BLACK EARTH FARMING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

CONTENTS

Directors	Franco Danesi Per-Arne Ahlgren Camilla Oberg Poul Schroder Dmitry Zavgorodniy
Secretary	Nautilus Corporate Services Limited
Registered Office	Nautilus House La Cour des Casernes St. Helier Jersey JE1 3NH
Bankers	The Royal Bank of Scotland International Limited Skandinaviska Enskilda Banken Nordea Bank AB Pareto Ohman AB Saxo Bank Monex Europe Ltd
Auditors	AO PricewaterhouseCoopers Audit

The directors present their report together with the financial statements of Black Earth Farming Limited (the “Company” for the year ended 31 December 2015.

ACTIVITIES

The principal activity of the Company, which is incorporated in Jersey, Channel Islands, is investment holding.

RESULTS AND MANAGEMENT COMMENTARY

The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 6.

Since inception the Company`s principal activity has been investment in a group of companies (“the Group”) involved in (a) acquiring and registering farm land into ownership, (b) a large fleet of western agricultural machinery and (c) supporting storage infrastructure for the Group’s operations in the Russian Federation. The majority of the investments required for the current land bank have been undertaken and future capital expenditures will mainly be driven by machinery replacement needs as well as improving the throughput and efficiency of the storage sites. In addition, the Group expects to invest in expansion of its irrigated root crop business.

Land is recorded in the consolidated financial statements of the Company’s main investment holdings at acquisition cost but the Company believes that Russian agricultural land remains undervalued, both in comparative terms and in relation to its inherent production potential. As of 31 December 2015, the Group of companies controlled by the Black Earth Farming Limited had a total of 256 thousand hectares under control, of which 227 thousand hectares were fully owned. Unlike other fixed assets, land does not depreciate in value over time. In the Company’s view, there is potential for a revaluation of Russian agricultural land going forward as the sector develops towards higher standards in terms of both production and profitability and a more transparent secondary market for farm land emerges. Fair value of the Group’s main assets is approximated at USD 250 to 550 per hectare. Black Earth Farming Limited is focused on increasing its production potential and generating cash flows from its assets to unlock land value. The Companies in the Company’s investment holdings are also actively looking at opportunities to optimize its land bank by selling less profitable areas and consolidating more productive regions.

On 30 October 2013, the Company refinanced its outstanding 2014 bond with a new four year SEK 750 million bond, extending maturity to 2017. As of 31 December 2015, the company had repurchased SEK 309 million of the bonds on its balance sheet.

Full details of the Group's performance and commentary can be found in the consolidated financial statements.

DIVIDEND

No dividend was declared for 2015 (2014: nil).

DIRECTORS

The following have served as directors during the year or to date:

Vigo Carlund- resigned 20 May 2015
Anders Kronborg- resigned 20 May 2015
Camilla Oberg
Per-Arne Ahlgren – appointed 20 May 2015
Poul Schroder
Franco Danesi – appointed 20 May 2015
Dmitry Zavgorodniy

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's Framework for the preparation and presentation of financial statements. In virtually, all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

a) properly select and apply accounting policies;

b) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

c) provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

d) make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company for and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company’s auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

SECRETARY

General Secretaries Limited served as Secretary until 29 September 2015 when it resigned and was replaced by Nautilus Corporate Services Limited which served for the rest of the year and to date.

AUDITORS

AO PricewaterhouseCoopers Audit were appointed as auditors at the AGM held on 20 May 2015.

BY ORDER OF THE BOARD

Date

Nautilus Corporate Services Limited

Company Secretary

Independent Auditor’s Report

To the Shareholders and Board of Directors of Black Earth Farming Limited:

We have audited the accompanying separate financial statements of Black Earth Farming Limited (the “Company”), which comprise the statement of financial position as at 31 December 2015 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the requirements of Jersey law, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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Independent Auditor's Report (continued)

Report on other legal and regulatory requirements

We read the other information issued within the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

In our opinion the information given in the directors' report is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Alexei Ivanov

For and on behalf of AO PricewaterhouseCoopers Audit

Chartered Accountant and Recognized Auditor

Moscow, Russian Federation

7 April 2016

The maintenance and integrity of the website of Black Earth Farming Limited is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BLACK EARTH FARMING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		Year ended	
In thousands of US Dollars	**Notes**	**31-Dec-2015**	**31-Dec-2014**
Consulting and audit expenses		(3,482)	(3,162)
Personnel expenses		(1,954)	(1,223)
Other expenses		(542)	(392)
Operating loss		**(5,978)**	**(4,777)**
Income on grain options	6	1,523	2,640
Gain on repurchase of bonds	8	499	796
Interest expenses, net		(5,483)	(8,270)
Foreign exchange loss		(8,987)	(27,059)
Loss for the year		**(18,426)**	**(36,670)**
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial information to presentation currency		(31,477)	(114,021)
Other comprehensive loss for the year		**(31,477)**	**(114,021)**
Total comprehensive loss for the year		**(49,903)**	**(150,691)**

The notes set out on pages10 to 25 form an integral part of these financial statements.

