7,178
		75,541	**114,136**
		76,662	**147,668**

*Mainly this amount consist of Bonds issued which were swapped to equity cloth to the balance sheet date.
For details please refer to the Note 37.

Ekotechnika AG (formerly Ekotechnika GmbH), Walldorf
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	10/01/2014-09/30/2015 EUR'000	10/01/2013-09/30/2014 EUR'000
Revenues	9	109,038	171,042
Cost of goods and services sold	11	(83,645)	(131,676)
Gross profit		**25,393**	**39,366**
Other operating income	10	3,633	2,809
Payroll expenses	12	(10,392)	(13,774)
Depreciation, amortization and impairment	16, 17	(2,397)	(13,767)
Other operating expenses	13	(17,417)	(12,740)
		(26,573)	(37,472)
Operating profit		**(1,180)**	**1,894**
Result of equity consolidation in associated companies	8	(46)	37
Financial income	14	2,180	1,773
Financial expenses	14	(26,641)	(27,837)
		(24,507)	(26,027)
Loss before tax		**(25,687)**	**(24,133)**
Income tax expense	15	(892)	(2,910)
Loss for the year		**(26,579)**	**(27,043)**
Attributable to:			
Parent company's shareholders		(26,577)	(27,042)
Non-controlling interests		(2)	(1)
Other comprehensive loss for the year			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(6,623)	(5,443)
Attributable to:			
Parent company's shareholders		(6,623)	(5,443)
Non-controlling interests		0	0
Comprehensive loss for the year		**(33,202)**	**(32,486)**
Attributable to:			
Parent company's shareholders		(33,200)	(32,485)
Non-controlling interests		(2)	(1)

Ekotechnika AG (formerly Ekotechnika GmbH), Walldorf
CONSOLIDATED CASH FLOW STATEMENT

	Notes	10/01/2014-09/30/2015 EUR'000	10/01/2013-09/30/2014 EUR'000
Operating Activities			
Loss for the year		(26,579)	(27,043)
Amortisation, depreciation and impairment of non-current assets	16, 17	2,397	13,794
(Gain) on disposal of property, plant and equipment		(112)	(83)
Net foreign exchange gains / (losses), net		16,872	7,907
Result of equity consolidation in associated companies		46	(37)
Income from disposal of subsidiary	7	(352)	0
Other financial expenses		411	373
Impairment provision on loans issued		0	3,612
Interest expense	14	12,767	14,157
Interest income	14	(1,984)	(1,607)
Income taxes recognized in profit or loss	15	892	2,910
Operating profit before changes in working capital		**4,358**	**13,983**
Change in inventories		15,727	(346)
Change in trade receivables and prepayments		8,534	10,160
Change in other receivables and assets		2,710	1,725
Change in trade payables and advances received		(8,531)	8,488
Change in other liabilities		4,602	(2,697)
Cash flows from operations before income taxes and interest paid		**27,400**	**31,313**
Income taxes paid		(366)	(1,182)
Interest paid		(5,800)	(14,017)
Interest received		1,847	455
Cash flows from operating activities		**23,081**	**16,569**
Investing Activities			
Cash outflow as investments in associated companies		(42)	0
Proceeds from disposal of property, plant and equipment		447	855
Acquisition of property, plant and equipment		(1,275)	(5,805)
Acquisition of intangible assets		(83)	(51)
Cash used in issuance of other financial assets	36	(16,278)	(22,711)
Proceeds from settlement of other financial assets	36	15,394	21,124
Cash flows from investing activities		**(1,837)**	**(6,588)**
Financing Activities			
Proceeds from additional paid in capital		0	6,000
Proceeds from borrowings		101,073	184,624
Repayment of borrowing		(122,053)	(199,770)
Payment of finance lease liabilties		(720)	(765)
Cash flows from financing activities		**(21,700)**	**(9,911)**
Net (decrease)/increase in cash and cash equivalents		**(456)**	**70**
Cash and cash equivalents at beginning of year		2,342	4,712
Effect of exchange rate fluctuations on cash and cash equivalents		(709)	(2,440)
Cash and cash equivalents at end of year		**1,177**	**2,342**

Ekotechnika AG (formerly Ekotechnika GmbH), Walldorf
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR'000	Share capital	Additional paid in capital	Foreign currency translation reserve
As of 01 October 2013	**2,025**	**0**	**(4,907)**
Additional paid in capital	0	6,000	0
Reclassifications	0	0	0
Loss for the year	0	0	0
Other comprehensive loss	0	0	(5,443)
Total comprehensive loss	**0**	**0**	**(5,443)**
As of 01 October 2014	**2,025**	**6,000**	**(10,350)**
Reclassifications	0	0	0
Loss for the year	0	0	0
Other comprehensive loss	0	0	(6,623)
Total comprehensive loss	**0**	**0**	**(6,623)**
As of 30 September 2015	**2,025**	**6,000**	**(16,973)**

Retained earnings	Equity attributable to majority shareholder	Non-controlling interests	Total equity
4,094	**479**	**0**	**479**
0	6 000	0	**6,000**
(733)	0	0	**0**
0	(27 042)	(1)	**(27,043)**
0	(5 443)	0	**(5,443)**
0	**(32 485)**	**(1)**	**(32,486)**
3,361	**(26 006)**	**(1)**	**(26,007)**
(27,042)	0	0	**0**
0	(26 577)	(2)	**(26,579)**
0	(6 623)	0	**(6,623)**
0	**(33 200)**	**(2)**	**(33,202)**
(23,681)	**(59 206)**	**(3)**	**(59,209)**

Ekotechnika AG (formerly Ekotechnika GmbH), Walldorf
NOTES FOR THE FISCAL YEAR ENDED 30 SEPTEMBER 2015

1. GENERAL INFORMATION

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 parent company is listed in German Comercial register (HRB 723400, Amtsgericht Mannheim). On 13 November 2015 the parent company changed its legal form into joint stock company (AG). For details refer to the Note 37.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. All standards and interpretations are mandatorly applicable for the period beginning on 1 October 2014 have been adopted.

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

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

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the corporation and its subsidiaries as at 30 September 2015.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Then in particular the group controls a participation enterprise, and only then, if it owns all following qualities:

- power over the investee (i.e. the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns.)
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect the amount of the investor's returns

The Group can have power even if it holds less than a majority of the voting rights of an investee. The group can have power with less than a mojority of the voting rights of an investee, for example, through:

- a contractual arrangement with the other vote holders
- rights arising from other contractual arrangements
- Groups' voting and potential voting rights

The consolidation of a investee shall begin from the date the group obtains control of the investee and cease when the investor loses control of the investee. Assets, liabilities, income and expenses of an investee acquired or sold during the reporting period, become consolidated in the statement of financial position and statement of comprehensive income from the date when the group attains the control of investee, up to the day in which the control was lost.

A change of the participation rate in a subsidiary without loss of the control is balanced as a company capital transaction. If a parent loses the control of a subsidiary, it shall:

- Derecognise the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts; and
- Derecognise the carrying amount of any non-controlling interests,
- Derecognise the accumulated conversion differences related to the subsidiary,
- Recongnise the fair value of the consideration received,
- Recognise the fair value of the distribution of shares of the,
- Recognise investment retained in the former subsidiary at its fair value,
- Reclassify to profit or loss, or transfer directly to retained earnings, the amounts recognised in other comprehensive income in relation to the subsidiary.

Non-controlling interests represent the portion of profit or loss for the period and net assets of OOO EkoNiva-Technika-Holding attributable to shares not fully held by the parent company. Non-controllin interests are presented separately in the statement of comprehensive income and in the statement of financial position.

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

2.3 Business combinations

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.4 Foreign currencies

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

Currency	Closing balance as of 09/30/2015	Average annual rate from 10/01/2014 to 09/30/2015	Closing balance as of 09/30/2014	Average annual rate from 10/01/2013 to 09/30/2014
RUB/EUR	74,5825	64,4817	49,954	47,0539

2.4.1 *Transactions and balances*

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

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

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

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

2.4.2 *Group companies*

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

2.5 Investment in associates

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

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

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

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

2.6 Fair value measurement

The Group measures financial instruments at amortised cost.

