

Confirmation of the 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 unaudited Interim Consolidated Financial Statements of AB Linas Agro Group for the twelve 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 twelve 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.

Managing Director of AB Linas Agro Group

31 August 2018


Darius Zubas



Finance Director of AB Linas Agro Group

31 August 2018

Tomas Tumėnas



Consolidated financial statements of AB Linas Agro Group

**For the 12 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 June 2018	As at 30 June 2017
ASSETS			
Non-current assets			
Intangible assets	5	1,496	1,331
Property, plant and equipment	6	123,018	117,946
Investment property	7	1,316	1,408
Animals and livestock		8,471	8,010
Non-current financial assets			
Other investments and prepayments for financial assets		16	17
Non-current receivables		3,431	1,524
Total non-current financial assets		3,447	1,541
Non-current prepayments		–	1,784
Deferred income tax asset		2,426	1,982
Total non-current assets		140,174	134,002
Current assets			
Crops		12,856	14,836
Livestock		1,751	2,164
Inventories		96,008	72,026
Current prepayments		12,207	5,385
Accounts receivable			
Trade receivables		117,036	101,928
Receivables from related parties	12	255	470
Income tax receivable		602	255
Other accounts receivable		6,243	12,086
Total accounts receivable		124,136	114,739
Derivative financial instruments		70	28
Other current financial assets		1,485	772
Cash and cash equivalents		10,495	8,897
Total current assets		259,008	218,847
Total assets		399,182	352,849

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

Consolidated statement of financial position (cont'd)

	Notes	As at 30 June 2018	As at 30 June 2017
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	46,093	46,093
Share premium	1	23,038	23,038
Legal reserve		3,419	3,186
Own shares		(453)	(453)
Foreign currency translation reserve		(22)	(22)
Cash flow hedge reserve		(73)	(73)
Retained earnings		101,305	95,177
Total equity attributable to equity holders of the parent		173,307	166,946
Non-controlling interest		2,020	2,271
Total equity		175,327	169,217
Liabilities			
Non-current liabilities			
Grants and subsidies		6,345	6,236
Non-current borrowings	8	27,180	20,401
Finance lease obligations		1,172	1,076
Deferred income tax liability		59	1,906
Non-current employee benefits		442	453
Derivate financial instruments		25	25
Total non-current liabilities		35,223	30,097
Current liabilities			
Current portion of non-current borrowings	8	6,723	11,061
Current portion of finance lease obligations		559	559
Current borrowings	8, 12	118,234	77,494
Trade payables		39,367	44,152
Payables to related parties		1	–
Income tax payable		472	937
Derivative financial instruments		987	1,395
Other current liabilities		22,289	17,937
Total current liabilities		188,632	153,535
Total equity and liabilities		399,182	352,849

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

Consolidated statement of comprehensive income

(for the period 1 July to 30 June)

	Notes	2017/2018 12 month	2016/2017 12 month
Sales	4	634,242	644,952
Cost of sales		(589,609)	(598,676)
Gross profit		44,633	46,276
Operating (expenses)	9	(37,847)	(34,077)
Other income	10	3,537	1,655
Other (expenses)		(1,494)	(1,800)
Operating profit		8,829	12,054
Income from financing activities		503	902
(Expenses) from financing activities		(2,581)	(2,911)
Profit before tax		6,751	10,045
Income tax		998	(1,637)
Net profit		7,749	8,408
Net profit attributable to:			
Equity holders of the parent		7,390	8,320
Non-controlling interest		359	88
		7,749	8,408
Basic and diluted earnings per share (EUR)		0.05	0.05
Net profit			
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	80
Exchange differences on translation of foreign operations		–	–
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	80
Total comprehensive income, after tax		7,749	8,488
Total comprehensive income attributable to:			
The shareholders of the Company		7,390	8,400
Non-controlling interest		359	88
		7,749	8,488

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

Consolidated statement of comprehensive income

(for the period 1 October to 30 June)

	Notes	2017/2018 4 Q	2016/2017 4 Q
Sales	4	184,994	196,620
Cost of sales		(170,900)	(180,373)
Gross profit		14,094	16,247
Operating (expenses)	9	(10,978)	(9,216)
Other income	10	1,371	581
Other (expenses)		(351)	(1,525)
Operating profit		4,136	6,087
Income from financing activities		90	528
(Expenses) from financing activities		(619)	(816)
Profit before tax		3,607	5,799
Income tax		1,220	112
Net profit		4,827	5,911
Net profit attributable to:			
Equity holders of the parent		4,852	5,839
Non-controlling interest		(25)	72
		4,827	5,911
Basic and diluted earnings per share (EUR)		0.03	0.03
Net profit			
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	80
Exchange differences on translation of foreign operations		–	1
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	81
Total comprehensive income, after tax		4,827	5,992
Total comprehensive income attributable to:			
The shareholders of the Company		4,852	5,920
Non-controlling interest		(25)	72
		4,827	5,992

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	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as at 1 July 2016		46,093	(455)	23,038	2,936	(153)	(22)	88,310	159,747	2,214	161,961
Net profit for the year		–	–	–	–	–	–	8,320	8,320	88	8,408
Other comprehensive income		–	–	–	–	80	–	–	80	–	80
Total comprehensive income		–	–	–	–	80	–	8,320	8,400	88	8,488
Transfer of own shares		–	2	–	–	–	–	(2)	–	–	–
Declared dividends by company		–	–	–	–	–	–	(1,202)	(1,202)	–	(1,202)
Reserves made		–	–	–	250	–	–	(250)	–	–	–
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(26)	(26)
Acquisition of minority interest		–	–	–	–	–	–	1	1	(5)	(4)
Balance as at 30 June 2017		46,093	(453)	23,038	3,186	(73)	(22)	95,177	166,946	2,271	169,217
Balance as at 1 July 2017		46,093	(453)	23,038	3,186	(73)	(22)	95,177	166,946	2,271	169,217
Net profit for the year		–	–	–	–	–	–	7,391	7,391	358	7,749
Total comprehensive income		–	–	–	–	–	–	7,391	7,391	358	7,749
Declared dividends by company		–	–	–	–	–	–	(1,202)	(1,202)	–	(1,202)
Reserves made		–	–	–	233	–	–	(233)	–	–	–
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(14)	(14)
Acquisition of minority interest		–	–	–	–	–	–	173	173	(596)	(423)
Balance as at 30 June 2018		46,093	(453)	23,038	3,419	(73)	(22)	101,306	173,308	2,019	175,327

