



AB Linas Agro Group
Consolidated unaudited
Financial Statements
For the 12 month period
of the financial year 2018/19

*Prepared according to
Additional Information Preparing And Presentation
Instructions issued by the Bank of Lithuania*



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | As at 30 June 2019 | As at 30 June 2018 |
|--|-------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 5 | 1,408 | 1,496 |
| Property, plant and equipment | 6 | 127,384 | 122,590 |
| Investment property | 7 | 1,058 | 1,316 |
| Animals and livestock | | 9,540 | 8,726 |
| Non-current financial assets | | | |
| Other investments and prepayments for financial assets | | 16 | 16 |
| Non-current receivables | | 1,232 | 1,841 |
| Total non-current financial assets | | 1,248 | 1,857 |
| Non-current prepayments | | 1,649 | 1,590 |
| Deferred income tax asset | | 4,194 | 2,803 |
| Total non-current assets | | 146,481 | 140,378 |
| Current assets | | | |
| Crops | | 14,222 | 12,856 |
| Livestock | | 2,548 | 2,312 |
| Inventories | | 89,540 | 95,873 |
| Current prepayments | | 6,748 | 12,206 |
| Accounts receivable | | | |
| Trade receivables | | 111,397 | 117,036 |
| Receivables from related parties | 12 | 12 | 255 |
| Income tax receivable | | 769 | 843 |
| Other accounts receivable | | 6,895 | 7,128 |
| Total accounts receivable | | 119,073 | 125,262 |
| Derivative financial instruments | | 37 | 70 |
| Other current financial assets | | 1,388 | 1,485 |
| Cash and cash equivalents | | 7,676 | 10,495 |
| Total current assets | | 241,232 | 260,559 |
| Total assets | | 387,713 | 400,937 |

(cont'd on the next page)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

| | Notes | As at 30 June 2019 | As at 30 June 2018 |
|--|-------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 1 | 46,093 | 46,093 |
| Share premium | | 23,038 | 23,038 |
| Own shares | | (448) | (453) |
| Legal reserve | | 3,611 | 3,419 |
| Reserve for own share | | 5,000 | – |
| Cash flow hedge reserve | | – | (40) |
| Share-based payment | | 872 | – |
| Foreign currency translation reserve | | (17) | (22) |
| Retained earnings | | 88,093 | 102,951 |
| Total equity attributable to equity holders of the parent | | 166,242 | 174,986 |
| Non-controlling interest | | 2,054 | 2,088 |
| Total equity | | 168,296 | 177,074 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Grants and subsidies | | 6,152 | 6,299 |
| Non-current borrowings | 8 | 21,018 | 27,180 |
| Finance lease obligations | | 2,455 | 1,172 |
| Deferred income tax liability | | 92 | 110 |
| Non-current employee benefits | | 650 | 442 |
| Total non-current liabilities | | 30,367 | 35,203 |
| Current liabilities | | | |
| Current portion of non-current borrowings | 8 | 10,738 | 6,835 |
| Current portion of finance lease obligations | | 875 | 559 |
| Current borrowings | 8 | 113,288 | 118,109 |
| Trade payables | | 42,242 | 39,079 |
| Payables to related parties | 12 | 242 | 1 |
| Income tax payable | | 39 | 103 |
| Derivative financial instruments | | 632 | 987 |
| Other current liabilities | | 20,994 | 22,987 |
| Total current liabilities | | 189,050 | 188,660 |
| Total equity and liabilities | | 387,713 | 400,937 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 30 June)

| | Notes | 2018/2019 12 month | 2017/2018 12 month |
|---|-------|-----------------------|-----------------------|
| Sales | 4 | 745,782 | 634,423 |
| Cost of sales | | (714,885) | (588,575) |
| Gross profit | | 30,897 | 45,848 |
| Operating (expenses) | 9 | (35,713) | (38,294) |
| Other income | 10 | 1,712 | 3,537 |
| Other (expenses) | | (1,937) | (1,494) |
| Operating profit (loss) | | (5,041) | 9,597 |
| Income from financing activities | | 635 | 503 |
| (Expenses) from financing activities | | (3,728) | (2,577) |
| Profit (loss) before tax | | (8,134) | 7,523 |
| Income tax | | 1,388 | 1,940 |
| Net profit (loss) | | (6,746) | 9,463 |
| Net profit (loss) attributable to: | | | |
| Equity holders of the parent | | (6,828) | 9,036 |
| Non-controlling interest | | 82 | 427 |
| | | (6,746) | 9,463 |
| Basic and diluted earnings per share (EUR) | | (0.04) | 0.06 |
| Net profit (loss) | | (6,746) | 9,463 |
| Other comprehensive income | | | |
| Net (loss)/gain on cash flow hedges | | 40 | 33 |
| Exchange differences on translation of foreign operations | | 5 | – |
| Share-based payment | | 872 | – |
| Total other comprehensive income, to be reclassified to profit or (loss) in subsequent periods | | 917 | 33 |
| Total comprehensive income, after tax | | (5,829) | 9,496 |
| Total comprehensive income attributable to: | | | |
| The shareholders of the Company | | (5,911) | 9,069 |
| Non-controlling interest | | 82 | 427 |
| | | (5,829) | 9,496 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 April to 30 June)

