

Half Year Report 2013

Agrokultura, the Russian and Ukrainian producer of agricultural commodities, announces its results for the six months ending 30 June 2013. Numbers in brackets relate to the six month period ending 30 June 2012.

Financial highlights

- Total revenue for the period ended 30 June 2013 amounted to KSEK 192,882 (176,387).
- The Group reported a result before depreciation and amortization for the period of KSEK -20,839 (113,442). Net result was KSEK -76,905 (33,322).
- Net asset value per share at 30 June 2013 was SEK 8.20 per share (SEK 10.14) and loss per share amounted to SEK -0.55 (profit SEK 0.25).
- On June 30 2013, Group debt, incorporating lease financing and interest bearing bank borrowings, totalled KSEK 249,962 (201,727). Group cash at the same date was KSEK 11,211 (30,472).

Operational highlights

- The planted area for harvest in 2013 is on a steady level with 134,400 hectares (133,400) including 5,500 hectares of fodder crops for the Group's livestock operations.
- Harvesting of winter crops materially completed, incorporating approximately 46 per cent of total expected harvest for the year or 59,300 hectares.
- Winter crop yields up compared to last year, with in particular improvements in the winter rape in Ukraine of over 30 per cent and winter wheat in central Russia of almost 50 per cent.
- Agreements have been made for land disposals in Ukraine of 24,800 hectares. Excluding the land area for disposal, the Group retained a total land bank of approximately 226,800 hectares (281,300) at the end of the period, whereof 158,100 hectares in Russia and 68,700 hectares in Ukraine.
- In June 2013 the Company changed name from Alpcot Agro to Agrokultura.

Upcoming reporting dates

Interim Full Year Report 2013 – 28 March 2014

Annual Report 2013 – 24 April 2014

Managing Directors' comments

We are now half way through the harvest of 2013. The yields we have achieved on our winter planted crops are the best in the company's history, due to a combination of favourable weather and improvements in execution. The only main weather issue we have had was a rainy period in early August in central Russia, which impacted the quality of the grains in the region.

We have also seen a drop in the price of agricultural products this summer. This is because all major crop producing regions are having good weather conditions, unlike in 2012 when both North America and the Black Sea region were affected by drought.

In the Annual Report for 2012, we named specific objectives we are working towards in order to make the company profitable: concentration of the land bank, modernisation of the machinery fleet, improvements in yields and efficient cost control.

To date, we have made progress in terms of concentration of our land bank and the operations in Ukraine. As announced in July we have divested, at fair prices, all land holdings outside of the core area in western Ukraine and we now keep a core cluster where all operations take place within a three hour drive from our central office in Lviv. The process of divesting further non-core assets is ongoing in both Russia and Ukraine.

On the modernisation of the machinery fleet, we have made selected investments which have had a positive impact on the yields. We are using the ongoing divestments of outlying and under-utilised land to concentrate our best machinery assets to our most productive areas.

We have launched several initiatives on yield improvement, which play a role in the improved yield levels. Ultimately, the key restricting factors on our yields are precipitation and weather risk mitigation. We are working to improve the quality level in our operations within this framework and deliver farming activities at the right time to avoid yield losses.

To improve the cost side is our major concern, and it is a disappointment that we have not yet been able to implement sufficient cost reductions. Short term our top priority for the company is cost reductions and rationalisations. We are taking specific measures to reduce the cost of our inputs, our single largest expense item. The announced divestments will bring reduced logistics, land rent and staffing costs. We are also addressing our indirect costs and our complex organisation structure.

Our overarching objective is to reach stable profitability and too maximise shareholder value. The way to achieve this is use all of our resources more efficiently; land, storage, machinery, people and cash. It is our target to be able to present a more streamlined company at the end of this year.

Ulf Scholander
Group Managing Director

Agricultural Commodity Market Development

The Group produces commodities which are sold to local, regional and international buyers, but broadly follow international price trends. International prices for commodities such as rapeseed, wheat and corn, although down from the twelve month highs, are currently close to the five year trailing average.

This year has not seen negative weather events such as in 2012, when severe drought in North America and volatile weather conditions in some areas of Russia caused a strong upward momentum in prices. Improved global supply has settled prices back to historic normal levels. Recent years have seen swings in crop pricing in part due to volatile weather patterns but also owing to reduced inventory levels which means inventory stocks are less able to absorb reductions in supply in any given year. There is nothing to indicate that the high price volatility will disappear in the coming years. The Group's strategy of geographic diversification and continued efforts to manage and decrease risk is the best way to navigate this environment.

Due to increased use of arable land for non-food crops for use in other industries (e.g. fuel) together with a constantly increasing global population, independent industry followers consider the medium term outlook for crop prices as positive.

Other than a dry spell in spring, weather conditions at the Group's operations in Russia and Ukraine have been favourable in 2013 and yields to date have been in excess of 2012.

OPERATIONAL REVIEW

Crop production

The Group's farming strategy and methodology continue to develop with experience, selective hires and capital expenditures. Focus remains on improving operational efficiencies within a set, established crop rotation. The Group seeks a mix of crops between winter planted crops and spring planted crops which balances weather risk and working capital requirements.

