

## Confirmation of responsible persons

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodical and Additional Information of the Bank of Lithuania, we, Darius Zubas, Managing Director of AB Linas Agro Group and Tomas Tumėnas, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, the not audited AB Linas Agro Group Interim Consolidated Financial Statements for the three months of the financial year 2017/18, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or losses and cash flow of AB Linas Agro Group and the Group as well. We also confirm that Interim Consolidated Report for the three months of the financial year 2017/18 includes fair review of the business development and activities, together with the description of the major risks and indeterminations incurred.

AB Linas Agro Group Managing Director

30 November 2017



Darius Zubas

AB Linas Agro Group Finance Director

30 November 2017



Tomas Tumėnas



**linas**  **agro**

[www.linasagro.it](http://www.linasagro.it)

Consolidated Interim Report  
of AB Linas Agro Group  
for the Three-month Period of the  
Financial Year 2017/18 ,  
Ended 30 September, 2017



## Company Details

Company name	AB Linas Agro Group
Legal form	Public company
Date and place of registration	27/11/1995 in Panevezys
Code of legal entity	148030011
VAT identification number	LT480300113
Company register	State Enterprise Centre of Registers (Valstybės įmonė Registrų centras)
Address	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania
Phone	+370 45 50 73 03
Fax	+370 45 50 73 04
E-mail	group@linasagro.lt
Website	www.linasagro.lt
Bank account	LT07 7044 0600 0263 7111, AB SEB bank, bank code 70440
ISIN code	LT0000128092
Ticker in Nasdaq Vilnius	LNA1L

## About the Group

Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and had 39 companies at the end of the reporting period, and operates in four countries – Lithuania, Latvia, Estonia and Denmark. As at 30 June 2017, the total headcount of the Group amounted to 2,229 employees. The financial year of the Group begins on 1 July.

The Company does not have any branches and representative offices.

## Structural Chart of the Effective Stock held by AB Linas Agro Group

The Company controlled 38 companies\* in Lithuania, Latvia, Estonia and Denmark as at 30 September 2017.

\*Dormant companies UAB Gerera (100% shares), UAB Dotnuvos Technika (100% shares) and SIA Erfolg Group (93.91% shares) not included).



## The Main Activity

The subsidiaries controlled by the Company produce, handle and merchandise agricultural and food products; also provide products and services for farming. The Company performs only the management function and is not involved in any trading or production activities.

The Group is the leading exporter of grains and owns network of grain storage facilities. In addition, is one of the leaders in supplies of agricultural inputs (such as certified seeds, fertilizers and agricultural machinery) in Lithuania, has seed preparation plant. Also, the Group is a major milk producer in Lithuania and poultry producer in Latvia.

The Group's activities are subdivided into five basic operating Segments: 'Grain and Feedstuff Handling and Merchandising', 'Products and Services for Farming', 'Agricultural Production', 'Food products', and 'Other'.

Division into separate Segments is dictated by different types of products and character of related activities; however, activities of the Segments are often interconnected.

## Activity and Financial Results of the Group

- Consolidated revenue of AB Linas Agro Group in three months of 2017/18 financial year totaled EUR 129 million and was 16% less as compared to previous year (EUR 153 million).
- The Group's sales volume in tons reached 435 thousands of various grains and agricultural inputs and was 13% less as compared to previous year (500 thousand tons).
- The gross profit reached EUR 14.5 million or was 2% higher than a year before (EUR 14.2 million).
- Consolidated EBITDA was 3% higher and exceeded EUR 8.5 million as compared to the previous year (EUR 8.3 million).
- The Group's operating profit was EUR 5.6 million or 6% lower as compared to the respective period of the previous year (EUR 5.9 million).
- Profit before taxes amounted to EUR 5.2 million (compared to EUR 5.4 million in previous year). The net profit attributable to the Group stood at EUR 4.3 million (EUR 4.2 million in previous year).

## Financial Ratios

	2017/18	2016/17	2015/16	2014/15	2013/14
	3 months	3 months	3 months	3 months	3 months
Sales in tons	435,483	500,620	475,399	421,293	368,682
Revenue (thousand EUR)	129,192	152,920	149,479	130,851	130,427
Gross profit (thousand EUR)	14,524	14,199	12,002	9,052	10,306
EBITDA (thousand EUR)	8,506	8,293	7,205	6,121	8,978
Operating profit (thousand EUR)	5,617	5,994	4,460	3,506	7,472
Net profit (thousand EUR)	4,715	4,444	3,464	2,235	6,445

## Overview

In 2017, the grain and oilseed production situation should be treated as complex. From one hand, the world grain and oilseed production is expected to be quite big as it was in 2016. As per data of International Grain Council (IGC), the world grain and oilseed production will be around 2,079 million tons in 2017 and will be 3.3% less as compared to that in 2016 (2,134 million tons). It would be the second largest yield in the world since 2014, mostly due to a record harvest in Russia and China. Therefore, world grain ending stocks are high and projected to reach 496 million tons this year (523 million tons in 2016). The above affect the global prices, which have stabilized as compared to 2016, although remains vulnerable. For instance, the price of wheat on Euronext exchange ranged between 160 and 180 euros per ton in July-September, while previous year it has been EUR 160-175 per ton, at the same time rapeseed price was 360-380 euros per ton, compared to the price of 363-375 euros per ton a year before.

From the other hand, during the reporting period, weather conditions during harvesting season were exceptionally bad in all three Baltic countries due to relentless rain. Harvesting has been delayed by three weeks in Estonia; in mid-September only 57% of cereals, 47% of oilseed rape (92% of winter and 8% of summer) and 24% of legumes were harvested. Due to heavy rain, the crop area of almost 409 thousand hectares have been affected in Lithuania; that accounts for 27% of all cereals area. Crops in the area of 67 thousand hectares have been totally lost. The Government of Lithuania announced extreme situation in numerous municipalities of the country. The forecast shows that the total harvest in Lithuania will be 5% less as compared to previous year and would amount to 5.5 million tons (5.8 million tons in 2016). Rain has also negatively affected the average yields of various grains, which forecasted to decrease on average by about 0.5-1 t/ha, as compared to 2016 year. Milling quality grains are dominating in this year's harvest accounting to 70% of total grain harvest. Similar situation observed in Latvia as well. In northern and eastern Latvia, rainfall made damage to crops in total area of 73 thousand hectares. It is expected that total cereal harvest in Latvia will amount to 2.5 million tons (has been 2.7 million tons in 2016); most of the grain will be food grade.

Decreased grain supply from Lithuania and Latvia, high carry-over world stocks and severe competition in export markets, what in turn is affected by record harvest in Russia and China as well as in USA (due to high crop harvest and weak US dollar), poses many challenges for Baltic grain traders.

