

Confirmation of the 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 unaudited Interim Consolidated Financial Statements of AB Linas Agro Group for the three months of the financial year 2018/19, 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 three months of the financial year 2018/19 includes fair review of the business development and activities, together with the description of the major risks and indeterminations incurred.


Managing Director of AB Linas Agro Group



Darius Zubas

29 November 2018

Finance Director of AB Linas Agro Group



Tomas Tumėnas

29 November 2018



AB Linas Agro Group
Consolidated unaudited
Financial Statements
For the 3 month period
of the financial year 2018/19

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2018	As at 30 June 2018
ASSETS			
Non-current assets			
Intangible assets	5	1,488	1,496
Property, plant and equipment	6	124,858	122,590
Investment property	7	1,316	1,316
Animals and livestock		8,460	8,726
Non-current financial assets			
Other investments and prepayments for financial assets		16	16
Non-current receivables		2,326	1,841
Total non-current financial assets		2,342	1,857
Non-current prepayments		–	1,590
Deferred income tax asset		2,520	2,803
Total non-current assets		140,984	140,378
Current assets			
Crops		3,524	12,856
Livestock		2,792	2,312
Inventories		186,914	95,873
Current prepayments		7,133	12,206
Accounts receivable			
Trade receivables		82,924	117,036
Receivables from related parties	12	715	255
Income tax receivable		541	843
Other accounts receivable		5,056	7,128
Total accounts receivable		89,236	125,262
Derivative financial instruments		45	70
Other current financial assets		2,571	1,485
Cash and cash equivalents		10,462	10,495
Total current assets		302,677	260,559
Total assets		443,661	400,937

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	As at 30 September 2018	As at 30 June 2018
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	46,093	46,093
Share premium	1	23,038	23,038
Legal reserve		3,419	3,419
Own shares		(453)	(453)
Foreign currency translation reserve		(24)	(22)
Cash flow hedge reserve		(40)	(40)
Retained earnings		106,224	102,951
Total equity attributable to equity holders of the parent		178,257	174,986
Non-controlling interest		2,216	2,088
Total equity		180,473	177,074
Liabilities			
Non-current liabilities			
Grants and subsidies		6,173	6,299
Non-current borrowings	8	29,109	27,180
Finance lease obligations		1,123	1,172
Deferred income tax liability		99	110
Non-current employee benefits		442	442
Total non-current liabilities		36,946	35,203
Current liabilities			
Current portion of non-current borrowings	8	6,592	6,835
Current portion of finance lease obligations		662	559
Current borrowings	8, 12	159,465	118,109
Trade payables		37,329	39,079
Payables to related parties		39	1
Income tax payable		184	103
Derivative financial instruments		1,839	987
Other current liabilities		20,132	22,987
Total current liabilities		226,242	188,660
Total equity and liabilities		443,661	400,937

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 30 September)

	Notes	2018/2019 1 Q	2017/2018 1 Q
Sales	4	156,159	129,192
Cost of sales		(143,763)	(114,668)
Gross profit		12,396	14,524
Operating (expenses)	9	(8,637)	(8,776)
Other income	10	546	320
Other (expenses)		132	(451)
Operating profit		4,437	5,617
Income from financing activities		113	159
(Expenses) from financing activities		(774)	(577)
Profit before tax		3,776	5,199
Income tax		(373)	(484)
Net profit		3,403	4,715
Net profit attributable to:			
Equity holders of the parent		3,272	4,292
Non-controlling interest		131	423
		3,403	4,715
Basic and diluted earnings per share (EUR)		0.02	0.03
Net profit		3,403	4,715
Other comprehensive income			
Exchange differences on translation of foreign operations		(2)	–
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		(2)	–
Total comprehensive income, after tax		3,401	4,715
Total comprehensive income attributable to:			
The shareholders of the Company		3,270	4,292
Non-controlling interest		131	423
		3,401	4,715

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	Other reserves	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as at 1 July 2017		46,093	(453)	23,038	3,186	(73)	(22)	95,177	166,946	2,271	169,217
Net profit for the year		–	–	–	–	–	–	4,292	4,292	423	4,715
Total comprehensive income		–	–	–	–	–	–	4,292	4,292	423	4,715
Acquisition of minority interest		–	–	–	–	–	–	7	7	(13)	(6)
Balance as at 30 September 2017		46,093	(453)	23,038	3,186	(73)	(22)	99,476	171,245	2,681	173,926
Balance as at 1 July 2018		46,093	(453)	23,038	3,419	(40)	(22)	102,951	174,986	2,088	177,074
Net profit for the year		–	–	–	–	–	–	3,272	3,272	131	3,403
Exchange differences on translation of foreign operations		–	–	–	–	–	(2)	–	(2)	–	(2)
Total comprehensive income		–	–	–	–	–	(2)	3,272	3,270	131	3,401
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(1)	(1)
Acquisition of minority interest		–	–	–	–	–	–	1	1	(2)	(1)
Balance as at 30 September 2018		46,093	(453)	23,038	3,419	(40)	(24)	106,224	178,257	2,216	180,473

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

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2018/2019 1 Q	2017/2018 1 Q
Cash flows from (to) operating activities		3,403	4,715
Net profit			
Adjustments for non-cash items:			
Depreciation and amortisation		2,502	2,982
Subsidies amortisation		(102)	(237)
(Gain) on disposal of property, plant and equipment		(51)	(93)
Change in allowance and write-offs for receivables and prepayments		191	39
Inventories write down to net realisable value		30	–
Change in accrued expenses		(4,072)	704
Change in fair value of biological assets		(550)	56
Change in deferred income tax		267	42
Current income tax expenses		104	443
Expenses (income) from change in fair value of financial instruments		(6,334)	445
Dividend (income)		(3)	(121)
Interest (income)		(113)	(159)
Interest expenses		774	576
		(3,954)	9,392
Changes in working capital:			
Decrease in biological assets		9,751	11,111
(Increase) in inventories		(83,856)	(94,565)
Decrease (increase) in prepayments		5,080	(4,791)
Decrease in trade and other accounts receivable		30,190	3,464
(Increase) in restricted cash		(363)	(510)
Increase in trade and other accounts payable		(4,562)	9,315
Income tax (paid)		(111)	(208)
Net cash flows from (to) operating activities		(47,825)	(66,792)