In Russia the most attractive margins have historically come from sunflower and in Ukraine the most attractive margins are derived from the cultivation of rapeseed and corn.

Yields per hectare are generally lower in the Russian part of the business than in the Ukraine due to the lower precipitation levels in the Central Black Soil Region compared to Western Ukraine which means that different input models are applied in the two regions. The input cost per hectare is therefore lower in the Russian part of the business than in Ukraine.

Spring planting in 2013

Weather conditions during the spring planting season were satisfactory across both Russia and Ukraine which enabled the planting to be carried out within acceptable time frames. Spring came late which shortened the planting window but new machinery and good planning made up for the reduced timeframe. The period immediately after planting was dry but there was sufficient moisture in the soil for good establishment.

The 2013 spring planting amounted to 68,200 hectares, two per cent more than was planted in the spring of 2012. The Group has kept planting broadly stable to focus on yield improvements rather than further expanding the area of cultivated hectares. See the table below for details of the spring planting campaign, together with the winter planted crops.

Planted area 2013, by crop and region, hectares

Crop	Ukraine	Russia - CBS	Russia - Kaliningrad	Total
<i>Winter planted crops</i>				
Winter wheat	14,600	24,500	1,900	41,000
Winter rape	14,000	-	1,400	15,400
Winter barley	4,300	-	-	4,300
<i>Spring planted crops</i>				
Sunflower	8,400	16,000	-	24,400
Corn	8,300	3,300	-	11,600
Barley	-	8,500	2,100	10,600
Spring rape	-	7,600	300	7,900
Soya	-	5,200	-	5,200
Sugar beet	-	1,300	-	1,300
Other crops for sale	2,500	2,900	1,800	7,200
Total crops for sale	52,100	69,300	7,500	128,900
Fodder crops	200	4,700	600	5,500
Total cropped area	52,300	74,000	8,100	134,400

Harvest 2013

The harvest period commenced towards the end of June and benefited from largely dry and hot weather which has to date, in particular in Ukraine, produced a crop with limited drying requirements. The harvest in central Russia was affected by a rainy period in early August, which impacted the quality of the wheat to and increased the share which will be sold as feed wheat instead of milling wheat. The winter crop harvest has been materially completed and the results of the harvest to date are outlined in the table below.

Harvest results winter planted crops 2013

	Harvested area, ha	Gross harvest, tonnes	2013 Gross yield (t/ha)	2013 Net yield* (t/ha)	2012 Gross yield (t/ha)	2012 Net yield (t/ha)	Year-on-year change
Ukraine							
Winter wheat	14,200	54,500	3.8	3.7	3.9	3.7	0%
Winter rape	13,400	51,600	3.0	2.9	2.4	2.2	32%
Winter barley	4,200	16,100	3.8	3.7	3.5	3.3	12%
Russia CBS							
Winter wheat	24,200	93,000	3.8	3.7	2.7	2.5	48%
Kaliningrad							
Winter wheat	1,900	9,200	4.9	4.4	4.2	3.7	19%
Winter rape	1,400	3,000	2.1	1.9	2.0	1.8	6%
Group total for winter crops	59,300	227,400	3.8	n/a	n/a	n/a	n/a

**The net yield figure is an estimate of the actual sellable weight after cleaning and drying.*

Yields on the winter crops show sharp improvements compared to 2012, in particular the Ukrainian rapeseed and the Russian wheat results. Certain fields in Ukraine delivered net rapeseed yields in excess of five tonnes per ha which even in Western Europe would be an outstanding yield. The reasons for good and poor performance are being analysed to learn as much as possible for next year.

The Group reported yields at gross together with estimated net yield. Gross yields are defined as silo accepted tonnage divided by harvested ha. Net estimated yield relates to a “for sale” tonnage and is calculated by reducing the gross yield by an informed percentage to reflect losses relating to drying, cleaning and handling losses.

Sales

Revenues of KSEK 184,732 as stated in the income statement, reflect the sales from the remainder of the 2012 harvest along with livestock revenues.

The Group managed to forward sell some Ukrainian rapeseed, wheat and barley in the first few months of the year and, although this covered a minority of production, this will help boost average prices above the current market levels. Russia has a less developed forward pricing market.

Winter planting and cropping plan for 2014

The Company is planning for a winter planting in excess of 57,000 hectares for autumn 2013 with approximately 30,750 ha of land in Russia, predominantly wheat. Ukraine will see winter planting of approximately 26,250 ha made up of rapeseed, winter wheat and winter barley. Seed prices and some other input prices are expected to fall in line with the decrease in agricultural commodity prices.

For the full 2014 harvest year, the Group expects to crop a similar area as in 2013, while at the same time increase the proportion of its land bank under cultivation by reducing excess and unused land holdings.