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

Consolidated cash flow statement

	Notes	As at 30 June 2018	As at 30 June 2017
Cash flows from (to) operating activities			
Net profit		7,749	8,408
Adjustments for non-cash items:			
Depreciation and amortisation		11,703	10,709
Subsidies amortisation		(849)	(922)
(Gain) on disposal of property, plant and equipment		(834)	(310)
Change in allowance and write-offs for receivables and prepayments		1,254	(600)
Change in allowance for goodwill		-	1,121
Inventories write down to net realisable value		(270)	(64)
Change of provision for onerous contracts		(368)	-
Change in accrued expenses		2,762	550
Change in fair value of biological assets		(906)	(2,484)
Change in deferred income tax		(2,211)	506
Change in fair value of tangible assets		53	-
Current income tax expenses		1,213	1,145
Write-offs of other investment		1	-
Dividends (income)		(183)	-
Expenses (income) from change in fair value of financial instruments		(1,819)	540
Interest (income)		(503)	(868)
Interest expenses		2,581	2,872
		19,373	20,603
Changes in working capital:			
Decrease in biological assets		3,415	1,061
(Increase) decrease in inventories		(22,042)	1,511
(Increase) in prepayments		(6,799)	(553)
Decrease in trade and other accounts receivable		(8,364)	(13,366)
(Increase) in restricted cash		(710)	199
Increase in trade and other accounts payable		(2,354)	(2,444)
Income tax (paid)		(1,824)	(1,037)
Net cash flows from (to) operating activities		(19,305)	5,974

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

Consolidated cash flow statement (cont'd)

	Notes	As at 30 June 2018	As at 30 June 2017
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(21,292)	(17,281)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		2,917	1,574
Acquisition of subsidiaries (less received cash balance in the Group), including payments for subsidiaries acquired in prior periods		–	(1,545)
Loans (granted)		(130)	(154)
Repayment of granted loans		430	2,255
Dividends received		183	–
Interest received		72	868
Net cash flows from (to) investing activities		(17,820)	(14,283)
Cash flows from (to) financing activities			
Proceeds from loans		106,356	63,771
(Repayment) of loans		(63,468)	(49,591)
Finance lease (payments)		(774)	(629)
Subsidies received		820	858
Interest (paid)		(2,572)	(2,872)
Dividend (paid) to non-controlling shareholders		(14)	(26)
Dividend (paid)		(1,202)	(1,202)
Acquisition of non-controlling interest		(423)	(4)
Net cash flows from (to) financing activities		38,723	10,305
Net (decrease) increase in cash and cash equivalents		1,598	1,996
Cash and cash equivalents at the beginning of the year		8,897	6,901
Cash and cash equivalents at the end of the year		10,495	8,897
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by finance lease		884	103
Unpaid acquisition of subsidiaries and minority interest		–	1,545

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 June 2018 and as at 30 June 2017 the shareholders of the Company were:

	As at 30 June 2018		As at 30 June 2017	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	109,909,167	69.15 %	103,905,646	65.37 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Swedbank AS (Estonia) clients	4,472,774	2.81 %	4,819,437	3.03 %
Other shareholders (private and institutional investors)	27,508,462	17.31 %	33,165,320	20.87 %
Total	158,940,398	100.00 %	158,940,398	100.00 %

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each as at 30 June 2018 (EUR 0.29 each as at 30 June 2017) and were fully paid as at 30 June 2018 and as at 30 June 2017.

The Company holds 781,972 or 0.50% of its own shares as at 30 June 2018 (781,972 as at 30 June 2017). Subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2018 and as at 30 June 2017.

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

As at 30 June 2018 the number of employees of the Group was 2,199 (2,217 as at 30 June 2017).

No changes in share capital occurred during the years ending 30 June 2018 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 June 2018 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 June 2018	30 June 2017	
Investments into directly controlled subsidiaries				
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	97.08%	93.84%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	97.08%	93.84%	Retail trade of food production
UAB Kekava Foods LT	Lithuania	97.08%	—	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	97.08%	93.84%	Not operating company
Investments into indirectly controlled subsidiaries (through AB Linas Agro)				
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 (under liquidation)	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 June 2018	30 June 2017	
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.96%	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

Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic)

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

Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų Centras KŪB)

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

Investment into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)

Karčemos Kooperatinė Bendrovė	Lithuania	4.00%*	4.00%*	Preparation and warehousing of grains for trade
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* 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 12 month period ended 30 June 2018

During 12 month period, ended 30 June 2018, the Company acquired 3.24% AS Putnu fabrika Kekava share capital for EUR 423 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 173 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 2018, the Company increased share capital of UAB Linas Agro Grūdų Centras KŪB, ŽŪB Landvesta 5, ŽŪB Noreikiškių, UAB Lineliai in amount EUR 2,000 thousand, EUR 35 thousand, EUR 70 thousand, EUR 80 thousand, respectively.

During the 12 month period, ended 30 June 2018, the Group increased share capital of SIA Linas Agro Graudu Centrs in amount EUR 2,700 thousand.

During the 12 month period, ended 30 June 2018, the Group decreased share capital of Užupės ŽŪB in amount EUR 750 thousand.

Changes in the Group during the year ended 30 June 2017

During 12 month period, ended 30 June 2017, the Company acquired 0.03% share capital of AS Putnu fabrika Kekava 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.

