

**AB LINAS AGRO GROUP  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE 9 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 31 March 2017	As at 30 June 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	2,016	2,057
Property, plant and equipment	6	110,859	112,246
Investment property	7	1,119	1,359
Animals and livestock		8,513	7,578
Non-current financial assets			
Other investments and prepayments for financial assets		17	17
Non-current receivables		3,545	3,987
Non-current receivables from related parties	12	–	800
Total non-current financial assets		3,562	4,804
Deferred income tax asset		1,667	2,137
<b>Total non-current assets</b>		<b>127,736</b>	<b>130,181</b>
<b>Current assets</b>			
Crops		3,098	13,813
Livestock		1,833	1,758
Inventories		114,210	71,952
Prepayments		7,429	6,616
Accounts receivable			
Trade receivables		83,472	93,420
Receivables from related parties	12	457	18
Income tax receivable		216	664
Other accounts receivable		13,269	5,144
Total accounts receivable		97,414	99,246
Other current financial assets		3,714	1,616
Cash and cash equivalents		9,930	6,901
<b>Total current assets</b>		<b>237,628</b>	<b>201,902</b>
<b>Total assets</b>		<b>365,364</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 31 March 2017	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		3,186	2,936
Own shares		(453)	(455)
Foreign currency translation reserve		(23)	(22)
Cash flow hedge reserve		(153)	(153)
Retained earnings		89,364	88,336
<b>Total equity attributable to equity holders of the parent</b>		<b>161,052</b>	<b>159,773</b>
<b>Non-controlling interest</b>		<b>2,200</b>	<b>2,214</b>
<b>Total equity</b>		<b>163,252</b>	<b>161,987</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		6,422	6,289
Non-current borrowings	8	22,049	16,741
Finance lease obligations		966	1,228
Non-current trade payables		1,545	1,553
Deferred income tax liability		1,322	1,139
Non-current employee benefits		353	353
Derivate financial instruments		–	120
<b>Total non-current liabilities</b>		<b>32,657</b>	<b>27,423</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	8	8,342	19,943
Current portion of finance lease obligations		489	933
Current borrowings	8, 12	106,945	58,092
Trade payables		34,375	43,239
Payables to related parties	12	20	1,514
Income tax payable		886	340
Derivative financial instruments		4	60
Other current liabilities		18,394	18,552
<b>Total current liabilities</b>		<b>169,455</b>	<b>142,673</b>
<b>Total equity and liabilities</b>		<b>365,364</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 31 March)

	Notes	2016/2017 9 month	2015/2016 9 month
Sales	4	448,332	474,324
Cost of sales		(418,303)	(445,716)
<b>Gross profit</b>		<b>30,029</b>	<b>28,608</b>
Operating (expenses)	9	(24,861)	(23,972)
Other income	10	1,074	1,217
Other (expenses)		(275)	(343)
<b>Operating profit</b>		<b>5,967</b>	<b>5,510</b>
Income from financing activities		374	481
(Expenses) from financing activities		(2,095)	(2,071)
<b>Profit before tax</b>		<b>4,246</b>	<b>3,920</b>
Income tax		(1,749)	(887)
<b>Net profit</b>		<b>2,497</b>	<b>3,033</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent		2,481	3,048
Non-controlling interest		16	(15)
		<b>2,497</b>	<b>3,033</b>
Basic and diluted earnings per share (EUR)		0.02	0.02
<b>Net profit</b>		<b>2,497</b>	<b>3,033</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		(1)	-
<b>Total other comprehensive income, to be reclassified to profit or loss in subsequent periods</b>		<b>(1)</b>	<b>-</b>
<b>Total comprehensive income, after tax</b>		<b>2,496</b>	<b>3,033</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		2,480	3,048
Non-controlling interest		16	(15)
		<b>2,496</b>	<b>3,033</b>

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	2016/2017 3 Q	2015/2016 3 Q
Sales	4	151,139	107,343
Cost of sales		(142,865)	(104,001)
<b>Gross profit</b>		<b>8,274</b>	<b>3,342</b>
Operating (expenses)	9	(7,135)	(7,208)
Other income	10	594	289
Other (expenses)		577	(169)
<b>Operating profit</b>		<b>2,310</b>	<b>(3,746)</b>
Income from financing activities		129	88
(Expenses) from financing activities		(777)	(808)
<b>Profit before tax</b>		<b>1,662</b>	<b>(4,466)</b>
Income tax		(874)	424
<b>Net profit</b>		<b>788</b>	<b>(4,042)</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent		924	(3,953)
Non-controlling interest		(136)	(89)
		<b>788</b>	<b>(4,042)</b>
Basic and diluted earnings per share (EUR)		0.01	(0.02)
<b>Net profit</b>		<b>788</b>	<b>(4,042)</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>788</b>	<b>(4,042)</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		924	(3,953)
Non-controlling interest		(136)	(89)
		<b>788</b>	<b>(4,042)</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		–	–	–	–	–	–	–	3,048	3,048	(15)	3,033
Total comprehensive income		–	–	–	–	–	–	–	3,048	3,048	(15)	3,033
Transfer of own shares		–	2	–	–	–	–	–	(2)	–	–	–
Declared dividends by company		–	–	–	–	–	–	–	(1,202)	(1,202)	–	(1,202)
Share capital value adjustment due to conversion to euro	61	–	–	–	–	–	–	–	(61)	–	–	–
Reserves made		–	–	–	232	(1,819)	105	–	1,482	–	–	–
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	–	(10)	(10)
Disposal of minority interest in subsidiaries		–	–	–	–	–	–	–	–	–	634	634
Acquisition of minority interest		–	–	–	–	–	–	–	25	25	(35)	(10)
<b>Balance as at 31 March 2016</b>		<b>46,093</b>	<b>(455)</b>	<b>23,038</b>	<b>2,936</b>	–	<b>105</b>	<b>(22)</b>	<b>87,487</b>	<b>159,182</b>	<b>2,400</b>	<b>161,582</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		–	–	–	–	–	–	–	2,481	2,481	16	2,497
Other comprehensive income		–	–	–	–	–	–	(1)	–	(1)	–	(1)
Total comprehensive income		–	–	–	–	–	–	(1)	2,481	2,480	16	2,496
Transfer of own shares		–	2	–	–	–	–	–	(2)	–	–	–
Declared dividends by company		–	–	–	–	–	–	–	(1,202)	(1,202)	–	(1,202)
Reserves made		–	–	–	250	–	–	–	(250)	–	–	–
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	–	(26)	(26)
Acquisition of minority interest		–	–	–	–	–	–	–	1	1	(4)	(3)
<b>Balance as at 31 March 2017</b>		<b>46,093</b>	<b>(453)</b>	<b>23,038</b>	<b>3,186</b>	–	<b>(153)</b>	<b>(23)</b>	<b>89,364</b>	<b>161,052</b>	<b>2,200</b>	<b>163,252</b>

