



AUGA GROUP AB

Consolidated Interim Report and
Consolidated Interim Financial Statements
For 6 Months Period Ended 30 June 2019
(Unaudited)

2019



**CONSOLIDATED INTERIM REPORT AND FINANCIAL STATEMENTS
FOR 6 MONTHS PERIOD ENDED 30 JUNE 2019**

(All amounts are in EUR thousand, unless otherwise stated)

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AUGA GROUP, AB

Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania

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(All amounts are in EUR thousand, unless stated otherwise)

I. CONSOLIDATED INTERIM REPORT

1. General information

1.1. Accounting period covered by the Report

Consolidated annual report was prepared for the six months period ended 30 June 2019.

1.2. Key data on the issuer

Name of the company:	AUGA group, AB (hereinafter – AUGA group, AB or the Company)
Share capital:	EUR 65,950,713.08
Address of headquarters:	Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania
Telephone:	+370 5 233 53 40
Fax:	+370 5 233 53 45
E-mail address:	info@auga.lt
Website:	www.auga.lt
Legal entity form:	Legal entity, joint stock company
Place and date of registration:	25 June 2003, Vilnius
Register code:	126264360
Registrant of the Register of Legal entities:	VĮ Registrų centras

1.3. Main lines of business of the Group

Operations area:	Organic agriculture
Main products manufactured:	Grain growing and sale, mushroom growing and sale, milk production and sale, end-consumer packaged goods production and sale.

1.4. The Structure of the Group

As of 30 June 2019, the consolidated Group (hereinafter the Group) consists of the Company and one hundred thirty-four subsidiaries (31 December 2018: one hundred thirty-five subsidiaries). Please refer to the financial statements note 3 for a detailed list of the Group.

1.5. Agreements with the mediators of securities public circulation

The Company and FMĮ Orion Securities UAB (A. Tumėno st. 4, B building, LT-01109 Vilnius) signed an agreement regarding handling of Shareholders accounts.

1.6. Data about securities traded on regulated markets

The securities of the Company are included in Main List of NASDAQ Vilnius stock exchange (symbol: AUG1L).

Type of shares	Number of shares	Share nominal value (in EUR)	Total share capital (in EUR)	Issue Code ISIN
Ordinary registered shares	227,416,252	0.29	65,950,713.08	LT0000127466

The securities of the Company are also traded in Warsaw stock exchange.

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Information about the Company's shares trading on the NASDAQ Vilnius.

Reporting period	Price, EUR			Date of last session	Total turnover	
	max	min	Last session		Units	EUR, million
2019 I quarter	0.398	0.352	0.362	2019-03-29	1,814,224	0.683
2019 II quarter	0.412	0.358	0.388	2019-06-28	6,628,718	2.213

AUGA group, AB share price variance (Eur) and Volume for the period of 1 January 2015 to 30 June 2019.



Source: NASDAQ Vilnius stock exchange

The Company's shares are also traded on the Warsaw Stock Exchange.

1.7. Information on non-financial reporting

The Company does not prepare interim non-financial reporting information. Annual sustainability report of the Company for the year 2018 is provided as Annex No. 2 to the Company's consolidated annual report for the year ended 31 December 2018.

1.8. Significant post balance sheet events

Post balance sheet events are disclosed in the consolidated financial statements of the Group for the six months period ended 30 June 2019. See financial statements' note 15 for more details.

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2. Business and financial results overview
2.1. Overall results

During the first six months of 2019, AUGA group, AB and its subsidiaries' (hereinafter - the Group) sales revenue amounted to EUR 28.84 million, a 15% increase compared to the same period of 2018, when it was EUR 25.01 million.

The Group's gross profit for the first half of 2019 amounted to EUR 6.33 million and was EUR 2.04 million higher compared to the same period of 2018 (gross profit for the first half of 2018 - EUR 4.29 million).

Main financial results	6 months of 2019	6 months of 2018	Change, %
Revenues	28,841	25,009	15%
Gross profit (loss)	6,327	4,290	47%
Net profit (loss) (eliminating IFRS 16 effect)	659	485	36%
Net profit (loss) (without elimination of IFRS 16 effect)	341	485	(30%)
EBITDA (eliminating IFRS 16 effect)	6,283	4,097	53%
EBITDA (without elimination of IFRS 16 effect)	9,334	data not available	-

During the first six months period of 2019, the Group earned EUR 0.34 million net profit compared to EUR 0.48 million a year earlier. It should be noted that the financial results of the first six months of 2018 were highly impacted by several one-off events which had a positive net effect: (a) sale of Karakash Agro OOO and Karakash OOO in the second quarter of 2018 and the reversal of impairment loss of the assets of Karakash Agro OOO and Karakash OOO prior to the sale (total positive effect of EUR 1.99 million); (b) accrued expenses related to the termination of the acquisition of shares of UAB Arginta Engineering in the second quarter of 2018 (negative effect of EUR 0.71 million). Total positive net effect of aforementioned one-off effects was EUR 1.28 million in 2018.

On the other hand, the financial results of the first six months of 2019 were impacted by (a) the application of new method for estimation of the value of the crops at the end of the reporting period (for more information please see Crop growing segment overview section) and (b) introduction of changes to the Group's accounting policy related to new 16 International Financial Reporting Standard "Leases" (hereinafter - IFRS 16) requirements (for more information please see financial statements note 1); c) Accounting of employee share option plan - which despite being equity settled only (non-cash item), affects the profit/loss statement of the Group (for more information please see financial statements note 2).

Excluding one-off effects from financial results for the first six months period of 2018 (positive EUR 1.28 million) as well as IFRS 16 (negative EUR 0.32 million) and accounting of employee share option plan (negative EUR 0.06 million) impacts from financial results for the first six months period of 2019 net profit significantly improved year on year basis. The Group would have earned EUR 0.72 million net profit during first half of 2019 compared to EUR 0.80 million net loss during the same period last year, excluding the one-off effects.

Since the application of new IFRS 16 requirements had significant impact to the Group's EBITDA¹, for comparison purposes the Group will publish two EBITDA calculations throughout the year 2019: (a) without elimination of IFRS 16 effect and (b) eliminating IFRS 16 effect to EBITDA. Due to the fact that new IFRS 16 requirements were applied only from the beginning of 2019, EBITDA data with IFRS 16 effect is not and will not be available for the year 2018. In addition, there is an agreement with major Group creditors (banks) that covenants stated in loan contracts throughout the year 2019 should be calculated eliminating IFRS 16 effect.

EBITDA increased as a result of the change in accounting policy after implementation of new IFRS 16 requirements. Depreciation of right-of-use assets and interest expenses related to lease liabilities arising from right-of-use assets are now excluded from calculation of EBITDA, whereas operating lease expenses were previously included in calculation of EBITDA.

¹ EBITDA = net cash flow from operating activities before changes in working capital and net interest paid, as it is disclosed in cash flow statement, including gain (loss) on changes in fair value of biological assets.

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The impact of implementation of IFRS 16 to the calculation of EBITDA of the second quarter of 2019 is presented below:

	30 June 2019 before IFRS 16	IFRS 16	30 June 2019 as presented in FS
Net profit (loss) before income tax and non-controlling interest	659	(318)	341
Adjustments for non-cash expenses (income) items and other adjustments			
Depreciation	3,676	2,924	6,600
Amortization	229	(225)	4
Expenses of share-based payments	64	-	64
Write-offs and impairments of inventory	781	-	781
Net finance cost	1,068	670	1,738
Grants related to assets, recognized as income	(194)	-	(194)
EBITDA:	6,283	3,051	9,334

The Group's EBITDA for the first six months of 2019, eliminating IFRS 16 effect, amounted to EUR 6.28 million. During the same period in 2018 the Group's EBITDA after elimination of one-time transaction, in particularly, the one-off costs related to the termination of the acquisition of shares of UAB Arginta Engineering, amounted to EUR 4.10 million.

Adoption of IFRS 16 also had a significant impact on the level of financial liabilities disclosed in financial statements. Due to the adoption of IFRS 16 the financial liabilities increased by 63%. However, eliminating IFRS 16 effect financial liabilities as at 30 June 2019 remained almost at the same level as at the end of 2018.

Financial liabilities	30 June 2019	31 December 2018
Current and non-current financial liabilities	89,565	55,862
Current and non-current financial liabilities (excl. IFRS 16 effect)	56,995	55,862
Adjusted working capital ²	42,036	37,674
Current and non-current financial liabilities (excl. IFRS 16 effect) - adjusted working capital	14,959	18,188

Management of the Group believes that another important factor evaluating financial liabilities level of the Group is taking into account the adjusted working capital level. Organic agriculture is very working capital-intensive business and working capital changes have significant impact to cash flows of the Group and inevitably financial liabilities level. As it can be seen from the table above adjusted working capital of the Group has increased by EUR 4.36 million since the end of 2018 due to inputs into the crops. Deducting adjusted working capital from the level of financial liabilities more clearly indicates the financial liabilities that are not covered by working capital operated by the Group. Financial liabilities of the Group excluding IFRS 16 effect minus adjusted working capital as at 30 June 2019 were EUR 14.96 million or EUR 3.23 million lower than at the end of 2018.

2.2. Crop growing segment overview

Crop growing segment sales results

Crop growing segment sales revenue for the half-year of 2019 amounted to EUR 8.78 million compared to EUR 7.60 million for the same period in 2018 (15% increase). Crop growing segment cost of sales for the half-year of 2019 were EUR 9.55 million versus EUR 7.34 million in 2018. Total agricultural produce inventory write-offs and impairment during the six months of 2019 amounted to EUR 0.50 million compared to EUR 0.13 million during the six months of 2018 and mainly consisted of write-offs of vegetables. The gross result of sales of agricultural produce was EUR 1.26 million loss for the first six months of 2019 (EUR 0.14 million gain for the same period in 2018).

² Adjusted working capital = Current biological assets + Trade receivables, advance payments and other receivables + Inventory - Trade payables - Other payables and current liabilities. The adjusted working capital formula eliminates cash and financing elements allowing the reader to see how well the short-term assets and liabilities directly related to operations of the Group are being utilized.

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Progress in the season of 2018/2019

The total cultivated land area by the Group amounts to around 38.56 thousand hectares in the season of 2018/2019 and is about the same as in the season of 2017/2018. In the season of 2018/2019 28.67 thousand hectares were seeded with cash crops (28.5 thousand in the season of 2017/2018) out of which 11.50 thousand ha are dedicated to wheat, 8.04 thousand ha to legumes and 9.13 thousand ha to other cash crops. Forage crops comprise 8.98 thousand ha in the season of 2018/2019 compared to 9.0 thousand ha in 2017/2018 season.

Based on the condition of the crops at the balance sheet date (30 June 2019) and the preliminary harvested yields till the reporting date (30 August 2019) the Group estimated the fair value of the crops as at 30 June 2019 using the following formula and assumptions:

Fair value of the crop = Costs incurred + (Cultivated area in ha * forecasted average yield in tons per ha * forecasted grain price per ton – cultivated area in ha * forecasted total cost per ha) * T * (1 - X), where:

- Cost incurred is cost actually incurred for particular crop during the season of 2018/2019 as at 30 June 2019.
- Cultivated area in ha is the area of particular crop seeded and expected to be harvested.
- Forecasted average yield in tons per ha: 4.16 ton/ha for wheat, 1.75 ton/ha for legumes and 7.69 ton/ha for other cash-crops. For comparison, estimating fair value of winter crops as at 31 March 2019 forecasted yield for winter wheat was 4.47 ton/ha, winter rapeseed 1.50 ton/ha, winter rye 3.59 ton/ha and as at 30 June 2019 updated forecasted yield for winter wheat was 4.20 ton/ha, winter rapeseed 1.35 ton/ha, winter rye 3.20 ton/ha.
- Forecasted grain price per ton – average sales prices in contracts already signed for 2018/2019 season harvest, and where contracts were still not available - average sales prices of 2018.
- Forecasted total cost per ha is historical total cost level (average total costs per ha of cultivated land of 2017 and 2018) used for fair value estimation as there is no significant cost increases forecasted for the season of 2018/2019. These average total costs of particular crops were adjusted for incurred cost variances at the end of the reporting period comparing to the same period in previous year.
- T is a portion of time in percentage already passed from sowing date until the forecasted harvest date (as at 30 June 2019 the completion was estimated to around 30-90% depending on the crop). For example: winter wheat seeding was finished at the end of September 2018 and preliminary harvest date is at the end of August 2019, so the growing cycle takes 11 months. As at 30 June 2019, nine months or 82% of the total cycle time has passed.
- X is the adjustment parameter for possible unexpected negative effects to the harvest. 10% was used in fair value estimations as at 30 June 2019.