4. Segment information (cont'd)

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 eliminations	Total
Financial year ended 30 June 2018								
Revenue								
Third parties	393,850	150,160	21,040	69,078	114	—	—	634,242
Intersegment	3,575	10,438	9,971	—	—	—	(23,984) ¹⁾	—
Total revenue	397,425	160,598	31,011	69,078	114	—	(23,984)¹⁾	634,242
Results								
Operating expenses	(8,494)	(13,971)	(3,421)	(5,335)	(161)	(6,465)	—	(37,847)
Segment operating profit (loss)	4,074	4,873	3,222	2,547	50	(5,937)	—	8,829

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 eliminations	Total
Financial year ended 30 June 2017								
Revenue								
Third parties	411,694	154,453	17,795	61,032	73	—	—	645,047
Intersegment	3,639	10,587	9,020	—	—	—	(23,246) ¹⁾	—
Total revenue	415,333	165,040	26,815	61,032	73	—	(23,246)¹⁾	645,047
Results								
Operating expenses	(6,688)	(13,762)	(3,287)	(5,636)	(23)	(4,544)	—	(33,940)
Segment operating profit (loss)	9,399	2,837	3,017	1,832	89	(4,581)	—	12,593

1) Intersegment revenue is eliminated on consolidation.

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

Revenue from external customers	12 month period ended	
	30 June 2018	30 June 2017
Lithuania	162,626	170,422
Europe (except for Scandinavian countries, CIS and Lithuania)	208,013	240,568
Scandinavian countries	77,823	51,524
Asia	144,045	134,902
Africa	29,242	30,926
CIS	12,493	16,705
	634,242	645,047

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

Non-current assets	As at 30 June 2018	As at 30 June 2017
Lithuania	68,037	66,695
Latvia	56,593	52,559
Estonia	1,200	1,429
Denmark	—	2
	125,830	120,685

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	Goodwill	Total
Cost:				
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	246	47	–	293
Write-offs	(106)	(23)	–	(129)
Reclassifications	(50)	50	–	–
Balance as at 30 June 2018	1,039	277	1,971	3,287
Accumulated amortization:				
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	100	18	–	118
Write-offs	(106)	(13)	–	(119)
Reclassifications	(25)	25	–	–
Balance as at 30 June 2018	581	89	–	670
Impairment losses:				
Balance as at 30 June 2017	–	–	1,121	1,121
Change for the year	–	–	–	–
Balance as at 30 June 2018	–	–	1,121	1,121
Net book value as at 30 June 2018	458	188	850	1,496
Net book value as at 30 June 2017	337	144	850	1,331
Net book value as at 30 June 2016	366	141	1,971	2,478

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
Cost:							
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	2,217	171	3,074	730	405	12,964	19,561
Disposals and write-offs	(271)	(1,864)	(3,425)	(979)	(1,225)	(6)	(7,770)
Transfers from investment property	302	–	–	–	–	–	302
Transfers to investment property	(219)	–	–	–	–	–	(219)
Reclassifications	107	9,065	2,289	153	71	(11,685)	–
Balance as at 30 June 2018	19,366	97,015	54,069	5,337	4,813	9,334	189,934
Accumulated depreciation:							
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	44	5,947	4,846	716	747	–	12,300
Disposals and write-offs	(1)	(786)	(2,799)	(903)	(1,022)	–	(5,511)
Transfers to investment property	(1)	(2)	(34)	–	(3)	–	(40)
Reclassifications	–	–	–	128	(128)	–	–
Balance as at 30 June 2018	79	35,639	24,453	3,111	3,172	–	66,454
Impairment losses:							
Balance as at 30 June 2016	–	399	10	–	–	–	409
Balance as at 30 June 2017	–	399	10	–	–	–	409
Charge for the year	–	53	–	–	–	–	53
Balance as at 30 June 2018	–	452	10	–	–	–	462
Net book value as at 30 June 2018	19,287	60,924	29,606	2,226	1,641	9,334	123,018
Net book value as at 30 June 2017	17,193	58,764	29,681	2,263	1,984	8,061	117,946
Net book value as at 30 June 2016	14,158	62,264	26,085	2,552	2,065	5,091	112,215

7. Investment property

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

Cost:	Land	Buildings	Total
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	(302)	–	(302)
Transfers from tangible assets	219	–	219
Balance as at 30 June 2018	1,293	131	1,424
Accumulated depreciation:			
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	1	7	8
Transfers from tangible assets	1	–	1
Balance as at 30 June 2018	2	55	57
Impairment losses:			
Balance as at 30 June 2016	51	–	51
Balance as at 30 June 2017	51	–	51
Balance as at 30 June 2018	51	–	51
Net book value as at 30 June 2018	1,240	76	1,316
Net book value as at 30 June 2017	1,325	83	1,408
Net book value as at 30 June 2016	1,284	75	1,359

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

8. Borrowings

	As at 30 June 2018	As at 30 June 2017
Non-current borrowings		
Bank borrowings secured by the Group assets	27,180	20,401
	27,180	20,401
Current borrowings		
Current portion of non-current bank borrowings	6,723	11,061
Current bank borrowings secured by the Group assets	117,171	74,279
Other current borrowings (Note 12)	1,063	3,215
	124,957	88,555
	152,137	108,956

Interest payable is normally settled monthly throughout the financial year.

9. Operating expenses

	2017/2018 12 month	2016/2017 12 month
Wages and salaries and social security	(23,474)	(21,925)
Consulting expenses	(715)	(1,344)
Depreciation and amortization	(1,723)	(1,735)
Other	(11,935)	(8,936)
	(37,847)	(33,940)

10. Other income (expenses)

	2017/2018 12 month	2016/2017 12 month
Other income		
Rental income from investment property and property, plant and equipment	242	252
Gain from currency exchange	443	728
Gain from disposal of investment property and property, plant and equipment	934	318
Change in fair value of currency financial instruments	1,648	38
Other income	270	96
	3,537	1,432
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(434)	(298)
Change in allowance for goodwill	–	(700)
Loss from disposal of property, plant and equipment	(100)	(41)
Change in fair value of currency financial instruments	(667)	(165)
Other expenses	(293)	(174)
	(1,494)	(1,378)

11. Commitments and contingencies

As at 30 June 2018 the Group is committed to purchase property, plant and equipment for the total amount of EUR 3,818 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, SIA Cerova and AS Putnu Fabrika Kekava 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, AS Putnu Fabrika Kekava up to 2023.

