

AB LINAS AGRO GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 12 MONTH PERIOD

OF THE YEAR 2013/2014

(UNAUDITED)



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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 30 June 2014	As of 30 June 2013
ASSETS			
Non-current assets			
Intangible assets	5	1,265	1,002
Property, plant and equipment	6	352,142	196,203
Investment property	7	5,384	11,927
Animals and livestock		29,554	19,471
Non-current financial assets			
Other investments	8	170	9,106
Non-current receivables		5,522	3,233
Non-current receivables from related parties	13	(141)	2,540
Total non-current financial assets		5,551	14,879
Deferred income tax asset		5,814	5,845
Total non-current assets		399,710	249,327
Current assets			
Crops		49,094	40,946
Inventories		234,448	168,116
Prepayments		17,403	9,009
Accounts receivable			
Trade receivables		304,248	273,160
Receivables from related parties	13	914	15,515
Income tax receivable		4,873	336
Other accounts receivable		23,759	28,536
Total accounts receivable		333,794	317,547
Other current assets		1,381	2,202
Cash and cash equivalents		30,451	34,240
Total current assets		666,571	572,060
Total assets		1,066,281	821,387

(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 of 30 June 2014	As of 30 June 2013
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	158,940	158,940
Share premium	1	79,545	79,545
Legal reserve		8,148	7,851
Reserve for own shares		6,300	1,600
Own shares		(1,581)	(1,581)
Foreign currency translation reserve		(200)	(138)
Retained earnings		256,452	190,905
Total equity attributable to equity holders of the parent		507,604	437,122
Non-controlling interest		9,441	3,374
Total equity		517,045	440,496
Liabilities			
Non-current liabilities			
Grants and subsidies		25,442	14,360
Non-current borrowings	9	96,644	31,885
Finance lease obligations		5,235	5,390
Trade payables		1,122	648
Deferred income tax liability		5,036	2,341
Other non-current liabilities		671	584
Total non-current liabilities		134,177	55,208
Current liabilities			
Current portion of non-current borrowings	9, 13	28,076	19,935
Current portion of finance lease obligations		2,676	2,445
Current borrowings	9	212,843	146,634
Trade payables		111,306	96,053
Payables to related parties	13	7,458	3,201
Income tax payable		1,565	6,250
Derivative financial instruments		–	2,790
Other current liabilities		51,135	48,375
Total current liabilities		415,059	325,683
Total equity and liabilities		1,066,281	821,387

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	2013/2014 12 month	2012/2013 12 month
Sales	4	2,019,482	2,043,140
Cost of sales		(1,869,496)	(1,884,893)
Gross profit		149,986	158,247
Operating (expenses)	10	(104,545)	(79,560)
Other income	11	49,803	29,250
Other (expenses)	11	(1,236)	(3,878)
Operating profit		94,008	104,059
Income from financing activities		2,595	1,691
(Expenses) from financing activities		(9,601)	(8,753)
Share of profit of associates		–	72
Share of profit of joint ventures		–	4,036
Profit before tax		87,002	101,105
Income tax		(2,657)	(10,607)
Net profit		84,345	90,498
Attributable to:			
Equity holders of the parent		75,635	90,250
Non-controlling interest		8,710	248
		84,345	90,498
Basic and diluted earnings per share (LTL)		0.53	0.57
Net profit		84,345	90,498
Other comprehensive income			
Exchange differences on translation of foreign operations		(62)	(94)
Net (loss) of own shares disposal		–	–
Total comprehensive income		84,283	90,404
Attributable to:			
Equity holders of the parent		75,573	90,156
Non-controlling interest		8,710	248
		84,283	90,404

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 January to 31 March)

	Notes	2013/2014 4 Q	2012/2013 4 Q
Sales	4	438,568	385,364
Cost of sales		(386,786)	(350,760)
Gross profit		51,782	34,604
Operating (expenses)	10	(33,085)	(23,279)
Other income	11	19,720	(1,972)
Other (expenses)	11	441	(3,194)
Operating profit		38,858	6,159
Income from financing activities		690	73
(Expenses) from financing activities		(2,340)	(1,632)
Share of profit of associates		–	–
Share of profit of joint ventures		–	(57)
Profit before tax		37,208	4,543
Income tax		(1,358)	(99)
Net profit		35,850	4,444
Attributable to:			
Equity holders of the parent		35,274	3,797
Non-controlling interest		576	647
		35,850	4,444
Basic and diluted earnings per share (LTL)		0.22	0.03
Net profit		35,850	4,444
Other comprehensive income			
Exchange differences on translation of foreign operations		(6)	4
Total comprehensive income		35,844	4,448
Attributable to:			
Equity holders of the parent		35,268	3,801
Non-controlling interest		576	647
		35,844	4,448