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

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

Notes	2018/2019 1 Q	2017/2018 1 Q
Cash flows from (to) investing activities		
(Acquisition) of intangible assets, property, plant and equipment and investment property	(4,650)	(4,940)
Proceeds from sale of intangible assets, property, plant and equipment and investment property	208	168
Loans (granted)	(67)	(4)
Repayment of granted loans	65	185
Interest received	13	25
Dividend received	3	121
Net cash flows from (to) investing activities	(4,428)	(4,445)
Cash flows from (to) financing activities		
Proceeds from loans	66,120	81,672
(Repayment) of loans	(13,005)	(9,296)
Finance lease (payments)	(181)	(226)
Grants received	–	593
Interest (paid)	(713)	(520)
Acquisition of non-controlling interest	(1)	(6)
Net cash flows from (to) financing activities	52,220	72,217
Net (decrease) increase in cash and cash equivalents	(33)	980
Cash and cash equivalents at the beginning of the year	10,495	8,897
Cash and cash equivalents at the end of the year	10,462	9,877
Supplemental information of cash flows:		
Non-cash investing activity:		
Property, plant and equipment acquisitions financed by grants and subsidies	–	593
Property, plant and equipment acquisitions financed by finance lease	203	140

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

	As at 30 September 2018		As at 30 June 2018	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	109,909,167	69.15 %	109,909,167	69.15 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Tomas Pučkis	4,781,306	3.01 %	4,359,078	2.74 %
Swedbank AS (Estonia) clients	4,472,774	2.81 %	4,472,774	2.81 %
Other shareholders (private and institutional investors)	22,727,156	14.30 %	23,149,384	14.57 %
Total	158,940,398	100.00 %	158,940,398	100.00 %

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

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

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

As at 30 September 2018 the number of employees of the Group was 2,174 (2,199 as at 30 June 2018).

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

2. ACCOUNTING PRINCIPLES

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

3.GROUP STRUCTURE AND CHANGES IN THE GROUP

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

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2018	30 June 2018	
Investments into directly controlled subsidiaries				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
UAB Dotnuva Baltic	Lithuania	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5*	Lithuania	100 %	100%	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	Rent and management of agricultural purposes land
AS Putnu fabrika Kekava	Latvia	97.10%	97.09%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	97.10%	97.09%	Retail trade of food production
SIA Lielzeltini	Latvia	100%	100%	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	100%	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	100%	Chicken breeding and sale
SIA Erfolg Group	Latvia	97.10%	97.09%	Not operating company
UAB Kekava Foods	Lithuania	97,10%	97.09%	Retail trade of food production
Investments into indirectly controlled subsidiaries (through AB Linas Agro)				
SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural inputs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linas 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 2018	30 June 2018	
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.49%	98.96%	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
Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic)				
SIA DOTNUVA BALTIC	Latvia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuva Baltic	Estonia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos technika	Lithuania	100%	100%	Not operating company
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)				
Karčemos kooperatinė bendrovė	Lithuania	20%*	20%*	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu centrs	Latvia	100%	100%	Preparation and warehousing of grains for trade
SIA Paleo	Latvia	100%	100%	Warehousing activity
Investment into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)				
Karčemos kooperatinė bendrovė	Lithuania	4.00%*	4.00%*	Preparation and warehousing of grains for trade

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

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

Changes in the Group during the 3 month period ended 30 September 2018

During 3 month period, ended 30 September 2018, the Company acquired 0.01% AS Putnu fabrika Kekava share capital for EUR 1 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 2018

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

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

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

4. SEGMENT INFORMATION

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

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

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

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

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
Financial year ended 30 September 2018								
Revenue								
Third parties	90,674	41,182	5,124	19,400	(221)	–	–	156,159
Intersegment	294	2,234	2,543	–	–	–	(5,071) ¹⁾	–
Total revenue	90,968	43,416	7,667	19,400	(221)	–	(5,071)¹⁾	156,159
Results								
Operating expenses	(2,341)	(3,248)	(589)	(1,600)	(5)	(854)	–	(8,637)
Segment operating profit (loss)	2,385	1,892	(424)	1,653	(196)	(873)	–	4,437

Group	Grain and feedstuff handling and merchandising	Products and services for farming	Agricultural production	Food products	Other products and services	Not attributed to any specified segment	Adjustments and elimina- tions	Total
Financial year ended 30 September 2017								
Revenue								
Third parties	70,944	35,765	6,126	16,321	36	–	–	129,192
Intersegment	780	2,008	2,797	–	–	–	(5,585) ¹⁾	–
Total revenue	71,724	37,773	8,923	16,321	36	–	(5,585)¹⁾	129,192
Results								
Operating expenses	(2,167)	(3,179)	(673)	(1,260)	(34)	(1,463)	–	(8,776)
Segment operating profit (loss)	4,368	847	547	1,309	3	(1,457)	–	5,617

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 2018	30 September 2017
Lithuania	47,508	39,815
Europe (except for Scandinavian countries, CIS and Lithuania)	50,191	44,732
Scandinavian countries	28,246	8,881
Asia	13,401	28,335
Africa	9,556	4,165
CIS	7,257	3,264
	156,159	129,192

