

Interim report January – June 2008



Alpcot Agro 

Alpcot Agro is a Swedish public limited liability company incorporated by Alpcot Capital Management Ltd. in 2006. The Company's objective is to generate an attractive total return on invested capital by acquiring and farming agricultural land in Russia and in other CIS member states. To date, the Company has gained control of 135,000 hectares, of which approximately 84,000 hectares are in direct or indirect ownership.

This is an unofficial translation of the Company's interim report for the period January–June 2008. In the event of any discrepancy between the Swedish original text and this English translation, the Swedish text shall prevail.

Highlights for the period

(Numbers within brackets refer to the period 7 September 2006 – 30 June 2007 unless otherwise stated)

- Net revenues amounted to SEK 29,316 (896) thousand, of which SEK 19,436 (–) thousand was a gain from market valuation of biological assets at the end of the period.
- During the period, gross profit amounted to SEK 6,222 (–1,905) thousand, operating loss amounted to SEK –25,361 (–3,581) thousand and loss for the period amounted to SEK –27,897 (–3,263) thousand.
- Earnings per share amounted to SEK –1.30 (–0.80).
- Agricultural land under control¹⁾ increased to 133,000 (93,000²⁾ hectares, of which approximately 78,000 (44,000²⁾ hectares was owned³⁾ by the Company, directly or indirectly.
- The current year's seeded volume will amount to approximately 53,900 hectares with an estimated harvest as of 20 August 2008 of approximately 150,600 tonnes, which is higher than earlier prognosis.
- Acquisition of land in two new Russian regions, namely Kursk and Kurgan.
- The Company raised SEK 520 million in capital before transaction costs through a new share issue directed towards institutional investors in Sweden and abroad.
- The Company has changed its name to Alpcot Agro AB.
- After the end of the period, Alpcot Agro has formed operational companies in four regions in Ukraine and acquired additional farms in Russia.

1) Please refer to the definition of "Land under control" on page 20.

2) As of 31 December 2007.

3) Please refer to the definition of "Land in ownership" on page 20. At present, only a smaller part of the land is owned by the Company's subsidiaries.

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Financial calendar

- Year-end report Date not yet set
- Annual General Meeting 2009 Date not yet set

CEO's comments

Alpcot Agro has, during the first six months of 2008, continued its rapid expansion in land under control as well as in its operational business. At the end of the period, the Company controlled approximately 133,000 hectares of agricultural land in Russia, which had increased to approximately 135,000 hectares in the beginning of August.

The Company's gross profit amounted to KSEK 6,222 (-1,905), operating loss to KSEK -25,361 (-3,581) and loss for the period amounted to KSEK -27,897 (-3,263).

Net income for the period is not representative of future earnings since the Company is in a built-up phase with low sales together with high costs related to investments, for instance one-off measures in preparing agricultural land and staff training. In addition, agricultural companies' operations are seasonal with sales mainly throughout autumn and winter and costs during the summer. However, what we can ascertain is that the cost for key inputs such as diesel and fertilisers have almost doubled compared to the same period last year. At the same time, we can conclude that the Company's harvested area and the average yields will be higher than we predicted.

We are implementing new modern agricultural techniques on the farms which we acquire. An important success factor is therefore to educate and train our employees in modern agricultural techniques as well as practical handling of new equipment. The efficiency of our field machines is thereby gradually increasing and at the same time increasing our employees comprehension of the benefits of the new methods of working. More than 120 tractor drivers and agronomists have undergone extensive education and training programs during the winter and summer. Tractor drivers with experience of the new techniques from last autumn helped to convince the new drivers about the advantages of the western farming practices, which facilitated the adoption of the new way of working. We also continue to strengthen the administrative organisation and will, during the winter 2008/2009, focus on consolidating and introducing uniform administrative routines in the Russian subsidiaries, including centralisation on a regional basis of the accounting and financial control of the farms.

An early and dry spring provided favourable conditions for the spring campaign and the spring seeding of approximately 32,000 hectares could be conducted in ample time. After the spring seeding, the Company has focused on refurbishment of, and increasing, the Company's storage capacity ahead of harvest and as of today we have capacity to store short-term approximately 18,000 tonnes and long-term approximately 92,000 tonnes. Furthermore, we have acquired airtight storage capacity of 34,000 tonnes, which is being assembled during August. During the autumn 2008 we expect to have completed the construction of our newly built silo with a storage capacity of 10,000 tonnes, mostly for storing the Company's own seeds and in order to be able to sell grain at a later date at better price.

The Company's forecast from May 2008 was to harvest approximately 52,700 hectares (with an expected harvest of approximately 129,700 tonnes) during 2008. The area has until the harvest period increased to approximately 53,900 hectares (with an expected harvest of approximately 150,600 tonnes) mainly as a result of newly acquired farms being added. After the end of the period the Company has observed higher average grain yields than forecasted, winter wheat of 3.6 tonnes per hectare and barley of 3.0 tonnes per hectare, but with lower quality due to the relatively rainy and cold summer. The outcome of the harvest still varies a lot between the fields and continued work is carried out to level the fields and control weeds in the growing crops is planned. We can however, at this moment note harvest outcome of winter wheat of more than 8.0 tonnes per hectare, which clearly illustrates the potential of higher yields in the future.