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 shares	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as of 1 July 2012	158,940	–	79,545	4,401	1,600	(44)	106,809	351,251	4,805	356,056
Net profit for the year	–	–	–	–	–	–	90,250	90,250	248	90,498
Other comprehensive income	–	4	–	–	–	(94)	–	(94)	–	(94)
Total comprehensive income	–	–	–	–	–	(94)	90,250	90,156	248	90,404
Acquisition of minority interest	–	–	–	–	–	–	–	–	581	581
Declared dividends by Company	–	–	–	–	–	–	(4,500)	(4,500)	–	(4,500)
Declared dividends	–	–	–	–	–	–	–	–	(36)	(36)
Reserves made	–	–	–	3,450	–	–	(3,450)	–	–	–
Acquisition/disposal of own shares	–	(1,581)	–	–	–	–	(4)	(1,585)	–	(1,585)
Acquisition of minority interest	–	–	–	–	–	–	1,800	1,800	(2,224)	(424)
Balance as of 30 June 2013	158,940	(1,581)	79,545	7,851	1,600	(138)	190,905	437,122	3,374	440,496
Balance as of 1 July 2013	158,940	(1,581)	79,545	7,851	1,600	(138)	190,905	437,122	3,374	440,496
Net profit for the year	–	–	–	–	–	–	75,635	75,635	8,710	84,345
Other comprehensive income	–	–	–	–	–	(62)	–	(62)	–	(62)
Total comprehensive income	–	–	–	–	–	(62)	75,635	75,573	8,710	84,283
Acquisition of minority interest	–	–	–	–	–	–	–	–	9,089	9,089
Declared dividends by Company	–	–	–	–	–	–	(5,994)	(5,994)	–	(5,994)
Declared dividends	–	–	–	–	–	–	–	–	(127)	(127)
Reserves made	–	–	–	297	4,700	–	(4,997)	–	–	–
Acquisition of minority interest	–	–	–	–	–	–	903	903	(11,605)	(10,702)
Balance as of 30 June 2014	158,940	(1,581)	79,545	8,148	6,300	(200)	256,452	507,604	9,441	517,045

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



CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2013/2014 12 month	2012/2013 12 month
Cash flows from (to) operating activities			
Net profit (loss)		84,345	90,498
Adjustments for non-cash items:			
Depreciation and amortization		28,937	19,174
Subsidies amortization		(2,490)	(1,802)
Share of profit of associates and joint ventures		–	(4,108)
(Gain) on disposal of property, plant and equipment		(1,188)	(670)
Change in impairment of property, plant and equipment		161	(97)
(Gain) from acquisition of subsidiary	3	(26,192)	(25,465)
Gain) on disposal of subsidiary		(5,587)	–
(Gain) on disposal of other investments		–	(34)
Change in accrued expenses		3,504	7,952
Inventories write down to net realizable value		59	215
Change in allowance for receivables and prepayments		9,248	3,720
Change in fair value of biological assets		1,284	(4,982)
Liabilities write down		(14,142)	–
Change in deferred income tax		(600)	40
Current income tax expenses		6,100	10,568
Expenses (income) from change in fair value of financial instruments		(3,440)	1,096
Change of provision for onerous contracts		(56)	56
Dividend (income)		(434)	(155)
Interest (income)		(2,595)	(1,691)
Interest expenses		9,601	8,753
		86,515	103,068
Changes in working capital:			
Decrease in biological assets		(188)	10,138
(Increase) in inventories		(34,623)	24,523
Decrease in prepayments		(5,068)	9,469
(Increase) in trade and other accounts receivable		10,832	(20,521)
(Increase) in restricted cash		30	1,912
(Decrease) in trade and other accounts payable		(122,102)	(5,277)
Income tax (paid)		(9,894)	(15,613)
Net cash flows from (to) operating activities		(74,498)	107,699

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



CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	Notes	2013/2014 12 month	2012/2013 12 month
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(24,087)	(28,941)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		4,735	3,625
Acquisition of subsidiaries (less received cash balance in the Group)	3	(37,588)	(48,679)
Proceeds from disposals of held to maturity financial assets		–	38,099
Proceeds from disposals of subsidiary		4,532	–
Prepayments for financial assets		–	(7,373)
Loans (granted)		(18,152)	(15,660)
Repayment of granted loans		14,550	18,616
Interest received		528	2,263
Dividend received		434	155
Net cash flows (to) investing activities		(55,048)	(37,895)
Cash flows from (to) financing activities			
Proceeds from loans		326,158	101,054
(Repayment) of loans		(181,058)	(174,813)
Acquisition of own shares		–	(1,581)
Finance lease (payments)		(4,033)	(2,531)
Interest (paid)		(8,783)	(7,501)
Dividends (paid) to non-controlling shareholders		(127)	(36)
Dividend (paid)		(5,994)	(4,500)
Acquisition of non-controlling interest		(406)	(424)
Net cash flows from (to) financing activities		125,757	(90,332)
Net increase (decrease) in cash and cash equivalents		(3,789)	(20,528)
Cash and cash equivalents at the beginning of the year		34,240	54,768
Cash and cash equivalents at the end of the year		30,451	34,240
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by finance lease		2,822	5,054
Property, plant and equipment acquisitions financed by grants and subsidies		2,253	4,804
Unpaid acquisition of financial assets		5,213	1,500

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 of 30 June 2014 and as of 30 June 2013 the shareholders of the Company were:

	As of 30 June 2014	
	Number of shares held	Percentage
Akola ApS (Denmark)	88,984,443	55.99%
Darius Zubas	17,049,995	10.73%
SEB AS OMNIBUS (Luxembourg) clients	12,866,897	8.10%
Swedbank AS (Estonia) clients	10,404,440	6.55%
Other shareholders (private and institutional investors)	29,634,623	18.63%
Total	158,940,398	100.00%

	As of 30 June 2013	
	Number of shares held	Percentage
Akola ApS (Denmark)	87,784,443	55.23%
Darius Zubas	17,049,995	10.73%
Skandinaviska Enskilda Banken AB (Sweden)	15,131,697	9.52%
Swedbank AS (Estonia) clients	9,824,712	6.18%
Other shareholders (private and institutional investors)	29,149,551	18.34%
Total	158,940,398	100.00%

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 30 June 2014 (LTL 1 each as of 30 June 2013) and were fully paid as of 30 June 2014 and as of 30 June 2013.