(cont'd on the next page)

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

## CONSOLIDATED CASH FLOW STATEMENT

	9 month period ended	
Notes	31 March 2017	31 March 2016
<b>Cash flows from (to) operating activities</b>		
Net profit	2,947	3,033
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	7,019	7,701
Subsidies amortisation	(526)	(661)
(Gain) on disposal of property, plant and equipment	(218)	(224)
Change in allowance and write-offs for receivables and prepayments	33	(273)
Inventories write down to net realisable value	(482)	14
Change in accrued expenses	(2,873)	(1)
Change in fair value of biological assets	(592)	1,037
Change in deferred income tax	376	(459)
Current income tax expenses	958	1,347
Liabilities write off	-	(4)
Expenses (income) from change in fair value of financial instruments	2,693	(432)
Interest (income)	(374)	(481)
Interest expenses	2,094	2,071
	<b>11,055</b>	<b>12,668</b>
<b>Changes in working capital:</b>		
Decrease in biological assets	10,268	12,407
(Increase) in inventories	(41,817)	(42,929)
Decrease (increase) in prepayments	(814)	1,173
Decrease in trade and other accounts receivable	948	15,697
(Increase) in restricted cash	(177)	(567)
Increase in trade and other accounts payable	(25,079)	(12,040)
Income tax (paid)	(681)	(609)
<b>Net cash flows from (to) operating activities</b>	<b>(46,297)</b>	<b>(14,200)</b>

*(cont'd on the next page)*

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

## CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

	9 month period ended	
Notes	31 March 2017	31 March 2016
<b>Cash flows from (to) investing activities</b>		
(Acquisition) of intangible assets, property, plant and equipment and investment property	(8,929)	(14,597)
Proceeds from sale of intangible assets, property, plant and equipment and investment property	914	737
Loans (granted)	(94)	(1,003)
Repayment of granted loans	1,117	2,948
Interest received	85	185
<b>Net cash flows from (to) investing activities</b>	<b>(6,907)</b>	<b>(11,730)</b>
<b>Cash flows from (to) financing activities</b>		
Proceeds from loans	87,743	102,992
(Repayment) of loans	(27,763)	(66,364)
Finance lease (payments)	(734)	(654)
Interest (paid)	(1,782)	(1,733)
Dividends (paid) to non-controlling shareholders	(26)	(10)
Dividends (paid)	(1,202)	(1,202)
Acquisition of non-controlling interest	(3)	(10)
<b>Net cash flows from (to) financing activities</b>	<b>56,233</b>	<b>33,019</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>3,029</b>	<b>7,089</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>9,930</b>	<b>13,769</b>
<b>Supplemental information of cash flows:</b>		
<b>Non-cash investing activity:</b>		
Property, plant and equipment acquisitions financed by grants and subsidies	526	431
Property, plant and equipment acquisitions financed by finance lease	103	664

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 31 March 2017 and as at 30 June 2016 the shareholders of the Company were:

	As at 31 March 2017		As at 30 June 2016	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	103,905,646	65.37 %	100,269,646	63.08 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Swedbank AS (Estonia) clients	6,839,574	4.30 %	10,367,627	6.52 %
Vytautas Šidlauskas	6,003,521	3.78 %	6,003,521	3.78 %
Other shareholders (private and institutional investors)	25,141,662	15.82 %	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 31 March 2017 (EUR 0.29 each as at 30 June 2016) and were fully paid as at 31 March 2017 and as at 30 June 2016.

The Company holds 782,972 of its own shares, percentage 0.50%, as at 31 March 2017 (785,972 as at 30 June 2016). Subsidiaries and other related companies did not hold any shares of the Company as at 31 March 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 31 March 2017 the number of employees of the Group was 2,195 (2,334 as at 30 June 2016).

No changes in share capital occurred during the years ending 31 March 2017 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 31 March 2017 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
		31 March 2017	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	93.83%	93.81%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	93.83%	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	93.83%	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
Linus 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
		31 March 2017	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 9 month period ended 31 March 2017*

During 9 month period, ended 31 March 2017, the Company acquired 0.02% AS Putnu fabrika Kekava share capital for EUR 3 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 1 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

#### *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 goodwill of EUR 1,550 thousand has been accounted for. The goodwill appears due to synergies, which are expected to be derived from vertical expansion of business.

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>Fair values at 1 May 2016</b>
Property, plant and equipment and investment property	3,024
Inventories	1,993
Prepayments and other current assets	34
Cash and cash equivalents	2
<b>Total assets</b>	<b>5,053</b>
<b>Total liabilities</b>	<b>(20)</b>
<b>Total identifiable net assets at fair value</b>	<b>5,033</b>
Goodwill recognized on acquisition of subsidiary, recognised under Intangible assets (Note 5)	1,550
<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.