Alpcot Agro completed a fourth capital raising at the end of May and beginning of June, which amounted to approximately SEK 520 million before transaction costs and at the same time increased the shareholder base with several new institutional owners. The Company intends to apply for a listing of its shares on First North during the autumn 2008. A listing will enhance the possibilities for increased liquidity in the Company's share and to further broaden the shareholder base.

The Company's financial position is satisfactory after the new share issue at the end of May and beginning of June 2008 with SEK 523 million in liquid funds and only limited debt as of 30 June 2008. A continued rapid expansion of hectares under control, the operational business and the establishment of operations in Ukraine will require further capital. Given the prevailing conditions in the financial markets, the Company will adjust its future development by reviewing its objectives for expansion, which may be altered to postpone and reduce future need for further capital. To reduce the need for additional shareholder equity for the expansion in Russia, we are reviewing a number of options, for example to actively seek financing in part through loans for investments in machines and equipment. Alpcot Agro will gradually be able to

finance its expansion through cash flows from the operations. The establishment of operations in Ukraine will require considerable capital, which has lead the Company to investigate the possibility of a spinning-off solution and thereby financing the expansion in Ukraine separately.

Lessons learnt from the current year's spring campaign gradually increased efficiency in the organisation and use of the machine capacity as employees became more skilled and experienced in the new technology. I believe that the Company is well prepared for the upcoming fall campaign of approximately 47,000 hectares.

Carl Aschan

Chief Executive Officer



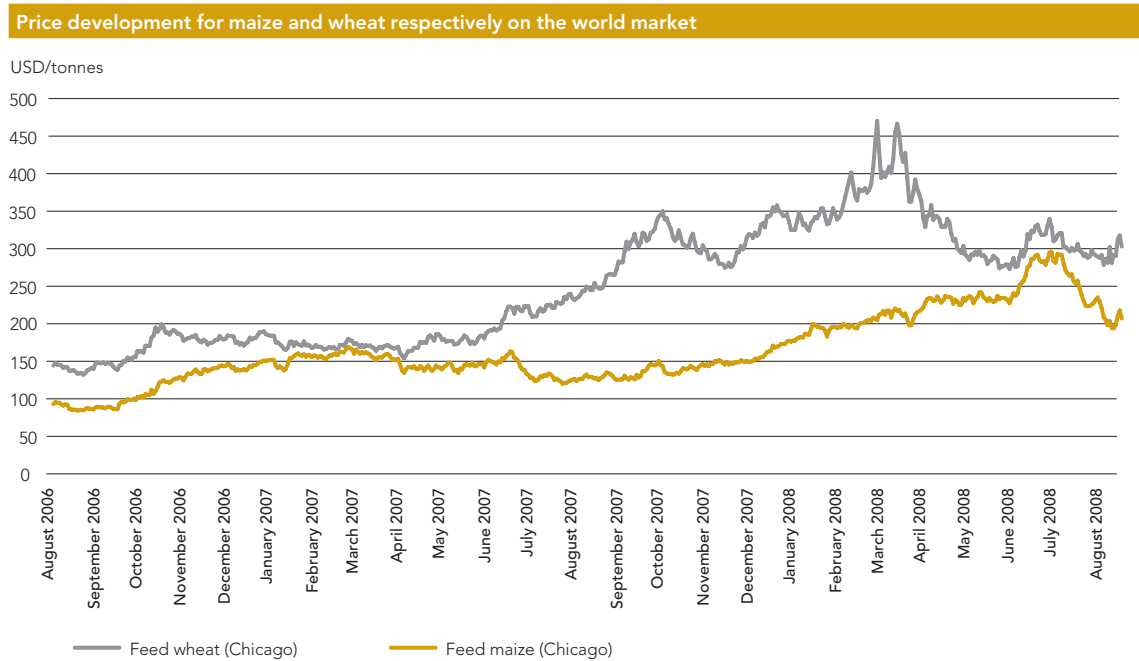
Harvesting of winter wheat in Voronezh, August 2008.

Operations

GLOBAL SITUATION

The wheat price has decreased during the second quarter of 2008 while the maize price has increased, which is shown in the graph below. The OECD believes that prices will decline successively, because some of the factors that recently have

raised the price levels are of a temporary nature. However, there are strong indications that the factors such as global population growth, increasing prosperity, changes in diets and demand from the biofuel sector have resulted in a higher average price level than before.¹⁾



Source: Agronomics

Global wheat stocks are currently at the lowest levels in modern times. The London-based International Grains Council expects global wheat production to increase from 608 million tonnes in the 2007/2008 agricultural year to 658 million tonnes in

2008/2009. The high wheat prices have led to a situation where wheat has driven other crops out of the market. Maize production, for example, is expected to fall by 29 million tonnes to 756 million tonnes in 2008/2009.

1) OECD-FAO Agricultural Outlook 2008–2017.

