

AUGA GROUP AB

*Independent Auditor's Report,
Consolidated Annual Report and
Consolidated and Separate
Financial Statements for the Year Ended
31 December 2017*



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Independent auditor's report

To the shareholders of AUGA Group AB

Report on the audit of the separate and consolidated financial statements

Our opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of AUGA Group AB ("the Company") and its subsidiaries ("the Group") as at 31 December 2017, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

The Company's and the Group's separate and consolidated financial statements comprise:

- the separate and consolidated balance sheet as at 31 December 2017;
- the separate and consolidated income statement and statement of other comprehensive income for the year then ended;
- the separate and consolidated statement of changes in equity for the year then ended;
- the separate and consolidated cash flow statement for the year then ended; and
- the notes to the separate and consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the separate and consolidated financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements.

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PricewaterhouseCoopers UAB, company code 111473315, is a private company registered with the Lithuanian Register of Legal Entities.



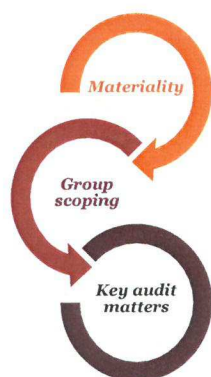
The non-audit services that we have provided to the Company and the Group, in the period from 1 January 2017 to 31 December 2017, are disclosed in the Financial statements Note 23.

Emphasis of matter

We draw attention to Note 30 to these separate and consolidated financial statements, and the key audit matter “Regulatory oversight actions over the Company” below, which describe the uncertainty related to the outcome of the legal dispute between the Company and the Bank of Lithuania. Our opinion is not qualified in respect of this matter.

Our audit approach

Overview



- Overall Company materiality is EUR 399 thousand (2016: EUR 318 thousand),
 - Overall Group materiality is EUR 400 thousand (2016: EUR 317 thousand)
-
- We conducted our audit work at 3 reporting units, all located in Lithuania.
 - Our full-scope audit addressed substantially all of the Group’s revenues and assets.
-
- Valuation of land
 - Valuation of biological assets
 - Regulatory oversight actions over the Company

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate and consolidated financial statements (together “the financial statements”). In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Group materiality for the separate and consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



Overall Company materiality	EUR 399 thousand (2016: EUR 318 thousand)
Overall Group materiality	EUR 400 thousand (2016: EUR 317 thousand)
How we determined it	Overall Company materiality was determined as 0.94% of the Company's net assets. Overall Group materiality was determined as 0.82% of the Group's total revenue.
Rationale for the materiality benchmark applied	<p>We chose net assets as the benchmark for overall Company materiality because, in our view, it is the most appropriate measure for the Company as a holding company with no external income.</p> <p>We chose total revenue as the benchmark for overall Group materiality because total revenue is one of the Group's key performance indicators analysed by the management and communicated to the shareholders. Total revenue is also a more stable measure compared to profitability ratio, as it does not depend directly on such external factors as the EU's farming subsidy policy.</p> <p>We chose to apply 0.94% of net assets to overall Company materiality and 0.82% of total revenue to overall Group materiality, which are within the range of acceptable quantitative materiality thresholds for these benchmarks.</p>

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 20 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of land</p> <p>(Refer to Note 2 <i>Summary of significant accounting policies</i>; Note 4 <i>Critical accounting estimates and assumptions</i>; Note 5 <i>Property, plant and equipment</i>). The carrying value of land as at 31 December 2017 was EUR 18.8 million (31 December 2016 – EUR 13.5 million) and gain from fair value adjustments recognised in 2017 amounted to EUR 1.7 million (2016: EUR 0.8 million).</p> <p>As last year, we focused on this area because the process of determining fair value is</p>	<p>We obtained and read the valuation reports of land plots performed by independent valuers, and compared the values of the selected land plots to the data of the recent market transactions in the same geographical location with properties of similar size and quality.</p> <p>We determined a range of values that were considered reasonable to evaluate the independent property valuations used by management and discussed the differences from the ranges of values identified with the Group's responsible employees.</p>



complex due to the large number of land plots owned by the Group, the large number of market transactions, and therefore, the complexity of choosing the appropriate market data for each property based on its location, size and quality. For properties comprising 18% of the land value, the management used the work performed by independent valuers; for the remaining properties, the management performed the valuation itself, using also the results of the independent valuation.

We tested, on a sample basis, whether the management had used the appropriate data from valuations performed by independent valuers, for measurement of the fair value of the remaining properties, based on their location, size and quality.

In addition to the above, our procedures in relation to management expert's valuation of land plots included evaluation of the independent external valuers' competence, capabilities and objectivity and the assessment of the appropriateness of the methodology used in valuation.

As a result of our work, we noted no significant exceptions that would require material adjustment.

Valuation of biological assets and agricultural produce

(Refer to Note 2 *Summary of significant accounting policies*, Note 4 *Critical accounting estimates and assumptions*, and Note 9 *Biological assets*)

The carrying value of biological assets as at 31 December 2017 was EUR 18.1 million (31 December 2016 - EUR 12.1 million) and gain from change in fair value recognised in 2017 amounted to EUR 4.1 million (in 2016 loss - EUR 0.8 million).

As last year, we focused on this area because it involves management's estimates in determining the fair value of biological assets and agricultural produce, and due to significant gain from revaluation of harvested crops and livestock in 2017, the judgments and estimates made had even more significant impact to the financial statements.

Biological assets consist of livestock (including milk cows, heifers and bulls), crops and mycelium cultivation seedbed growing in the Group's farms in Lithuania.

Livestock is measured at fair value less estimated point-of-sale costs. The fair value of milk cows is determined using the future cash flow forecast model, including expected cash flows from milk sales and subsequent sale of cows. The fair value of heifers and bulls is determined using the average expected sales

We obtained the valuation of livestock of the Group. We traced the input data to independent market information and tested the key assumptions used for calculating the fair value of livestock.

We have also involved a valuation specialist to assist us with the assessment of the discount rates used by the management in the discounted cash flows model.

We tested the internal control procedures over purchase process of the Group and allocation of costs to the crops and mycelium cultivation seedbeds.

We performed a detailed testing of the cost of crops and mycelium cultivation seedbed at the balance sheet date.

We also performed a detailed testing over the calculation of the fair value of grain at the point of harvest by comparing available market information about crop prices at the time of harvest and the sales prices agreed with customers, where available, to the prices used by the management.

As a result of our work, we noted no significant exceptions to the assumptions applied in the valuation of biological assets that would require material adjustment.



price per kg of meat of heifers or bulls, and based on the market research performed by the management.

For crops and mycelium cultivation seedbed, cost approximates their fair value at 31 December 2017 as there has been a little biological transformation. The cost is estimated by allocating all direct and directly attributable indirect costs to the newly seeded crops and newly cultivated mycelium seedbed.

Regulatory oversight actions over the Company

(Refer to Note 30 *Commitments and contingencies*)

In April 2014, the Company issued shares that were settled by an investor with 100% shares of eTime Invest, which controls agriculture business in Crimea. The value of such in-kind contribution was determined by an independent valuer as at 28 February 2014. The Regulator – the Bank of Lithuania – ordered Property Valuation Oversight Agency to perform an independent analysis of the valuation report and challenged the value of the in-kind contribution for the shares issued and required the Company to update the valuation retrospectively.

In 2016 the Company appealed against the Regulator's decision to the court. The court of first instance adopted a decision that was in favour of the Regulator's position. The Company appealed against the decision, but the final court decision has not been reached yet.

In October 2017 the external valuers issued the updated report on valuation of eTime Invest shares, but in February 2018 the Regulator concluded that this valuation report does not comply with some provisions of the Law on Fundamentals of Property and Business Valuation. The Company has asked external valuers to address these findings, however this task was not completed at the date of our auditor's report.

Please refer to Note 30 for the information about the circumstances related to the Regulatory oversight actions.

We analysed the Company's correspondence with the Regulator in relation to this matter.

We involved legal experts in the analysis of the potential legal implications of this matter.

We also met with the representatives of the Regulator and enquired about their view on this matter.

We read the disclosures regarding the legal dispute and assessed these disclosures to determine whether they met the requirements of IFRS and reflect appropriately the nature of the legal dispute and uncertainties related to its outcome.

Our report includes emphasis of matter paragraph related to this dispute.



As the above matter has not been resolved during 2017, we consider it a key audit matter because it attracts significant attention from the Regulator and may require adjustments to the financial statements.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises a number of subsidiaries operating in Lithuania (refer to Note 1 *General information*). A full-scope audit was performed by PwC Lithuania for the separate financial statements of the following Group entities:

- AUGA Group AB
- Baltic Champs UAB
- Auga Gruduva UAB

For other entities of the Group, we carried out audit work on the selected balances and transactions, which were assessed by us as material from the Group audit perspective.

Reporting on other information including the consolidated annual report

Management is responsible for the other information. The other information comprises the consolidated annual report, including the corporate governance report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, including the consolidated annual report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the consolidated annual report, we considered whether the consolidated annual report includes the disclosures required by the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings, the Law of the Republic of Lithuania on Financial Reporting by Undertakings implementing Article 19 of Directive 2013/34/EU.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the consolidated annual report for the financial year ended 31 December 2017, for which the financial statements are prepared, is consistent with the financial statements; and
- the consolidated annual report has been prepared in accordance with the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings and the Law of the Republic of Lithuania on Financial Reporting by Undertakings.



In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence



obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company and the Group on 19 May 2016. Our appointment has been renewed annually by shareholders resolution representing a total period of uninterrupted engagement appointment of 2 years.

Non financial information

In accordance with article 10i of the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings, the Group published the consolidated social responsibility report separately.

The certified auditor on the audit resulting in this independent auditor's report is Rimvydas Jogėla.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
19 April 2018

**AUGA GROUP AB AND THE SUBSIDIARIES CONSOLIDATED
 ANNUAL REPORT FOR THE YEAR 2017**

1. Accounting period covered by the Report

Consolidated annual report was prepared for the year ended 31 December 2017.

2. Key data on the Group

Name of the company: AUGA group AB (hereinafter – “Company”)
 Share capital: EUR 54,350,713.08
 Address of headquarters: Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania
 Telephone: (8~5) 233 53 40
 Fax: (8~5) 233 53 45
 E-mail address: info@auga.lt
 Website: www.auga.lt
 Legal-organizational form: Legal body, joint stock company
 Place and date of registration: 25 June 2003, Vilnius
 Legal entity code: 1262 64360
 Registrant of the Register of legal bodies: Register of Legal Entities

As at 31 December 2017 the Group was comprised of the Company and its subsidiaries:

No.	Name	Legal form	Date and place of registration	Legal entity code	Adress	Phone, fax and email
1.	Baltic Champs UAB	Private limited Company	27-12-2012, State Register	302942064	Poviliškės, Šiauliai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
2.	AVG Investment UAB	Private limited Company	10-02-2005, State Register	300087691	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
3.	AWG Investment 1 UAB	Private limited Company	18-06-2008, State Register	301745765	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
4.	AWG Investment 2 UAB	Private limited Company	24-07-2008, State Register	301807590	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
5.	Agross UAB	Private limited Company	24-07-2008, State Register	301807601	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
6.	Grain Lt UAB	Private limited Company	17-03-2010, State Register	302489354	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
7.	Ars Ingenii UAB	Private limited Company	15-03-2011, State Register	302602713	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
8.	AgroGis UAB	Private limited Company	18-01-2011, State Register	302583978	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
9.	Agro Management Team UAB	Private limited Company	02-03-2011, State Register	302599498	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
10.	Agrotechnikos centras UAB	Private limited Company	03-02-2011, State Register	302589187	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt

CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2017
 (All amounts are in EUR thousand, unless otherwise stated)

11.	AUGA trade, UAB	Private limited Company	29-02-2012, State Register	302753875	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
12.	Agricultural entity Žemės fondas	Agricultural entity	07-04-2006, State Register	300558595	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
13.	Žemės vystymo fondas 6 UAB	Private limited Company	10-08-2006, State Register	300589719	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
14.	Žemės vystymo fondas 9 UAB	Private limited Company	09-03-2006, State Register	300547638	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
15.	Žemės vystymo fondas 10 UAB	Private limited Company	10-01-2008, State Register	301522723	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
16.	Žemės vystymo fondas 20 UAB	Private limited Company	22-06-2007, State Register	300887726	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
17.	Agricultural entity AUGA Spindulys	Agricultural entity	09-04-1993, Radviliškis district municipality	171330414	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
18.	Agricultural entity AUGA Smilgiai	Agricultural entity	16-09-1992, Panevėžys district municipality	168548972	Panevėžys st. 23, Smilgiai, Smilgiai mun., LT-38375	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
19.	Agricultural entity AUGA Skėmiai	Agricultural entity	01-10-1992, Radviliškis district municipality	171306071	Radviliškio r. sav. Skėmių k. Kėdainių g. 36	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
20.	Agricultural entity AUGA Nausodė	Agricultural entity	11-08-1992, Anykščiai district municipality	154179675	Anykščių r. sav. Kirmėlių k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
21.	Agricultural entity AUGA Dumšiškės	Agricultural entity	29-09-1992, LR Raseiniai district board	172276179	Raseinių r. sav. Paraseinio k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
22.	Agricultural entity AUGA Žadžiūnai	Agricultural entity	30-06-1992, Šiauliai district municipality	175706853	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
23.	Agricultural entity AUGA Mantviliškis	Agricultural entity	06-11-1992, Kėdainiai district board	161274230	Kėdainių r. sav. Mantviliškio k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
24.	Agricultural entity AUGA Alanta	Agricultural entity	29-06-1992, Molėtai district municipality	167527719	Molėtų r. sav. Kazlų k. Skiemonių g. 2A	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt

CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2017
 (All amounts are in EUR thousand, unless otherwise stated)

25.	Agricultural entity AUGA Eimučiai	Agricultural entity	29-06-1992, Šiauliai district municipality	175705032	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
26.	Agricultural entity AUGA Vėriškės	Agricultural entity	29-09-1992, Radviliškis district municipality	171305165	Radviliškio r. sav. Vėriškių k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
27.	Agricultural entity AUGA Želsvelė	Agricultural entity	03-07-1992, Marijampolė municipality	165666499	Marijampolės sav. Želsvos k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
28.	Agricultural entity AUGA Lankesa	Agricultural entity	06-04-1999, Jonava district municipality	156913032	Jonavos r. sav. Bukonių k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
29.	Agricultural entity AUGA Kairėnai	Agricultural entity	02-03-1993, Radviliškis district municipality	171327432	Radviliškio r. sav. Kairėnų k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
30.	Agricultural entity AUGA Jurbarkai	Agricultural entity	31-07-1992, Jurbarkas district municipality	158174818	Jurbarko r. sav. Klišių k. Vytauto Didžiojo g. 99	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
31.	AUGA Grūduva UAB	Private limited Company	24-02-1997, Šakiai district municipality	174401546	Šakių r. sav. Gotlybiškių k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
32.	Agricultural entity AUGA Gustoniai	Agricultural entity	09-12-1992, Panevėžys district municipality	168565021	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
33.	Cooperative entity Siesarčio ūkis	Cooperative entity	21-04-2010, Šakiai district municipality	302501098	Šakių r. sav. Gotlybiškių k. Mokyklos g. 18	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
34.	Cooperative entity Kašėta	Cooperative entity	21-04-2010, Jonavos district municipality	302501251	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
35.	Agricultural entity Gustonys	Agricultural entity	08-06-2010, Vilniaus district municipality	302520102	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
36.	Agricultural entity Skėmių pienininkystės centras	Agricultural entity	05-03-2012 Radviliškis district municipality	302737554	Radviliškio r. sav. Skėmių k. Alyvų g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
37.	Cooperative entity Agrobokštai	Cooperative entity	02-03-2010, Marijampolė municipality	302485217	Vilniaus m. sav. Vilniaus m. Smolensko g. 10	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
38.	Cooperative entity Dotnuvėlės valdos	Cooperative entity	21-04-2011, Šiauliai district municipality	302618614	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2	(8~5) 233 53 40; fax: (8~5) 233 53 45,