Overall situation in grains and oilseeds market also directly affects prices for food products. Those, on average grew by 7%. According to data of UN Food and Agricultural organization, FAO index went up from 167 to 178 points on average for the period July-September, mainly due to increased milk prices (40% index increase). Meat price index, which also accounts prices for poultry products, went up 6.7% from 164 to 174

points. All of the listed reasons have had a direct impact on the results of the Group during first quarter of the financial year, and will affect the entire performance for the financial year 2017/18.

The total volume in tons sold by AB Linas Agro Group products dropped by 13% from 500 thousand tons to 435 thousand tons and consolidated revenue of the first three months of 2017/18 financial year amounted to EUR 129 million and was 16% less as compared to previous year (EUR 153 million). The main reason behind the revenue drop was the slowed down sales in business Segment 'Grain and Feedstuff Handling and Merchandising' (those declined by 22%) as well as a plunge in sales down 15% in the business Segment 'Product and Services to Farming', reflecting difficult situation with Baltic grain harvest. Revenue in other business Segments increased if compared to the respective period of previous year.

Despite quite challenging grain market environment Group's profitability remained almost unchanged. Gross profit of AB Linas Agro Group went up 2% to EUR 14.5 million (EUR 14.2 million a year before). Group's operating profit amounted to EUR 5.2 million and EBITDA was EUR 8.5 million compared to the corresponding EUR 5.4 million and EUR 8.3 million in previous year. Group's net profit attributable to the shareholders also stayed unchanged and amounted to EUR 4.3 million compared to EUR 4.4 million EUR in 2016/17 financial year.

## Financial Costs

Due to low interest rate basis, Group's financial expenses over referenced period almost unchanged and amounted to EUR 0.6 million compared to that in 2016/17 financial year (EUR 0.7 million). The total amount of financial loans portfolio (including leasing) grew from EUR 160 million to EUR 180 million. The amount of financial loans over first quarter of this financial year grew by EUR 83 million since July due to increased sales of various inputs to farmers and undergoing investments into poultry business and Group's grain elevators.

## Cash Flow

Group's cash flow from operating activities before the changes in the working capital increased to EUR 9.4 million as compared to EUR 9.7 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was negative and amounted to EUR 66.8 million (negative EUR 57.9 million over the respective period of 2016/17 financial year), the reason was increase of stocks by EUR 95 million over first three months of this financial year as the new trading season started. Group's cash and cash equivalents amounted to EUR 9.9 million at the end of the reporting period (EUR 10.1 million in 2016/17 financial year).

## Performance Results of the Segments

Activities of the Group are divided into five business Segments:

1. Grain and Feedstuff Handling and Merchandising;
2. Products and Services for Farming;
3. Agricultural Production;
4. Food products;
5. Other.

## Operating Profit (loss) by Segments, thousand euro

	2017/18 3 months	2016/17 3 months	2015/16 3 months	2014/15 3 months	2013/14 3 months
Grain and Feedstuff Handling and Merchandising	4,368	5,570	4,596	3,788	2,916
Products and Services for Farming	847	1,406	992	571	3,143
Agricultural Production	547	(478)	(454)	(1,494)	2,032
Food products	1,309	548	194	1,065	-
Other	3	(1)	71	32	(118)

## Grain and Feedstuff Handling and Merchandising

Being the largest operating Segment, this one includes the sale of grain, oilseeds and feedstuffs, as well as grain storage and logistic services.

The Group has been operating in this field since 1991; this activity generates the major part of the Group's revenue. The companies AB Linas Agro and Linas Agro AS are the holders of the European Good Trading Practice certificates. The companies AB Linas Agro and SIA Linas are ISCC (International Sustainability and Carbon certification) certified. In addition, AB Linas Agro holds a certificate in trade of organic plant production issued by the PE Ekoagros, and has GMP+ (European Good Manufacturing Practice) certification. The Group consistently expands the capacity of its own grain elevators, and currently the Group's own storage capacity for various grains and other agricultural commodities in Lithuania and Latvia is 288 thousand tons. The capacities of the storage facilities at ports operated by the Group reach 176 thousand tons.

Grain elevators owned by the Group collected and processed 398 thousand tons of various grains or 4% more as compared to the respective period of the 2016/17 financial year (384 thousand tons).

Almost 1.3 million euros were invested over the reporting period to expand grain storage facilities in Kupiškis, Lukšiai (Šakiai district), Kartena (Kretinga district), Pasvalys, and Joniškis. A new grain reception station was opened in Skrunda, Latvia. The volume of sourced grain, oilseeds and legumes in Latvia grew by almost 36% up to 204 thousand tons.

Due to decreased harvest in the Lithuania and Latvia, the total sales volume in this business Segment dropped by 18% from 393 thousand tons to 324 thousand tons. The sales of traditional crops (wheat, rapeseed, barley) decreased the most by 23%: their trading volumes dropped from 355 thousand tons to 274 thousand tons. Due to drop in volumes of aforementioned commodities, their sales revenue has shrunk by 34% from EUR 76 million to EUR 50 million. As an opposite, the sales of feedstuff in tons accelerated by 31% and sales revenue went up from EUR 11 million to EUR 16 million. A growing demand for various feedstuffs in export markets and sound harvest in sourcing regions (Russia, Belarus) were the main reasons that positively affected sales of various feedstuffs.

Total revenue of this business Segment dropped from 92 million to 72 million. Operating profit of this business Segment declined by 22% from EUR 5.6 million to EUR 4.4 million. Taking into account severe competition in export markets and lower cereals harvest in the Baltic region, although higher profitability from drying services provided by grain elevators, the Group expects to earn the same operating profit for this business Segment for the financial year as compared to previous year.



## Products and Services for Farming

This business Segment includes trade in seeds, plant protection products, fertilizers, agricultural machinery, installation of grain cleaning, drying and storage facilities as well as farms.

A supply of agricultural inputs to the farmers is a long term activity of the Group that trace back to 1993 and is currently run in Lithuania, Latvia and Estonia. The Group represents strong brands. The subsidiary UAB Dotnuva Baltic is a wholesaler and retailer of agricultural machinery and grain storage facilities, has an agricultural machinery service network in the Baltic States and a seed preparation plant. UAB Dotnuva Baltic has a certificate in preparation and trade of organic seeds issued by the PE Ekoagros. The modernization of the seed preparation plant in Dotnuva during previous financial year allowed increase the production of certified cereal seeds by 20% up to 10 thousand tons this year (the investment paid off over the year). The Group is constantly increasing its own warehousing capacity, and currently the total storage capacity for storing seeds, fertilizer and plant protection products in Lithuania and Latvia exceeds 131 thousand tons.

The fact that part of the crops remained unharvested in all three Baltic States, as well as that some of farmers were not able to sow winter crops, have strongly negatively influenced the sales of seeds for winter crops and fertilizers this autumn.