BLACK EARTH FARMING LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of US Dollars	Note	31-Dec-2015	31-Dec-2014
ASSETS			
Non-current assets			
Investments in subsidiaries	4	27,514	35,550
Loans receivable	5	118,853	158,113
Total non-current assets		**146,367**	**193,663**
Current assets			
Accounts receivable	6	1,304	628
Cash and cash equivalents	7	5,905	15,487
Total current assets		**7,209**	**16,115**
Total assets		**153,576**	**209,778**
EQUITY AND LIABILITIES			
Equity			
Share capital		2,105	2,077
Share premium		525,904	524,771
Share-based payments reserve	10	4,249	4,868
Accumulated deficit		(210,192)	(191,789)
Translation reserve		(221,991)	(190,778)
Total equity		**100,075**	**149,149**
LIABILITIES			
Non-current liabilities			
Long-term loans and borrowings	8	51,058	58,819
Total non-current liabilities		**51,058**	**58,819**
Current liabilities			
Accounts payable		865	432
Short-term loans and borrowings	8	1,578	1,378
Total current liabilities		**2,443**	**1,810**
Total liabilities		**53,501**	**60,629**
Total equity and liabilities		**153,576**	**209,778**

These financial statements were approved by the Board on 7 April 2016.

Camilla Oberg, Director

The notes set out on pages10 to 25 form an integral part of these financial statements.

BLACK EARTH FARMING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of US Dollars	Notes	Share capital	Share premium	Share-based payments reserve	Accumu-lated deficit	Trans-lation reserve	Total equity
Balance as at 1 January 2014		**2,077**	**524,771**	**6,103**	**(155,119)**	**(78,209)**	**299,623**
Loss for the year		-	-	-	(36,670)	-	(36,670)
Other comprehensive loss							
Translation differences		-	-	(1,452)	-	(112,569)	(114,021)
Total comprehensive loss		**-**	**-**	**(1,452)**	**(36,670)**	**(112,569)**	**(150,691)**
Recognition of share-based payments	10	-	-	217	-	-	217
Balance as at 31 December 2014		**2,077**	**524,771**	**4,868**	**(191,789)**	**(190,778)**	**149,149**
Balance as at 1 January 2015		**2,077**	**524,771**	**4,868**	**(191,789)**	**(190,778)**	**149,149**
Loss for the year		-	-	-	(18,426)	-	(18,426)
Other comprehensive loss							
Translation differences		-	-	(264)	-	(31,213)	(31,477)
Total comprehensive loss		**-**	**-**	**(264)**	**(18,426)**	**(31,213)**	**(49,903)**
Reclassification from Share-based payments reserve to Accumulated deficit		-	-	(23)	23	-	-
Recognition of share-based payments	10	-	-	726	-	-	726
Shares issued	9	28	1,133	(1,058)	-	-	103
Balance as at 31 December 2015		**2,105**	**525,904**	**4,249**	**(210,192)**	**(221,991)**	**100,075**

The notes set out on pages10 to 25 form an integral part of these financial statements.

BLACK EARTH FARMING LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year ended	
In thousands of US Dollars	**31-Dec-2015**	**31-Dec-2014**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(18,426)	(36,670)
Adjustments for:		
Foreign exchange loss	8,987	27,059
Interest expense, net	5,483	8,279
Long-term employee benefits	726	217
	(3,230)	**(1,115)**
Movements in working capital:		
Increase/(decrease) in accounts payable	516	(1,920)
(Increase)/decrease in accounts receivable	(646)	1,710
Cash used in operating activities	(3,360)	(1,325)
Interest paid	(6,113)	(7,907)
Net cash used in operating activities	**(9,473)**	**(9,232)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of loans receivable	8,000	29,398
Loans granted	(4,406)	-
Net cash generated from investing activities	**3,594**	**29,398**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of bonds	(3,487)	(26,656)
Net cash used in financing activities	**(3,487)**	**(26,656)**
Net decrease in cash and cash equivalents	**(9,366)**	**(6,490)**
Cash and cash equivalents at the beginning of the period	15,487	22,161
Effect of exchange rate fluctuations on cash and cash equivalents	(216)	(184)
Cash and cash equivalents at the end of the period	**5,905**	**15,487**

The notes set out on pages10 to 25 form an integral part of these financial statements.