The estimated fair value of the crops as at 30 June 2019 is higher than the costs incurred by EUR 3.29 million and this difference was accounted as gain on changes in the fair value of biological assets in financial statements. The fair value of all sowed cash-crops was estimated as at 30 June 2019 (total area of 28.67 thousand hectares) using the aforementioned method. Shortage of rain in spring and beginning of summer of 2019 (April 2019 was declared one of the driest during the last decade by Lithuanian Hydrometeorological Service) as well as unusually hot June of 2019 had negative impact on the yield potential of most cash crops, especially legumes, as a result yield forecasts for cash crops were calculated trying to evaluate possible negative impact on yields.

The formula discussed above will be used to estimate the fair value of cash crops (winter and summer crops) for the upcoming quarters as well until the actual harvest will be completed. In each quarterly estimation forecasted parameters will be adjusted if needed or actual data will be used, if already available.

It should be noted that the fair value of forage crop even at its point of harvest is measured at production cost incurred on forage crop. In other words, forage crop production cost is used as a measure of the fair value of that forage crop since there is no active market for forage crops and there is no reliable data to calculate market price of the forage crops. Therefore, the net result on revaluation of forage crops is equal to zero.

Agricultural subsidies and gross profit of the crop growing segment

The total amount of agricultural subsidies accrued during the half-year of 2019 was EUR 4.28 million compared to EUR 4.31 million during the same period in 2018. Crop declaration for the season 2018/2019 is finished. However, there are still some important technical details to be cleared with National Payment Agency and other governmental institutions regarding the amount of organic farming subsidies for the year 2019. This season is the last in the five year cycle, so additional calculations and evaluations should be completed. The amount of organic farming subsidies for the Group for the year 2019 could be lower compared to 2018. However, calculations are still in the process. Until then the Group does not adjust accrual assumptions and the accrued amount during the first six months of 2019 is almost equal to the same period last year.

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Gross profit of crop growing segment including result of sales of agricultural produce, gain (loss) on changes in fair value of biological assets and agricultural subsidies, amounted to EUR 6.31 million in the first six months of 2019 compared to EUR 4.44 million the year earlier.

2.3. Mushroom segment overview

The revenue of the mushroom growing segment was EUR 13.80 million for the six months of 2019, around EUR 1.46 million or 12% higher compared to the same period in 2018 when revenue was EUR 12.34 million. Revenue from mushroom sales increased by EUR 1.57 million while revenue from mushroom seedbed sales decreased by EUR 0.11 million.

Mushroom sales revenue increase relates to increased average sales prices. Serving fresh market is priority for the Group due to better prices and the purpose of keeping strong relations with the clients. Since prices of fresh mushrooms are higher than those sold to processors, increased volume share of fresh mushrooms also had impact on average prices – both organic and non-organic average prices increased. The average price of 1 tonne of mushrooms sold during the six months period of 2019 was 2,107 EUR (1,840 EUR/tonne during the six months of 2018).

The total cost of sales of the mushroom growing segment accounted for EUR 11.69 million in the first half of 2019 and was EUR 1.62 million higher compared to the same period in 2018 when it was EUR 10.07 million. Average cost of 1 tonne of mushrooms sold increased from 1,673 EUR/tonne to 1,948 EUR/tonne.

The average sales price of mushrooms and the average cost of sales of mushrooms increased evenly and it is mostly related to the increase of sales of fresh mushrooms with packaging. As the sales price and cost of sales of mushrooms were evenly higher, the gross profit of mushroom growing segment for the six months period of 2019 remained almost at the same level compared to the same period in 2018: respectively EUR 1.04 million and EUR 1.08 million.

2.4. Dairy segment overview

Dairy segment sales revenue for the first half of 2019 amounted to EUR 5.21 million and was around 16% higher comparing to the same period a year earlier. Dairy segment sales comprise of sales of milk and cattle. The increased total volume of milk sold (by 9%) and increased average price of milk sold (by 10%) - both contributed to sales revenue growth while sales of cattle decreased by EUR 89 thousand due to lower quantity of sold cattle.

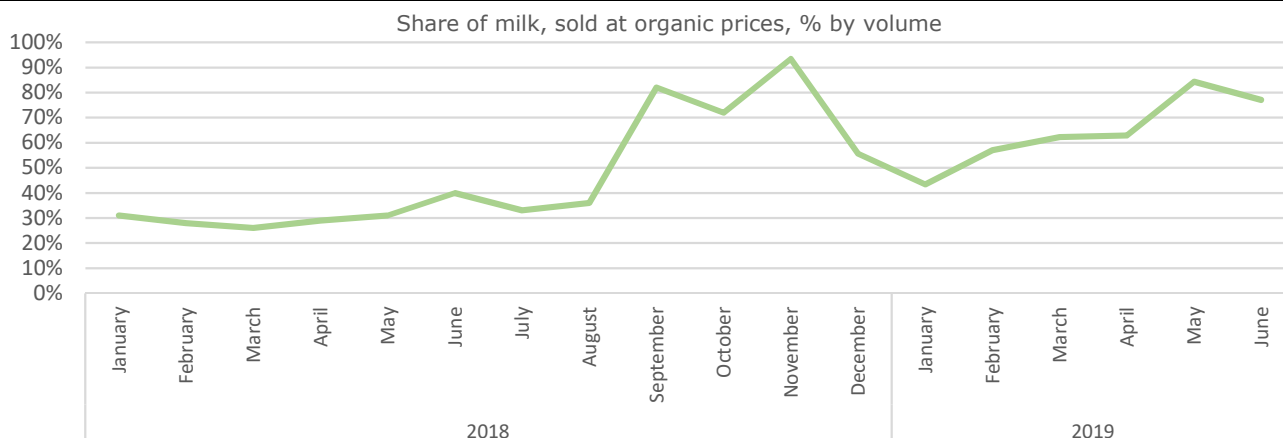
Total amount of milk sold per six months of 2019 amounted to 12.70 thousand tonnes (or 19.61 kg per cow per day) compared to 11.64 thousand tonnes (or 18.31 kg per cow per day) during the same period of 2018 (9% increase). Average price of milk sold was around EUR 379 per tonne in the first half of 2019 or 10% higher compared to the same period last year when it was EUR 345 per tonne.

The volume share of milk sold at organic production prices was around 64% in the first half of 2019 comparing to 31% in the same period of 2018. Moreover, the total amount of organic milk sales increased from 3.57 thousand tonnes to 8.09 thousand tonnes.

As it can be seen from the graph fluctuations in the share of milk sold at organic prices remain significantly fluctuating since the sales are still dependent on several key accounts and their business needs in particular month. The Group is aiming to have a more diversified client portfolio in order to increase the stability of organic milk share of sales sales on a monthly basis. At the time the Group is getting its organic milk production certified according to China requirements which require the whole chain of production: from the farm till the processors to be certified. These certificates will widen potential to sell all the milk with organic price premium. Group plans to complete the certification by the end of 3rd quarter of 2019.

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Milk cost of sales amounted to EUR 4.74 million during first six months of 2019 compared to EUR 4.63 million during the same period last year (2% increase). Despite of increase of the total dairy segment cost of sales which was mainly driven by an increase in cost of feed, cost of milk per kg went down by 6% due to the increase in milk yields.

During the six months period of 2019 the Group has incurred a loss of EUR 1.49 million on revaluation of biological assets (animal herd) comparing to EUR 0.94 million loss during the same period last year. The loss occurs when dairy animals which are sold for meat are revaluated to their fair value based on the price of meat.

Despite increased loss from revaluation of biological assets, the improved gross result from milk sales reduced the gross loss of dairy segment by EUR 0.15 million and equalled to EUR 1.07 million loss for the six months period ended 30 June 2019 (gross loss of EUR 1.21 million was reported for six months period ended 30 June 2018).

2.5. End-consumer packaged goods segment

Total revenues of end-consumer packaged goods segment amounted to EUR 1.05 million during the first six months of 2019 compared to EUR 0.57 million a year earlier.

As mentioned in the report of the first quarter, the expansion of export volumes was led by agreements with South Korea, the United Arab Emirates, Romania, Ukraine, Northern Macedonia and Portugal. In the second quarter of 2019 the Group exported its products to all these countries. Trade agreements were also reached with new clients in the Czech Republic and Hungary in the second quarter of the year.

The United Arab Emirates became one of the most successful new export markets in the first half of this year. The Group started selling its products in the biggest retail chain Carrefour and other retailers in the United Arab Emirates. During the last several months this country became one of the main export markets of end-consumer packaged goods for the Group.

Further export development focus remained on the USA and Asian markets. In the US market the company is currently negotiating with potential partners, collecting orders and signing supply contracts. Compared to the first half of last year, sales of end-user packed products in Japan increased successfully. The number of retail outlets, sales geography and product range has expanded in Japan.

Preserved products, especially ready-to-eat organic soups, remain the main export product in the segment.

Cost of sales were EUR 1.01 million for the first six months of 2019 compared to EUR 0.58 million for the same period in 2018.

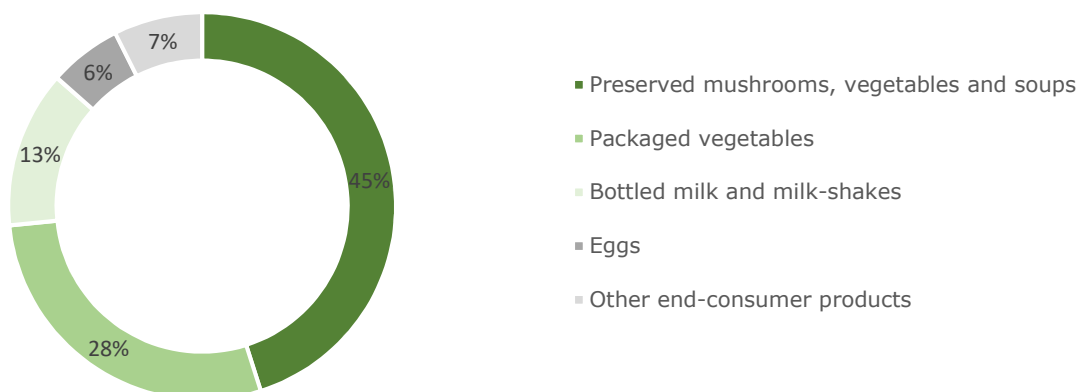
For the first half of 2019 gross profit of EUR 0.05 million was recorded (gross loss of EUR 0.01 million reported for the same period in 2018).

Revenues structure from the sale of the end consumer goods as at 30 June 2019 is depicted in the chart below.

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Revenues structure from the end-consumer goods (%)


2.6. Operating expenses

The Group's operating expenses for the first six months of 2019 was around EUR 4.41 million. Comparing them to the previous year it should be noted that operating expenses for the first six months of 2018 were significantly impacted by two one-off effects recorded in the first quarter of 2018: (a) the reversal of impairment loss of the assets of Karakash Agro OOO and Karakash OOO due to the signed agreement to sell the respective subsidiaries in the first quarter of 2018 (positive effect of EUR 1.8 million); (b) accrued expenses related to the termination of the acquisition of shares of UAB Arginta Engineering in the first quarter of 2018 (negative effect of EUR 0.7 million). After eliminating one-off effects, the Group's operating expenses for the first six months of 2018 amounted to EUR 4.32 million. In 2019 the Group started accounting for share-based payments for employees which affected the operating expenses by EUR 0.06 million during the six months of 2019. These expenses are equity-settled only and does not have any influence on the Groups cash-flows. Taking this into consideration operating expenses remained almost at the same level on the year-on-year basis.

2.7. Capital expenditures

Total investments (additions) into property, plant and equipment amounted to EUR 1.50 million in the first six months of 2019 (EUR 7.66 million in the first half of 2018). The split of investments (additions) into property, plant and equipment is provided in the table below.