MARKET DEVELOPMENT IN RUSSIA

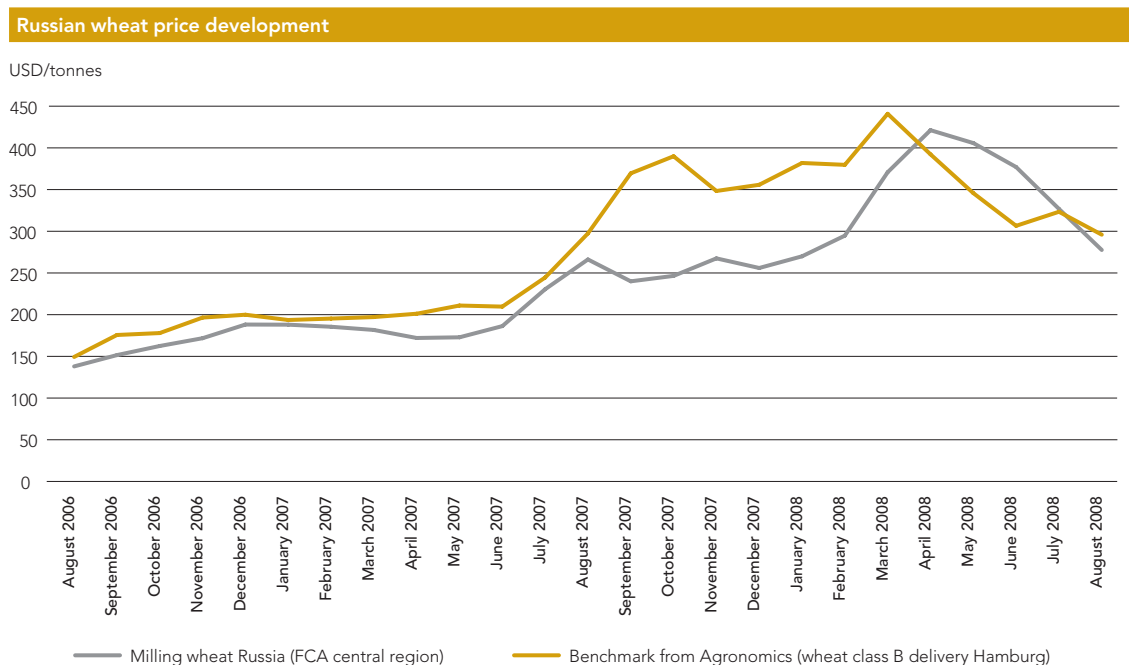
Agriculture in Russia

According to estimates from the United States Department of Agriculture (USDA), in 2007/2008 the total cultivated land for grains in Russia was 46.3 million hectares, which is an increase of approximately 2 million hectares compared to 2006/2007. The Russian minister of agriculture estimates that the domestic grain production will be at least 85 million tonnes in 2007/2008. Such favourable harvest is partly a result of suitable weather during the

period and partly a consequence of the fact that the usage of fertilizers has increased by 11 per cent compared to 2006/2007 (Source: USDA).

Price development

Like the world market prices, most of Russia's major grains reached top levels during the reporting period but have decreased during the second quarter 2008. This is illustrated by the development of the wheat price, which is shown in the graph below.



Source: Agronomics, Reuters

Cost development

The selling prices of grain have increased as well as the prices of input materials. Most importantly; fuel, fertilizers and pesticides have become more expensive during the period.

Politics

Dimitrij Medvedev received 70 per cent of the votes in the Russian presidential election in March 2008, and was inaugurated as president in May 2008. The market-oriented policies are expected to continue with some Government intervention and control in strategic important sectors.

Highly increased food prices in Russia forced the Russian government to freeze prices on certain foodstuff and impose tariffs on grain exports, during the period. The tariffs were 40 per cent (although not lower than 105 euro per tonne) for wheat and rye-wheat, and 30 per cent (although not lower than 70 euro per tonne) for barley. The tariffs lapsed on 1 July 2008. The Company believes that the Russian Government will be using export tariffs as an instrument in the Russian agricultural policy.

After the end of the period, Russia announced its plans to form a state grain trading company. Whether these plans will become a reality or not is currently unclear.

THE AGRICULTURE OPERATIONS

Growing grain

The Company has cultivated 53,900 hectare in total, during 2007/2008, of which the spring campaign was 32,000 hectares and the fall campaign was 21,900 hectares. The total expected harvest amounts to approximately 150,600 tonnes. The most important grain is winter wheat, followed by barley and sunflowers. Seeded hectares and expected harvest per crop and region is shown in the table below as of 20 August 2008. To date, 90 per cent of the cereals (winter wheat, barley, spring wheat and rye) have been harvested. Expected harvest for sunflowers, corn and other crops are currently only estimates, since the harvest has not yet commenced.

Crop	Number of hectares	Expected yield (tonnes/ha)	Expected harvest
Winter wheat	18,200	3.6	65,500
Barley	11,900	3.0	35,700
Spring Wheat	4,800	2.5	12,000
Rye	3,600	2.2	8,000
	38,500		121,200
Sunflowers	10,000	1.9	19,000
Corn	2,600	2.4	6,200
Other	2,800	1.5	4,200
	15,400		29,400
Total	53,900		150,600

Crop hectare	Voronezh	Volgograd	Tambov	Kursk	Kurgan	Lipetsk	Total
Winter wheat	11,700	4,200	–	–	–	2,300	18,200
Barley	5,900	100	3,400	–	–	2,500	11,900
Sunflower	6,700	500	2,000	–	–	800	10,000
Spring wheat	1,400	2,000	1,000	–	–	400	4,800
Rye	3,600	–	–	–	–	–	3,600
Corn	2,300	–	300	–	–	–	2,600
Other	1,400	500	–	–	–	900	2,800
Total	33,000	7,300	6,700	–	–	6,900	53,900

The weather during the period

In general, the conditions for crop production were favourable during the spring, especially for cereals. Following the end of the period, conditions have been somewhat less favourable, which will lead to higher yield but with lower quality.

