

**AB LINAS AGRO GROUP  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE 3 MONTH PERIOD  
OF THE YEAR 2016/17  
(UNAUDITED)**

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2016	As at 30 June 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	4,859	4,865
Property, plant and equipment	6	109,502	109,438
Investment property	7	1,371	1,359
Animals and livestock		7,731	7,578
Non-current financial assets			
Other investments and prepayments for financial assets		17	17
Non-current receivables		4,291	3,987
Non-current receivables from related parties	12	800	800
Total non-current financial assets		5,108	4,804
Deferred income tax asset		1,854	2,137
<b>Total non-current assets</b>		<b>130,425</b>	<b>130,181</b>
<b>Current assets</b>			
Crops		4,131	13,813
Livestock		1,793	1,758
Inventories		132,059	71,952
Prepayments		2,174	6,616
Accounts receivable			
Trade receivables		96,492	93,420
Receivables from related parties	12	1,213	18
Income tax receivable		692	664
Other accounts receivable		13,970	5,144
Total accounts receivable		112,367	99,246
Other current financial assets		1,550	1,616
Cash and cash equivalents		10,146	6,901
<b>Total current assets</b>		<b>264,220</b>	<b>201,902</b>
<b>Total assets</b>		<b>394,645</b>	<b>332,083</b>

*(cont'd on the next page)*

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

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

	Notes	As at 30 September 2016	As at 30 June 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1	46,093	46,093
Share premium	1	23,038	23,038
Legal reserve		2,936	2,936
Own shares		(453)	(455)
Foreign currency translation reserve		(22)	(22)
Cash flow hedge reserve		(153)	(153)
Retained earnings		92,562	88,336
<b>Total equity attributable to equity holders of the parent</b>		<b>164,001</b>	<b>159,773</b>
<b>Non-controlling interest</b>		<b>2,430</b>	<b>2,214</b>
<b>Total equity</b>		<b>166,431</b>	<b>161,987</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		6,271	6,289
Non-current borrowings	8	16,150	16,741
Finance lease obligations		1,183	1,228
Non-current trade payables		1,551	1,553
Deferred income tax liability		1,333	1,139
Non-current employee benefits		353	353
Derivate financial instruments		–	120
<b>Total non-current liabilities</b>		<b>26,841</b>	<b>27,423</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	8	18,347	19,943
Current portion of finance lease obligations		673	933
Current borrowings	8, 12	124,424	58,092
Trade payables		38,414	43,239
Payables to related parties	12	–	1,514
Income tax payable		754	340
Derivative financial instruments		–	60
Other current liabilities		18,761	18,552
<b>Total current liabilities</b>		<b>201,373</b>	<b>142,673</b>
<b>Total equity and liabilities</b>		<b>394,645</b>	<b>332,083</b>

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 30 September)