The Company holds 790,972 of its own shares, percentage 0.50%, as at 30 June 2014 and as at 30 June 2013. Subsidiaries and other related companies did not hold any shares of the Company as of 30 June 2014 and as of 30 June 2013.

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 of 30 June 2014 the number of employees of the Group was 2,269 (1,039 as of 30 June 2013).

Changes in share capital during the year ended 30 June 2013

No changes in share capital occurred during the year ending 30 June 2013.

Changes in share capital during the year ended 30 June 2014

No changes in share capital occurred during the year ending 30 June 2014.





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 2012/2013 financial year.

3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As of 30 June 2014 and as of 30 June 2013 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 2014	30 June 2013	
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 Dotnuvos Projektai	Lithuania	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	–	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	–	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	–	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	–	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	84,36%	–	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	84,36%	–	Retail trade of food production
SIA Lielzeltini	Latvia	100%	–	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	–	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	–	Chicken breeding and sale
Investments into indirectly controlled subsidiaries (through AB Linas Agro)				
SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linus Agro A/S	Denmark	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	–	100%	Manufacturing of lignin
UAB Fossio	Lithuania	100%	–	Manufacturing of lignin
ŽŪB Landvesta 3	Lithuania	100%	–	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	–	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100%	–	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100%	–	Rent and management of agricultural purposes land





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

Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)

ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.28%	97.72%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.39%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.82%	98.82%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	96.92%	96.92%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	93.40%	87.23%	Mixed agricultural activities
Kėdianiai district Labūnavos ŽŪB	Lithuania	98.64%	98.64%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	Growing and sale of crops
UAB Paberžėlė	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Žemės ūkio investicijos	Lithuania	100%	–	Management services
Panevėžys district Žibartonių ŽŪB	Lithuania	99.80%	–	Mixed agricultural activities

Investments into indirectly controlled subsidiaries (through UAB Dotnuvos Projektai)

SIA DOTNUVOS PROJEKTAI	Latvia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuvos Projektai	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

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

Karčemos kooperatinė bendrovė	Lithuania	19.96%*	–	Preparation and warehousing of grains for trade
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*The Group indirectly controls 39.96% of shares of Karčemos kooperatinė bendrovė, however, the Group has control over this entity and, therefore, it has been consolidated when preparing these financial statements.

Changes in the Group during the 12 month period ended 30 June 2014

On 5 September 2013 the Group acquired 100% shares of UAB Žemės ūkio investicijos for LTL 18,593 thousand. After the share acquisition the Group directly controls 100% of the investee. The only unaudited financial information on the acquired subsidiary as at 31 August 2013 is available as at the date of the release of these financial statements and is presented below. UAB Žemės ūkio investicijos is consolidated to the Group from 1 September 2013. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date	31 August 2013
Property, plant and equipment, intangible assets and investment property	18,493
Animals and livestock	7,024
Crops	2,594
Inventories	9,420
Prepayments and other current assets	2,271
Cash and cash equivalents	268
Total assets	40,070



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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

Deferred tax liability	(604)
Grants and subsidies	(556)
Non-current borrowings	(2,919)
Current borrowings	(1,814)
Trade payables	(4,274)
Other liabilities	(1,412)
Total liabilities	(11,579)
Total identifiable net assets at fair value	28,491
Non-controlling interest measured at the proportionate share of net assets at fair value	(349)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11)	9,540
Total purchase consideration	18,602
Cash consideration transferred	13,389
Less: cash acquired	(268)
Total purchase consideration, net of cash acquired	13,121

The bargain purchase resulted due to the former shareholders' approach to the business from the book value point of view rather than fair value of total identifiable net assets.

On 28 October 2013 the Group acquired 86.97% shares of AS Putnu Fabrika Kekava for LTL 7,350 thousand. On 7 November 2013 according to restructuring plan share capital of AS Putnu Fabrika Kekava was increased by capitalization of payable amounts.

AB Linas Agro Group didn't participate in the increasing of share capital, part of the shares owned by AB Linas Agro Group decreased from 86.97% to 54.59%. The net assets at balance value on 31 October 2013 are calculated including the payable amounts of capitalization and AB Linas Agro Group controls 54.59% of shares as *de facto*.