Investments (additions) into property, plant and equipment, EUR'000

	Land	Buildings	Constructions and machinery	Vehicles, equipment and other	Construction in progress	Total
Half-year 2018	497	232	6,345	352	238	7,664
Half-year 2019	177	29	533	213	549	1,501

Total amount of capital expenditures (additions) for the first half of 2019 were highly impacted by the capital expenditures limits set by major creditors (banks). As it was stated earlier, due to significant deterioration in the Group's financial results during 2018, major creditors (banks) set limits on Group's capital expenditures for the year 2019. Without separate written consent of the creditors the Group's investments shall not exceed EUR 2 million. Having such a limited capital expenditures budget, the Group's key capital expenditure projects for the year 2019 are oriented in securing its own organic combined feedstock production capacity, improving animal welfare and agricultural operations, as well as allocating minimal resources to strategic development projects to make sure they could proceed as Group's financial situation improves.

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2.8. Assessment of main types of risks and exposures the Group faces

The main types of risks and exposures the Group faces have not changed during the year of 2019 and remains the same as discussed in the annual report for the year 2018.

Climatic conditions. Climatic conditions are one of the most significant risk factors of agricultural activities. Poor or adverse meteorological conditions have a dominant influence on productivity and may significantly adversely affect the yield of agricultural products, cause harm to preparation of foodstuffs, destroy crops and cause other damage. Any damage arising due to adverse climatic conditions may negatively affect the Group's financial situation, business and results.

Borrowed capital accounts for a large share of the Group's total capital. Historically, the main source of Group's financing (needed for capital expenditure, acquisitions and working capital) was generated by both cash generated from operations and using borrowed funds. As a result of expanding Group's operations and changing business model deployment of borrowed capital is significant. As of 30 June 2019, the aggregate debt (excluding the effect of IFRS 16) of the Group amounted to EUR 56.99 million (31 December 2018: EUR 55.86 million). The level of borrowed capital for the Group may entail significant consequences, for instance: (i) the Group's ability to obtain additional financing for working capital, capital expenditure, acquisitions, servicing the debt, or other targets may be restricted; (ii) the Group's flexibility to adapt to changing market conditions may be limited; (iii) undertakings with certain limitations on business and financial matters contained in credit agreements, although typical for such type of financing transaction, may nonetheless restrict the Group's possibilities of borrowing more funds, mortgaging property and/or participating in mergers or transactions of other types, which may to certain extent restrict active implementation of development possibilities and, potentially, decrease competitive advantages in the future. Furthermore, major loans of the Group are with floating interest rates; thus, an increase of interest rates may adversely affect the Group's cash flows and business results.

In addition, the Group uses short-term credit line facilities to finance working capital. As of 31 December 2018, the Group's short-term credit line borrowing amounted to EUR 25.00 million (31 December 2018: EUR 21.27 million). Credit line facilities are used to finance working capital and is renewed annually on regular basis. Should the Group have difficulties in renewing/refinancing these credit line facilities or fail to do so, this could potentially have a significantly negative effect on the viability of business operations conducted by the Group.

Change in demand for and price sensitivity to organic food. While the trends indicate an increase in demand for organic food products at a price premium, any adverse change in economic conditions that could lead to price sensitivity or any negative publicity towards organic consumption may have a significant impact on the Group's performance. The Group has aligned itself to be an organic producer and would therefore depend on the demand for organic food.

Prices of agricultural products. The Group's income and business results are subject to many factors, including the prices of agricultural products, which are beyond the Group's control. Various unpredictable factors (climatic conditions, national agricultural policy, changes in worldwide demand determined by changes in the world population, changes of living conditions and volumes of competing products in other countries) also have a significant influence on the prices of agricultural products. The factors, such as climatic conditions, infections, pest infestations, national agricultural policy of different countries, etc., may have a strong effect on supply of primary agricultural products and prices. Changes in demand of primary agricultural materials may be greatly affected by different international and local programmes implemented in compliance with national agricultural policy, changes in international demand determined by changes in the world population and changes of living conditions in different countries of the world. These factors may cause significant fluctuation in the prices of agricultural products and consequently adversely affect the Group's activities, financial situation and results.

Risk of diseases. The Group's business is *inter alia* related to assets of plant or animal origin. Epidemic cattle diseases (e.g., bovine spongiform encephalopathy or 'mad cow disease'), any diseases, bacteria, etc. may decrease demand of such products due to fear of consequences arising from these issues. Such changes may lead to aggravation of the Group's financial condition.

Loss of recognitions and certifications. The Group is currently recognised as an organic producer and holds among others USDA Organic, Global GAP, Kosher and BRC Food certification. This can be considered an important part of the Group's brand and market positioning, thus a loss of these certifications may result in a decline in demand or the Group's brand value. Loss of certification as an organic producer would also reduce the potential income from EU subsidies relating to organic farming.

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Changes in EU subsidies. The Group receives significant income from EU subsidies and this is important for the continued viability of the business. If for any reason these subsidies were removed or reduced, this could have significant implications in many areas of the Group's business including (i) reduced operating cash flows and profitability, and (ii) decreases in value of land and investment property and thus the possible impairment of property, plant and equipment. Significant changes in EU subsidy programmes could also threaten the long-term viability of the Group's operations.

Expressed or implied dangers related to the quality, safety or health effects of products offered by the Group could give rise to liability of the Group and prejudice to its business and reputation. Notwithstanding the control mechanisms applied by the Group in its activities, there are no guarantees that any of the products offered by the Group (milk, grain crops, mushrooms, etc.) could not be recognised as incompatible with quality requirements or unsuitable for further processing and use. Therefore, the Group may be forced to recall or destroy these agricultural products and to assume liability for causing risk posed by these products to health of consumers.

Possible risks related to environmental regulation. The Group has to comply with environmental regulations and it may be held liable for improper compliance with such rules. In its operations, the Group must comply with different environmental rules regulating labelling, use, and storage of different hazardous substances used in the Group's activities. These rules require installing procedures and technologies for proper treatment of any hazardous substances and provide for the Group's liability in managing and eliminating any pollution of the environment. In addition to the liability for current activities, the Group may also be liable for any previous operations if it appears that such operations caused damages to the environment. Furthermore, any changes in environmental regulations, both national and international, may bind the Group to introduce measures that would meet required standards.

3. Corporate governance and personnel
3.1. Share capital structure of the Company

The share capital of AUGA group AB as at 30 June 2019 is EUR 65.95 million (31 December 2018: EUR 65.95 million). The share capital is divided into 227,416,252 ordinary shares (2018: 227,416,252 ordinary shares). Each issued share has a EUR 0.29 nominal value and fully paid.

3.2. Shareholders of the Company

Total number of shareholders on 30 June 2019 was 1,282 (one thousand two hundred eighty-two), and on 31 December 2018 it was 1,149 (one thousand one hundred forty-nine). The shareholders owning more than 5% of shares in the Company were the following:

Entity / person	30 June 2019		31 December 2018	
	Number of shares	% owned	Number of shares	% owned
Baltic Champs Group, UAB (identification code: 145798333; address: Poviliškiai v., Štaliai region mun., Lithuania)	125,167,939	55.04	125,167,939	55.04
European Bank for Reconstruction and Development (identification code: EBRDGB2LXXXX; address: One Exchange Square, London EC2A 2JN, UK)	19,810,636	8.71	19,810,636	8.71
UAB "ME Investicija" (identification code: 302489393; address: Račių st. 1, Vilnius, Lithuania)	19,082,801	8.39	19,030,801	8.37
Žilvinas Marcinkevičius	15,919,138	7.00	15,919,138	7.00
Other shareholders	47,435,738	20.86	47,487,738	20.88
Total	227,416,252	100.00	227,416,252	100.00

No shareholder has special voting rights. Kęstutis Juščius, Chief Executive Officer, is the sole shareholder of Baltic Champs Group, UAB, as of 30 June 2019 controlling 55.04% of shares in AUGA group, AB.

The establishment of the AUGA group, AB Employee Option Plan was approved by shareholders at the annual general shareholders' meeting which took place on 30 April, 2019. For more information please see financial statements note 2.

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3.3. Information on own shares

The Company has not acquired any own shares.

3.4. Share transfer restrictions

Laws and Articles of Association do not provide for restrictions on transfer of shares.

There could be separate share transfer restrictions, which can only be imposed by the shareholders and only in agreed-upon cases.

The Company was advised about the following contractual share transfer restrictions by one of the main shareholders of the Company, i.e. Baltic Champs Group, UAB has agreed on certain restrictions with (i) its financing bank in respect of financing provided by it, and (ii) AS LHV bank, which acted as a global lead manager of the Company's shares during the secondary public offering carried out by the Company in 2018, in the latter case restrictions were undertaken by the majority shareholder in relation to the latter public offering.

3.5. Information on significant agreements, which could be affected by the change in shareholder structure

Bank loans and financial lease agreements of Group companies, including the Company, have change of control clause at standalone level which is standard practice for such agreements. The Company or the Group has not entered into any other significant agreements the validity, amendment and termination of which could be affected by the change in shareholder structure.

3.6. Company's shareholders voting rights restrictions

As at the date of 30 June 2019 the Company is not aware/was not advised of any restrictions on the shareholders' voting rights.

3.7. Agreements between the shareholders

As at the date of 30 June 2019 the Company is not aware/was not advised of any shareholder agreements.

On 19.07.2018 the Company, its major shareholder Baltic Champs Group, UAB (Shareholder), Kestutis Juščius and European Bank for Reconstruction and Development (EBRD) entered into a framework agreement (Framework Agreement). Although in its nature it is not a shareholder agreement, it provides for undertaking of the Shareholder to vote in favour of EBRD nominee to be elected to the board/supervisory council of the Company, as long as EBRD holds at least 3% of the Company's shares; Company also undertook to comply with certain environment and social compliance and corporate governance recommendations and requirements of the EBRD.

3.8. Procedure for amendments of the Articles of Association

The Articles of Association can be changed following Republic of Lithuania Law on Companies with an appropriate approval of the Company's shareholders.

3.9. Members of collegial bodies, Key Executives

General

There are three corporate bodies in the Company – the general shareholders' meeting, the Board and the Chief Executive Officer (**CEO**).

Annual general meeting of shareholders of the Company that has taken place on 30.04.2019 (**2019 AGM**) approved amended articles of association of the Company (**Amended Articles**) that changed corporate governance structure of the Company. Namely, the Company changed to one tier board structure, instead of two tiers, which means:

- (a) there is currently only one board at the Company – Management Board, the Company no longer has Supervisory Council;

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- (b) Management Board is vested with the functions and powers of strategic management decisions (as per Article 34 sections 1-10 and 12-13 of the Law on Companies of Republic of Lithuania) and supervisory functions (as per section 11 of Article 34 of the Law on Companies of Republic of Lithuania); previously, supervisory functions were carried out by the Supervisory Council.

In compliance with the best corporate governance practices the Amended Articles also explicitly vested the following functions and responsibilities with the Board:

- (a) approval of Company's strategy;
- (b) approval of annual budget and business plan
- (c) approval of risk appetite and risk management policies;
- (d) approval of annual financial and non-financial targets for CEO;
- (e) responsibility of overseeing and leading Company's compliance with the best corporate governance practices.

The Board appoints, removes and supervises activities of CEO. CEO is in charge of daily management of the Company and has authority to represent the Company. Amended Articles also provided that CEO is entitled to take decisions on transactions value of which does not exceed 1/20 of authorised capital of the Company; for transactions exceeding the latter threshold Board's approval is required.

Board and its committees

Amended Articles provided that at least 1/3 of the Board members must be independent. 2019 AGM approved independency criteria of members of the Company's collegiate bodies, which by and large comply with the independency criteria established by the Law on Companies of Republic of Lithuania, namely, that to be independent, member must not be related with the Company and/or its controlling shareholder³.

All current Board members are not related to the Company and/or its controlling shareholder; 4 of them are independent according to self-evaluation of the Board conducted at the first board meeting.