1 BACKGROUND

(a) Organization and operations

Black Earth Farming Limited (the “Company”) is a limited liability company incorporated in Jersey, Channel Islands, on 20 April 2005. The Company is the holding company for a number of legal entities established under the legislation of Cyprus, Guernsey (Channel Islands) and the Russian Federation. Hereinafter the Company and its subsidiaries are together referred to as the “Group”.

The Company’s registered office is Nautilus House, La Cour des Casernes, St. Helier JE1 3NH, Channel Islands. Registration № 89973.

The Group’s activities include farming, production of crops (corn, wheat, sunflower, rape and other) and dairy produce and the distribution of related products in the Russian Federation and exporting to other countries. The Company commenced operations in 2005.

The Company’s shares are listed in the form of Swedish Depository Receipts (“SDR”) on the Small Cap segment on NASDAQ OMX Stockholm.

(b) Operating environment

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2015 the Russian economy was negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country’s economic recession and a decline in gross domestic product. The financial markets continue to be volatile and are characterized by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade (as per S&P and Moody’s). Overall, the impact of the sanctions on the company has been positive so far, as import replacement drives demand for company products. Current geopolitical tensions have resulted in increased state intervention in some situations and foreign ownership restrictions have been placed in some sectors such as Media. Management is taking measures to ensure sustainability and growth of the Group’s operations as well as monitoring carefully regulative and legislative developments. However, the future effects of the current economic situation are difficult to predict and management’s current expectations and estimates could differ from actual results.

2 BASIS OF PREPARATION

(a) Basis of preparation

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), pursuant to the requirements of the Companies (Jersey) Law 1991.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 3 for new and amended standards adopted by the Company).

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2 BASIS OF PREPARATION (CONTINUED)

(b) Consolidated financial statements

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU for the Company and its subsidiaries (collectively the "Group"). A copy of the consolidated financial statements is available at the Company's registered office and at the Company's website at www.blackearthfarming.com.

Users of these separate financial statements of the parent company should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2015 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

(c) Going concern

The Company relies on support of its subsidiaries to finance its operations. For the year ended 31 December 2015 the Group`s consolidated result was a net profit of USD 14,314 thousand.

(d) Functional and presentation currency

The functional currency of the Company is considered to be the Russian Ruble ("RUB"), the currency of the primary economic environment that affects the Company`s operations.

The Company's presentation currency is US Dollar ("USD") which the management considers most representative for the users of these financial statements. All the financial information in these financial statements, including comparative information, has been translated from RUB into USD using the exchange rates set by the Central Bank of the Russian Federation, as follows:

- Assets and liabilities for each balance sheet date are translated at the closing rate at the date of that balance sheet;
- Share capital and other equity components are translated at historic rates;
- Income and expenses are translated at exchange rates at the dates of the transactions (or at average exchange rates that approximate the translation using the rate of the actual transaction dates);
- All resulting exchange differences are recognized in other comprehensive income and accumulated as a separate component of equity.

The period-end exchange rates and the average exchange rates for the respective reporting periods are indicated below.

	2015	2014
RUB/USD average for the year ended 31 December	60.9579	38.6025
RUB/USD as at 31 December	72.8827	56.2584
RUB/SEK average for the year ended 31 December	8.7260	7.2021
RUB/SEK as at 31 December	7.2434	5.5950

3 ACCOUNTING POLICIES

(a) Investments in Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity whom the Company is exposed to or has the rights to variable returns through its power over the entity. In its parent company financial statements, the Company carries the investments in subsidiaries at cost less any impairment.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments

Financial instruments – key measurement terms. Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

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 best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. In the fair value hierarchy, fair value measurements are analysed by level as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets. Financial assets have the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Company intends to sell in the near term. Loans and receivables comprise accounts receivable, cash and cash equivalents, restricted cash, bank deposits, unquoted promissory notes and loans issued. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using effective interest method.

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Held-to-maturity assets include quoted non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has both the intention and ability to hold to maturity. Management determines the classification of investment securities held to maturity at their initial recognition and reassesses the appropriateness of that classification at the end of each reporting period.