Group	Grain and feedstuff handling and merchandising	Products and services for farming	Agricultural production	Food products	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
<b>Financial year ended 31 March 2017</b>								
<b>Revenue</b>								
Third parties	289,797	101,914	12,193	44,371	57	–	–	448,332
Intersegment	2,441	4,193	8,554	–	–	–	(15,188) <sup>1)</sup>	–
<b>Total revenue</b>	<b>292,238</b>	<b>106,107</b>	<b>20,747</b>	<b>44,371</b>	<b>57</b>	<b>–</b>	<b>(15,188)<sup>1)</sup></b>	<b>448,332</b>
<b>Results</b>								
Operating expenses	(6,191)	(9,820)	(2,311)	(3,560)	(131)	(2,848)	–	(24,861)
<b>Segment operating profit (loss)</b>	<b>7,242</b>	<b>1,562</b>	<b>(838)</b>	<b>697</b>	<b>93</b>	<b>(2,789)</b>	<b>–</b>	<b>5,967</b>

Group	Grain and feedstuff handling and merchandising	Products and services for farming	Agricultural production	Food products	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
<b>Financial year ended 31 March 2016</b>								
<b>Revenue</b>								
Third parties	320,599	99,041	9,784	44,863	37	–	–	474,324
Intersegment	3,257	5,617	11,914	–	–	–	(20,788) <sup>1)</sup>	–
<b>Total revenue</b>	<b>323,856</b>	<b>104,658</b>	<b>21,698</b>	<b>44,863</b>	<b>37</b>	<b>–</b>	<b>(20,788)<sup>1)</sup></b>	<b>474,324</b>
<b>Results</b>								
Operating expenses	(5,707)	(9,366)	(2,234)	(3,732)	(16)	(2,917)	–	(23,972)
<b>Segment operating profit (loss)</b>	<b>10,378</b>	<b>506</b>	<b>(3,728)</b>	<b>1,102</b>	<b>53</b>	<b>(2,801)</b>	<b>–</b>	<b>5,510</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	9 month period ended	
	31 March 2017	31 March 2016
Lithuania	122,192	127,880
Europe (except for Scandinavian countries, CIS and Lithuania)	194,933	160,260
Scandinavian countries	40,064	49,108
Asia	65,161	92,402
Africa	15,726	36,270
CIS	10,256	8,404
	<b>448,332</b>	<b>474,324</b>

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

Non-current assets	As at 31 March 2017	As at 30 June 2016
Lithuania	61,512	65,006
Latvia	51,343	49,245
Estonia	1,136	1,406
Denmark	3	5
	<b>113,994</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	Goodwill	Total
<b>Cost:</b>				
Balance as at 30 June 2015	804	613	–	1,417
Additions	22	70	–	92
Acquisition of subsidiaries	–	–	1,550	1,550
Write-offs	(21)	(15)	–	(36)
Transfers to property, plant and equipment	–	(391)	–	(391)
Reclassifications	115	(115)	–	–
Balance as at 30 June 2016	920	162	1,550	2,632
Additions	65	–	–	65
Write-offs	(5)	(17)	–	(22)
Balance as at 31 March 2017	980	145	1,550	2,675
<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	78	10	–	88
Write-offs	(4)	–	–	(4)
Balance as at 31 March 2017	628	31	–	659
<b>Net book value as at 31 March 2017</b>	<b>352</b>	<b>114</b>	<b>1,550</b>	<b>2,016</b>
<b>Net book value as at 30 June 2016</b>	<b>366</b>	<b>141</b>	<b>1,550</b>	<b>2,057</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	121	2,837	40	23	3	–	3,024
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	14,161	87,604	46,233	5,370	5,110	5,091	163,569
Additions	1,984	103	2,465	368	480	2,997	8,397
Disposals and write-offs	(177)	(35)	(1,359)	(296)	(207)	(272)	(2,346)
Transfers from investment property	248	–	–	–	–	–	248
Reclassifications	46	466	3,669	–	76	(4,257)	–
Balance as at 31 March 2017	16,262	88,138	51,008	5,442	5,459	3,559	169,868
<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	25	4,355	3,238	544	584	–	8,746
Disposals and write-offs	(2)	(210)	(387)	(268)	(193)	–	(1,060)
Balance as at 31 March 2017	26	29,055	22,989	3,094	3,436	–	58,600
<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 31 March 2017	–	399	10	–	–	–	409
<b>Net book value as at 31 March 2017</b>	<b>16,236</b>	<b>58,684</b>	<b>28,009</b>	<b>2,348</b>	<b>2,023</b>	<b>3,559</b>	<b>110,859</b>
<b>Net book value as at 30 June 2016</b>	<b>14,158</b>	<b>62,295</b>	<b>26,085</b>	<b>2,552</b>	<b>2,065</b>	<b>5,091</b>	<b>112,246</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
Disposals and write-offs	(1)	(3)	(4)
Transfers from property, plant and equipment	(248)	–	(248)
Balance as at 31 March 2017	1,086	130	1,216
<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	–	4	4
Disposals and write-offs	–	(2)	(2)
Balance as at 31 March 2017	–	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 31 March 2017	51	–	51
<b>Net book value as at 31 March 2017</b>	<b>1,035</b>	<b>84</b>	<b>1,119</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 31 March 2017	As at 30 June 2016
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	22,040	16,741
Other non-current borrowings	9	–
	22,049	16,741
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	8,342	19,943
Current bank borrowings secured by the Group assets	106,321	56,202
Other current borrowings (Note 12)	624	1,890
	115,287	78,035
	<b>137,336</b>	<b>94,776</b>

Interest payable is normally settled monthly throughout the financial year.

## 9. OPERATING EXPENSES

	9 month period ended	
	2016/2017	2015/2016
Wages and salaries and social security	15,925	15,703
Consulting expenses	598	657
Depreciation and amortization	1,343	1,266
Other	6,995	6,346
	<b>24,861</b>	<b>23,972</b>

## 10. OTHER INCOME (EXPENSES)

	9 month period ended	
	2016/2017	2015/2016
<b>Other income</b>		
Rental income from investment property and property, plant and equipment	191	176
Gain from currency exchange	607	293
Gain from disposal of investment property and property, plant and equipment	265	292
Other income	11	456
	<b>1,074</b>	<b>1,217</b>
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(223)	(182)
Loss from disposal of property, plant and equipment	(47)	(68)
Other expenses	(5)	(93)
	<b>(275)</b>	<b>(343)</b>

## 11. COMMITMENTS AND CONTINGENCIES

As at 31 March 2017 the Group is committed to purchase property, plant and equipment for the total amount of EUR 9,717 thousand (EUR 9,274 thousand as at 30 June 2016).