Company controlled approximately 133,000 hectares at the end of the period, which has increased to 135,000 hectares in the beginning of August. The distribution of the Company's land by land under control and land in ownership and by different regions is shown in the table below.

Investments

Land

During the period, Alpcot Agro has acquired land in two new Russian regions, namely Kursk and Kurgan. The Company has also continued to acquire land in Voronezh, Volgograd, Tambov and Lipetsk. In these regions the acquisitions have been concentrated to areas where the Company already owns farms, in order to improve the farm layout and benefit from economies of scale. In total, the

Area	June 2008	
	Land under control	Land in ownership
Voronezh	46%	40%
Volgograd	14%	4%
Tambov	9%	10%
Kursk	13%	23%
Kurgan	8%	10%
Lipetsk	10%	13%
Total	100%	100%

The Investment Manager estimates that land in ownership will increase from 6,576 hectares at the end of the period to slightly more than 21,500 hectares at year end 2008.

Machines and equipment

Alpcot Agro uses primarily Western agriculture equipment in the fields, such as tractors, seeding machines, cultivators, sprayers and spreaders, while Russian machines mainly are used for supporting purposes, such as lorries, tank trucks and support vehicles.

Alpcot Agro has, during the first half of 2008, made significant investments in machinery and equipment amounting to approximately SEK 107 million.

Following the end of the period, the Company has made additional investments in six John Deere 9-tractors, four John Deere 8-tractors, six John Deere 6-tractors, two Rapid 800C seeding machines, one Rapid 600C seeding machine, two TopDown

700 cultivators, five new field waggons and 20 Claas combines. Furthermore, the Company has invested in Russian support equipment. In total, approximately SEK 95 million has been invested in machinery and equipment after the end of the period.

The Company's 20 Claas combines has an aggregated harvest capacity of approximately 25,000 hectares. Furthermore, the Company has eight used Western combines, which have been taken over in connection with acquisition of farms, with a harvest of approximately 5,000 hectares. For the additional harvesting capacity needed, the Company has hired local contractors.

Alpcot Agro believes the Company's mechanised system is well dimensioned to handle the planned winter seeding of approximately 47,000 hectares 2008. The Company's field machines as of 30 June 2008 are shown in the table below. They are categorised in three different groups depending on the size of the tractor and work function.

Tractor	Number of	Tractor	Number of	Tractor	Number of
John Deere 9	18	John Deere 8	12	John Deere 6	18
Rapid 800C	12	Rapid 600C	4	Field waggons	5
Carrier 1225	5	Carrier 820	3	Sprayers	14
TopDown 700	7	TopDown 500	6	Spreaders	19
		Seedhawk 12	4		



Spring seeding 2008 with a John Deere 9.

Storage and drying capacity

Alpcot Agro is continuously expanding its storage capacity as the cultivated area increases. Eventually, the Company's grain storage capacity will mainly consist of existing Russian or newly built silos and only to a limited extent of flatbed.

During the period the Company has started to build a new silo with a storage capacity of 10,000 tonnes in Voronezh. Furthermore, the Company has increased its airtight storage capacity by purchasing 10 tents with a total storage capacity of 34,000 tonnes. The storage tents were delivered after the end of the period and are thus not accounted for in

the table below. When using airtight storage the grains can be stored 3–6 months depending on moisture content in the grain. In addition, Alpcot Agro has reconditioned its current flatbed and the total storage capacity is approximately 18,200 tonnes. Several of the reconditioned flatbed storages have been rebuilt to long-term storage facilities. The storage capacity in houses amounts to approximately 92,100 tonnes.

The table below shows the Company's estimated total storage capacity as of 30 June, 2008. Following the end of the period, 14,000 tonnes airtight storage capacity has been assembled.

Region	Flatbed ¹⁾	Airtight	House	Silo	Total
Voronezh	15,300	–	59,300	–	74,600
Volgograd	1,500	–	9,500	–	11,000
Tambov	–	–	9,000	–	9,000
Kursk	–	–	–	–	–
Kurgan	–	–	–	–	–
Lipetsk	1,400	–	14,300	–	15,700
Total	18,200	–	92,100	–	110,300

1) Calculated on a moisture content in grain of not more than 14 per cent.



Wheat field June 2008.

Ukraine

The Company has also established operations in Ukraine. At present, it is not possible to acquire arable land in Ukraine due to Ukraine legislation. Consequently, the Company can only lease land. The Company believes, however, that the moratorium will cease in the foreseeable future. Accordingly, it is favourable to have a local presence in Ukraine already. Even if the moratorium remains in place, the Company recognises the potential to conduct a very profitable large-scale farming operation in Ukraine.

Livestock farming

Livestock farming makes up a smaller part of Alpcot Agro's operations. However, in order to satisfy the requirements from local politicians, Alpcot Agro has established a certain livestock operation.

At present Alpcot Agro has approximately 2,000 milk cows distributed on four farms, three in Voronezh and one in Lipetsk. The Company is about to finish the renovation of the premises and the purchasing of new modern milking equipment. In addition, several measures have been implemented in order to improve routines and the daily way of working. Furthermore, the feed will be improved and the Company has, for example, seeded corn and fodder grasses. Alpcot Agro believes that these measures will significantly increase the average production capacity per cow and improve the quality of the milk.