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 5,440 thousand as at 30 June 2018 (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 June 2018 and 30 June 2017 were as follows:

Members of the board of the Company:

Darius Zubas (chairman of the board, ultimate controlling shareholder);
Dainius Pilkauskas;
Arūnas Zubas;
Andrius Pranckevičius;
Tomas Tumėnas;
Darius Jaloveckas from 1 June 2018;
Jonas Bakšys from 1 June 2018;
Vytautas Šidlauskas till 30 March 2018;
Artūras Pribušauskas till 30 March 2018.

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).
Jonas Bakšys from June 2017 till present is the Member of Board at Lobiu Sala AS (Sweden).

12. Related parties transactions (cont'd)

The Group's transactions with related parties in 12 month period ended 30 June 2018 were as follows:

2017/2018 4 Q	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current payable loans
			Trade receivables	Other receivable			
Akola ApS group companies	752	19,248	255	–	–	1	–
Members of management board	–	35	–	–	–	–	–

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 June 2018 and 30 June 2017.

13. Subsequent events

23 July 2018 Shareholder of UAB Lineliai made a decision to increase the authorized capital of the company by EUR 50 thousand.

30 July 2018 AB Linas Agro founded a subsidiary in Ukraine LLC LINAS AGRO UKRAINA.

The logo for Linas Agro, featuring the word "linas" in a dark blue sans-serif font, followed by a stylized orange and blue circular icon, and the word "agro" in a lighter blue sans-serif font.

linas agro

A close-up photograph of a person's hand holding a young pea plant. The plant has a thick, white taproot, several green leaves, and a long, thin, curved tendril. The background is a blurred field of soil and other small plants.

**Consolidated Interim Report
of AB Linas Agro Group**

**for the Twelve-month Period
of the Financial Year 2017/18,
Ended 30 June, 2018**

Information about the Company and the Group

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
LEI	529900UB9QON717IL030
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

AB Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and operates in four countries – Lithuania, Latvia, Estonia and Denmark. The financial year of the Group begins on 1 July. At the end of the reporting period the Group had 40 companies, and the total headcount amounted to 2,199 employees. The Company does not have any branches and representative offices.

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 has own network of grain storage facilities. Also is one of the leaders in supplies of agricultural inputs (such as certified seeds, fertilizers and agricultural machinery) in Lithuania, has seed processing plant. The Group is a major milk producer in Lithuania and poultry producer in Latvia as well.

The Group's activities are subdivided into main four operating Segments. Division into separate Segments is dictated by different types of products and character of related activities; however, activities of the Segments are often interconnected.



Products and services for farming

Agricultural production

Grain and feedstuff handling and merchandising

Food products

Information about subsidiaries of the Company

Effective Stock held by AB Linas Agro Group

The Company controlled 39 companies* in Lithuania, Latvia, Estonia and Denmark as at 30 June 2018.

*Dormant companies UAB Gerera (100% shares), UAB Dotnuvos Technika (100% shares) and SIA Erfolg Group (97.08% shares) not included).

AB „Linas Agro“ 100 %	SIA „Linas Agro“ 100 %	„Linas Agro“ A/S 100 %	SIA „Lielzeltini“ 100 %
UAB „Linas Agro“ Grūdų centras KŪB 100 %	UAB „Linas Agro“ Konsultacijos 100 %	SIA „Linas Agro“ Graudu centrs 100 %	AS „Putnu fabrika Kekava“ 97,08 %
UAB „Dotnuva Baltic“ 100 %	SIA „Dotnuva Baltic“ 100 %	AS „Dotnuva Baltic“ 100 %	SIA „Cerova“ 100 %
SIA „Paleo“ 100 %	ŽŪB „Landvesta 1“ 100 %	ŽŪB „Landvesta 2“ 100 %	SIA „Broileks“ 100 %
ŽŪB „Landvesta 3“ 100 %	ŽŪB „Landvesta 4“ 100 %	ŽŪB „Landvesta 5“ 100 %	SIA „PFK TRADER“ 97,08 %
ŽŪB „Landvesta 6“ 100 %	Noreikiškių ŽŪB 100 %	UAB „Lineliai“ 100 %	UAB „Kekava Foods LT“ 97,08 %
Karčemos kooperatinė bendrovė 24,00 %	Biržų rajono Medeikių ŽŪB 98,34 %	Šakių rajono Lukšių ŽŪB 98,80 %	UAB „Jungtinė ekspedicija“ 100 %
Panevėžio rajono Žibartonių ŽŪB 99,89 %	Panevėžio rajono Aukštadvario ŽŪB 97,65 %	UAB „Linas Agro“ Grūdų centras 100 %	ŽŪK „KUPIŠKIO GRŪDAI“ 98,96 %
UAB „Paberžėlė“ 100 %	Sidabravo ŽŪB 95,21 %	Užupės ŽŪB 100 %	Kėdainių rajono Labūnavos ŽŪB 100 %

Activity and Financial Results of the Group

- Consolidated revenue of AB Linas Agro Group in twelve months of 2017/18 financial year totaled EUR 634 million and was 1.7% less as compared to previous year (EUR 645 million).
- The Group's sales volume in tons reached 2.2 million of various grains and agricultural inputs and was 6.7% less as compared to previous year (2.4 million tons).
- The gross profit reached EUR 44.6 million and was 3.6% lower than a year before (EUR 46.3 million).
- Consolidated EBITDA was 11% lower and amounted to EUR 20.2 million as compared to the previous year (EUR 22.7 million).
- The Group's operating profit was EUR 8.8 million or 27% less as compared to the respective period of the previous year (EUR 12.1 million).
- Profit before taxes amounted to EUR 6.8 million (compared to EUR 10 million in previous year). The net profit attributable to the Group stood at EUR 7.4 million (EUR 8.3 million in previous year).
- The gross profit dropped from EUR 16.2 million to EUR 14.1 million in the fourth quarter of this financial year, and the operating profit plunged from EUR 6.1 million to EUR 4.1 million. Net profit amounted to EUR 4.8 million compared to EUR 5.9 million net profit earned during the same period a year ago.