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39.	Cooperative entity Nevėžio lankos	Cooperative entity	21-04-2011, Radviliškis district municipality	302618596	Kėdainių r. sav. Mantviliškio k. Liepos 6- osios g. 60	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
40.	Cooperative entity Radviliškio kraštas	Cooperative entity	20-04-2011, Radviliškis district municipality	302618742	Radviliškio r. sav. Skėmių k. Kėdainių g. 13	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
41.	Cooperative entity Šventosios pievos	Cooperative entity	20-04-2011, Radviliškis district municipality	302618201	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13-2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
42.	Cooperative entity Kairių ūkis	Cooperative entity	13-04-2011, Marijampolė municipality	302615194	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
43.	Cooperative entity Šiaurinė valda	Cooperative entity	13-04-2011, Šakiai district municipality	302615187	Šiaulių r. sav. Poviliškių k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
44.	Cooperative entity Šušvės žemė	Cooperative entity	21-04-2011, Radviliškis district municipality	302618767	Kelmės r. sav. Pašiaušės k. Vilties g. 2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
45.	Cooperative entity Agromilk	Cooperative entity	23-04-2009, Radviliškis district municipality	302332698	Anykščių r. sav. Nausodės k. Nausodės g. 55	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
46.	Cooperative entity Žalmargėlis	Cooperative entity	23-09-2013, State Register	303145954	Vilniaus m. sav. Vilniaus m. Smolensko g. 10	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
47.	Cooperative entity Juodmargėlis	Cooperative entity	03-10-2013, State Register	303159014	Raseinių r. sav. Paraseinio k. Paraseinio g. 2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
48.	Agrosaulė 8 UAB	Private limited Company	23-08-2012, State Register	302846105	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
49.	Pasvalys distr., Pušalotas reclamation infrastructure users association	Association	11-12-2009 Pasvalys district municipality	302465563	Pasvalio r. sav. Diliauskų k. Diliauskų g. 23	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
50.	Association Grūduvos melioracija	Association	23-11-2010, State Register	302567116	Mokyklos st. 2, Gotlybiškės, Šakiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
51.	Skėmiai reclamation infrastructure users association	Association	22-10-2013, State Register	303170256	Vilniaus m. sav. Vilniaus m. Smolensko g. 10	(8~5) 233 53 40; fax: (8~5) 233 53 45,

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52.	Nausode reclamation infrastructure users association	Association	22-10-2013, State Register	304219592	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
53.	Vaitiekūnai reclamation infrastructure users association	Association	22-10-2013, State Register	303170306	Vilniaus m. sav. Vilniaus m. Smolensko g. 10	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
54.	Traktorių nuomos centras UAB	Private limited Company	16-07-2012, State Register	302820808	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
55.	Traktorių nuomos paslaugos UAB	Private limited Company	16-07-2012, State Register	302820797	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
56.	Arnega UAB	Private limited Company	13-08-2011, State Register	302661957	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
57.	AUGA Ramučiai UAB	Private limited Company	05-09-2012, State Register	302854479	Šiaulių r. sav. Poviliškių k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
58.	AUGA Luganta UAB	Private limited Company	05-09-2012, State Register	300045023	Kelmės r. sav. Pašiaušės k.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
59.	ŽVF Projektai UAB	Private limited Company	27-12-2012, State Register	300137062	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
60.	Bukonių ekologinis ūkis UAB	Private limited Company	23-08-2012, State Register	302846621	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
61.	Agricultural entity Želsvelės ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325856	Marijampolės sav. Želsvos k. Želsvelės g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
62.	Agricultural entity Smilgių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325824	Panevėžio r. sav. Smilgių mstl. Panevėžio g. 23-1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
63.	Agricultural entity Skėmių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325692	Radviliškio r. sav. Skėmių k. Kėdainių g. 13	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
64.	Agricultural entity Mantviliškio ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325703	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios g. 60	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt

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65.	Agricultural entity Spindulio ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325817	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13-2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
66.	Agricultural entity Lankesos ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325710	Jonavos r. sav. Bukonių k. Lankesos g. 1	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
67.	Agricultural entity Dumšiškių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303324722	Raseinių r. sav. Paraseinio k. Paraseinio g. 2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
68.	Agricultural entity Kairėnų ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325774	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13-2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
69.	Agricultural entity Žadžiūnų ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325870	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
70.	Agricultural entity Vėriškių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325849	Radviliškio r. sav. Skėmių k. Kėdainių g. 13	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
71.	Agricultural entity Nausodės ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325781	Anykščių r. sav. Nausodės k. Nausodės g. 55	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
72.	Agricultural entity Jurbarkų ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325361	Jurbarko r. sav. Klišių k. Vytauto Didžiojo g. 99	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
73.	Agricultural entity Eimučių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303324715	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
74.	Agricultural entity Alantos ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303324747	Molėtų r. sav. Kazlų k. Skiemonių g. 2A	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
75.	Agricultural entity Grūduvos ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303324804	Šakių r. sav. Gotlybiškių k. Mokyklos g. 2	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
76.	eTime invest UAB	Private limited Company	09-06-2014, State Register	300578676	Vilniaus m. sav. Vilniaus m. Saltoniškių g. 29	(8~5) 233 53 40; fax: (8~5) 233 53 45,
77.	Karakash OOO	Private limited company	09-09-2010, Ukraine	37171461	Adalet st. 18, Chechova, Razdolnenskiy distr., Krym	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt e-mail: info@auga.lt

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78.	Karakash Agro OOO	Private limited Company	09-09-2010, Ukraine	37171461	Adalet st. 18, Chechova, Razdolnenskiy distr., Krym	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
79.	AgroSchool OU	Private limited Company	15-07-2013, Estonia	12491954	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
80.	Public institution AgroSchool	Public institution	22-07-2013, State Register	303104797	Vilniaus m. sav. Vilniaus m. Smolensko g. 10	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
81.	Prestviigi OU	Private limited company	02-05-2014, Estonia	12655410	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
82.	Turvaste partners OU	Private limited company	02-05-2014, Estonia	12655410	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
83.	Nakamaa Agro OU	Private limited company	02-05-2014, Estonia	12655522	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
84.	Hindaste Invest OU	Private limited company	24-04-2014, Estonia	12655384	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
85.	Tuudi River OU	Private limited company	02-05-2014, Estonia	12655384	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
86.	Palderma Partners OU	Private limited company	02-05-2014, Estonia	12654959	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
87.	Ave-Martna Capital OU	Private limited company	02-05-2014, Estonia	12655155	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
88.	Hobring Invest OU	Private limited company	02-05-2014, Estonia	12655427	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
89.	Rukkirahhu Capital OU	Private limited company	02-05-2014, Estonia	12655232	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
90.	Pahasoo OU	Private limited company	02-05-2014, Estonia	12655367	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
91.	Cooperative entity Ganiklis	Cooperative entity	20-10-2014, State Register	303429417	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
92.	Cooperative entity Ganiavos gėrybės	Cooperative entity	20-10-2014, State Register	303429431	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45,

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93.	Cooperative entity Žemėpačio pieno ūkis	Cooperative entity	22-10-2014, State Register	303432388	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
94.	Cooperative entity Žemynos pienelis	Cooperative entity	17-10-2014, State Register	303427989	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
95.	Cooperative entity Lygiadienio ūkis	Cooperative entity	17-10-2014, State Register	303428087	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
96.	Cooperative entity Laumės pieno ūkis	Cooperative entity	17-10-2014, State Register	303427996	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
97.	Cooperative entity Medeinos pienas	Cooperative entity	17-10-2014, State Register	303428112	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
98.	Cooperative entity Gardaitis	Cooperative entity	20-10-2014, State Register	303429381	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
99.	Cooperative entity Dimstipatis	Cooperative entity	20-10-2014, State Register	303429424	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
100.	Cooperative entity Aušlavis	Cooperative entity	20-10-2014, State Register	303429456	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
101.	Cooperative entity Austėjos pieno ūkis	Cooperative entity	17-10-2014, State Register	303428094	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
102.	Cooperative entity Aitvaro ūkis	Cooperative entity	20-10-2014, State Register	303429374	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
103.	Cooperative entity Giraičio pieno ūkis	Cooperative entity	20-10-2014, State Register	303429399	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
104.	Fentus 10 GmbH	Private limited company	02-05-2014, Germany	HRB106477	Torstrasse 138, Berlin, DE-10119, Germany	(8~5) 233 53 40, fax: (8~5) 233 53 45, e-mail: info@auga.lt
105.	Norus 26 AG	Private limited company	02-05-2014, Germany	HRB109356B	Torstrasse 138, Berlin, DE-10119, Germany	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
106.	LT Holding AG	Private limited company	02-05-2014, Germany	HRB109265B	Torstrasse 138, Berlin, DE-10119, Germany	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
107.	KTG Agrar UAB	Private limited company	20-10-2014, State Register	300127919	Maironio g. 3, Raseiniai	(8~5) 233 53 40;

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108.	Agrar Raseiniai UAB	Private limited company	20-10-2014, State Register	300610316	Maironio g. 3, Raseiniai	fax: (8~5) 233 53 45, e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
109.	Agrar Mažeikiai UAB	Private limited company	20-10-2014, State Register	300610348	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
110.	PAE Agrar UAB	Private limited company	20-10-2014, State Register	300867691	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
111.	Delta Agrar UAB	Private limited company	20-10-2014, State Register	300868875	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
112.	KTG Grūdai UAB	Private limited company	20-10-2014, State Register	302637486	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
113.	KTG Eko Agrar UAB	Private limited company	20-10-2014, State Register	300510650	Maironio g. 3, Raseiniai	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
114.	Agronita UAB	Private limited company	20-10-2014, State Register	300132574	Maironio g. 3, Raseiniai	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
115.	Agronuoma UAB	Private limited company	20-10-2014, State Register	303204954	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
116.	VL Investment Vilnius 12 UAB	Private limited company	20-10-2014, State Register	303205611	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
117.	Agrar Ašva UAB	Private limited company	20-10-2014, State Register	301608542	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
118.	Agrar Varduva UAB	Private limited company	20-10-2014, State Register	301608791	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
119.	Agrar Seda UAB	Private limited company	20-10-2014, State Register	301608777	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt
120.	Agrar Kvistė UAB	Private limited company	20-10-2014, State Register	302308067	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	(8~5) 233 53 40; fax: (8~5) 233 53 45,

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121.	Agrar Luoba UAB	Private limited company	20-10-2014, State Register	302308035	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
122.	Agrar Gaja UAB	Private limited company	20-10-2014, State Register	302594412	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
123.	Agrar Ariogala UAB	Private limited company	20-10-2014, State Register	301626540	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
124.	Agrar Girdžiai UAB	Private limited company	20-10-2014, State Register	301621568	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
125.	Agrar Vidauja UAB	Private limited company	20-10-2014, State Register	301622531	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
126.	Agrar Raudonė UAB	Private limited company	20-10-2014, State Register	302309532	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
127.	Agrar Venta UAB	Private limited company	20-10-2014, State Register	302307855	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
128.	Agrar Nerys UAB	Private limited company	20-10-2014, State Register	302594063	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
129.	Agrar Gėluva UAB	Private limited company	20-10-2014, State Register	302312133	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
130.	Agrar Betygala UAB	Private limited company	20-10-2014, State Register	302312222	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
131.	Agrar Dubysa UAB	Private limited company	20-10-2014, State Register	302312215	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
132.	Agrar Pauliai UAB	Private limited company	20-10-2014, State Register	302312165	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
133.	Agrar Mituva UAB	Private limited company	20-10-2014, State Register	302312172	Dvaro g.30, Gėluvos k., Ariogalos sen., Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,

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134.	Cooperative entity Purpurėja	Cooperative entity	02-09-2010 State Register	302542337	Zosinės g. 7, Širvintų k., LT-19103 Širvintų r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
135.	Biržai distr., Rinkuškiai reclamation infrastructure users association	Association	11-12-2009, State Register	302465556	Vytauto g. 38, LT- 41143, Biržai	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45,
136.	Pauliai reclamation infrastructure users association	Association	11-12-2009, State Register	303169909	Dvaro g. 30, Gėluva, LT-60246 Raseinių r.	e-mail: info@auga.lt (8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@auga.lt

3. Main lines of business of the Group

Operations area: Organic agriculture
 Main products manufactured: Grain growing and sale, mushroom growing and sale, milk production and sale.
 Other activities: End-consumer products production and sale.

4. Agreements with the mediators of securities public circulation

The Company and FMĮ Orion Securities UAB (A. Tumėno st. 4, B korpusas, LT-01109 Vilnius) signed an agreement regarding handling of Shareholders accounts.

5. The trading in the Issuer's securities on exchanges and other organized markets

During the reporting period the Company's shares were traded on the Nasdaq Vilnius Stock Exchange (hereinafter – VSE). The type of shares – ordinary, nominal value of EUR 0.29, total amount of shares in circulation - 187,416,252 units.

Reporting period	Price, EUR			Date of last session	Total turnover	
	Max	min	Last session		Units	EUR, mil
I quarter 2017	0.490	0.431	0.470	2017-03-31	365,499	0.168
II quarter 2017	0.460	0.300	0.410	2017-06-30	311,059	0.132
III quarter 2017	0.432	0.376	0.425	2017-09-30	1,000,308	0.406
IV quarter 2017	0.575	0.421	0.548	2017-12-31	323,045	0.151

As of 8 July 2011, the Company's shares are also traded on the Warsaw Stock Exchange.

6. Group's financial and operating results analysis, information on personnel

Main performance indicators

Main financial figures, EUR thousand	Group 2017	Group 2016
Revenues	48,784	39,630
Direct subsidies	8,971	8,680
Gross profit	14,931	10,777
Operating profit	6,697	3,890
Finance costs	(1,904)	(2,098)
Net profit	5,015	2,145
EBITDA*	14,193	11,213
EBITDA**	13,178	9,623
Total non-current assets	99,131	86,693
Total current assets	49,417	35,397
Total equity	79,015	72,238
Total non-current liabilities	26,835	24,084
Total current liabilities	42,698	25,768
Long-term and short-term financial debt (incl. liabilities under financial lease)	43,590	31,991
Ratios		
EBITDA* margin, %	29.09	28.29
EBITDA** margin, %	27.01	24.28
ROE, %	6.35	2.97
Debt/EBITDA*	3.07	2.85
Debt/EBITDA**	3.31	3.32
Equity ratio	0.53	0.59
Liquidity ratio	1.16	1.37

Ratio calculation explanation:

EBITDA formula was changed in 2017 in order to align the calculation to the method agreed and used by the major creditors of the Group (banks) in setting of loan covenants. For information purposes EBITDA calculation using new formula (EBITDA*) and previous formula (EBITDA**) is disclosed in the table above. Group will use EBITDA* formula in later reporting periods.

EBITDA* net cash flow from operating activities before changes in working capital, as it is disclosed in cash flow statement, including gain (loss) on changes in fair value of biological assets.

EBITDA** (earnings before interest, tax, depreciation and amortization) is calculated as profit before interest, corporate income taxes, depreciation and amortization in addition eliminating one-off effects to net profit.

EBITDA margin is calculated by dividing EBITDA of revenues.

ROE (Return on equity) is calculated by dividing net profit for the year of total equity.

Debt/EBITDA ratio is calculated by dividing long-term and short-term financial debt (incl. liabilities under financial lease) of EBITDA.

Equity ratio is calculated by dividing total equity of total assets.

Liquidity ratio is calculated by dividing current (short-term) assets of current (short-term) liabilities.

In the table above the main financial figures of the Group for 2017 are compared to the main financial figures of the Group for the year ended 31 December 2016.

Revenues

During 2017 the Group generated EUR 48.78 million in agricultural activity revenues (in 2016: EUR 39.63 million). The Group's revenue in 2017 increased by about 23 percent as compared to 2016 mainly due to two main reasons: the transition to organic farming, as most of the sales of organic produce are quite evenly divided from the point of harvest until the next summer, while conventional produce is mostly sold right after the harvest - only 40% of 2016 year's harvest were sold in 2016, while 80% of 2015 year's harvest were sold in 2015. As a result sales were lower per 12 months of 2016 compared to the same period in 2017. The second reason being price premium for organic agricultural produce. Due to this, production sold in the second half of the year was at significantly higher prices than in the first half of the year. Comparing year to year, revenues from mushrooms and compost sales stayed approximately in the same level. However, in the first 3 months of 2017 mushroom farm suffered a loss due to temporary problems in production, but in the last 9 months the production of mushrooms increased and reached the same level of turnover as in 2016. Revenues from sales of milk have increased due rise of market milk prices. Comparing to 12 months of 2016, milk price has increased by 36%.