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

Non-current assets	As at 30 September 2018	As at 30 June 2018
Lithuania	68,948	68,245
Latvia	57,602	55,957
Estonia	1,111	1,200
	127,661	125,402

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

5. INTANGIBLE ASSETS

Group	Software	Other intangible assets	Provisional goodwill	Total
Cost:				
Balance as at 30 June 2017	949	203	1,971	3,123
Additions	246	47	–	293
Write-offs	(106)	(23)	–	(129)
Reclassifications	(50)	50	–	–
Balance as at 30 June 2018	1,039	277	1,971	3,287
Additions	22	4	–	26
Write-offs	–	(6)	–	(6)
Balance as at 30 September 2018	1,061	275	1,971	3,307
Accumulated amortization:				
Balance as at 30 June 2017	612	59	–	671
Charge for the year	100	18	–	118
Write-offs	(106)	(13)	–	(119)
Reclassifications	(25)	25	–	–
Balance as at 30 June 2018	581	89	–	670
Charge for the year	26	7	–	33
Write-offs	–	(5)	–	(5)
Balance as at 30 September 2018	607	91	–	698
Impairment losses:				
Balance as at 30 June 2017	–	–	1,121	1,121
Balance as at 30 June 2018	–	–	1,121	1,121
Balance as at 30 September 2018	–	–	1,121	1,121
Net book value as at 30 September 2018	454	184	850	1,488
Net book value as at 30 June 2018	458	188	850	1,496
Net book value as at 30 June 2017	337	144	850	1,331

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

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as at 30 June 2017	17,230	89,643	52,131	5,433	5,562	8,061	178,060
Additions	2,219	30	3,327	723	407	12,728	19,434
Disposals and write-offs	(271)	(1,864)	(3,425)	(979)	(1,225)	(367)	(8,131)
Transfers from investment property	302	–	–	–	–	–	302
Transfers to investment property	(219)	–	–	–	–	–	(219)
Reclassifications	107	8,518	1,830	157	68	(10,680)	–
Balance as at 30 June 2018	19,368	96,327	53,863	5,334	4,812	9,742	189,446
Additions	517	114	1,039	189	76	3,061	4,996
Disposals and write-offs	(2)	(32)	(266)	(120)	(13)	–	(433)
Reclassifications	10	7,322	2,258	104	15	(9,709)	–
Balance as at 30 September 2018	19,893	103,731	56,894	5,507	4,890	3,094	194,009
Accumulated depreciation:							
Balance as at 30 June 2017	37	30,480	22,440	3,170	3,578	–	59,705
Charge for the year	46	5,770	4,544	706	734	–	11,800
Disposals and write-offs	(1)	(788)	(2,833)	(903)	(1,025)	–	(5,550)
Transfers to investment property	(1)	–	–	–	–	–	(1)
Reclassifications	–	–	–	128	(128)	–	–
Balance as at 30 June 2018	81	35,462	24,151	3,101	3,159	–	65,954
Charge for the year	12	1,163	1,095	146	144	–	2,560
Disposals and write-offs	–	(4)	(129)	(119)	(13)	–	(265)
Reclassifications	–	–	5	–	(5)	–	–
Balance as at 30 September 2018	93	36,621	25,122	3,128	3,285	–	68,249
Impairment losses:							
Balance as at 30 June 2017	–	399	10	–	–	–	409
Charge for the year	–	297	154	–	42	–	493
Balance as at 30 June 2018	–	696	164	–	42	–	902
Balance as at 30 September 2018	–	696	164	–	42	–	902
Net book value as at 30 September 2018	19,800	66,414	31,608	2,379	1,563	3,094	124,858
Net book value as at 30 June 2018	19,287	60,169	29,548	2,233	1,611	9,742	122,590
Net book value as at 30 June 2017	17,193	58,764	29,681	2,263	1,984	8,061	117,946

As at 30 June 2018 the Group reviewed useful lives, residual values and depreciation methods and made decision to change the useful lives, residual values for property, plant and equipment groups and subgroups and related grants.

As the result of these changes, the Group's depreciation charge for the period ended 30 September 2018 is EUR 2,560 thousand, instead of EUR 3,101 thousand calculated by previous useful lives and residual values. The amortization of grants for the period ended 30 September 2018 is EUR 124 thousand, instead of EUR 194 thousand calculated by previous useful lives and residual values.

7. INVESTMENT PROPERTY

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

Cost:	Land	Buildings	Total
Balance as at 30 June 2017	1,376	131	1,507
Transfers to property, plant and equipment	(302)	–	(302)
Transfers from property, plant and equipment	219	–	219
Balance as at 30 June 2018	1,293	131	1,424
Balance as at 30 September 2018	1,293	131	1,424
Accumulated depreciation:			
Balance as at 30 June 2017	–	48	48
Charge for the year	1	7	8
Transfers from property, plant and equipment	1	–	1
Balance as at 30 June 2018	2	55	57
Balance as at 30 September 2018	2	55	57
Impairment losses:			
Balance as at 30 June 2017	51	–	51
Balance as at 30 June 2018	51	–	51
Balance as at 30 September 2018	51	–	51
Net book value as at 30 September 2018	1,240	76	1,316
Net book value as at 30 June 2018	1,240	76	1,316
Net book value as at 30 June 2017	1,325	83	1,408

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

8. BORROWINGS

	As at 30 September 2018	As at 30 June 2018
Non-current borrowings		
Bank borrowings secured by the Group assets	29,100	27,171
Other non-current borrowings	9	9
	29,109	27,180
Current borrowings		
Current portion of non-current bank borrowings	6,592	6,835
Current bank borrowings secured by the Group assets	158,912	117,110
Other current borrowings (Note 12)	553	999
	166,057	124,944
	195,166	152,124

Interest payable is normally settled monthly throughout the financial year.