Financial Ratios

	2014/15 12 months	2015/16 12 months	2016/17 12 months	2016/17 12 months	Change 2017/18 compared to 2016/17 (thousand EUR)	Change 2017/18 compared to 2016/17 (%)
Sales revenues (thousand EUR)	573,766	615,961	644,952	634,242	(10,710)	(1.7)
Sales in tons	1,968,469	2,187,388	2,364,713	2,205,755	(158,958)	(6.7)
Gross profit (thousand EUR)	41,480	39,881	46,276	44,633	(1,643)	(3.6)
EBITDA (thousand EUR)	21,781	17,135	22,695	20,177	(2,539)	(11.2)
Operating profit (thousand EUR)	12,337	7,232	12,054	8,829	(3,225)	(26.7)
Earnings before taxes EBT (thousand EUR)	10,360	5,316	10,045	6,751	(3,294)	(32.8)
Net profit (thousand EUR)	9,194	3,944	8,589	7,749	(659)	(7.8)
Margins, %						
Gross profit margin	7.23	6.47	7.21	7.04	(0.14)	(1.9)
EBITDA margin	3.80	2.78	3.52	3.24	(0.28)	(7.9)
Operating profit margin	2.15	1.17	1.95	1.51	(0.36)	(17.2)
Earnings before taxes margin	1.81	0.86	1.63	1.18	(0.38)	(24.1)
Net profit margin	1.60	0.64	1.33	1.22	(0.08)	(6.2)
Solvency ratios						
Current ratio	1.59	1.42	1.43	1.37	(0.05)	(3.6)
Debt / Equity ratio	0.63	0.59	0.65	0.88	0.22	34.3
Net financial debt / EBITDA	4.30	5.13	4.42	6.97	2.56	58.2
Return on equity (ROE), %	5.79	2.43	5.07	4.26	(0.72)	(14.4)
Return on capital employed (ROCE), %	3.99	2.82	4.50	2.91	(1.42)	(32.9)
Return on assets(ROA), %	2.91	1.19	2.43	1.94	(0.44)	(18.5)
Basic and diluted earnings per share (EPS)	0.06	0.03	0.05	0.05	0.00	0.0
Price earnings ratio (P/E)*	11.42	22.17	12.88	15.30	2.42	18.8

* The closing price of the last day of AB Linas Agro Group accounting period

Overview

According to the data of Statistics Lithuania cereals harvest in Lithuania remained almost unchanged and amounted to 5.78 million tons (5.76 million tons in 2016). Before the start of the harvest, expectations were higher and amounted to 6.3 million tons. Heavy rains during harvesting period (especially in the second half of it) negatively affected overall conditions and therefore total harvested area dropped from 1.55 million ha to 1.43 million ha. Despite of heavy rains, the majority of grains, especially wheat, was medium quality as compared to feed wheat in previous year. In 2017, the harvest of cereals in Latvia was the same like a year before and accounted to 2.7 million tons, but the grain quality was lower.

Lower cereal harvest in Baltics as compared to expectations, appreciation of euro versus US Dollar and increased export volumes of grains from neighboring countries (Russia and Ukraine) put a pressure on export markets and that had an impact on Group's performance.

Group's total sales volume in tons dropped 6.7% and amounted to 2.2 million tons (2.36 million tons in FY2016/17). Due to above stated reasons sales volumes in tons declined only in business Segment *Grain and Feedstuff Handling and Merchandising* by 9.4% if compared to the respective period of previous year. In all other business Segments sales volumes in tons increased.

The consolidated revenue of AB Linas Agro Group over twelve months of this financial year amounted to EUR 634 million and dropped 1.7% as compared to previous year (EUR 645 million). The main reason that had a negative impact on the revenue was decrease in sales of various grains as those plunged from EUR 317 million to EUR 292 million. Sales also declined in business Segment *Products and Services for Farming* but that drop was minor (2.6%). This occurred due to diminished sales in fertilizers and chemicals. Sales in poultry business accelerated by 13.2% and amounted to EUR 69 million (EUR 61 million in FY 2016/17). Revenue from agricultural production increased by 15.6 % to EUR 31 million due to the growing crop yield and more favorable milk purchase prices.

The fourth financial quarter of the year was quite successful and profitable. Due to increased sales in various grains and feedstuff business Segment, revenue was record high if compared to previous quarters and amounted to EUR 185 million, although was by 6% less if compared to the corresponding period of FY 2016/17 (EUR 197 million). The increased sales positively affected the profitability of business. The Group finished the quarter with a EUR 4.1 million in operating profit, the highest one if compared with previous quarters, although less if compared to the fourth quarter in FY 2016/17 (EUR 6.1 million in FY 2016/17). Operating profit was recorded in all Group's business Segments, except in Grain and Feedstuff Handling and Merchandising business Segment, what turned into red, recording EUR 2.3 million of operating loss.

Gross profit of AB Linas Agro Group over twelve months dropped 3.6% and amounted to EUR 44.6 million (EUR 46.3 million a year before), and operating profit plunged from EUR 12.1 million to EUR 8.8 million. Group's EBITDA declined from EUR 22.7 million to almost EUR 20.2 million. Group's net profit attributable to shareholders decreased as well and amounted to EUR 7.4 million as compared to EUR 8.3 million in FY 2016/17. The change in fair value of biological assets, mainly due to lower value of the future crop harvest in Group's controlled agricultural companies, was negative and amounted to EUR 1.6 million, thereby the Group's total profit reduced accordingly. It is worth to note that fair value change in biological asset is non-cash item, therefore it doesn't affect Group's cash flows. If not taking into consideration that affect, Group's net profit would amount to EUR 9 million.

Financial Costs

Due to low interest rate basis, Group's financial expenses over referenced period declined and amounted to EUR 2.6 million compared to that in 2016/17 financial year (EUR 2.9 million). The total amount of financial loans portfolio (including leasing) grew from EUR 111 million to EUR 154 million. The amount of financial loans grew by EUR 43 million since July due to increased various stocks and debtor's (those grew by EUR 24 million and EUR 15 million accordingly) and undergoing investments into poultry business, agricultural companies and Group's grain elevators (financial loans due to these investments increased by EUR 5.3 million). The vast majority of stocks is to be sold in the first months of the next financial year.