| | Notes | 2018/2019 4 Q | 2017/2018 4 Q |
|---|-------|------------------|------------------|
| Sales | | 219,433 | 184,994 |
| Cost of sales | | (212,819) | (170,900) |
| Gross profit | | 6,614 | 14,094 |
| Operating (expenses) | | (10,608) | (10,978) |
| Other income | | 200 | 1,371 |
| Other (expenses) | | (58) | (351) |
| Operating profit (loss) | | (3,852) | 4,136 |
| Income from financing activities | | 129 | 90 |
| (Expenses) from financing activities | | (818) | (619) |
| Profit (loss) before tax | | (4,541) | 3,607 |
| Income tax | | 1,287 | 1,220 |
| Net profit (loss) | | (3,254) | 4,827 |
| Net profit (loss) attributable to: | | | |
| Equity holders of the parent | | (3,273) | 4,852 |
| Non-controlling interest | | 19 | (25) |
| | | (3,254) | 4,827 |
| Basic and diluted earnings per share (EUR) | | (0.02) | 0.03 |
| Net profit (loss) | | (3,254) | 4,827 |
| Other comprehensive income | | | |
| Net (loss)/gain on cash flow hedges | | 40 | – |
| Exchange differences on translation of foreign operations | | 8 | – |
| Share-based payment | | 872 | – |
| Total other comprehensive income, to be reclassified to profit or loss in subsequent periods | | 920 | – |
| Total comprehensive income, after tax | | (2,334) | 4,827 |
| Total comprehensive income attributable to: | | | |
| The shareholders of the Company | | (2,353) | 4,852 |
| Non-controlling interest | | 19 | (25) |
| | | (2,334) | 4,827 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Equity attributable to equity holders of the parent | | | | | | | | | | | |
|---|---|---------------|--------------|---------------|---------------|-----------------------|----------------|--------------------------------------|-------------------|----------------|---------------------------|----------------|
| | Notes | Share capital | Own shares | Share premium | Legal reserve | Reserve for own share | Other reserves | Foreign currency translation reserve | Retained earnings | Subtotal | Non-control ling interest | Total |
| Balance as at 1 July 2017 | | 46,093 | (453) | 23,038 | 3,186 | – | (73) | (22) | 95,177 | 166,946 | 2,271 | 169,217 |
| Net profit for the year | | – | – | – | – | – | – | – | 9,036 | 9,036 | 427 | 9,463 |
| Other comprehensive income | | – | – | – | – | – | 33 | – | – | 33 | – | 33 |
| Total comprehensive income | | – | – | – | – | – | 33 | – | 9,036 | 9,069 | 427 | 9,496 |
| Declared dividends by company | | – | – | – | – | – | – | – | (1,202) | (1,202) | – | (1,202) |
| Reserves made | | – | – | – | 233 | – | – | – | (233) | – | – | – |
| Dividends declared by the subsidiaries | | – | – | – | – | – | – | – | – | – | (14) | (14) |
| Acquisition of minority interest | | – | – | – | – | – | – | – | 173 | 173 | (596) | (423) |
| Balance as at 30 June 2018 | | 46,093 | (453) | 23,038 | 3,419 | – | (40) | (22) | 102,951 | 174,986 | 2,088 | 177,074 |
| Balance as at 1 July 2018 | | 46,093 | (453) | 23,038 | 3,419 | – | (40) | (22) | 102,951 | 174,986 | 2,088 | 177,074 |
| Net profit (loss) for the year | | – | – | – | – | – | – | – | (6,828) | (6,828) | 82 | (6,746) |
| Share –based payment | | – | – | – | – | – | 872 | – | – | 872 | – | 872 |
| Other comprehensive income | | – | – | – | – | – | 40 | – | – | 40 | – | 40 |
| Exchange differences on translation of foreign operations | | – | – | – | – | – | – | 5 | – | 5 | – | 5 |
| Total comprehensive income | | – | – | – | – | – | 912 | 5 | (6,828) | (5,911) | 82 | (5,829) |
| Disposal of own shares | | – | 5 | – | – | – | – | – | (5) | – | – | – |
| Dividends declared by the subsidiaries | | – | – | – | – | – | – | – | – | – | (17) | (17) |
| Declared dividends by company | | – | – | – | – | – | – | – | (2,926) | (2,926) | – | (2,926) |
| Reserves made | | – | – | – | 192 | 5,000 | – | – | (5,192) | – | – | – |
| Acquisition of minority interest | | – | – | – | – | – | – | – | 93 | 93 | (99) | (6) |
| Balance as at 30 June 2019 | | 46,093 | (448) | 23,038 | 3,611 | 5,000 | 872 | (17) | 88,093 | 166,242 | 2,054 | 168,296 |