The only unaudited financial information on the acquired subsidiary as at 31 October 2013 is available as at the date of the release of these financial statements and is presented below. AS Putnu Fabrika Kekava is consolidated to the Group from 1 November 2013. Differences between the purchase consideration at balance values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date	31 October 2013
Property, plant and equipment	83,144
Poultry	6,068
Inventories	8,521
Prepayments and other current assets	7,013
Cash and cash equivalents	577
Total assets	105,323
Deferred tax liability	(2,292)
Grants and subsidies	(7,701)
Non-current borrowings	(7,116)
Other non-current liabilities	(4,723)
Current borrowings	(35,913)
Trade payables	(16,650)
Other liabilities	(15,871)
Total liabilities	(90,266)
Total identifiable net assets at balance value	15,057



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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

Non-controlling interest measured at the proportionate share of net assets at fair value	(6,837)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11)	870
Total purchase consideration	7,350
Cash consideration transferred	2,516
Less: cash acquired	(577)
Total purchase consideration, net of cash acquired	1,939

On 7 February 2014 the Group acquired 100% shares of SIA Lielzeltini for LTL 20,213 thousand. The only unaudited financial information on the acquired subsidiary as at 31 January 2014 is available as at the date of the release of these financial statements and is presented below. SIA Lielzeltini is consolidated to the Group from 1 February 2014. Differences between the purchase consideration at balance values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date	31 January 2014
Property, plant and equipment	45,791
Financial assets	12,891
Poultry	1,669
Inventories	10,902
Prepayments and other current assets	16,840
Cash and cash equivalents	1,214
Total assets	89,307
Deferred tax liability	(276)
Grants and subsidies	(2,657)
Non-current borrowings	(36,899)
Current borrowings	(2,834)
Trade payables	(9,990)
Other liabilities	(2,357)
Total liabilities	(55,013)
Total identifiable net assets at balance value	34,294
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11)	14,081
Total purchase consideration	20,213
Purchase consideration	20,213
Less: cash acquired	(1,214)
Total purchase consideration, net of cash acquired	18,999

On 7 February 2014 the Group acquired 100% shares of SIA Cerova for LTL 2,728 thousand. The only unaudited financial information on the acquired subsidiary as at 31 January 2014 is available as at the date of the release of these financial statements and is presented below. SIA Cerova is consolidated to the Group from 1 February 2014. Differences between the purchase consideration at balance values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date	31 January 2014
Property, plant and equipment	3,510
Inventories	415
Prepayments and other current assets	3,209
Cash and cash equivalents	46
Total assets	7,180
Deferred tax liability	(33)
Grants and subsidies	(477)
Non-current borrowings	(2,110)
Other non-current liabilities	(27)
Trade payables	(36)



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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

Other liabilities	(340)
Total liabilities	(3,023)
Total identifiable net assets at balance value	4,157
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11)	1,429
Total purchase consideration	2,728
Purchase consideration	2,728
Less: cash acquired	(46)
Total purchase consideration, net of cash acquired	2,682

On 7 February 2014 the Group acquired 100% shares of SIA Broileks for LTL 162 thousand. The only unaudited financial information on the acquired subsidiary as at 31 January 2014 is available as at the date of the release of these financial statements and is presented below. SIA Broileks is consolidated to the Group from 1 February 2014. Differences between the purchase consideration at balance values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date	31 January 2014
Property, plant and equipment	1,450
Inventories	121
Prepayments and other current assets	519
Cash and cash equivalents	6
Total assets	2,096
Grants and subsidies	(582)
Non-current borrowings	(151)
Current borrowings	(365)
Trade payables	(521)
Other liabilities	(31)
Total liabilities	(1,650)
Total identifiable net assets at balance value	446
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11)	284
Total purchase consideration	162
Purchase consideration	162
Less: cash acquired	(6)
Total purchase consideration, net of cash acquired	156

During the 12 month period, ended 30 June 2014, the Group acquired 6.17% Sidabravo ŽŪB share capital for LTL 160 thousand, 1.1% Panevėžys district Žibartonių ŽŪB share capital for LTL 44 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 1,103 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

Acquisition off non-controlling interest in Sidabravo ŽŪB and Panevėžys district Žibartonių ŽŪB have resulted in an increase of the effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 0.56% up to 98.28%, and an increase of the effective Group ownership of Karčemos kooperatinė bendrovė by 0.20% up to 39.96% as at 30 June 2014 with a result of LTL 23 thousand of gain accounted directly in equity.

Acquisition of SIA Lielzeltini have resulted in an increase of the effective Group ownership of AS Putnu Fabrika Kekava by 29.77% up to 84.36% as at 30 June 2014 with a result of LTL 10,479 thousand of gain accounted directly in equity.

On 9 January 2014 the Group separated UAB Lignineko to 2 companies: UAB Lignineko and UAB Fossio.



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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

On 30 April 2014 the Group sold all shares of UAB Lignineko. Differences between the sales consideration and the net assets disposed at the disposal date is the following:

	30 April 2014
Non-current assets	1,818
Current assets	980
Liabilities	(3,835)
Other liabilities	(31)
Net asset of subsidiary sold by Group	(1,037)
Sales price (received in cash)	4,550
Gain recognized on disposal of subsidiary, recognised under Other income (Note 11)	5,587
Less: cash disposed in subsidiary	(18)
Sell price less cash disposed	4,532