Information about the **Board members of the Company** as at 30 June 2019:

Name, Surname	Position	Status	Appointment date
Dalius Misiūnas	Chairman	Independent	30.04.2019
Andrej Cyba	Member	Independent	17.06.2019
Tomas Kučinskis	Member	Independent	30.04.2019
Murray Steele*	Member	Independent	30.04.2019
Tomas Krakauskas**	Member	Non-executive	30.04.2019

* Board member Murray Steele has been nominated by European Bank of Reconstruction and Development (EBRD), which holds 8.71% of the Company's shares, and receives top up remuneration from EBRD for conduct of board member functions; however, (i) EBRD is not a controlling shareholder; and (ii) he advised the Board that he acts independently on his own discretion as an independent board member, therefore he is deemed to be an independent board member.

** Although according to the independency criteria established in the Law on Companies of the Republic of Lithuania and approved by the 2019 AGM Tomas Krakauskas should be deemed independent, on his request he is not considered independent due to his employment relationship with Company's minority shareholder UAB ME Investicija (holds 8.37% of shares) and of his own minor shareholding (0.052%) in the Company.

Tenure of the current Board is until the general meeting of shareholders to be held on 2021.

³Independency criteria for board members are set out in Article 33 section 7 of the Law on Companies of the Republic of Lithuania; independency criteria approved by the 2019 AGM may be accessed by following this link <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=887602&messageId=1117217>

AUGA GROUP, AB

Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania

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The Board decided to create audit committee. Information about **Audit Committee of the Company** as at 30 June 2019:

Name, Surname	Position	Status
Andrej Cyba	Chair	Independent
Tomas Kučinskis	Member	Independent
Murray Steele	Member	Independent

Main functions of the Audit Committee are to monitor the process of preparing the Company's financial statements, monitor the audit process, analyse the effectiveness of internal audit and risk management systems.

Members of the Board

Dalius Misiūnas (chairman of the Board)

Education, qualification: Lund University (Sweden), PhD in Technology Science; Kaunas University of Technology, Electrical Engineering, Bachelor degree.

Activity: Chairman of the Board of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (2019 – present).

Murray Steele

Education, qualification: Glasgow university (United Kingdom), Mechanical Engineering, Bachelor degree; Glasgow university (United Kingdom), Aeronautical Thermodynamics, Master degree; Cranfield university (United Kingdom), Business Administration, Master degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (2019 – present).

Miscellaneous: Board member of James Walker Group (2004 – present); Chairman of Octopus Apollo VCT (2008 – present); Chairman of Surface Generation (2008 – present); Programme Director for NED Training Programmes for the Financial Times (2011 – present); Programme Director of the European Bank of Reconstruction and Development (2001 – present); Programme Director of the British Private Equity and Venture Capital Association (2002 – present).

Tomas Kučinskis

Education, qualification: Baltic Institute of Corporate Governance, Certification in Board Chairmanship; Baltic Institute of Corporate Governance, Certification in Board Management; Baltic Management Institute, International EMBA; Lomonosov State University (Russia), Physics, Master degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (2019 – present).

Miscellaneous: Director of UAB „Provestum“ (2012 – present); Board member of UAB „Biseris“ (2011 – present); Chairman of UAB „Parket Trade“ (2014 – present); Supervisory board member of Lords LB special Fund V (2017 – present).

Tomas Krakauskas

Education, qualification: Vilnius University, Management and Business Administration, Bachelor degree; ISM University of Management and Economics, ISM executive school, Master degree.

Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (2019 – present).

Miscellaneous: Chief investment Officer of UAB „ME investicija“ (2016 – present); Chairman, working as independent board member, of State owned company „Lithuanian Airports“ (2016 – present); Chairman of UAB „Viena sąskaita“ (2017 – present)

Andrej Cyba

Education, qualification: Vilnius University, Management and Business Administration, Bachelor degree.

AUGA GROUP, AB

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Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (2019 – present).

Miscellaneous: Chief Business Development Officer of UAB "INVL Asset Management" (2016 – present); Chairman of the Board of UAB FMI "INVL Finasta" (2016 – present); Chairman of Supervisory Board of IPAS "INVL Asset Management" (2016 – present); Chairman of the Supervisory Board of AS "INVL ATKLĀTAIS PENSIJU FONDS" (2016 - present); Chairman of the Management Board of UAB "Mundus" (2018 – present); Board Member of AB "Vilkyškių pieninė" (2008 - present); CEO of UAB "Piola" (2009 – present); CEO of UAB "GP1" (dormant entity) (2012 – present); CEO of UAB "GP2" (dormant entity) (2012 – present).

Key Executives

Kęstutis Juščius, CEO

Education, qualification: Vilnius University, Business Administration, Bachelor Degree.

Activity: CEO of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (30.04.2019 – present).

Miscellaneous: Chairman of the Supervisory Board of Mycela SA; Chairman the Board of Baltic Champs Group, UAB (legal form: Private Limited Liability Company, code: 145798333, registered address: Šiauliai district municipality, Poviliškių vil.).

Martynas Repečka, CFO

Education, qualifications: Vilnius University, Finance, Master Degree.

Activity: Chief Financial Officer of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (2017.05.15 – present).

3.10. Shares Held by the Management of the Company

Information on the shares of the Company held by the members of the Board and the top executives as of 30 June 2019:

Name, surname	Position in the Company	Owned shares in the Company, units	Owned shares in the Company, %
Kęstutis Juščius*	CEO	1,392	0.0006
Tomas Krakauskas**	Member of the Board	119,000	0.052

* Kęstutis Juščius, CEO, is the ultimate owner of Baltic Champs Group UAB, controlling 55.04% of the Company's shares.

** Tomas Krakauskas is an employee of UAB ME Investicijos, which holds 8,39% of the Company's shares.

3.11. Management of the Company Remuneration and Benefits

The Company's top management includes Members of the Board, Chief Executive Officer and Chief Financial Officer (7 persons). Members of the Board of Directors receive remuneration for performance of board member functions, i.e.:

- EUR 1,900 (before taxes) for members of the Management Board and EUR 2,500 (before taxes) for the chairman of the Management Board per one board meeting, which includes preparation for the meeting, travel time to/from the meeting, attending the meeting, follow-up questions and closure work related to the meeting. Should there be more than 12 board meetings in 12 months, the indicated remuneration is to be paid for each meeting. Should there be less than 12 meetings per 12 consecutive months, board member will nonetheless receive remuneration for 12 meetings per 12 months. Remuneration shall not be paid for the decisions made in writing or any other way in between the meetings nor for meetings which the board member did not attend;
- For board members living abroad – compensation of travel and accommodation costs for/during attendance of the board meeting – not exceeding EUR 500 + VAT (Lithuanian tariff) in respect to one board meeting in which he/she participated; if the board member participates in a meeting via communication/IT measures (not physically traveling to Lithuania), travel costs compensation shall not be paid for such participation

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Members of the previous Board of Directors (which term ended on 30 April 2019) did not receive remuneration for performance of board member functions. Members of the Board who, in addition to their board member position, served on another top management position received salaries or payments for legal services as compensation.

Table below summarises salaries and other payments calculated for top management.

Remuneration paid to members of the Management Board and the Key Executives of the Company during first half of 2019, EUR	Salaries during first half of 2019	Bonuses in during first half of 2019	Other payments (fees for provided legal services) during first half of 2019	Total payouts during first half of 2019
Average for 1 member	20,078	-	8,976	29,055
Total amount for all members of the Management Board and the Key Executives (6 persons 1/1/2019 – 30/04/2019; 7 persons 1/05/2019 – 30/06/2019)	127,162	-	56,851	184,013

Annual general meeting of shareholders of the Company that has taken place on 30.04.2019 approved compensation for Members of Supervisory Board (which term ended on 30 April 2019) in total amount of EUR 60,000 (Supervisory Board consisted of 3 members).

3.12. Information on collegial bodies of the Company and the Group agreements regarding compensations in case of resignation, unjustifiable redundancy, or change in ownership structure

There are no agreement between the Company and members of its collegial bodies regarding compensations in case of resignation, unjustifiable redundancy, or change in ownership structure.

3.13. Personnel

On 30 June 2019 the Group had 1,205 employees (31 December 2018: 1,165 employees).

3.14. Information on transactions with related parties

Material transactions with related parties are described in financial statements note 14.

3.15. Information on compliance with the Code of Corporate Governance

Information on AUGA group AB compliance with the Code of Corporate Governance is provided as Annex No. 1 to the Company's consolidated annual report for the year ended 31 December 2018.

3.16. Data on publicly announced information

The Company informs of all material events over the CNS system of NASDAQ Vilnius and on the ESPI information system which is operated by Polish FSA, as well as on Electronic Information Base which is operated by Warsaw Stock Exchange.

The summary of publicly announced information by the Company is provided in the financial statements note 15.

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II. FINANCIAL STATEMENTS**Consolidated balance sheet**

ASSETS	Notes	30 June 2019 unaudited	31 December 2018 audited
Non-current assets			
Property, plant and equipment	<u>4</u>	125,627	92,892
Intangible assets		17	2,427
Long term receivables at amortised cost	<u>7</u>	6,618	5,641
Investments accounted for using equity method		57	57
Available for sale financial assets		355	355
Deferred tax asset		1,438	1,438
Biological assets	<u>5</u>	8,788	9,128
Total non-current assets		142,900	111,938
Current assets			
Biological assets	<u>5</u>	32,551	14,390
Inventory	<u>6</u>	15,633	28,708
Trade receivables, advance payments and other receivables	<u>7</u>	17,651	14,573
Cash and cash equivalents		870	2,281
Total current assets		66,705	59,952
TOTAL ASSETS		209,605	171,890
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	<u>2</u>	65,951	65,951
Share premium		6,707	6,707
Revaluation reserve		7,155	7,155
Legal reserve		1,649	1,649
Reserve to provide shares for employees		957	957
Retained earnings / (accumulated deficit)		9,369	8,937
Equity attributable to equity holders of the parent		91,788	91,356
Non-controlling interest		331	359
Total equity		92,119	91,715
Non-current liabilities			
Borrowings	<u>8</u>	13,731	13,829
Obligations under lease	<u>9</u>	38,664	7,889
Deferred grant income		3,240	3,433
Deferred tax liability		882	883
Total non-current liabilities		56,517	26,034
Current liabilities			
Current portion of non-current borrowings	<u>8</u>	7,347	9,256
Current portion of non-current obligations under lease	<u>9</u>	4,823	3,618
Current borrowings	<u>8</u>	25,000	21,270
Trade payables		16,385	14,681
Other payables and current liabilities		7,414	5,316
Total current liabilities		60,969	54,141
Total liabilities		117,486	80,175
TOTAL EQUITY AND LIABILITIES		209,605	171,890

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Consolidated income statement

	Notes	6 months period ended 30 June	
		2019 unaudited	2018 unaudited
Revenues	<u>10</u>	28,841	25,009
Cost of sales	<u>10</u>	(24,316)	(19,775)
Gain (loss) on changes in fair values of biological assets and on recognition at fair value of agricultural produce at point of harvest	<u>5, 10</u>	1,802	(944)
GROSS PROFIT		6,327	4,290
Operating expenses	<u>11</u>	(4,413)	(3,211)
Other income	<u>12</u>	386	372
OPERATING PROFIT		2,300	1,451
Finance cost	<u>13</u>	(1,959)	(966)
Share of net profit (loss) of associates accounted for using the equity method		-	-
(PROFIT) LOSS BEFORE INCOME TAX		341	485
Income tax expense		-	-
NET (PROFIT) / LOSS FOR THE PERIOD		341	485
ATTRIBUTABLE TO:			
Equity holders of the Company		369	571
Non-controlling interest		(28)	(86)
		341	485
STATEMENT OF OTHER COMPREHENSIVE INCOME			
NET (PROFIT)/ LOSS FOR THE PERIOD		341	485
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		341	485
ATTRIBUTABLE TO:			
Equity holders of the Company		369	571
Non-controlling interest		(28)	(86)
		341	485

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Consolidated statement of changes in equity