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

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

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

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

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

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

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

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

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

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

2.7 Revenue recognition

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

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

2.7.1 *Sale of goods*

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

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

2.7.2 *Rendering of services*

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

2.7.3 *Revenue from rendering of construction services*

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

The stage of completion of contracts is determined by completion of a physical proportion of the contract work.

2.7.4 *Interest income*

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

2.8 Leases

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

2.8.1 *Group as a lessee*

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of comprehensive income.

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

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

2.9 Taxation

2.9.1 *Current income tax*

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

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

2.9.2 *Deferred taxes*

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

2.9.4 *Value added tax (VAT)*
Expenses and assets are recognized net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of VAT included

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

2.10 Intangible assets

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

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

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

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

2.11 Property, plant and equipment

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

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

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

The useful life for property, plant and equipment is reviewed at least at the end of each reporting period. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

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

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.13 Impairments of non-financial assets

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

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

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

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

Assets excluding goodwill

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

2.14 Financial assets

2.14.1 *Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition.

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

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

2.14.2 *Subsequent measurement*

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

Loans and receivables

Loans and receivables are non derivatives financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs for loans and in other operating expenses for receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired.

2.15 Impairment of financial assets

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

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

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

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

2.16 Inventories

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

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

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

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

2.17 Cash and cash equivalents

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

2.18 Financial liabilities

2.18.1 *Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

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

2.18.2 *Subsequent measurement*

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

2.18.2.1 Loans and borrowings

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

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

2.18.2.2 Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

2.19 Offsetting of financial instruments

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

2.20 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under a dealership agreement regarding warranty obligations, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income separately from the reimbursement.

Warrany provisions

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

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group reconsidered its approach for presentation of other short-term assets (liabilities) and splitted them on two groups: other financial assets (liabilities) and other short-term assets (liabilities).

The accounting policies adopted are consistent with those used in prior year, except for the adoption of new standards and interpretations effective as of 1 October 2014.

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

- *IAS 19 Employee Benefits (Amendment)*

  IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

- *IAS 32 Offsetting Financial Assets and Financial liabilities (Amendment)*

  These amendments clarify the meaning of „currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. IAS 32 paragraph 42 (a) requires that „a financial asset and a financial liability shall be offset when, and only when, an entity currently has a legally enforceable right to set off the recognized amounts". The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion. The application of the new standard did not impact the financial position, results of operations and cash-flows of the Group, as well as the disclosures in its consolidated financial statements.

- *IFRS 10, IFRS 12 and IAS 27 Investment Entities (Amendment)*

  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* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

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

  These amendments provide relief from discounting hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. As Group currently neither makes use of derivatives nor does it apply hedge accounting, Group is currently not affected by this standard.

- *IFRIC Interpretation 21 Levies*

  The interpretation is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application of this interpretation is required. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

- *IFRS 10 Consolidated Financial Statements*

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

- *IFRS 28 Investments in Associates and Joint Ventures*

  As a consequence of the new IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, IAS 28 has been renamed into *Investments in Associates and Joint Ventures*, and descrides the application of the equity method to investments in joint ventures in addition to associates. The application of this standard did not impact the financial position, results of operations and its cash flows.

- *IFRS 12 Disclosure of Interests in Other Entities*

  IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The amendment affects presentation only and did not impact on the Group's financial position or performance.

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

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. The amendment affects presentation only and did not impact on the Group's financial position or performance.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

- *IFRS 9 Financial Instruments: Classification and Measurement*

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

- *IFRS 15 Revenue from Contracts with Customers*

  IFRS 15 sets out when and in what amount an entity reporting in accordance with IFRSs shall recognize revenue. In addition, preparers of financial statements are required to provide more informative and more relevant disclosures to users of financial statements. The standard establishes a single, principle-based, five-step model that will apply to all contracts with customers. IFRS 15 was issued in May 2014 and is applicable for fiscal years beginning on or after 1 January 2018. The Company is currently reviewing the effects of application on the consolidated financial statements.

- *IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (Amendment)*

  On 6 May 2014, the IASB published the (final) amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*. The amendments are effective for annual periods beginning on or after 1 January 2016 with early application permitted. The objective was to add new guidance to IFRS 11 *Joint Arrangements* on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The IASB decided that acquirers of such interests shall apply all of the principles on business combinations accounting in IFRS 3 *Business Combinations*, and other IFRSs, that do not conflict with the guidance in IFRS 11 and disclose the information that is required in those IFRSs in relation to business combinations. The Group expects that adoption of this amendment will not have any effect in the consolidated financial statement as the Group has not involved in joint arrangements.

- *IAS 16 Property, Plant and equipment and IAS 38 Intangible assets (Amendment)*

  On 12 May 2014, the IASB published the (final) amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*. The amendments are effective for annual periods beginning on or after 1 January 2016 with early application permitted. This amendment is clarified the use of a revenue-based depreciation or amortisation method. The Group expects that adoption of this amendment will not have any effect in the consolidated financial statement as the Group used straight-line asis method of depreciation and amortization.

- *IAS 1 Presentation of Financial Statements (Amendment)*

  In December 2014, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*. The amendments to IAS 1 include narriw-focus improvements in the following five areas: materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group is currently assessing the impact of these amendments and plans to adopt them on the required effective date.

- *Improvements to IFRSs (2010-2012)*

  The Improvements to IFRSs 2010-2012 is a collection of amendments to various IFRSs and was issued in December 2013 as follows:

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

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

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

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

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

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

  Amendments come into force since 1 January 2015. Earlier adoption is permitted. The group is panning implementation of amendments in forthcoming year.

- *Improvements to IFRSs (2011-2013)*

  The Improvements to IFRSs 2011-2013 is a collection of amendments to various IFRSs and was issued in December 2013 as follows:

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

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

  - IFRS 13: Clarification on the scope of the portfolio exception in accordance with IFRS 13.48. The Group has not elected to apply the portfolio exemption under IFRS 13.48.

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

  - The changes are to be applied for business year which begin in or after the 1st of January, 2015. Earlier adoption is allowed. The group plans their application the next business year.

- *Improvements to IFRSs (2012-2014)*

  The Improvements to IFRSs 2012-2014 is a collection of amendments to various IFRSs and was issued in September 2014 as follows:

  - IFRS 5: Changes in methods of disposal. This amendment will not have any effect in the consolidated financial statement as the Group has no assets held for sale or plans to sell any divisions.

  - IFRS 7: Servicing Contracts. The transfer disclosures amended IFRS 7 *Financial Instruments*: *Disclosures* to require an entity to disclose information related to the transfer of financial assets, including its continuing involvement in the transferred assets. The amendments to IFRS 7 also included a description of the term „continuing involvement" for the purpose of the transfer disclosures. This amendment will not have any effect in the consolidated financial statement as the Group has no continuing involvement in the transferred financial assets.

  - IAS 19: Regional market issue. This improvement is clarified the application of the requirements of IAS 19 *Employee Benefits* (2011) on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. There was no any effect in the consolidated financial statement as since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Indicators of impairment of property, plant and equipment and related party cash-generating units

Property, plant and equipment are tested for impairment when circumstances indicate there may be a potential impairment. Factors the Group considers important which could trigger an impairment review include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use, significant negative industry or economic trends and other factors. If an impairment test is required, the Group estimates the asset's recoverable amount. As of 30 September 2015, management of the Group concluded that there were indicators of impairment of its assets including deterioration in the economic and political environment. The Group has performed an impairment test for property, plant and equipment and related cashgenerated units and did not identify any impairment. See Note 17 for more details.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Writing down of inventories to net realizable value

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

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

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

An assessment of net realizable value for agricultural machinery is based on analysis of future selling prices.

Changes in write down of inventories are recognized within cost of materials in profit and loss. Details are disclosed in Note 19.