Changes in the Group during the year ended 30 June 2013

On 13 July 2012 the Group acquired 98.55% shares of Kėdainiai district Labūnavos ŽŪB for LTL 22,545 thousand from previous owners to further expand business activities. After the share acquisition the Group directly controls 98.64% of the investee. Fair value of previously held equity interest is immaterial, therefore not taken into consideration. As at acquisition date Labūnavos ŽŪB did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represent its fair value. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Property, plant and equipment, intangible assets and investment property	24,288
Animals and livestock	5,718
Crops	9,456
Inventories	2,770
Prepayments and other current assets	2,058
Cash and cash equivalents	3,067
Total assets	47,357
Deferred tax liability	(870)
Grants and subsidies	(1,315)
Trade payables	(1,326)
Other liabilities	(1,110)
Total liabilities	(4,621)
Total identifiable net assets at fair value	42,736
Non-controlling interest measured at the proportionate share of net assets at fair value	(581)
Gain recognized on acquisition of subsidiary, recognised under Other income	19,608
Total purchase consideration	22,547
Cash consideration transferred	22,547
Less: cash acquired	(3,067)
Total cash consideration transferred, net of cash acquired	19,480

Kėdainiai district Labūnavos ŽŪB revenue and profit or loss since acquisition date were:

	Since acquisition date
Revenue	17,978
Profit (loss)	(346)

The bargain purchase resulted due to the former shareholders' approach to the business from the book value point of view rather than fair value of total identifiable net assets. In addition, the ownership of Kėdainiai district Labūnavos ŽŪB was dispersed into large number of small interests before acquisition what resulted in more favourable transaction for the buyer.



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

Changes in the Group during the year ended 30 June 2013 (cont'd)

On 11 October 2012 the Company acquired 50% shares of UAB Dotnuvos Projektai for 32,000 thousand to further expand business activities, and increased its ownership interest from 50% to 100%. Before this acquisition the Company had 50% of UAB Dotnuvos Projektai (joint-venture) and accounted for this investment using the equity method in the consolidated financial statements. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Property, plant and equipment, intangible assets and investment property	38,977
Other non-current assets	9,225
Inventories	58,675
Prepayments and other current assets	73,413
Cash and cash equivalents	2,976
Total assets	183,266
Non-current liabilities	(6,851)
Grants and subsidies	(885)
Deferred tax liability	(999)
Current borrowings	(41,027)
Trade payables	(38,740)
Other liabilities	(22,409)
Total liabilities	(110,911)
Total identifiable net assets at fair value	72,355
Cost (previously accounted at equity method) of initially held equity interest	33,890
Group (loss) re-measuring to fair value the initially held equity interest	(1,890)
Acquisition date fair value of initially held equity interest	32,000
Cash consideration transferred	32,000
Total purchase consideration	64,000
Gain from a bargain purchase	8,355
Group (loss) on remeasuring to fair value the initially held equity interest	(1,890)
Gain recognized on acquisition of subsidiary, recognized under Other Income	6,465
Cash consideration transferred	32,000
Less: cash acquired	(2,976)
Total cash consideration transferred, net of cash acquired	29,024

UAB Dotnuvos Projektai sub-group fair value of the receivables as at the date of acquisition were:

	Trade receivables	Other current receivables
The gross contractual amounts receivable	63,065	2,076
The best estimate at the acquisition date of the contractual cash flows not expected to be collected	(2,112)	(339)
The fair value of the receivables	60,953	1,737

UAB Dotnuvos Projektai sub-group revenue and profit or loss since acquisition date and from the beginning of the annual reporting period were:

	Since acquisition date	Since 1 July 2012
Revenue	201,449	274,032
Profit (loss)	4,104	12,128

The bargain purchase resulted due to the former shareholders' approach to the business from the book value point of view rather than fair value of total identifiable net assets.



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

Changes in the Group during the year ended 30 June 2013 (cont'd)

On 28 February 2013 the Company acquired 54.95% shares of UAB Jungtinė Ekspedicija for LTL 1,045 thousand to further expand business activities, and increased its ownership interest to 100%. As at acquisition date UAB Jungtinė Ekspedicija did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represent its recoverable amount. Revenue and profit or loss since acquisition date and from the beginning of the annual reporting period are not disclosed as they are not material to the financial statements.

Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Property, plant and equipment, intangible assets and investment property	201
Trade receivables and other current assets	917
Cash and cash equivalents	867
Total assets	1,985
Trade payables	(905)
Other liabilities	(285)
Total liabilities	(1,190)
Total identifiable net assets at fair value	795
Fair value of initially held equity interest	358
Total purchase consideration	1,045
Difference written-off to profit (loss)	(608)
Cash consideration transferred	1,045
Less: cash acquired	(867)
Total cash consideration transferred, net of cash acquired	178

On 16 August 2012 the Group established Noreikiškių ŽŪB with LTL 10 thousand share capital and increased share capital up to LTL 1,009 thousand.

On 2 May 2013 a subsidiary of AB Linas Agro Group UAB Linas Agro Grūdų centras KŪB established subsidiary in Latvia SIA Linas Agro Graudu Centrs for LTL 10 thousand share capital.

Subsidiary UAB Lineliai was acquired from Kėdainiai district Labūnavos ŽŪB in amount of LTL 9 thousand.

During the 12 month period, ended 30 June 2013 the Group acquired 0.02% Šakių district Lukšių ŽŪB share capital for LTL 1 thousand, 16.95% Sidabravo ŽŪB share capital for LTL 423 thousand, 0.16% Panevėžio district Aukštadvario ŽŪB for LTL 1 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 1,768 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

The Company increased share capital of UAB Linas Agro Konsultacijos, UAB Lineliai, ŽŪB Landvesta 4 and ŽŪB Landvesta 6 in amount of LTL 7,036 thousand, LTL 50 thousand, LTL 11 thousand and LTL 9 thousand, respectively.