	Notes	2016/2017 1 Q	2015/2016 1 Q
Sales	4	152,920	149,479
Cost of sales		(138,721)	(137,477)
<b>Gross profit</b>		<b>14,199</b>	<b>12,002</b>
Operating (expenses)	9	(8,342)	(7,741)
Other income	10	232	358
Other (expenses)		(95)	(159)
<b>Operating profit</b>		<b>5,994</b>	<b>4,460</b>
Income from financing activities		66	245
(Expenses) from financing activities		(656)	(763)
<b>Profit before tax</b>		<b>5,404</b>	<b>3,942</b>
Income tax		(960)	(478)
<b>Net profit</b>		<b>4,444</b>	<b>3,464</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent		4,228	3,363
Non-controlling interest		216	101
		<b>4,444</b>	<b>3,464</b>
Basic and diluted earnings per share (EUR)		0.03	0.02
<b>Net profit</b>		<b>4,444</b>	<b>3,464</b>
<b>Other comprehensive income</b>			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	–
Exchange differences on translation of foreign operations		–	–
<b>Total other comprehensive income, to be reclassified to profit or loss in subsequent periods</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income, after tax</b>		<b>4,444</b>	<b>3,464</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		4,228	3,363
Non-controlling interest		216	101
		<b>4,444</b>	<b>3,464</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent											
	Notes	Share capital	Own shares	Share premium	Legal reserve	Reserve for own shares	Other reserves	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
<b>Balance as at 1 July 2015</b>		<b>46,032</b>	<b>(457)</b>	<b>23,038</b>	<b>2,704</b>	<b>1,819</b>	–	<b>(22)</b>	<b>84,197</b>	<b>157,311</b>	<b>1,826</b>	<b>159,137</b>
Net profit for the year		–	–	–	–	–	–	–	3,363	3,363	101	3,464
Total comprehensive income		–	–	–	–	–	–	–	3,363	3,363	101	3,464
Transfer of own shares		–	1	–	–	–	–	–	(1)	–	–	–
Acquisition of minority interest		–	–	–	–	–	–	–	7	7	(13)	(6)
<b>Balance as at 30 September 2015</b>		<b>46,032</b>	<b>(456)</b>	<b>23,038</b>	<b>2,704</b>	<b>1,819</b>	–	<b>(22)</b>	<b>87,566</b>	<b>160,681</b>	<b>1,914</b>	<b>162,595</b>
<b>Balance as at 1 July 2016</b>		<b>46,093</b>	<b>(455)</b>	<b>23,038</b>	<b>2,936</b>	–	<b>(153)</b>	<b>(22)</b>	<b>88,336</b>	<b>159,773</b>	<b>2,214</b>	<b>161,987</b>
Net profit for the year		–	–	–	–	–	–	–	4,228	4,228	216	4,444
Total comprehensive income		–	–	–	–	–	–	–	4,228	4,228	216	4,444
Transfer of own shares		–	2	–	–	–	–	–	(2)	–	–	–
<b>Balance as at 30 September 2016</b>		<b>46,093</b>	<b>(453)</b>	<b>23,038</b>	<b>2,936</b>	–	<b>(153)</b>	<b>(22)</b>	<b>92,562</b>	<b>164,001</b>	<b>2,430</b>	<b>166,431</b>

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

## CONSOLIDATED CASH FLOW STATEMENT

	Notes	2016/2017 1 Q	2015/2016 1 Q
<b>Cash flows from (to) operating activities</b>		4,444	3,464
Net profit			
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation		3,099	2,571
Subsidies amortisation		(209)	(201)
(Gain) on disposal of property, plant and equipment		(43)	(83)
Change in allowance and write-offs for receivables and prepayments		(3)	92
Inventories write down to net realisable value		4	5
Change in accrued expenses		579	453
Change in fair value of biological assets		(477)	159
Change in deferred income tax		379	37
Current income tax expenses		580	441
Expenses (income) from change in fair value of financial instruments		762	(604)
Interest (income)		(65)	(245)
Interest expenses		655	763
		<b>9,705</b>	<b>6,852</b>
<b>Changes in working capital:</b>			
Decrease in biological assets		10,003	11,812
(Increase) in inventories		(60,704)	(81,456)
Decrease (increase) in prepayments		4,241	(2,873)
Decrease in trade and other accounts receivable		(13,426)	(691)
(Increase) in restricted cash		84	(192)
Increase in trade and other accounts payable		(7,740)	19,831
Income tax (paid)		(124)	(73)
<b>Net cash flows from (to) operating activities</b>		<b>(57,961)</b>	<b>(46,790)</b>

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

## CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

	Notes	2016/2017 1 Q	2015/2016 1 Q
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(2,236)	(7,453)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		259	136
Loans (granted)		(69)	(896)
Repayment of granted loans		146	1,361
Interest received		19	227
<b>Net cash flows from (to) investing activities</b>		<b>(1,881)</b>	<b>(6,625)</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		83,630	81,682
(Repayment) of loans		(19,646)	(25,166)
Finance lease (payments)		(330)	(228)
Interest (paid)		(567)	(761)
Acquisition of non-controlling interest		–	(6)
<b>Net cash flows from (to) financing activities</b>		<b>63,087</b>	<b>55,521</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>3,245</b>	<b>2,106</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>6,901</b>	<b>6,680</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>10,146</b>	<b>8,786</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by grants and subsidies		–	270
Property, plant and equipment acquisitions financed by finance lease		18	520

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

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

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

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

As at 30 September 2016 and as at 30 June 2016 the shareholders of the Company were:

	As at 30 September 2016		As at 30 June 2016	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	100,269,646	63.09 %	100,269,646	63.09 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Swedbank AS (Estonia) clients	9,547,729	6.00 %	10,367,627	6.52 %
Vytautas Šidlauskas	6,003,521	3.78 %	6,003,521	3.78 %
Other shareholders (private and institutional investors)	26,069,507	16.40 %	25,249,609	15.89 %
<b>Total</b>	<b>158,940,398</b>	<b>100.00 %</b>	<b>158,940,398</b>	<b>100.00 %</b>

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each as at 30 September 2016 (EUR 0.29 each as at 30 June 2016) and were fully paid as at 30 September 2016 and as at 30 June 2016.