Cash Flow

Group's cash flow from operating activities before the changes in the working capital increased to EUR 19.4 million as compared to EUR 20.6 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 19.3 million (positive EUR 5.9 million over the respective period of 2016/17 financial year), the reason was increase of stocks by EUR 22 million. Group's cash and cash equivalents amounted to EUR 10.5 million at the end of the reporting period (EUR 8.9 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 12 months	2016/17 12 months	2015/16 12 months	2014/15 12 months	2013/14 12 months
Grain and Feedstuff Handling and Merchandising	4,074	7,989	9,583	7,484	10,978
Products and Services for Farming	4,873	3,806	2,816	965	1,796
Agricultural Production	3,222	3,329	758	3,532	4,848
Food products	2,547	1,545	(1,246)	3,193	9,888
Other	50	(196)	(176)	97	2,745

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 290 thousand tons. The capacities of the storage facilities at ports operated by the Group reach 196 thousand tons.

In 2017, the areas of almost all crops were slightly less in the Baltic States than a year before, besides that the rainy summer and the exceptionally wet autumn did not allow to harvest all the crops. At the same time, the quality of the crops has been significantly impaired. This situation has created a significant competition between grain buyers in the local market, where the purchase prices have been high and not always aligned with the sales prices in the world market. Extreme competition was among rapeseed buyers, because area planted with rapeseed in 2017 was 32 thousand hectares less than in 2016. Due to adverse weather barley supplies from Estonia broke down. During the reporting period, imports of peas into the Indian market, which is the main consumer of peas in the world, were restricted, and there was an urgent need to find another market for peas, already bought from the farmers, and sell them at a loss.

The sales volumes of this business Segment in tons decreased by 9.4% and amounted to 1.8 million (2 million in FY 2016/17). The trading volume of traditional crops (wheat, rapeseed, barley) decreased by 11% from 1.7 million tons to 1.5 million tons. Due to lower world grain market prices and imposed duties on certain products (peas) in import markets, sales revenue for these products declined from EUR 317 million to EUR 292 million. Gross profit in this product group dropped from EUR 8.8 million to EUR 3.4 million. Meanwhile, market prices for feedstuff increased, resulting in sales revenue rise from EUR 91 million to EUR 97 million, although sales volume in tons have decreased from 300 thousand tons to 295 thousand tons. Due to increased demand for feedstuff, the profit margin of feedstuff sales went up, and gross profit grew from EUR 3.9 million to EUR 5.2 million.

Grain elevators owned by the Group collected and processed over 486 thousand tons of various agricultural commodities or 6% more as compared to the respective period of the 2016/17 financial year (458 thousand tons). Taking into consideration that majority of harvested grains had comparatively big moisture content, income from drying services at elevators increased. Therefore operating profit of Group's controlled elevators went up 34% from EUR 1.1 million to EUR 1.5 million.

Segment's operating profit dropped 49% from EUR 7.9 million to EUR 4.1 million.

Over 2.3 million euros were invested during the reporting period to expand grain storage facilities in Kupiškis, Lukšiai (Šakiai district), Pasvalys, feedstuff warehouse in Joniškis, also to launch a new grain elevator in Kartena (Kretinga district). In Latvia, the Group has opened a new grain reception station in Skrunda, and also was building grain elevators in Grobina and Rezekne that will start operating in the next

financial year. The volume of sourced grain, oilseeds and legumes in Latvia grew 24% up to 332 thousand tons.

Products and Services for Farming

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

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 worldwide known brands. The Group is constantly increasing its own warehousing capacity, and currently the total storage capacity for warehousing seeds, fertilizers and plant protection products in Lithuania and Latvia is close to 131 thousand tons.

The subsidiary AB Linas Agro is one of the largest suppliers of fertilizers, plant protection products, certified seed to Lithuanian farmers, and SIA Linas Agro supplies agricultural inputs to Latvian farmers. AB Linas Agro has received the Lithuanian Export Award by Lithuanian Association of Commerce, Industry and Crafts for the successful year 2017.

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 processing plant. Dotnuva Baltic holds one-third of Lithuanian certified seed market and has prepared over 20 thousand tons of seeds during the reporting period. The company has a certificate in preparation and trade of organic seeds issued by the PE Ekoagros. Dotnuva Baltic is the only representative of the 'Case IH', 'Kverneland', 'Agrifac', and 'Jeantil' brands in the Baltic States. Dotnuva Baltic is the leading distributor of plows and self-propelled sprayers in Lithuania, whereas Kverneland plows hold over 40% plow market share, and Agrifac self-propelled sprayers' market share is at 30%. The Group ranked as the second largest seller of the new western tractors in Lithuania.

In order to ensure high standards of customer service and to provide quality service to the market, in 2016 Dotnuva Baltic joined the 'Red Excellence' Case IH international quality campaign, which unites Case IH dealers in Europe. The main and the largest representative offices in Dotnuva (Lithuania), Pinki (Latvia) and Tartu (Estonia) are rated at the 'Professional Dealer' level, and the other ten branches of the company in the Baltic States are at the level of 'Certified Dealer'. During the reporting period, Dotnuva Baltic received the 'Best 2017 seller' rating from the spray producer Agrifac (The Netherlands), a medal in agricultural exhibition 'Ką pasėsi...2018' and 'The Leader of Wholesale Trade 2017' award by Lithuanian business daily media 'Verslo žinios'.

Due to rainy fall in all of the Baltic States in 2017, changes in crop structure took place - the area of winter crops decreased and fertilizer consumption went down. Due to the adverse weather conditions in autumn the farmers could not use herbicides and micronutrient fertilizers at all, and therefore did not buy them, and typically less fertilizers are being used for growing summer crops. Farmers evaluated their difficult situation and tended to save money by reducing total investments per hectare of crops. Due to reduced winter crop area in 2017 and adverse weather conditions in 2018, the market for plant protection products and trace element fertilizers shrank about 15%, this has activated the vendors' competition and greatly reduced the trade margins. The Group focused on profitable transactions, which made revenue, gained from sales of fertilizers and plant protection products, 10% less and close to EUR 62 million.