Acquisition off non-controlling interest in Šakiai district Lukšių ŽŪB and Sidabravo ŽŪB have resulted in an increase of the effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 1.56% up to 97.72% as at 30 June 2013 with a result of LTL 32 thousand of gain accounted directly in equity.



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, rapeseed and other feedstuffs, grain storage and logistics services;
- 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;
- 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 equipments to agricultural produce growers and grain storage companies;
- food products segment includes poultry and other food products;
- the other products and services segment includes sales of biofuel and other products and services.

Group financing (including finance cost and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

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

Group	Grain and feedstuff handling and merchandising	Agricultural production	Products and services for farming	Food products	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Financial year ended 30 June 2014								
Revenue								
From one client UAB MESTILLA	57,562	–	70	–	–	–	–	57,632
Other third parties	1,364,961	57,451	416,505	117,140	5,793	–	–	1,961,850
Intersegment	33,274	37,856	25,253	–	–	–	(96,383) ¹⁾	–
Total revenue	1,455,797	95,307	441,828	117,140	5,793	–	(96,383)¹⁾	2,019,482
Results								
Operating expenses	(26,965)	(8,700)	(40,301)	(13,175)	(666)	(14,738)	–	(104,545)
Segment operating profit (loss)	38,126	6,757	5,420	48,165	9,659	(14,119)	–	94,008

Group	Grain and feedstuff handling and merchandising	Agricultural production	Products and services for farming	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Financial year ended 30 June 2013							
Revenue							
From one client UAB MESTILLA	119,843	–	12	–	–	–	119,855
Other third parties	1,509,161	44,183	368,733	1,208	–	–	1,923,285
Intersegment	2,872	36,284	28,019	9,530	–	(76,705) ¹⁾	–
Total revenue	1,631,876	80,467	396,764	10,738	–	(76,705)¹⁾	2,043,140
Results							
Operating expenses	(19,779)	(8,607)	(20,794)	(936)	(29,444)	–	(79,560)
Segment operating profit (loss)	80,723	28,425	26,396	(247)	(31,238)	–	104,059

1) Intersegment revenue is eliminated on consolidation.



4. SEGMENT INFORMATION (CONT'D)

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

Revenue from external customers	12 month period ended	
	30 June 2014	30 June 2013
Lithuania	522,300	533,255
Europe (except for Scandinavian countries, CIS and Lithuania)	514,898	425,090
Scandinavian countries	387,956	427,310
Africa	92,928	20,336
Asia	472,629	605,426
CIS	28,771	31,723
	2,019,482	2,043,140

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

Non-current assets	As of 30 June 2014	As of 30 June 2013
Lithuania	209,951	196,140
Latvia	144,143	7,751
Estonia	4,641	5,152
Denmark	56	89
	358,791	209,132

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	Total
Cost:			
Balance as of 30 June 2012	1,807	170	1,977
Additions	219	242	461
Additions of subsidiaries	39	32	71
Write-offs	(2)	(100)	(102)
Balance as of 30 June 2013	2,063	344	2,407
Additions	348	2	350
Additions of subsidiaries	121	1	122
Write-offs	(3)	(15)	(18)
Balance as of 30 June 2014	2,529	332	2,861
Accumulated amortization:			
Balance as of 30 June 2012	1,230	135	1,365
Charge for the year	106	22	128
Write-offs	(2)	(86)	(88)
Balance as of 30 June 2013	1,334	71	1,405
Charge for the year	182	23	205
Write-offs	(1)	(14)	(15)
Balance as of 30 June 2014	1,515	80	1,595
Net book value as of 30 June 2014	1,014	252	1,266
Net book value as of 30 June 2013	729	273	1,002
Net book value as of 30 June 2012	577	35	612