9. OPERATING EXPENSES

	2018/2019 1 Q	2017/2018 1 Q
Wages and salaries and social security	(5,422)	(5,724)
Consulting expenses	(126)	(139)
Depreciation and amortization	(303)	(434)
Other	(2,786)	(2,479)
	(8,637)	(8,776)

10. OTHER INCOME (EXPENSES)

	2018/2019 1 Q	2017/2018 1 Q
Other income		
Gain from currency exchange	108	43
Rental income from investment property and property, plant and equipment	61	61
Gain from disposal of investment property and property, plant and equipment	51	117
Dividend income	3	121
Change in fair value of currency financial instruments	267	(28)
Other income	56	6
	546	320
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(57)	(114)
Loss from disposal of property, plant and equipment	–	(13)
Change in fair value of currency financial instruments	223	(324)
Other expenses	(34)	–
	132	(451)

11. COMMITMENTS AND CONTINGENCIES

As at 30 September 2018 the Group is committed to purchase property, plant and equipment for the total amount of EUR 1,486 thousand (EUR 4,168 thousand as at 30 June 2018).

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

Panevėžys district Aukštadvario ŽŪB, Kėdainių district Labūnavos ŽŪB, Sidabravo ŽŪB, Panevėžys district Žibartonių ŽŪB are committed not to discontinue operations related to agricultural up to the end of 2019 and 2021, 2022, Šakiai district Lukšių ŽŪB – up to 2020 and 2021. UAB Linas Agro Grūdų Centras KŪB received grants from the European Union and National Paying Agency (Lithuania) for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2020 and 2021.

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

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

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

12. RELATED PARTIES TRANSACTIONS

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

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

Members of the board of the Company:

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

Subsidiaries: List provided in Note 3.

Akola ApS group companies:

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

UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company).
 Lobiu Sala AS (Sweden) (Jonas Bakšys is the Member of Board of this company).

The Group's transactions with related parties in 3 month period ended 30 September 2018 were as follows:

2018 1 Q

	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current payable loans
			Trade receivables	Other receivable			
Akola ApS group companies	–	6,036	715	–	–	39	–
Members of management board	–	–	–	–	–	–	–

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

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

Terms and conditions of the financial assets and liabilities:

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

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

13. SUBSEQUENT EVENTS

In October 2018 the Company transferred 9,000 own shares to the Group employees under AB Linas Agro Group Rules for shares issues.

On 24 October 2018 the Group increased the capital of LLC LINAS AGRO UKRAINA UAH 2,800 thousand (EUR 87 thousand).

On 31 October 2018 the Group reduced the capital of Užupės ŽŪB by paying out EUR 140 thousand to shareholders.

On 8 November 2018 the Company increased the capital of Linas Agro Grūdų Centras KŪB by EUR 1,000 thousand.

On 12 November 2018 the Group increased the capital of SIA Linas Agro by EUR 1,000 thousand.

Consolidated Interim Report of AB Linas Agro Group

**for the Three-Month Period
of the Financial Year 2018/19,
Ended 30 September, 2018**



Information about the Company and the Group

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
LEI	529900UB9QON717IL030
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

AB Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and operates in four countries – Lithuania, Latvia, Estonia and Denmark. The financial year of the Group begins on 1 July. At the end of the reporting period the Group had 40 companies, and the total headcount was 2,174 employees. The Company does not have any branches and representative offices.

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.

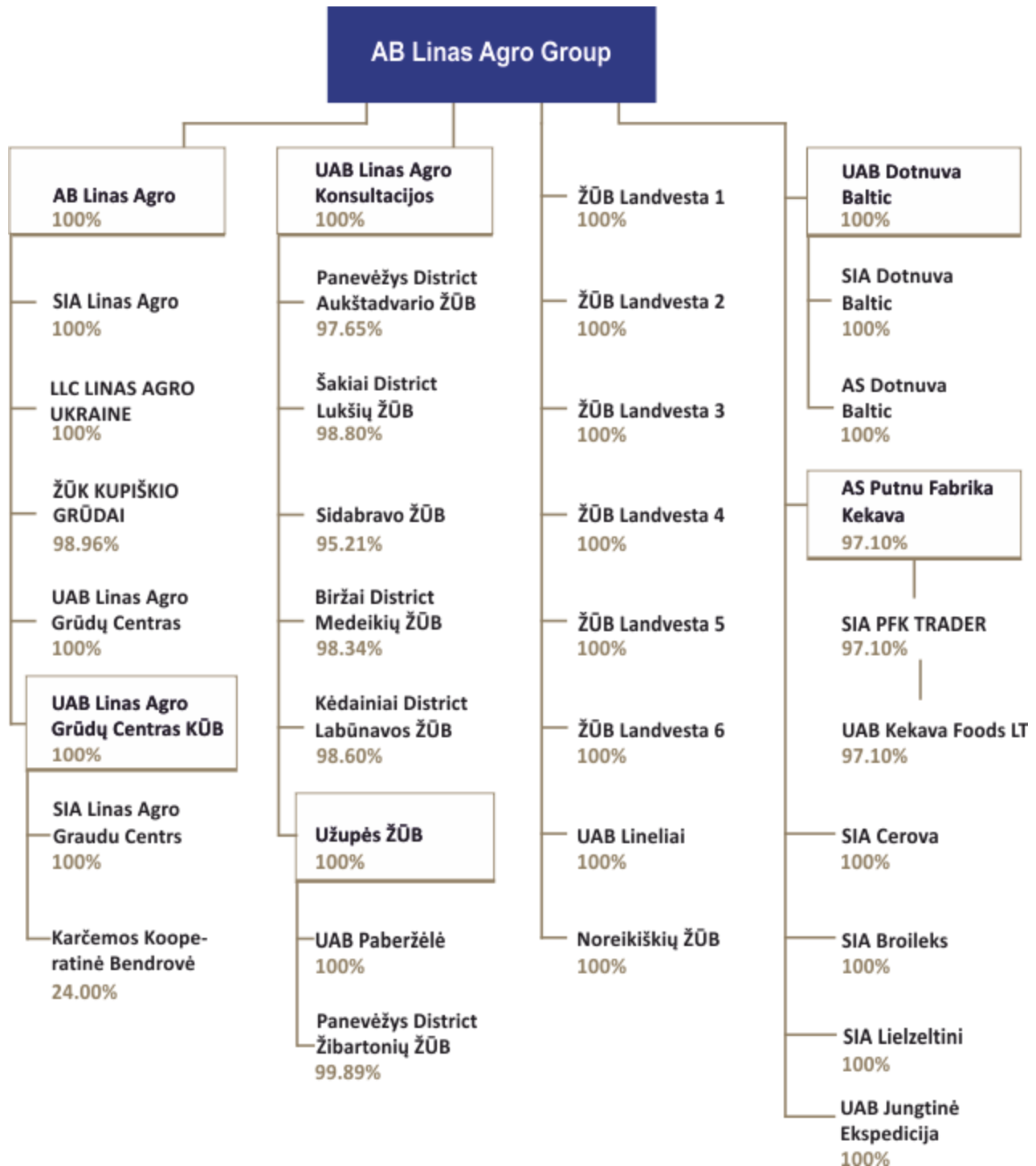
The Group is the leading exporter of grains and has own network of grain storage facilities. Also is one of the leaders in supplies of agricultural inputs (such as certified seeds, fertilizers and agricultural machinery) in Lithuania, has seed processing plant. The Group is a major milk producer in Lithuania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