During the respective period, there was no EU support for modernization of farms in Lithuania, which negatively affected the sales of new equipment. The market for new equipment in Lithuania is strongly shrinking. After a long period of low milk prices, dairy farms in Lithuania and Latvia are still very carefully planning their investments, the market for dairy farm equipment has shrunk, and competition between suppliers of farm equipment has increased significantly.

According to data of official registers, 205 new western tractors were registered in Lithuania in July-September 2017, which is almost 60% less than in previous year (505). In Latvia, the number of registered new western tractors over the same period was 133, which makes 23% more than a year before. In Estonia, there were 72 new western tractors registered in the same period or 4% less than the last year.

Decreased cereal harvest in Lithuania and Latvia as well as difficult planting conditions due to heavy rain had negative impact on farmer's ability to plant winter crops. Because of that, the area of 291 thousand ha either has not been planted of winter crops, or plants were lost. That would have a negative impact for next year's harvest. Due to this, farmers have been quite conservative in predicting their future income and minimizing their purchases of various inputs. Over the respective period the sales of new agricultural machinery declined by 43% from EUR 14 million to EUR 8 million, while sales of second-hand agricultural machinery grew from EUR 0.4 million to EUR 0.5 million. Sales of various fertilizers and plant protection products plunged by 20% and 5% accordingly, amounting to EUR 12 million and EUR 3.8 million respectively. As farmers needed to re-plant the crop in the flooded areas, the demand for seeds went up and the Group has sold 18% more of various seeds and the sales revenue gained was EUR 7.9 million. Revenue from sales of equipment for grain elevators increased further from EUR 1.2 million in FY 2016/17 to EUR 2 million.

The gross profit of this business Segment dropped from EUR 4.9 million to EUR 3.9 million and the operating profit went down from EUR 1.4 million to EUR 0.8 million.

The Group expects to earn less operating profit for this business Segment as compared to previous year, but should remain close to the results achieved in 2015/16 financial year.

## Agricultural Production

This business Segment covers cultivation of cereals, oilseed rape, sugar beet and other crops, production of milk and beef cattle farming. The Group owns six agricultural companies situated on fertile land across Lithuania – Panevėžys District Aukštadvario ŽŪB, Panevėžys District Žibartonių ŽŪB, Kėdainiai District Labūnavos ŽŪB, Šakiai District Lukšių ŽŪB, Biržai District Medeikių ŽŪB and Sidabravo ŽŪB.

Agricultural companies were cultivating 17,266 ha of land or 34 ha more as compared to previous year. At the end of the reporting period the Group had almost 7,143 ha of the own land or 381 ha more as compared to previous year.

Weather conditions were not favorable for the crop production during the respective period: it has been raining during the harvesting period. Due to bad weather conditions, 202 hectares of crop were left unharvested. Although the yield was 15% or an average 1.1 t / ha higher than a year before (f. i., of winter wheat, malting barley and peas), due to the rainy weather in August, all the grain and rapeseed had to be dried, also about 25% of wheat was of feed quality.

The Group's total agricultural production output was 95,555 tones or almost 22% higher compared to previous year. The amount of harvested wheat was the largest one - 53 thousand tons, of malting barley - almost 15 thousand and of rapeseed – 12 thousand tons. Sales of crop production made 28 thousand tons, or 9% more than in previous year. Sales of grain decreased almost 5% to 22.7 thousand tons, if compared to 23.9 thousand tons in previous year.

Autumn sowing due to poor weather conditions has been complicated; the planting targets have been not reached. Winter crops were planted on 6,993 hectares in autumn, the area being 23% less than in previous year.

The Group controlled farms own 3,200 milking cows. The milk yield of cows was similar to that of previous year, except for Sidabravo ŽŪB, with an average daily milk yield growing by almost 18% to 30.44 l per cow (25.82 l in the previous year). 7,601 tons of raw milk has been sold over the referenced period, figure being similar to that a year before (7,561 tons). The milk prices in July-September period were 60% higher than a year before, therefore sales revenue went up from EUR 1.7 million to EUR 2.8 million.

The revenue of this business Segment grew by 11% and amounted to EUR 8.9 million (EUR 8 million in 2016/17 year) and red figures (operating loss EUR 0.5 million in the respective period of 2016/17) have changed into the operating profit of EUR 0.5 million. If raw milk purchasing prices would remain at the current level, the Group would expect better Segment's performance as compared to previous year.

The agricultural companies of the Group spent over EUR 1.1 million to obtain agricultural machinery and arable land.

## Food Products

This business Segment includes a whole cycle poultry business, including incubation of hatching eggs, broiler breeding, production of poultry and its products, feed manufacturing for self-supply and retail sale of chicken meat and its products. The business is run by Latvian poultry companies AS Putnu Fabrika Kekava (with subsidiary SIA PFK Trader), SIA Lielzeltini, SIA Broileks, and SIA Cerova.

AS Putnu Fabrika Kekava – No1 poultry producer in Latvia with full poultry manufacturing cycle, including egg incubation, chicken hatching, broiler breeding, production of fresh poultry and processed products under brand name “Kekava”. The company's products sold under the trademark "Top choice poultry" in the export markets. The subsidiary of the company, SIA PFK Trader operates 21 retail shops all over Latvia. AS Putnu Fabrika Kekava has received the BRC (British Retail Consortium) certification ISO

50001:2012 and ISO 22000:200 certification, also is Halal certified. AS Putnu Fabrika Kekava is the only poultry farm in the Baltic States that received the right to mark their poultry meat as 'Raised without Antibiotics'.

SIA Lielzeltini – No2 poultry producer in Latvia: has an incomplete production cycle consisting of broiler breeding, production of fresh poultry and processed products sold under the brand name "Bauska", as well as production of compound feed. The company has received ISO 22000:2006 and ISO 50001:2012 certifications, also is Halal certified.

SIA Broileks grows and sells live chicken. SIA Cerova incubate eggs and sells day-old chicks.

The poultry companies produced 10.3 thousand tons of live weight or 3% more as compared to previous year. Companies sold over 8 thousand tons of poultry and poultry products or 15% more than a year before.

An average broiler price in the EU for the period July–September 2016 has been about EUR 177 / 100 kg and this year it has been EUR 184 / 100 kg over the same months. The increase in poultry prices was conditioned by the threat of avian influenza on the EU market, rising prices for alternative meat (pork) and restrictions on the imports of Brazilian poultry meat into the EU due to a salmonella scandal. Imports into the EU decreased 10%.

The poultry companies sold over 8.4 thousand tons of poultry and poultry products (7.1 thousand tons a year before).