Held-for-trading investments are financial assets which are either acquired for generating a profit from short-term fluctuations in price or trader's margin, or are securities included in a portfolio in which a pattern of short-term trading exists. The Company classifies securities into trading investments if it has an intention to sell them within a short period after purchase, i.e. within 1 to 3 months.

The Company may choose to reclassify a non-derivative trading financial asset out of the fair value through profit or loss category if the asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the fair value through profit or loss category only in rare circumstances arising from a single event that is unusual and highly unlikely to reoccur in the near term. Financial assets that would meet the definition of loans and receivables may be reclassified if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity.

Derivative financial instruments, including what are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Company uses future and option contracts for certain products (usually corn and wheat) to hedge price volatility risks.

Other financial assets at fair value through profit or loss are financial assets designated irrevocably, at initial recognition, into this category. Management designates financial assets into this category only if (a) such classification eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or (b) a Company of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information on that basis is regularly provided to and reviewed by the Company's key management personnel. Recognition and measurement of this category of financial assets is consistent with the accounting policy for trading investments.

All other financial assets are included in the *available-for-sale* category, which includes investment securities which the Company intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Classification of financial liabilities. Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost. The Company's other financial liabilities comprise 'trade and other payables' and 'borrowings' in the statement of financial position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Initial recognition of financial instruments. Trading investments, derivatives and other financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial instruments. The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

(c) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of comprehensive income.

(d) Share-based payment arrangements

The Company operates equity-settled share-based compensation plans, under which the Group receives goods or services from its employees as consideration for equity instruments (shares) of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee services settled in equity instruments. The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). The attainment of any service and non-market performance vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to profit or loss, with a corresponding adjustment to equity. No changes to the charge are made when the expected or actual level of instruments vesting differs from the original estimate due to non-attainment of market performance conditions, e.g., the appropriate total shareholder return or share price. The proceeds received on exercise of the instruments net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Cancelled instruments are deemed to have vested upon cancellation. Any unamortised expense associated with such instrument is charged to profit or loss immediately.

(e) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit and loss in the period in which they are incurred.

(f) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(g) Income tax

The Company is subject to Jersey income tax at the rate 0% (2014: 0%), therefore no current or deferred tax is recognized in the statement of comprehensive income.

(h) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(i) Changes in accounting policies

During the year, the exchange rate used for translation of share-based payments reserves from Russian Ruble to US Dollars was changed from the rate at the reporting date to the historic rate. The Company believes that the change would provide reliable and more relevant information going forward. This change in accounting policy has no material impact on the Company’s financial statements for the years ended 31 December 2015 and 2014.

Where necessary, prior period comparative figures have been adjusted to conform with presentation and classification adopted in the current year. None of these adjustments had a material impact on the prior period financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Adoption of new and amended standards

The following new standards and interpretations became effective for the Company from 1 January 2015, but did not have any material impact on the Company.

- Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014).
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).

(k) New accounting pronouncements

A number of new Standards and amendments to Standards were not yet effective for the year ended 31 December 2015, and have not been applied in these financial statements.

Standards	**Effective for annual periods beginning on or after**
IFRS 9 Financial Instruments – new standard	1 January 2018
IFRS 15 Revenue from Contracts with Customers - new standard	1 January 2017
IFRS 16 Leases – new standard	1 January 2019
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 11 Accounting for Acquisition of Interests in Joint Operations – amendment	1 January 2016
IAS 38 and IAS 16 Clarification of Acceptable Methods of Depreciation and Amortization – amendment	1 January 2016
IAS 16 and IAS 41 Agriculture: Bearer Plants - amendment	1 January 2016
Equity Method in Separate Financial Statements - Amendments to IAS 27	1 January 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	1 January 2016
Annual Improvements to IFRSs 2014	1 January 2016
Disclosure Initiative Amendments to IAS 1	1 January 2016
Equity Method in Separate Financial Statements – Amendments to IAS 27	1 January 2016

Management is currently assessing the impact of the adoption of the pronouncements listed above on the Company's financial statements in future periods.

(l) Use of judgments and estimates

Investments in subsidiaries and loans receivable

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

The key judgment made by the management is with respect to the recoverability of the loans provided to the Russian operating companies via Planalto Enterprises Limited. The recoverability of the loans is subject to future performance of the Group and the ultimate potential realisation of the land values.

In the event that the Group is not able to recover these amounts, the Company will be required to provide against the loans. All such loan balances have been eliminated in the separately prepared Group consolidated financial statements.