Storage

Storage is an important area of the Group's assets, providing flexibility around crop harvest and sales as well as reducing operating costs and maintaining security over the harvested commodity. A crucial factor in categorising land as core or non-core is the distance from owned silos. The Group has about 290,000 tonnes of storage located across Russia and Ukraine. The table below shows the type and location of the Group's storage which will be available for use for the completion of this year's harvest.

Storage capacity per region for the 2013 harvest (tonnes)

Region	Silo	Flatbed	Temporary storage
Ukraine	52,300	-	44,500
Russia CBS	10,000	122,900	39,000
Kaliningrad	800	23,000	-
Total	63,100	145,900	83,500

Ukraine is expecting to cover approximately 75 per cent of its storage requirements using owned storage facilities. The Group is looking to add additional capacity to its railside facility in western Ukraine which, when combined with the land restructuring, is planned to deliver full coverage of 2014 harvest in owned silos. In Russia, where approximately 80 per cent of storage requirements are met with owned storage facilities, an additional facility is being planned in Kursk.

The Group has contracted external silo capacity to take harvest in locations where the Group does not have owned storage facilities.

Livestock

The profitability and strategy of the livestock part of the business has been dominated by the high feed prices which have been in place since the latter half of 2012. More recently, feed prices have come down as a consequence of grain price reductions. This year, the Group has completed a good harvest of forage which will lower the need for externally purchased feeds and reduce overall costs.

With higher grain prices, yield targets have been reduced in line with changes to the feed mixes to manage the increased cost. As grain prices come down, the feed mixture will be adjusted to target yield improvement in the dairy.

During the first six months of 2013, average milk production on the Group's Russian dairy farms amounted to 45.4 tonnes per day, a decrease of five per cent from 47.7 tonnes per day in the same period in 2012. This is mainly due to the reduction of the size of the herd, as production per cow has remained in line with last year, with an average of 568 litres per cow and month compared to 560 litres in the same period 2012.

The milk prices in the first half of 2013 were 16 per cent higher as compared to the same period of 2012 which reflects the shortage of fresh quality milk in Russia. The Group only produces Eurostandard milk with low somatics, bacteria and high fat and protein content. The strategy of focussing on animal comfort and health related issues is providing a return in the form of better pricing.

At 30 June 2013, the Company's Russian livestock herd amounted to 6,408 animals, consisting of 2,428 dairy cows, 2,744 heifers, 738 dry cows, and 498 bulls and calves, compared to 6,973 animals at the same time last year. The Company also has a small livestock herd in Ukraine, which is not covered in this report.

Land bank

During the first half of 2013, the Company initiated a major restructuring of its land bank to improve efficiency, control and to better reflect its working capital resources to cultivate. The objective of the restructuring is to concentrate the Company's operations to two core areas, the Central Black Soil region in Russia and Western Ukraine. The restructuring involves the disposal of land which does not meet the Group's criteria in terms of operating efficiency, quality and control.

Excluding the land area agreed for disposal, the Group retained a total land bank of approximately 226,800 hectares (281,300) at the end of the period, whereof 158,100 hectares in Russia and 68,700 hectares in Ukraine.

Land bank by category (ha)	30 June 2013	31 Dec 2012
Land in registered ownership, Russia	88,500	87,500
Indirectly owned land, Russia	9,100	10,000
Leased land, Russia	60,500	63,500
Leased land, Ukraine	68,700	93,400
Total Group	226,800	254,400

The Group announced in July 2013 that it had entered into a number of land transactions to divest all land holdings outside of a concentrated region in Western Ukraine. When completed, the

Company will control a land bank in Ukraine of approximately 65,000 hectares. These land disposals have not altered the Group's planting plans and production targets for the Ukraine business. The total proceeds from the land transactions amount to approximately SEK 37 million.

The Company is also in ongoing discussions about similar land divestments in Russia, and will publish information on such transactions if and when formal agreements are reached.

Name and Management Changes

At the Annual general meeting of shareholders on 16 May 2013, the shareholders resolved to change the name of the Company from Alpcot Agro AB to Agrokultura AB. The name change was as a result of the agreement, signed in March 2013, to conclude the relationship with Alpcot Capital Management who had founded the Company in 2007 and has since been engaged by the Company in a seven-year management agreement which was set to terminate in 2014. As part of the agreement to conclude the relationship, the Alpcot element of the Group's name needed to be changed. The Group has long traded under the Agrokultura name in Russia and Ukraine.

During the first half of 2013, the Group has also seen a number of management changes:

- In January Ulf Scholander was appointed interim Managing Director of the Group replacing Jens Peter Aabyen who assumed the position as Managing Director of the Russian operations of the Group. Mr Scholander's appointment has since been made permanent.
- In April, Igor Buchatskiy was appointed Managing Director of the Group Ukrainian operations.

FINANCIAL REVIEW

The Group is still not producing the strong financial results that will enable it to generate positive cash flows in both strong and weak pricing environments. Further cost reductions have to be made with particular focus on administrative and indirect operating expenses.

Statement of comprehensive income

The results for the six months to 30 June 2013 are showing a period of stability in the Group as the acquisition of 2012 is digested and prices are returning to historically more normal levels.