ORGANISATION

Organisational changes

During 2008, Alpcot Agro has pursued its expansion plan by acquiring additional farms and agricultural companies in Russia and also created an organisational basis for the establishment in Ukraine. Alpcot Agro has founded a Cyprus-based holding company for the operations in Ukraine as well as operational companies in Ukraine.

During the period, Alpcot Agro has recruited a sourcing and sales chief officer for the management company in Russia, who will work with the establishment of the Group's sourcing and sales organisation. Initially, the main task for the sourcing and sales organisation will be to enter into agreements regarding grain silos and grain merchants in order

to find a market for the Company's surplus harvest. In addition the Company will focus on a centralized purchase of input goods.

Alpcot Agro has employed a chief financial officer and a chief executive agronomist to its headquarters in Stockholm. After the end of the period, a head of investor relations has been hired, assuming his position at the end of August 2008.

The Company has furthermore recruited a Swedish agronomist, who will be serving as an inspector of the Russian operations. The inspector will supervise the development in the fields as well as support and educate agronomists and tractor drivers. Moreover, the Company has also hired a number of employees to its headquarters in Voronezh, mostly in the departments of accounting and administration of land.

For the business in Ukraine, the Company has hired an area manager who will work with Alpcot Agro's establishment in the region.

After the end of the period, the Company has established a committee in which the Company's management work together with representatives from the Investment Manager on a continuous basis. The committee consists of Carl Aschan, Lotta Ferm, Katre Saard, Peter Geijerman and Björn Lindström. The reason for establishing the committee is to support the Company's management and to meet the financial and operational challenges the Company faces.

Board changes

Two new members of the Board were elected at the Annual General Meeting on 13 May 2008, namely Catharina Lagerstam and Otto Ramel. The CEO of the Company, Carl Aschan, left the Board, all other members were re-elected as the same General Meeting. Thus, the new Board of Directors has five members, Joakim Ollén (Chairman of the Board), Torbjörn Ranta, Sven Dahlin, Catharina Lagerstam and Otto Ramel.

Educational activities

The Company has undertaken two large-scale educational sessions during the period. In February–March 2008, 120 tractor drivers and agronomists were educated in basic crop production and mechanical engineering. The purpose of the edu-

cation session was to increase the level of understanding of the non-plow technique used by the Company. The session also contained a practical part, where the new machines and equipment were used. The session was ended with an examination which consisted of one theoretical and one practical test.

In June 2008, a second educational session was undertaken in the field, aiming to practically prepare tractor drivers and agronomists for the upcoming harvesting period.



Tractor drivers, who have just received their diplomas, winter 2008.

Financial information

(Numbers within brackets refer to the period 7 September 2006 – 30 June 2007)

COMMENTS ON FINANCIAL DEVELOPMENT

Consolidated income statement and balance sheet

Net revenues for the period amounted to KSEK 29,316 (896), of which KSEK 19,436 (0) represents market valuation of biological assets at the end of the reporting period.

Gross profit amounted to KSEK 6,222 (–1,905), operating loss to KSEK –25,361 (–3,581) and loss for the period amounted to KSEK –27,897 (–3,263).

Operations are seasonal and cost of goods sold arise during spring and autumn in connection with cultivating the land and seeding and during August and September when the main part of the harvest is carried out. The harvest is then sold during the period from September to March. As the Company only harvested a minor area during last year, revenues from sale of grain will be limited this year. For this reason, revenues during the period mainly consist of change in value in growing crops. Lump sum costs in connection with break fallow land not previously cultivated is recorded under the item cost of goods sold. The equipment that forms basis for depreciation is adequate for a larger area than the seeded area this year.

The Group's total assets has increased by more than SEK 1.1 billion since mid-year 2007. During the period investments in tangible and intangible assets amounted to KSEK 111,785 (26,851). The main part of such investments comprised farming machinery and land. See also pages 6–8. At the end of the period, the book value of tangible and intangible fixed assets amounted to KSEK 189,501 (8,864) and KSEK 27,630 (365) respectively.

By the end of the reporting period, the Company had made prepayments regarding acquisitions of land and farming machinery to the amount of KSEK 340,464, of which approximately 70 percent represents acquisition of land (see also page 14).

Biological assets for consumption, i.e. recorded as current assets, amounted to KSEK 93, 866 (5,920) at the end of the reporting period. Such assets mainly consist of growing crops, which have been valued at an estimated sale price on the spot-market in August 2008 in connection with the harvest, less expenses for harvest and selling. The valuation has been based on the expected harvest yield deemed by the Company as fair as of 30 June 2008. The forecast is considered to be based on conservative estimates both regarding price and the estimated yield per hectare.