	Share capital	Share premium	Revaluation reserve	Currency exchange differences	Reserve to provide shares for employees	Legal reserve	Retained earnings	Equity attributable to the shareholders of the company	Non-controlling interest	Total
Balance as at 31 December 2017 (audited)	54,351	738	5,889	(165)	-	579	17,086	78,478	382	78,860
Comprehensive income										
Net profit (loss) for the period	-	-	-	-	-	-	(5,957)	(5,957)	(23)	(5,980)
Sale of subsidiary	-	-	-	165	-	-	(165)	-	-	-
Other comprehensive income										
Revaluation of land, net of tax	-	-	1,266	-	-	-	-	1,266	-	1,266
Currency exchange differences	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	1,266	165	-	-	(6,122)	(4,691)	(23)	(4,714)
Transactions with shareholders										
Transfer to legal reserve	-	-	-	-	-	1,070	(1,070)	-	-	-
Transfer to reserve to provide shares for employees	-	-	-	-	957	-	(957)	-	-	-
Issue of ordinary shares, net of transaction costs	11,600	5,969	-	-	-	-	-	17,569	-	17,569
Total transactions with shareholders	11,600	5,969	-	-	957	1,070	(2,027)	17,569	-	17,569
Balance as at 31 December 2018 (audited)	65,951	6,707	7,155	-	957	1,649	8,937	91,356	359	91,715
Comprehensive income										
Net profit (loss) for the period	-	-	-	-	-	-	369	369	(28)	341
Expenses of share-based payments	-	-	-	-	-	-	64	64	-	64
Other comprehensive income										
Revaluation of land (net of tax)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	433	433	(28)	405
Transactions with shareholders										
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2019 (unaudited)	65,951	6,707	7,155	-	957	1,649	9,369	91,788	331	92,119

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(All amounts are in EUR thousand, unless stated otherwise)

Consolidated statement of cash flows

	Notes	6 months period ended 30 June	
		2019 unaudited	2018 unaudited
Cash flows from /(to) operating activities			
Net profit (loss) before income tax and non-controlling interest		341	485
Adjustments for non-cash expenses (income) items and other adjustments			
Depreciation expense (PPE)	4	3,676	3,788
Depreciation expense (RUA)		2,924	-
Amortization expenses		4	88
Expenses of share-based payments		64	-
Write offs and impairment of PPE		-	120
(Profit) loss on sales of non-current assets		-	-
Share of losses (profits) of associates		-	-
(Profit) loss on sale of investment property		-	(162)
Impairment of receivables		-	-
Write-offs of inventory		781	278
Net finance cost	13	1,068	966
Net finance cost (IFRS 16)		670	-
Reversal of impairment of PPE	11	-	(1,828)
Gain (loss) on changes in fair value of biological assets	5	(1,802)	(943)
Grants related to assets, recognized as income		(194)	(353)
Changes in working capital			
(Increase) decrease in biological assets		(19,466)	(15,915)
(Increase) decrease in trade receivables and prepayments		(3,528)	(4,321)
(Increase) decrease in inventory		12,294	8,485
(Decrease) increase in trade and other payables		3,803	3,838
		634	(3,588)
Interest paid, netto		(1,068)	(946)
Net cash flows from /(to) operating activities		(434)	(4,534)
Cash flows from /(to) investing activities			
Purchase of property, plant and equipment		(1,404)	(2,322)
Purchase of investments		-	(1,768)
Proceeds from sales of investment property, PPE		321	120
Proceeds from sales of investments		-	500
Grants related to assets, received from NPA		-	262
Other loans repaid		-	-
Other loans granted		(527)	(311)
Net cash flows from/(to) investing activities		(1,610)	(3,519)
Cash flows from /(to) financing activities			
Loans repaid to banks		(1,604)	(13,451)
Borrowings received		3,730	18,820
Other borrowings obtained (paid)		500	3,587
Finance lease repayments		(1,993)	(651)
Net cash flows from/(to) financing activities		633	8,305
Net (decrease) / increase in cash and cash equivalents		(1,411)	252
Cash and cash equivalents at the beginning of the period		2,281	620
Cash and cash equivalents at the end of the period		870	872

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III. EXPLANATORY NOTES
1. Basis of the preparation

The accompanying interim financial information for the 6-month period ended 30 June 2019, has been prepared in accordance with IAS 34, 'Interim financial reporting'. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements. This financial information should be read in conjunction with the interim financial information for 6-month period ended 30 June 2018 and the balance sheet as of 31 December 2018 which have been prepared in accordance with IFRS as adopted by the EU.

The presentation currency is euro (EUR). The financial statements are presented in thousands of euro, unless indicated otherwise. Financial statements for the six months period ended 30 June 2019 and 30 June 2018 are not audited. Financial statements for the year ended 31 December 2018 are audited by the external auditor UAB PriceWaterhouseCoopers.

The preparation of financial information in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information, are disclosed below.

Changes in accounting policies
Adoption of IFRS 16

The group has adopted IFRS 16 retrospectively as of 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.79%.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019; as short-term leases (which were recognized as expense on a straight-line basis);
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

For leases previously classified as operating leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. This resulted in measurement adjustments of EUR 35,346 thousand for right-of-use assets and EUR 35,346 thousand lease liabilities for variable lease payments based on an index or rate. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	1 January 2019
<i>Operating lease commitments disclosed as at 31 December 2018</i>	43,896
Discounted using the lessee's incremental borrowing rate of at the date of initial application	35,346
Add: finance lease liabilities recognized as at 31 December 2018	11,507
Lease liability recognized as at 1 January 2019	46,853
Current lease liabilities	8,405
Non-current lease liabilities	38,449
	46,853

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Changes in accounting policies (continued)

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

	<u>30 June 2019</u>	<u>1 January 2019</u>
Land	33,857	36,710
Buildings	967	1,038
Total	34,824	37,748

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	31 December 2018 as originally presented	IFRS 16	1 January 2019 (after recognition)
Non-current assets			
Property plant and equipment	92,892	37,748	130,640
Intangible assets	2,427	(2,401)	26
Total non-current assets	111,938	35,347	147,285
TOTAL ASSETS	171,890	35,347	207,237
Non-current liabilities			
Obligations under finance lease	7,889	30,560	38,449
Total non-current liabilities	26,034	30,560	56,594
Current liabilities			
Current portion of finance lease liabilities	3,618	4,787	8,405
Total current liabilities	54,141	4,787	58,928
Total liabilities	80,175	35,347	115,522
TOTAL EQUITY AND LIABILITIES	171,890	35,347	207,237

The net impact on retained earnings on 30 June 2019 was a decrease of EUR 318 thousand. This negative impact arises due to the change of accounting principles only and in any case is not related to monetary expenses.

Share-based payments

Share-based payments are accounted as the Group has started Employee Share Option plan which is described in Note 2 share capital.

Accounting for expenses during the vesting period

Total cumulative expenses are calculated based on the formula described below. The expenses are accrued in the profit (loss) statement and equity based on the days lapsed since the grant date till the reporting date. Each year the entity will revise the expense to reflect the best available estimate of the number of equity instruments expected to vest.

The total expenses of share-based payments are calculated based on the formula:

$$\text{Share price @ grant date} \times \text{Granted shares} \times (1 - \text{annual staff turnover})^{\text{vesting period}}$$

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Changes in accounting policies (continued)

Where:

The share price of options is based on the closing price at grant date at which the company's shares are traded on the Nasdaq Stock Exchange.

The grant date of the Option is set to be the date of the share-based payment agreement between the Company and the receiver as all the terms and conditions are set in this agreement and there are no other arrangements which would need to be confirmed at a later date.

Granted shares – shares to be granted to employee based on the Option agreement.

Staff turnover – chance that the option will be exercised is adjusted by the forecasted staff turnover percent during the vesting period. The ratio is calculated based on historical staff turnover data of 2 years. The historical staff turnover data includes turnover only of the positions which are set to receive the share-based payments. The turnover of other positions are excluded from the ratio.

There are option agreements which are signed with a special condition – that the receivers do not need to fulfill the service condition, but they will still need to wait 3 years vesting period before being able to exercise the option. Due to this staff turnover adjustment is excluded in the calculation of the expenses of these options as it does not affect their chances to receive the option.

Vesting period is set in the Option agreement and is equal to 3 years.

Accounting for issue of the shares

When the vesting period will end and if the service conditions are met – the entity shall execute the shares-based transactions. The entity will issue new shares at the nominal value of EUR 0.29 from the Reserve to provide shares for employees and increase its share capital.

2. Share capital

The share capital of AUGA group, AB as at 30 June 2019 was EUR 65,950,713.08 (65,950,713.08 as at 31 December 2018). The share capital was divided into 227,416,252 ordinary shares (227,416,252 ordinary shares as at 31 December 2018). Each issued share has a EUR 0.29 nominal value and fully paid. Each share had usual material and proprietary and non-proprietary rights as per Law on Companies of the Republic of Lithuania and the Company's Articles of Association.

Employee share option plan

The establishment of the AUGA group, AB Employee Option Plan was approved by shareholders at the annual general shareholders' meeting which took place on 30 April, 2019. The Employee Option Plan is designed to provide long-term benefits for the employees, increase their performance and motivation to remain in the entity's employment.

Under the plan, participants are granted options to receive the Company's shares which only vest if service conditions are met. The service condition for the Option receiver is to complete a 3-year term of service to the Group. After the condition is met employee is eligible to exercise the option. There are no other vesting or performance conditions for the receiver. If the receiver does not fulfill the service condition – the option does not come into force and he is not eligible to exercise the option.

The option loses force if any restructuring, bankruptcy, liquidation or similar proceedings of the Company are commenced, and such proceedings continue and / or end with liquidation of the Company; Also if both parties (the Company and the receiver) agree to terminate the option agreement and if the receiver has caused damage to the Company through his actions or omissions.

These share-based payments for employees are equity-settled only. When exercisable, each option is convertible into one ordinary fully-fledged share. The shares will be issued from the Reserve to provide shares for employees (formed and approved by the shareholders) at the nominal value of 0.29 and will increase the Company's share capital.

Options are granted under the plan for no consideration. There are no social security contributions or income tax which would be payable by the Company at the time of the exercise (or any other time during the vesting period) and which should be accrued in the liabilities. Employees who shall exercise the option and receive the shares of the company will need to pay the income tax on their own at the time of exercise.

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Share capital (continued)

Movement of the share options provided to employees:

	30 June 2019		31 December 2018	
	Av. Price	Number of options	Av. Price	Number of options
Opening balance	0.458	200,000	-	-
Granted during the period	0.374	2,348,860	0.458	200,000
Exercised during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Balance at the end of the period	0.376	2,548,860	0.458	200,000
<i>Weighted average remaining contractual life of the deferred shares outstanding at the end of period</i>		2.25		2.78

Share options outstanding at the end of the reporting period have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Share options 30 June 2019	Share options 31 December 2018
2018-10-12	2021-05-30	0,458	200,000	200,000
2019-04-17	2022-05-30	0,374	2,348,860	-
Total			2,548,860	200,000
	<i>Weighted average remaining contractual life of options outstanding at end of period</i>		2.25	2.78

3. The Structure of the Group

As of 30 June 2019, the consolidated Group (hereinafter the Group) consists of the Company and one hundred thirty-four subsidiaries (31 December 2018: one hundred thirty-five subsidiaries). On 5 March 2019 subsidiary UAB "Ars Ingenii" (legal entity code 302602713) was sold which was not related to main activities of the Group and not generated any revenue. The subsidiaries included in the Group's consolidated financial statements for the both periods are indicated below.