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Gain (loss) on changes in fair values of biological assets and on recognition at fair value of agricultural produce at point of harvest

Gain (loss) on changes in fair values of biological assets and on recognition at fair value of agricultural produce at point of harvest consists of 2 segments: livestock and agriculture. The Group has suffered a loss on change in fair value of livestock biological assets due to high cost of livestock sold for meat. Gain on recognition at fair value of agricultural produce has increased significantly due to transition to organic farming and increased sales prices. In 2017 most of the harvest is evaluated at fair value based on signed future contracts. In addition to this, in 2017 yields of most cultures were higher comparing to the yields of 2016. However, in the last quarter of 2017 the Group has suffered significant losses due to extreme weather conditions, as quality of grain harvested in the last quarter of 2017 was poor and part of the crops was not harvested at all.

Cost of sales

The Group cost of sales increased mainly due to increased cost of agricultural sales. Cost of agricultural sales increased in-line with sales increase. Moreover, cost of agricultural produce sales is calculated on fair values at the point of harvest. Cost of mushrooms raised due to mushroom production problems in the first quarter of 2017 and increased labor costs. Total State subsidies increased due to purchased KTG Agrar group and increased area of cultivated land. However, in general, calculating per hectares of cultivated land, State subsidies part for organic farming decreased due to the fact that in 2017 the Group has fully finished the conversion to organic agriculture and the harvest of 2017 is fully organic for which ecological subsidies are lower.

Even though the cost of sales of the Group increased from EUR 28.0 million to 38.0 EUR million in 2017, the revenue increase was higher and the gross margin of the Group increased from EUR 10.78 million in 2016 to EUR 14.93 million in 2017.

Operating expenses

The operating expenses of the Group increased by 23% (from EUR 7.0 million to EUR 8.6 million in 2017). The increase was mostly influenced by the increase of payroll and related expenses, which increased as a result of business expansion. Rent and utilities and office administration expenses were higher as the Group has changed its central office location. Various acquisitions and other projects throughout the year resulted in higher consultation and legal charges as well as real estate registration and notaries expenses. Selling expenses increased in line with additional expenses related to AUGA brand and end-consumer product development, marketing investments and export development initiatives.

Other income

In 2017 the Group received around EUR 78 thousand (EUR 32 thousand in 2016) in insurance benefits mainly due to fire damages in one of grain drying and storage facilities, as well as EUR 93 thousand (EUR 48 thousand in 2016) interest revenues. Other income totaled EUR 351 thousand in 2017 (EUR 127 thousand in 2016).

Balance sheet

During 2017 the Group continued to make investments into renewal of its agricultural equipment and machinery, as well as acquired agricultural land and other non-current assets. Amount invested in PPE during 2017 totaled EUR 10.3 million (2016: EUR 8.0 million). Additionally the Group acquired KTG group companies at 31 January 2017 which owned land, buildings, equipment and machinery worth around EUR 5.2 million.

The book value of biological assets of the Group as at 31 December 2017 increased to EUR 18.1 million (2016: EUR 12.1 million) due to expansion of cultivated land area as well as increased livestock value (increased number of milking cows).

As discussed above, due to specifics of organic produce market (slower sale of harvest throughout the year and increased harvest fair value) the Group's inventory levels increased significantly as compared to previous year (EUR 25.5 million vs EUR 15.2 million).

The Group's financial liabilities increased due to aforementioned acquisition of KTG group companies (acquired companies had financial liabilities of around EUR 5 million on the acquisition date 31 January 2017) as well as increased amounts of credit line facilities to finance growing working capital needs due to the expansion in operations. The Group also used financial leasing to finance investments into agricultural equipment and machinery. As a result the Group's financial debt increased from EUR 31.9 million in 2016 to EUR 43.6 million in 2017. Despite significant growth in financial liabilities, Debt/EBITDA* ratio increased only by 22 basic points as financial results were improving as well.

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Personnel

As at 31 December 2017 the number of employees and average monthly salary by education and categories was as follows:

Employee category	Numbers of employees	Average monthly salary
Central office / Company	54	2,286
Agricultural entities management	134	1,316
Agricultural entities workers	939	756
Total:	1,127	

Education	Central office / Company	Agricultural entities
Higher	49	162
Special professional	4	471
Middle	1	440
Primary		-
Total:	54	1,073

Structure	Employee number as at 31 December 2017	Average monthly salary
Managing personnel	55	2,285
Specialists	171	1,081
Employees	901	743
Total:	1,127	

7. Objective overview of Group's status, operations and development, description of key risks and exposures the Group faces

Overview of the Group's business, status, investments and review of expansion

AUGA group AB started operations in 2003 and currently is largest organic agriculture company in Europe producing from field to final product. The Group cultivated around 33 thousand hectares as at 31 December 2017 and around 5.2 thousand additional hectares will be added to cultivated land in 2018 due to acquisition of UAB Raseiniai agra (for more information see note 31 of the consolidated AUGA Group AB financial statements for the year ended 31 December 2017).

Group strategic shift to organic farming was started in 2015 and in August 2017 the Group has successfully completed the transition from conventional agricultural activities to organic. The harvest of 2017 was certified as organic (harvest gathered in 2016 was labelled P2 transition period second year harvest). The Group's vision is to focus only on organic and sustainable food production, with a long-term vision of supplying a wide range of finished goods for the end consumers. In the end of 2016, the Group presented new brand name – "AUGA", and also changed it's legal name to AUGA group AB.

The main crops grown for sales (cash crops) are winter and spring wheat, various protein crops (peas, beans and soy) as well as rapeseed, sugar beets and vegetables – there were around 18.5 thousand ha planted and harvested in 2017 (comparing about 15 thousand ha in 2016) by the Group's agricultural subsidiaries. Around 8.5 thousand ha was used for growing of various forage crops – corn, barley, perennial grasses. The grown green feed is used for feeding of the animal herds. The remaining around 6 thousand ha were left as fallow. Majority of land left fallow was former KTG group land which needed additional preparation during 2017 for proper seeding and harvesting in 2017/2018 season. Gross profit of agricultural segment was EUR 13.4 million in 2017, out of which around EUR 0.7 million was received from operations in Crimea region. Companies, operating in Crimea region, were sold on 9 February 2018 (for more information see note 31 of the consolidated AUGA Group AB financial statements for the year ended 31 December 2017).

As at 31 December 2017 the Group herd comprised of 3,670 milking cows (2016: 3,554), along with 2,949 heifers (2016: 3,277) grown for replacement of milking cows and 128 bulls (2016: 191). Gross profit of dairy segment was EUR 0.5 million in 2017. The Group annually produces and sells around 11 thousand tonnes of fresh cultural mushrooms. Gross profit of mushroom growing segment was around EUR 1 million in 2017.

On 31 January 2017 the Group finished acquisition of KTG AGRAR SE subsidiary companies, operating in Lithuania (KTG group companies) which cultivates around 7.7 thousand ha of agricultural land. The total purchase consideration amounted to EUR 1.365 thousand for shares. More information about this acquisition is provided in note 24 of the consolidated AUGA Group AB financial statements for the year ended 31 December 2017.

During 2017 major investments were made in constructions and machinery, vehicles, equipment and other property, plant and equipment due to transition to organic farming model as well as the expansion of cultivated land area. Total investments (additions) into property, plant and equipment amounted to EUR 10,267 thousand in 2017 (EUR 7,995 thousand in 2016). Significant increase in constructions and machinery, vehicles, equipment and other PPE also came through purchase of KTG group companies. For detailed description of investments into property, plant and equipment see note 5 of the consolidated

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AUGA Group AB financial statements for the year ended 31 December 2017. Group's investments (additions) into intangible assets were EUR 17 thousand in 2017 (EUR 14 thousand in 2016). In addition EUR 981 thousand increase in intangible assets came through purchase of KTG group companies (long term land rent contracts fair value). For more information on Group's investments into intangible assets see note 8 of the consolidated AUGA Group AB financial statements for the year ended 31 December 2017.

On 26 February, 2018 AUGA group, AB has completed the purchase of 100% share of UAB Raseinių agra for EUR 2.4 million. UAB Raseinių agra was established in October 2017 as a result of spin-off procedure from UAB Agra Corporation, shareholders of which decided to withdraw from agricultural business and to focus in the area of investment property management. UAB Raseinių agra manages around 5.2 thousand ha of agricultural land. More information about this acquisition is provided in note 31 of the consolidated AUGA Group AB financial statements for the year ended 31 December 2017.

Assessment of main types of risks and exposures the Group faces

Borrowed capital accounts for a large share of the Group's total capital

Historically, the main source of Group's financing (needed for capital expenditure, acquisitions and working capital) was generated by both cash generated from operations and using borrowed funds. As a result of expanding Group's operations and changing business model deployment of borrowed capital is significant. As of 31 December 2017, the aggregate debt of the Group amounted to EUR 43,590 thousand (31 December 2016: EUR 31,991 thousand). The level of the borrowed capital may be decisive for the Group and give rise to complications in attracting additional financing in the future. The level of the borrowed capital may also influence that in the future, the Group would have to direct a considerable portion of generated cash flows to service the debt and pay interest. This may limit the Group's development possibilities. These factors may have considerable adverse effect on the Group's business results. Furthermore, taking into account that a considerable part of the assets of the Group are mortgaged (around 84% as at 31 December 2017) in order to secure the performance of financial obligations under the credit agreements, there are no assurances or guarantees that if the Group fails to fulfil its debt obligations timely, its creditors will not refer their claims to recover their funds from the assets of the Group. Furthermore, major loans of the Group are with floating interest rates; thus, an increase of interest rates may adversely affect the Group's cash flows and business results. Any of the factors mentioned above may have an adverse considerable influence on the Group's financial situation, its operations and results.

Weather conditions

Weather conditions are one of the most important risks involved in agricultural activities. Poor or unfavourable meteorological conditions can have substantial impact upon yields by negatively affecting harvests and fodder preparation, destroying crop areas etc. In extreme cases, poor weather limits the ability to harvest the fields at all.

Prices for agricultural products

The Group's income and business results are subject to many factors, including the prices of agricultural products, which are beyond the Group's control. Various unpredictable factors (climatic conditions, national agricultural policy, changes in worldwide demand determined by changes in the world population, changes of living conditions and volumes of competing products in other countries) also have a significant influence on the prices of agricultural products. The factors, such as climatic conditions, infections, pest infestations, national agricultural policy of different countries, etc., may have a strong effect on supply of primary agricultural products and prices. Changes in demand of primary agricultural materials may be greatly affected by different international and local programmes implemented in compliance with national agricultural policy, changes in international demand determined by changes in the world population and changes of living conditions in different countries of the world. These factors may cause significant fluctuation in the prices of agricultural products and consequently adversely affect the Group's activities, financial situation and results.

Animal and vegetable diseases

Animals can be infected with different viral infections including foot and mouth disease, bovine spongiform encephalopathy etc. Even though the Group complies with the highest sanitary standards in order to prevent diseases, there is no guarantee that the Group's cattle will not be infected for reasons beyond the control of the Group. Although all of the Group's cattle are insured, an outbreak of a cattle infection can result in high additional expenses and losses.

State policy and regulation in the agricultural sector and related areas can have a negative effect upon the Group's operations and profitability

Agriculture, agricultural produce and products placement on the market are strongly affected by state policies and EU regulation. Regulation of agricultural activities manifests itself through the regulation of taxes, tariffs, quotas, subsidies, import and export legislation etc. Any change in this area can exert significant influence over the profitability of agricultural activities, determination of the choice of crops, increase or reduce the volumes of production, import and export of agricultural products. In addition, any international trade disputes can affect the trade flows, restricting trade among countries or regions. Future policies in this area can have a negative impact upon prices for the agricultural products offered by the Group and upon the Group's opportunities for operating in the market.

Unstable political situation in the Autonomous Republic of Crimea

AUGA Group AB consolidates eTime invest UAB, which, through a subsidiary company Karakash Agro OOO operates around 10 thousand hectares of agricultural land in Autonomous Republic of Crimea. Currently Autonomous Republic of Crimea is annexed

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by Russian Federation. This creates negative changes in legal, political and business environment of the region. Such negative change could adversely affect agricultural business of Karakash Agro OOO and subsequently result in losses for the Group. On 9 February 2018 the Group has sold two subsidiaries - Karakash, OOO and Karakash Agro, OOO which were operating in Crimea (for more information see note 31 of the consolidated AUGA Group AB financial statements for the year ended 31 December 2017).

For more information on the Group financial and operational risks and risk management see note 3 of the consolidated AUGA Group AB financial statements for the year ended 31 December 2017.

8. Significant post balance sheet events

Post balance sheet events are disclosed in the consolidated AUGA group AB financial statements for the year ended 31 December 2017.

9. Planned and forecasted activities of the Group

As it was already mentioned above, the Group cultivated around 33 thousand hectares as at 31 December 2017, out of which around 6 thousand hectares were left as fallow in 2017 and will be seeded and harvested in 2017/2018 season. In addition, around 5.2 thousand additional hectares will be added to cultivated land in 2018 due to acquisition of UAB Raseiniai agra. As a result the total land area of crops will increase by around 11 thousand hectares from around 27 thousand hectares in 2017 to 38 thousand hectares in 2018. Successful completion of cultivated land area expansion and its conversion to organic farming is one of the main focuses of the Group at the moment.

Despite increase in cultivated land area, it is expected that total amount of organic subsidies will remain more or less on the same level as in 2017. Despite transferring to organic farming, UAB Raseiniai agra will not receive organic farming subsidies as all resources of Lithuanian agricultural policy for 2014-2020 branch "Organic agriculture" are already allocated. It is expected that UAB Raseiniai agra production will be certified as fully organic in year 2019.

Timely and correct operations on the fields are vital in order to achieve the desired results – therefore the Group plans to continue investments into agricultural equipment dedicated to organic agriculture. Additional investments into agricultural equipment will be needed due to expanded cultivated land area as well. As during transition period, the Group plans to undergo various operational tests on sustainable organic farming model for purpose to increase efficiency and yields.

It is planned that the number of livestock will remain stable. Milk produced by the Group was certified as organic since August 2017, however as at the end of year 2017 not all milk output was sold with organic price premium. The Group aims to significantly increase the percentage of milk sold with organic price premium during 2018.

The cultural mushrooms growing business will remain in leading positions across the Baltics, with no significant production capacity expansion plans forecasted for the coming years. After full transition to organic of the Group's agricultural subsidiaries in 2017 the mushroom operation can be supplied with sufficient amount of organic straw, which was the key bottleneck in the past to grow organic mushroom. Therefore the Group expects to increase the percentage of production of organic mushrooms and develop new sales markets for this growing product.

10. Information on research and development activities

Auga group, AB has launched its Research and Development Department in 2016 with the main goal of creating additional value by supplying innovative organic agriculture technologies and at the end - more and better end-user products. At present, the Department's team is running following projects:

- Smart Land Use Monitoring (Agrogis)
- Broiler poultry farms
- Laying hens poultry farms
- Adaptation of agricultural machinery to organic farming
- Biogas production
- Biogas cleaning
- New generation organic dairy farms
- Seed processing plant
- Combined fodder Factory

Project development is at different stages and is developing at a different pace, depending on their relevance on the scale of the Group and the market situation. Research and Development Department does not carry out fundamental scientific research. The activities of the Department include the search for the best solutions / technologies available, the attraction of other specialized private or public enterprises, scientific organizations or individuals with a high level of research and development competence in order to create an effective new activity in the company that would positively affect other activities of the Company, as well as the deliver effective technological solutions for for organic agriculture.

Apart from the projects listed above, the Department regularly conducts an "intelligence" mission to attract and discover innovative technologies, people and knowledge which would allow to reach higher overall effectiveness and sustainability indicators.

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11. Information on own shares

The Company has not acquired any own shares.

12. Share capital structure of the Company

The share capital of AUGA group AB as at 31 December 2017 and 31 December 2016 is EUR 54,351 thousand. The share capital is divided into 187,416,252 ordinary shares. Each issued share has a EUR 0.29 nominal value and fully paid.