Impairment of trade and other receivables

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

Taxes

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

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

At 1 January 2012, a new transfer pricing legislation came into effect in Russia. This legislation introduces additional significant requirements for the level of intra-group prices and documentation of transactions between companies that are considered interrelated according to the provisions of the Russian Tax Code. In 2014 and in the following years, the international and domestic intra-group turnovers of the Russian Group companies became subject to the limitation and requirements established by the Tax Code. The Group developed its transfer pricing policy and relevant documentation which are required by legislation to substantiate intra-group pricing for 2014.

Tax exposure items, which were identified by management at the end of the reporting period as those, that can be subject to different interpretations of the tax laws and other regulations approximated EUR 1,544 thousand (2014: EUR 1,917 thousand). Those are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; these obligations are not recorded as the Group’s liabilities.

Warranty provision

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

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

As of 30 September 2015, warranty provision amounted to EUR 592 thousand (2014: EUR 892 thousand).
As of 30 September 2015, reimbursement asset relating to warranty expenses, included into other short-term assets, amounted to EUR 568 thousand (2014: EUR 815 thousand).

6. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which envisages the realization of assets and satisfaction of liabilities and commitments in the normal course of business. However, for the year ended 30 September 2015 the Group reported net loss of EUR 26,579 thousand (2014: net loss of EUR 27,043 thousand). The Group's equity as of 30 September 2015 was negative and amounted to EUR 59,206 thousand (2014: EUR 26,006 thousand).
In the recent almost two years the business has been increasingly impacted by the economic crisis in Russia. This is related to the drop of the oil price but also the sanctions against Russia resulting from the Ukraine-crisis. Those factors have led to a substantial devaluation of the Russian ruble and a dramatic increase of financing costs in Russia in the year 2014. The financing cost are therefore a challenge for the company as well as the customers, which need financing for the machines sold by the group. Still at the end of the 2014/15 fiscal year the Central bank interest rate is twice as high as early 2013/2014.

The Group's loss in the reporting year was caused by a substantial reduction of business volume as well as by the depreciation of the Russian ruble. Revenue in the reporting period was reduced by 36.25% compared to the previous period. This is caused by both – a reduction in sales volumes as well as the decrease of the ruble, which leads to lower revenues when recalculating local Russian accounts into euro. In the course of the reporting period the ruble devalued against euro from 49.954 ruble for 1 euro as of 1 October 2014 to 74.5825 ruble to 1 euro on 30 September 2015, which resulted in foreign currency translation net loss of EUR 16,873 thousand (2014: net loss of EUR 9,510 thousand).

Due to the significantly negative development in the previous fiscal year and the first months of the reporting period, the management together with the sole shareholder decided at 10 March 2015 to do a financial restructuring of the corporate bond issued in 2013. The aim of the restructuring was a sustained improvement of the balance sheet – mainly due to a debt-to-equity swap. After the end of the reporting period the complete restructuring was executed. For further information about the restructuring please refer to Note 37 of those notes as well as Note 4 of the management report which is part of this financial statement.

As of 30 September 2015 the Group had current bank loans in an amount of EUR 40,598 thousand, including EUR 8,142 thousand bank interests liabilities. The difference to the number of short term bank loans in the balance sheet is accrued interest on the corporate bond. After the restructuring of the bond the crucial condition to prepare the consolidated financial statements on a going concern basis is to secure the prolongation of the short-term bank loans, which is the usual way to external financing in Russia where loan contracts are usually made for a period not exceeding one year with the obligation to renegotiate the terms when the loans become due. As of the date of approval of these financial statements, the Group has serviced its debt obligations in a timely manner without breaches of covenants except for described at Note 26, repaid loans, which had come due in an amount of EUR 28,284 thousand, and attracted certain new loans in an amount of EUR 34,697 thousand. The current bank loans as per signing date amounted to approximately EUR 26 million.

The Group's management continues to work on reduction of working capital. The inventories have been reduced significantly as per the balance sheet date and in the order process for the new season we have been very careful not to take too much risk. At the same time we continue working on the outstanding receivables – already in the reporting period there have been major steps to improve this. The final effect of those measures is difficult to predict because it also depends on clients behavior and the development of currency and interest rates. The aim of the management is to further reduce the accounts receivable.

As for the big area of currency losses, management doesn't consider hedging being a reasonable measure in the current environment – it's simply too expensive due to the volatility of the Russian ruble.

There is a proportion of short-term loans that have to be renewed when they fall due. Management today believes that the renewal of those loans will be possible also in the current market conditions. This is also supported by the fact that the main operative entities in Russia earn positive operating cash flow and positive margin in local currency which is sufficient to serve the debt.

After consideration of the related uncertainty, based on the current view on the market and the plans for the coming years that have been made based on this management believes that the Group will be able to secure sufficient resources to continue its operations in the foreseeable future. Further we are still able to raise the necessary funds and our expectation is that the interest rates will come down step by step.

7. SUBSIDIARIES

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

Designation	Domicile	Type of Company	As of 30 September 2015	As of 30 September 2014
OOO EkoNivaTechnika-Holding	Moscow, Russia	Holding	99,99%	99,99%
OOO EkoNiva-Chernozemie*	Voronezh, Russia	Machinery sales	99,99%	99,99%
OOO EkoNiva-Sibir*	Novo-Sibirsk, Russia	Machinery sales	99,99%	99,99%
OOO EkoNiva-Vyatka	Kirov, Russia	Machinery sales	-	99,99%
OOO EkoNiva-Ryazan	Ryazan, Russia	Machinery sales	-	99,99%
OOO EkoNiva-Vladimir	Vladimir, Russia	Machinery sales	-	99,99%
OOO EkoNiva-Farm*	Tula, Russia	Machinery sales	99,99%	99,99%
OOO EkoNiva-Kaluga*	Kaluga, Russia	Machinery sales	99,99%	99,99%
OOO EkoNiva-Technika*	Moscow, Russia	Machinery sales	99,99%	99,99%
OOO EkoNiva-Kostroma	Kostroma, Russia	Machinery sales	-	99,99%
OOO Abris*	Voronezh, Russia	Advertising	99,99%	99,99%
OOO NivaStroy	Kaluga, Russia	Construction services	-	99,99%

* indirectly held to 100% via OOO EkoNivaTechnika-Holding

On 23 March 2015 OOO NivaStroy was sold to OOO Eko-Niva-APK Holding, a related party under common control, for RUR 10 thousand; the net liabilities of OOO NivaStroy on this date amounted to EUR 257 thousand (Note 36), which resulted in gain of EUR 352 thousand recognized in other operating income.

OOO EkoNiva-Kostroma was liquidated in December 2014. OOO EkoNiva-Vyatka was liquidated in August 2015. OOO EkoNiva-Vladimir was merged into OOO EkoNiva-Kaluga in January 2015. OOO EkoNiva-Ryazan was merged into OOO EkoNiva-Kaluga in September 2015.

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

8. INVESTMENTS IN ASSOCIATES

The Group has the following associated companies: GmbH Niva Control, which is an associated company (30:30:40) of Ekosem-Agrar GmbH, the related party, Ekotechnika AG and Agrotechnika GmbH; OOO Niva Project, which is an associated company (25:75) of OOO EkoNivaTechnika-Holding and physical person Yuriy Vasyukov; ATC UK OOO, which is associated Company (20% of shares) of OOO “EkoNiva-Kaluga”.

The Group has an agreement with its associates that the profits of the associate will not be distributed until it obtains the consent of the Group. The parent does not give such consent in foreseeable future at the reporting date.

The associate had no contingent liabilities or capital commitments as at 30 September 2015. The financial results of associated companies for the financial years ended 30 September 2015 and 30 September 2014 were EUR 46 thousand loss and EUR 37 thousand income respectively.