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



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 of 30 June 2012	10,761	97,550	59,155	6,964	9,751	11,675	195,856
Additions	1,928	6,057	6,533	4,169	2,699	13,321	34,707
Acquisition of subsidiaries	4,568	31,182	18,744	4,694	1,502	2,247	62,937
Disposals and write-offs	(2)	(8)	(3,397)	(1,288)	(827)	(41)	(5,563)
Transfers to/from investment property	427	2,317	–	–	–	–	2,744
Reclassifications	–	12,838	5,913	19	608	(19,378)	–
Exchange differences	–	(25)	(2)	(10)	(4)	–	(41)
Balance as of 30 June 2013	17,682	149,911	86,946	14,548	13,729	7,824	290,640
Additions	6,569	(271)	10,895	1,274	2,145	10,898	31,510
Acquisition of subsidiaries	10,697	112,535	27,780	2,246	2,352	834	156,444
Disposals and write-offs	(365)	(566)	(4,503)	(1,993)	(859)	(283)	(8,569)
Transfers from investment property	5,631	823	–	–	–	–	6,454
Reclassifications	170	10,822	1,878	110	149	(13,130)	(1)
Exchange differences	–	(5)	(2)	(3)	–	–	(10)
Disposals of subsidiaries	–	–	(2,187)	–	(290)	–	(2,477)
Balance as of 30 June 2014	40,384	273,249	120,807	16,182	17,226	6,143	473,991
Accumulated depreciation:							
Balance as of 30 June 2012	–	28,717	32,896	4,113	7,384	–	73,110
Charge for the year	–	9,271	9,666	2,069	1,225	–	22,231
Disposals and write-offs	–	(8)	(1,573)	(990)	(620)	–	(3,191)
Transfers from investment property	–	671	–	–	–	–	671
Exchange differences	–	(1)	2	–	–	–	1
Balance as of 30 June 2013	–	38,650	40,991	5,192	7,989	–	92,822
Charge for the year	–	14,592	12,627	3,070	1,968	–	32,257
Disposals and write-offs	–	(320)	(1,563)	(1,693)	(815)	–	(4,391)
Transfers from investment property	–	105	–	–	–	–	105
Reclassifications	–	–	(58)	58	–	–	–
Exchange differences	–	19	(4)	–	–	–	15
Disposals of subsidiaries	–	–	(499)	–	(162)	–	(661)
Balance as of 30 June 2014	–	53,046	51,494	6,627	8,980	–	120,147
Impairment losses:							
Balance as of 30 June 2012	18	449	19	3	1	–	490
(Reversal) charge for the year	(26)	–	16	(3)	2	–	(11)
Transfer from investment property	8	1,128	–	–	–	–	1,136
Balance as of 30 June 2013	–	1,577	35	–	3	–	1,615
(Reversal) charge for the year	160	(77)	3	1	–	–	87
Balance as of 30 June 2014	160	1,500	38	1	3	–	1,702
Net book value as of 30 June 2014	40,224	218,703	69,275	9,554	8,243	6,143	352,142
Net book value as of 30 June 2013	17,682	109,684	45,920	9,356	5,737	7,824	196,203
Net book value as of 30 June 2012	10,743	68,384	26,240	2,848	2,366	11,675	122,256





7. INVESTMENT PROPERTY

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

	Land	Buildings	Total
Cost:			
Balance as of 30 June 2012	8,228	3,297	11,525
Additions	3,239	400	3,639
Acquisition of subsidiaries	456	–	456
Disposals and write-offs	(716)	–	(716)
Transfers to property, plant and equipment	(427)	(2,317)	(2,744)
Exchange differences	(7)	–	(7)
Balance as of 30 June 2013	10,773	1,380	12,153
Additions	7	15	22
Acquisition of subsidiaries	–	39	39
Disposals and write-offs	(209)	–	(209)
Transfers to property, plant and equipment	(5,631)	(823)	(6,454)
Balance as of 30 June 2014	4,940	611	5,551
Accumulated depreciation:			
Balance as of 30 June 2012	–	790	790
Charge for the year	–	107	107
Transfers to property, plant and equipment	–	(671)	(671)
Balance as of 30 June 2013	–	226	226
Charge for the year	–	65	65
Transfers to property, plant and equipment	–	(124)	(124)
Balance as of 30 June 2014	–	167	167
Impairment losses:			
Balance as of 30 June 2012	94	1,128	1,222
(Reversal) charge for the year	(86)	–	(86)
Transfers to property, plant and equipment	(8)	(1,128)	(1,136)
Balance as of 30 June 2013	–	–	–
Balance as of 30 June 2014	–	–	–
Net book value as of 30 June 2014	4,940	444	5,384
Net book value as of 30 June 2013	10,773	1,154	11,927
Net book value as of 30 June 2012	8,134	1,379	9,513

The Group's management considers that the difference between the carrying value and fair value of investment property is not significant. Fair value has been determined based on valuations performed by independent valuers at near reporting date using the comparable prices method.



8. OTHER INVESTMENTS AND PREPAYMENTS FOR FINANCIAL ASSETS

Other investments of the Group consist of:

	As of 30 June 2014		As of 30 June 2013	
	Share held by the Group	Investment	Share held by the Group	Investment
Prepayment for financial assets to be acquired		–		8,873
Panevėžys district Ėriškių ŽŪB	–	–	24.97%	173
Other investments		170		60
		170		9,106

The investment into Panevėžys district Ėriškių ŽŪB is not classified as an associate and therefore not accounted for using the equity method because the Group does not have voting rights in the company and does not have the ability to exercise significant influence. As June 30 2014 the investment into Panevėžys district Ėriškių ŽŪB shown as current investment for sale.

9. BORROWINGS

	As of 30 June 2014	As of 30 June 2013
Non-current borrowings		
Bank borrowings secured by the Group assets	95,968	31,742
Other non-current borrowings	676	143
	96,644	31,885
Current borrowings		
Current portion of non-current bank borrowings	27,985	19,935
Current bank borrowings secured by the Group assets	183,879	107,226
Factoring with recourse liability	23,977	34,106
Other current borrowings	5,078	5,302
	240,919	166,569
	337,563	198,454

Interest payable is normally settled monthly throughout the financial year. Accrued interest on bonds issued is settled annually.