4 INVESTMENTS IN SUBSIDIARIES

In thousands of US Dollars	**31-Dec-2015**	**31-Dec-2014**
Planalto Enterprises Limited:		
1,000 shares of Cyprus Pounds 1 each	27,441	35,550
Other	73	-
	27,514	**35,550**

Planalto Enterprises Limited

The investment represents 100% of the issued share capital of Planalto Enterprises Limited, a company incorporated in Cyprus, whose principal activity is the registering and acquisition of Russian subsidiaries.

The net asset value of Planalto Enterprises Limited as at 31 December 2015 was negative USD 32,190 thousand (31 December 2014: USD 32,448 thousand).

5 LOANS RECEIVABLE

In thousands of US Dollars	**31-Dec-2015**	**31-Dec-2014**
Planalto Enterprises Limited:		
Loan, RUB denominated	117,203	156,903
Loan, EUR denominated	1,236	784
Loan, USD denominated	312	312
	118,751	157,999
Management Company Agro-Invest:		
Loan, EUR denominated	102	114
	118,853	**158,113**

The loans are unsecured, interest free and repayable on demand and are considered as part of the overall investment in subsidiaries.

6 ACCOUNTS RECEIVABLE

In thousands of US Dollars	**31-Dec-2015**	**31-Dec-2014**
Receivables under option contracts	1,276	523
Other receivables and prepayments	28	105
	1,304	**628**

In 2015, the Company entered into option contracts for certain products (usually corn and wheat) to hedge price volatility risks.

As at 31 December 2015 the amount of USD 1,276 thousand (31 December 2014: USD 523 thousand) was included in receivables under option contracts and USD 100 thousand (31 December 2014: USD 282 thousand) was included in cash and cash equivalents as the restricted cash.

For the year ended 31 December 2015 changes in the fair value of options were included in profit or loss in the amount of USD 1,523 thousand (2014: USD 2,640 thousand).

7 CASH AND CASH EQUIVALENTS

In thousands of US Dollars	31-Dec-2015	31-Dec-2014
Bank balances, USD denominated accounts	5,627	12,022
Bank balances, EUR denominated accounts	100	2,670
Bank balances, SEK denominated accounts	72	252
Bank balances, RUB denominated accounts	6	8
Bank balances, GBP denominated accounts	-	253
Restricted cash	100	282
	5,905	**15,487**

8 BORROWINGS

In thousands of US Dollars	31-Dec-2015	31-Dec-2014
SEK bonds		
Non-current	51,058	58,819
Current	1,578	1,378
	52,636	**60,197**

On 30 October 2013, the Company issued SEK 750 million (USD 118,030 thousand translated at the exchange rate at that date) senior unsecured bonds, each of a nominal amount of SEK 1,000,000, which is also the minimum round lot. The bonds have a fixed annual coupon of 9.4% and mature after 4 years. Interest will be paid on 30 January, 30 April, 30 July and 30 October each year, with the first interest payment on 30 January 2014 and the last on 30 October 2017. The bonds are listed on the NASDAQ OMX Stockholm exchange.

Up to 31 December 2015, the Company repurchased SEK 309 million (USD 36,995 thousand) of bonds in order to manage interest expense and foreign exchange exposure. Gain on repurchase of bonds for the year ended 31 December 2015 was USD 499 thousand (USD 796 thousand in 2014).

The major covenants for bonds are as follows:

- The Debt to Equity ratio does not exceed 75%;
- No market Loan should be incurred if such market loan has a final redemption date, early redemption dates or instalment dates which occur before the final maturity date of bonds;
- The Group should not distribute any funds to shareholders in excess of 30% of the Group's consolidated net profit for the previous fiscal year.

As at 31 December 2015 and 2014, the Company was in compliance with all covenants stipulated in the bond and loan agreements.

9 SHARE CAPITAL

In thousands of US Dollars	31-Dec-2015	31-Dec-2014
Authorised: 500,000,000 ordinary shares of US$0.01 each	5,000	5,000
Issued and fully paid	2,105	2,077

The Company has only one class of share, namely ordinary shares. Each share is entitled to one vote at the annual general meeting and carries an equal right to the Group's assets and profits. The shares are denominated in USD and have a nominal value of USD 0.01 per share. There are no unpaid shares.