13. Share transfer restrictions

There are no restrictions regarding the share transfer.

There could be separate stock transfer restrictions, which can only be imposed by the shareholders and only in agreed-upon cases.

14. Shareholders of the Company

The shareholders owning more than 5 per cent of all the Company shares as at 31 December 2017 were:

Name, surname / name of the company	Company / personal code	Address	Votes held by shareholder	Shares held by shareholder
UAB „Baltic Champs Group“	145798333	Poviliškių km., Šiaulių raj. sav.	165,167,939	88.13%
Multi Asset Selection Fund	1015	Antano Tumėno g. 4-B, Vilnius	10,920,736	5.83%

No shareholder has special voting rights. In total, 915 physical and legal persons were Companies shareholders as at 31 December 2017.

15. Company's shareholders voting rights restrictions

The Group has no indications about any restrictions to the shareholders voting rights.

16. Agreements between the shareholders

There are no agreements between the shareholders at the date of 31 December 2017.

17. Procedure for amendments of the Articles of Association

The Articles of Association can be changed following Republic of Lithuania Law on Companies with an appropriate approval of the Company's shareholders.

18. Members of collegial bodies, Head of Company, Key Executives and their participation in Companies' shares

The managing bodies of the Company are general meeting of the shareholders, the Supervisory Council, the Board of Directors and Managing Director. The Supervisory Council (consisting of 3 members) is elected by the shareholder meeting. The Board of directors is formed from 5 members. The chairman is elected by the Board. The Board members are elected by the Supervisory Council. The Board of Directors elects and recalls the Director, decide upon remuneration and other working conditions, approves official rulebook, awards and handles penalties. The General Director is the manager of the Company. Key Executives of the Company are General Director and Chief Financial Officer.

Information of Supervisory Board of the Company as at 31 December 2017:

Name, Surname	Position	End of current term of office	Period of service as a member
Vladas Lašas	Chairman of Supervisory Board	Until general meeting of shareholders to be held in 2019	Member of Supervisory Board since 14-05-2015
Liudas Navickas	Member of Supervisory Board	Until general meeting of shareholders to be held in 2019	Member of Supervisory Board since 13-03-2014
Rimantas Rudzkis	Member of Supervisory Board	Until general meeting of shareholders to be held in 2019	Member of Supervisory Board since 13-03-2014

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Information of Audit Committee of the Company as at 31 December 2017:

Name, Surname	Position	End of current term of office	Period of service as a member
Liudas Navickas	Chairman of Audit Committee	Until February 6, 2019	Chairman of Audit Committee since 17-02-2017
Vladas Lašas	Member of Audit Committee	Until February 6, 2019	Member of Audit Committee since 17-02-2017
Rimantas Rudzkis	Member of Audit Committee	Until February 6, 2019	Member of Audit Committee since 17-02-2017

The main functions of the Audit Committee are to monitor the process of preparing the Company's financial statements, monitor the audit process, analyze the effectiveness of internal audit and risk management systems.

Information of the Board of the Company as at 31 December 2017:

Name, Surname	Position	End of current term of office	Period of service as a member
Kęstutis Juščius	Chairman of Board	Until general meeting of shareholders to be held in 2019	Chairman of Board since 14-05-2015
Linas Bulzgys	Member of Board	Until general meeting of shareholders to be held in 2019	Member of Board since 08-05-2014 General Director since 05-05-2015
Marijus Bakas	Member of Board	Until general meeting of shareholders to be held in 2019	Member of Board since 08-05-2014
Linas Strėlis	Member of Board	Until general meeting of shareholders to be held in 2019	Member of Board since 14-12-2007
Agnė Jonaitytė	Member of Board	Until general meeting of shareholders to be held in 2019	Member of Board since 07-02-2017

Information of the Key Executives of the Company as at 31 December 2017:

Name, Surname	Position	End of term	Beginning of term
Linas Bulzgys	General Director (CEO)	Indefinite	General Director since 05-05-2015
Martynas Repečka	Finance Director, Chief Financial Officer (CFO)	Indefinite	Chief Financial Officer since 15-05-2017

Members of the Supervisory Board and Audit Committee

Vladas Lašas (Chairman of supervisory board)

Education, qualification: Kaunas Polytechnic Institute, IT Technologies, PhD, 1979.

Activity: founder and CEO of JSC Skubios siuntos (1996 – present).

Miscellaneous: member of Board of "Global Lithuanian Leaders", PE; member of Board of "Lietuvos Junior Achievement", PE.

Liudas Navickas (Chairman of audit committee)

Education, qualification: 1976 - Kaunas University of Technology, Engineer Electric Specialty. 1982 – Vilnius University, Economics Specialty.

Activity: Director of Nuklono gamyklos įmonių asociacija (2017 – present).

Rimantas Rudzkis

Education, qualification: 1973 - Kaunas Polytechnic Institute, Accounting Equipment Specialty, Engineer Mathematician Diploma; 1978 – PhD Dissertation of Mathematics; 1993 – Habilitated PhD of Mathematics; 1996 – Professor Degree.

Activity: Senior Scientific Specialist of the Mathematics and Informatics faculty at Vilnius University (1974 – present), member of the Board of Research Council of Lithuania (2017 – present).

Members of the Board

Kęstutis Juščius (Chairman)

Education, qualification: 1995 – Vilnius University, Business Administration Bachelor Degree.

Activity: Chairman of the Board of AUGA group AB (2015 – present).

Miscellaneous: Chairman of the Supervisory Board of Mycela SA; Chairman the Board of Baltic Champs Group UAB.

18. Members of collegial bodies, Head of Company, Key Executives and their participation in Companies' shares (continued)

Marijus Bakas

Education, qualifications: Vilnius University, Faculty of Economics, Municipal Economics Master Degree.
 Activity: Head of Širvintai branch at Baltic Champs UAB (2001 – present).

Linas Bulzgys

Education, qualifications: Vilnius University, Finance and Banking Master Degree, ACCA qualification and membership.
 Activity: General Manager of AUGA group AB (2015 – present).

Agnė Jonaitytė

Education, qualifications: Vilnius University, Master's Degree in Law; London University, Master's Degree in Banking and finance Law.
 Activity: attorney at law and the law firm of attorney at law A. Jonaitytė (2017 – present)

Linas Strėlis

Education, qualifications: 1991 – Kaunas Polytechnic Institute, machine production faculty.
 Activity: Director of Biglis UAB (1993 – present).
 Miscellaneous: Member of the Board of Vilkyškių pieninė AB.

Key Executives

Linas Bulzgys

Education, qualifications: Vilnius University, Finance and Banking Master Degree, ACCA qualification and membership.
 Activity: General Manager of AUGA group AB (2015 – present).

Martynas Repečka

Education, qualifications: Vilnius University, Finance Masters Degree.
 Activity: Chief Financial Officer of AUGA Group AB (2017 – present).

Information on the shares of the Company held by the members of the Supervisory Board, the Board and the Key Executives as of 31 December 2017:

Name, Surname	Position	Owned shares in the Company, units	Owned shares in the Company, %
Marijus Bakas	Member of the Board	39,062	0.02%
Kęstutis Juščius	Chairman of the Board	1,392	0,0007%

Kęstutis Juščius, Chairman of the Board, is the ultimate owner of Baltic Champs Group UAB, controlling 88.13% of the Group shares.

The Company's top management includes Members of the Board, General Director (total 7 persons from 01/01/2017 until 08/02/2017, 5 persons from 08/02/2017 until 31/12/2017). All members of the Board of Directors and top management received salaries or payments for legal services as compensation. Table below summarises salaries and other payments calculated for top management. Other payments include abovementioned legal services and interest on loans from management.

	Salaries in 2017	Other payments in 2017	Total payouts in 2017
Average for 1 member of Top Management	20,551	19,079	39,630
Total amount for all members of Top Management (7 persons from 01/01/2017 until 08/02/2017, 5 persons from 08/02/2017 until 31/12/2017)	106,411	99,683	206,094
Average amount for 1 member of Key Executives	85,715	551	86,266
Total amount for all members of Key Executives (General director and Chief Financial Officer)	171,429	1,101	172,530

There were no salaries or bonuses paid to Members of Supervisory board in 2017 or 2016.

19. Information on significant agreements, which could be affected by the change in shareholder structure

Bank loans and financial lease agreements of Group companies, including the Company, have change of control clause at standalone level which is standard practise for such agreements. The Company or the Group has not entered into any other significant agreements the validity, amendment and termination of which could be affected by the change in shareholder structure.

20. Information on Companies and Groups collegial bodies' agreements regarding compensations in case of resignation, unjustifiable redundancy, or change in ownership structure

The Company and its collegial bodies' members have not concluded any agreements regarding compensations in case of resignation, unjustifiable redundancy, or change in ownership structure.

21. Information on transactions with related parties

Information on transactions with related parties is disclosed in the explanatory notes (note 31) of the consolidated AUGA Group AB financial statements for the year ended 31 December 2017.

22. Information on compliance with the Code of Corporate Governance

Information on AUGA group AB compliance with the Code of Corporate Governance is added to the consolidated AUGA Group AB financial statements for the year ended 31 December 2017 in the Annex.

23. Information on non-financial reporting in compliance with Directive 2014/95/EU

On 3 April 2018 the Group published separate sustainability report for year 2017. The report is available on webpage of the Group: www.auga.lt.

24. Data on publicly announced information

During the period between 1 January 2017 and 31 December 2017 all information was publicly announced by the Group through Nasdaq VILNIUS stock exchange as well as the ESPI information system which is operated by Polish FSA, as well as on Electronic Information Base which is operated by Warsaw Stock Exchange. The content of this information may be accessed in the website of Nasdaq VILNIUS stock exchange.

A summary of the Company's announcements is shown below:

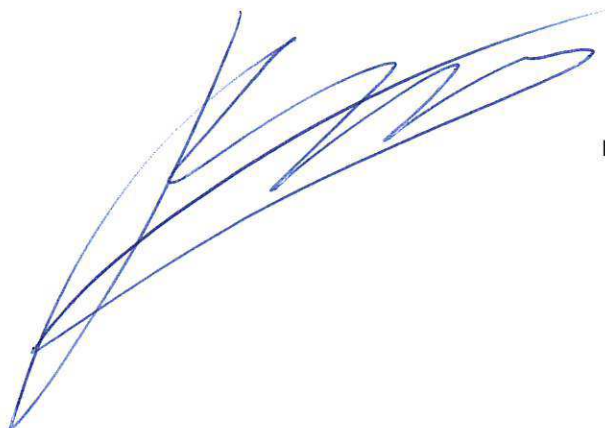
Announcement date	Announcement header
17.04.2018	Notice on the update of the agenda of the Ordinary General Meeting of Shareholders of AUGA group, AB to be held on 30 April 2018
06.04.2018	Notice on Convocation of the Ordinary General Meeting of Shareholders of AUGA group, AB on 30 April, 2018
06.04.2018	CORRECTION: AUGA group, AB Sustainability Report
03.04.2018	AUGA group, AB Sustainability Report
28.03.2018	Decisions of extraordinary shareholder's meeting of AUGA group, AB which took place on 28th March, 2018
14.03.2018	Auga group, AB decided against proceeding with the shares purchase of Arginta Engineering
14.03.2018	Updated presentation of AUGA group, AB
08.03.2018	CORRECTION: Notice on Convocation of the ordinary General Meeting of Shareholders of AUGA group, AB on 28 March 2018
06.03.2018	Notice on Convocation of the ordinary General Meeting of Shareholders of AUGA group, AB on 28 March 2018
28.02.2018	AUGA group, AB unaudited financial information for 12 months ended 31 December 2017
26.02.2018	AUGA group, AB has successfully completed acquisition of UAB Raseinių agra shares
09.02.2018	Subsidiary of AUGA group, AB sells shares of OOO Karakash Agro
23.01.2018	AUGA group, AB seeks to raise up to EUR 20 million of additional share capital through a public offering by the middle of 2018
23.01.2018	AUGA group, AB acquires shares of UAB Arginta Engineering
11.01.2018	Dates of periodic information disclosure of AUGA Group, AB for the year 2018 (investor calendar)
12.12.2017	AUGA group extends assortment – organic chicken, flour and oil are introduced to market
30.11.2017	During the first three quarters AUGA group's gross profit increased more than two times
30.11.2017	Interim information AUGA group, AB for the 9 months period ended 30 September 2017
20.11.2017	AUGA group, AB meets with the Investors Association
10.11.2017	AUGA group, AB acquires shares of UAB Raseinių Agra
06.11.2017	Decisions of extraordinary shareholders meeting of AUGA group, AB which took place 6 November 2017
13.10.2017	Notice on Convocation of the extraordinary General Meeting of Shareholders of AUGA group, AB on 06 November 2017
09.10.2017	Regarding the decision of the Supervision Service of the Bank of Lithuania
31.08.2017	Interim information AUGA group, AB for the period of 6 months ended 30 June 2017
28.08.2017	Completion of transition to organic farming
11.08.2017	AUGA group, AB has signed a Market Maker Agreement with UAB FMJ "Orion Securities"
08.06.2017	Regarding the Decision by the Supervision Service of the Bank of Lithuania
31.05.2017	Interim information AUGA group, AB for the 3 months period ended 31 March 2017
05.05.2017	Bank of Lithuania imposes penalty on the general manager
28.04.2017	AUGA group, AB Annual information for the year 2016
28.04.2017	Decisions of ordinary shareholders meeting of AUGA group, AB which took place on 28 April, 2017
27.04.2017	Draft decisions of ordinary shareholders meeting of AUGA group, AB which will take place on 28 April, 2017 (AMENDED)
07.04.2017	Regarding the decision of the Supervision Service of the Bank of Lithuania
06.04.2017	Draft decisions of ordinary shareholders meeting of AUGA group, AB which will take place on 28 April, 2017
06.04.2017	Notice on Convocation of the ordinary General Meeting of Shareholders of AUGA group, AB on 28 April, 2017
04.04.2017	Notification on the acquisition of voting rights, AUGA group, AB

CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2017

(All amounts are in EUR thousand, unless otherwise stated)

28.02.2017	AUGA group, AB interim unaudited financial information for 12 months ended 31 December 2016
08.02.2017	Appointment of new management board of AUGA group Resolutions of AUGA group, AB, with regard election of Chairman of Supervisory Board, election of members of Management Board and Chairman of Management Board
08.02.2017	Board and Chairman of Management Board
31.01.2017	AUGA group, AB has completed acquisition of KTG AGRAR SE subsidiary companies
31.01.2017	Decisions of extraordinary shareholder's meeting of AUGA group, AB which took place on 31st January , 2017
13.01.2017	AUGA group, AB has received a permission of the Competition Council of the Republic of Lithuania to execute a concentration and acquire KTG AGRAR SE companies
09.01.2017	Notice on Convocation of the extraordinary General Meeting of Shareholders of AUGA group, AB on 31 January, 2017
09.01.2017	Draft decisions of extraordinary shareholder's meeting of AUGA group, AB which will take place on 31st January, 2017

AUGA group, AB General Director
19 April 2018



Linas Bulzgys

BALANCE SHEET
AS AT 31 DECEMBER

(All amounts are in EUR thousand, unless otherwise stated)

	Notes	As at 31 December			
		GROUP		COMPANY	
		2017	2016	2017	2016
ASSETS					
Non-current assets					
Property, plant and equipment	5	85,235	76,262	303	217
Investments in subsidiaries	6	-	-	69,777	69,774
Intangible assets	8	839	19	10	16
Long term receivables	13	3,497	2,599	-	-
Available for sale investments	7	286	286	-	-
Associates	7	355	-	-	-
Deferred tax asset	19	890	669	-	-
Biological assets	9	8,029	6,858	-	-
Total non-current assets		99,131	86,693	70,090	70,007
Current assets					
Biological assets	9	10,111	5,223	-	-
Inventory	10	25,547	15,157	2	1
Trade receivables, advance payments and other receivables	12	10,765	13,367	5,467	274
Cash and cash equivalents	11, 14	620	1,650	1	97
		47,043	35,397	5,470	372
Assets classified as held for sale	31	2,374	-	-	-
Total current assets		49,417	35,397	5,470	372
TOTAL ASSETS		148,548	122,090	75,560	70,379
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	15	54,351	54,351	54,351	54,351
Share premium	15	738	7,890	738	7,890
Revaluation reserve		5,889	4,179	-	-
Legal reserve	15	579	579	579	579
Currency exchange differences		(165)	(217)	-	-
Retained earnings / (accumulated deficit)		17,241	5,163	8,122	(20,420)
Equity attributable to equity holders of the parent		78,633	71,945	63,790	42,400
Non-controlling interest		382	293	-	-
Total equity		79,015	72,238	63,790	42,400
Non-current liabilities					
Borrowings	17	16,535	16,938	6,427	25,568
Obligations under finance lease	18	5,987	3,427	83	79
Deferred grant income	16, 2, 27	3,657	3,286	-	-
Deferred tax liability	19	656	433	-	-
Total non-current liabilities		26,835	24,084	6,510	25,647
Current liabilities					
Current portion of non-current borrowings	17	4,506	3,585	1,440	1,881
Current portion of non-current obligations under finance lease	18	2,956	2,690	23	17
Current borrowings	17	13,607	5,350	3,210	-
Trade payables		14,467	8,796	320	216
Other payables and current liabilities	20	5,855	5,347	267	217
		41,391	25,768	5,260	2,332
Liabilities directly associated with assets classified as held for sale	31	1,307	-	-	-
Total current liabilities		42,698	25,768	5,260	2,332
Total liabilities		69,533	49,852	11,770	27,979
TOTAL EQUITY AND LIABILITIES		148,548	122,090	75,560	70,379

The accompanying explanatory notes presented on pages 37 to 83 are an integral part of these financial statements.