Cost of goods sold, KSEK	1 Jan. 2008 – 30 June 2008
Cost livestock	2,227
Inputs	5,464
Personnel costs	511
Depreciation (machinery)	4,284
Repairs and maintenance of machinery	3,604
Soil preparation costs	5,270
Rent costs	681
Other	1,053
Total	23,094

KEY RATIOS

The Group	1 Jan. 2008 – 30 June 2008	7 Sept. 2006 – 30 June 2007
Operating margin, %	–86.5	–400.2
Asset/equity ratio, %	91.5	92.9
Shareholders' equity, MSEK	1,270	220
Average number of employees	566	41
Average number of shares	21,472,081	4,099,353
Number of shares at end of period	29,380,700	9,153,200
Profit per share, SEK	–1.30	–0.80
Equity per share, SEK	43.23	2.40

Cash flow and liquidity

The Group's cash-flow for the period amounted to KSEK 342,629 (186,871) and cash and cash equivalents at the end of the period amounted to KSEK 523,866 (187,028) and interest-bearing debt to KSEK 39,992 (0). During the reporting period, the Group has, on a cash flow basis, been provided with KSEK 843,430 (226,740) from new share issues resolved in December 2007 and during the first six months 2008 respectively. Acquisitions of subsidiaries and tangible fixed assets amounted to KSEK 26,675 (25) and KSEK 111,785 (26,851) respectively, for the period.

Shareholders' equity

As stated above, the Group was provided with liquid funds from new share issues in an amount of KSEK 843,430 (225,715) after transaction costs. KSEK 345,734, net after transaction costs, was accounted for as new share issue in progress as of 31 December 2007 and consequently the increase in shareholders' equity due to new share issues during the reporting period amounted to KSEK 497,696, net after transaction costs.

Employees

The average number of employees during the period amounted to 566 (41). The increase in the number of employees mainly consists of farming personell.

Parent company

The profit for the period amounted to 676 KSEK (–1,546). During the reporting period, new share issues were carried out, which on a cash-flow basis, provided the parent company with 843,430 KSEK (225,715) after transaction cost. The parent company has increased its lending to the subsidiaries with 513,031 KSEK (55,470). As of 30 June 2008, cash and cash equivalents amounted to 447,924 KSEK (161,797).

OTHER**Acquisition of subsidiaries**

During the reporting period a number of subsidiaries and associated companies have been acquired. The companies, which are located in the regions of Tambov, Voronezh, Kursk and Lipetsk respectively. In addition, the Group has, together with a local partner, formed a joint venture ("JV"), in which the Group owns 50 per cent. The companies are active within production and refinement of grains as well as cattle breeding.

The total amount for acquired subsidiaries, associated companies and JV, amounted to KSEK 15,219.

The table below shows fair values of assets and liabilities in acquired companies as of the acquisition date according to IFRS. The values stated are based on the preliminary acquisition analysis and may thus be altered.

Acquired assets and liabilities, KSEK	Fair value at date of acquisition
Tangible fixed assets	22,663
Goodwill	2,306
Biological assets	8,311
Deferred tax assets	2,237
Inventories	5,789
Accounts receivable and other receivables	7,356
Investments in securities and other financial assets	1,911
Tax assets	1,455
Cash and cash equivalents	1,362
Borrowing	-28,724
Accounts payable and other liabilities	-14,919
Tax liabilities	-178
Deferred tax liabilities	-2,052
Net identifiable assets and liabilities at date of acquisition	7,517
Minus: Minority share	-1
The Group's share of identifiable assets and liabilities	7,516
Plus: Goodwill	709
Purchase sum	8,225
Effect on the Group's liquid assets:	
Cash payment	-8,224
Acquired company's cash and cash equivalents	1,362
Net effect on the Group's cash and cash equivalents	-6,862

AGREEMENT WITH THE INVESTMENT MANAGER

Management fee

As stated in the Annual Report for the financial year 2007 the Group has engaged Alpcot Capital Management Ltd ("ACM") as Investment Manager to execute the Company's investment strategy. ACM is controlled by a number of the Company's shareholders. ACM receives a fee of 2.25 per cent per year of the total funds raised by Alpcot Agro before issue costs. As of 30 June 2008 the management fee amounted to 10,807 KSEK (2,145).

Performance fee

ACM is also entitled to a performance fee based on the increase in the value of the Company, calculated according to certain criteria, as of 31 January 2012. The performance fee shall amount to 15 per cent of the increase in the value that exceeds 8 per cent.

The Company estimates that there is no accrued performance fee as of 30 June 2008.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

As of 30 June 2008, the Company's share capital amounted to SEK 146,903,500 divided into 29,380,700 shares. The quota value of the shares is SEK 5.00. All shares carry the same voting rights and each shareholder is entitled to vote for the full number of shares he/she owns and represents at the Annual General Meeting. All shares also carry equal rights to a share of the Company's assets if liquidated and in dividends.

Ownership structure

As of 30 June 2008 the largest shareholders were the following:

Shareholder	Number of shares	Share of capital and votes, %
Tredje AP-Fund	4,758,000	16.2
Funds managed by Kairos	2,698,600	9.2
Segaintersettle AG/ Zurich	2,193,000	7.5
Nordea Funds incl. Luxembourg	2,088,080	7.1
SOFA	1,300,000	4.4
Corso Holding S.A.	953,200	3.2
Andra AP-Fund	900,000	3.1
Swedbank Robur incl. Luxembourg	755,700	2.6
Hamilton, Archibald and family	681,975	2.3
SEB Private Banking and Trygg Life	628,000	2.1
Others	12,424,145	42.3
Total number of shares	29,380,700	100

OTHER INFORMATION

Material risks and uncertainties

Alpcot Agro's operations are subject to a number of risks, not least due to the nature of the operations and the running thereof in Russia (and other CIS-states), such as for example risks related to Russian real estate law and ways to legally acquire agricultural land, politics, crime and corruption, corporate governance, accounting and financial reporting, grain prices and weather conditions.