A few Group companies (Kėdainiai district Labūnavos ŽŪB, Šakiai district Lukšių ŽŪB, Sidabravo ŽŪB, Panevėžys district Žibartonių ŽŪB and Panevėžys district Aukštadvario 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 2022. 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 2021, 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 4,510 thousand as at 31 March 2017 (EUR 4,385 thousand as at 30 June 2016).

## 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 31 March 2017 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 9 month period ended 31 March 2017 were as follows:

2016/2017 3 Q	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current payable loans
			Trade receivables	Current loans receivable			
Akola ApS group companies	471	10,410	457	–	–	20	–
Members of management board	–	1	–	–	–	–	–

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 31 March 2017 and 30 June 2016.

## 13. SUBSEQUENT EVENTS

There were no important events after the reporting period.

# **CONSOLIDATED INTERIM REPORT**

**OF THE FINANCIAL YEAR 2016/17**

**OF AB LINAS AGRO GROUP**

**FOR THE NINE MONTH PERIOD**

**ENDED 31 MARCH 2017**



## CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodical and Additional Information of the Bank of Lithuania, we, Darius Zubas, Managing Director of AB Linas Agro Group and Tomas Tumėnas, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, the not audited AB Linas Agro Group Interim Consolidated Financial Statements for the nine months of the financial year 2016/17, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or losses and cash flow of AB Linas Agro Group and the Group as well. We also confirm that Interim Consolidated Report for the nine months of the financial year 2016/17 includes fair review of the business development and activities, together with the description of the major risks and indeterminations incurred.

AB Linas Agro Group Managing Director

31 May 2017

Darius Zubas



AB Linas Agro Group Finance Director

31 May 2017

Tomas Tumėnas



## COMPANY DETAILS

Company name	AB Linas Agro Group
Legal form	Public company
Date and place of registration	27/11/1995 in Panevezys
Code of legal entity	148030011
VAT identification number	LT480300113
Company register	State Enterprise Centre of Registers (Valstybės įmonė Registrų centras)
Address	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania
Phone	+370 45 50 73 03
Fax	+370 45 50 73 04
E-mail	group@linasagro.lt
Website	www.linasagro.lt
Bank account	LT07 7044 0600 0263 7111, AB SEB bank, bank code 70440
ISIN code	LT0000128092
Ticker in Nasdaq Vilnius	LNA1L

## ABOUT THE GROUP

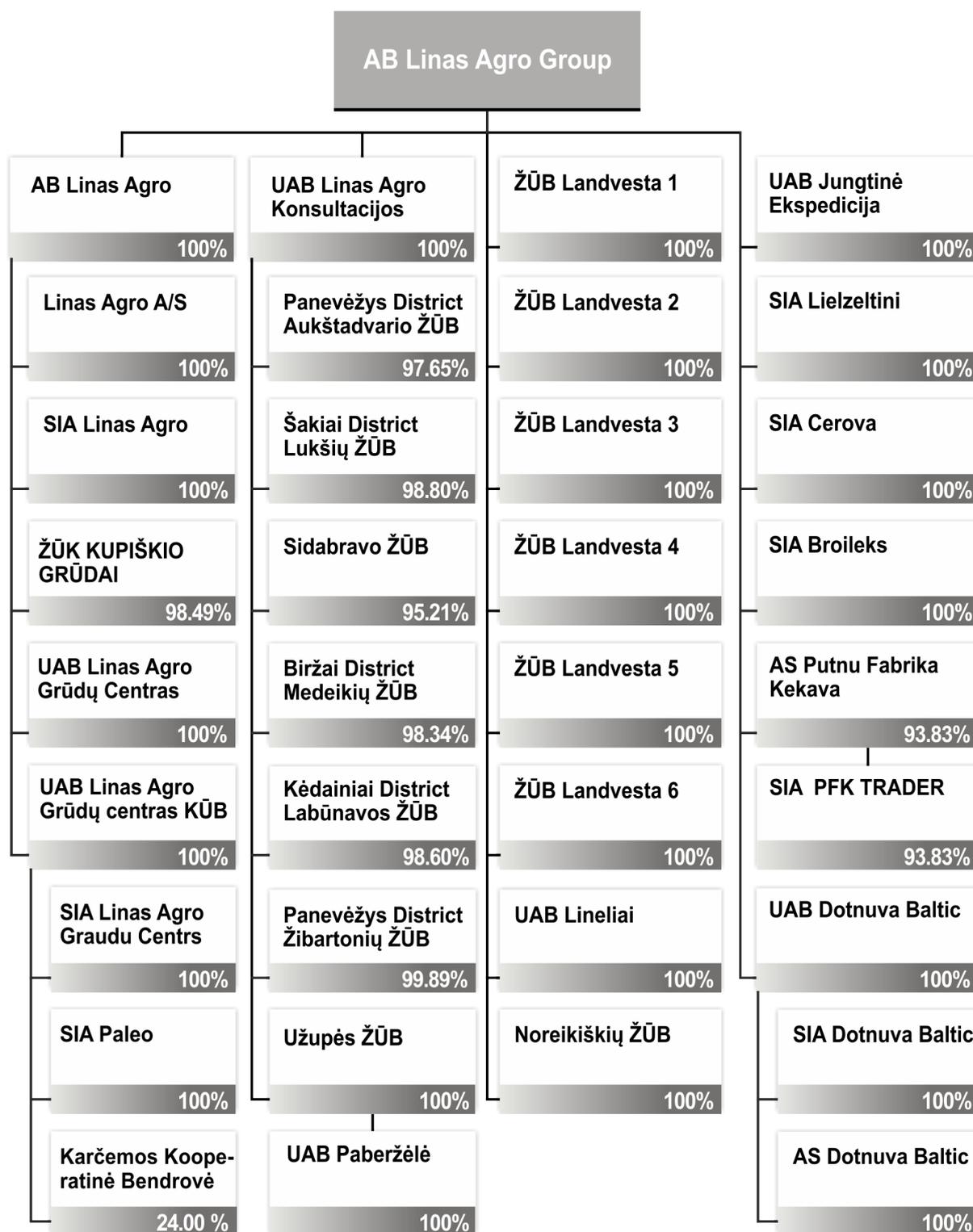
Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and had 39 companies at the end of the reporting period, and operates in four countries – Lithuania, Latvia, Estonia and Denmark. As at 31 March, 2017 the total headcount of the Group amounted to 2,195 employees. The financial year of the Group begins on 1 July.