These financial statements were approved and signed on 19 April 2018.


Linas Bulzgys
General Director


Martynas Repečka
Chief Financial Officer

**INCINE STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

(All amounts are in EUR thousand, unless otherwise stated)

INCOME STATEMENT

	Notes	Year ended 31 December			
		GROUP		COMPANY	
		2017	2016	2017	2016
Revenues	21	48,784	39,630	653	620
Dividends from subsidiaries	25	-	-	25,303	-
Cost of sales	21,22	(38,012)	(27,985)	-	(16)
Gain (loss) on changes in fair values of biological assets and on recognition at fair value of agricultural produce at point of harvest	9,21	4,159	(868)	-	-
GROSS PROFIT		14,931	10,777	25,956	604
Operating expenses	23	(8,585)	(7,014)	(3,755)	(2,837)
Other income	26	351	127	76	16
OPERATING PROFIT		6,697	3,890	22,277	(2,217)
Finance cost	27	(1,904)	(2,098)	(887)	(828)
PROFIT (LOSS) BEFORE INCOME TAX		4,793	1,792	21,390	(3,045)
Income tax expense	19	222	353	-	-
NET PROFIT / (LOSS) FOR THE YEAR		5,015	2,145	21,390	(3,045)
ATTRIBUTABLE TO:					
Equity holders of the Company		4,926	2,173	21,390	(3,045)
Non-controlling interest		89	(28)	-	-
		5,015	2,145	21,390	(3,045)
Basic and diluted earnings (loss) per share (EUR)	28	0.03	0.01	0.11	(0.02)
STATEMENT OF OTHER COMPREHENSIVE INCOME					
NET PROFIT/ (LOSS) FOR THE PERIOD		5,015	2,145	21,390	(3,045)
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss :</i>					
Currency exchange differences		52	49	-	-
<i>Items that will not be reclassified to profit or loss:</i>					
Revaluation of land, gross of tax	5	1,800	962	-	-
Deferred tax liability from revaluation	19	(90)	(48)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,777	3,108	21,390	(3,045)
ATTRIBUTABLE TO:					
Equity holders of the Company		6,688	3,136	21,390	-
Non-controlling interest		89	(28)	-	-
		6,777	3,108	21,390	(3,045)

The accompanying explanatory notes presented on pages 37 to 83 are an integral part of these financial statements.

These financial statements were approved and signed on 19 April 2018.

Linās Bulzgys
General Director

Martynas Repėčka
Chief Financial Officer

AUGA GROUP AB
Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

(All amounts are in EUR thousand, unless otherwise stated)

GROUP	Share capital	Share premium	Share Revaluation reserve	Currency exchange differences	Legal reserve	Retained earnings	Equity attributable to the shareholders of the company		Non-controlling interest	Total
Balance as at 31 December 2015	54,351	7,890	7,689	(266)	579	(1,434)	68,809	321		69,130
<i>Comprehensive income</i>										
Net profit (loss) for the period	-	-	-	-	-	2,173	2,173	(28)		2,145
<i>Other comprehensive income</i>										
Revaluation of land, net of tax (Note 5, 19)	-	-	914	-	-	-	914	-		914
Currency exchange differences	-	-	-	49	-	-	49	-		49
Total comprehensive income	-	-	914	49	-	2,173	3,136	(28)		3,108
Disposal of subsidiaries	-	-	(4,424)	-	-	4,424	-	-		-
Balance as at 31 December 2016	54,351	7,890	4,179	(217)	579	5,163	71,945	293		72,238
<i>Comprehensive income</i>										
Net profit (loss) for the period	-	-	-	-	-	4,926	4,926	89		5,015
<i>Other comprehensive income</i>										
Revaluation of land, net of tax (Note 5, 19)	-	-	1,710	-	-	-	1,710	-		1,710
Currency exchange differences	-	-	-	52	-	-	52	-		52
Total comprehensive income	-	-	1,710	52	-	4,926	6,688	89		6,777
<i>Transactions with shareholders</i>										
Transfer of share premium to retained earnings (note 15)	-	(7,152)	-	-	-	7,152	-	-		-
Total transactions with shareholders	-	(7,152)	-	-	-	7,152	-	-		-
Balance as at 31 December 2017	54,351	738	5,889	(165)	579	17,241	78,633	382		79,015

These financial statements were approved and signed on 19 April 2018.

Linās Bulzgis
General Director

Martynas Repečka
Chief Financial Officer

AUGA GROUP AB
Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

(All amounts are in EUR thousand, unless otherwise stated)

COMPANY	Share capital	Share premium	Legal reserve	Retained earnings	Total
Balance as at 31 December 2015	54,351	7,890	579	(17,375)	45,445
Comprehensive income	-	-	-	(3,045)	(3,045)
Net profit (loss) for the period	-	-	-	(3,045)	(3,045)
Total comprehensive income					
Balance as at 31 December 2016	54,351	7,890	579	(20,420)	42,400
Comprehensive income	-	-	-	21,390	21,390
Net profit (loss) for the period	-	-	-	21,390	21,390
Total comprehensive income					
<i>Transactions with shareholders</i>					
Coverage of losses with share premium (Note 16)	-	(7,152)	-	7,152	-
Total transactions with shareholders					
Balance as at 31 December 2017	54,351	738	579	8,122	63,790

The accompanying explanatory notes presented on pages 37 to 83 are an integral part of these financial statements.

These financial statements were approved and signed on 19 April 2018.



Linas Bulžgys
General Director



Märtynas Repėčka
Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts are in EUR thousand, unless otherwise stated)

	Notes	Year ended 31 December			
		GROUP		COMPANY	
		2017	2016	2017	2016
Net profit (loss) before income tax		4,793	1,792	21,390	(3,045)
Adjustments for non-cash expenses (income) items and other adjustments					
Depreciation expense	5	6,800	6,058	47	35
Amortization expense	8	178	50	5	5
Write offs and impairment of PPE		41	559	-	30
(Profit) loss on sales of non-current assets	26	(2)	227	-	-
Write-offs of inventory and biological assets	22	1,102	1,266	-	-
Net finance cost	27	1,904	2,098	828	828
Acquired own liabilities at discount	26	-	(184)	-	-
Dividends from subsidiaries	25	-	-	(25,303)	-
Impairment of accounts receivable	12,23	-	10	-	-
Loss (gain) on changes in fair value of biological assets	21	(4,159)	868	-	-
Grants related to assets, recognized as income	16	(623)	(663)	-	-
Changes in working capital					
(Increase) decrease in biological assets		(6,568)	(2,245)	-	-
(Increase) decrease in trade receivables and prepayments		3,468	(1,289)	(2,097)	6
(Increase) decrease in inventory		(6,675)	(7,567)	(1)	10
(Decrease) increase in trade and other payables		5,908	1,723	154	773
		6,167	2,703	(4,979)	(1,358)
Income tax paid		-	-	-	-
Interest received		-	48	-	-
Interest paid		(1,802)	(1,945)	(828)	(112)
Net cash flows from /(to) operating activities		4,365	806	(5,805)	(1,470)
Cash flows from /(to) investing activities					
Purchase of property, plant and equipment		(4,950)	(4,329)	(100)	(81)
Purchase of non-current intangible assets	8	(17)	(14)	-	(14)
Purchase of associates	7	(355)	-	(3)	-
Payment for acquisition of subsidiary, net of cash acquired	24	(1,321)	-	-	-
Proceeds from sales of investment property, PPE		616	488	-	-
Proceeds from sales of investments		-	6,165	-	-
Grants related to assets, received from NPA	16	373	-	-	-
Dividends received from subsidiaries	25, 12	-	-	22,207	-
Other loans repaid	13	143	-	-	-
Other loans granted	13	(1,041)	(880)	-	(600)
Net cash flows from/(to) investing activities		(6,552)	1,430	22,104	(695)
Cash flows from /(to) financing activities					
Loans repaid to banks		(5,921)	(19,101)	-	(4,000)
Loans repaid to subsidiaries		-	-	(49,760)	-
Borrowings received		12,130	17,352	3,210	-
Borrowings received from subsidiaries		-	-	31,351	6,293
Other borrowings paid		(1,547)	(851)	(1,171)	-
Finance lease repayments		(3,504)	(2,054)	(25)	(31)
Net cash flows from/(to) financing activities		1,158	(4,654)	(16,395)	2,262
Net (decrease) / increase in cash and cash equivalents		(1,030)	(2,418)	(96)	97
Cash and cash equivalents at the beginning of the period		1,650	4,068	97	-
Cash and cash equivalents at the end of the period		620	1,650	1	97

The accompanying explanatory notes presented on pages 37 to 83 are an integral part of these financial statements.

These financial statements were approved and signed on 19 April 2018.

Linás Bulzgys
General Director

Martynas Repečka
Chief Financial Officer

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2017**

(All amounts are in EUR thousand, unless otherwise stated)

1. General information

AUGA Group AB (hereinafter – “the Company”) was founded and started its operations on 25 June 2003. The Company’s head office is located in Konstitucijos av. 21C, Quadrum North, Vilnius, Lithuania. The Company’s main activity is management of agricultural companies.

In 2003 the Company’s legal name Galuvė UAB was changed to Agrovaldymo grupė UAB. In February 2006, limited liability company Agrovaldymo grupė was reorganized to a public company Agrovaldymo grupė AB. In December 2007 the Company’s name was changed to Agrowill Group AB. In September 2016, the Company’s name was changed to current name – AUGA Group AB. The ultimate shareholder of AUGA Group AB is Baltic Champs Group, UAB which is 100% owned by Kęstutis Juščius.

The main shareholders (over 5 per cent) of the Company were:

Entity / person	31 December 2017		31 December 2016	
	Number of shares	% owned	Number of shares	% owned
Baltic Champs Group UAB	165,167,939	88.13	105,368,527	56.22
Velmatas UAB	-	-	28,440,895	15.18
Valgertas UAB	-	-	27,511,660	14.68
Multi Asset Selection Fund	10,920,736	5.83	10,920,736	5.83
Other minor shareholders	11,327,577	6.04	15,174,434	7.38
Total	187,416,252	100.00	187,416,252	100.00

The Company’s shareholders’ meeting has the power to reject and request the management to reissue financial statements after issue. Starting since 1 April 2008 the Company was listed on Vilnius Stock Exchange Main list, since 30 April 2009, the Company was moved to the Secondary list of NASDAQ Vilnius Stock Exchange. As of 8 July 2011, the Company’s shares are also traded on the Warsaw Stock Exchange. The fiscal year of the Company and its subsidiaries corresponds with calendar year.

The consolidated Group (hereinafter the Group) consists of the Company and one hundred thirty six subsidiaries (31 December 2016: one hundred fourteen subsidiaries). The subsidiaries included in the Group’s consolidated financial statements as at 31 December 2017 are indicated below.

Subsidiary	Country	Group ownership interest, %		Profile
		31 Dec 2017	31 Dec 2016	
Baltic Champs UAB	Lithuania	100,00%	100,00%	Agricultural operations
AVG Investment UAB	Lithuania	100,00%	100,00%	Management company
AWG Investment 1 UAB	Lithuania	100,00%	100,00%	Management company
AWG Investment 2 UAB	Lithuania	100,00%	100,00%	Management company
Agross UAB	Lithuania	100,00%	100,00%	Trade and logistics
Grain Lt UAB	Lithuania	97,41%	97,41%	Trade and logistics
Ars Ingenii UAB*	Lithuania	100,00%	100,00%	Trade and logistics
AgroGis UAB	Lithuania	95,00%	95,00%	IT system development
Agro Management Team UAB	Lithuania	100,00%	100,00%	Land management company
Agrotechnikos centras UAB	Lithuania	100,00%	100,00%	Lease of machinery
AUGA trade, UAB	Lithuania	100,00%	100,00%	Trade activities
Agricultural entity Žemės fondas	Lithuania	100,00%	100,00%	Rent of land
Žemės vystymo fondas 6 UAB	Lithuania	100,00%	100,00%	Land purchase and rent
Žemės vystymo fondas 9 UAB	Lithuania	100,00%	100,00%	Land purchase and rent
Žemės vystymo fondas 10 UAB	Lithuania	100,00%	100,00%	Land purchase and rent
Žemės vystymo fondas 20 UAB	Lithuania	100,00%	100,00%	Land purchase and rent
AUGA Grūduva UAB	Lithuania	97,41%	97,41%	Agricultural operations
Agricultural entity AUGA Spindulys	Lithuania	99,96%	99,96%	Agricultural operations
Agricultural entity AUGA Smilgiai	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity AUGA Skėmiai	Lithuania	99,87%	99,87%	Agricultural operations
Agricultural entity AUGA Nausodė	Lithuania	99,80%	99,80%	Agricultural operations