The Company holds 782,972 of its own shares, percentage 0.50%, as at 30 September 2016 (785,972 as at 30 June 2016). Subsidiaries and other related companies did not hold any shares of the Company as at 30 September 2016 and as at 30 June 2016.

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

As at 30 September 2016 the number of employees of the Group was 2,227 (2,334 as at 30 June 2016).

No changes in share capital occurred during the years ending 30 September 2016 and 30 June 2016.

### 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 2015/2016 financial year.



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

As at 30 September 2016 and as at 30 June 2016 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2016	30 June 2016	
<b>Investments into directly controlled subsidiaries</b>				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
UAB Dotnuva Baltic	Lithuania	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5*	Lithuania	100 %	100%	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	Rent and management of agricultural purposes land
AS Putnu fabrika Kekava	Latvia	93.81%	93.81%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	93.91%	93.81%	Retail trade of food production
SIA Lielzeltini	Latvia	100%	100%	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	100%	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	100%	Chicken breeding and sale
SIA Erfolg Group	Latvia	93.81%	93.81%	Not operating company
<b>Investments into indirectly controlled subsidiaries (through AB Linas Agro)</b>				
SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural inputs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linās Agro A/S	Denmark	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs
ŽŪB Landvesta 3*	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4*	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6*	Lithuania	100%	100%	Rent and management of agricultural purposes land

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

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2016	30 June 2016	
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)</b>				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.49%	98.49%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.34%	98.34%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.80%	98.80%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	97.65%	97.65%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	95.21%	95.21%	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.60%	98.60%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	Growing and sale of crops
UAB Paberžėlė	Lithuania	100%	100%	Rent and management of agricultural purposes land
Panevėžys district Žibartonių ŽŪB	Lithuania	99.89%	99.89%	Mixed agricultural activities
<b>Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic)</b>				
SIA DOTNUVA BALTIC	Latvia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuva Baltic	Estonia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos technika	Lithuania	100%	100%	Not operating company
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)</b>				
Karčemos kooperatinė bendrovė	Lithuania	20%*	20%*	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu centrs	Latvia	100%	100%	Preparation and warehousing of grains for trade
SIA Paleo	Latvia	100%	100%	Warehousing activity
<b>Investment into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)</b>				
Karčemos kooperatinė bendrovė	Lithuania	4.00%*	4.00%*	Preparation and warehousing of grains for trade

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

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

#### *Changes in the Group during the 3 month period ended 30 September 2016*

During 3 month period, ended 30 September no any changes in the Group structure.

#### *Changes in the Group during the year ended 30 June 2016*

During 12 month period, ended 30 June 2016, the Company acquired 0.4218 % AS Putnu fabrika Kekava share capital for EUR 40 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 46 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 2016, the Group acquired 0.09% Sidabravo ŽŪB share capital and 0.35% Panevėžio district Aukštadvario ŽŪB share capital for total EUR 1 thousand. All shares were acquired from the non-controlling shareholders. The difference of EUR 11 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

The Company canceled agreement of acquisition of 3.08% AS Putnu fabrika Kekava share capital from the non-controlling shareholders. The difference of EUR 284 thousand of loss between the consideration to be transferred (which was accounted for as accounts payable as at 30 June 2015 in amount of EUR 350 thousand) and the carrying value of the interest disposed has been recognized within equity.

During 12 month period, ended 30 June 2016, the Group made restructurization of Užupės ŽŪB and Panevėžio district Žibartonių ŽŪB. Share capital of Panevėžio district Žibartonių ŽŪB was increased by contribution of Užupės ŽŪB property, plant and equipment. This consolidation have resulted in an increase of the effective Group ownership of Panevėžio district Žibartonių ŽŪB by 0.09% up to 99.89%.