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						2019 06 30	2018 12 31
1.	Baltic Champs UAB	*4	302942064	Šiaulių region, Poviliškių v., 15 Vilniaus mun., Vilnius,	**A	100,00%	100,00%
2.	AVG Investment UAB	*4	300087691	Konstitucijos av. 21C Vilniaus mun., Vilnius,	**G	100,00%	100,00%
3.	AWG Investment 1 UAB	*4	301745765	Konstitucijos av. 21C Vilniaus mun., Vilnius,	**G	100,00%	100,00%
4.	AWG Investment 2 UAB	*4	301807590	Konstitucijos av. 21C Vilniaus mun., Vilnius,	**G	100,00%	100,00%
5.	Agross UAB	*4	301807601	Konstitucijos av. 21C Vilniaus mun., Vilnius,	**H	100,00%	100,00%
6.	Grain Lt UAB	*4	302489354	Konstitucijos av. 21C Vilniaus mun., Vilnius,	**H	97,41%	97,41%
7.	Ars Ingenii UAB	*4	302602713	Konstitucijos av. 21C Vilniaus mun., Vilnius,	**H	0,00%	100,00%
8.	AgroGis UAB	*4	302583978	Konstitucijos av. 21C Jonavos region, Bukonių v.,	**D	95,00%	95,00%
9.	Agro Management Team UAB	*4	302599498	Lankesos st. 2 Jonavos region, Bukonių v.,	**E	100,00%	100,00%
10.	Agrotechnikos centras UAB	*4	302589187	Lankesos st. 2 Jonavos region, Bukonių v.,	**F	100,00%	100,00%
11.	AUGA trade UAB	*4	302753875	Lankesos st. 2 Vilniaus mun., Vilnius,	**H	100,00%	100,00%
12.	Agricultural entity Žemės fondas	*1	300558595	Konstitucijos av. 21C	**E	100,00%	100,00%

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13.	Žemės vystymo fondas 6 UAB	*4	300589719	Vilniaus mun., Vilnius, Smolensko st. 10	**E	100,00%	100,00%
14.	Žemės vystymo fondas 9 UAB	*4	300547638	Jonavos region, Bukonių v., Lankesos st. 2	**E	100,00%	100,00%
15.	Žemės vystymo fondas 10 UAB	*4	301522723	Jonavos region, Bukonių v., Lankesos st. 2	**E	100,00%	100,00%
16.	Žemės vystymo fondas 20 UAB	*4	300887726	Jonavos region, Bukonių v., Lankesos st. 2	**B	100,00%	100,00%
17.	AUGA Grūduva UAB Agricultural entity AUGA	*4	174401546	Šakių region, Gotlybiškių v., Radviliškio region, Vaitiekūnų v., Spindulio st. 13	**A	98,97%	98,97%
18.	Spindulys Agricultural entity AUGA	*1	171330414	Panevėžio region, Smilgių mstl.	**A	99,99%	99,99%
19.	Smilgiai Agricultural entity AUGA	*1	168548972	Panevėžio st. 23-1	**A	100,00%	100,00%
20.	Skėmiai Agricultural entity AUGA	*1	171306071	Radviliškio region, Skėmių v., Kėdainių st. 36	**A	99,97%	99,97%
21.	Nausodė Agricultural entity AUGA	*1	154179675	Anykščių region, Kirmėlių v.,	**A	99,93%	99,93%
22.	Dumšiškės Agricultural entity AUGA	*1	172276179	Raseinių region, Paraseinio v., Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	99,88%	99,88%
23.	Žadžiūnai Agricultural entity AUGA	*1	175706853	Gudelių st. 30-2	**A	99,81%	99,81%
24.	Mantviliškis	*1	161274230	Kėdainių region, Mantviliškio v., Molėtų region, Kazlų v., Škiemonių st. 2A	**A	99,94%	99,94%
25.	Agricultural entity AUGA Alanta Agricultural entity AUGA	*1	167527719	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	99,99%	99,99%
26.	Eimučiai Agricultural entity AUGA	*1	175705032	Gudelių st. 30-2	**A	99,24%	99,24%
27.	Vėriškės Agricultural entity AUGA	*1	171305165	Radviliškio region, Vėriškių v.,	**A	99,93%	99,93%
28.	Želsvelė Agricultural entity AUGA	*1	165666499	Marijampolės mun., Želsvos v.,	**A	99,86%	99,86%
29.	Lankesa Agricultural entity AUGA	*1	156913032	Jonavos region, Bukonių v.,	**A	96,91%	96,91%
30.	Kairėnai Agricultural entity AUGA	*1	171327432	Radviliškio region, Kairėnų v., Jurbarko region, Klišių v., Vytauto Didžiojo st. 99	**A	98,47%	98,47%
31.	Jurbarkai Agricultural entity AUGA	*1	158174818	Panevėžio region, Gustonių v., M. Kriaučiūno st. 15	**A	98,46%	98,46%
32.	Gustoniai Cooperative entity Siesarčio ūkis	*1	168565021	Šakių region, Gotlybiškių v., Mokyklos st. 18	**A	100,00%	100,00%
33.	Cooperative entity Kašėta	*3	302501098	Jonavos region, Bukonių v., Lankesos st. 2	**A	99,44%	99,44%
34.	Cooperative entity Kašėta	*3	302501251	Panevėžio region, Gustonių v., M. Kriaučiūno st. 15	**A	99,44%	99,44%
35.	Agricultural entity Gustonys Agricultural entity Skėmių pienininkystės centras	*1	302520102	Radviliškio region, Skėmių v., Alyvų st. 1	**E	100,00%	100,00%
36.	Cooperative entity Agrobokštai Cooperative entity Dotnuvėlės valdos	*1	302737554	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**A	48,67%	48,67%
37.	Cooperative entity Nevėžio lankos	*3	302485217	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	97,94%	97,94%
38.	Cooperative entity Radviliškio kraštas	*3	302618614	Kėdainių region, Mantviliškio v., Liepos 6-osios st. 60	**A	99,22%	99,22%
39.	Cooperative entity Šventosios pievos	*3	302618596	Radviliškio region, Skėmių v., Kėdainių st. 13	**A	96,51%	96,51%
40.	Cooperative entity Kairių ūkis Cooperative entity Šiaurinė valda	*3	302618742	Raseinių region, Kalnujų mstl. Žieveliškės st. 1	**A	98,67%	98,67%
41.	Cooperative entity Šušvės žemė	*3	302618201	Panevėžio region, Gustonių v., M. Kriaučiūno st. 15	**A	96,36%	96,36%
42.	Cooperative entity Žalmargėlis Cooperative entity Juodmargėlis	*3	302615194	Šiaulių region, Poviliškių v., 15 Kelmės region, Pašiaušės v., Vilties st. 2	**A	98,68%	98,68%
43.	Cooperative entity Žalmargėlis Cooperative entity	*3	302615187	Vilniaus mun., Vilnius, Smolensko st. 10-100	**A	96,15%	96,15%
44.	Cooperative entity Agromilk	*3	303145954	Raseinių region, Kalnujų mstl. Žieveliškės st. 1	**A	98,43%	98,43%
45.	Cooperative entity Purpurėja	*3	303159014	Raseinių region, Kalnujų mstl. Žieveliškės st. 1	**A	99,35%	99,35%
46.	Cooperative entity Purpurėja	*3	302332698	Raseinių region, Kalnujų mstl. Žieveliškės st. 1	**A	96,28%	96,28%
47.	Cooperative entity Purpurėja	*3	302542337	Širvintų region, Širvintų v., Zosinos st. 7	**A	99,53%	99,53%

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49.	Bukonių ekologinis ūkis UAB	*4	302846621	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**A	100,00%	100,00%
50.	Agrosaulė 8 UAB	*4	302846105	Vilniaus mun., Vilnius, Smolensko st. 10-100	**G	100,00%	100,00%
51.	Biržai distr., Rinkuškiai reclamation infrastructure users association	*2	302465556	Biržų region, Biržai, Vytauto st. 38	**A	48,67%	48,67%
52.	Pasvalys distr., Pušalotas reclamation infrastructure users association	*2	302465563	Pasvalio region, Diliauskų v., Diliauskų st. 23	**A	48,67%	48,67%
53.	Skėmiai reclamation infrastructure users association	*2	303170256	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	48,67%	48,67%
54.	Vaitiekūnai reclamation infrastructure users association	*2	303170306	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	48,67%	48,67%
55.	Association Grūduvos melioracija	*2	302567116	Šakių region, Gotlybiškių v., Mokyklos st. 2	**A	65,81%	65,81%
56.	Pauliai reclamation infrastructure users association	*2	303169909	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
57.	Nausode reclamation infrastructure users association	*2	304219592	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**A	70,74%	70,74%
58.	Traktorių nuomos centras UAB	*4	302820808	Jonavos region, Bukonių v., Lankesos st. 2	**A	100,00%	100,00%
59.	Traktorių nuomos paslaugos UAB	*4	302820797	Jonavos region, Bukonių v., Lankesos st. 2	**A	100,00%	100,00%
60.	Arnega UAB	*4	302661957	Jonavos region, Bukonių v., Lankesos st. 2	**A	100,00%	100,00%
61.	AgroSchool OU	*6	12491954	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
62.	Public institution AgroSchool	*5	303104797	Vilniaus mun., Vilnius, Smolensko st. 10-100	**C	50,00%	50,00%
63.	AUGA Ramučiai UAB	*4	302854479	Akmenės region, Ramučių v., Klevų st. 11	**A	100,00%	100,00%
64.	AUGA Luganta UAB	*4	300045023	Kelmės region, Pašiaušės v., Vilniaus mun., Vilnius, Saltoniškių st. 29	**A	100,00%	100,00%
65.	eTime invest UAB	*4	300578676	Saltoniškių st. 29	**G	100,00%	100,00%
66.	ŽVF Projektai UAB	*4	300137062	Jonavos region, Bukonių v., Lankesos st. 2	**E	52,62%	52,62%
67.	Agricultural entity Alantos ekologinis ūkis	*1	303324747	Molėtų region, Kazlų v., Skiemonių st. 2A	**A	100,00%	100,00%
68.	Agricultural entity Dumšiškių ekologinis ūkis	*1	303324722	Raseinių region, Paraseinio v., Paraseinio st. 2	**A	100,00%	100,00%
69.	Agricultural entity Eimučių ekologinis ūkis	*1	303324715	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	100,00%	100,00%
70.	Agricultural entity Grūduvos ekologinis ūkis	*1	303324804	Šakių region, Gotlybiškių v., Mokyklos st. 2	**A	100,00%	100,00%
71.	Agricultural entity Jurbarkų ekologinis ūkis	*1	303325361	Jurbarko region, Klišių v., Vytauto Didžiojo st. 99	**A	100,00%	100,00%
72.	Agricultural entity Kairėnų ekologinis ūkis	*1	303325774	Radviliškio region, Vaitiekūnų v., Spindulio st. 13-2	**A	100,00%	100,00%
73.	Agricultural entity Lankesos ekologinis ūkis	*1	303325710	Jonavos region, Bukonių v., Lankesos st. 2	**A	100,00%	100,00%
74.	Agricultural entity Mantviliškio ekologinis ūkis	*1	303325703	Kėdainių region, Mantviliškio v., Liepos 6-osios st. 60	**A	100,00%	100,00%
75.	Agricultural entity Nausodės ekologinis ūkis	*1	303325781	Anykščių region, Nausodės v., Nausodės st. 55	**A	100,00%	100,00%
76.	Agricultural entity Skėmių ekologinis ūkis	*1	303325692	Radviliškio region, Skėmių v., Kėdainių st. 13	**A	100,00%	100,00%
77.	Agricultural entity Smilgių ekologinis ūkis	*1	303325824	Panevėžio region, Smilgiai, Panevėžio st. 23-1	**A	100,00%	100,00%
78.	Agricultural entity Spindulio ekologinis ūkis	*1	303325817	Radviliškio region, Vaitiekūnų v., Spindulio st. 13-2	**A	100,00%	100,00%
79.	Agricultural entity Vėriškių ekologinis ūkis	*1	303325849	Radviliškio region, Skėmių v., Kėdainių st. 13	**A	100,00%	100,00%
80.	Agricultural entity Žadžiūnų ekologinis ūkis	*1	303325870	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	100,00%	100,00%
81.	Agricultural entity Želsvelės ekologinis ūkis	*1	303325856	Marijampolės mun., Želsvos v., Želsvelės st. 1	**A	100,00%	100,00%
82.	Prestviigi OU	*6	12654600	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%