9 SHARE CAPITAL (CONTINUED)

On 22 December 2007, the Company's shares were listed in the form of Swedish Depository Receipts ("SDR") on the First North market place in Stockholm. On 22 June 2009, trading in the SDRs was transferred from NASDAQ OMX First North to the Mid Cap segment on NASDAQ OMX Stockholm. From 2 January 2015, the SDRs are traded in the Small Cap segment on NASDAQ OMX Stockholm.

In June 2015, 2,756,796 new shares were issued as a result of the Company's long-term management incentive program which led to an increase in the share capital of USD 28 thousand and in share premium of USD 1,133 thousand. As at 31 December 2015, the total number of ordinary shares issued was 210,426,241 (207,669,445 as at 31 December 2014).

Dividends

In accordance with the Jersey legislation, the Company's distributable reserves are limited to the balance of the Company's stand-alone retained earnings.

For the years ended 31 December 2015 and 2014 the Board of Directors proposed no dividends to be paid or declared.

10 SHARE-BASED PAYMENTS RESERVE

In thousands of US Dollars	**31-Dec-2015**	**31-Dec-2014**
Warrants	2,047	3,361
Executive share option plan	2,201	1,507
	4,249	**4,868**

Warrants

The Group grants its key members of management warrants that may be converted into ordinary shares of the Company. All warrants have the following vesting schedule: 33% of the number of warrants granted vests in one year after the grant date, another 33% - in two years, and the remaining 34% - in three years after the grant date. The right to exercise the warrants expires between 3.3 and 4 years after the grant date, the exercise price being set separately for each warrant. The general vesting condition requires continued employment with the Group. In the event that the warrant holder is no longer connected to the Group before the vesting date, warrants that are due to vest are cancelled.

During 2015 and 2014 no warrants were exercised. The Group granted 4,100,000 warrants to key management during 2015 (2014: 900,000 warrants).

The number and weighted average exercise prices of the warrants are as follows:

	Year ended 31-Dec-2015		**Year ended 31-Dec-2014**	
	Weighted average exercise price	**Number of warrants, in thousands**	**Weighted average exercise price**	**Number of warrants, in thousands**
	USD 2.42	223	USD 7.64	1,137
	SEK 13.29	4,906	SEK 15.15	4,066
At the beginning of the year		**5,129**		**5,203**
Forfeited during the year	USD 5.89	(223)	USD 2.57	(914)
Forfeited during the year	SEK 3.87	(1,056)	SEK 4.09	(60)
Expired during the year	SEK 11.03	(450)		-
Granted during the year	SEK 3.65	4,100	SEK 7.45	900
At the end of the year		**7,500**		**5,129**
Including:	SEK 6.55	7,500	USD 2.42	223
			SEK 13.29	4,906
Exercisable at the end of the year			USD 10.60	119
Exercisable at the end of the year	SEK 9.43	2,517	SEK 15.46	2,117
		2,517		**2,236**
Weighted average contractual and expected life (years)		3.44		3.36

10 SHARE-BASED PAYMENTS RESERVE (CONTINUED)

The fair value of services received in return for warrants granted is based on the fair value of warrants, measured at the grant date using the Black-Scholes model.

The significant inputs into the valuation model:

	Granted in 2015	Granted in 2014	Granted in 2013	Granted in 2012
Fair value at grant date	SEK 1.28	SEK 4.39	SEK 4.48	SEK 3.46
Share price at grant date	SEK 2.97	SEK 7.39	SEK 8.85	SEK 8.50
Average exercise price	SEK 3.65	SEK 7.45	SEK 8.72	SEK 11.24
Expected volatility (i)	43%	122%	89%	80%
Expected dividends (ii)	0%	0%	0%	0%
Risk-free interest rate (based on government bonds)	0.68%	1.95%	0.97%	0.94%

(i) Volatility is a measure of the tendency of investment returns to vary around a long-term average rate. The expected volatility used was based on the Company's historical share price volatility since the start of trading.

(ii) The Company has never declared nor paid any dividends on its shares and does not anticipate paying dividends in the foreseeable future. Consequently, the expected dividend assumption is set at zero.

Executives share option plan (ESOP)

In 2012, the Group implemented an ESOP for its senior executives. In order to participate in the ESOP, the participants have to purchase shares in the Company (in the market, in the form of SDRs). For each share held under the plan, the Group grants the participant free of charge rights to receive additional shares (in the form of SDRs) free of charge upon vesting, which occurs after the release of the interim report for the period January – March in the third financial year following the grant of the rights. The general vesting condition requires the participants to maintain their personal investment and the employment by the Group during the vesting period.