The Group's activities are subdivided into main four operating Segments. Division into separate Segments is dictated by different types of products and character of related activities; however, activities of the Segments are often interconnected.

Information about subsidiaries of the Company

The Company controlled 40 companies* in Lithuania, Latvia and Estonia as at 30 September 2018.

*Dormant companies and the companies undergoing liquidation or merge are not included in the structural chart: UAB Gerera (dormant, 100% shares), UAB Dotnuvos Technika (dormant, 100% shares), Linas Agro A/S (under liquidation, 100% shares), SIA Erfolg Group (under liquidation, 97.10% shares), SIA Paleo (under merge to SIA Linas Agro Graudu Centrs, 100% shares).



Activity and Financial Results of the Group

- Consolidated revenue of AB Linas Agro Group in three months of 2018/19 financial year totaled EUR 156 million and was 21% more as compared to previous year (EUR 129 million).
- The Group's sales volume in tons reached 409 thousand tons of various grains and agricultural inputs and was 6% less as compared to previous year (435 thousand tons).
- The gross profit reached EUR 12.4 million and was 14% lower than a year before (EUR 14.5 million).
- Consolidated EBITDA was 16% lower and amounted to EUR 7.1 million as compared to the previous year (EUR 8.5 million).
- The Group's operating profit was EUR 4.4 million or 21% less as compared to the respective period of the previous year (EUR 5.6 million).
- Profit before taxes amounted to EUR 3.8 million (compared to EUR 5.2 million in previous year). The net profit attributable to the Group stood at EUR 3.3 million (EUR 4.3 million in previous year).

Financial Ratios

	2018/19 3 months	2017/18 3 months	2016/17 3 months	2015/16 3 months	2014/15 3 months
Sales in tons	409,619	435,483	500,620	475,399	421,293
Revenue (thousand EUR)	156,159	129,192	152,920	149,479	130,851
Gross profit (thousand EUR)	12,396	14,524	14,199	12,002	9,052
EBITDA (thousand EUR)	7,115	8,506	8,293	7,205	6,121
Operating profit (thousand EUR)	4,437	5,617	5,994	4,460	3,506
Net profit (thousand EUR)	3,403	4,715	4,444	3,464	2,235

Overview

As per data of International Grain Council (IGC), the world grain and oilseed production will be around 2,080 million tons in 2018 and will be 1.1% less as compared to that in 2017 (2,104 million tons), while world grain ending stocks have shrunken from 617 million to 560 million tons. Therefore, the global prices for various grains and oilseeds over July-September period went up as compared to the respective period of previous year. For instance, the price of wheat on Euronext exchange ranged between 180 and 205 euros per ton in July-September, while previous year it has been EUR 160-180 per ton.

The overall situation of harvest in all Baltic States has been challenging. First of all, heavy rains in 2017 have negatively affected planting of winter crop which is usually more productive, and secondly, very dry summer of 2018 have destroyed certain areas of summer crops and affected the overall yield. F.i., area planted with summer wheat in Lithuania has been 65 thousand hectares less than usual. Therefore, it is forecasted that overall harvest of cereals and oilseeds in Lithuania in 2018 will be 23% less as compared to 2017 and would amount to 4.1 million tons, in Latvia it will be 24% less amounting to 2.3 million and in Estonia will shrink 29% to 1.2 million tons.

Due to decreased yield in Lithuania and Latvia, the AB Linas Agro Group sales volume in tons dropped 6% from 435 thousand tons to 409 thousand tons. The biggest drop was observed in traditional products' group - wheat, barley and rapeseed – as their sales in tons plunged 20% to 218 thousand tons. The decreased yield had a negative impact on performance of Group controlled elevators as total volume of various grains they processed dropped 26% if compared to previous year. Appositively, better harvest in Russia and Ukraine and increased demand for various feedstuffs boosted their sales volumes in tons by 73%.