Revenue from this business Segment increased by 11% from EUR 14.7 million to EUR 16.3 million while operating profit accelerated from EUR 0.5 million to EUR 1.3 million due to successful sales in the home market (Lithuania and Latvia) as well as in Scandinavia. Previous investments in modernization of production influenced the profitability of the Segment, allowing the operating profit margin to increase from 4% to 8%.

The Group invested over EUR 1.3 million during the referenced period to upgrade poultry production equipment.

Taking into account the current market situation, successful sales of the new products, the Group expects better financials results of this business Segment as compared to previous year.

## **Other**

This business Segment includes small activities, not attributable to other Segments, as an example services of elevator's to a third parties, sale of minor assets, and etc.

The operating profit of this business Segment amounted to EUR 3 thousand as compared to a one thousand euros loss in previous year.

## The Publicly Disclosed Information and Other Events of the Reporting Period

### The Publicly Disclosed Information

During the reporting period ended 30 September, 2017, the Company publicly disclosed and distributed via Nasdaq Vilnius GlobeNewswire system and in Company's website the following information:

31/8/2017 10:10 EEST	AB Linas Agro Group notification about interim 12 months financial results of the financial year 2016/2017	Interim information	EN, LT
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### Other Events of the Reporting Period

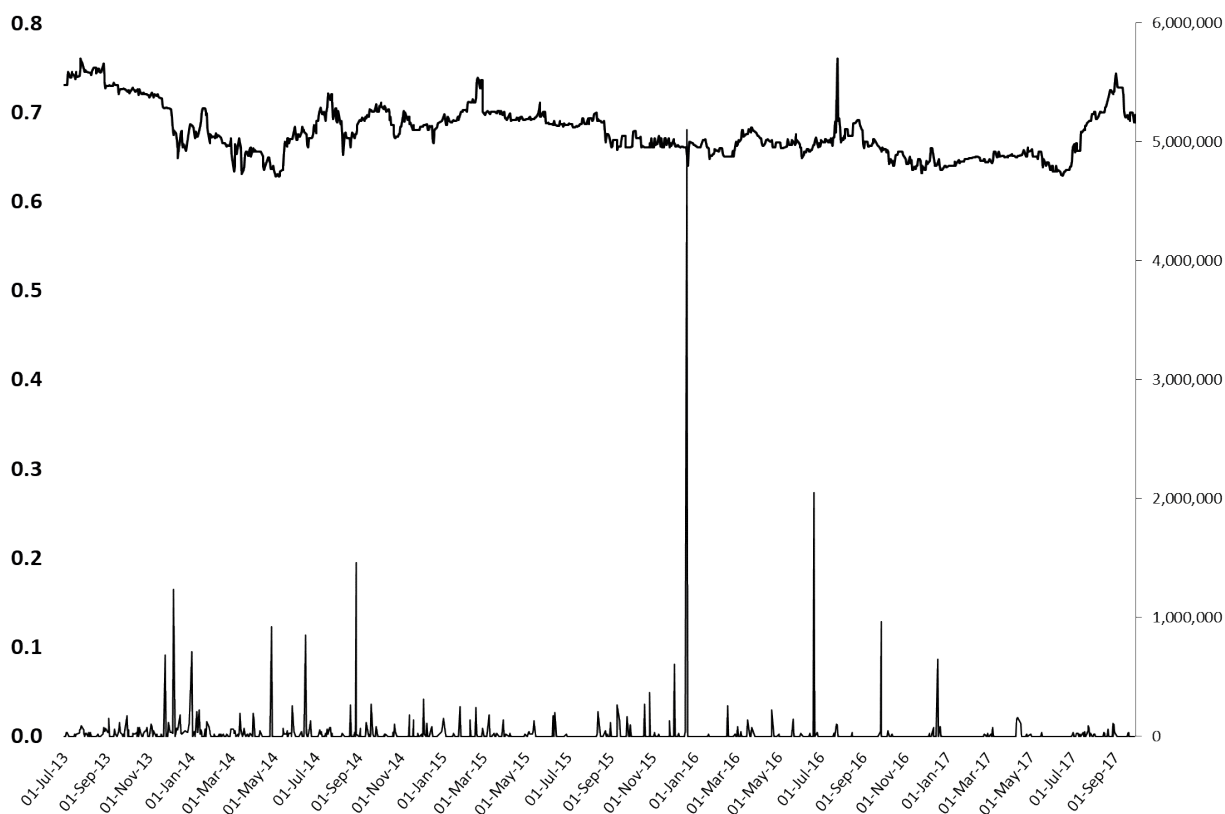
27/9/2017	The authorized capital of UAB Lineliai was increased by 80,000 euros.
24/7/2017	The Company signed the Issuer's Securities Accounting Management Agreement with Šiaulių Bankas AB (code of legal entity 112025254, address: Tilžės St. 149, LT-76348
14/7/2017	The shareholders of Noreikiškių ŽŪB made a decision to increase the authorized capital of the company by 70,000 euros.

### Subsequent Events

31/10/2017	Equity capital of Užupės ŽŪB reduced by paying out EUR 750,660.80 to shareholders.
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## Prices and Turnover of Shares of AB Linas Agro Group

Information on changes in the prices of Company's shares and turnover from 01/07/2013 until the end of the reporting period, i. e. 30 September 2017, is presented in the following diagram:



## **Agreements concluded with intermediaries of the public securities market**

On July 24, 2017, the Company signed the agreement of the Issuer's securities accounting management contract with AB Šiaulių Bankas, represented by the Securities Transactions Division (code 112025254, address: Šeimyniškių St 1A, LT-09312 Vilnius).

The securities of the subsidiaries of the Company are not being traded on regulated markets.

### **Contact Persons**

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**AB LINAS AGRO GROUP  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE 3 MONTH PERIOD  
OF THE YEAR 2017/18  
(UNAUDITED)**

PREPARED ACCORDING TO  
ADDITIONAL INFORMATION PREPARING AND PRESENTATION  
INSTRUCTIONS ISSUED BY THE BANK OF LITHUANIA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2017	As at 30 June 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	1,315	1,331
Property, plant and equipment	6	119,201	117,946
Investment property	7	1,116	1,408
Animals and livestock		8,148	8,010
Non-current financial assets			
Other investments and prepayments for financial assets		17	17
Non-current receivables		2,982	1,524
Total non-current financial assets		2,999	1,541
Non-current prepayments		–	1,784
Deferred income tax asset		1,860	1,982
<b>Total non-current assets</b>		<b>134,639</b>	<b>134,002</b>
<b>Current assets</b>			
Crops		3,779	14,836
Livestock		1,967	2,164
Inventories		163,166	72,026
Current prepayments		9,988	5,385
Accounts receivable			
Trade receivables		91,108	101,928
Receivables from related parties	12	1,289	470
Income tax receivable		553	255
Other accounts receivable		16,152	12,086
Total accounts receivable		109,102	114,739
Derivative financial instruments		–	28
Other current financial assets		3,182	772
Cash and cash equivalents		9,877	8,897
<b>Total current assets</b>		<b>301,061</b>	<b>218,847</b>
<b>Total assets</b>		<b>435,700</b>	<b>352,849</b>