9. REVENUES

Revenue comprises the following:

	2015 EUR'000	2014 EUR'000
Sale of agricultural machinery	69,040	127,074
Sale of spareparts	31,888	34,844
Sale of fuel products	2,614	3,122
Construction services	1,819	1,778
After-sale services	3,677	4,224
	109,038	**171,042**

10. OTHER OPERATING INCOME

Other operating income is comprised as follows:

	2015 EUR'000	2014 EUR'000
Reimbursement of warrantee costs	958	650
Currency remeasurement gain	813	467
Income from contractual penalties	516	898
Reimbursement of marketing expenses	309	296
Gain on FA disposals	112	83
Other income	925	415
	3,633	**2,809**

11. COSTS OF GOODS AND SERVICES SOLD

Costs of goods comprise the following:

	2015 EUR'000	2014 EUR'000
Cost of agricultural machinery	56,225	100,854
Cost of spare parts	24,161	27,358
Cost of fuel	1,877	2,428
Cost of rendering construction services	1,382	1,036
	83,645	**131,676**

12. PAYROLL EXPENSES

Personnel costs break down as follows:

	2015 EUR'000	2014 EUR'000
Wages and salaries	4,837	7,932
Bonuses	3,603	3,463
Social and pension costs	1,952	2,379
	10,392	**13,774**

The total salaries and social and pension costs of key management personnel in the Group company in the year ended 30 September 2015 comprised EUR 940 thousand (2014: EUR 445 thousand) and EUR 158 thousand (2014: EUR 45 thousand), respectively.

The average number of staff in the Group during the year ended 30 September 2015 was 558 employees (2014: 708). Of these 185 (2014: 272) work in administration, 220 (2014: 235) in customer service, and 153 (2014: 201) in sales department.

13. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

	2015 EUR'000	2014 EUR'000
Currency remeasurement loss	5,662	2,070
Audit, consulting and legal fees	2,568	781
Bad debt expenses/ recovery	2,102	1,092
Other taxes	828	492
Materials and tools for services provided	683	625
Materials for warrantee	645	771
Marketing and advertising expenses	575	972
Fuel expenses	516	852
Rent expenses	513	705
Repairment and maintenance	502	850
Loss from contractual penalties	440	-
Transportation expenses	422	1,082
Travel and representation expenses	362	745
Utilities	321	264
Insurance	221	394
Bank charges	211	158
Communication expenses	204	353
Other expenses	642	534
	17,417	**12,740**

14. FINANCIAL INCOME / FINANCIAL EXPENSES

Financial income comprises the following:

	2015 EUR'000	2014 EUR'000
Interest income	1,984	1,607
Currency remeasurement gain	104	-
Other financial income	92	166
	2,180	**1,773**

Financial expenses comprise the following:

	2015 EUR'000	2014 EUR'000
Interest expenses	12,767	14,157
Currency remeasurement loss	12,128	7,907
Bank charges	1,590	1,948
Other financial expenses	156	3,825
	26,641	**27,837**

15. INCOME TAX EXPENSE

15.1 Income taxes recognized in the statement of comprehensive income

Income tax expense is constituted as follows:

	2015 EUR'000	2014 EUR'000
Current tax expense Current year income tax expense	455	626
Deferred taxes Recognition and reversal of temporary differences	437	2,284
Income tax (credit)/expense	**892**	**2,910**

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

15.2 Tax reconciliation

	2015 EUR'000	2014 EUR'000
Loss before tax	(25,687)	(24,133)
Income tax at a tax rate of 25%	6,422	6,033
Influence of differences in tax rates of different countries	(1,020)	(429)
Change in unrecognized deferred tax assets	(5,182)	(4,863)
Effect of expenses that are not deductible in determining taxable profit	(1,112)	(1,665)
Write-off of non-deductible goodwill	-	(1,986)
	(892)	**(2,910)**

15.3 Composition of deferred tax assets and liabilities

	1 October 2014	Change to profit and loss	Foreign currency translation	30 September 2015
	EUR'000	EUR'000	EUR'000	EUR'000
Intangible assets	1	(1)	0	-
Property, plant and equipment	260	(307)	(18)	(65)
Inventories	1,312	82	(446)	948
Trade receivables	(1,584)	(17)	526	(1,075)
Other financial assets	(23)	19	4	-
Other short-term assets	(41)	38	6	3
Other long-term liabilities	37	(25)	(7)	5
Provisions	119	68	(53)	134
Trade accounts payable	48	(23)	(12)	13
Advances received	(290)	(164)	129	(325)
Other financial liabilities	28	(24)	(4)	-
Other short-term liabilities	341	(12)	(114)	215
Prepayments	16	(6)	(4)	6
Loss carry forward	79	(66)	(13)	-
Total	**303**	**(437)**	**(7)**	**(141)**
Deferred tax asset				-
Deferred tax liability				141
Net deferred taxes				**(141)**

	1 October 2013	Change to profit and loss	Foreign currency translation	30 September 2014
	EUR'000	EUR'000	EUR'000	EUR'000
Intangible assets	1	0	0	1
Property, plant and equipment	(154)	378	36	260
Inventories	4,223	(2,556)	(355)	1,312
Short-term financial assets	875	(866)	(9)	-
Trade receivables	(4,619)	2,604	431	(1,584)
Other financial assets	(170)	133	14	(23)
Other short-term assets	807	(806)	(42)	(41)
Other long-term liabilities	9	31	(3)	37
Provisions	320	(157)	(44)	119
Short-term borrowings	(418)	418	0	-
Trade accounts payable	729	(625)	(56)	48
Advances received	125	(424)	9	(290)
Other financial liabilities	137	(97)	(12)	28
Other short-term liabilities	60	313	(32)	341
Prepayments	4	13	(1)	16
Loss carry forward	784	(643)	(62)	79
Total	**2,713**	**(2,284)**	**(126)**	**303**
Deferred tax asset				814
Deferred tax liability				511
Net deferred taxes				**303**

Deferred tax assets include EUR 0 thousand (2014: EUR 79 thousand), which were recognized for tax loss carry forwards of companies which had experienced tax losses in the reporting year.

As of 30 September 2015 and 2014, there was no recognized deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group has determined that undistributed profits of its subsidiaries and joint venture will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries, for which a deferred tax liability has not been recognized, aggregate to EUR 0 (2014: EUR 0).

As of 30 September 2015 company has loss carry forwards amounting to EUR 5,182 thousand available for which either no deferred tax asset has been set up or where the deferred tax asset has been impaired as it is not probable that those loss carry forwards can be used in foreseeable future.

16. INTANGIBLE ASSETS

The intangible assets can be classified as follows:

	Software EUR'000	Goodwill EUR'000	Total EUR'000
Cost			
as of 01 October 2013	**137**	**11,380**	**11,517**
Additions	51	-	51
Disposals	(74)	-	(74)
Impairment	-	(10,540)	(10,540)
Currency remeasurement	(15)	(840)	(855)
as of 30 September 2014	**99**	**-**	**99**
Additions	83	-	83
Disposals	(70)	-	(70)
Currency remeasurement	(35)	-	(35)
as of 30 September 2015	**77**	**-**	**77**
Amortization			
as of 01 October 2013	**(90)**	**-**	**(90)**
Disposals	96	-	96
Amortization	(82)	-	(82)
Currency remeasurement	15	-	15
as of 30 September 2014	**(61)**	-	(61)
Disposals	69	-	69
Amortization	(77)	-	(77)
Currency remeasurement	22	-	22
as of 30 September 2015	**(47)**	**-**	**(47)**
Net book value			
01 October 2014	38	-	**38**
30 September 2015	30	-	**30**

As of 30 September 2015 and 2014 there were no obligations to acquire intangible assets.

In the financial year ended 30 September 2014 as a result of impairment testing, 100% impairment of goodwill which resulted from the acquisition of 99% of ownership interest in OOO EkoNivaTechnika-Holding and its subsidiaries in 2011 in the amount of RUR 497 million attributable to all cash-generating units was recognized in amount of EUR 10,540 thousand.

17. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

EUR'000	Land	Building	Advances for construction	Construction in progress	Transport	Equipment	Office equipment and furniture	Other fixed assets	Total
Balance as of 30 September 2013	**1,688**	**20,903**	**618**	**5,103**	**3,886**	**2,974**	**1,389**	**143**	**36,704**
Additions	181	727	17	3,866	1,265	31	511	16	**6,614**
Disposals	-	(6)	(583)	(6)	(494)	(193)	(233)	(4)	**(1,519)**
Transfer	-	645	-	(650)	-	4	1	-	**-**
Foreign currency translation	(224)	(2,798)	(45)	(771)	(823)	(269)	(221)	(26)	**(5,177)**
Balance as of 30 September 2014	**1,645**	**19,471**	**7**	**7,542**	**3,834**	**2,547**	**1,447**	**129**	**36,622**
Additions	187	(45)	23	1,093	150	111	138	2	**1,659**
Disposals	(19)	(49)	(5)	(43)	(738)	(7)	(291)	(2)	**(1,154)**
Disposal of subsidiary	-	(61)	-	(216)	(314)	(187)	(15)	(3)	**(796)**
Transfer	-	3,490	-	(3,490)	(86)	79	18	(11)	**-**
Foreign currency translation	(567)	(6,454)	(5)	(2,446)	397	(1,352)	(317)	9	**(10,735)**
Balance as of 30 September 2015	**1,246**	**16,352**	**20**	**2,440**	**3,243**	**1,191**	**980**	**124**	**25,596**

EUR'000	Land	Building	Advances for construction	Construction in progress	Transport	Equipment	Office equipment and furniture	Other fixed assets	Total
Accumulated depreciation **Balance as of 30 September 2013**	-	**(1,002)**	-	-	**(1,708)**	**(705)**	**(606)**	**(87)**	**(4,108)**
Disposals	-	1	-	-	370	115	216	24	**726**
Depreciation charge for the year	-	(1,092)	-	-	(1,240)	(341)	(454)	(45)	**(3,172)**
Foreign currency translation	-	227	-	-	435	109	147	(9)	**909**
Balance as of 30 September 2014	-	**(1,866)**	-	-	**(2,143)**	**(822)**	**(697)**	**(117)**	**(5,645)**
Disposals	-	28	-	-	498	7	285	2	**820**
Disposal of subsidiary	-	28	-	-	207	91	9	2	**337**
Depreciation charge for the year	-	(953)	-	-	(808)	(225)	(304)	(29)	**(2,320)**
Transfer	-	-	-	-	19	(12)	(14)	7	**-**
Foreign currency translation	-	549	-	-	(170)	259	33	54	**726**
Balance as of 30 September 2015	-	**(2,214)**	-	-	**(2,397)**	**(702)**	**(688)**	**(81)**	**(6,082)**

EUR'000	Land	Building	Advances for construction	Construction in progress	Transport	Equipment	Office equipment and furniture	Other fixed assets	Total
Net book value									
as of 30 September 2014	**1,645**	**17,605**	**7**	**7,542**	**1,691**	**1,725**	**750**	**12**	**30,977**
As of 30 September 2015	**1,246**	**14,138**	**20**	**2,440**	**846**	**489**	**292**	**43**	**19,514**

Borrowing costs in the amount of EUR 0 thousand were capitalised into construction in progress during the year ended 30 September 2015 (2014: EUR 203 thousand).

As of 30 September 2015 and 2014 there were no commitments to acquire property, plant and equipment.

The carrying amount of the assets recognized under finance lease agreements amounted to EUR 396 thousand as of 30 September 2015 (2014: EUR 1,418 thousand). The leased assets represented transportation vehicles.

As of 30 September 2015, the same as of 30 September 2014, for the purposes of assets impairment testing, the recoverable amount was determined based on a value in use calculation using cash flow projections as follows:

- cash flow projections were based on actual results of cash-generating units for the reporting period and on the business plan for the next year approved by the Group management;
- cash flows were measured in Russian rubles on the basis of prices as adjusted for inflation;
- in forecasting cash flows stable gross margins were assumed at the level of:
  - Central region – 18% (2014: 18%);
  - Siberian region – 24% (2014: 16%);
  - Black earth region – 25% (2014: 19%);
- the following growth rates were forecasted for the year ending 30 September 2015 with regards of revenue and costs of goods and services sold:
  - Central region – increase of 18% (2014: 0%);
  - Siberian region – increase of 10% (2014: 16%);
  - Black earth region – decrease of 20% (2014: 30%);
- other cash inflows and outflows for the year ending 30 September 2015 were budgeted based on management's best estimates;
- annual growth rate of 5% was projected for the years ending 30 September 2017-2020 (2014: 7% for years ending 30 September 2016-2018 and 5% for the year ending 30 September 2019);
- terminal growth rate of 3,5% (2014: 3%) was applied;
- pre-tax discount rate used in cash flows forecast was 18% (15,5%) as of 30 September 2015.

As a result of impairment testing, no impairment of assets attributable to all cash-generating units was recognized.

In the financial year ended 30 September 2014 after goodwill impairment disclosed in the Note 16 no additional impairment of the Group's assets was recognized.

The planning assumptions given above have been determined shortly after 30 September 2015.

Assets pledged as security

The Group's property, plant and equipment with carrying amount of EUR 12,894 thousand as of 30 September 2015 was pledged as a security for the Group's bank loans and borrowings (2014: EUR 16,447 thousand). The Group does not have the right to sell these before having settled the related liabilities.

18. LONG-TERM AND SHORT-TERM LOANS ISSUED

The other financial assets comprise the following:

Type	Interest rate %	Maturity	Level	09/30/2015 EUR'000 BV	09/30/2015 EUR'000 FV	09/30/2014 EUR'000 BV	09/30/2014 EUR'000 FV
Long-term loans to related parties [37]	8% - 9%	Mar 2017 - Mar 2019	Level 2	7,564	7,564	705	705
Long-term loans to employee			Level 2	22	22	57	57
Other long-term financial assets			Level 2	63	-	-	-
Other long-term financial assets				**7,649**	**7,586**	**762**	**762**
Short-term loans to related parties [37]	14% - 20%	Sept 2015 - Jun 2016	Level 2	1,699	1,729	12,303	12,303
Short-term loans to 3rd parties	14% - 30%	Oct 2015 - Mar 2016	Level 2	92	92	763	763
Short-term issued to employees			Level 2	35	35	117	117
Other short-term financial assets			Level 2	112	112	-	-
Other short-term financial assets				**1,938**	**1,968**	**13,183**	**13,183**
Total				**9,587**	**9,554**	**13,945**	**13,945**

All loans issued are unsecured.

19. INVENTORIES

Inventories comprise the following:

	09/30/2015 EUR'000	09/30/2014 EUR'000
Agricultural machines	17,416	42,758
Spare parts	6,610	14,252
Fuel	243	283
Other	204	507
	24,473	**57,800**

During the year ended 30 September 2015, EUR 5,830 thousand was recognized as an expense withing cost of sales for inventories carried at net realizable value (2014: EUR 482 thousand as an income).

The Group's goods for resale of EUR 12,398 thousand as of 30 September 2015 (2014: EUR 15,247 thousand) were valued at net realizable value.

Agricultural machinery and spare parts with carrying amount of EUR 22,509 thousand as of 30 September 2015 (2014: EUR 57,264 thousand) were pledged to secure the Group's bank loans and borrowings. The Group does not have the right to sell these inventories before having settled the related loans and borrowings.

20. TRADE RECEIVABLES

Trade receivables comprise the following:

	09/30/2015 EUR'000	09/30/2014 EUR'000
Trade receivables	20,349	35,073
Allowance for doubtful accounts of Trade receivables	(2,289)	(1,884)
Trade receivable, net	**18,060**	**33,189**

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

	EUR'000
01 October 2013	**(1,232)**
Charge for the year	(1,049)
Foreign currency translation	205
Utilised	192
30 September 2014	**(1,884)**
Charge for the year	(1,189)
Foreign currency translation	27
Utilised	757
30 September 2015	**(2,289)**

Impairment loss of EUR 1,189 thousand (2014: EUR 1,049 thousand) is recognized in the statement of comprehensive income under other operating expense.

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

The ageing analysis of trade receivables is as follows:

Ageing of trade receivables	09/30/2015 EUR'000	09/30/2014 EUR'000
Neither past due nor impaired	6,727	18,455
impaired	2,289	1,884
Not impaired but past due	11,333	14,734
less than 30 days	4,530	2,669
30-90 days	2,966	4,695
90-180 days	1,197	3,630
180 days-1 year	1,031	2,506
more than 1 year	1,609	1,234
	20,349	**35,073**

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

21. PREPAYMENTS

Payments on account in the amount of EUR 1,937 thousand (2014: EUR 2,778 thousand) represent advance payments to suppliers of agricultural machinery.