#### *Acquisition of SIA Paleo*

On 20 April 2016 the Group acquired 100% shares of SIA Paleo for EUR 4,590 thousand to further expand business activities in Latvia. As part of business combination of SIA Paleo, the Group acquired inventory in amount of EUR 1,993 thousand from a third party SIA Latfert which is disclosed in the table below.

As at acquisition date SIA Paleo did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represents its fair value. 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.

At the acquisition of these subsidiaries a provisional goodwill of EUR 4,358 thousand has been accounted for. The goodwill appears due to synergies, which are expected to be derived from vertical expansion of business. As at 30 June 2016 management did not finalize valuation of certain property, plant and equipment items therefore the amounts disclosed below are provisional.

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

<b>Acquisition date for consolidation purposes</b>	<b>Provisional fair values at 1 May 2016</b>
Property, plant and equipment and investment property	216
Inventories	1,993
Prepayments and other current assets	34
Cash and cash equivalents	2
<b>Total assets</b>	<b>2,245</b>
<b>Total liabilities</b>	<b>(20)</b>
<b>Total identifiable net assets at provisional fair value</b>	<b>2,225</b>
Provisional goodwill recognized on acquisition of subsidiary, recognised under Intangible assets (Note 5)	4,358
<b>Total purchase consideration</b>	<b>6,583</b>
Cash consideration transferred for the inventory	1,993
Purchase consideration to acquire SIA Paleo	4,590
Cash consideration transferred for the acquisition of SIA Paleo*	1,500
Less: cash acquired	(2)
<b>Total purchase consideration, net of cash acquired</b>	<b>3,491</b>

\* EUR 3,090 thousand of cash consideration is deferred and will be settled within two years period. Discounting was not accounted for as deemed immaterial.

## 4.SEGMENT INFORMATION

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

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

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

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

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

<b>Group</b>	<b>Grain and feedstuff handling and merchandising</b>	<b>Products and services for farming</b>	<b>Agricultural production</b>	<b>Food products</b>	<b>Other products and services</b>	<b>Not attributed to any specified segment</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
<b>Financial year ended 30 September 2015</b>								
<b>Revenue</b>								
Third parties	95,343	35,591	2,967	15,561	17	–	–	149,479
Intersegment	381	2,752	6,901	–	–	–	(10,034) <sup>1)</sup>	–
<b>Total revenue</b>	<b>95,724</b>	<b>38,343</b>	<b>9,868</b>	<b>15,561</b>	<b>17</b>	<b>–</b>	<b>(10,034)<sup>1)</sup></b>	<b>149,479</b>
<b>Results</b>								
Operating expenses	(1,868)	(2,964)	(569)	(1,438)	(6)	(896)	–	(7,741)
<b>Segment operating profit (loss)</b>	<b>4,596</b>	<b>992</b>	<b>(454)</b>	<b>194</b>	<b>71</b>	<b>(939)</b>	<b>–</b>	<b>4,460</b>

1) Intersegment revenue is eliminated on consolidation.

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

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

Revenue from external customers	3 month period ended	
	30 September 2016	30 September 2015
Lithuania	45,375	34,677
Europe (except for Scandinavian countries, CIS and Lithuania)	69,522	76,994
Scandinavian countries	3,350	11,057
Asia	26,145	15,319
Africa	5,690	9,061
CIS	2,838	2,371
	<b>152,920</b>	<b>149,479</b>

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

Non-current assets	As at 30 September 2016	As at 30 June 2016
Lithuania	65,513	65,006
Latvia	48,846	49,245
Estonia	1,369	1,406
Denmark	4	5
	<b>115,732</b>	<b>115,662</b>

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

#### 5. INTANGIBLE ASSETS

Group	Software	Other intangible assets	Provisional goodwill	Total
<b>Cost:</b>				
Balance as at 30 June 2015	804	613	–	1,417
Additions	22	70	–	92
Acquisition of subsidiaries	–	–	4,358	4,358
Write-offs	(21)	(15)	–	(36)
Transfers to property, plant and equipment	–	(391)	–	(391)
Reclassifications	115	(115)	–	–
Balance as at 30 June 2016	920	162	4,358	5,440
Additions	21	–	–	21
Write-offs	(5)	–	–	(5)
Balance as at 30 September 2016	936	162	4,358	5,456
<b>Accumulated amortization:</b>				
Balance as at 30 June 2015	492	24	–	516
Charge for the year	66	27	–	93
Write-offs	(19)	(15)	–	(34)
Reclassifications	15	(15)	–	–
Balance as at 30 June 2016	554	21	–	575
Charge for the year	20	4	–	24
Write-offs	(2)	–	–	(2)
Balance as at 30 September 2016	572	25	–	597
<b>Net book value as at 30 September 2016</b>	<b>364</b>	<b>137</b>	<b>4,358</b>	<b>4,859</b>
<b>Net book value as at 30 June 2016</b>	<b>366</b>	<b>141</b>	<b>4,358</b>	<b>4,865</b>
<b>Net book value as at 30 June 2015</b>	<b>312</b>	<b>589</b>	<b>–</b>	<b>901</b>