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83.	Turvaste partners OU	*6	12655410	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
84.	Nakamaa Agro OU	*6	12655522	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10113	**G	100,00%	100,00%
85.	Hindaste Invest OU	*6	12655384	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
86.	Tuudi River OU	*6	12655640	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
87.	Palderma Partners OU	*6	12654959	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
88.	Ave-Martna Capital OU	*6	12655155	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
89.	Hobring Invest OU	*6	12655427	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
90.	Rukkirahhu Capital OU	*6	12655232	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
91.	Pahasoo OU	*6	12655367	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
92.	Cooperative entity Ganiklis	*3	303429417	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
93.	Cooperative entity Ganiavos gėrybės	*3	303429431	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
94.	Cooperative entity Žemėpačio pieno ūkis	*3	303432388	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	98,09%	98,09%
95.	Cooperative entity Žemynos pienelis	*3	303427989	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	98,09%	98,09%
96.	Cooperative entity Lygiadienio ūkis	*3	303428087	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
97.	Cooperative entity Laumės pieno ūkis	*3	303427996	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	98,09%	98,09%
98.	Cooperative entity Medeinos pienas	*3	303428112	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	98,09%	98,09%
99.	Cooperative entity Gardaitis	*3	303429381	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
100.	Cooperative entity Dimstipatis	*3	303429424	Mažeikių aplinkl. 9, Naikių v., Mažeikių apylinkės sen., Mažeikių region, Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
101.	Cooperative entity Aušlavis	*3	303429456	Mažeikių aplinkl. 9, Naikių v., Mažeikių apylinkės sen., Mažeikių region, Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
102.	Cooperative entity Austėjos pieno ūkis	*3	303428094	Mažeikių aplinkl. 9, Naikių v., Mažeikių apylinkės sen., Mažeikių region, Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
103.	Cooperative entity Aitvaro ūkis	*3	303429374	Mažeikių aplinkl. 9, Naikių v., Mažeikių apylinkės sen., Mažeikių region, Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
104.	Cooperative entity Giraičio pieno ūkis	*3	303429399	Mažeikių aplinkl. 9, Naikių v., Mažeikių apylinkės sen., Mažeikių region, Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
105.	Fentus 10 GmbH	*6	HRB106477	Berlin, Germany	**G	100,00%	100,00%
106.	Norus 26 AG	*6	HRB109356	Berlin, Germany	**G	100,00%	100,00%
107.	LT Holding AG	*6	HRB109265	Berlin, Germany	**G	100,00%	100,00%
108.	KTG Agrar UAB	*4	300127919	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**A	100,00%	100,00%
109.	Agrar Raseiniai UAB	*4	300610316	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
110.	AUGA Mažeikiai UAB	*4	300610348	Mažeikių av. 9, Naikių v., Mažeikių region,	**A	100,00%	100,00%
111.	PAE Agrar UAB	*4	300867691	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%

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112.	Delta Agrar UAB	*4	300868875	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
113.	KTG Grūdai UAB	*4	302637486	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
114.	KTG Eko Agrar UAB	*4	300510650	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
115.	Agronita UAB	*4	300132574	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
116.	Agronuoma UAB	*4	303204954	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
117.	VL Investment Vilnius 12 UAB	*4	303205611	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
118.	Agrar Ašva UAB	*4	301608542	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
119.	Agrar Varduva UAB	*4	301608791	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
120.	Agrar Seda UAB	*4	301608777	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
121.	Agrar Kvistė UAB	*4	302308067	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
122.	Agrar Luoba UAB	*4	302308035	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
123.	Agrar Gaja UAB	*4	302594412	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
124.	Agrar Ariogala UAB	*4	301626540	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
125.	Agrar Girdžiai UAB	*4	301621568	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
126.	Agrar Vidauja UAB	*4	301622531	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
127.	Agrar Raudonė UAB	*4	302309532	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
128.	Agrar Venta UAB	*4	302307855	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
129.	Agrar Nerys UAB	*4	302594063	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
130.	Agrar Gėluva UAB	*4	302312133	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
131.	Agrar Betygala UAB	*4	302312222	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
132.	Agrar Dubysa UAB	*4	302312215	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
133.	Agrar Pauliai UAB	*4	302312165	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
134.	Agrar Mituva UAB	*4	302312172	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
135.	AUGA Raseiniai UAB	*4	304704364	Raseinių region, Kalnųjai, Žievelišks st. 1	**A	100,00%	100,00%

COMMENTS:

*

*1 Agricultural entity

*2 Association

*3 Cooperative entity

*4 Private limited Company

*5 Public institution

*6 Foreign legal entity

**

**A Agricultural operations

**B Cash pool of the group

**C Human resource management

**D IT system development

**E Land management

**F Lease of machinery

**G Management of subsidiaries

**H Trade and logistics

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4. Property, plant and equipment

	Right-of-use assets (IFRS 16)	Land	Buildings	Constructions and machinery	Vehicles, equipment and other property, plant and equipment	Construction in progress	Total
As at 31 December 2017 (audited)	-	18,779	41,583	21,147	2,813	913	85,235
- purchase of subsidiaries	-	114	1,639	1,028	132	19	2,932
- additions	-	139	565	8,090	696	380	11,121
- disposals and write-offs	-	-	(47)	(123)	(77)	-	(247)
- revaluation	-	1,355	-	-	-	-	1,355
- depreciation	-	-	(2,245)	(4,441)	(818)	-	(7,504)
- reclassifications	-	-	-	-	-	-	-
As at 31 December 2018 (audited)	-	21,638	41,495	25,701	2,746	1,312	92,892
- purchase of subsidiaries	35,347	-	-	-	-	-	35,347
- additions	-	177	29	533	213	549	1,501
- disposals and write-offs	-	(2)	(36)	(235)	(18)	-	(291)
- revaluation	-	-	-	-	-	-	-
- depreciation	(2,924)	-	(1,120)	(1,817)	(362)	-	(6,223)
- reclassifications	2,401	-	-	-	-	-	2,401
As at 30 June 2019 (unaudited)	34,824	21,813	40,368	24,532	2,579	1,511	125,627
Acquisition cost as at							
31 December 2017	-	18,779	50,538	30,552	4,350	913	105,132
31 December 2018	-	21,638	52,695	39,547	5,101	1,312	120,293
30 June 2019	37,748	21,813	52,688	40,195	5,296	1,511	159,251
Accumulated depreciation and impairment losses as at							
31 December 2017	-	-	(8,955)	(9,405)	(1,537)	-	(19,897)
31 December 2018	-	-	(11,200)	(13,846)	(2,355)	-	(27,401)
30 June 2019	(2,924)	-	(12,320)	(15,663)	(2,717)	-	(33,624)
Carrying amount as at 31 December 2017	-	18,779	41,583	21,147	2,813	913	85,235
Carrying amount as at 31 December 2018	-	21,638	41,495	25,701	2,746	1,312	92,892
Carrying amount as at 30 June 2019	34,824	21,813	40,368	24,532	2,579	1,511	125,627

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5. Biological assets

The movement of Group's biological assets (in EUR thousand) consisted of the following:

	Non – current assets		Current assets		Total
	Dairy cows	Other livestock	Mushroom seedbed	Crops	
Balance as at 31 December 2017	4,579	3,450	1,165	8,946	18,140
Direct purchases	-	20	-	-	20
Accumulated expenses	-	3,911	25,614	34,261	63,785
Transfer between groups	2,839	(2,839)	-	-	-
Direct sales	(526)	(301)	-	-	(827)
Harvest	-	-	(24,691)	(27,956)	(52,647)
Revaluation	(1,504)	(310)	-	(2,909)	(4,723)
Write-offs	(113)	(76)	-	-	(189)
Balance as at 31 December 2018	5,275	3,854	2,088	12,342	23,560
Direct purchases	-	-	-	-	-
Accumulated expenses	-	1,021	12,759	14,807	28,587
Transfer between groups	920	(920)	-	-	-
Direct sales	(195)	(194)	-	-	(389)
Harvest	-	-	(12,738)	-	(12,738)
Revaluation	(638)	(155)	-	3,294	(2,501)
Write-offs	(146)	(35)	-	-	(181)
Balance as at 30 June 2019	5,216	3,572	2,109	30,443	41,340

6. Inventory

The movement of Group's inventory quantities (in tonnes) consisted of the following:

	Wheat	Legumes	Mushrooms	Milk	End-consumer packaged goods	Other	Forage	Raw materials*	Total
Balance as at 31 December 2017	13,893	11,925	91	11	100	13,220	59,791	-	99,031
Purchases	2,612	-	-	-	512	-	735	-	3,860
Sales	(21,432)	(12,841)	(12,147)	(22,634)	(2,084)	(43,966)	(2,562)	-	(117,666)
Production	25,040	15,033	12,244	24,157	1,651	45,655	49,170	-	172,950
Consumed in preparation of biological assets (livestock)	(1,495)	(775)	-	(1,230)	-	(539)	(54,570)	-	(58,609)
Consumed in preparation of biological assets (crops and mycelium seedbeds)	(1,874)	(974)	-	-	-	(1,692)	-	-	(4,540)
Inventory write-offs	(322)	(180)	-	(292)	-	(1,063)	(2,439)	-	(4,295)
Balance as at 31 December 2018	16,423	12,188	194	12	179	11,616	50,126	-	90,738
Purchases	82	2,056	-	-	619	771	-	-	3,529
Sales	(11,855)	(7,325)	(6,001)	(12,703)	(539)	(4,207)	(7,404)	-	(50,035)
Production	-	-	5,999	13,514	406	613	22,039	-	42,571
Consumed in preparation of biological assets (livestock)	(1,156)	(2,060)	-	(632)	-	(2,216)	(32,232)	-	(38,296)
Consumed in preparation of biological assets (crops and mycelium seedbeds)	(280)	(2,857)	-	-	-	(1,076)	426	-	(3,788)
Inventory write-offs	(143)	(76)	-	(172)	(6)	(1,340)	(2,400)	-	(4,137)
Balance as at 30 June 2019	3,072	1,926	52	8	202	4,161	30,554	-	39,974

*Raw materials consist of various units of measure, thus it cannot be disclosed in this table.

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*Inventory (continued)*The movement of Group's inventory values (**in EUR thousand**) consisted of the following:

	Wheat	Legumes	Mushrooms	Milk	End- consumer packaged goods	Other	Forage	Raw mate- rials	Total
Balance as at 31 December 2017	3,478	4,397	144	-	45	7,060	5,073	5,350	25,547
Purchases	808	-	-	-	1,100	-	468	17,058	19,434
Sales	(5,699)	(4,829)	(24,731)	(9,434)	(1,793)	(6,115)	(94)	(927)	(53,622)
Production	6,488	5,576	24,691	10,043	733	8,485	5,793	-	61,809
Consumed in preparation of biological assets (livestock)	(388)	(288)	-	(494)	-	(803)	(5,376)	-	(7,349)
Consumed in preparation of biological assets (crops and mycelium seedbeds)	(417)	(360)	-	-	-	(434)	-	(14,499)	(15,710)
Inventory write-offs	(82)	(66)	-	(115)	-	(642)	(155)	(341)	(1,401)
Balance as at 31 December 2018	4,188	4,430	104	-	85	7,551	5,709	6,641	28,708
Purchases	28	961	-	-	918	1,159	-	6,463	9,529
Sales	(3,094)	(2,715)	(11,686)	(4,678)	(1,008)	(2,313)	-	(457)	(25,953)
Production	-	-	11,682	4,978	102	146	1,265	809	18,982
Consumed in preparation of biological assets (livestock)	(274)	(766)	-	(233)	-	(595)	(2,071)	(2,970)	(6,908)
Consumed in preparation of biological assets (crops and mycelium seedbed)	(79)	(1,241)	-	-	-	(1,263)	-	(5,549)	(8,132)
Inventory write-offs	(40)	(28)	-	(63)	(1)	(319)	(113)	(30)	(593)
Balance as at 30 June 2019	730	641	100	3	96	4,367	4,790	4,907	15,633

7. Receivables and advance payments

As at the balance sheet date Group's receivables and advance payments consisted of the following:

	As at 30 June 2019	As at 31 December 2018
Total trade accounts receivable	8,793	6,411
VAT receivable	1,356	719
Receivables from National Paying Agency	5,066	4,302
Accounts receivable from private individuals	42	68
Other receivables	106	1,097
Advance payments and deferred expenses	2,355	2,042
Less: loss allowance	(68)	(66)
Total trade accounts receivable, net	17,650	14,573
Non-current receivables, gross	6,817	5,840
Less: loss allowance	(199)	(199)
Total	24,268	20,214

Receivables from the National Paying Agency are the direct subsidies receivable for crops and milk, which are due by 30 April of the following year.