22. OTHER SHORT-TERM ASSETS

The other current assets comprise the following:

	09/30/2015 EUR'000	09/30/2014 EUR'000
Other taxes receivable	815	2,443
Other current assets	628	1,865
	1,443	**4,308**

Other taxes receivable are primarily VAT receivable. Other current assets mainly consist mainly of deferred income for reimbursement of warranty provision in amount of EUR 568 thousand (2014: EUR 883 thousand).

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	09/30/2015 EUR'000	09/30/2014 EUR'000
Bank balances	619	2,330
Cash in transit	553	-
Cash on hand	5	12
Cash and cash equivalents	**1,177**	**2,342**

24. SHARE CAPITAL AND CAPITAL RESERVES

Fully paid in registered capital as of 30 September 2015 and 2014 is EUR 2,025 thousand. The amount of additional paid in capital as of 30 September 2015 and 2014 is EUR 6,000 thousand.

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 30 September 2015 it amounted to EUR 17,009 thousand (2014: EUR 10,350 thousand).

25. PROVISIONS

The Provisions comprise the following:

EUR'000	Warrantee reserve	Other	Total
as of 01 October 2013	**1,511**	**692**	**2,203**
Charge for the year	947	367	**1,314**
Foreign currency translation	(164)	(63)	**(227)**
Utilised	(1,402)	(132)	**(1,534)**
Unused amounts reversed	-	(513)	**(513)**
as of 01 October 2014	**892**	**351**	**1,243**
Charge for the year	684	(128)	**556**
Foreign currency translation	(293)	(68)	**(361)**
Utilised	(691)	(15)	**(706)**
Unused amounts reversed	-	(140)	**(140)**
as of 30 September 2015	**592**	**-**	**592**
Current	592	-	592
Non-current	-	-	-

26. BORROWINGS

The borrowings comprise the following:

		09/30/2015 EUR'000		09/30/2014 EUR'000	
	Level	GBV	FV	GBV	FV
Bonds issued	Level 1	66,838	6,684	60,576	39,600
Non-current bank loan	Level 2	1,341	1,341	-	-
Current bank loans	Level 2	32,449	32,449	62,569	64,861
Current borrowings from other entities	Level 2	6	6	101	101
		100,634	**40,480**	**123,246**	**104,562**

As of 30 September 2015 borrowings received in amount of EUR 13,945 thousand were secured by third parties.

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

	Non-current loans and borrowings		Current loans and borrowings	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
USD			5,43% - 9,25%	5,4% - 7%
RUR			13,00% - 25,00%	9% - 13,59%
EUR	10,74%	10,74%	8,50%	6,47% - 7,17%

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

At the moment of the financial statement approval the corporate bonds were swapped to share capital as a part of financial restructuring. For detailed information, please, see Note 37 and point 4 in the Management Report.

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

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

If covenants are breached the borrowers can increase interest rate or demand early repayment. During the years ended 30 September 2015 and 2014 and until the issuance of this financial statement the Group has complied with all the covenants, except covenants for the loans and borrowings in the amount of EUR 8,805 thousand as of 30 September 2015 and EUR 14,958 thousand as of 30 September 2014. These short-term loans were shown in category „on demand" in Note 34.4. Up to the date of signing these consolidated financial statements, the banks did not claim earlier repayment of the loans or any other penalties (Note 37).

27. TRADE ACCOUNTS PAYABLES

Trade payables are exclusively comprised of trade payables due to third parties in the amount of EUR 19,372 thousand (2014: EUR 31,844 thousand). Trade payables can be non-interest bearing and interest bearing and are normally settled on 60-day terms. As of 30 September 2015 trade payables in amount of EUR 9,887 thousand were secured by third parties.

28. ADVANCES RECEIVED

Prepayments received in the amount of EUR 3,643 thousand (2014: EUR 5,784 thousand) represent advance payments from customers.

29. OTHER FINANCIAL LIABILITIES

Other financial liabilities comprise the following:

	09/30/2015 EUR'000	09/30/2014 EUR'000
Employee benefit liabilities	3,003	2,241
Other financial liabilities	826	100
Short-term finance lease payable	292	580
	4,121	**2,921**

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

As of 30 September 2015 long-term finance lease liabilities of EUR 153 thousand (30 September 2014: EUR 744 thousand) were included in other long-term liabilities.

30. OTHER SHORT-TERM LIABILITIES

Other current liabilities comprise the following:

	09/30/2015 EUR'000	09/30/2014 EUR'000
VAT payable	6,238	6,682
Other taxes payable	364	496
	6,602	**7,178**

31. FINANCE LEASE LIABILITIES

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

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

	30 September 2015		30 September 2014	
	Present value EUR'000	Minimum lease payments EUR'000	Present value EUR'000	Minimum lease payments EUR'000
Not later than 1 year	292	318	580	673
Later than one year and not later than five years	149	153	744	777
More than five years	-	-	-	-
	441	**471**	**1,324**	**1,450**
Future interest	31		126	

32. FUTURE OPERATING LEASEPAYMENTS

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

	09/30/2015 EUR'000	09/30/2014 EUR'000
Due within one year	302	348
Due within one up to five years	589	143
Due in more than five years	103	21
	994	**512**

33. OPERATING ENVIRONMENT

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

In 2015, the Russian economy was negatively impacted by a significant drop in crude oil prices and a significant devaluation of the Russian Rouble, as well as sanctions imposed on Russia by several countries. In December 2014, the Rouble interest rates have increased significantly; and the Central Bank of Russia raised its key rate to 17%. During the financial year the key rate was steadily decreased till 11% on 3 August 2015. On 11 September 2015, the Bank of Russia Board of Directors decided to maintain the key rate at 11% per annum, due to the higher inflation risks amid persistent risks of considerable economy cooling. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances. As part of this, management has taken the decision together with the shareholder to restructure the corporate bond issued in 2013.

For further details see management report as well as Note 37.

34. FINANCIAL RISK MANAGEMENT

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

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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analyses in the following sections relate to the position as of 30 September 2015 and 2014.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of 30 September 2015 and 2014.

34.1 Foreign currency risk

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

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

30 September 2015

EUR'000	Level	USD	RUR	GBP	EUR	Total
Long-term loans issued	Level 2	-	85	-	7,564	**7,649**
Investments in associates	Level 2	-	37	-	25	**62**
Short-term loans issued	Level 2	-	1,553	-	385	**1,938**
Trade receivable	Level 2	3,037	11,443	-	3,580	**18,060**
Other financial assets	Level 2	15	262	-	15	**292**
Cash and cash equivalents	Level 1	2	1,156	-	19	**1,177**
Total monetary financial assets		**3,054**	**14,536**	**-**	**11,588**	**29,178**
Long-term loans and credits	Level 1	-	-	-	60,036	**60,036**
Other long-term liabilities	Level 2	-	153	-	-	**153**
Short-term loans and credits	Level 2	10,042	23,482	-	7,074	**40,598**
Trade payables	Level 2	1,990	11,287	-	6,095	**19,372**
Other financial liabilities	Level 2	3	3,635	-	483	**4,121**
Total monetary financial liabilities		**12,035**	**38,557**	**-**	**73,688**	**124,280**
Net monetary position		**(8,981)**	**(24,021)**	**-**	**(62,100)**	**(95,102)**