Revenues and grants were up 9 per cent on the comparable period to KSEK 192,882 (2012: KSEK 176,387) principally made up of the sale of the remaining crop from the 2012 harvest and revenues from the livestock business. Russian direct grants were recommenced compared to the comparative period.

Raw material and consumables which relate for the most part to the direct input costs which have been applied to the crops in the ground at the period end rose slightly to KSEK 215,268 reflecting minor operating changes and the change in input prices. Personnel expenses rose to KSEK 75,944 due to strengthening of the management team. Other external costs fell by 7 per cent to 74,572 (2012: 80,515) on a continuing operations basis and by 23 per cent when discontinued operations are included.

Reported result before depreciation and amortization was KSEK -20,839 (2012: KSEK 113,442). The drop is largely reflective of negative goodwill gains recognised in 2012 together with the use of lower commodity prices in calculating the fair value of biological assets. An exceptional cost item of KSEK 5,665 was incurred as a result of a number of disposals of land, machinery and subsidiaries.

The operating result was KSEK -65,081 (2012: KSEK 60,392). Depreciation and amortisation have fallen in line with the disposal of assets.

Reported net result was KSEK -76,905 (2012: KSEK 33,322). The result per share was SEK -0.55 per share (2012: SEK 0.25 per share).

Statement of financial position

Net assets on 30 June 2013 were KSEK 1,140,533 (31 December 2012: KSEK 1,257,155).

Property plant and equipment, which include Russian land in registered ownership, decreased to KSEK 753,121 mostly related to the appreciation of the Swedish Krona relative to the Russian Rouble and Ukrainian Hryvnia. Land in process of registration decreased to KSEK 55,053 as a result of progress in the land registration in Russia. Intangible assets have reduced to KSEK 84,418 as a result of disposal of certain land leases acquired with Landkom.

Current biological assets reflect the fair value of the winter and spring crops at the period end of KSEK 411,834. These are lower than 2012 (KSEK 529,094) due to the lower commodity prices at the period end.

Cash at 30 June 2013 was KSEK 11,211 which reflects the low point of the Group's cash cycle. Since the period end, harvesting operations have commenced and revenues have been received in both Russia and Ukraine. Debt in the form of finance leases amounted to KSEK 44,922 (KSEK 46,220) and

bank credit facilities amounted to KSEK 205,040 (KSEK 155,507). Bank credit facilities have been expanded, replacing the large amount of trade payables following the normalisation of business banking relations in Ukraine and the conclusion of the legal dispute in second half of 2012.

Key Ratios

The Group	6M 2013	12M 2012	6M 2012	12M 2011
Operating margin, %	-35%	-8%	35%	-33%
Equity/assets ratio, %	71%	81%	74%	81%
Shareholders equity, MSEK	1,141	1,257	1,410	1,100
Average number of shares	139,008,658	134,124,104	133,102,603	84,656,369
Number of shares at the end of the period	139,008,658	139,008,658	139,008,658	99,197,472
Earnings per share, SEK	-0.55	-0.76	0.25	-1.40
Equity per share, SEK	8.20	9.04	10.14	11.09

Current trading and outlook

The harvest is now well under way with almost all winter crops harvested. Spring crops will be harvested from mid-September onwards. The full harvest and winter planting reports will be published when the harvest is completed, likely in the beginning of November.

This interim report has not been audited by the Company's auditors.

Stockholm 30 August 2013

The Board of Directors

GROUP STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Note	6 months ended 30 June 2013	6 months ended 30 June 2012	12 months ended 31 December 2012
Continuing operations				
Revenue	2	184,732	174,237	745,082
Government grants		8,150	2,150	7,847
Total revenue		192,882	176,387	752,929
Changes in inventory and biological assets		157,728	187,726	(29,558)
Raw materials and consumables	3	(215,268)	(202,747)	(364,642)
Personnel expenses		(75,944)	(66,628)	(144,806)
Other external expenses	4	(74,572)	(80,515)	(254,703)
Exceptional items	5	(5,665)	99,219	91,036
Total operating expenses		(213,721)	(62,945)	(702,673)
Result before depreciation and amortization		(20,839)	113,442	50,256
Depreciation and amortization		(44,242)	(53,050)	(110,208)
Operating result		(65,081)	60,392	(59,952)
<i>Income/ (loss) from investments</i>				
Interest income and similar items		248	586	818
Interest expense and similar items		(8,467)	(7,995)	(18,472)
Other financial items		(1,591)	3,687	1,168
Result before tax		(74,891)	56,670	(76,438)
Income tax		(2,014)	1,274	583
Result for the period from continuing operations		(76,905)	57,944	(75,855)
Result for the period from discontinued operations		-	(24,622)	(26,313)
Result for the period		(76,905)	33,322	(102,168)
Translation differences		(33,503)	(3,095)	(20,224)
Total comprehensive result for the period		(110,408)	30,227	(122,392)
Result for the period:				
Attributable to equity holders of the company		(76,640)	35,212	(101,116)
Attributable to non-controlling interests		(265)	(1,890)	(1,052)
Total comprehensive result for the period				
Attributable to equity holders of the company		(110,278)	32,106	(121,478)
Attributable to non-controlling interests		(130)	(1,879)	(914)
Basic and diluted earnings per share		(0.55)	0.25	(0.76)
Basic and diluted earnings per share from continuing operations		(0.55)	0.44	(0.57)
Basic and diluted earnings per share from discontinued operations		-	(0.18)	(0.20)
Average number of shares		139,008,658	133,102,603	134,124,104
Number of shares at the end of the period		139,008,658	139,008,658	139,008,658