The Company does not have any branches and representative offices.

## STRUCTURAL CHART OF THE EFFECTIVE STOCK HELD BY AB LINAS AGRO GROUP

The Company controlled 38 companies\* in Lithuania, Latvia, Estonia and Denmark as at 31 March, 2017.

\*Dormant companies UAB Gerera (100% shares), UAB Dotnuvos Technika (100% shares) and SIA Erfolg Group (93.83% shares) not included).



## THE MAIN ACTIVITY

The subsidiaries controlled by the Company produce, handle and merchandise agricultural and food products; also provide products and services for farming. The Company performs only the management function and is not involved in any trading or production activities.

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

The Group's activities are subdivided into five basic operating Segments: 'Grain and Feedstuff Handling and Merchandising', 'Products and Services for Farming', 'Agricultural Production', 'Food products', and 'Other'.

Division into separate Segments is dictated by different types of products and character of related activities; however, activities of the Segments are often interconnected.

## ACTIVITY AND FINANCIAL RESULTS OF THE GROUP

- Consolidated revenue of AB Linas Agro Group in nine months of 2016/17 financial year totaled EUR 448 million and was 5.5% less as compared to previous year (EUR 474 million).
- The Group's sales volume in tons reached 1.6 millions of various grains and agricultural inputs and was 10.5% less as compared to previous year (1.8 million tons).
- The gross profit reached EUR 30.0 million or was 5% higher than a year before (EUR 28.6 million).
- Consolidated EBITDA remained unchanged and amounted to EUR 13.3 million.
- The Group's operating profit reached EUR 6.0 million or was 8% more as compared to the respective period of the previous year (EUR 5.5 million).
- Profit before taxes amounted to almost EUR 4.3 million (compared to EUR 3.9 million in previous year). The net profit attributable to the Group stood at EUR 2.5 million (EUR 3.0 million in previous year).

## FINANCIAL RATIOS

	2016/17 9 months	2015/16 9 months	2014/15 9 months	2013/14 9 months	2012/13 9 months
Sales in tons	1.60	1.78	1.66	1.56	1.54
Revenue (in million EUR)	448	474	445	458	480
Gross profit (in million EUR)	30.0	28.6	27.8	28.4	35.5
EBITDA (in million EUR)	13.3	13.3	13.5	21.8	33.6
Operating profit (in million EUR)	5.9	5.5	6.3	15.9	27.9
Net profit (in million EUR)	2.59	3.0	3.8	14.0	24.1

## OVERVIEW

The lower harvest in the Baltic countries in 2016 as compared to 2015 had a negative impact on sales of grain and feedstuff, where total traded volume in tons dropped from 1.5 million to 1.3 million. The total Group's sales volume in tons decreased by 11.1% from 1.8 million to 1.6 million.

The consolidated revenue of AB Linas Agro Group over nine months of this financial year amounted to EUR 448 million and declined by 5.5% compared to previous year (EUR 474 million). The main reasons that had a negative impact on the drop in revenue were declined sales in grain, oilseeds and feedstuff, where sales revenue have shrunken from almost EUR 324 million to EUR 292 million. Decline in crop yield in agricultural companies controlled by the Group have negatively affected their sales: the revenue gained from farming diminished from EUR 21.7 million to EUR 20.7 million. Revenue of poultry business remained almost unchanged and was EUR 44.4 million compared to EUR 44.9 the year before. The revenue gained from products and services for farming slightly recovered from EUR 105 million in FY 2015/16 to EUR 106 million.

Despite a decline in revenue, the third financial quarter of the year was profitable and the Group finished the quarter with a EUR 2.3 million in operating profit (EUR 3.7 million loss was recorded in the corresponding period of previous year). Operating profit was recorded mainly in all Group's business segments, where the largest one amounted to EUR 3.2 million in *Grain and Feedstuff Handling and Merchandising* business SAegment.

Gross profit of AB Linas Agro Group over first nine months grew by 5.5% and amounted to EUR 30.1 million (EUR 28.6 million a year before), and operating profit increased from EUR 5.5 million to EUR 5.9 million. Group's EBITDA remained almost unchanged and amounted to EUR 13.25 million as compared to EUR 13.26 million in 2015/16 financial year. Group's net profit attributable to shareholders remained almost unchanged and amounted to EUR 2.5 million as compared to EUR 3.0 million a year ago.

## FINANCIAL COSTS

Financial expenses remained almost unchanged from last year over the referenced period amounting to EUR 2.09 million (EUR 2.07 million in FY 2015/16). Despite the fact that amount of financial loans increased from EUR 113 million to EUR 137 million, due to ongoing drop of interest rate base and lower margins on banking loans, financial expenditures remained unchanged. Borrowings increased as short-term loans to

finance trade activity went up as sales of various agricultural inputs to the farmers increased and stock grew as well. Also long-term loans due to undergoing investments into poultry business were higher.

## CASH FLOW

Group's cash flow from operating activities before the changes in working capital remained almost unchanged and amounted to EUR 11.1 million as compared to EUR 12.7 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was negative and amounted to EUR 46.3 million (negative EUR 14.2 million over the respective period of 2015/16 financial year), the reason was increase in stocks as those over referenced period grew up by EUR 42 million. Group's cash and cash equivalents at the end of the reporting period amounted to EUR 9.9 million (EUR 13.9 million in 2015/16 financial year).