*(cont'd on the next page)*

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	As at 30 September 2017	As at 30 June 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1	46,093	46,093
Share premium	1	23,038	23,038
Legal reserve		3,186	3,186
Own shares		(453)	(453)
Foreign currency translation reserve		(22)	(22)
Cash flow hedge reserve		(73)	(73)
Retained earnings		99,476	95,177
<b>Total equity attributable to equity holders of the parent</b>		<b>171,245</b>	<b>166,946</b>
<b>Non-controlling interest</b>		<b>2,681</b>	<b>2,271</b>
<b>Total equity</b>		<b>173,926</b>	<b>169,217</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		5,456	6,236
Non-current borrowings	8	24,044	20,401
Finance lease obligations		1,127	1,076
Deferred income tax liability		1,869	1,906
Non-current employee benefits		479	453
Derivate financial instruments		–	25
<b>Total non-current liabilities</b>		<b>32,975</b>	<b>30,097</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	8	9,720	11,061
Current portion of finance lease obligations		516	559
Current borrowings	8, 12	145,278	77,494
Trade payables		50,157	44,152
Income tax payable		1,086	937
Derivative financial instruments		–	1,395
Other current liabilities		22,042	17,937
<b>Total current liabilities</b>		<b>228,799</b>	<b>153,535</b>
<b>Total equity and liabilities</b>		<b>435,700</b>	<b>352,849</b>

The accompanying notes are an integral part of these financial statements.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 30 September)

	Notes	2017/2018 1 Q	2016/2017 1 Q
Sales	4	129,192	152,920
Cost of sales		(114,668)	(138,721)
<b>Gross profit</b>		<b>14,524</b>	<b>14,199</b>
Operating (expenses)	9	(8,776)	(8,342)
Other income	10	320	232
Other (expenses)		(451)	(95)
<b>Operating profit</b>		<b>5,617</b>	<b>5,994</b>
Income from financing activities		159	66
(Expenses) from financing activities		(577)	(656)
<b>Profit before tax</b>		<b>5,199</b>	<b>5,404</b>
Income tax		(484)	(960)
<b>Net profit</b>		<b>4,715</b>	<b>4,444</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent		4,292	4,228
Non-controlling interest		423	216
		<b>4,715</b>	<b>4,444</b>
Basic and diluted earnings per share (EUR)		0.03	0.03
<b>Net profit</b>		<b>4,715</b>	<b>4,444</b>
<b>Other comprehensive income</b>			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	–
Exchange differences on translation of foreign operations		–	–
<b>Total other comprehensive income, to be reclassified to profit or loss in subsequent periods</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income, after tax</b>		<b>4,715</b>	<b>4,444</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		4,292	4,228
Non-controlling interest		423	216
		<b>4,715</b>	<b>4,444</b>

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent										
	Notes	Share capital	Own shares	Share premium	Legal reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
<b>Balance as at 1 July 2016</b>		<b>46,093</b>	<b>(453)</b>	<b>23,038</b>	<b>2,936</b>	<b>(153)</b>	<b>(22)</b>	<b>88,310</b>	<b>159,747</b>	<b>2,214</b>	<b>161,961</b>
Net profit for the year		–	–	–	–	–	–	4,228	4,228	216	4,444
Total comprehensive income		–	–	–	–	–	–	4,228	4,228	216	4,444
Transfer of own shares		–	2	–	–	–	–	(2)	–	–	–
<b>Balance as at 30 September 2016</b>		<b>46,093</b>	<b>(453)</b>	<b>23,038</b>	<b>2,936</b>	<b>(153)</b>	<b>(22)</b>	<b>92,536</b>	<b>163,975</b>	<b>2,430</b>	<b>166,405</b>
<b>Balance as at 1 July 2017</b>		<b>46,093</b>	<b>(453)</b>	<b>23,038</b>	<b>3,186</b>	<b>(73)</b>	<b>(22)</b>	<b>95,177</b>	<b>166,946</b>	<b>2,271</b>	<b>169,217</b>
Net profit for the year		–	–	–	–	–	–	4,292	4,292	423	4,715
Total comprehensive income		–	–	–	–	–	–	4,292	4,292	423	4,715
Acquisition of minority interest		–	–	–	–	–	–	7	7	(13)	(6)
<b>Balance as at 30 September 2017</b>		<b>46,093</b>	<b>(453)</b>	<b>23,038</b>	<b>3,186</b>	<b>(73)</b>	<b>(22)</b>	<b>99,476</b>	<b>171,245</b>	<b>2,681</b>	<b>173,926</b>

*(cont'd on the next page)*

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

	Notes	2017/2018 1 Q	2016/2017 1 Q
<b>Cash flows from (to) operating activities</b>		4,715	4,444
Net profit			
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation		2,982	3,099
Subsidies amortisation		(237)	(209)
(Gain) on disposal of property, plant and equipment		(93)	(43)
Change in allowance and write-offs for receivables and prepayments		39	(3)
Inventories write down to net realisable value		–	4
Change in accrued expenses		704	579
Change in fair value of biological assets		56	(477)
Change in deferred income tax		42	379
Current income tax expenses		443	580
Expenses (income) from change in fair value of financial instruments		445	762
Dividend (income)		(121)	–
Interest (income)		(159)	(65)
Interest expenses		576	655
		<b>9,392</b>	<b>9,705</b>
<b>Changes in working capital:</b>			
Decrease in biological assets		11,111	10,003
(Increase) in inventories		(94,565)	(60,704)
Decrease (increase) in prepayments		(4,791)	4,241
Decrease in trade and other accounts receivable		3,464	(13,426)
(Increase) in restricted cash		(510)	84
Increase in trade and other accounts payable		9,315	(7,740)
Income tax (paid)		(208)	(124)
<b>Net cash flows from (to) operating activities</b>		<b>(66,792)</b>	<b>(57,961)</b>

*(cont'd on the next page)*

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

	Notes	2017/2018 1 Q	2016/2017 1 Q
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(4,940)	(2,236)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		168	259
Loans (granted)		(4)	(69)
Repayment of granted loans		185	146
Interest received		25	19
Dividend received		121	–
<b>Net cash flows from (to) investing activities</b>		<b>(4,445)</b>	<b>(1,881)</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		81,672	83,630
(Repayment) of loans		(9,296)	(19,646)
Finance lease (payments)		(226)	(330)
Grants received		593	–
Interest (paid)		(520)	(567)
Acquisition of non-controlling interest		(6)	–
<b>Net cash flows from (to) financing activities</b>		<b>72,217</b>	<b>63,087</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>980</b>	<b>3,245</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>8,897</b>	<b>6,901</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>9,877</b>	<b>10,146</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by grants and subsidies		593	–
Property, plant and equipment acquisitions financed by finance lease		140	18

The accompanying notes are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

AB Linas Agro Group (hereinafter the Company or the parent) is a public limited liability company registered in the Republic of Lithuania. The Company was registered on 27 November 1995.