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Agricultural entity AUGA Dumšiškės	Lithuania	99,38%	99,38%	Agricultural operations
Agricultural entity AUGA Žadžiūnai	Lithuania	99,02%	99,02%	Agricultural operations
Agricultural entity AUGA Mantviliškis	Lithuania	98,79%	98,79%	Agricultural operations
Agricultural entity AUGA Alanta	Lithuania	98,55%	98,55%	Agricultural operations
Agricultural entity AUGA Eimučiai	Lithuania	98,41%	98,41%	Agricultural operations
Agricultural entity AUGA Vėriškės	Lithuania	99,86%	99,86%	Agricultural operations
Agricultural entity AUGA Želsvelė	Lithuania	97,17%	97,17%	Agricultural operations
Agricultural entity AUGA Lankesa	Lithuania	96,24%	96,24%	Agricultural operations
Agricultural entity AUGA Kairėnai	Lithuania	94,82%	94,82%	Agricultural operations
Agricultural entity AUGA Jurbarkai	Lithuania	87,78%	87,78%	Agricultural operations
Agricultural entity AUGA Gustoniai	Lithuania	99,72%	99,72%	Agricultural operations
ZAO Agroprom**	Russia	0,00%	75,00%	Management of subsidiaries
Agrowill group S.R.L.**	Moldova	0,00%	100,00%	Acquisitions and rent of land
Natur Agro Grup S.R.L.**	Moldova	0,00%	100,00%	Acquisitions and rent of land
Cooperative entity Siesarčio ūkis	Lithuania	99,44%	99,44%	Agricultural services
Cooperative entity Kašėta	Lithuania	99,44%	99,44%	Agricultural services
Agricultural entity Gustonys	Lithuania	100,00%	100,00%	Rent of land
Agricultural entity Skėmių pienininkystės centras	Lithuania	48,67%	48,67%	Agricultural services
Cooperative entity Agrobokštai	Lithuania	97,94%	97,94%	Agricultural services
Cooperative entity Dotnuvėlės valdos	Lithuania	99,22%	99,22%	Agricultural services
Cooperative entity Nevėžio lankos	Lithuania	96,51%	96,51%	Agricultural services
Cooperative entity Radviliškio kraštas	Lithuania	98,67%	98,67%	Agricultural services
Cooperative entity Šventosios pievos	Lithuania	96,36%	96,36%	Agricultural services
Cooperative entity Kairių ūkis	Lithuania	98,68%	98,68%	Agricultural services
Cooperative entity Šiaurinė valda	Lithuania	96,15%	96,15%	Agricultural services
Cooperative entity Šušvės žemė	Lithuania	98,43%	98,43%	Agricultural services
Cooperative entity Žalmargėlis	Lithuania	98,32%	98,32%	Agricultural services
Cooperative entity Juodmargėlis	Lithuania	99,35%	99,35%	Agricultural services
Cooperative entity Agromilk	Lithuania	96,28%	96,28%	Agricultural services
Cooperative entity Purpurėja	Lithuania	99,53%	99,53%	Agricultural services
Bukonių ekologinis ūkis UAB	Lithuania	100,00%	100,00%	Management of subsidiaries
Agrosaulė 8 UAB	Lithuania	100,00%	100,00%	Management company
Biržai distr., Rinkušiai reclamation infrastructure users association	Lithuania	48,67%	48,67%	Agricultural services
Pasvalys distr., Pušalotas reclamation infrastructure users association	Lithuania	48,67%	48,67%	Agricultural services
Skėmiai reclamation infrastructure users association	Lithuania	48,67%	48,67%	Agricultural services
Vaitiekūnai reclamation infrastructure users association	Lithuania	48,67%	48,67%	Agricultural services
Association Grūdovos melioracija	Lithuania	65,81%	65,81%	Agricultural services
Pauliai reclamation infrastructure users association	Lithuania	100,00%	0,00%	Agricultural services
Nausodė reclamation infrastructure users association	Lithuania	70,74%	70,74%	Agricultural services
Traktorių nuomos centras UAB	Lithuania	100,00%	100,00%	Agricultural services
Traktorių nuomos paslaugos UAB	Lithuania	100,00%	100,00%	Agricultural services
Arnega UAB	Lithuania	100,00%	100,00%	Agricultural services
AgroSchool OU	Estonia	100,00%	100,00%	Management of subsidiaries
Public institution AgroSchool	Lithuania	50,00%	50,00%	Human resource management

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AUGA Ramučiai UAB	Lithuania	100,00%	100,00%	Agricultural operations
AUGA Luganta UAB	Lithuania	100,00%	100,00%	Agricultural operations
eTime invest UAB	Lithuania	100,00%	100,00%	Management of subsidiaries
Karakash Agro OOO	Ukraine	100,00%	100,00%	Agricultural operations
Karakash OOO	Ukraine	100,00%	100,00%	Agricultural operations
ŽVF Projektai UAB	Lithuania	52,62%	52,62%	Acquisitions and rent of land
Agricultural entity Alantos ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Dumšiškių ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Eimučių ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Grūduvos ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Jurbarkų ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Kairėnų ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Lankesos ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Mantviliškio ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Nausodės ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Skėmių ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Smilgių ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Spindulio ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Vėriškių ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Žadžiūnų ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Agricultural entity Želsvelės ekologinis ūkis	Lithuania	100,00%	100,00%	Agricultural operations
Prestviigi OU	Estonia	100,00%	100,00%	Management of subsidiaries
Sendri Capital OU**	Estonia	0,00%	100,00%	Management of subsidiaries
Turvaste partners OU	Estonia	100,00%	100,00%	Management of subsidiaries
Nakamaa Agro OU	Estonia	100,00%	100,00%	Management of subsidiaries
Hindaste Invest OU	Estonia	100,00%	100,00%	Management of subsidiaries
Tuudi River OU	Estonia	100,00%	100,00%	Management of subsidiaries
Palderma Partners OU	Estonia	100,00%	100,00%	Management of subsidiaries
Lialaid Capital OU**	Estonia	0,00%	100,00%	Management of subsidiaries
Ave-Martna Capital OU	Estonia	100,00%	100,00%	Management of subsidiaries
Hobring Invest OU	Estonia	100,00%	100,00%	Management of subsidiaries
Rukkirahhu Capital OU	Estonia	100,00%	100,00%	Management of subsidiaries
Pahasoo OU	Estonia	100,00%	100,00%	Management of subsidiaries
123 Union OU**	Estonia	0,00%	100,00%	Management of subsidiaries
NovaCorpus OU**	Estonia	0,00%	100,00%	Management of subsidiaries
Bestmax OU**	Estonia	0,00%	100,00%	Management of subsidiaries
Remidox OU**	Estonia	0,00%	100,00%	Management of subsidiaries
Cooperative entity Ganiklis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Ganiavos gėrybės	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Žemėpačio pieno ūkis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Žemynos pienelis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Lygiadienio ūkis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Laumės pieno ūkis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Medeinios pienas	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Gardaitis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Dimstipatis	Lithuania	98,09%	98,09%	Agricultural operations

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(All amounts are in EUR thousand, unless otherwise stated)

Cooperative entity Aušlavis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Austėjos pieno ūkis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Aitvaro ūkis	Lithuania	98,09%	98,09%	Agricultural operations
Cooperative entity Giraičio pieno ūkis	Lithuania	98,09%	98,09%	Agricultural operations
Fentus 10 GmbH***	Germany	100,00%	0,00%	Management of subsidiaries
Norus 26 AG***	Germany	100,00%	0,00%	Management of subsidiaries
LT Holding AG***	Germany	100,00%	0,00%	Management of subsidiaries
KTG Agrar UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Raseiniai UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Mažeikiai UAB***	Lithuania	100,00%	0,00%	Agricultural operations
PAE Agrar UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Delta Agrar UAB***	Lithuania	100,00%	0,00%	Agricultural operations
KTG Grūdai UAB***	Lithuania	100,00%	0,00%	Agricultural operations
KTG Eko Agrar UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agronita UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agronuoma UAB***	Lithuania	100,00%	0,00%	Agricultural operations
VL Investment Vilnius 12 UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Ašva UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Varduva UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Seda UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Kvistė UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Luoba UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Gaja UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Ariogala UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Girdžiai UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Vidauja UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Raudonė UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Venta UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Nerys UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Gėluva UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Betygala UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Dubysa UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Pauliai UAB***	Lithuania	100,00%	0,00%	Agricultural operations
Agrar Mituva UAB***	Lithuania	100,00%	0,00%	Agricultural operations

* Ars ingenii, UAB – previously was named AMT Žemė, UAB.

** Companies were closed or sold.

*** Companies acquired as KTG group companies (see note 24).

As at 31 December 2017 the Group had 1,152 employees, 31 December 2016 – 1,099 employees. Main operations of the Group – cultural mushroom growing and sale, milk production and sale, grain growing and sale.

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2017**

(All amounts are in EUR thousand, unless otherwise stated)

2. Summary of significant accounting policies

2.1 Changes in accounting policies

The Group has consistently applied the following accounting policies to all the periods presented in these financial statements.

2.2 Basis of preparation

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The consolidated financial statements have been prepared on the historical cost basis, except for land in property, plant and equipment, which is measured at revalued amount, biological assets (livestock and crops), which are measured at fair value. The Company applies the same accounting policies as the Group, except for accounting of subsidiaries as disclosed in note 2.25.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The consolidated financial statements are presented in the national currency, the euro (EUR), which is the Company's functional and presentation currency.

Going concern basis

The accompanying financial statements are prepared on going concern basis. The short-term goal for the Group is to generate sufficient funds to carry out operations efficiently and profitably and to generate appropriate amounts of revenues and profits in order to pay current liabilities. The Group's management expects to maintain current liquidity levels and to accumulate funds for future investments. The Company deals mainly with Group companies, thus Companies liquidity position is adjusted on demand.

As at 31 December 2017 Group's current assets exceeded current liabilities by EUR 6,921 thousand (as at 31 December 2016 by EUR 10,195 thousand). The liquidity ratio (current assets/current liabilities) of the Group amounted to 1.16 (2016: 1.34), while quick ratio (current assets (excluding biological assets and inventory)/current liabilities) was 0.32 (2016: 0.60).

As at 31 December 2017 Company's current assets exceeded current liabilities by EUR 99 thousand as at 31 December 2017, while in 31 December 2016 the current assets to current liabilities ratio of the Company was negative and equalled EUR (1,960) thousand. The liquidity and quick ratio of the Company amounted to 1.02 (2016: 0.16).

New standards, amendments and interpretations

In 2017 the Group and the Company have adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to their operations and effective for the accounting periods beginning on 1 January 2017.

a) Adoption of new and (or) amended IFRSs and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

The Group and the Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendment to IAS 12);
- Disclosure Initiative (amendments to IAS 7);
- Annual Improvements to IFRSs 2014-2016 Cycle (changes to IFRS 12) effective 1 January 2017.

The adoption of these amendments did not have any impact on the amounts recognised in prior, current or future periods. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities, see Note 17

b) New standards, amendments and interpretations that are not yet effective

Other new standards, amendments to standards and interpretations effective for the annual periods beginning on or after 1 January 2017, yet not applied in preparing these financial statements are as follows:

IFRS 9, 'Financial instruments: Classification and measurement' (effective for annual periods beginning on or after 1 January 2018, adopted by the EU).

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts are in EUR thousand, unless otherwise stated)

2.2 Basis of preparation (continued)

- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in income statement.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group's financial assets attributed to the categories of financial assets *Loans and receivables at amortised cost* which according to new standard would be measured at amortised cost as before as the business model for these assets is held to collect contractual cash flows and they are SPPI.

The Group have only financial liabilities attributed to the category *Other financial liabilities*. Therefore, there will be no impact on the Group's accounting for financial liabilities.

The changes in hedge accounting will not have an impact on the Group's financial statements as the Group has no hedge accounting.

The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, contract assets under IFRS 15 Revenue from Contracts with Customers. Based on the assessments undertaken to date, it may result in an earlier recognition of credit losses in the future, but at the date of initial application the Group assessed that there will not be a significant impact on the allowance of trade receivables, cash and cash equivalents and deposits.

The Group has evaluated the recoverability of the receivables according to the requirements of the new standard. The recoverability of the receivables was analysed based on the segments (Agriculture, mushrooms and dairy). During the last 2 years when the Group has started the transition to organic farming there were no significant write off of bad debts. In the livestock segment only 0.73% receivables, in agricultural segment - 1.35%, in mushroom segment - 1%. of the total sales of 2017 were not recovered by the end of the February, 2018. If the Group would not recover the trade receivables outstanding as of 31 December 2017 by the end of 2018, this would result an impairment loss of EUR 60 thousand to be accounted as of 1 January 2018. Cash and cash equivalents are held at banks with credit which have high credit ratings established by foreign rating agencies.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures of their financial instruments, particularly in the year of the adoption of the new standard – in 2018.

The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

IFRS 15, Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018, adopted by the EU). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2017**

(All amounts are in EUR thousand, unless otherwise stated)

2.2 Basis of preparation (continued)

The Group will apply IFRS 15 in the annual financial statements of 2018 using the retrospective modified approach, i.e. the comparatives will not be restated. The sales of the Group are divided to 3 main segments: dairy, crop-growing and mushroom growing. In all of the segments the sales contracts with customers are very straight-forward and does not have any bundled services or goods. In most cases the goods are transferred to the customers the same day as the issue of the invoices. As at 31 December, 2017 there were no goods which were transferred or were in transit to the customers but the invoices were not issued and vice versa.

IFRS 16, Leases (effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Transfers of Investment Property - Amendments to IAS 40 (effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU). The amendment clarified that to transfer to, or from, investment properties there must be a change in use. This change must be supported by evidence; a change in intention, in isolation, is not enough to support a transfer.

The Company and the Group are currently assessing the impact of the new relevant standards and their improvements on their financial statements. Please refer to Note 30 where future operating lease payments under long term non-cancellable operating lease contracts are disclosed. Certain covenants under borrowing agreements will be impacted on the adoption of the new standard. The Group will be renegotiating the change of these covenants with the banks.

2.3 Group accounting

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement as negative goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

2.4 Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in income statement, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

EXPLANATORY NOTES
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(All amounts are in EUR thousand, unless otherwise stated)

2.4 Associates (continued)

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9

2.5 Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.6 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is the euro (EUR).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) Income and expenses for each profit or loss transactions are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the rate on the dates of the transactions);
- c) All exchange differences are recognised in other comprehensive income as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Property, plant and equipment

Property, plant and equipment are assets that are owned and controlled by the Group, which are expected to generate economic benefits in the future periods and with the useful life exceeding one year. Property, plant and equipment, except land, are shown at cost less subsequent accumulated depreciation and subsequent impairment losses. Land is accounted at revalued amounts less subsequent impairment losses.

Buildings comprise mainly cow farms, machinery yards and grain storage buildings. Constructions and machinery comprise agricultural equipment and milking farm equipment. All the property, plant and equipment, except for land, construction in progress, are shown at cost less subsequent depreciation and any accumulated impairment losses.

Land comprises mainly agricultural land and is shown at revalued amounts based on periodic, but at least triennial, valuations by external independent valuers.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement in the period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the income statement.

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2.7 Property, plant and equipment (continued)

Land is not depreciated. Depreciation of other assets, except construction in progress, is calculated using the straight-line method to allocate their cost or revaluated amounts to their residual values over their estimated useful lives as follows:

Buildings	20–50	years
Constructions and machinery	4–20	years
Vehicles, equipment and other assets	1–10	years

Assets held under finance leases are depreciated over the shorter of their expected useful lives on the same basis as owned assets or lease term. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction-in-progress represents property, plant and equipment under construction. Such assets are carried at acquisition cost, less any recognized impairment losses. Cost includes design, construction works, plant and equipment being mounted and other directly attributable costs.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the income statement. When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness.

2.8 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets

Intangible assets expected to provide economic benefit to the Group in future periods have a finite useful life and are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over the estimated amortisation period as follows:

Software	2–3	years
Other intangible assets	5	years
Land rent contracts	1–16	years

Separately acquired licences are shown at historical cost less accumulated amortization. Licences acquired in a business combination are recognised at fair value at the acquisition date. Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The gain or loss arising on the disposal of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income statement.

The useful lives of intangible assets are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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2.9 Impairment of non-financial assets

Impairment of non-financial assets, except inventory and deferred taxes, is evaluated whenever events or circumstances indicate that the value of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the recognition of losses due to impairment no longer exist or have decreased significantly. The reversal of impairment loss is recognized in income statement in the same item as impairment loss.

2.10 Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at their fair value less estimated costs to sell, except for the case where the fair value cannot be measured reliably on initial recognition. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated costs to sell at the point of harvest and subsequently recorded as inventories.

If an active market exists for a biological asset or agricultural produce, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date, is used in determining fair value. Cost is used as an approximation of fair value when little biological transformation has taken place since initial cost incurrence, e.g. within short time after seeding the crop or mushroom.

During the growth period (crops, mushrooms, livestock until 1st lactation period), costs are capitalised to the carrying value of the asset. At each balance sheet date*, the biological assets are revalued to their fair value. The remeasurement gain or loss (as the difference between the fair value and costs incurred and capitalised) is recognised on the line "Gain (loss) arising from changes in fair value of biological assets and on recognition at fair value of agricultural produce at point of harvest" in income statement.

For milk, costs incurred (feeding etc) are capitalised as part of cost of the agricultural produce. The agricultural produce is recognised at fair value at harvest. The remeasurement gain or loss (as the difference between fair value and costs incurred and capitalised) is recognised on the line "Gain (loss) arising from changes in fair value of biological assets and on recognition at fair value of agricultural produce at point of harvest". On sales of the produce (crops, mushrooms, milk, meat), the carrying value of the biological asset/agricultural produce is recognised in the income statement based on the nature of the expense - all actually incurred expenses line by line by nature within "Cost of sales" and including fair value remeasurement gain/loss.

The line "Gain (loss) arising from changes in fair value of biological assets and on recognition at fair value of agricultural produce at point of harvest" in Income Statement includes mainly (1) the remeasurement gains/losses of agricultural produce that is unsold by the balance sheet date (mainly crops, as milk and mushrooms are sold immediately) and (2) remeasurement gains and losses of milking cows, (2.1) during growth period being the difference between the costs incurred and capitalised, and the fair values at balance sheet dates; and (2.2) during milking period the reduction of the fair value following the reduction of the remaining useful production life of the cows; and any other changes due to the changes to the inputs in the cash flow model.