## PERFORMANCE RESULTS OF THE SEGMENTS

Activities of the Group are divided into five business Segments:

1. Grain and Feedstuff Handling and Merchandising;
2. Products and Services for Farming;
3. Agricultural Production;
4. Food products;
5. Other.

## OPERATING PROFIT (LOSS) BY SEGMENTS, THOUSAND EUR

	2016/17 9 months	2015/16 9 months	2014/15 9 months	2013/14 9 months	2012/13 9 months
Grain and Feedstuff Handling and Merchandising	7,242	10,378	7,311	7,969	24,321
Products and Services for Farming	1,562	506	235	1,339	5,730
Agricultural Production	(838)	(3,728)	(1,245)	(54)	3,011
Food products	697	1,102	3,697	9,506	n/a
Other	93	53	65	(233)	(201)

## GRAIN AND FEEDSTUFF HANDLING AND MERCHANDISING

Being the largest operating Segment, this one includes the sale of grain, oilseeds and feedstuffs, as well as grain storage and logistic services.

The Group has been operating in this field since 1991, this activity generates the major part of the Group's revenue. Two companies of the Group - AB Linas Agro and Linas Agro AS - are holders of the European Good Trading Practice certificates. Also AB Linas Agro holds a certificate in trade of organic plant production issued by the PE Ekoagros, is ISCC (International Sustainability and Carbon certification) certified. AB Linas Agro received a GMP+ (European Good Manufacturing Practice) certification and SIA Linas Agro was ISCC certified during the reporting period.

The Group consistently expands the capacity of its own grain elevators, and currently the Group's own storage capacity for various grains amounts to 213 thousand tons. The capacities of the storage facilities at ports operated by the Group reach 180 thousand tons.

The total sales volume in this business Segment dropped by 12% from 1.5 million tons to 1.3 million tons and sales revenue plunged from EUR 324 million to EUR 292 million. The sales of traditional crops (wheat, rapeseed, barley) declined by 11%: their trading volume in tons dropped from 1.2 million to 1.1 million. A part of grains sale contracts were shifted into the fourth quarter of the financial year.

The sales of feedstuff in tons decreased by 16% due to the high ending stocks of feed manufacturers and a subsequent fall in demand, as well as of the poor harvest in some of the supply regions, while the revenue from feedstuff sales decreased from EUR 74 million to EUR 69 million. The Group produced and sold almost 7 thousand tons of feed, or almost 23% more than a year before.

Grain storage facilities owned by the Group collected and processed 450 thousand tons of various grains or 13% less as compared to the respective period of the 2015/16 financial year. The grain, harvested in autumn 2016 had high moisture content, and therefore revenue and profit earned by grain elevators from the drying service went up. The gross profit of the Group-owned grain elevators grew from EUR 1.8 million to EUR 3.4 million.

Operating profit of this business Segment dropped by 30% from EUR 10.4 million to EUR 7.3 million. Taking into consideration the losses due to poor Lithuanian and Latvian grain quality and lower yield, although a higher profitability from drying services provided by grain elevators, the Group expects to earn the same operating profit for this business Segment for the whole financial year as last year.

The Group started to provide grain drying service in another plot in Latvia (Rezekne) during the referenced period, using for that assets of SIA Paleo which is being acquired by the Group.

The Group invested over 1.1 million euros in grain storage facilities expansion during the reporting period. This investment will significantly strengthen the Group's trade and grain purchase positions in the northern and western parts of Lithuania.

The Group is planning to open a new grain elevator in Kartena (Lithuania) beginning of the next financial year and also expand the capacity of some other grain elevators. Total Groups' own grain storage capacity in Lithuania is to increase by 76,400 tons.

## **PRODUCTS AND SERVICES FOR FARMING**

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

A supply of agricultural inputs to the farmers is a long term activity of the Group that trace back to 1993 and is currently run in Lithuania, Latvia and Estonia. Since 1998 the Group is a shareholder of UAB Dotnuva Baltic, a wholesaler and retailer of agricultural machinery and grain storage facilities, a producer of certified seeds.

Sales of this business Segment over referenced period remain almost unchanged and amounted to EUR 106 million as compared to EUR 105 million a year before.

During the referenced period the sales of agricultural machinery and equipment for grain elevators were influenced by the implementation of previously approved EU-supported projects. Although a share of EU support tended to decline in the farmers' investment structure, the expectations for EU support and delay in investments are still substantial in all Baltic countries.

A poor yield of 2016 and decreased grain prices, also fluctuation of milk prices negatively influenced payment ability of the farmers and their possibility to expand and modernize farms. During Q3 of the fiscal year of the Group, 132 new western tractors were registered in Lithuania, or 30% less than during the respective period a year before. A registration of the new western tractors decreased in Latvia by 4%, in Estonia - by 25%. Basically the tractors' registration data shows the shrinkage of the new agricultural machinery market. However, the Group's sales of new agricultural machinery in units had a slight increase of around 2%.

During the reporting period the record number of agreements for implementation of grain storage facilities has been signed - for over 40 units, 16 grain storage complexes were installed, that is 60% more than a year before.

Revenue from sales of agricultural machinery and equipment for grain elevators increased by 5% from EUR 39 million to EUR 41 million, while gross profit went up 9% from EUR 4.9 million to EUR 5.4 million.

Sales of various agricultural inputs (fertilizers, seeds and plant protection products) dropped by 3% to EUR 60.7 million as compared to EUR 62.6 million a year ago.

The gross profit of this business Segment went up from EUR 9.7 million to EUR 11.1 million and operating profit grew from EUR 0.5 million to EUR 1.6 million.

The assortment of plant protection and fertilizers products also the range of agricultural machinery and equipment was expanded. Finnish mobile and stationary portion grain dryers "Arska" were introduced to the Baltic market in March 2017, the range of grain cleaning equipment was extended, and the new niche product of American manufacturer- tub grinders "Haybuster" was introduced to the market.

UAB Dotnuva Baltic joined "Case IH" international service program "Red Excellence", which is focused on continuous improvement of service quality to the the end customers.