The address of its registered office is as follows: Smėlynės Str. 2C, LT-35143 Panevėžys, Lithuania.

The principal activities of the Group are described in Note 4.

The financial year of the Group starts on 1 July of the calendar year and ends on 30 June of the following calendar year.

As at 30 September 2017 and as at 30 June 2017 the shareholders of the Company were:

	As at 30 September 2017		As at 30 June 2017	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	103,905,646	65.37 %	103,905,646	65.37 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Swedbank AS (Estonia) clients	4,694,405	2.95 %	4,819,437	3.03 %
Other shareholders (private and institutional investors)	33,290,352	20.95 %	33,165,320	20.87 %
<b>Total</b>	<b>158,940,398</b>	<b>100.00 %</b>	<b>158,940,398</b>	<b>100.00 %</b>

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each as at 30 September 2017 (EUR 0.29 each as at 30 June 2017) and were fully paid as at 30 September 2017 and as at 30 June 2017.

The Company holds 781,972 of its own shares, percentage 0.50%, as at 30 September 2017 (781,972 as at 30 June 2017). Subsidiaries and other related companies did not hold any shares of the Company as at 30 September 2017 and as at 30 June 2017.

All of the Company's 158,940,398 ordinary shares are included in the Official list of NASDAQ OMX Vilnius stock exchange (ISIN code LT0000128092). The Company's trading ticker in NASDAQ OMX Vilnius stock exchange is LNA1L.

As at 30 September 2017 the number of employees of the Group was 2,229 (2,217 as at 30 June 2017).

No changes in share capital occurred during the years ending 30 September 2017 and 30 June 2017.

### 2. ACCOUNTING PRINCIPLES

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU), which include IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2016/2017 financial year.

### 3.GROUP STRUCTURE AND CHANGES IN THE GROUP

As at 30 September 2017 and as at 30 June 2017 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2017	30 June 2017	
<b>Investments into directly controlled subsidiaries</b>				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
UAB Dotnuva Baltic	Lithuania	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5*	Lithuania	100 %	100%	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	Rent and management of agricultural purposes land
AS Putnu fabrika Kekava	Latvia	93.88%	93.84%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	93.88%	93.84%	Retail trade of food production
SIA Lielzeltini	Latvia	100%	100%	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	100%	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	100%	Chicken breeding and sale
SIA Erfolg Group	Latvia	93.88%	93.84%	Not operating company
<b>Investments into indirectly controlled subsidiaries (through AB Linas Agro)</b>				
SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural inputs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linus Agro A/S	Denmark	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs
ŽŪB Landvesta 3*	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4*	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6*	Lithuania	100%	100%	Rent and management of agricultural purposes land

### 3. GROUP STRUCTURE AND CHANGES IN THE GROUP (CONT'D)

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2017	30 June 2017	
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)</b>				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.49%	98.96%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.34%	98.34%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.80%	98.80%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	97.65%	97.65%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	95.21%	95.21%	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.60%	98.60%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	Growing and sale of crops
UAB Paberžėlė	Lithuania	100%	100%	Rent and management of agricultural purposes land
Panevėžys district Žibartonių ŽŪB	Lithuania	99.89%	99.89%	Mixed agricultural activities
<b>Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic)</b>				
SIA DOTNUVA BALTIC	Latvia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuva Baltic	Estonia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos technika	Lithuania	100%	100%	Not operating company
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)</b>				
Karčemos kooperatinė bendrovė	Lithuania	20%*	20%*	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu centrs	Latvia	100%	100%	Preparation and warehousing of grains for trade
SIA Paleo	Latvia	100%	100%	Warehousing activity
<b>Investment into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)</b>				
Karčemos kooperatinė bendrovė	Lithuania	4.00%*	4.00%*	Preparation and warehousing of grains for trade

\* The Group indirectly controls 24% of shares of Karčemos kooperatinė bendrovė (through Panevėžys district Žibartonių ŽŪB and UAB Linas Agro Grūdų centras KŪB), however, the Group has control over this entity and, therefore, it has been consolidated when preparing these financial statements.

### 3. GROUP STRUCTURE AND CHANGES IN THE GROUP (CONT'D)

#### *Changes in the Group during the 3 month period ended 30 September 2017*

During 3 month period, ended 30 September, the Company acquired 0.07% AS Putnu fabrika Kekava share capital for EUR 6 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 7 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

#### *Changes in the Group during the year ended 30 June 2017*

During 12 month period, ended 30 June 2017, the Company acquired 0.03% AS Putnu fabrika Kekava share capital for EUR 4 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 1 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

During 12 month period, ended 30 June 2017, the Company increased share capital of UAB Linas Agro Grūdų Centras KŪB, UAB Lineliai, Noreikiškių ŽŪB, ŽŪB Landvesta 5 in amount of EUR 949 thousand, EUR 90 thousand, EUR 77 thousand, EUR 257 thousand, respectively.

During 12 month period, ended 30 June 2017, the Group increased share capital of SIA Linas Agro, UAB Linas Agro Grūdų Centras KŪB, ŽŪK KUPIŠKIO GRŪDAI, SIA Linas Agro Graudu Centrs, SIA Paleo in amount of EUR 169 thousand, EUR 1 thousand, EUR 147 thousand, EUR 923 thousand, EUR 150 thousand, respectively.

### 4. SEGMENT INFORMATION

For management purpose the Group is organized into five operating segments based on their products and services as follows:

- the grain and feedstuff handling and merchandising includes trade in wheat, rapeseed, barley and other grains and oilseeds, suncake and sunmeal, sugar beat pulp, soyameal, vegetable oil, rapecake and other feedstuffs, grain storage and logistics services;
- the products and services for farming segment includes sales of fertilizers, seeds, plant protection products, machinery and equipment, grain storage facilities, spare parts and other equipment to agricultural produce growers and grain storage companies;
- the agricultural production segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- food products segment includes poultry and other food final products;
- the other products and services segment includes sales of biofuel and other products and services.

The Group's chief financial officer monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between the Group companies are based on normal selling prices in a manner similar to transactions with third parties.