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CONSOLIDATED CASH FLOW STATEMENT

| | Notes | As at 30 June 2019 | As at 30 June 2018 |
|---|-------|-----------------------|-----------------------|
| Cash flows from (to) operating activities | | | |
| Net profit (loss) | | (6,746) | 9,463 |
| Adjustments for non-cash items: | | | |
| Depreciation and amortisation | | 10,154 | 11,203 |
| Subsidies amortisation | | (649) | (849) |
| (Gain) on disposal of property, plant and equipment | | (408) | (834) |
| Change in impairment of property, plant and equipment and investment property | | – | 493 |
| Change in allowance and write-offs for receivables and prepayments | | 167 | 1,255 |
| Inventories write down to net realisable value | | 71 | (405) |
| Change of provision for onerous contracts | | 1,014 | – |
| Change in accrued expenses | | (1,605) | 3,007 |
| Change in fair value of biological assets | | (2,180) | (1,391) |
| Change in deferred income tax | | (1,438) | (2,623) |
| Current income tax expenses | | 50 | 684 |
| Accrued share – based payment | | 1,080 | – |
| Expenses (income) from change in fair value of financial instruments | | 1,306 | (1,471) |
| Dividend (income) | | (4) | – |
| Interest (income) | | (635) | (503) |
| Interest expenses | | 3,727 | 2,577 |
| | | 3,904 | 29,609 |
| Changes in working capital: | | | |
| Decrease in biological assets | | 4 | 2,894 |
| Decrease (increase) in inventories | | 4,634 | (22,191) |
| Decrease (increase) in prepayments | | 5,393 | (1,598) |
| Decrease in trade and other accounts receivable | | 5,578 | (15,793) |
| Decrease (Increase) in restricted cash | | 600 | (710) |
| Increase (decrease) in trade and other accounts payable | | 4,255 | (1,401) |
| Income tax (paid) | | (471) | (1,824) |
| Net cash flows from (to) operating activities | | 23,897 | (20,014) |

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

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

| | Notes | As at 30 June 2019 | As at 30 June 2018 |
|--|-------|-----------------------|-----------------------|
| Cash flows from (to) investing activities | | | |
| (Acquisition) of intangible assets, property, plant and equipment and investment property | | (15,990) | (21,273) |
| Proceeds from sale of intangible assets, property, plant and equipment and investment property | | 1,984 | 2,917 |
| Loans (granted) | | (147) | (130) |
| Repayment of granted loans | | 160 | 430 |
| Interest received | | 635 | 503 |
| Dividend received | | 4 | – |
| Net cash flows from (to) investing activities | | (13,354) | (17,553) |
| Cash flows from (to) financing activities | | | |
| Proceeds from loans | | 109,711 | 61,956 |
| (Repayment) of loans | | (116,736) | (18,777) |
| Finance lease (payments) | | (1,358) | (788) |
| Grants received | | – | 990 |
| Interest (paid) | | (2,030) | (2,577) |
| Dividend (paid) to non-controlling shareholders | | (17) | (14) |
| Dividend (paid) | | (2,926) | (1,202) |
| Acquisition of non-controlling interest | | (6) | (423) |
| Net cash flows from (to) financing activities | | (13,362) | 39,165 |
| Net (decrease) increase in cash and cash equivalents | | (2,819) | 1,598 |
| Cash and cash equivalents at the beginning of the year | | 10,495 | 8,897 |
| Cash and cash equivalents at the end of the year | | 7,676 | 10,495 |
| Supplemental information of cash flows: | | | |
| Non-cash investing activity: | | | |
| Property, plant and equipment acquisitions financed by grants and subsidies | | 209 | – |
| Property, plant and equipment acquisitions financed by finance lease | | 1,312 | 884 |