The demand for certified seeds in Lithuania is increasing every year, but in 2017 autumn, trade in winter crop seeds was negatively affected by unfavorable weather conditions that ruined sowing; also rainy weather damaged some seeding material. The decreased winter crop areas brought up the demand for spring seeds like rapeseed, wheat, beans and barley- even a lack of wheat seeds has been observed in spring and the Group had to import them. The sales of certified seed were boosted by EU support for planting crop areas with certified seeds, which was EUR 17.6 per hectare, and the shortage of certified seed in the Baltic States and Poland. Revenue from seed sales grew 20% up to EUR 29 million.

In the first half of the financial year, investment in new agricultural machinery have been deferred by the farmers due to adverse weather conditions and reduced EU funding, the market for agricultural machinery had negative moods and shrank. In the second half of the year, farmers were willing to invest, although the market still did not recover. In Lithuania, the approval of the EU funding delayed until early spring, and the funding allocated to small and medium-sized livestock and horticulture farms. In Latvia, the implementation of one of the EU funding programs started in January-June of 2018, the funding being oriented for the purchase of grain harvesters, additionally the Latvian government offset the farmers' losses caused by adverse weather. In Estonia, EU funding was allocated to small and medium-sized farms, i.e. had no visible impact on the Group's sales of agricultural machinery.

Sales of the new agricultural machinery went down in Lithuania and Estonia and up in Latvia. The Group's revenue from the sale of new agricultural machinery dropped 9% up to EUR 43 million. Sales of the used machinery went down in Estonia, and up in Lithuania and Latvia, total sales revenue in all countries grew 77% up to EUR 2.1 million. Sales revenue from spare parts went up 14% up to EUR 7 million.

Slowly recovering dairy farming raised revenue from sales of dairy farming equipment by 46% up to EUR 0.46 million. In addition, the Group installed a state-of-the-art farm with a milking unit in its own farming company Šakiai District Lukšiu ŽŪB.

The unfavorable harvesting conditions and losses led to farmers' interest and investments into grain storage facilities: grain drying, cleaning and storage complexes. The Group carried out 50 installation projects for the grain complexes, i.e. 25 percent more than in previous year. Part of them will be completed next financial year, while revenue from this business gained during the reporting period was almost EUR 21 million or almost doubled from that in previous year (EUR 11 million). In addition, the Group was building two own grain elevators in Latvia.

The gross profit of the Segment grew 5.4% and amounted to EUR 18 million compared to EUR 17 million in FY 2016/17, while operating profit rose 28% from EUR 3.8 million to EUR 4.9 million.

Over 0.31 million euros has been invested during the reporting period to develop the infrastructure for fertilizers marketing, seed production, agricultural machinery trading and service, and improve management of operational processes.

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 Lukšiu ŽŪB, Biržai District Medekių ŽŪB and Sidabravo ŽŪB.

Agricultural companies were cultivating 17,266 ha of land. At the end of the reporting period the Group had 7,393 ha of the own land. The farming companies produced 105 thousand tons of agricultural produce or 15% more than previous financial year, sold 91 thousand tons of agricultural commodities or 18% more than a year before. About 60% of the products have been sold to the other companies of the Group and 40% marketed outside the Group.

Rainy autumn of 2017 allowed to seed only 40% of the projected winter crop area. Major part of the winter rapeseed and a part of the winter wheat did not survive. 332 ha of winter rapeseed were completely damaged, and the rest of the crop was in poor condition: the plants were sparse, some areas bald, the soil was crusted. It was necessary to seed more spring wheat, barley, and beans.

Around 6,967 hectares or 28% more than a year before were seeded with spring crops: 2,727 ha with barley, 1,772 ha with beans, 1,481 ha with spring wheat, 524 ha with peas and 463 ha with other crops. Spring sowing and plant growth encountered the lack of moisture, the agricultural drought started. The Group expects total harvest to be about 30% lower than in previous year.

The Group controlled farms own 3,227 dairy cows, the increase in number was insignificant. Although the milk yield per cow started to decrease due to the prolonged heat wave in the Q4, the average annual milk yield was still slightly higher as compared to that of previous year. Over 30 thousand tons of raw milk have been sold over the referenced period, or 3.8% more than a year before. The average milk price over the twelve-month period was 12.6% higher than a year before, therefore sales revenue went up from EUR 9.2 million to EUR 11.1 million. Meat sales volume was 1,455 tons (1,385 tons a year before).

The revenue of this business Segment grew almost 16% from EUR 26.8 million to EUR 31 million and operating profit decreased slightly amounting to EUR 3.2 million compared to EUR 3.3 million a year ago. The reason of decrease was change in fair value of biological assets that was negative and totaled EUR 1.6 million (was positive and totaled EUR 1.9 million in FY 2017/18). The negative change in fair value of biological assets occurred due to negative change in fair value of the future harvest of agricultural companies of the Group, which expected to be lower in FY 2018/19 as compared to the reporting period.

During the reporting period, the Group invested almost EUR 6.3 million to renew agricultural machinery and vehicles fleet, and renovate buildings.

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. Business is conducted by Latvian poultry companies AS Putnu Fabrika Kekava (incl. 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 and opened the first shop in Lithuania during the reporting period. 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.

An average poultry price over the reporting period was EUR 1.84 /kg or 2% higher as compared to previous year.

The poultry companies produced 40.7 thousand tons of live weight or 1% more as compared to previous year. Companies sold over 32 thousand tons of poultry and poultry products or 28% more than a year before.

The poultry companies that have earlier introduced chicken, raised without antibiotics, to the market, focused on more wealth countries and increased exports of fresh meat to Sweden, Estonia and Lithuania. Exports raised the price for fresh chicken by 2% and the price for chicken products - by 4%.

Revenue from this business Segment increased by 13% from EUR 61 million to EUR 69 million while operating profit accelerated by 65% from EUR 1.5 million to EUR 2.5 million. Previous investments in modernization of production influenced the profitability of the Segment, allowing the operating profit margin to increase from 2.4% to 3.7%.

The Group invested almost EUR 4.9 million during the referenced period to upgrade poultry production equipment and increase biosafety level. The main investments aimed at improving the living conditions of birds, and the Group received EU structural funds’ support for these investments.

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, etc.