<b>Group</b>	<b>Grain and feedstuff handling and merchandising</b>	<b>Products and services for farming</b>	<b>Agricultural production</b>	<b>Food products</b>	<b>Other products and services</b>	<b>Not attributed to any specified segment</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
<b>Financial year ended 30 September 2017</b>								
<b>Revenue</b>								
Third parties	70,944	35,765	6,126	16,321	36	–	–	129,192
Intersegment	780	2,008	2,797	–	–	–	(5,585) <sup>1)</sup>	–
<b>Total revenue</b>	<b>71,724</b>	<b>37,773</b>	<b>8,923</b>	<b>16,321</b>	<b>36</b>	<b>–</b>	<b>(5,585)<sup>1)</sup></b>	<b>129,192</b>
<b>Results</b>								
Operating expenses	(2,167)	(3,179)	(673)	(1,260)	(34)	(1,463)	–	(8,776)
<b>Segment operating profit (loss)</b>	<b>4,368</b>	<b>847</b>	<b>547</b>	<b>1,309</b>	<b>3</b>	<b>(1,457)</b>	<b>–</b>	<b>5,617</b>



Group	Grain and feedstuff handling and merchandising	Products and services for farming	Agricultural production	Food products	Other products and services	Not attributed to any specified segment	Adjustments and elimina- tions	Total
<b>Financial year ended 30 September 2016</b>								
<b>Revenue</b>								
Third parties	91,888	42,187	4,074	14,735	36	–	–	152,920
Intersegment	212	2,174	3,933	–	–	–	(6,319) <sup>1)</sup>	–
<b>Total revenue</b>	<b>92,100</b>	<b>44,361</b>	<b>8,007</b>	<b>14,735</b>	<b>36</b>	<b>–</b>	<b>(6,319)<sup>1)</sup></b>	<b>152,920</b>
<b>Results</b>								
Operating expenses	(1,942)	(3,486)	(510)	(1,282)	(83)	(1,039)	–	(8,342)
<b>Segment operating profit (loss)</b>	<b>5,570</b>	<b>1,406</b>	<b>(478)</b>	<b>548</b>	<b>(1)</b>	<b>(1,051)</b>	<b>–</b>	<b>5,994</b>

1) Intersegment revenue is eliminated on consolidation.

#### 4. SEGMENT INFORMATION (CONT'D)

Below is the information relating to the geographical segments of the Group:

Revenue from external customers	3 month period ended	
	30 September 2017	30 September 2016
Lithuania	39,815	45,375
Europe (except for Scandinavian countries, CIS and Lithuania)	44,732	69,522
Scandinavian countries	8,881	3,350
Asia	28,335	26,145
Africa	4,165	5,690
CIS	3,264	2,838
	<b>129,192</b>	<b>152,920</b>

The revenue information above is based on the location of the customer.

Non-current assets	As at 30 September 2017	As at 30 June 2017
Lithuania	67,743	66,695
Latvia	52,502	52,559
Estonia	1,386	1,429
Denmark	1	2
	<b>121,632</b>	<b>120,685</b>

Non-current assets for this purpose consist of property, plant and equipment, investment property and intangible assets.

## 5. INTANGIBLE ASSETS

Group	Software	Other intangible assets	Provisional goodwill	Total
<b>Cost:</b>				
Balance as at 30 June 2016	920	162	1,971	3,053
Additions	97	–	–	97
Write-offs	(10)	(17)	–	(27)
Reclassifications	(58)	58	–	–
Balance as at 30 June 2017	949	203	1,971	3,123
Additions	19	1	–	20
Write-offs	–	(10)	–	(10)
Balance as at 30 September 2017	968	194	1,971	3,133
<b>Accumulated amortization:</b>				
Balance as at 30 June 2016	554	21	–	575
Charge for the year	94	12	–	106
Write-offs	(10)	–	–	(10)
Reclassifications	(26)	26	–	–
Balance as at 30 June 2017	612	59	–	671
Charge for the year	21	5	–	26
Write-offs	–	–	–	–
Balance as at 30 September 2017	633	64	–	697
<b>Impairment losses:</b>				
Balance as at 30 June 2016	–	–	–	–
Change for the year	–	–	1,121	1,121
Balance as at 30 June 2017	–	–	1,121	1,121
Balance as at 30 September 2017	–	–	1,121	1,121
<b>Net book value as at 30 September 2017</b>	<b>335</b>	<b>130</b>	<b>850</b>	<b>1,315</b>
<b>Net book value as at 30 June 2017</b>	<b>337</b>	<b>144</b>	<b>850</b>	<b>1,331</b>
<b>Net book value as at 30 June 2016</b>	<b>366</b>	<b>141</b>	<b>1,971</b>	<b>2,478</b>

The Group has no internally generated intangible assets. Amortization expenses of intangible assets are included within operating expenses in the statement of comprehensive income.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
<b>Cost:</b>							
Balance as at 30 June 2016	14,161	87,604	46,233	5,370	5,110	5,091	163,569
Additions	2,910	99	4,483	473	808	9,467	18,240
Disposals and write-offs	(177)	(171)	(2,590)	(410)	(356)	(293)	(3,997)
Transfers from investment property	248	–	–	–	–	–	248
Reclassifications	88	2,111	4,005	–	–	(6,204)	–
Balance as at 30 June 2017	17,230	89,643	52,131	5,433	5,562	8,061	178,060
Additions	770	295	906	265	94	1,967	4,297
Disposals and write-offs	(27)	(21)	(454)	(269)	(16)	(6)	(793)
Transfers from investment property	290	–	–	–	–	–	290
Reclassifications	101	706	757	10	55	(1,629)	–
Balance as at 30 September 2016	18,364	90,623	53,340	5,439	5,695	8,393	181,854
<b>Accumulated depreciation:</b>							
Balance as at 30 June 2016	3	24,941	20,138	2,818	3,045	–	50,945
Charge for the year	36	5,672	3,840	749	788	–	11,085
Disposals and write-offs	(2)	(133)	(1,538)	(397)	(255)	–	(2,325)
Balance as at 30 June 2017	37	30,480	22,440	3,170	3,578	–	59,705
Charge for the year	11	1,468	1,200	175	160	–	3,014
Disposals and write-offs	(1)	(10)	(217)	(241)	(6)	–	(475)
Balance as at 30 September 2017	47	31,938	23,423	3,104	3,732	–	62,244
<b>Impairment losses:</b>							
Balance as at 30 June 2016	–	399	10	–	–	–	409
Balance as at 30 June 2017	–	399	10	–	–	–	409
Balance as at 30 September 2017	–	399	10	–	–	–	409
<b>Net book value as at 30 September 2017</b>	<b>18,317</b>	<b>58,286</b>	<b>29,907</b>	<b>2,335</b>	<b>1,963</b>	<b>8,393</b>	<b>119,201</b>
<b>Net book value as at 30 June 2017</b>	<b>17,193</b>	<b>58,764</b>	<b>29,681</b>	<b>2,263</b>	<b>1,984</b>	<b>8,061</b>	<b>117,946</b>
<b>Net book value as at 30 June 2016</b>	<b>14,158</b>	<b>62,264</b>	<b>26,085</b>	<b>2,552</b>	<b>2,065</b>	<b>5,091</b>	<b>112,215</b>

## 7. INVESTMENT PROPERTY

Investment property of the Group consists of land and buildings leased out under the operating lease which generates lease income.