All other movements in the biological asset reconciliation (Note 9) are presented in the amount of costs capitalised.

The line "Cost of sales" includes line-by-line expenses incurred to produce crops, mushrooms, milk and meat that have been sold during the period. The expenses incurred for produce that is unsold at the balance sheet date have been capitalised within the carrying amount and will be recycled to Income Statement to "Cost of sales" in future periods when the produce is sold. The expenditures capitalised to grow milking cows are not recycled to "Cost of sales"; instead the carrying value of cows is expensed over the life of the cows as the change in fair value on the line of "Gain (loss) arising from changes in fair value of biological assets and on recognition at fair value of agricultural produce at point of harvest".

* For mushrooms and crops, the cost approximates the fair value until there is little biological transformation. At year-end, the winter crops are always in the stage of having only a little biological transformation since seeding in autumn. For mushrooms, the stage depends on timing of seeding the seedbeds; as there has been no planned harvest during the first week of 2018 or 2017, the seedbeds as of the balance sheet dates of 31.12.17 and 31.12.16 were in the stage of having only a little biological transformation. Therefore; for both of these assets the management considers that it is appropriate to consider that cost approximates the fair value.

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2.11 Financial assets

2.11.1 Classification

The Group has financial assets in the following measurement categories: at fair value through profit or loss, available-for-sale, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial assets at fair value through profit (loss)

The Group holds derivative financial instruments to hedge against its interest rate risk exposures; however, there is no formal hedging policy prepared by the Group, and therefore no hedge accounting is applied.

2.11.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in income statement as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in income statement.

After initial recognition available-for-sale financial assets are measured at fair value based on available market prices or quotes of brokers. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, and discounted cash flow analysis. The result of revaluation of available-for-sale securities is recognised in other comprehensive income.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 2.13.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by FIFO method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, handling and other costs directly attributable to the acquisition of inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses.

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment. An impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account,

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and the amount of the loss is recognised in the income statement within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the income statement.

2.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

2.16 Deferred grant income

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants related to assets

Government grants relating to property, plant and equipment are included in deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Grants related to income

Grants related to income are received as a reimbursement for the expenses already incurred and as a compensation for unearned revenue, and also all other grants than those related to assets. Grants received as a compensation for unearned revenue are recognized as income over the periods necessary to match them with the related unearned revenue.

Grants related to biological assets

Unconditional grants related to biological assets measured at their fair value less estimated point-of-sale costs are recognized as income when government grant became receivable. Conditional grants related to biological assets measured at their fair value less estimated point-of-sale costs are recognized as income when the conditions attached to the government grant are met.

2.17 Trade payables

Trade payable are obligations to pay for goods or services that have been acquired in an ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.19 Accounting for leases where the Group is the lessee

Finance lease

The Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group. The assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to the income statement over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over the shorter of their useful life or the lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term. If sale and leaseback transaction results in a finance lease, any excess or shortfall of sales proceeds over the carrying amount is not recognised immediately and is deferred and amortised over the lease term.

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2.19 Accounting for leases where the Group is the lessee (continued)

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.20 Accounting for leases where the Group is the lessor

Operating lease

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group presents assets subject to operating leases in the balance sheet according to the nature of the asset. Lease income from operating leases is recognized in the income statement on a straight-line basis over the lease term as revenues. The depreciation policy for leased assets is consistent with the Group's depreciation policy for similar assets, and depreciation is calculated in accordance with the accounting policies used for property, plant and equipment.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income and directly in equity. In this case, the tax is also recognised in other comprehensive income, and directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate and consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Income tax expense is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements, and estimates of income tax performed by the management in accordance with Lithuanian regulatory legislation on taxation.

Deferred income tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

According to Lithuanian legislation, ordinary tax losses can be carried forward indefinitely if a taxpayer continues to perform business activities from which such losses occurred. When calculating the income tax for 2015 and subsequent years, only 70% of the taxable result for the period can be set off against tax loss utilised.

Deferred tax assets and liabilities are offset when they are related to taxes levied by the same tax authority and when there is a legally enforceable right to cover current payable taxes at net value.

The main temporary differences arise due to revaluation of land.

2.22 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Expenses are recognized on the accrual basis.

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2.22 Revenue and expense recognition (continued)

Sales of goods

The Group manufactures and sells a range of agricultural commodities in an open market. Sales of goods are recognized when the Group entity has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract.

Sales of services

Revenue from services is recognised on performance of the services.

Interest income and expenses

Interest income and expenses are recognized using the effective interest method. . In the cash flow statement received interest is classified as cash flows from investing activities, interest paid – as cash flows from operating activity.

2.23 Employee benefits

Social security contributions

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.24 Segment information

Management has determined the operating segments based on the reports reviewed by the CEO and CFO that are used to make strategic decisions. The business segments defined by the Group are diary, crop growing, and cultural mushrooms growing.

The Management of the Group also assesses the performance of each individual agricultural company. Those individual companies are analysed based on a measure of gross profit of different segments: mushroom growing, milk production and cattle sale in dairy, different crops such as wheat, legumes, rapeseed, barley, etc. in the crop-growing segment, as well as trading, agricultural services and rent activities.

Expenses of the Group's companies, which may be directly allocated to a specific segment, are allocated to this segment. Expenses of the companies of the Group, which take part in more than one segment, are allocated pro rata to the established distribution of expenses.

2.25 Investments in subsidiaries in the separate financial statements of the Company

Investments in subsidiaries are accounted for at cost less impairment. Cost is calculated based on the price paid and adjusted to reflect changes in price paid arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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2.26 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.27 Subsequent events

Post balance sheet events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post balance sheet events that are not adjusting events are disclosed in the notes when material.

3. Risk management

3.1 Financial risk management

Financial risk factors

The Group's and the Company's activities expose them to financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group.

The Board of Directors is responsible for the risk management policies and procedures.

Market risk

(i) Foreign exchange risk

The absolute majority of Group's operations is in Lithuania, which as of 1 January 2015 adopted the euro area unified currency – the euro. Major purchases and expenses, as well as revenues are denominated in functional currency, with only minor operations happening in other currencies (Crimea operations), and some sales being made to countries with other currency than the euro (e.g. Poland, Sweden, Norway).

The Group companies do not have significant foreign currency concentration, thus no financial instruments were used in order to hedge against foreign currency risks.

The Group has some operations in Crimea (Ukraine). Currently those entities have Russian rouble as a functional currency. Due to international sanctions, oil price volatilities and weak economy, the Russian rouble is subject to large currency exchange rate volatility. The Group does not hedge against such risk. A 10% change in RUB/EUR currency rate would have a EUR 150 thousand (2016: EUR 93 thousand) effect in the equity of consolidated financial statements, as impairments have been recognised for majority of assets owned there and the operations have insignificant effect on the Group.

(ii) Securities price risk

The Group is not exposed to significant equity securities price risk because it has no material investments in securities or other similar financial instruments outside of the Group. The subsidiaries are owned and controlled directly. The Group influences the results of subsidiaries by directly participating in management of the subsidiaries.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from variable rate borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates do not expose the Group to cash flow or fair value interest rate risk because all borrowings are carried at amortised cost.

The Group's borrowings include loans and leases with floating interest rate, which is related to EURIBOR. Most of bank borrowings and finance lease liabilities are repriced each 3 or 6 months. Other borrowings are repriced each month or every 3 months. The Group has payables to the State for acquired land which are with fixed interest rate.

The Group's cash flow and interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

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3.1 Financial risk management (continued)

The Group has interest rate swap contracts to hedge against floating interest rate: 1) a contract to pay a fixed 1 per cent of interest on outstanding loan balance of EUR 5,718 thousand as at 31 December 2017 (EUR 6,525 as at 31 December 2016) and receive a 3-month EURIBOR interest. The contract duration is pegged to the outstanding agricultural entities loan agreement, which terminates in 2019. 2) a contract to pay a fixed 0,5 per cent of interest on outstanding loan balance EUR 1,895 thousand as at 31 December 2017 (no such as at 31 December 2016) and receive a 3-month EURIBOR interest. The contract duration is pegged to the outstanding agricultural entities loan agreement, which terminates in 2022.

The negative change in market value of these derivatives is recognised in the income statement in actual period (see note 27), and accordingly adjusted the derivative value in the balance sheet. In 2017, the change was negative and amounted to EUR 80 thousand (in 2016 the change was positive - EUR 42 thousand). The carrying value of the derivative was EUR 272 thousand as at 31 December 2017 (EUR 192 thousand as at 31 December 2016).

As at 31 December 2017 the Group borrowings at floating interest rates amounted to EUR 32.3 million (31 December 2016: EUR 21.47 million), all of which is denominated in EUR. As long as EURIBOR remains below 0, the the increase or decrease in EURIBOR effect on the Group would be close to 0 as most of the Group's loans have clauses that for interest calculation purposes EURIBOR can not be smaller than 0. If EURIBOR would increase above 0, than if floating rate interest (influenced by EURIBOR) changed by 1 percentage point, the annual effect on the Group would amount to EUR 324 thousand before taxes (2016: EUR 215 thousand).

As at 31 December 2017 the Company's borrowings with floating interest rates amounted to EUR 3,316 thousand (31 December 2016: EUR 1,266 thousand). As at 31 December 2017 liabilities with fixed interest rates totalled to EUR 6,427 thousand (As at 31 December 2016: EUR 25,568 thousand).

Credit risk

Credit risk is managed on the Group basis. Senior management is responsible for credit risk management. Credit risk arises from cash, cash equivalents, and short-term deposits with banks, as well as credit exposures to customers, mainly related to outstanding receivables and loans granted. Credit risk associated with the cash funds at banks is minimal, as the Group deals with the banks which have high credit ratings established by foreign rating agencies. For customers, the Company sells the majority of its production to wholesalers and has policies in place to ensure that sales of products are made only to customers with an appropriate credit history. The Group always makes an assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit period is awarded only to a few customers who are well known to the Group and have good credit history. The Group has credit concentration risk as the sales are distributed among several clients which are the strongest players in the country's agricultural market (see note 22). The Group does not use credit insurance and has not established any specific limits for any of the clients.

There were no significant difficulties in collecting accounts receivable from customers or withdrawing cash from banks during the reporting period and the management does not expect any material losses from non-performance by these counterparties.

The carrying amount of financial assets represents the maximum credit exposure for on-balance sheet exposures. The Group has additionally guaranteed for a loan of Cooperative "Grybai Lt" which outstanding amount as at 31 December 2017 totalled EUR 3,095 thousand (2016: EUR 3,426 thousand).

As at 31 December 2017, the Company had issued guarantees to banks Swedbank AB and Luminor bank AB for loans taken by subsidiary entities (agricultural entities, Baltic Champs UAB, Grain Lt UAB) for total of EUR 24,612 thousand (19,819 thousand in 2016). Additionally the Company guaranteed for liabilities of UAB Agronuoma for EUR 931 thousand as at 31 December 2017.

See notes 12 and 13 for further disclosure on credit risk.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecast of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance ratio targets and other material information.

Borrowed capital accounts for a large share of the Group's total capital.

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3.1 Financial risk management (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Carrying amount	Total	Contractual cash flows				
			Payable on demand	Within one year	Within second year	Within third and fourth year	Within fifth year and later
31 December 2017							
Borrowings	34,648	36,206	-	18,701	6,338	9,858	1,309
Finance lease liabilities	8,943	9,539	-	3,220	2,727	2,978	614
Guarantees issued	-	3,095	3,095	-	-	-	-
Trade and other payables	15,550	15,550	-	15,550	-	-	-
Total	59,141	64,390	3,095	37,471	9,065	12,836	1,923
31 December 2016							
Borrowings	25,873	28,342	117	9,694	5,762	11,459	1,310
Finance lease liabilities	6,117	6,555	351	2,560	1,610	1,783	251
Guarantees issued	-	4,757	4,757	-	-	-	-
Trade and other payables	9,684	9,684	-	9,684	-	-	-
Total	41,674	49,338	5,225	21,938	7,372	13,242	1,561

COMPANY	Carrying amount	Total	Contractual cash flows				
			Payable on demand	Within one year	Within second year	Within third and fourth year	Within fifth year and later
31 December 2017							
Borrowings	11,077	11,691	-	4,814	225	6,652	-
Leasing liabilities	106	111	-	26	59	23	3
Guarantees issued	-	25,544	25,544	-	-	-	-
Trade and other payables	320	320	-	320	-	-	-
Total	11,503	37,666	25,544	5,160	284	6,675	3
31 December 2016							
Borrowings	27,450	32,846	-	2,530	2,958	27,358	-
Leasing liabilities	96	105	-	21	21	61	2
Guarantees issued	-	20,819	20,819	-	-	-	-
Trade and other payables	216	216	-	216	-	-	-
Total	27,762	53,986	20,819	2,767	2,979	27,419	2

Payable on demand includes guarantees issued by the Group or the Company, which represents the maximum Group/Company's exposure at the balance sheet date.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

When financing its business activities, the Group follows equity ratio (equity to assets ratio). As at 31 December 2017 this ratio was equal to 53% (as at December 2016 – 59%). The defined allowed range the Group's management monitors is between 40% - 50%.

Pursuant to the Lithuanian Law on Companies the authorised share capital of a joint stock company and private limited liability company must be not less than EUR 29,000 and EUR 2,900, respectively, and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2017 and 31 December 2016, the Company complied with these requirements. As at 31 December 2017 40 Group companies did not comply with these requirements. The Board of a company which does not meet the above requirements must convene a shareholders' meeting to solve the problem of capital level. The incompliance of these Group companies had no impact on loan covenants.

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3.3 Fair value estimation

The three levels of the fair value hierarchy have been defined as follows:

Level 1 includes the fair value of assets which is established based on quoted prices (unadjusted) in active markets for identical assets.

Level 2 includes the fair value of assets which is established based on other directly or indirectly observable inputs.

Level 3 includes the fair value of assets which is established based on unobservable inputs.

There were no transfers between any levels during the year.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The carrying value of long term receivables, trade receivables and payables is assumed to approximate their fair values.

The fair value of long-term and short-term borrowings is measured by discounting the future cash flows, using market interest rate. They are classified as level 3 fair values in the fair value hierarchy due to use of unobservable inputs, including own credit risk.

As at 31 December, the Group and the Company had the following structure of interest bearing financial liabilities (taking into account bank and other borrowings and finance lease liabilities) (presented at their carrying values):

GROUP	Liabilities with fixed interest rate	Liabilities with floating interest rate
31.12.2017		
Loans from financial institutions	7,613	23,361
Finance lease liabilities	-	8,941
Other borrowings	3,676	-
Total	11,289	32,302
	Liabilities with fixed interest rate	Liabilities with floating interest rate
31.12.2016		
Loans from financial institutions	6,525	14,096
Finance lease liabilities	-	6,119
Other borrowings	3,996	1,254
Total	10,521	21,469
COMPANY	Liabilities with fixed interest rate	Liabilities with floating interest rate
2017		
Loans from financial institutions	-	-
Finance lease liabilities	-	106
Other borrowings	7,867	3,210
Total	7,867	3,316
	Liabilities with fixed interest rate	Liabilities with floating interest rate
2016		
Loans from financial institutions	-	96
Other borrowings	25,568	1,170
Total	25,568	1,266

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3.3 Fair value estimation (continued)

The fair value of non-current borrowings with variable interest rates approximates their carrying amounts. Average effective interest rate of borrowings of the Group with variable rate at 31 December 2017 equals 3.31 per cent (2016: 3.11 per cent).

Considering that there were no major changes in the market since the loan agreement conditions were renegotiated (in the previous reporting periods), the management treats the agreed interest rate as the one which approximates market interest rates. These facts show that as of 31 December 2017 and 31 December 2016 the fair value of the Group's financial liabilities with fixed interest rates is close to their carrying amounts. The Group's fixed interest rate was by 1.35% higher than the floating interest rate as at 31 December 2017 (2016: 1.33%).

The fair value of the biological assets is disclosed in note 9 and the fair value of agricultural land is disclosed in note 5.

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods are addressed below.

Listed below are the most significant areas that involved management judgement.