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousands	Note	30 June 2013	30 June 2012	31 December 2012
ASSETS				
Non-current assets				
Property, plant and equipment		753,121	826,228	804,080
Land in process of registration		55,053	44,927	59,832
Intangible assets		84,418	107,769	100,175
Biological assets	7	59,361	68,350	60,771
Investments in securities and other financial assets		216	981	556
Deferred tax assets		18,221	20,584	19,910
Total non-current assets		970,390	1,068,839	1,045,324
Current assets				
Inventories	6	99,126	86,060	238,770
Biological assets	7	411,834	529,094	138,251
Trade and other receivables		95,782	127,767	71,684
Short-term financial investments		7,820	14,173	7,665
Cash and cash equivalents		11,211	30,472	43,628
		625,773	787,566	499,998
Assets associated with discontinued operations		8,518	36,747	9,477
Total current assets		634,291	824,313	509,475
TOTAL ASSETS		1,604,681	1,893,152	1,554,799
EQUITY AND LIABILITIES				
Equity				
Share capital		695,043	695,043	695,043
Other paid-in capital		1,463,126	1,463,836	1,463,126
Foreign currency translation reserve		(258,540)	(205,712)	(222,968)
Accumulated deficit		(755,956)	(542,988)	(679,316)
Equity attributable to owners of the Company		1,143,673	1,410,179	1,255,885
Non-controlling interests		(3,140)	(447)	1,270
Total equity		1,140,533	1,409,732	1,257,155
Non-current liabilities				
Other non-current liabilities		145,796	164,659	141,795
Deferred tax liabilities		856	2,158	2,168
Total non-current liabilities		146,652	166,817	143,963
Current liabilities				
Short-term loans		147,317	63,628	45,578
Current tax payable		3,502	-	1,916
Trade and other payables		166,309	250,451	105,760
		317,128	314,079	153,254
Liabilities associated with discontinued operations		368	2,524	427
Total current liabilities		317,496	316,603	153,681
TOTAL LIABILITIES & EQUITY		1,604,681	1,893,152	1,554,799

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	6 months ended 30 June 2013	6 months ended 30 June 2012	12 months ended 31 December 2012
Operating activities			
Cash received from customers	195,495	193,664	750,363
Cash received from government grants	8,123	8,282	16,303
Cash paid to suppliers and personnel	(318,076)	(307,506)	(809,358)
Cash flow used in operations	(114,458)	(105,560)	(42,692)
Interest paid	(6,273)	(12,067)	(20,862)
Interest received	329	207	2,124
Income tax paid	(2,043)	(128)	(1,227)
Net cash used in operating activities	(122,445)	(117,548)	(62,657)
Investing activities			
Acquisition of subsidiaries, net of cash acquired	-	(688)	(4,301)
Acquisition of property, plant and equipment	(18,650)	(35,724)	(61,446)
Acquisition of biological assets	-	(688)	(1,087)
Disposal of subsidiaries	5,671	-	13,075
Sale of property, plant and equipment and intangible assets	21,554	8,062	31,523
Loans granted	-	(2,643)	(12,833)
Repayment of loans granted	-	1,160	6,862
Net cash used in investing activities	8,575	(30,521)	(28,207)
Financing activities			
Share issue	-	138,400	138,400
Share issue costs	-	(9,239)	(9,950)
Loans received	107,728	42,130	57,436
Repayment of loans	(15,679)	(61,718)	(120,765)
Repayment of finance lease liabilities	(10,970)	-	-
Net cash generated from financing activities	81,079	109,573	65,121
Net cash flow for the period	(32,791)	(38,496)	(25,743)
Cash at the beginning of the period	43,628	64,379	64,379
Exchange difference on cash	374	4,794	4,992
Cash at the end of the period	11,211	30,677	43,628
Less cash included in assets held for sale	-	(205)	-
Cash in continued operations	11,211	30,472	43,628