Group's consolidated revenue of the first three months of 2018/19 financial year amounted to EUR 159 million and was 21% higher as compared to previous year (EUR 129 million). Revenue of the largest Group's business Segment 'Grain and Feedstuff Handling and Merchandising' rose by 27% as sales of feedstuffs grew 139% from EUR 16 million to EUR 38 million. Revenue went up also due to increased world prices on various grains as those rose in a range of 15-20%. Sales in business Segment 'Products and Services for Farming' also increased 15%, where revenues of fertilizers, seeds and plant protection products businesses went up 36%, 17% and 11% accordingly, and sales of agricultural machinery grew 22%. Revenue of business Segment 'Food products' grew 19% and despite increased prices for grains and feedstuffs, gross profitability margin of this business Segment went up from 16.1% to 16.6%. Due to the draught the crop production in Group controlled farms was 27% less as compared to previous year, but drop in their revenue was not that big because of high grain prices and was 14%.

To optimize trading activities and reduce operating costs, improve customer service and avoid an internal competition between subsidiaries, the Group is carrying out some transformations in the organizational structure:

- Closing its trading company in Denmark, Linas Agro A / S, and also the dormant company in Latvia- SIA Erfolg Group; the liquidation processes are expected to be over by the end of the calendar year;
- Merging the fertilizer warehousing company SIA Paleo to the grain elevators company SIA Linas Agro Graudu Centrs, expecting to complete this process by 2019;
- Have transferred the seed sales business from UAB Dotnuva Baltic to AB Linas Agro, also sales and administration teams of Linas Agro and Dotnuva Baltic are being merged in Lithuania and Latvia.

The above changes should reduce the Group's operating costs by EUR 0.5-0.7 million.

In Ukraine, where the Group buys various feedstuffs, the company AB Linas Agro has established a subsidiary company LLC LINAS AGRO UKRAINE with the aim to strengthen the logistics of the Group.

Group's operating profit amounted to EUR 4.3 million and EBITDA was EUR 7.15 million compared to the corresponding EUR 5.6 million and EUR 8.5 million in previous year. Group's net profit amounted to EUR 3.4 million as compared to EUR 4.7 million EUR in 2017/18 financial year.

Financial Costs

Due to increased volumes of financials loans, Group's financial expenses increased over referenced period and amounted to EUR 0.8 million compared to that in 2017/18 financial year (EUR 0.6 million). The total amount of financial loans portfolio (including leasing) grew from EUR 179 million to EUR 195 million. The amount of financial loans grew by EUR 43 million over Q1 due to increased demand for working capital and undergoing long-term investments.

Cash Flow

Group's cash flow from operating activities before the changes in the working capital was negative and amounted to EUR 4 million as compared to EUR 9.4 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 48 million (negative EUR 67 million over the respective period of 2017/18 financial year), the reason was increase of stocks by EUR 25 million. Group's cash and cash equivalents amounted to EUR 10.5 million at the end of the reporting period (EUR 9.9 million in 2017/18 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 euro

	2018/19 3 months	2017/18 3 months	2016/17 3 months	2015/16 3 months	2014/15 3 months
Grain and Feedstuff Handling and Merchandising	2,385	4,368	5,570	4,596	3,788
Products and Services for Farming	1,892	847	1,406	992	571
Agricultural Production	(424)	547	(478)	(454)	(1,494)
Food products	1,653	1,309	548	194	1,065
Other	(196)	3	(1)	71	32

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. The companies AB Linas Agro and Linas Agro AS are the holders of the European Good Trading Practice certificates. The companies AB Linas Agro and SIA Linas are ISCC (International Sustainability and Carbon certification) certified. In addition, AB Linas Agro holds a certificate in trade of organic plant production issued by the PE Ekoagros, and has GMP+ (European Good Manufacturing Practice) certification. The Group consistently expands the capacity of its own grain elevators, and currently the Group's own storage capacity for various grains and other agricultural commodities in Lithuania and Latvia is 330 thousand tons. The capacities of the storage facilities at ports operated by the Group reach 211 thousand tons.

Due to decreased harvest in the Lithuania and Latvia, the total sales volume in this business Segment dropped 6% from 324 thousand tons to 305 thousand tons. Grain elevators owned by the Group collected and processed over 295 thousand tons of various agricultural commodities or 26% less as compared to the respective period of the 2017/18 financial year (398 thousand tons). The sales of traditional crops (wheat, rapeseed, barley) decreased the most by 20%: their trading volumes dropped from 274 thousand tons to 219 thousand tons. Due increased world prices for various cereals, their sales revenue has remained almost unchanged and amounted to EUR 50 million. As an opposite, the sales of feedstuff in tons accelerated by 73% and sales revenue went up from EUR 16 million to EUR 38 million. A growing demand for various feedstuffs in export markets and sound harvest in sourcing regions (Russia, Ukraine) were the main reasons that positively affected sales of various feedstuffs.

The total revenue of this business Segment grew from EUR 72 million to EUR 91 million. Segment's operating profit dropped 45% from EUR 4.4 million to EUR 2.4 million. Taking into account a growing competition, lower harvest in Baltics' and shrunken revenue earned from drying services at Group elevator's (due to dry weather during harvesting season), the Group expects that operating profit of this business Segment will be EUR 0.5 million less in this financial year as compared to previous one.

Over 2 million euros were invested during the reporting period to expand grain storage facilities. In Latvia, the Group launched grain elevators in Grobina and Rezekne. The volume of grain processed in Group's elevators in Latvia grew 19% as compared to previous year up to 50 thousand tons.

Products and Services for Farming

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

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. The Group represents worldwide known brands. The Group is constantly increasing its own warehousing capacity, and currently the total storage capacity for warehousing seeds, fertilizers and plant protection products in Lithuania and Latvia is close to 101 thousand tons.

The subsidiary AB Linas Agro is one of the largest suppliers of fertilizers, plant protection products, certified seed to Lithuanian farmers, and SIA Linas Agro supplies agricultural inputs to Latvian farmers.