10. OPERATING EXPENSES

	12 month period ended	
	30 June 2014	30 June 2013
Wages and salaries and social security	56,321	49,383
Consulting expenses	4,370	2,800
Depreciation and amortization	5,366	3,993
Other	37,349	23,384
	103,406	79,560



11. OTHER INCOME (EXPENSES)

	12 month period ended	
	30 June 2014	30 June 2013
Other income		
Fees from farmers for grain non-deliveries	–	593
Rental income from investment property and property, plant and equipment	741	1,000
Gain from disposal of investment property and property, plant and equipment	1,451	792
Gain from acquisition of subsidiaries	26,192	26,073
Gain from disposal of subsidiaries	5,587	–
Change in fair value of currency financial instruments	(58)	–
Write-off of liabilities	14,142	–
Other income	1,748	792
	49,803	29,250
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(494)	(463)
Loss from acquisition of subsidiaries	–	(608)
Change in impairment of investment property	–	86
Loss from disposal of property, plant and equipment	(322)	(122)
Currency exchange loss	(1,212)	(485)
Change in fair value of currency financial instruments	816	(1,840)
Other expenses	(24)	(446)
	(1,236)	(3,878)

12. COMMITMENTS AND CONTINGENCIES

As of 30 June 2014 the Group is committed to purchase property, plant and equipment for the total amount of LTL 4,994 thousand (LTL 2,826 thousand as of 30 June 2013).

A few Group companies (Biržai district Medeikių ŽŪB, Kėdainiai district Labūnavos ŽŪB and Šakiai district Lukšių ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Biržų district Medeikių ŽŪB is committed not to discontinue operations related to agricultural up to 2014, Kėdainių district Labūnavos ŽŪB – up to 2015, Šakiai district Lukšių ŽŪB - up to 2015. UAB Linas Agro Grūdų Centras KŪB, Karčemos kooperatinė bendrovė 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 2018, Karčemos kooperatinė bendrovė – up to 2017.

SIA Lielzeltini, AS Putnu fabrika Kekava, SIA Cerova and SIA Broileks 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 2016, AS Putnu fabrika Kekava – up to 2017, SIA Cerova – up to 2018, SIA Broileks – up to 2016.

In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania amounting to LTL 23,786 thousand as of 30 June 2014 (LTL 15,225 thousand as of 30 June 2013).

In July 2013 the Group company Linas Agro A/S received a ruling from Denmark Tax Inspection (hereafter- SKAT) stating that SKAT has changed the companies tax assessments for the income year 2007/2009 whereby total taxable payment for period has been increased by LTL 509 thousand (DKK 1,100 thousand). The changes relate to non-approved deduction for inter-group services. The company's management does not concur with SKAT's assessment and the decision is appealed. Accordingly, the Group did not recognize any tax liability or any interest as at 30 June 2014 and 30 June 2013.

In addition Linas Agro A/S received a ruling from SKAT regarding the valuation of customer base which was transferred to the Group company, AB Linas Agro in the year 2011/2012. The decision has a negative effect on the total tax loss carry forward amount which is incorporated into calculation of taxable income for the year 2012/2013. SKAT has ruled that the value of the customer base should have been LTL 16,853 thousand (DKK 36,414 thousand) and not LTL 5,425 thousand (DKK 11,722 thousand) as the value sold in 2011/2012 by Linas Agro A/S to AB Linas Agro. This implies a reduction of the total tax loss carry forward in amount of LTL 11,428 thousand (DKK 24,692 thousand) (tax value LTL 2,857 thousand (DKK 6,173 thousand)). Deferred tax asset from the tax loss carry forward from this amount is not recognized by Linas Agro A/S. Linas Agro A/S management does not agree with SKAT and to appealed the decision.



13. 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 2014 and 30 June 2013 were as follows:

Members of the board of the Company:

Darius Zubas (chairman of the board, ultimate controlling shareholder);
 Vytautas Šidlauskas;
 Dainius Pilkauskas;
 Arūnas Zubas;
 Andrius Pranckevičius;
 Tomas Tumėnas;
 Artūras Pribušauskas (since 25 October 2013).

Subsidiaries: List provided in Note 3.

Akola ApS group companies:

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

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

The Group's transactions with related parties in 12 month period ended 30 June 2014 were as follows:

	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current payable loans
			Trade receivables	Current loans receivable			
Akola ApS group companies	24,096	57,941	24	889	–	7,458	–
Members of the board	–	29	1	–	1,198	–	–

As at 30 June 2014 and as at 30 June 2013 interest rates of the Group for non-current loans receivable from related parties are equal to 4% + 4.2% and 3 month EURIBOR + 2.45% margin, interest rates of the Group for current loans receivable from related parties are equal to 3 month EURIBOR + 2.45% and 3 month EURIBOR + 4.2% margin.

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.

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 not past due as of 30 June 2014 and 30 June 2013.



14. SUBSEQUENT EVENTS

On 6 August 2014, the President of the Russian Federation enacted an import embargo on most of agricultural produce imported to Russia from the European Union, the United States, Australia, Canada and Norway. The import embargo has influence to milk sales price and indirectly to the fair value of milking cows. On 30 June 2014 the Group management evaluated the decrease of milk sales price in measurement of the fair value of milking cows.

On 28 July 2014 SEB and DNB banks in Latvia granted the credit line for working capital need of SIA Linas Agro by 30 million euros.

On 9 July 2014 AB SEB bankas increased credit line allocated to finance the working capital need of AB Linas Agro by LTL 28 million.

On 1 July 2014 AS Putnu Fabrika Kekava increased the share capital from EUR 12,769 thousand to EUR 18,947 thousand by capitalization of payable amount to AB Linas Agro Group, SIA Lielzeltini. The Group increased its ownership from 84.36% to 89.46%.