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousands	Share capital	Other paid-in capital	Foreign currency translation reserve	Accumulated deficit	Attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 31 December 2011	495,987	1,383,392	(202,606)	(578,200)	1,098,573	1,435	1,100,008
Net result for the period	-	-	-	35,212	35,212	(1,890)	33,322
Other comprehensive loss	-	-	(3,106)	-	(3,106)	11	(3,095)
Total comprehensive result	-	-	(3,106)	35,212	32,106	(1,879)	30,227
New share issue	199,056	89,684	-	-	288,740	-	288,740
Transaction costs	-	(9,240)	-	-	(9,240)	-	(9,240)
Acquisition from minorities	-	-	-	-	-	(1,035)	(1,035)
Acquisition of subsidiary	-	-	-	-	-	1,032	1,032
Balance at 30 June 2012	695,043	1,463,836	(205,712)	(542,988)	1,410,179	(447)	1,409,732
Balance at 31 December 2012	695,043	1,463,126	(222,968)	(679,316)	1,255,885	1,270	1,257,155
Net result for the period	-	-	-	(76,640)	(76,640)	(265)	(76,905)
Other comprehensive loss	-	-	(33,638)	-	(33,638)	135	(33,503)
Total comprehensive loss	-	-	(33,638)	(76,640)	(110,278)	(130)	(110,408)
Acquisition from minorities	-	-	-	-	-	(4,280)	(4,280)
Disposal of subsidiary	-	-	(1,934)	-	(1,934)	-	(1,934)
Balance at 30 June 2013	695,043	1,463,126	(258,540)	(755,956)	1,143,673	(3,140)	1,140,533

ACCOUNTING PRINCIPLES

The interim report for the six month period ended 30 June 2013 has been prepared in accordance with IAS 34 Interim Financial Reporting, International Financial Reporting Standards (IFRS) and the interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts act and RFR 1 "Supplementary Accounting Rules for Groups" issued by the Swedish Financial Reporting Board.

The parent company Agrokultura AB's accounts are prepared according to the Swedish Annual Accounts act and the recommendation RFR 2 "Accounting for legal entities" issued by the Swedish Financial Reporting Board.

The same accounting principles and methods of computation have been applied during the period as were applied during the financial year 2012 and the manner in which they were described in the 2012 annual report. The new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2013, have had no material effect on the consolidated financial statements. All amounts are in thousands of Swedish kronor unless otherwise indicated.

During the period the Group has entered into forward sale contracts for the sale of its agricultural produce. As the Group intends to settle the contract by physical delivery of the goods IAS 39 Financial Instruments has not been applied and the contracts have not been fair valued.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT REPORTING

Segmentation by business area

	Russia CBS arable	Kaliningrad arable	Ukraine arable	Livestock	Management and discontinued operations elimination	Total Group
6 months 2013, SEK thousands						
External revenue – crops	57,791	15,602	75,985	2,176	-	151,554
External revenue – animal products	-	-	893	30,308	-	31,201
Government grants	4,162	1,330	20	2,638	-	8,150
Other external revenue	279	244	1,382	72	-	1,977
Total revenue	62,232	17,176	78,280	35,194	-	192,882
Net intersegment transactions	(8,564)	(11)	2,078	3,166	3,330	-
Changes in inventory and biological assets	84,682	2,248	69,258	1,540	-	157,728
Materials and other costs	(119,544)	(24,834)	(162,136)	(36,548)	(22,722)	(365,784)
Exceptional items	1,799	(441)	(6,882)	(141)	-	(5,665)
Result before depreciation and amortization	20,605	(5,862)	(19,402)	3,212	(19,392)	(20,839)
Assets	702,812	125,642	613,758	156,027	6,442	1,604,681
Liabilities	(112,777)	(28,472)	(193,061)	(69,087)	(60,751)	(464,148)
Net assets	590,035	97,170	420,697	86,940	(54,309)	1,140,533

	Russia CBS arable	Kaliningrad arable	Ukraine arable	Livestock	Management and discontinued operations elimination	Total Group
6 months 2012, SEK thousands						
External revenue – crops	67,891	11,560	53,962	68	(3,530)	129,951
External revenue – animal products	-	181	1,110	34,212	-	35,503
Government grants	-	749	-	1,401	-	2,150
Other external revenue	1,474	868	6,224	217	-	8,783
Total revenue	69,365	13,358	61,296	35,898	(3,530)	176,387
Intersegment transactions	(29,498)	(2,782)	(14,831)	(6,124)	53,235	-
Changes in inventory and biological assets	60,941	8,930	111,193	3,635	3,027	187,726
Materials and other costs	(96,109)	(26,324)	(177,390)	(32,892)	(17,175)	(349,890)
Exceptional items	-	-	-	-	99,219	99,219
Result before depreciation and amortization	4,699	(6,818)	(19,732)	517	134,776	113,442
Assets	787,215	144,803	744,775	191,299	25,060	1,893,152
Liabilities	(107,567)	(36,837)	(206,419)	(96,512)	(36,085)	(483,420)
Net assets	679,648	107,966	538,356	94,787	(11,025)	1,409,732

Geographical segmentation

SEK thousands	Revenue from external customers		Non-current assets	
	6 months ended 30 June 2013	6 months ended 30 June 2012	30 June 2013	30 June 2012
Ukraine	78,260	61,296	306,174	328,217
Russia	106,472	112,941	664,216	740,622
Total	184,732	174,237	970,390	1,068,839

The geographical split of revenue is based upon the location of the customer. There were no customers representing 10% or more of total revenue in the periods ending 30 June 2013 and 2012.