30 September 2014

EUR'000	Level	USD	RUR	GBP	EUR	Summe
Long-term loans issued	Level 2	-	57	-	705	**762**
Investments in associates	Level 2	-	72	-	-	**72**
Short-term loans issued	Level 2	-	7,661	-	5,522	**13,183**
Trade receivable	Level 2	7,786	14,650	170	10,583	**33,189**
Other short-term assets	Level 2	78	840	-	79	**997**
Cash and cash equivalents	Level 1	9	2,324	2	7	**2,342**
Total monetary financial assets		**7,873**	**25,604**	**172**	**16,896**	**50,545**
Long-term loans and credits	Level 1	-	-	-	58,284	**58,284**
Other long-term liabilities	Level 2	-	744	-	-	**744**
Short-term loans and credits	Level 2	19,255	36,781	-	8,926	**64,962**
Trade payables	Level 2	9,989	6,243	-	15,612	**31,844**
Other short-term liabilities	Level 2	2	2,902	-	17	**2,921**
Total monetary financial liabilities		**29,246**	**46,670**	**-**	**82,839**	**158,755**
Net monetary position		**(21,373)**	**(21,066)**	**172**	**(65,943)**	**(108,210)**

Foreign currency sensitivity of financial instruments

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

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

USD/RUR		Change in USD/RUR rate	Effect on loss before income tax EUR'000
	2015	36,00%	(3,233)
		-24,00%	2,155
	2014	40,00%	(8,549)
		-40,00%	8,549

EUR/RUR		Change in RUR/EUR rate	Effect on loss before income tax EUR'000
	2015	37,00 %	(8,888)
		-25,00 %	6,005
	2014	40,00 %	(8,426)
		-40,00 %	8,426

34.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to the Group's debt obligations with floating interest rates as of 30 September 2015 and 2014 of EUR 5,100 thousand and EUR 11,678 thousand, respectively. With all other variables held constant the Group's loss before tax is affected insignificantly through the impact on floating rate borrowings.

34.3 Credit risk

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

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding trade receivables are regularly monitored. As of 30 September 2015, the Group had 3 customers (2014: 6 customers) that owed the Group more than EUR 1,000 thousand each and accounted for approximately 25% (2014: 30%) of all the receivables owed.

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

Loans issued

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

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

Cash and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. Counterparty credit limits are reviewed by the Group's management. The Group's maximum exposure to credit risk for the components of the statement of financial position as of 30 September 2015 and 2014 is the carrying amounts as illustrated in Note 23.

Excessive risk concentration

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

34.4 Liquidity risk management

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

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

30 September 2015

EUR'000	Bond under restructuring*	On demand	Less than 3 months	between 4 months and 1 year	between 1 and 2 years	between 2 and 5 years	Total
Loans and borrowings	66,837	8,805	10,849	15,032	1,445	-	102,968
Trade payables	-	-	19,372	-	-	-	19,372
Other financial liabilities	-	-	4,121	153	-	-	4,274
Total	**66,837**	**8,805**	**34,342**	**15,185**	**1,445**	**-**	**126,614**

* Obligations from the loan as well as interest were converted after the balance sheet date within the scope of a debt-to-equity swap into company capital. Please refer to the Note 37.

30 September 2014

EUR'000	On demand	Less than 3 months	between 4 months and 1 year	between 1 and 2 years	between 2 and 5 years	Total
Loans and borrowings	14,958	12,011	46,662	5,850	69,376	148,857
Trade payables	-	7,961	23,883	-	-	31,844
Other financial liabilities	-	2,121	800	744	-	3,665
Total	**14,958**	**22,093**	**71,345**	**6,594**	**69,376**	**184,366**

34.5 Capital management

The Group manages its capital so as to ensure that all of the Group's companies are able to operate on a going concern basis and at the same time can service all liabilities in due time.

The capital structure of the Group comprises net debt (i.e. loans and borrowings as presented in Note 26, less cash and cash equivalents) as well as the equity of the Group (comprising paid registered capital, capital reserves, accumulated losses, additional paid-in capital).

	2015 EUR'000	2014 EUR'000
Loans and borrowings	100,634	123,246
Less: cash and cash equivalents	(1,177)	(2,342)
Net debt	**99,457**	**120,904**
Total capital	(59,209)	(26,007)
Capital and net debt	**(158,666)**	**(146,911)**

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2015 and 2014.

According to the Russian legislation, as of 30 September 2015 and 2014 minimum share capital amount was RUR 10 thousand for limited liability companies. If the value of the net assets of a company is found to be less than the minimum share capital amount required by law, the company must go into liquidation. As of 30 September 2015, OOO EkoNiva-Farm does not comply with the minimum share capital requirement. OOO EkoNiva-Farm does not possess property, plant and equipment; its main activity is sale of diary equipment which are held on its stock; all its significant liabilities are within the Group. Based on these factors management accepted the risk of liquidation and assessed it as low.

35. SEGMENT REPORTING

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

The following summary describes the operations in each of the Group's reportable segments:

- The Central segment includes activities of subsidiaries in Central region of the Russian Federation.
- The Blackearth Regionsegment includes activities of subsidiaries in Blackearth region of the Russian Federation.
- The Siberian segment includes activities of subsidiaries in Siberian region of the Russian Federation.

The Group aggregated certain operating segments with different characteristics into one group called „All other" for the management accounts and for the purpose of reporting in the consolidated financial statements.

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

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

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

Year ended 30 September 2015	Central region EUR'000	Blackearth region EUR'000	Siberian region EUR'000	All other EUR'000	Elimination and adjustments EUR'000	Consolidated EUR'000
Revenue	**51,633**	**43,180**	**11,955**	**7,335**	**(5,065)**	**109,038**
Sales of goods for resale - third parties	47,637	40,978	11,191	3,918	(182)	103,542
Sales (all) - Group companies	2,889	1,342	(888)	1,657	(5,000)	-
Construction revenue	-	-	-	1,734	85	1,819
Revenue from rendering of services	1,107	860	1,652	26	32	3,677
Cost of goods and services sold	**(39,196)**	**(31,216)**	**(9,322)**	**(5,427)**	**1,516**	**(83,645)**
Cost of goods for resale	(39,196)	(31,216)	(9,322)	(3,639)	1,110	(82,263)
Cost of construction contracts	-	-	-	(1,788)	406	(1,382)
Gross profit/(loss)	**12,437**	**11,964**	**2,633**	**1,908**	**(3,549)**	**25,393**
Other income	1,310	640	322	3,839	(2,478)	3,633
Payroll expenses	(4,015)	(2,307)	(1,088)	(3,054)	72	(10,392)
Depreciation, amortization and impairment	(1,453)	(539)	(231)	(218)	44	(2,397)
Other operating expenses	(10,765)	(6,024)	(1,869)	(3,591)	4,832	(17,417)
Results from operating activities	**(2,486)**	**3,734**	**(233)**	**(1,116)**	**(1,079)**	**(1,180)**

Year ended 30 September 2014	Central region EUR'000	Blackearth region EUR'000	Siberian region EUR'000	All other EUR'000	Elimination and adjustments EUR'000	Consolidated EUR'000
Revenue	**87,628**	**67,504**	**24,366**	**11,068**	**(19,524)**	**171,042**
Sales of goods for resale - third parties	78,279	66,273	17,529	4,061	(1,102)	165,040
Sales (all) - Group companies	7,574	149	5,506	5,193	(18,422)	-
Construction revenue	-	-	-	1,778	-	1,778
Revenue from rendering of services	1,775	1,082	1,331	36	-	4,224
Cost of goods and services sold	**(61,713)**	**(52,806)**	**(14,075)**	**(6,136)**	**3,054**	**(131,676)**
Cost of goods for resale	(61,697)	(52,806)	(14,075)	(3,338)	1,276	(130,640)
Cost of construction contracts	(16)	-	-	(2,798)	1,778	(1,036)
Gross profit/(loss)	**25,915**	**14,698**	**10,291**	**4,932**	**(16,470)**	**39,366**
Other income	1,425	1,146	412	4,723	(4,897)	2,809
Payroll expenses	(6,191)	(2,599)	(1,864)	(3,120)	-	(13,774)
Depreciation, amortization and impairment	(1,881)	(602)	(387)	(432)	(10,465)	(13,767)
Other operating expenses	(14,463)	(5,836)	(8,024)	(10,373)	25,956	(12,740)
Results from operating activities	**4,805**	**6,807**	**428**	**(4,270)**	**(5,876)**	**1,894**

	2015 EUR'000	2014 EUR'000
Result from operating activity	**(1,180)**	**1,894**
Result of equity consolidation in associated companies	(46)	37
Financial income	2,180	1,773
Financial expenses	(26,641)	(27,837)
	(25,687)	**(24,133)**
Income tax expense	(892)	(2,910)
Loss for the period	**(26,579)**	**(27,043)**

In the financial year 2015 two customers made 25% of Central segment revenue (2014: 3 customers made 15% of revenue), 1 customers made 15% of Siberian segment revenue (2014: 2 customer made 17%) and two main customers made 17% of Black Earth segment revenue (2014: 2 customers made 27%).