As regards the Group's credit risks, i.e. risks that a counterparty will not fulfil its contractual obligations and that possible security does not sufficiently cover the Group's exposure, the following may be noted:

- The Group uses to a large extent agents when acquiring land in Russia. The agents receive advances for making the planned land acquisitions. The Group is subject to substantial credit risk exposures in relation to a few of the agents. The Company tries on a continuous basis to ensure its control over documents showing Pai rights. The Company has the majority of those documents in its possession.
- A large part of the Group's liquid funds are deposited with ÖEB/Danske Bank.
- The greater part of the counterparty risks as regards supply of machinery lies with the suppliers of John Deere and Claas machinery.

In addition hereto, the Group is not subject to any substantial credit risk exposure in relation to any individual counterparty or group of counterparties.

In note 26 (Risk management) in Alpcot Agro's annual report for 2007 the Group's risks relating to foreign exchange, liquidity, interest and financing and legal risks are presented. In note 3 in the same annual report critical judgements and assessments are reported. These are substantially unchanged.

Accounting principals

During the period, the Group has together with a local partner in Russia formed a Joint Venture in which the Group's ownership is 50 per cent. The investment in the JV is stated in accordance with the equity method.

The Group accounts are prepared in accordance with the International Financial Reporting Standards, IFRS, which has been approved by the EU Commission for adoption within the EU. This interim report is prepared in accordance with IAS 34, Interim Financial Reporting and Annual Accounts Act and fulfill the requirements according to BFNAR 2007:1. This interim report has in all other aspects been prepared in accordance with the same accounting principles and calculation methods as applied in the annual report for 2007.

DECLARATION

The Board of Directors and the Chief Executive Officer declare that the interim report provides a true and fair picture of the operations, financial position and results of the parent company and the Group as well as describing significant risks and uncertainties faced by the parent company and the Group. This interim report has been reviewed by the Company's auditor.

Stockholm 28 August 2008

Joakim Ollén
Chairman of the Board

Carl Aschan
Chief Executive Officer

Sven Dahlin
Board member

Torbjörn Ranta
Board member

Catharina Lagerstam
Board member

Otto Ramel
Board member

Review report

We have reviewed the interim report of Alpcot Agro AB (publ) for the period 1 January to 30 June 2008. It is the Board of Directors and the CEO who are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with Standard on Review Engagements (SÖG) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope compared to an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 28 August 2008

Ernst & Young AB

Per Hedström
Authorized Public Accountant

Consolidated income statement

SEK thousand	1 Jan. 2008 – 30 June 2008	7 Sept. 2006 – 30 June 2007	7 Sept. 2006 – 31 Dec. 2007
Revenues	9,880	896	15,374
Gain from market valuation of biological assets	19,436		-138
Cost of goods sold	-23,094	-2,801	-23,496
Gross profit	6,222	-1,905	-8,260
Other external costs	-23,927	-827	-14,017
Personnel costs	-6,810	-815	-4,494
Depreciation/amortization of tangible/ intangible fixed assets	-846	-34	-312
Operating profit	-25,361	-3,581	-27,083
Gain/loss from investments	-6,787	61	295
Interest income	2,785	277	4,907
Interest expense	-866	-	-
Financial expenses	-568	-192	-79
Profit before tax	-30,797	-3,435	-21,960
Current tax	-20	172	-989
Deferred tax	2,920	0	4,173
Loss for the period	-27,897	-3,263	-18,776
Earnings per share, SEK ¹⁾	-1.30	-0.80	-2.11
Number of shares at end of period	29,380,700	9,153,200	15,240,700
Average number of shares	21,472,081	4,099,353	8,917,723

1) The Company has not issued any financial instruments, which result in dilution.

Consolidated balance sheet

SEK thousand	30 June 2008	30 June 2007	31 Dec. 2007
ASSETS			
Non-current assets			
Intangible fixed assets	27,630	365	27,020
Tangible fixed assets	189,501	8,864	65,828
Goodwill	7,919	71	7,333
Participation in associated companies	6,132	–	–
Biological assets	5,431	–	944
Prepayments for fixed assets	340,464	12,252	113,827
Securities and other financial assets	7,491	4,780	4,044
Deferred tax assets	7,819	175	4,522
Total non-current assets	592,387	26,507	223,518
Current assets			
Inventories	23,899	2,552	10,296
Biological assets	93,866	5,920	14,738
Account receivables	5,096	619	7,260
Securities and other financial assets	–	–	8,793
Tax assets	2,277	–	20
Other receivables	99,446	6,422	373,380
Short-term loans	2,500	1,811	2,500
Deposits	44,842	5,606	30,671
Cash and cash equivalents	523,866	187,028	186,593
Total current assets	795,792	209,958	634,251
TOTAL ASSETS	1,388,179	236,465	857,769
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	146,904	45,766	76,204
Other capital contributions	1,180,805	181,949	753,809
Reserves	–8,074	–4,677	–1,021
Retained earnings	–21,508	–	0
Loss for the period	–27,897	–3,263	–18,776
Total shareholders' equity pertaining to the parent company's shareholders	1,270,230	219,775	810,216
Minority share	0	0	0
Total shareholders' equity	1,270,230	219,775	810,216
Long-term liabilities			
Other long-term liabilities	37,522	2,491	2,587
Deferred tax liabilities	10,454	–	10,151
Total long-term liabilities	47,976	2,491	12,738
Current liabilities			
Short-term loans	7,324	1,494	567
Provisions	11,869	–	3,961
Accrued expenses	2,802	307	19,178
Accounts payables	41,411	6,097	3,855
Other liabilities	6,567	6,158	7,243
Tax liabilities	–	143	11
Total current liabilities	69,973	14,199	34,815
TOTAL LIABILITIES AND SHAREHOLDERS' LIABILITIES	1,388,179	236,465	857,769