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

## 6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
<b>Cost:</b>							
Balance as at 30 June 2015	13,345	80,488	38,087	4,984	5,601	5,709	148,214
Additions	797	735	9,306	760	372	5,670	17,640
Acquisition of subsidiaries	110	40	40	23	3	–	216
Disposals and write-offs	(471)	(1,313)	(2,722)	(392)	(882)	(45)	(5,825)
Transfers from investment property	–	146	–	–	–	–	146
Transfers to investment property	(22)	–	–	–	–	–	(22)
Transfers from intangible assets	391	–	–	–	–	–	391
Reclassifications	–	4,711	1,522	(5)	16	(6,243)	1
Balance as at 30 June 2016	14,150	84,807	46,233	5,370	5,110	5,091	160,761
Additions	1,096	82	1,331	185	81	475	3,250
Disposals and write-offs	(63)	–	(637)	(73)	(22)	(33)	(828)
Reclassifications	11	257	158	–	(2)	(424)	–
Balance as at 30 September 2016	15,194	85,146	47,085	5,482	5,167	5,109	163,183
<b>Accumulated depreciation:</b>							
Balance as at 30 June 2015	–	20,296	17,763	2,376	3,099	–	43,534
Charge for the year	7	5,587	4,158	797	813	–	11,362
Disposals and write-offs	(4)	(993)	(1,783)	(355)	(867)	–	(4,002)
Transfers from investment property	–	20	–	–	–	–	20
Balance as at 30 June 2016	3	24,910	20,138	2,818	3,045	–	50,914
Charge for the year	6	1,385	1,039	185	179	–	2,794
Disposals and write-offs	–	–	(346)	(72)	(18)	–	(436)
Balance as at 30 September 2016	9	26,295	20,831	2,931	3,206	–	53,272
<b>Impairment losses:</b>							
Balance as at 30 June 2015	21	434	11	–	1	–	467
(Reversal) charge for the year	(21)	(35)	(1)	–	(1)	–	(58)
Balance as at 30 June 2016	–	399	10	–	–	–	409
Balance as at 30 September 2016	–	399	10	–	–	–	409
<b>Net book value as at 30 September 2016</b>	<b>15,185</b>	<b>58,452</b>	<b>26,244</b>	<b>2,551</b>	<b>1,961</b>	<b>5,109</b>	<b>109,502</b>
<b>Net book value as at 30 June 2016</b>	<b>14,147</b>	<b>59,498</b>	<b>26,085</b>	<b>2,552</b>	<b>2,065</b>	<b>5,091</b>	<b>109,438</b>
<b>Net book value as at 30 June 2015</b>	<b>13,324</b>	<b>59,758</b>	<b>20,313</b>	<b>2,608</b>	<b>2,501</b>	<b>5,709</b>	<b>104,213</b>

## 7. INVESTMENT PROPERTY

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

<b>Cost:</b>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Balance as at 30 June 2015	1,313	275	1,588
Disposals and write-offs	–	(10)	(10)
Transfers to property, plant and equipment	–	(146)	(146)
Transfers from property, plant and equipment	22	–	22
Balance as at 30 June 2016	1,335	119	1,454
Additions	–	14	14
Balance as at 30 September 2016	1,335	133	1,468
<b>Accumulated depreciation:</b>			
Balance as at 30 June 2015	–	65	65
Charge for the year	–	9	9
Disposals and write-offs	–	(10)	(10)
Transfers to property, plant and equipment	–	(20)	(20)
Balance as at 30 June 2016	–	44	44
Charge for the year	–	2	2
Balance as at 30 September 2016	–	46	46
<b>Impairment losses:</b>			
Balance as at 30 June 2015	–	–	–
Charge for the year	51	–	51
Balance as at 30 June 2016	51	–	51
Balance as at 30 September 2016	51	–	51
<b>Net book value as at 30 September 2016</b>	<b>1,284</b>	<b>87</b>	<b>1,371</b>
<b>Net book value as at 30 June 2016</b>	<b>1,284</b>	<b>75</b>	<b>1,359</b>
<b>Net book value as at 30 June 2015</b>	<b>1,313</b>	<b>210</b>	<b>1,523</b>