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

As at 30 June 2019 and as at 30 June 2018 the shareholders of the Company were:

| | As at 30 June 2019 | | As at 30 June 2018 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Number of shares held | Percentage | Number of shares held | Percentage |
| Akola ApS (Denmark) | 109,909,167 | 69.15 % | 109,909,167 | 69.15 % |
| Darius Zubas | 17,049,995 | 10.73 % | 17,049,995 | 10.73 % |
| Tomas Pučkis | 4,785,295 | 3.01 % | 4,359,078 | 2.74 % |
| Swedbank AS (Estonia) clients | 4,048,735 | 2.55 % | 4,472,774 | 2.81 % |
| Other shareholders (private and institutional investors) | 23,147,206 | 14.56 % | 23,149,384 | 14.57 % |
| Total | 158,940,398 | 100.00 % | 158,940,398 | 100.00 % |

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each as at 30 June 2019 (EUR 0.29 each as at 30 June 2018) and were fully paid as at 30 June 2019 and as at 30 June 2018.

The Company holds 772,972 of its own shares, percentage 0.50%, as at 30 June 2019 (781,972 as at 30 June 2018). Subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2019 and as at 30 June 2018.

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

As at 30 June 2019 the number of employees of the Group was 2,113 (2,199 as at 30 June 2018).

No changes in share capital occurred during the years ending 30 June 2019 and 30 June 2018.

2. ACCOUNTING PRINCIPLES

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU), which include IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2017/2018 financial year.

3.GROUP STRUCTURE AND CHANGES IN THE GROUP

As at 30 June 2019 and as at 30 June 2018 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

| | Place of registration | Effective share of the stock held by the Group | | Main activities |
|--|-----------------------|--|--------------|---|
| | | 30 June 2019 | 30 June 2018 | |
| Investments into directly controlled subsidiaries | | | | |
| AB Linas Agro | Lithuania | 100% | 100% | Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs |
| UAB Linas Agro Konsultacijos | Lithuania | 100% | 100% | Management of the subsidiaries engaged in agriculture |
| UAB Dotnuva Baltic | Lithuania | 100% | 100% | Trade of machinery and equipment for warehousing of grains, certified seeds |
| UAB Linas Agro Grūdų Centras KŪB | Lithuania | 100% | 100% | Preparation and warehousing of grains for trade |
| UAB Jungtinė Ekspedicija | Lithuania | 100% | 100% | Expedition and ship's agency services |
| ŽŪB Landvesta 1 | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 2 | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 5 | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| Noreikiškių ŽŪB | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| UAB Lineliai | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| AS Putnu fabrika Kekava | Latvia | 97.11% | 97.09% | Broiler breeding, slaughtering and sale of products |
| SIA PFK Trader | Latvia | 97.11% | 97.09% | Retail trade of food production |
| SIA Lielzeltini | Latvia | 100% | 100% | Broiler breeding, slaughtering and sale of products, feedstuffs |
| SIA Cerova | Latvia | 100% | 100% | Egg incubation and chicken sale |
| SIA Broileks | Latvia | 100% | 100% | Chicken breeding and sale |
| SIA Erfolg Group (liquidated) | Latvia | – | 97.09% | Not operating company |
| UAB Kekava Foods LT | Lithuania | 97,11% | 97.09% | Retail trade of food production |
| Investments into indirectly controlled subsidiaries (through AB Linas Agro) | | | | |
| SIA Linas Agro | Latvia | 100% | 100% | Wholesale trade of grains and oilseeds, agricultural inputs |
| UAB Gerera | Lithuania | 100% | 100% | Not operating company |
| UAB Linas Agro Grūdų Centras | Lithuania | 100% | 100% | Management services |
| UAB Linas Agro Grūdų Centras KŪB | Lithuania | 100% | 100% | Preparation and warehousing of grains for trade |
| Linus Agro A/S (under liquidation) | Denmark | 100% | 100% | Not operating company |
| ŽŪB Landvesta 3 | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 4 | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 6 | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| LLC LINAS AGRO UKRAINE | Ukraine | 100% | – | Representative office |