## **AGRICULTURAL PRODUCTION**

This business Segment covers cultivation of cereals, oilseed rape, sugar beet and other crops, production of milk and beef cattle farming. The Group owns six agricultural companies situated on fertile land across Lithuania – Panevėžys District Aukštadvario ŽŪB, Panevėžys District Žibartonių ŽŪB, Kėdainiai District Labūnavos ŽŪB, Šakiai District Lukšių ŽŪB, Biržai District Medeikių ŽŪB and Sidabravo ŽŪB.

Agricultural companies were cultivating 17,232 ha of land. At the end of the reporting period the Group had 6,805 ha of own land. 9,058 ha of winter crops has been planted in autumn 2016, the crops of winter wheat, triticale and barley (6,293 ha in total) looked good in March, 2017. Around 80% of winter rapeseed crop looked good, 13% was in satisfactory condition, and 2% was lost.

It is planned to sow 5,304 hectares with spring crops: 2,362 ha of barley, 1,239 ha of bean, 889 ha of wheat, 554 ha of peas, and 260 hectares of sugar beet.

The unfavorable weather conditions during the harvest period in 2016 had a negative impact on the yield of Group's agricultural companies, therefore the Group's total agricultural production output decreased by 10% to 95 thousand tons in the reporting period. From this amount agricultural commodities made almost 90 thousand tons, or 8% less than a year before. Almost 58 thousand tons of crops were sold, or 18% less than in previous year.

The Group controlled farms own around 3,190 milking cows. Over 21.6 thousand tons of raw milk has been sold over the referenced period, or 8% more as compared to previous year. Around 1,124 tons of meat has been sold or 17% more than in previous year.

The agricultural companies of the Group spent EUR 2.3 million to obtain agricultural machinery.

The revenue of this business Segment went down by 4.4% and amounted to EUR 20.7 million (EUR 27.1 million in 2015/16 year) as revenue from crop sales dropped from EUR 13.2 million to EUR 6.7 million.

The operating profit of the Segment after the changes in biological assets, was negative and amounted to EUR 0.8 million (3.7 million loss was recorded in FY 2015/16).

Though the Group's agricultural companies produced less and lower-quality crop production than a year before, but taking into consideration an upward trend for milk prices (those on average increased by 26% if compared to previous year), the Group expects the annual operating profit of this business Segment to be the same like in FY 2015/16.

## FOOD PRODUCTS

This business Segment includes a whole cycle poultry business, including incubation of hatching eggs, broiler breeding, production of poultry and its products, feed manufacturing for self-supply and retail sale of chicken meat and its products. The Group has acquired shares of Latvian poultry company AS Putnu Fabrika Kekava in October, 2013 and the companies SIA Broileks, SIA Cerova and SIA Lielzeltini in February, 2014.

AS Putnu Fabrika Kekava – No1 poultry producer in Latvia with full poultry manufacturing cycle, including egg incubation, chicken hatching, broiler breeding, production of fresh poultry and processed products under brand name “Kekava”. The subsidiary of the company, SIA PFK Trader operated 21 retail shops all over Latvia. During the reporting period, AS Putnu Fabrika Kekava received the BRC (British Retail Consortium) certification. BRC Global Standard for Food Safety is one of the most effective measures commonly used in assessing the reliability of suppliers.

SIA Lielzeltini – No2 poultry producer in Latvia: has an incomplete production cycle consisting of broiler breeding, production of fresh poultry and processed products sold under the brand name “Bauska”, as well as production of compound feed.

SIA Broileks grows and sells live chicken. SIA Cerova incubate eggs and sells day-old chicks.

The slaughterhouses at which the birds are being slaughtered have Halal certificates.

AS Putnu Fabrika Kekava plans to become the first factory in the Baltic States to produce chicken meat with the label 'Raised without Antibiotics'. Two years ago, the company launched a poultry breeding environment improvement project and brought morbidity down to a minimum.

The poultry companies produced over 29 thousand tons of live weight or 5% more as compared to previous year. Companies sold over 19 thousand tons of poultry and poultry products or 12% less than a year before.

Poultry prices in Europe were influenced by the continuing Russian embargo on EU poultry production and large overcapacity in neighboring Poland. An average broiler price in the EU for the period July 2015 – March 2016 has been about EUR 183/100 kg and this year over the same period it was EUR 177/100 kg.

Revenue from this business Segment slightly declined from EUR 44.9 million to EUR 44.4 million and operating profit decreased from EUR 1.1 million to EUR 0.7 million as compared to the respective period of FY 2015/16.

The Group invested over 3.1 million euros over the referenced period to upgrade poultry production equipment.

Taking into account the current market situation the Group expects close financials results of this business Segment as compared to previous year.

## OTHER

This business Segment includes small activities, not attributable to other Segments, as an example services of elevator's to a third parties, sale of minor assets and etc.

The operating profit of this business Segment amounted to EUR 93 thousand as compared to a EUR 53 thousand profit in previous year.

# THE PUBLICLY DISCLOSED INFORMATION OTHER EVENTS OF THE REPORTING PERIOD

During the reporting period ended 30 September, 2016, the Company publicly disclosed and distributed via Nasdaq Vilnius GlobeNewswire system and in Company's website the following information:

28/2/2017 10:00 EET	AB Linas Agro Group notification about interim 6 months financial results of the financial year 2016/2017	Half Yearly information	En, Lt
20/12/2016 16:00 EET	Notification on AB Linas Agro Group manager's related party transactions	Notification on transactions concluded by managers of the companies	En, Lt
15/12/2016 16:00 EET	AB Linas Agro Group Notification about acquisition of voting rights	Acquisition or disposal of a block of shares	En, Lt
15/12/2016 16:00 EET	Notification on AB Linas Agro Group manager's related party transactions	Notification on transactions concluded by managers of the companies	En, Lt
02/12/2016 09:02 EET	AB Linas Agro Group investor's calendar for the 2017	Other information	En, Lt
30/11/2016 09:33 EET	Notification about interim 3 months financial results of the financial year 2016/17	Interim information	En, Lt
28/10/2016 10:33 EEST	Decisions of the Annual General Meeting of AB Linas Agro Group Shareholders, Held on 27 October 2016	Notification on material event	En, Lt
28/10/2016 10:14 EEST	Procedure for the payout of dividends for the financial year ended 30 June 2016	Notification on material event	En, Lt
28/10/2016 10:14 EEST	AB Linas Agro Group notification about the Annual information of financial year 2015/2016	Annual information	En, Lt