Consolidated statement of changes in equity

SEK thousand	1 Jan. 2008 – 30 June 2008	7 Sept. 2006 – 30 June 2007	7 Sept. 2006 – 31 Dec. 2007
Opening balance	810,216	100	100
New share issues	497,696	225,615	827,913
Shareholders' contributions	–	2,000	2,000
Translation difference	–9,785	–4,677	–1,021
Profit for the period	–27,897	–3,263	–18,776
Closing balance	1,270,230	219,775	810,216

Consolidated cash flow statement

SEK thousand	1 Jan. 2008 – 30 June 2008	7 Sept. 2006 – 30 June 2007	7 Sept. 2006 – 31 Dec. 2007
Operating activities			
Payments from customers	6,302	693	12,692
Payments to suppliers and employees	–117,747	–15,539	–72,867
Cash flow from operating activities before paid interest and income taxes	–111,445	–14,846	–60,175
Interest paid	–147	0	0
Interest received	1,285	–34	5,133
Income tax paid	–64	–	–28
Net cash flow from operating activities	–110,371	–14,880	–55,070
Investing activity			
Acquisition of subsidiaries and associated companies	–15,219	–25	–35,750
Acquisition and prepayments of tangible, intangible and financial fixed assets	–360,084	–26,851	–168,844
Sale of tangible fixed assets	113	–	390
Change in loan receivables	–41,721	170	–17,944
Net cash flow from investing activity	–416,911	–26,706	–222,148
Financing activity			
New share issue	843,430	226,761	468,012
Other capital contributions	–	2,000	2,000
Loans taken/instalments paid, net	26,481	–304	–7,509
Net cash flow from financing activity	869,911	228,457	462,503
Cash flow for the period	342,629	186,871	185,285
Cash and cash equivalents at beginning of period	186,593	–	–
Exchange difference, cash and cash equivalents	–5,356	157	1,308
Cash and cash equivalents at end of period	523,866	187,028	186,593

Parent company income statement

SEK thousand	1 Jan. 2008 – 30 June 2008	7 Sept. 2006 – 30 June 2007	7 Sept. 2006 – 31 Dec. 2007
Net sales	3,153	2,740	4,216
Operating expenses	-17,210	-4,639	-11,916
	-14,057	-1,899	-7,700
Financial items	14,730	353	8,274
Profit after financial items	673	-1,546	574
Tax	-	-	-
Profit for the period	673	-1,546	574

Parent company balance sheet

SEK thousand	30 June 2008	30 June 2007	31 Dec. 2007
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>			
Inventories	99	19	60
	99	19	60
<i>Financial fixed assets</i>			
Participations in Group companies	76	16	51
Receivables from Group companies	818,734	55,471	308,485
	818,810	55,487	308,536
Total fixed assets	818,909	55,506	308,596
Current assets			
Current receivables	76,378	9,048	400,132
Cash and bank balances	447,924	161,797	145,457
Total current assets	524,302	170,844	545,589
TOTAL ASSETS	1,343,211	226,351	854,185
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity	146,904	45,766	76,204
Share capital	1,181,831	180,403	759,626
	1,328,735	226,169	835,830
Current liabilities	14,476	182	18,355
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,343,211	226,351	854,185

Glossary

Alpcot Agro, the Company or the Group

Alpcot Agro AB (publ), corporate registration number 556710-3915, subsidiaries included depending on the context.

Alpcot Capital Management Ltd or The Investment Manager

Alpcot Capital Management Ltd is a wholly-owned subsidiary of Mustique Capital Holding S.A. and is authorised by the Financial Services Authority, the UK equivalent to "Finansinspektionen". Alpcot Capital Management Ltd takes active part in the Company's operations and expansion in accordance to the management agreement.

Cultivator

Ground preparation equipment used to prepare fields for seeding.

Fallow

Farmland that is not being cultivated.

Grain

Generic term for wheat, barley, oats, rye, rye-wheat, durra, millet, maize and rice.

Harvester

Agricultural equipment used to harvest crops.

Land in ownership

Registered Land and the indirect ownership of land through the holdings of Pais, which can be registered either in the Company's subsidiary's name or in the name of agents acquiring Pais on behalf of the Company within the framework of legally binding contracts.

Land under control

Registered Land and land where the Company, either itself or in the name of agents, has registered a lease agreement or is in the process of registering a lease agreement with local authorities.

Pai

Share in a jointly owned area of land obtained by farmers in connection with the privatisation of collective farms, which in most cases is between 4 and 20 hectares.

Units

1 hectare (ha) = 10,000 square meters

1 hectare (ha) = 2.47 acres

1 metric ton of wheat = 36.74 bushels

1 metric ton of corn = 39.37 bushels

1 metric ton = 2.20 pounds (lb)

1 metric ton = 10 centners



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