For each share purchased and held under the plan, the Group grants up to five rights to the participant, one for each of one retention and four performance conditions that is met. The retention condition is that the participant must still be an employee of the Group at the vesting date. The performance conditions relate to three-year development of certain performance indicators of the Group, including return on capital, profitability, revenue per hectare and blended yields of crops.

Every year, new rights are granted to the participants of the plan, the number of rights depending on the number of shares held but not more than the maximum stipulated by the terms of the plan.

The fair value of services received in return for rights granted under the ESOP is based on the fair value of the shares to be obtained by the participants upon vesting, measured at the grant date, with the number of such shares estimated with reference to the probability of meeting the vesting conditions.

During 2015, the Group made a modification to the plan in respect of the rights granted in 2012-2014 to adjust for the 2:3 December 2012 rights issue. As a result, for each of the conditions met, the participants will receive 1.67 shares (SDRs) in the Group, instead of one share.

At the 2015 AGM, following the completion of participation in the 2012-2014 program, a new three-year program was approved. The 2015-2017 program is structurally the same as the previous program, although the performance criteria have been revised to reflect the results achieved by the Group over the life of the previous program. The 2015-2017 plan will comprise of up to 2,100,000 shares held by the employees entitling them to an allotment of up to 10,500,000 rights.

10 SHARE-BASED PAYMENTS RESERVE (CONTINUED)

As at 31 December 2015, the following rights were outstanding but not exercisable under the ESOPs:

		31-Dec-2015		31-Dec-2014	
Grant date	**/esting date**	**Expected number of rights to vest**	**Average fair value at the grant/ modification date, SEK**	**Expected number of rights to vest**	**Average fair value at the grant date, SEK**
2012	15/05/2015	-	-	1,092,506	9.47
2013	15/05/2016	1,622,023	7.12	556,122	8.94
2014	15/05/2017	1,365,963	5.07	520,914	5.71
2015	20/05/2018	3,675,000	4.03	-	-
		6,662,986		**2,169,542**	

The movements in the total expected number of options to vest were as follows:

	Year ended	
	31-Dec-2015	**31-Dec-2014**
At the beginning of the year	2,169,542	2,614,796
Granted during the year	3,675,000	520,914
Cancelled during the year	(76,000)	-
Exercised during the year	(2,756,796)	-
Effect of the reassessment of the probability of meeting vesting conditions	1,724,067	(966,168)
Effect of the plan modification	1,927,173	-
At the end of the year	**6,662,986**	**2,169,542**

Personnel expenses for 2015 and 2014 include share-based payment expenses of USD 726 thousand and USD 217 thousand respectively.

11 FINANCIAL RISK MANAGEMENT

a) Categories of financial instruments

In thousands of US Dollars	**31-Dec-2015**	**31-Dec-2014**
Financial assets		
- Loans receivable	118,853	158,113
- Cash and cash equivalents	5,905	15,487
- Accounts receivables	1,304	628
Total	**126,062**	**174,228**
Financial liabilities		
- Loans and borrowings	52,636	60,197
- Accounts payables	865	432
Total	**53,501**	**60,629**

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Loans receivable. The Company has loans receivable from related parties. The Company as a stand-alone entity is significantly exposed to credit risk in relation to these receivables and is dependent upon the performance of its wider Group's activities.

Cash and cash equivalents. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

Investments. The Company limits its exposure to credit risk by placing surplus funds on deposit with a variety of established banks. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets as shown in the statement of financial position represents the maximum credit exposure.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

31 December 2015 *In thousands of US Dollars*	**Less than 1 year**	**From 1 to 2 years**	**From 2 to 5 years**	**Total**
SEK Bonds	6,541	57,763	-	64,304
Accounts payable	865	-	-	865
	7,406	**57,763**	**-**	**65,169**

31 December 2014 *In thousands of US Dollars*	**Less than 1 year**	**From 1 to 2 years**	**From 2 to 5 years**	**Total**
SEK Bonds	5,704	5,704	66,385	77,793
Accounts payable	432	-	-	432
	6,136	**5,704**	**66,385**	**78,225**

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk on borrowings and bank balances that are denominated in currencies other than the Russian Rouble (RUB), primarily on SEK bonds.

The Company does not hedge currency risk; however, the Company has sufficient hard currency-denominated cash in order to meet its interest payment obligation.