04/10/2016 16:00 EEST	Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Annual information	En, Lt
31/8/2016 12:18 EEST	Notification about interim 12 months financial results of the financial year 2015/2016	Interim informacion	En, Lt

## OTHER EVENTS DURING THE REPORTING PERIOD

July 2016- March 2017	The authorized capital of Noreikiškių ŽŪB was increased from 511,000 to 564,000 euros.
25/11/2016	The Company paid approved EUR 1,202 thousand dividends for the financial year ended 30 June 2016.
July-December 2016	The authorized capital of ŽŪB Landvesta 5 was increased from 906,500 to 1,163,000 euros.
25/11/2016	The Company paid approved EUR 1,202 thousand dividends for the financial year ended 30 June 2016.
23/09/2016	The company transferred 3,000 units of its own shares to the employees of AB Linas Agro. After these transactions, the number of own shares owned by the Company was 782,972.
21/09/2016	The authorized capital of UAB Lineliai was increased from 638,000 to 728,000 euros.
01/07/2016	The authorized capital of SIA Linas Agro Graudu Centrs was increased from 1,656,828 to 2,180,000 euros.

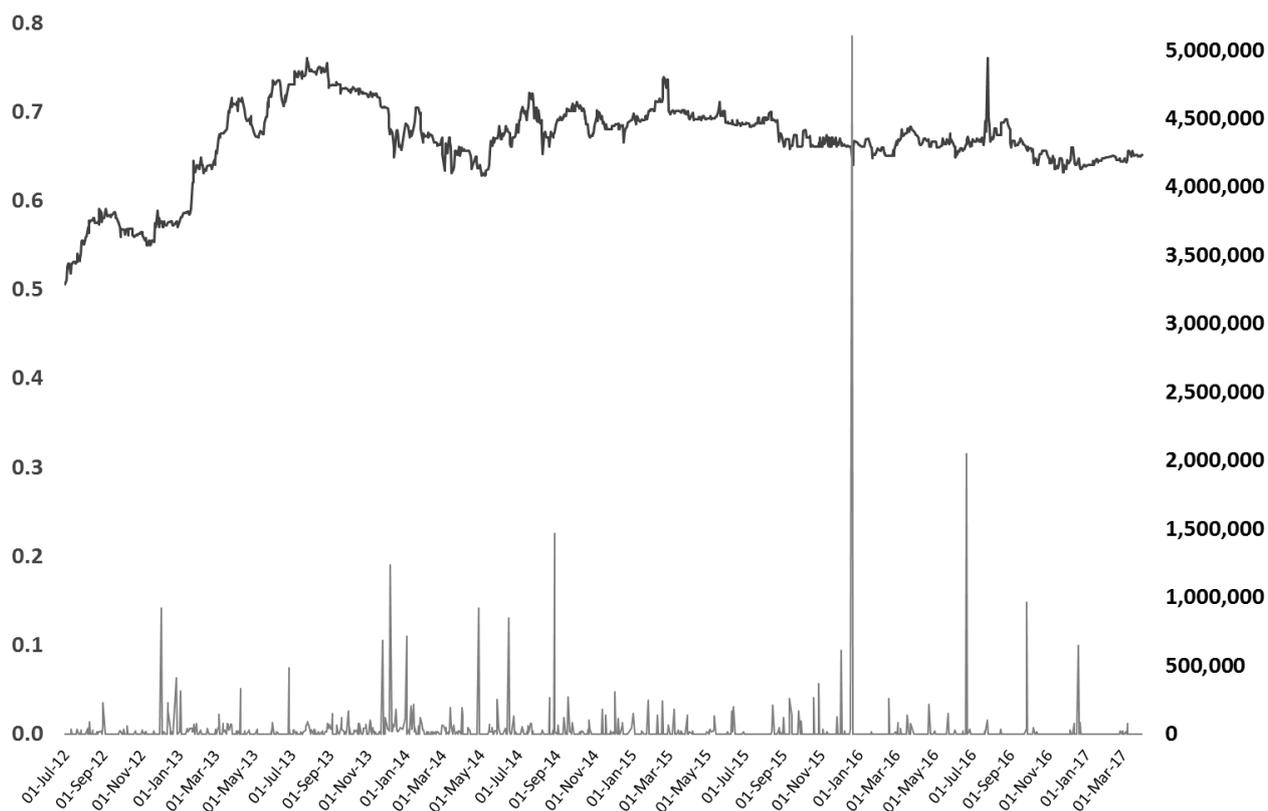
## SUBSEQUENT EVENTS

23/05/2017	The authorized capital of UAB Linas Agro Grūdų Centras KŪB was increased by 949,671.46 euros.
15/05/2017	The authorized capital of SIA Linas Agro Graudu Centrs was increased by 400,000 euros.
08/05/2017	The authorized capital of ŽŪK Kupiškio Grūdai was increased by 146,500 euros.
08/05/2017	The authorized capital of SIA Paleo was increased by 149,647 euros.
03/05/2017	The authorized capital of SIA Linas Agro was increased by 168,565 euros.



# PRICES AND TURNOVER OF SHARES OF AB LINAS AGRO GROUP

Information on changes in the prices of Company's shares and turnover from 01/07/2012 until the end of the reporting period, i. e. 31 March 2017, is presented in the following diagram:



## CONTACT PERSONS

Finance Director

Tomas Tumėnas

Ph. + 370 45 507 393

Email [t.tumenas@linasagro.lt](mailto:t.tumenas@linasagro.lt)

Investor Relations Specialist

Greta Vaitkevičienė

Ph. + 370 45 507 346

Email [g.vaitkeviciene@linasagro.lt](mailto:g.vaitkeviciene@linasagro.lt)