<b>Cost:</b>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Balance as at 30 June 2016	1,335	119	1,454
Additions	289	14	303
Disposals and write-offs	–	(2)	(2)
Transfers to property, plant and equipment	(248)	–	(248)
Balance as at 30 June 2017	1,376	131	1,507
Transfers to tangible assets	(290)	–	(290)
Balance as at 30 September 2017	1,086	131	1,217
<b>Accumulated depreciation:</b>			
Balance as at 30 June 2016	–	44	44
Charge for the year	–	6	6
Disposals and write-offs	–	(2)	(2)
Balance as at 30 June 2017	–	48	48
Charge for the year	–	2	2
Balance as at 30 September 2017	–	50	50
<b>Impairment losses:</b>			
Balance as at 30 June 2016	51	–	51
Balance as at 30 June 2017	51	–	51
Balance as at 30 September 2017	51	–	51
<b>Net book value as at 30 September 2017</b>	<b>1,035</b>	<b>81</b>	<b>1,116</b>
<b>Net book value as at 30 June 2017</b>	<b>1,325</b>	<b>83</b>	<b>1,408</b>
<b>Net book value as at 30 June 2016</b>	<b>1,284</b>	<b>75</b>	<b>1,359</b>

Investment property of the Company consists of buildings leased out under the operating lease which generates lease income.

## 8. BORROWINGS

	As at 30 September 2017	As at 30 June 2017
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	24,044	20,401
	<b>24,044</b>	<b>20,401</b>
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	9,720	11,061
Current bank borrowings secured by the Group assets	141,935	74,279
Other current borrowings (Note 12)	3,343	3,215
	154,998	88,555
	<b>179,042</b>	<b>108,956</b>

Interest payable is normally settled monthly throughout the financial year.

## 9. OPERATING EXPENSES

	2017/2018 1 Q	2016/2017 1 Q
Wages and salaries and social security	5,724	5,571
Consulting expenses	139	148
Depreciation and amortization	434	445
Other	2,479	2,178
	<b>8,776</b>	<b>8,342</b>

## 10. OTHER INCOME (EXPENSES)

	2017/2018 1 Q	2016/2017 1 Q
<b>Other income</b>		
Gain from currency exchange	43	15
Rental income from investment property and property, plant and equipment	61	56
Gain from disposal of investment property and property, plant and equipment	117	47
Dividend income	121	–
Change in fair value of currency financial instruments	(28)	–
Other income	6	114
	<b>320</b>	<b>232</b>
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(114)	(84)
Loss from disposal of property, plant and equipment	(13)	(4)
Change in fair value of currency financial instruments	(324)	–
Other expenses	–	(7)
	<b>(451)</b>	<b>(95)</b>

## 11. COMMITMENTS AND CONTINGENCIES

As at 30 September 2017 the Group is committed to purchase property, plant and equipment for the total amount of EUR 2,149 thousand (EUR 3,828 thousand as at 30 June 2017).

A few Group companies (Panevėžys district Aukštadvario ŽŪB, Kėdainiai district Labūnavos ŽŪB, Šakiai district Lukšių ŽŪB, Sidabravo ŽŪB and Panevėžys district Žibartonių ŽŪB) received grants from the European Union and National Paying Agency for acquisition of agricultural equipment.

Panevėžys district Aukštadvario ŽŪB, Kėdainių district Labūnavos ŽŪB, Sidabravo ŽŪB, Panevėžys district Žibartonių ŽŪB are committed not to discontinue operations related to agricultural up to the end of 2019 and 2021, Šakiai district Lukšių ŽŪB – up to 2020 and 2021. UAB Linas Agro Grūdų Centras KŪB received grants from the European Union and National Paying Agency (Lithuania) for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2020 and 2021.

SIA Lielzeltini and SIA Cerova received grants from the European Union and Rural Support Service (Latvia) for poultry farm, feedstuffs production and storages upgrade. SIA Lielzeltini is committed not to discontinue broiler breeding, slaughtering and sale of products, feedstuffs up to 2020, SIA Cerova – up to 2018.

In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania and Latvia amounting to EUR 1,926 thousand as at 30 September 2017 (EUR 1,683 thousand as at 30 June 2017).

## 12. RELATED PARTIES TRANSACTIONS

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions.

The related parties of the Company and Group for the years ended 30 September 2017 and 30 June 2017 were as follows:

### *Members of the board of the Company:*

Darius Zubas (chairman of the board, ultimate controlling shareholder);  
 Vytautas Šidlauskas;  
 Dainius Pilkauskas;  
 Arūnas Zubas;  
 Andrius Pranckevičius;  
 Tomas Tumėnas;  
 Artūras Pribušauskas

### *Subsidiaries: List provided in Note 3.*

#### **Akola ApS group companies:**

Akola ApS (Denmark) (controlling shareholder);  
 UAB MESTILLA (same ultimate controlling shareholders).

UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company).

The Group's transactions with related parties in 3 month period ended 30 September 2017 were as follows:

2017 1 Q	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current payable loans
			Trade receivables	Other receivable			
Akola ApS group companies	19	3,683	839	450	–	–	–
Members of management board	–	–	–	–	–	–	–

Transactions with related parties include sales and purchases of goods and services, sales and purchases of property, plant and equipment as well as financing transactions in the ordinary course of business and on terms equivalent to arm's length transactions.

There were no guarantees or pledges related to the Group's payables to or receivables from related parties. Receivables and payables from / to related parties will be settled in cash or offset with the payables / receivables from / to respective related parties.

Terms and conditions of the financial assets and liabilities:

- Receivables from related parties are non-interest bearing and are normally settled on 30-day terms.
- Payables to related parties are non-interest bearing and are normally settled on 30-90-day terms.
- Interest payable is normally settled at the end of the loan term.

The Group's receivables from related parties were nor due neither impaired as at 30 September 2017 and 30 June 2017.

## 13. SUBSEQUENT EVENTS

On 26 October 2017 the Annual General Meeting of the Shareholders of the Company approved financial statements of the year 2016/2017, profit (loss) distribution of the financial year 2016/2017.

On 24 November 2017 the Company paid approved EUR 1,202 thousand dividends for the financial year ended 30 June 2017.