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

| | Place of registration | Effective share of the stock held by the Group | | Main activities |
|---|-----------------------|--|--------------|---|
| | | 30 June 2019 | 30 June 2018 | |
| Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos) | | | | |
| ŽŪK KUPIŠKIO GRŪDAI | Lithuania | 99.13% | 98.96% | Preparation and warehousing of grains for trade |
| Biržai district Medeikių ŽŪB | Lithuania | 98.39% | 98.34% | Growing and sale of crops |
| Šakiai district Lukšių ŽŪB | Lithuania | 98.82% | 98.80% | Mixed agricultural activities |
| Panevėžys district Aukštadvario ŽŪB | Lithuania | 99.54% | 97.65% | Mixed agricultural activities |
| Sidabravo ŽŪB | Lithuania | 95.92% | 95.21% | Mixed agricultural activities |
| Kėdainiai district Labūnavos ŽŪB | Lithuania | 98.95% | 98.60% | Mixed agricultural activities |
| Užupės ŽŪB | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| UAB Paberžėlė | Lithuania | 100% | 100% | Rent and management of agricultural purposes land |
| Panevėžys district Žibartonių ŽŪB | Lithuania | 99.90% | 99.89% | Mixed agricultural activities |
| Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic) | | | | |
| SIA DOTNUVA BALTIC | Latvia | 100% | 100% | Trade of machinery and equipment for warehousing of grains, certified seeds |
| AS Dotnuva Baltic | Estonia | 100% | 100% | Trade of machinery and equipment for warehousing of grains, certified seeds |
| UAB Dotnuvos technika | Lithuania | 100% | 100% | Not operating company |
| Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB) | | | | |
| Karčemos kooperatinė bendrovė | Lithuania | 20%* | 20%* | Preparation and warehousing of grains for trade |
| SIA Linas Agro Graudu centrs | Latvia | 100% | 100% | Preparation and warehousing of grains for trade |
| SIA Paleo (liquidated) | Latvia | – | 100% | Warehousing activity |
| Investment into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB) | | | | |
| Karčemos kooperatinė bendrovė | Lithuania | 4.00%* | 4.00%* | Preparation and warehousing of grains for trade |

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

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

Changes in the Group during the 12 month period ended 30 June 2019

During 12 month period, ended 30 June 2019, the Company acquired 0.02% AS Putnu fabrika Kekava share capital for EUR 2 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 4 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

The Group acquired 0.71 % ŽŪB Sidabravo share capital for EUR 5 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 32 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

During 12 month period, ended 30 June 2019, the Group founded the share capital of LLC LINAS AGRO UKRAINE UAH 6,500 thousand (EUR 205 thousand).

During 12 month period, ended 30 June 2019, the Group reduced the share capital of ŽŪB Užupės by paying out EUR 140 thousand to shareholders.

During 12 month period, ended 30 June 2019, the Company increased the share capital of UAB Linas Agro Grūdų Centras KŪB by EUR 1,300 thousand, UAB Linas Agro Konsultacijos EUR 1,213 thousand, UAB Lineliai EUR 50 thousand, ŽŪB Noreikiškių EUR 30 thousand, ŽŪB Landvesta 5 EUR 45 thousand.

The Group increased the share capital of SIA Linas Agro by EUR 1,000 thousand, Panevėžys district Aukštadvario ŽŪB EUR 1,010 thousand, Kėdainiai district Labūnavos ŽŪB EUR 200 thousand, UAB Gerera EUR 30 thousand.

Changes in the Group during the year ended 30 June 2018

During 12 month period, ended 30 June 2018, the Company acquired 3.24% AS Putnu fabrika Kekava share capital for EUR 423 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 173 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

During 12 month period, ended 30 June 2018, the Company increased share capital of UAB Linas Agro Grūdų Centras KŪB, ŽŪB Landvesta 5, ŽŪB Noreikiškių, UAB Lineliai in amount EUR 2,000 thousand, EUR 35 thousand, EUR 70 thousand, EUR 80 thousand, respectively.

During the 12 month period, new company UAB Kekava Foods LT was established.

4. SEGMENT INFORMATION

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

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

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

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

4. SEGMENT INFORMATION (CONT'D)

| Group | Grain and feedstuff handling and merchandising | Products and services for farming | Agricultural production | Food products | Other products and services | Not attributed to any specified segment | Adjustments and elimina- tions | Total |
|--|--|---|----------------------------|------------------|--------------------------------------|--|--------------------------------------|----------------|
| Financial year ended 30 June 2019 | | | | | | | | |
| Revenue | | | | | | | | |
| Third parties | 507,783 | 140,553 | 20,648 | 77,029 | (231) | – | – | 745,782 |
| Intersegment | 5,521 | 8,180 | 8,741 | – | – | – | (22,442) ¹⁾ | – |
| Total revenue | 513,304 | 148,733 | 29,389 | 77,029 | (231) | – | (22,442)¹⁾ | 745,782 |
| Results | | | | | | | | |
| Operating expenses | (8,218) | (13,589) | (3,372) | (7,324) | 411 | (3,621) | – | (35,713) |
| Segment operating profit (loss) | (8,744) | 2,510 | 3,199 | 1,249 | 255 | (3,510) | – | (5,041) |