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

## 8. BORROWINGS

	As at 30 September 2016	As at 30 June 2016
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	16,150	16,741
	16,150	16,741
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	18,347	19,943
Current bank borrowings secured by the Group assets	122,967	56,202
Other current borrowings (Note 12)	1,457	1,890
	142,771	78,035
	<b>158,921</b>	<b>94,776</b>

Interest payable is normally settled monthly throughout the financial year.

## 9. OPERATING EXPENSES

	2016/2017 1 Q	2015/2016 1 Q
Wages and salaries and social security	5,571	4,642
Consulting expenses	148	198
Depreciation and amortization	445	434
Other	2,178	2,467
	<b>8,342</b>	<b>7,741</b>

## 10. OTHER INCOME (EXPENSES)

	2016/2017 1 Q	2015/2016 1 Q
<b>Other income</b>		
Gain from currency exchange	15	166
Rental income from investment property and property, plant and equipment	56	52
Gain from disposal of investment property and property, plant and equipment	47	90
Other income	114	50
	<b>232</b>	<b>358</b>
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(84)	(43)
Loss from disposal of property, plant and equipment	(4)	(7)
Other expenses	(7)	(109)
	<b>(95)</b>	<b>(159)</b>



## 11. COMMITMENTS AND CONTINGENCIES

As at 30 September 2016 the Group is committed to purchase property, plant and equipment for the total amount of EUR 7,173 thousand (EUR 9,274 thousand as at 30 June 2016).

A few Group companies (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 mostly for acquisition of agricultural heavy duty equipment. Kėdainių district Labūnavos ŽŪB, Šakiai district Lukšių ŽŪB, Sidabravo ŽŪB, Panevėžys district Žibartonių ŽŪB are committed not to discontinue operations related to agricultural up to the end of 2019. 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 2020, Karčemos kooperatinė bendrovė – up to 2017.

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

In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania and Latvia amounting to EUR 4,154 thousand as at 30 September 2016 (EUR 4,385 thousand as at 30 June 2016).

In July 2013 the Group company Linas Agro A/S received a ruling from the Danish 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 EUR 68 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 September 2016 and 30 June 2016.

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 EUR 4,894 thousand (DKK 36,414 thousand) and not EUR 1,571 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 the amount of EUR 3,323 thousand (DKK 24,692 thousand) (tax value EUR 781 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 appealed the decision.

During the 3 month period ended 30 September 2016 the management of the Group initiated actions to reach the agreement between Lithuanian and Danish tax authorities. As at financial statements preparation date there were no decisions reached as the investigation might last up to two years.

## 12. RELATED PARTIES TRANSACTIONS

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

The related parties of the Company and Group for the years ended 30 September 2016 and 30 June 2016 were as follows:

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

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

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

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

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

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

The Group's transactions with related parties in 3 month period ended 30 September 2016 were as follows:

2016 1 Q	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current payable loans
			Trade receivables	Current loans receivable			
Akola ApS group companies	–	5,744	1,213	–	800	–	–
Members of management board	–	–	–	–	–	–	–

As at 30 September 2016 interest rates of the Group for non-current loans receivable from related parties is equal 2.61%. As at 30 June 2016 interest rates of the Group for non-current loans receivable from related parties are equal to 4% and 2.61%.

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

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

Terms and conditions of the financial assets and liabilities:

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

The Group's receivables from related parties were nor due neither impaired as at 30 September 2016 and 30 June 2016.

## 13. SUBSEQUENT EVENTS

On 27 October 2016 the Annual General Meeting of the Shareholders of the Company approved financial statements of the year 2015/2016, profit (loss) distribution of the financial year 2015/2016.

On 25 November 2016 the Company paid approved EUR 1,202 thousand dividends for the financial year ended 30 June 2016.