The operating profit of this business Segment amounted to EUR 50 thousand as compared to a EUR 200 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 June, 2018, the Company publicly disclosed and distributed via Nasdaq Vilnius GlobeNewswire system and in Company’s website the following information:

1/6/2018 17:30 EEST	Elected Chairman of the Board of AB Linas Agro Group	Notification on material event	EN, LT
1/6/2018 17:20 EEST	Decisions of the Extraordinary General Meeting of the Shareholders of AB Linas Agro Group, Held on 1 June 2018	Notification on material event	EN, LT

31/5/2018 17:30 EEST	AB Linas Agro Group notification about interim 9 months financial results of the financial year 2017/2018	Interim information	EN, LT
17/5/2018 09:49 EEST	AB Linas Agro Group to enhance positions on the certified seeds market	Other information	EN, LT
11/5/2018 10:05 EEST	Notice on Extraordinary General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	EN, LT
29/3/2018 16:00 EEST	On the decision of the Supervision Service of the Bank of Lithuania	Notification on material event	EN, LT
27/3/2018 16:55 EEST	Regarding resignation from the Board of Linas Agro Group AB	Notification on material event	EN, LT
27/3/2018 11:56 EEST	Notification on Linas Agro Group AB manager's related party transactions	Notification on material event	EN, LT
27/3/2018 11:34 EEST	Linas Agro Group AB notifications on the transactions concluded by managers in issuer's securities	Notification on material event	EN, LT
28/2/2018 16:50 EET	AB Linas Agro Group notification about interim 6 months financial results of the financial year 2017/2018	Half-Yearly information	EN, LT
30/1/2018 8:34 EET	AB Linas Agro Group investor's calendar for the 2018	Other information	EN, LT
30/11/2017 10:00 EET	AB Linas Agro Group notification about interim 3 months financial results of the year 2017/2018	Interim information	EN, LT
26/10/2017 18:15 EEST	Decisions of the Annual General Meeting of AB Linas Agro Group Shareholders, held on 26 October 2017	Notification on material event	EN, LT
26/10/2017 18:15 EEST	Procedure for the payout of dividends for the financial year ended 30 June 2017	Notification on material event	EN, LT
26/10/2017 18:05 EEST	AB Linas Agro Group notification about the Annual information of the financial year 2016/2017	Annual information	EN, LT
04/10/2017 14:00 EEST	Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	EN, LT
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

Other Events of the Reporting Period

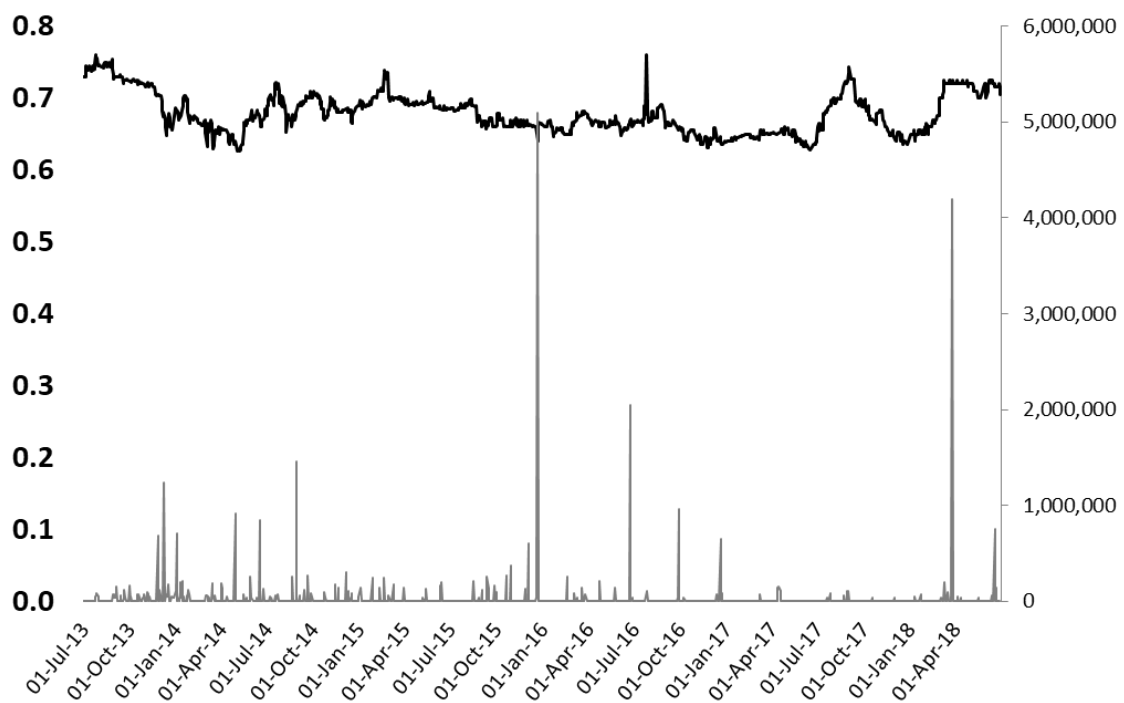
07/2017 – 06/2018	The Company additionally acquired 15 436 shares of AS Putnu Fabrika Kekava with nominal value of 614,352.80 euros.
07/2017 – 06/2018	The authorized capital of Noreikiškių ŽŪB was increased by 70,000 euros.
04/2018 – 06/2018	The capital of UAB Linas Agro Grūdų Centras KŪB was increased by 2,000,000 euros.
07/05/2018	A liquidation process of Linas Agro A/S was instigated.
08/03/2018	A retail company UAB Kekava Foods LT was registered.
09/02/2018	The authorized capital of SIA Linas Agro Graudu Centrs was increased by 2,700,000 euros.
31/10/2017	Equity capital of Užupės ŽŪB reduced by paying out EUR 750,660.80 to shareholders.
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 Šiauliai).

Subsequent Events

30/07/2018	AB Linas Agro founded a subsidiary in Ukraine LLC LINAS AGRO UKRAINA.
23/07/2018	Shareholder of UAB Lineliai made a decision to increase the authorized capital of the company by 50,000 euros.

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 June 2018, is presented in the following diagram:



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