36. BUSINESS ACTIVITIES WITH RELATED PARTIES

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

The most significant related parties are directors of the companies and all of the companies they possessed and especially all companies of Ekosem Agrar Group, in which Mr. Stefan Durr together with Mr. Blaesi are significantly involved in management.

Trading activities

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

		Sale of agricultural machinery	Sale of spareparts	Revenue from rendering of consruction services	Sale of fuel products	Revenue from rendering of services	Purchase of goods and other services	Other income
Entities under common control	**2015**	4,964	5,285	1,714	251	31	473	731
	2014	10,104	2,942	1,628	353	135	329	126

Receivables and payables from and to related companies and persons

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

		Trade and other short-term assets	Trade accounts payable and other short-term liabilities
Entities under common control	09/30/2015	5,886	1,860
	09/30/2014	3,035	3,041
Key management personnel	09/30/2015	-	532
	09/30/2014	-	-
Total	09/30/2015	**5,886**	**2,391**
	09/30/2014	**3,035**	**3,041**

Financing and investing activities

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

		Long-terms loans granted [18]	Short-terms loans granted [18]
Entities under common control	09/30/2015	7,564	1,460
	09/30/2014	665	8,309
Parent company	09/30/2015	-	223
	09/30/2014	-	3,991
Associates	09/30/2015	62	16
	09/30/2014	40	3
Total	09/30/2015	**7,626**	**1,699**
	09/30/2014	**705**	**12,303**

		Interest income	Interest expense
Entities under common control	2015	1,767	3
	2014	601	-
Parent company	2015	678	-
	2014	739	28
Associates	2015	11	-
	2014	-	-
Total	2015	**2,456**	**3**
	2014	**1,340**	**28**

EUR 13,275 thousand (2014: EUR 19,966 thousand) of loans were issued to the related parties during the year ended 30 September 2015, which is included into the line „Cash issuance of other financial assets" in the consolidated cash flow statement. During the year ended 30 September 2015 the Group received settlement of loans issued to related parties of EUR 12,028 thousand (2014: EUR 10,780 thousand), which is included into the line „Proceeds from settlement of other financial assets" in the consolidated cash flow statement. Investing transactions with entities under common control that did not require the use of cash or cash equivalents on 30 September 2015 amounted to EUR 3,232 thousand (2014: EUR 2,296 thousand).

On 23 March 2015 the Group sold its subsidiary OOO NivaStroy to OOO EkoNiva-APK Holding, a related party under common control and a company of Ekosem-Agrar group, for RUR 10 thousand; the net liabilities of OOO NivaStroy on this date amounted to EUR 257 thousand (Note 8).

On 30 September 2015 the Group had guarantees outstanding in a carrying amount of EUR 74 thousand (30.09.2014: EUR 172 thousand). The guarantees are issued in favor of companies of Ekosem-Agrar Group, the related party, to support their purchase of machines from the group. As per the date of issuing these financial statement management doesn't expect that a party holding the warrantee will demand any payment.

Management remuneration is covered in Note 12.

37. IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

Execution of the restructuring concept

Following the bondholders meeting in May 2015 there have been few claims against the decisions of this meeting. The company in July filed a motion pursuant to sec. 20 para 3 sentence 4 of the German Bond Act (*Schuldverschreibungsgesetz - SchVG*) with the higher regional court (*Oberlandesgericht*) of Karlsruhe requesting that the filing of the claims be not considered a hindrance to the execution of the resolutions contested and that deficiencies in such resolutions, if any, do not affect the effectiveness of the execution (approval application - *Freigabeantrag*). On 30 September 2015 the court decided in favor of the company and therefore enabled the execution of the bond-holders' decisions.

Following the court decision a shareholder's meeting took place on 23 October 2015 and the following decisions where taken:

- reduction of the share capital from EUR 2,025 thousand to EUR 81 thousand
- increase of share capital by EUR 1,539 thousand / debt-to-equity swap
- further increase of share capital by EUR 1,520 thousand against cash contribution
- change of legal form of the company into a joint stock company (AG)

All decisions of the shareholders meeting have been incorporated in the register of the company until the 13rd of November 2015 and therefore the restructuring of the bond has been completely executed. End November / early December 2015 the bondholders had the right to execute their right to receive shares in Ekotechnika AG in exchange for waiving the rights from the bond. The shares are traded in Düsseldorf Stock exchange since 17 December 2015.

In the course of executing the debt to equity swap the management took the decision on 22 October 2015 to dissolve the capital reserve of EUR 6,000 thousand that has been paid in 2013.

As a consequence of the capital measures mentioned above, the equity positions of the group have been changed in the following way compared to the numbers reported in the balance sheet for 30 September 2015:

	09/30/2015 reported EUR'000	Dissolving of capital reserve EUR'000	Reduction of share capital EUR'000	Capital increase (swap) EUR'000	Capital increase (cash) EUR'000	09/30/2015 as if EUR'000
Share capital	2,025	-	(1,944)	1,539	1,520	3,140
Additional paid in capital	6,000	(6,000)	-	5,310	1,520	6,830
Foreign currency translation reserve	(16,973)	-	-	-	-	(16,973)
Retained Earnings	(23,681)	6,000	1,944	-	-	(15,737)
Current year profit	(26,577)	-		59,989	-	33,412
	(59,206)	**-**	**-**	**66,838**	**3,040**	**10,672**
Non-controlling interests	(3)	-	-	-	-	(3)
	(59,209)	**-**	**-**	**66,838**	**3,040**	**10,669**

Based on the decision to change the legal form of the mother company into a joint stock company the shareholders elected the first supervisory board of Ekotechnika AG. As members of the board have been elected:

- Rolf Zürn
- Olga Ohly
- Marius Hoerner

In the first meeting of the supervisory board the members elected Rolf Zürn as chairman and Olga Ohly deputy chair-person.

The members of the supervisory board then appointed Stefan Dürr chairman of the board of management and Wolfgang Bläsi member of the board.

38. AUDITOR'S FEE

The fee for the annual audit (total remuneration plus expenses without VAT) recorded as an expense in the year ended 30 September 2015 was EUR 174 thousand (2014: EUR 156 thousand).

39. RELEASE

The consolidated financial statement of Ekotechnika AG for the financial year from 1 October 2014 to 30 September 2015 was transferred for review to the Supervisory board on the 11th of January 2016. On the 18th of January 2016 the Supervisory board took the decision to publicate the consolidated financial statement.

Walldorf, 18 January 2016

Stefan Dürr	Wolfgang Bläsi
Chairman of the board / CEO	Managing director / CFO

AUDIT OPINION

We have audited the consolidated financial statements prepared by Ekotechnika AG (formerly: Ekotechnika GmbH), Walldorf, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 October 2014 to 30 September 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [„Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Without qualifying this opinion, we draw attention to the comments in section 5.3 „Risks to the Group's ability to continue as a going concern" in the group management report and the circumstances presented therein, according to which the Group's ability to continue as a going concern depends on whether it will be able to generate adequate cash and cash equivalents in the future to cover its liabilities. These also include cash and cash equivalents for the repayment of bank loans which are due for repayment to the extent that these are not refinanced or extended. At the time the financial statements for 2014/2015 were being prepared, the management board expected the Group's financial liabilities, most of which are current liabilities, to be extended regularly by the Russian banks as was previously the case despite the deterioration in Group's results of operations and despite the fact that borrowing conditions for certain short and long-term loans in Russia were not complied with in the past year.

Eschborn/Frankfurt am Main, 25 January 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Kausch-Blecken von Schmeling	Titov
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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