| Group | Grain and feedstuff handling and merchandising | Products and services for farming | Agricultural production | Food products | Other products and services | Not attributed to any specified segment | Adjustments and elimina- tions | Total |
|--|--|---|----------------------------|------------------|-----------------------------------|--|--------------------------------------|----------------|
| Financial year ended 30 June 2018 | | | | | | | | |
| Revenue | | | | | | | | |
| Third parties | 393,850 | 150,341 | 21,040 | 69,078 | 114 | – | – | 634,423 |
| Intersegment | 3,575 | 10,438 | 9,971 | – | – | – | (23,984) ¹⁾ | – |
| Total revenue | 397,425 | 160,779 | 31,011 | 69,078 | 114 | – | (23,984)¹⁾ | 634,423 |
| Results | | | | | | | | |
| Operating expenses | (8,637) | (13,920) | (3,414) | (5,352) | (188) | (6,782) | – | (38,293) |
| Segment operating profit (loss) | 3,984 | 5,657 | 3,146 | 3,904 | (92) | (7,001) | – | 9,598 |

1) Intersegment revenue is eliminated on consolidation.

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

| Revenue from external customers | 12 month period ended | |
|---|-----------------------|--------------------|
| | As at 30 June 2019 | As at 30 June 2018 |
| Lithuania | 219,707 | 162,626 |
| Europe (except for Scandinavian countries, CIS and Lithuania) | 239,332 | 208,194 |
| Scandinavian countries | 118,912 | 77,823 |
| Africa | 51,481 | 29,242 |
| Asia | 88,482 | 144,045 |
| CIS | 27,868 | 12,137 |
| Other | – | 356 |
| | 745,782 | 634,423 |

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

| Non-current assets | As at 30 June 2019 | As at 30 June 2018 |
|--------------------|--------------------|--------------------|
| Lithuania | 70,606 | 68,245 |
| Latvia | 58,305 | 55,957 |
| Estonia | 914 | 1,200 |
| Ukraine | 25 | – |
| | 129,850 | 125,402 |

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

5. INTANGIBLE ASSETS

| Group | Software | Other intangible assets | Provisional goodwill | Total |
|--|------------|-------------------------|----------------------|--------------|
| Cost: | | | | |
| Balance as at 30 June 2017 | 949 | 203 | 1,971 | 3,123 |
| Additions | 246 | 47 | – | 293 |
| Write-offs | (106) | (23) | – | (129) |
| Reclassifications | (50) | 50 | – | – |
| Balance as at 30 June 2018 | 1,039 | 277 | 1,971 | 3,287 |
| Additions | 51 | 4 | – | 55 |
| Write-offs | – | (16) | – | (16) |
| Balance as at 30 June 2019 | 1,090 | 265 | 1,971 | 3,326 |
| Accumulated amortization: | | | | |
| Balance as at 30 June 2017 | 612 | 59 | – | 671 |
| Charge for the year | 100 | 18 | – | 118 |
| Write-offs | (106) | (13) | – | (119) |
| Reclassifications | (25) | 25 | – | – |
| Balance as at 30 June 2018 | 581 | 89 | – | 670 |
| Charge for the year | 107 | 30 | – | 137 |
| Write-offs | – | (10) | – | (10) |
| Balance as at 30 June 2019 | 688 | 109 | – | 797 |
| Impairment losses: | | | | |
| Balance as at 30 June 2017 | – | – | 1,121 | 1,121 |
| Balance as at 30 June 2018 | – | – | 1,121 | 1,121 |
| Balance as at 30 June 2019 | – | – | 1,121 | 1,121 |
| Net book value as at 30 June 2019 | 402 | 156 | 850 | 1,408 |
| Net book value as at 30 June 2018 | 458 | 188 | 850 | 1,496 |
| Net book value as at 30 June 2017 | 337 | 144 | 850 | 1,331 |