AUGA GROUP, AB

Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania

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8. Financial liabilities

The Group's long-term borrowings consisted of the following:

	As at 30 June 2019	As at 31 December 2018
<i>Borrowings from banks</i>		
Mushroom growing companies	2,968	3,949
Agricultural entities	9,768	10,901
<i>Long-term payment to 3rd parties</i>		
Long-term payable to the State	1,229	1,401
Long-term payable to creditors	5,421	5,197
Long-term payable to the investment fund for purchased land	1,692	1,637
Total	21,078	23,085
Less: amounts, payable within one year (according to agreements)	(7,347)	(9,256)
Total long-term borrowings	13,731	13,829

The Group owes payable amount to the State of EUR 1,229 thousand for land acquisition made by Group in 2008 - 2014. The payable amount to State is over 15-year period.

The long-term borrowings and payables are repayable as follows:

	As at 30 June 2019	As at 31 December 2018
<i>Borrowings from banks</i>		
Within second year	10,732	10,840
Within third and fourth year	1,963	1,968
After fifth year and later	1,035	1,021
Total	13,731	13,829

The Group's short-term borrowings were the following:

	As at 30 June 2019	As at 31 December 2018
<i>Borrowings from banks</i>		
Mushroom growing companies	2,400	2,400
Parent company	22,600	18,870
Total short-term borrowings	25,000	21,270

Short-term loans from banks include EUR 25,000 thousand (in 2018: EUR 21,270 thousand) credit-line facilities.

9. Leases

The Group's leases consisted of the following:

	As at 30 June 2019	As at 31 December 2018
<i>Lease liabilities</i>		
Lease liabilities related to right-of-use assets*	32,570	-
Lease liabilities related to other assets**	10,917	11,507
Total	43,487	11,507
Less: amounts payable within one year		
Lease liabilities related to right-of-use assets*	2,010	-
Lease liabilities related to other assets**	2,813	3,618
Total	4,823	3,618
Total long-term leases	38,664	7,889

* Lease liabilities accounted as operational lease before adoption of IFRS 16.

** Lease liabilities accounted as financial lease before adoption of IFRS 16.

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10. Results of business segments**CROP GROWING SEGMENT**

a) Sales of agricultural produce	<i>6-month period ended 30 June 2019</i>	<i>6-month period ended 30 June 2018</i>
Total revenue of sold agricultural produce, EUR'000	8,780	(7,604)
Total cost of sold agricultural produce*, EUR'000	(9,548)	(7,336)
Total inventory write-offs, EUR'000	(496)	(133)

Result of sales of agricultural produce, EUR'000	(1,264)	135
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* The cost of sold agricultural produce represents the value of crops evaluated at fair values at point of harvest and related sales costs.

b) Harvest of agricultural produce	<i>6-month period ended 30 June 2019</i>	<i>6-month period ended 30 June 2018</i>
Total cultivated land, ha	38,564	38,474
Wheat	11,503	8,854
Legumes	8,039	10,684
Other cash crops	9,129	8,950
Forage Crops	8,984	9,009
Fallow	910	977
Average harvest yield, t/ha		
Wheat	4.16*	-
Legumes	1.75*	-
Other cash crops	7.69*	-
Forage Crops	-	-
Total fair value of harvest, EUR'000	29,074**	22,697
Wheat	10,474	5,471
Legumes	4,429	5,346
Other cash crops	7,986	8,371
Forage Crops	5,171	3,130
Fallow	1,014	379
Total production cost of harvest, EUR'000	(25,780)	(22,697)
Wheat	(8,117)	(5,471)
Legumes	(4,974)	(5,346)
Other cash crops	(6,504)	(8,371)
Forage Crops	(5,171)	(3,130)
Fallow	(1,014)	(379)

Gain (loss) on revaluation of agricultural produce at point of harvest, EUR'000*	3,294	-
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*Forecasted harvest yield as at 30 June 2019. For more information please see consolidated interim report's section of crop growing segment overview.

**The Group estimated the fair value of crops as at 30 June 2019. For more information please see consolidated interim report's section of crop growing segment overview.

c) Agricultural subsidies	<i>6-month period ended 30 June 2019</i>	<i>6-month period ended 30 June 2018</i>
Direct subsidies, EUR'000	2,175	2,188
Organic farming subsidies, EUR'000	2,103	2,119
Total subsidies, EUR'000	4,277	4,306
Gross profit of crop growing segment per period, EUR'000 (a+b+c)	6,307	4,441
Depreciation included in the harvest of agricultural produce, EUR'000	2,019	1,908

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MUSHROOM SEGMENT	<i>6-month period ended 30 June 2019</i>	<i>6-month period ended 30 June 2018</i>
Total tonnage sold, tons	6,001	6,017
Non-organic mushrooms, tons	5,562	5,578
Organic mushrooms, tons	439	439
Total revenues from mushroom sales, EUR'000	12,645	11,074
Non-organic mushrooms, EUR'000	11,292	9,797
Organic mushrooms, EUR'000	1,352	1,277
Total cost of mushrooms sold, EUR'000	(11,686)	(10,068)
Non-organic mushrooms, EUR'000	(10,831)	(9,333)
Organic mushrooms, EUR'000	(855)	(735)
Total revenues from sales of mushroom seedbed, EUR'000	1,158	1,268
Total cost from sales of mushroom seedbed, EUR'000	(1,073)	(1,199)
Gross profit of mushroom growing segment, EUR'000	1,044	1,075
Depreciation included in cost of mushroom sales, EUR'000	848	912
DAIRY SEGMENT	<i>6-month period ended 30 June 2019</i>	<i>6-month period ended 30 June 2018</i>
Total tonnage sold, tons	13,055	12,099
Non-organic milk, tons	4,611	8,075
Organic milk, tons	8,088	3,569
Cattle, tons	356	455
Total revenues of dairy segment, EUR'000	5,206	4,494
Non-organic milk, EUR'000	1,526	2,550
Organic milk, EUR'000	3,290	1,465
Cattle, EUR'000	390	479
Total cost of dairy segment, EUR'000	(5,132)	(5,107)
Milk, EUR'000	(4,742)	(4,628)
Cattle, EUR'000	(390)	(479)
Revaluation of biological assets, EUR'000	(1,492)	(944)
Total subsidies, EUR'000	350	344
Gross profit of dairy segment, EUR'000	(1,068)	(1,213)
Depreciation included in cost of dairy segment sales, EUR'000	268	266
END-CONSUMER PACKAGED GOODS	<i>6-month period ended 30 June 2019</i>	<i>6-month period ended 30 June 2018</i>
Total revenue from end-consumer packaged goods sales, EUR'000	1,053	573
Total cost of sales of end-consumer packaged goods, EUR'000	(1,008)	(582)
Gross profit of sales of end-consumer packaged goods, EUR'000	45	(9)
Depreciation included in cost of sales of end-consumer packaged goods, EUR'000	-	-

**CONSOLIDATED INTERIM REPORT AND FINANCIAL STATEMENTS
FOR 6 MONTHS PERIOD ENDED 30 JUNE 2019**

(All amounts are in EUR thousand, unless stated otherwise)

11. Operating expenses

Operating expenses breakdown by business segments was the following:

	6-month period ended 30 June	
	2019	2018
Operating expenses by mushroom segment, EUR'000	639	623
Operating expenses of crop growing segment, EUR'000	1,065	1,113
Operating expenses of dairy segment, EUR'000	679	710
Centralized operating expenses*, EUR'000	2,030	765
Total operating expenses of all segments, EUR'000	4,413	3,211
Depreciation included in operating expenses, EUR'000	347	350

* Including expenses in the first quarter of 2018 related to termination of Arginta Engineering UAB purchase agreement (EUR 715 thousand) and reversal of impairment of Karakash agro OOO and Karakash OOO property, plant and equipment which had positive effect (EUR 1,828 thousand). Total positive net effect of aforementioned one-offs was EUR 1.1 million.

Operating expenses breakdown by type of expenses was the following:

	6-month period ended 30 June	
	2019	2018
Payroll expenses	1,682	1,552
Social security expenses	542	481
SBP amortization*	64	-
Fines and late payments**	157	841
Depreciation of property, plant and equipment	348	210
PPE impairment***	5	(1,829)
Impairment of accounts receivable	-	-
Consultations and business plan preparations	150	317
Insurance and tax expense	190	146
Selling expenses	311	293
Fuel costs	103	53
Real estate registration and notaries	31	94
Rent and utilities	179	173
Transportation costs	136	263
Office administration	168	200
Other expenses	347	417
Total	4,413	3,211

* Share-Based Payments expenses – equity-settled expenses related to share options granted per Employee Option Plan. Expenses are recognized evenly per 3-year vesting period. For the details refer to the note 2.

** The Group as at 30 June 2018 accrued all the expenses which needed to be paid due to termination of Arginta Engineering UAB purchase agreement (EUR 715 thousand).

*** Due to the fact that the Group has signed an agreement to sell its subsidiaries Karakash agro OOO and Karakash OOO, the impairments of assets which were done in previous periods were reversed as at 30 June 2018 to meet the assets' value at the moment of the sale which had positive effect (EUR (1,828) thousand).

12. Other income

Other income breakdown by type was the following:

	6-month period ended 30 June	
	2019	2018
Gain (loss) from sale of property, plant and equipment	34	(43)
Gain (loss) from sale of subsidiaries	3	162
Interest and fines income	222	164
Insurance benefits	23	78
Other income	104	11
Total	386	372

**CONSOLIDATED INTERIM REPORT AND FINANCIAL STATEMENTS
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(All amounts are in EUR thousand, unless stated otherwise)

13. Financial expenses

Financial expenses breakdown by type was the following:

	6-month period ended 30 June	
	2019	2018
Bank interest expenses	913	748
Leasing and other financial expenses	347	198
Interest expenses (IFRS 16)	670	-
Currency exchange differences	10	-
Other financial expenses	19	20
Total	1,959	966

14. Material transactions with related parties

On 1 March 2019 AUGA group, AB and Baltic Champs Group, UAB signed Agreement on extension of up to EUR 2 million loan. Final repayment date of the loan 31 December 2019. The loan is provided with no collateral, there is no up-front or similar fees, and with fixed interest rate that meets market conditions. As at 30 June 2019 EUR 0.50 million were disbursed.

15. Subsequent events January – August 2019

The Company informs of all material events over the CNS system of NASDAQ Vilnius and on the ESPI information system which is operated by Polish FSA, as well as on Electronic Information Base which is operated by Warsaw Stock Exchange.

Date	Announcement header
2019.08.26	AUGA group will hold an Investor Conference Webinar to introduce unaudited financial results for the 6 months period ended 30 June 2019
2019.08.26	AUGA group started selling Lithuanian organic products in United Arab Emirates
2019.06.19	AUGA group implements a unique governance model
2019.06.17	Decisions of extraordinary General Meeting of Shareholders of AUGA group, AB which took place on 17 June 2019
2019.06.05	Notice on the update of question of the agenda of the extraordinary General Meeting of Shareholders of AUGA group, AB on 17 June 2019 by draft of decision
2019.06.03	Announcement about investor conference webinar to introduce unaudited financial results for the 3 months period of 2019
29.05.2019	AUGA group will hold an Investor Conference Webinar to introduce unaudited financial results for the 3 months of 2019
24.05.2019	Notice on Convocation of the extraordinary General Meeting of Shareholders of AUGA group, AB on 17 June 2019
24.05.2019	Regarding penalty to board member Linas Strelis and his resignation
30.04.2019	Decisions of Ordinary General Meeting of Shareholders of AUGA group, AB which took place on 30 April 2019
19.04.2019	AUGA group, AB proposed changes to the general manager, management structure and board members
19.04.2019	Notice on the update of questions of the agenda of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2019 by drafts of decisions
18.04.2019	AUGA group, AB Notification of transactions by persons discharging managerial responsibilities
11.04.2019	Notice on the update of questions of the agenda of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2019 by drafts of decisions and related information
08.04.2019	Notice on Convocation of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2019 and on its draft decisions
01.03.2019	Announcement about investor conference webinar to introduce unaudited financial results for the 12 months of 2018
28.02.2019	Interim information of AUGA group, AB for the 12-month period ended 31 December 2018
27.02.2019	AUGA group will hold an Investor Conference Webinar to introduce unaudited financial results for the 12 months of 2018