The subsidiary UAB Dotnuva Baltic is a wholesaler and retailer of agricultural machinery and grain storage facilities, has an agricultural machinery service network in the Baltic States and a seed processing plant. The company has a certificate in preparation and trade of organic seeds issued by the PE Ekoagros. Dotnuva Baltic is the only representative of the 'Case IH', 'Kverneland', 'Agrifac', and 'Jeantil' brands in the Baltic States. Dotnuva Baltic is the leading distributor of plows and self-propelled sprayers in Lithuania, whereas Kverneland plows hold over 40% plow market share, and Agrifac self-propelled sprayers' market share is at 30%. The Group ranked as the second largest seller of the new western tractors in Lithuania. In order to ensure high standards of customer service and to provide quality service to the market, Dotnuva Baltic has joined the 'Red Excellence' Case IH international quality campaign, which unites Case IH dealers in Europe.

The weather conditions were favorable for winter crop sowing, this fact positively affected sales of fertilizers and plant protection products, which grew about 20% to EUR 28.4 million.

Due to the damage caused by drought, the financial situation of farmers has considerably worsened, while quality of grains was high, and all that affected farmers' decisions to use more own seeds rather than purchase certified seeds. Therefore, sales of certified seeds have shrunk by 17% to over 9 thousand tons as compared to previous year. Although prices for seeds went up and led to 4% revenue growth to EUR 8.2 million.

After the past two years, unfavorable for crop production, the following tendencies could be traced in Lithuanian agricultural machinery market: big farms are investing into more heavy, efficient and powerful agricultural machinery fleet, while small farms refrain from investing in new machinery and prefer used agricultural machinery instead. In Latvia, due to bad harvest farmers tend to postpone their purchases or relocate them into the next year.

Sales of the new agricultural machinery went up in Lithuania and Estonia and down in Latvia. The Group's revenue from the sale of new agricultural machinery increased by 23% to almost EUR 9.7 million. Sales of the used machinery increased in all Baltic states, total sales revenue in all countries grew 41% up to EUR 0.7 million. Sales revenue from spare parts went up 15% to EUR 2.6 million.

Due to lower 2018 cereals yield and especially favorable weather conditions during the harvesting season (no need to dry grain) farmers have slowed down investments in grain elevators, dryers and warehouses. Revenue from this business gained during the reporting period was almost EUR 1.4 million or 29% less as compared to previous year (EUR 1.9 million).

Revenue from this business Segment increased by 15% from EUR 37.8 million to EUR 43.4 million. The gross profit of the Segment grew 30% and amounted to EUR 5.1 million as compared to EUR 3.9 million in FY 2017/18, while operating profit rose 123% from EUR 0.8 million to EUR 1.9 million.

The Group predicts that operating profit of this business Segment will remain the same as it was in 2017/18.

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 17,266 ha of land. At the end of the reporting period the Group had 7,489 ha of the own land. The harvested area amounted to 13,775 hectares, and 9,398 ha area was planted with winter crops- mainly wheat and rapeseed. The quality of planted crops was very good at the end of the reporting period.

The farming companies produced 68 thousand tons of agricultural production or 27% less than previous financial year. The amount of harvested wheat was the largest one - 33 thousand tons, of malting barley - almost 13 thousand, of rapeseed - 8 thousand tons and peas - 7 thousand tons. The average wheat yield was 5.76 t/ha, malting barley yield – 4.76 t/ha, rapeseed – 3.20 t/ha, and beans – 3.91 t/ha.

As much as 20.5 thousand tons of agricultural commodities were sold or 27% less than a year before. About 55% of the products have been sold to the other companies of the Group and 45% marketed outside the Group.

The Group controlled farms own 3,180 dairy cows, the decrease in number was insignificant. Over 7.6 thousand tons of raw milk have been sold over the referenced period, or 0.7% more than a year before. The average milk purchase price over the three-month period was 12% less than a year before, therefore sales revenue dropped from EUR 2.8 million to EUR 2.5 million. Meat sales volume was 457 tons (439 tons a year before).

The revenue of this business Segment dropped 14% from EUR 8.9 million to EUR 7.7 million and operating profit of EUR 0.5 million, gained previous year, has turned into loss amounting to EUR 0.4 million. The reason of decrease was drop in the yield of cereals.

During the reporting period, the Group invested over EUR 1 million to renew agricultural machinery and vehicles fleet, also renovate buildings. Though raw milk prices are on the low trend, the Group is positive regarding development of milk production on the long term and has plans to invest into milk production facilities and expand its cow herd.

The Group expects the operating profit of this business Segment to be 20% less as compared to previous year.

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. Business is conducted by Latvian poultry companies AS Putnu Fabrika Kekava (incl. subsidiary SIA PFK Trader), SIA Lielzeltini, SIA Broileks, and SIA Cerova.

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 company's products are marketed under the trademark ‘Top choice poultry’ in the export markets. The subsidiary of the company, SIA PFK Trader operates 21 retail shops all over Latvia and 1 in Lithuania. AS Putnu Fabrika Kekava have the right to mark their poultry meat as ‘Raised without Antibiotics’. During the reporting period AS Putnu Fabrika Kekava has received A grade BRC (British Retail Consortium) accreditation (formerly having B grade or lower rating), also has ISO 50001:2012 and ISO 22000:200 certification, and is Halal certified.

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. The company has received ISO 22000:2006 and ISO 50001:2012 certifications, also is Halal certified.

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

An average poultry price over the reporting period was EUR 189 /kg or 2.8% higher as compared to previous year (EUR 184/kg).

The poultry companies produced over ten thousand tons of live weight or 3% more as compared to previous year. Companies sold over 8 thousand tons of poultry and poultry products or almost the same than a year before.