2. REVENUE

SEK thousands	6 months ended 30 June 2013	6 months ended 30 June 2012
Crop products	151,554	133,481
Milk and meat	31,201	35,503
Other revenue	1,977	8,783
Less discontinued operations	-	(3,530)
Total	184,732	174,237

3. RAW MATERIALS AND CONSUMABLES

SEK thousands	6 months ended 30 June 2013	6 months ended 30 June 2012
Seeds	35,404	34,950
Fertilisers	74,401	69,235
Plant protection	47,196	42,654
Fuel	19,259	25,545
Fodder and animal protection	19,992	19,728
Spare parts	19,016	11,855
Less discontinued operations	-	(1,220)
Total	215,268	202,747

4. OTHER EXTERNAL EXPENSES

SEK thousands	6 months ended 30 June 2013	6 months ended 30 June 2012
Land rent	23,217	27,953
Contractors	1,592	4,919
Transportation costs	11,285	2,472
Security	1,115	2,140
Management fees	10,987	16,051
Legal and professional	6,545	5,708
Taxes	(6,739)	13,960
Repairs and maintenance	4,558	4,315
Audit fees	1,357	1,908
Office rent	2,139	2,025
Rent of machinery and equipment	267	45
Changes in reserves	3,392	1,436
Insurance	1,659	1,169
Other	13,198	12,554
Less discontinued operations	-	(16,140)
Total	74,572	80,515

5. EXCEPTIONALS ITEMS

SEK thousands	6 months ended 30 June 2013	6 months ended 30 June 2012
Profit on disposal of subsidiaries	6,195	-
Gain on acquisition of Landkom International PLC	-	98,109
Loss on disposal of PP&E	(11,860)	1,110
Total	(5,665)	99,219

6. INVENTORIES

SEK thousands	30 June 2013	30 June 2012
Raw materials	84,807	75,500
Work in progress	8,905	-
Agricultural produce	5,414	10,560
Total inventories	99,126	86,060

7. BIOLOGICAL ASSETS

SEK thousands	Prior season crops (2011)	Current season crops (2012)	Total crops biological assets	Total Livestock
Book value on 31 December 2011	-	110,387	110,387	66,919
Additions	-	261,510	261,510	3,081
Gain or loss from changes in fair value	-	73,154	73,154	6,234
Disposals	-	(23,810)	(23,810)	(10,689)
Acquisition of subsidiary	-	110,794	110,794	3,823
Currency translation effect	-	(2,941)	(2,941)	(1,018)
Book value on 30 June 2012	-	529,094	529,094	68,350

SEK thousands	Prior season crops (2012)	Current season crops (2013)	Total crops biological assets	Total Livestock
Book value on 31 December 2012	3,571	104,746	108,317	60,774
Costs incurred in production	213	293,236	293,449	17,011
Purchases	-	-	-	1,164
Gain or loss from changes in fair value	803	20,172	20,975	2,177
Change due to harvest	(4,528)	(3,061)	(7,589)	-
Disposals	-	(1,388)	(1,388)	(19,059)
Currency translation effect	(59)	(1,871)	(1,930)	(2,706)
Book value on 30 June 2013	-	411,834	411,834	59,361

8. SIGNIFICANT SHAREHOLDERS

As at 30 June 2013 the largest shareholders of the Company were the following:

Shareholder	Number of shares	Capital and votes %
1. SIX SIS AG, W8IMY (as nominee)	26,606,918	19.1
2. Nordea Investment Funds	12,935,735	9.3
3. SEB S.A., W8IMY (as nominee)	10,144,813	7.3
4. Tredje AP-Fonden	9,874,993	7.1
5. Pareto Securities OY (as nominee)	6,676,089	4.8
6. JPM Chase NA (as nominee)	5,604,170	4.0
7. Two Eye Fund Ltd	5,213,332	3.8
8. Swiss Life (Liechtenstein) AG (as nominee)	4,816,084	3.5
9. FIM Bank Ltd (as nominee)	4,164,249	3.0
10. Clearstream Banking S.A., W8IMY (as nominee)	3,919,734	2.8
Others	49,052,541	35.3
Total number of shares	139,008,658	100.0

9. TRANSACTIONS WITH RELATED PARTIES

During the 6 months ended 30 June 2013 the Group was invoiced KSEK 9,000 of management charges from its Investment manager, Alpcot Capital Management Ltd ("ACM") and associated entities. Out of the total fee charged KSEK 6,000 was settled in promissory notes and KSEK 3,000 was to be settled in cash and remained outstanding at the period end. This debt has been subsequently settled. The net present value of promissory notes outstanding at 30 June 2013 amounted to KSEK 43,100. In March 2013 the Group's management agreement with ACM was terminated and replaced with a new agreement which will last until 31 December 2013. Further details of the new agreement can be found in note 36 of the 2012 Annual report.

During the period the Company procured services from entities in Kaliningrad controlled by Mr A. Wagner who is also an employee of the Company. The total value of services amounted to KSEK 338. As at 30 June 2013 the Company had debts to Mr Wagner of KSEK 1,085 (including short term cash borrowings) and receivables due from Mr Wagner of KSEK 92.