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

6. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings and structures | Machinery and equipment | Vehicles | Other property, plant and equipment | Construction in progress and prepayments | Total |
|--|---------------|--------------------------|-------------------------|--------------|-------------------------------------|--|----------------|
| Cost: | | | | | | | |
| Balance as at 30 June 2017 | 17,230 | 89,643 | 52,131 | 5,433 | 5,562 | 8,061 | 178,060 |
| Additions | 2,219 | 30 | 3,327 | 723 | 407 | 12,728 | 19,434 |
| Disposals and write-offs | (271) | (1,864) | (3,425) | (979) | (1,225) | (367) | (8,131) |
| Transfers from investment property | 302 | – | – | – | – | – | 302 |
| Transfers to investment property | (219) | – | – | – | – | – | (219) |
| Reclassifications | 107 | 8,518 | 1,830 | 157 | 68 | (10,680) | – |
| Balance as at 30 June 2018 | 19,368 | 96,327 | 53,863 | 5,334 | 4,812 | 9,742 | 189,446 |
| Additions | 2,009 | 1,304 | 3,487 | 486 | 204 | 9,510 | 17,000 |
| Disposals and write-offs | (10) | (1,624) | (2,135) | (609) | (266) | – | (4,644) |
| Transfers from investment property | 179 | – | – | – | – | – | 179 |
| Reclassifications | 10 | 10,405 | 3,155 | 382 | 346 | (14,298) | – |
| Balance as at 30 June 2019 | 21,556 | 106,412 | 58,370 | 5,593 | 5,096 | 4,954 | 201,981 |
| Accumulated depreciation: | | | | | | | |
| Balance as at 30 June 2017 | 37 | 30,480 | 22,440 | 3,170 | 3,578 | – | 59,705 |
| Charge for the year | 46 | 5,770 | 4,544 | 706 | 734 | – | 11,800 |
| Disposals and write-offs | (1) | (788) | (2,833) | (903) | (1,025) | – | (5,550) |
| Transfers to investment property | (1) | – | – | – | – | – | (1) |
| Reclassifications | – | – | – | 128 | (128) | – | – |
| Balance as at 30 June 2018 | 81 | 35,462 | 24,151 | 3,101 | 3,159 | – | 65,954 |
| Charge for the year | 48 | 5,136 | 4,083 | 515 | 521 | – | 10,303 |
| Disposals and write-offs | – | (291) | (1,456) | (533) | (251) | – | (2,531) |
| Reclassifications | – | – | 5 | – | (5) | – | – |
| Balance as at 30 June 2019 | 129 | 40,307 | 26,783 | 3,083 | 3,424 | – | 73,726 |
| Impairment losses: | | | | | | | |
| Balance as at 30 June 2017 | – | 399 | 10 | – | – | – | 409 |
| Charge for the year | – | 297 | 154 | – | 42 | – | 493 |
| Balance as at 30 June 2018 | – | 696 | 164 | – | 42 | – | 902 |
| Disposals and write-offs | – | (29) | (1) | – | – | – | (30) |
| Balance as at 30 June 2019 | – | 667 | 163 | – | 42 | – | 872 |
| Net book value as at 30 June 2019 | 21,427 | 65,438 | 31,424 | 2,510 | 1,630 | 4,954 | 127,383 |
| Net book value as at 30 June 2018 | 19,287 | 60,169 | 29,548 | 2,233 | 1,611 | 9,742 | 122,590 |
| Net book value as at 30 June 2017 | 17,193 | 58,764 | 29,681 | 2,263 | 1,984 | 8,061 | 117,946 |

7. INVESTMENT PROPERTY

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

| Cost: | Land | Buildings | Total |
|--|--------------|------------------|--------------|
| Balance as at 30 June 2017 | 1,376 | 131 | 1,507 |
| Transfers to property, plant and equipment | (302) | – | (302) |
| Transfers from property, plant and equipment | 219 | – | 219 |
| Balance as at 30 June 2018 | 1,293 | 131 | 1,424 |
| Disposals and write-offs | (75) | (7) | (82) |
| Transfers to property, plant and equipment | (179) | – | (179) |
| Balance as at 30 June 2019 | 1,039 | 124 | 1,163 |
| Accumulated depreciation: | | | |
| Balance as at 30 June 2017 | – | 48 | 48 |
| Charge for the year | 1 | 7 | 8 |
| Transfers from property, plant and equipment | 1 | – | 1 |
| Balance as at 30 June 2018 | 2 | 55 | 57 |
| Charge for the year | 1 | 3 | 4 |
| Disposals and write-offs | – | (7) | (7) |
| Balance as at 30 June 2019 | 3 | 51 | 54 |
| Impairment losses: | | | |
| Balance as at 30 June 2017 | 51 | – | 51 |
| Balance as at 30 June 2018 | 51 | – | 51 |
| Balance as at 30 June 2019 | 51 | – | 51 |
| Net book value as at 30 June 2019 | 985 | 73 | 1,058 |
| Net book value as at 30 June 2018 | 1,240 | 76 | 1,316 |
| Net book value as at 30 June 2017 | 1,325 | 83 | 1,408 |

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

8. BORROWINGS

| | As at 30 June 2019 | As at 30 June 2018 |
|---|-----------------------|-----------------------|
| Non-current borrowings | | |
| Bank borrowings secured by the Group assets | 21,018 | 27,171 |
| Other non-current borrowings | – | 9 |
| | 21,018 | 27,180 |
| Current borrowings | | |
| Current portion of non-current bank borrowings | 10,738 | 6,835 |
| Current bank borrowings secured by the Group assets | 112,613 | 117,110 |
| Other current borrowings | 675 | 999 |
| | 124,026 | 124,944 |
| | 145,044 | 152,124 |

Interest payable is normally settled monthly throughout the financial year.