The Company's exposure to currency risk, determined as the net monetary position in currencies other than RUB, was as follows:

In thousands of US Dollars	**2015**	**2014**
USD	6,614	14,429
EUR	2,605	4,368
GBP	(836)	(175)
SEK	(52,567)	(59,937)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following significant exchange rates applied during the year:

	Rate at 31 Dec-2015	Average rate for 2015	Rate at 31 Dec-2014	Average rate for 2014
RUB/USD	72.8827	60.9579	56.2584	38.6025
RUB/EUR	79.6972	67.7767	68.3427	50.9928
RUB/GBP	107.9830	93.2634	87.5451	63.3269
RUB/SEK	8.7260	7.2434	7.2021	5.5950

Foreign currency sensitivity analysis

A 30% weakening of the RUB against the above currencies at 31 December 2015 would have increased/(decreased) equity and loss (31 December 2014: increased/(decreased) equity and decreased/(increased) loss) by the amounts shown below. This analysis assumes that all other variables remain constant.

In thousands of US Dollars	Equity	Profit or loss
2015		
USD	1,984	2,372
EUR	781	934
GBP	(251)	(300)
SEK	(15,770)	(18,855)
2014		
USD	3,729	5,434
EUR	1,310	1,910
GBP	(53)	(76)
SEK	(17,981)	(26,206)

Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). The Company adopts a policy of limiting its exposure to changes in future cash flows by borrowing on a fixed rate basis.

Fair value sensitivity analysis for fixed rate instruments

The Company currently does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not have affected profit or loss.

e) Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Non-derivative financial instruments

Fair value for loans and borrowings (Note 8), which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date and approximates their carrying amount.

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital. There were no changes in the Company's approach to capital management during the year.

The capital structure of the Company consists of debt, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

The company is subject to capital requirements stipulated in the bond agreement.

12 RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

During the year, the Company entered into the following transactions with related parties that are members of the Group.

	Year ended	
In thousands of US Dollars	**31-Dec-2015**	**31-Dec-2014**
Loan movements with Group Companies		
Planalto Enterprises Limited		
- Repayment of loans receivable	8,000	29,398
- Conversion to capital (adjusted for translation difference)	-	35,550
Black Earth Trading International	-	81

	31-Dec-15	**31-Dec-14**
Accounts receivable from Group Companies		
Planalto Enterprises Limited	118,853	157,999
Management Company Agro-Invest	-	114
	118,853	**158,113**

During the year, the Company entered into the following transactions with related parties that are not members of the Group.

	Year ended	
In thousands of US Dollars	**31-Dec-2015**	**31-Dec-2014**
Purchase of services from related parties		
TerraVost Ltd (formerly KinnAgri Ltd)	1,269	1,258
KCM International Ltd	1,802	1,330
	3,071	**2,588**
Less: subcontracted to third parties		
TerraVost Ltd (formerly KinnAgri Ltd)	(188)	-
KCM International Ltd	(16)	-
	(204)	**-**
Purchase of services from related parties, net of subcontractors		
TerraVost Ltd (formerly KinnAgri Ltd)	1,081	1,258
KCM International Ltd	1,786	1,330
Total	**2,867**	**2,588**

	31-Dec-15	**31-Dec-14**
Accounts payable to related parties		
TerraVost Ltd (formerly KinnAgri Ltd)	404	209
KCM International Ltd	401	186
	805	**395**

12 RELATED PARTY TRANSACTION (CONTINUED)

TerraVost Ltd (formerly KinnAgri Ltd) provided consultancy services related to budgeting and forecasting process, production planning, harvest, storage and logistics. KCM International provided crop technical information and consultancy services. KCM International is a subsidiary of TerraVost Ltd.

In December 2014, KinnAgri Ltd completed a buyback of the shares of Investment AB Kinnevik in KinnAgri Ltd. Investment AB Kinnevik fully exited the shareholder structure of KinnAgri Ltd, which was subsequently renamed TerraVost Ltd. As a result of the transaction, Richard Warburton, the CEO of the Group, became the majority shareholder of TerraVost Ltd.

In November 2015, review of alternative options and arm's length pricing for the contracts with the related parties was conducted by 3 members of Board of Directors, including Chairman of Audit Committee. As a result terms of the contracts found to be satisfactory. Termination notice was given to KCM International contract for further revision in 2016.

Salaries and other remuneration for Directors for the year ended 31 December 2015 was USD 1,228 thousand (2014: USD 1,006 thousand).

13 EVENTS AFTER THE BALANCE SHEET DATE

As of 20 February the Company repurchased additional SEK 29 million (USD 3,415 thousand) of bonds.