Revenue from this business Segment increased by 19% from EUR 16.3 million to EUR 19.4 million while operating profit accelerated by 26% from EUR 1.3 million to EUR 1.7 million. Previous investments in

modernization of production influenced the profitability of the Segment, allowing the operating profit margin to increase from 8.0% to 8.5%.

The Group invested almost EUR 1.1 million during the referenced period to upgrade poultry production equipment and increase biosafety level. The renewal of 6 poultry houses allowed to increase the number of raised birds by 3%. The Group plans to further expand its poultry raising capacity, and also increase slaughtering capacity by 2020.

The Group expects to earn 10-15% more in operating profit for this business Segment as compared to previous year.

Other

This business Segment includes small activities, not attributable to other Segments, f.i., grain elevators' services to the third parties, sale of minor assets, etc.

The operating loss of this business Segment amounted to EUR 0.2 thousand as compared to EUR 3 thousand profit in previous year.

The Publicly Disclosed Information and Other Events of the Reporting Period

The Publicly Disclosed Information

During the reporting period ended 30 September, 2018, the Company publicly disclosed and distributed via Nasdaq Vilnius GlobeNewswire system and in Company's website the following information:

19/9/2018 15:26 EEST	CORRECTION: AB Linas Agro Group investor's calendar for the 2018	Other information	En, Lt
31/8/2018 16:12 EEST	AB Linas Agro Group notification about interim 12-month financial results of the financial year 2017/2018	Interim Information	En, Lt
13/7/2018 09:42 EEST	AB Linas Agro Group signed employee stock option contracts	Other information	En, Lt

Other Events of the Reporting Period

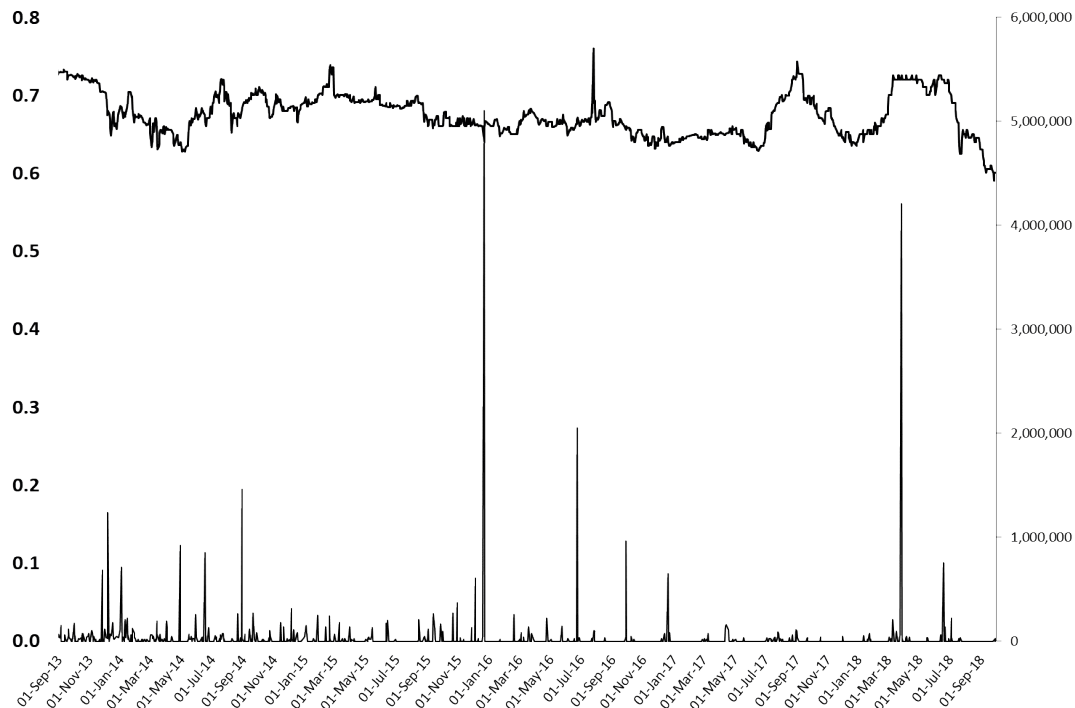
26/9/2018	The Company concluded Securities donation agreements and will transfer 9,000 own shares to the employees of the Group under AB Linas Agro Group Rules for Shares Issues approved in AB Linas Agro Group Extraordinary General Meeting of Shareholders on 01/06/2018.
19/9/2018	The authorized capital of UAB Lineliai was increased by 50,000 euros.
21/8/2018	The decision of the sole shareholder to reorganize the companies, by merging SIA Paleo to SIA Linas Agro Graudu Centrs, was made.
30/07/2018	AB Linas Agro founded a subsidiary in Ukraine LLC LINAS AGRO UKRAINA.

Subsequent Events

- 12/11/2018 The decision of the sole shareholder was made to increase capital of SIA Linas Agro by 1,000,000 euros.
- 08/11/2018 The capital of UAB Linas Agro Grūdų Centras KŪB was increased by 1,000,000 euros.
- 31/10/2018 Equity capital of Užupės ŽŪB was reduced by paying out EUR 140,000 to shareholders.
- 24/10/2018 The capital of LLC LINAS AGRO UKRAINA was increased by 2,800,000 UAH (87,000 euros).
- October 2018 The Company transferred 9,000 own shares to the employees of the Group under AB Linas Agro Group Rules for Shares Issues.
- 10/10/2018 Participants of UAB Linas Agro Grūdų Centras KŪB approved the Activity agreement and decided to increase capital of UAB Linas Agro Grūdų Centras KŪB by 1,300,000 euros.

Prices and Turnover of Shares of AB Linas Agro Group

Information on changes in the prices of Company's shares and turnover from 01/09/2013 until the end of the reporting period, i. e. 30 September 2018, is presented in the following diagram:



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