9. OPERATING EXPENSES

| | 2018/2019 12 month | 2017/2018 12 month |
|--|-----------------------|-----------------------|
| Wages and salaries and social security | (23,025) | (23,474) |
| Consulting expenses | (762) | (715) |
| Depreciation and amortization | (794) | (1,733) |
| Other | (11,132) | (12,372) |
| | (35,713) | (38,294) |

10. OTHER INCOME (EXPENSES)

| | 2018/2019 12 month | 2017/2018 12 month |
|--|-----------------------|-----------------------|
| Other income | | |
| Gain from currency exchange | 33 | 443 |
| Rental income from investment property and property, plant and equipment | 205 | 242 |
| Gain from disposal of investment property and property, plant and equipment | 976 | 934 |
| Dividend income | 4 | – |
| Change in fair value of currency financial instruments | 319 | 1,648 |
| Other income | 175 | 270 |
| | 1,712 | 3,537 |
| Other (expenses) | | |
| Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment | (376) | (433) |
| Loss from disposal of property, plant and equipment | (568) | (100) |
| Change in fair value of currency financial instruments | (722) | (667) |
| Other expenses | (271) | (294) |
| | (1,937) | (1,494) |

11. COMMITMENTS AND CONTINGENCIES

As at 30 June 2019 the Group is committed to purchase property, plant and equipment for the total amount of EUR 1,875 thousand (EUR 4,168 thousand as at 30 June 2018).

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

Panevėžys district Aukštadvario ŽŪB, Kėdainių district Labūnavos ŽŪB, Sidabravo ŽŪB, Panevėžys district Žibartonių ŽŪB are committed not to discontinue operations related to agricultural up to the end of 2021, 2022, Šakiai district Lukšių ŽŪB – up to 2020 and 2021. UAB Linas Agro Grūdų Centras KŪB received grants from the European Union and National Paying Agency (Lithuania) for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2020 and 2021.

SIA Lielzeltini and AS Putnu fabrika Kekava received grants from the European Union and Rural Support Service (Latvia) for poultry farm, feedstuffs production and storages upgrade. SIA Lielzeltini is committed not to discontinue broiler breeding, slaughtering and sale of products, feedstuffs up to 2020, AS Putnu fabrika Kekava – up to the end 2020, 2022 and 2023.

In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania and Latvia amounting to EUR 2,504 thousand as at 30 June 2019 (EUR 3,080 thousand as at 30 June 2018).

In August 2018 the Group company AB Linas Agro received a ruling from the Customs of the Republic of Lithuania (hereafter – Customs) stating that Customs made additional calculation for the calendar year 2016 – 2017. The decision increased the taxes in EUR 644 thousand for fertilizers import in mentioned period. The AB Linas Agro management estimate the possibility to pay the taxes is 50 % and recognized as accruals in EUR 322 thousand amount and deferred tax asset in EUR 48 thousand as at 30 June 2019 and 30 June 2018. The AB Linas Agro management does not concur with Customs assessment and the decision is appealed.

12. RELATED PARTIES TRANSACTIONS

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

The related parties of the Company and Group for the years ended 30 June 2019 and 30 June 2018 were as follows:

Members of the board of the Company:

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

Subsidiaries: List provided in Note 3.

Akola ApS group companies:

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

UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company).
 Lobiu Sala AS (Sweden) (Jonas Bakšys is the Member of Board of this company).
 Vividum UAB (Lithuania) (Jonas Bakšys joint community property with spouse together).

The Group's transactions with related parties in 12 month period ended 30 June 2019 were as follows:

2019 4 Q

| | Purchases | Sales | Receivables | | Non-current loans receivable | Payables | Payments received in advance |
|--------------------------------|-----------|--------|----------------------|---------------------|---------------------------------|----------|------------------------------------|
| | | | Trade receivables | Other receivable | | | |
| Akola ApS group companies | 1,000 | 19,544 | 12 | – | – | 242 | 1,345 |
| Members of management board | – | – | – | – | – | – | – |

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

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

Terms and conditions of the financial assets and liabilities:

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

The Group's receivables from related parties were nor due neither impaired as at 30 June 2019 and 30 June 2018.

13. SUBSEQUENT EVENTS

On 28 August 2019 the Company signed the overdraft limit agreement with OP Corporate Bank plc Lithuanian branch. The total overdraft limit is EUR 6,5 million.

On 29 July 2019 the Company increased share capital of its subsidiaries UAB Lineliai by EUR 30 thousand and Noreikiškių ŽŪB by EUR 35 thousands.