10. RISKS, RISK MANAGEMENT AND ONGOING DISPUTES

Agrokultura's operations are subject to a number of risks, not least due to the nature and location of the operations such as for example risks related to Russian and Ukrainian real estate law and ways to legally acquire agricultural land, politics, crime and corruption, corporate governance, grain prices and weather conditions.

The Group is currently not subject to any substantial credit risk exposure in relation to any individual counterparty or group of counterparties. In note 34 (Risk management) in the Annual report for 2012 the Group's risks relating to foreign exchange, liquidity, interest, financing and legal risks are presented.

11. PARENT COMPANY

The result for the parent company during the period amounted to KSEK 19,133 (2012: KSEK -7,714).
As of 30 June 2013, cash and cash equivalents in the parent company amounted to KSEK 59.

Parent company's report of total comprehensive result

SEK Thousands	6 months ended 30 June 2013	6 months ended 30 June 2012
Operating Income	3,405	4,050
Net sales	3,405	4,050
Operating costs		
Other external costs	(7,465)	(8,941)
Management fee	(11,150)	(14,639)
Personnel costs	(5,306)	(4,740)
Total operating costs	(23,921)	(28,320)
Operating result	(20,516)	(24,270)
Other interest income and similar items	43,904	16,952
Other interest expense and similar items	(926)	(396)
Result from financial investments	42,978	16,556
Result after financial items	22,462	(7,714)
Tax	(3,329)	-
Result for the period	19,133	(7,714)
Other comprehensive result		
Translation difference on loans to subsidiaries	674	374
Total comprehensive result for the period	19,807	(7,341)

Parent company balance sheet

SEK thousands	30 June 2013	30 June 2012
ASSETS		
Fixed assets		
Financial assets	1,065,590	2,072,033
Total fixed assets	1,065,590	2,072,034
Current assets		
Other current assets	221,983	171,977
Cash and cash equivalents	59	4,082
Total current assets	222,042	176,059
TOTAL ASSETS	1,287,632	2,248,093
SEK thousands		
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	1,231,659	2,214,163
Long term liabilities	43,100	27,390
Current liabilities	12,873	6,540
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,287,632	2,248,093

GLOSSARY AND DEFINITIONS

Agrokultura

Agrokultura AB (publ), corporate registration number 556710-3915, including subsidiaries depending on the context. The company changed its name from Alpcot Agro AB in June 2013.

Central Black Soil Region or “Central Russia” or “Russia CBS”

A region in Central Russia that comprises Voronezh, Lipetsk, Belgorod, Tambov, Oryol and Kursk Oblasts. The Black Soil Region is famous for its very good soil, called Black Earth or Chernozem, and is one of the core areas of Agrokultura’s crop production business. The short forms “Russia CBS” and “Central Russia” are used as a name for the Group’s operations in the region.

Group

Agrokultura AB (publ) together with subsidiaries

Investment Manager

Alpcot Capital Management Ltd (“ACM”) provides investment advice to the Group under a Management Agreement, which was set up in connection with the incorporation of Agrokultura in 2006

Landkom

Landkom International Plc. The parent company of a group of companies operating a large agricultural business in Ukraine. Landkom, including subsidiaries and assets were acquired by Agrokultura in January 2012

Parent Company

The Swedish parent company for the Group, Agrokultura AB (publ)

DEFINITIONS – Land

Land in registered ownership

Land where authorized authorities have issued owner certificates in the name of a subsidiary of the Group and where the corresponding registration has been made in the central land register.

Indirectly owned land

Land acquired by subsidiaries of the Group through the holdings of pairs, where formal ownership registration is in the process of completion. This process can take between 12-36 months.

Leased land

Land controlled through lease agreements

Land in ownership

Registered land + Indirectly owned land

Land under control

Registered land + Indirectly owned land + Leased land

DEFINITIONS – Crop production

Grains

Generic term for wheat, barley, oats, rye, and corn

Oilseeds

Generic term for rapeseed (also called OSR), soybean and sunflower seed

Measurement units

Tonnes are metric tonnes

1 hectare (ha) = 10,000 m²

1 hectare (ha) = 2.47 acres

1 tonne of wheat = 36.74 bushels

1 tonne corn = 39.37 bushels

1 tonne = 10 centners

DEFINITIONS – Livestock

Dairy cow

A cow that has had a calving and is either a Producing dairy cow or a Dry cow. A cow goes from being a heifer to become a dairy cow when it has had at least one calving.

Dry cow

A cow which has had at least one calving and have been producing milk, but is not producing milk at the reporting date.

Heifer

A cow which has not yet had its first calving.

Producing dairy cow

A cow that is producing milk at the reporting date.

DEFINITIONS – Financial

Average number of shares

Weighted average number of shares issued by the Group during a specified period of time

Earnings per share

Earnings after taxes divided by the average number of shares outstanding during the period

Equity per share

Equity divided by the number of shares per closing day

Equity/Asset ratio

Adjusted equity as per cent of total assets

CONTACT DETAILS

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