Impairment of property, plant and equipment (except land)

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

In previous periods the Group had accounted for an impairment allowance of EUR 264 thousand. No impairment recognised in 2017.

Valuation of cultivated agricultural land

The Group evaluates its land portfolio at the end of the year each year. In 2017 the Group has hired independent valuers who evaluated 714 ha of agricultural land plots in different regions of Lithuania (representing approximately 18% of the Group's entire land portfolio). The evaluation was performed by independent valuers Oberhaus, UAB. The valuator assessed the values of the selected land plots comparing it to the comparable market transactions of land plots with a similar size, fertility, region and subregion (village). The results of the valuator were grouped by different region and subregion (village) and average values per 1 ha of agricultural land were obtained. These average values per subregion and region were used in determining the market values of the land plots in different regions by multiplying the average value per ha in different region by total area of agricultural land plot in the same region. The valuation was performed in November, 2017 and there were no significant value changes between the end of the reporting period and the date of the valuation. The Group calculated an increase of EUR 1,717 thousand for the whole portfolio of cultivated land (2016: EUR 822 thousand), as the average price of agricultural land has risen to around EUR 4.6 thousand per hectare (2016: EUR 4.2 thousand per hectare). EUR 1,800 thousand of this change was recorded as increase in revaluation reserve (2016: EUR 914 thousand) and EUR (83) thousand was recorded as loss in income statement as part of evaluated land plots which value has decreased did not have revaluation reserve accumulated (2016: EUR 92 thousand). Positive 5% change in the value of 1 ha of land equals to around EUR 859 thousand (2016: EUR 700 thousand) of change in the total land portfolio held by Group. EUR 838 thousand (2016: EUR 800 thousand) would be accounted through equity and EUR 21 thousand (2016: EUR 100 thousand) would be accounted in Income statement. Negative 5% change of the land portfolio of the Group would decrease the revaluation reserve in equity by EUR 831 thousand (2016: EUR 780 thousand) and result in a loss of EUR 28 thousand (2016: EUR 80 thousand) in Income statement.

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4. Critical accounting estimates and assumptions (continued)

The table below provides summarizing data of changes in values of agricultural land between different regions from 2016 to 2017.

Region	31 December 2016			31 December 2017		
	Area (Ha)	Values (thous. Eur)	Average (EUR / Ha)	Area (Ha)	Values (thous. Eur)	Average (EUR / Ha)
Total	3,210	13,548	4,221	4,050*	18,749	4,630
Radviliškio	754	3,492	4,630	818	4,123	5,042
Jonavos	412	1,905	4,618	424	2,264	5,343
Šakių	406	2,069	5,092	420	2,456	5,846
Šiaulių	321	1,415	4,409	351	1,625	4,629
Kėdainių	235	1,246	5,305	281	1,728	6,153
Jurbarko	173	494	2,855	325	1,188	3,660
Anykščių	276	737	2,668	276	779	2,820
Raseinių	98	430	4,395	237	1,158	4,884
Panevėžio	136	558	4,103	122	960	4,362
Mažeikių	-	-	-	167	769	4,606
Other	398	1,202	3,021	629	1,698	3,200

* Out of 4,050 Ha (2016: 3,210 ha) Group has property ownership to 3,268 ha (2016: 2,486 ha). The remaining 782 ha is consolidated to the Group financial statements based on share-repurchase agreement of a company which holds this land.

Region	31 December 2016	31 December 2017	Variance, EUR	Variance (%)
Total	4,221	4,630	409	9,69
Radviliškio	4,630	5,042	412	8,90
Jonavos	4,618	5,343	725	15,69
Šakių	5,092	5,846	754	14,80
Šiaulių	4,409	4,629	220	4,98
Kėdainių	5,305	6,153	848	15,99
Jurbarko	2,855	3,660	805	28,19
Anykščių	2,668	2,820	152	5,68
Raseinių	4,395	4,884	489	11,12
Panevėžio	4,103	4,362	259	6,31
Mažeikių	-	4,606	-	-
Other	3,021	3,200	179	5,92

The value of land is determined based on level II fair value hierarchy.

Valuation of biological assets

The Group's biological assets are measured at fair value less cost to sell at each balance sheet date (value of all biological assets at 31 December 2017: EUR 18,140 thousand, value at 31 December 2016: EUR 12,081 thousand).

Due to the specifics of the agricultural market, fair value of milking cows cannot be determined by using comparable market prices method, as such biological assets in areas where the Group operates are not traded on active markets which could enable the use of market value. The Group values cows using the discounted cash flow method. The model uses projected revenues from milk sales over the remaining useful life of each animal using a forecasted price. In the forecast of 2017 the average milk price assumption of the next 3 years was EUR 0.420 per kg (EUR 0.422 in the forecast of 2016); current cow herd has an estimated working life of 1 to 3 years (same as in 2016), and an average yields of 19.68 kg per cow per day (19.60 kg per cow per day in the forecast of 2016). At the end of the working period the cow is estimated to be sold for meat. The forecasted revenues are reduced with costs related to feeds. The free cash-flow is discounted with post tax WACC of 7.82 per cent (7.46% in 2016). Obtained results show the cow herd being valued EUR 4,758 thousand as at 31 December 2017. If the milk price over the following 3 year period would be smaller by 5%, the cow herd value would decrease by EUR 549 thousand (2016: EUR 556 thousand), and if the price would be higher by 5%, the cow herd value would increase by similar amount.

The value of milking cows is determined based on level III fair value hierarchy.

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4. Critical accounting estimates and assumptions (continued)

For valuation of other livestock the Group calculates the fair value by taking the average price of meat per kilo. For young bulls and heifers, the value of livestock is determined by using the market values of meat (different for different groups of animals) and multiplying the price of 1 kg by the total weight of specific group of animals. The value of other livestock as at 31 December 2017 amounted to EUR 3,450 thousand. A 10% change in market price of meat would result in EUR 406 thousand (2016: EUR 292 thousand) change in other livestock herd market value.

The value of other livestock is determined based on level II fair value hierarchy.

Crops at the end of the reporting period are valued at cost as little biological transformation has taken place since initial cost incurrence. Crops value as at 31 December 2017: EUR 8,946 thousand, while as at 31 December 2016: EUR 4,226 thousand.

The mycelium cultivation seedbeds are turned over at least 7-8 times annually in the production process and mushrooms are harvested daily and sold in average within 3 days after the harvest. By the end of the reporting period the mycelium cultivation seedbeds are measured based on cost accrued, which are used to produce the substance as the seedbeds were considered to be in stage of no significant biological transformation as there were no harvest till the end of the reporting period and a week after. Mycelium cultivation seedbeds fair value approximated to its production cost and totalled as at 31 December 2017: EUR 1,165 thousand, while as at 31 December 2016: EUR 1,017 thousand.

The value of crops and mycelium growth medium is determined based on level III fair value hierarchy.

Valuation of agricultural produce

Mushrooms, compost and milk are harvested and sold each day right after the harvest. Livestock sold for meat is evaluated at the price for which the meat is sold at the time of the sale. Crop harvest is evaluated at the point of harvest based on market prices. If market prices are not available or reliable for a particular culture – the harvest of such culture is evaluated at cost.

Estimates concerning useful lives of property, plant and equipment

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life.

Income taxes

Tax authorities have a right to examine the accounting records of the Company and its Lithuanian subsidiaries at any time during the 5-year period after the current tax year and account for additional taxes and fines. In the opinion of the Group's management, currently there are no circumstances which would raise substantial liability in this respect to the Group.

The Group and the Company had accumulated tax losses amounting to EUR 35.6 million and EUR 12.6 million, respectively, as at 31 December 2017 (EUR 27.4 million and EUR 8.1 million respectively as at 31 December 2016) (note 19). As at 31 December 2017, the Group and the Company had accumulated tax losses carried forward for which no deferred tax asset was recognised in the amount of EUR 13.97 million and EUR 12.6 million, respectively (EUR 9.5 million and EUR 5.3 million respectively as at 31 December 2016). Deferred income tax assets from accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the accumulated tax losses can be utilised. Deferred income tax assets from accumulated tax losses were recognised for subsidiaries which had the history of taxable profits in the past.

Impairment of investment in subsidiaries (Company)

As at 31 December 2017 and 2016, the management of the Company has analysed impairment indicators for its investments in subsidiaries and receivables from subsidiaries. As a key test, management has compared cost of investment in a particular subsidiary with net assets of that subsidiary as at 31 December 2017 and 2016. If the equity of a subsidiary is lower than the carrying value of investment, management considered that such subsidiary has impairment indications and the recoverable amount of such subsidiaries was estimated using discounted cash-flow method. Assumptions used in impairment tests of year 2017: annual growth rate of 5% was applied calculating the forecasted period of 5 years and a growth of 2-3% was applied when calculating the terminal value of the investment based on increase in growth of export prices. The discount rate (WACC) was based on 3.64% cost of debt (2016: 3.64%), 10% cost of capital (2016: 10%) and the Group's capital structure (40% debt and 60% equity) (2016: 40% debt and 60% equity). Cost of capital was estimated using risk free rate of 0.31% (2016: 0.31%), sector levered beta of 0.64 (2016:0.51), market risk premium of 6.46% (2016: 7.40%) and additional premiums for business risk (3.5% in both 2017 and 2016) and liquidity risk (2.5% in both 2017 and 2016). The estimated pre-tax WACC of 7.82% (2016: 7.46%) was applied in the impairment test. No additional impairment or reversal of prior impairments of investments in subsidiaries recognised in 2017.

It was also assumed that the Common Agricultural Policy of the European Union would not change and the Group companies would continue to be subsidised at the similar level for all products after the current programming period ends in 2020. Common Agricultural Policy allows European farmers to satisfy the needs of the European Union citizens. The main goals of it is to ensure a decent living conditions of the farmers and stable supply of safe food and food products at acceptable prices to the general public. As these needs of the European Union citizens (ability to buy, the price, the variety, the quality, etc.) and goals to preserve the nature will be ever present, the assumption is made that the European Union will continue to subsidise its agricultural sector. For consideration regarding going concern see note 2.2.

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5. Property, plant and equipment

GROUP	Land	Buildings	Constructions and machinery	Vehicles, equipment and other property, plant and equipment	Construction in progress	Total
Carrying amount						
As at 31 December 2015	27,021	45,004	15,098	2,005	506	89,634
- additions	1,122	149	4,848	1,203	673	7,995
- disposals and write-offs	(242)	(66)	(362)	(285)	(1)	(956)
- revaluation	822	-	-	-	-	822
- depreciation	-	(2,072)	(3,506)	(480)	-	(6,058)
- reclassifications	9,636	(635)	635	(28)	28	9,636
- sale of ZVF Group	(24,811)	-	-	-	-	(24,811)
As at 31 December 2016	13,548	42,380	16,713	2,415	1,206	76,262
- purchase of subsidiaries (Note 24)	1,948	704	2,107	480	-	5,239
- additions	1,566	733	6,432	1,254	282	10,267
- disposals and write-offs	-	-	(369)	(159)	(99)	(627)
- revaluation (Note 4)	1,717	-	-	-	-	1,717
- depreciation	-	(2,119)	(3,923)	(758)	-	(6,800)
- reclassification to assets held for sale (Note 31)	-	(98)	(291)	(434)	-	(823)
- reclassifications	-	(17)	478	15	(476)	-
As at 31 December 2017	18,779	41,583	21,147	2,813	913	85,235
Acquisition cost as at						
31 December 2015	27,021	49,768	20,784	2,881	506	100,960
31 December 2016	13,548	49,216	25,905	3,771	1,206	93,646
31 December 2017	18,779	50,538	30,552	4,350	913	105,132
Accumulated depreciation and impairment losses as at						
31 December 2015	-	(4,764)	(5,686)	(876)	-	(11,326)
31 December 2016	-	(6,836)	(9,192)	(1,356)	-	(17,384)
31 December 2017	-	(8,955)	(9,405)	(1,537)	-	(19,897)
Carrying amount as at 31 December 2015	27,021	45,004	15,098	2,005	506	89,634
Carrying amount as at 31 December 2016	13,548	42,380	16,713	2,415	1,206	76,262
Carrying amount as at 31 December 2017	18,779	41,583	21,147	2,813	913	85,235

During 2017 major investments were in constructions and machinery, vehicles, equipment and other PPE due to transition to organic farming model as well we expansion of cultivated land area. Part of the additions to constructions and machinery, vehicles, equipment and other PPE came through purchase of KTG group companies (Note 24).

Part of land was acquired through purchase of KTG group companies (Note 24) The other part of land was acquired through number of purchases throughout the year 2017 from different sellers. The Group purchases land which its subsidiaries already have been cultivating with operational lease agreements.

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5. Property, plant and equipment (continued)

In addition, the increase in land value comparing 31 December 2017 to 31 December 2016 also came from revaluation of land at 31 December 2017 - EUR 1,717 thousand (as at 31 December, 2016 – EUR 822 thousand).

As at 31 December 2017 the property, plant and equipment with the carrying amount of EUR 66,863 thousand (2016: EUR 52,980 thousand) have been pledged as security for bank borrowings. The leased assets secure lease liabilities according to the finance lease agreements.

COMPANY	Equipment and other property, plant and equipment			Total
	Construction in progress	Vehicles		
Carrying amount				
As at 31 December 2015	-	48	26	74
- additions	-	141	67	208
- disposals and write-offs	-	(30)	-	(30)
- depreciation	-	(22)	(14)	(35)
As at 31 December 2016	-	138	79	217
- additions	57	33	43	133
- disposals and write-offs	-	-	-	-
- depreciation	-	(26)	(21)	(47)
As at 31 December 2017	57	145	101	303
Acquisition cost as at				
31 December 2015	-	67	58	125
31 December 2016	-	178	125	303
31 December 2017	57	210	168	435
Accumulated depreciation and impairment losses as at				
31 December 2015	-	(19)	(32)	(51)
31 December 2016	-	(39)	(46)	(85)
31 December 2017	-	(65)	(67)	(132)
Carrying amount as at 31 December 2015	-	48	26	74
Carrying amount as at 31 December 2016	-	138	79	217
Carrying amount as at 31 December 2017	57	145	101	303

As at December 31 the carrying amount of the Group's property, plant and equipment acquired under finance lease consisted of the following:

	2017	2016
<i>Constructions and machinery</i>		
Acquisition cost	17,466	12,200
Less: accumulated depreciation	(3,474)	(2,490)
Carrying amount	13,992	9,710

Should no revaluations of land had taken place, carrying amounts of land would have been the following:

	Land
Carrying amount of land without revaluation effect as at 31 December 2016	5,717
Carrying amount of land without revaluation effect as at 31 December 2017	8,971

6. Investments in subsidiaries

For the year ended 31 December, the movement of the Company's investments was the following:

	2017	2016
As at 1 January	69,774	58,374
Capitalization of long-term receivables from subsidiaries	-	11,400
Acquisition of subsidiaries / additional acquisitions	3	-
Impairment loss	-	-
As at 31 December	69,777	69,774

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6. Investments in subsidiaries (continued)

As at 31 December 2017 and 31 December 2016, the Company performed impairment tests on investment into subsidiaries as disclosed in Note 4. As the result of the tests, no additional impairment loss or reversal of prior losses was identified. In 2016 Long-term receivables of Group company ŽVF 20 were purchased by parent company AUGA Group, AB and later capitalised to share capital. Total impairment of investment in subsidiaries as at 31 December 2017 and 31 December 2016 amounted to EUR 7,837 thousand.

7. Available for sale investments and Associates

Available for sale investments

For the year ended 31 December the movement of available for sale investments was the following:

	<u>2017</u>	<u>2016</u>
As at 1 January	286	267
Acquisition of investments	-	19
As at 31 December	<u>286</u>	<u>286</u>

Investments accounted for using the equity method

In 2017 the Group entities invested to 5 individually immaterial associates that are accounted using the equity method. Those associates will be engaged in construction and operation of biogas production plants, however no constructions were started during 2017.

For the year ended 31 December the movement of *investments accounted for using the equity method* was the following:

	<u>2017</u>	<u>2016</u>
As at 1 January	-	-
Acquisition of investments	355	-
Aggregate amount of the group's share of profit (loss)	-	-
As at 31 December	<u>355</u>	<u>-</u>

8. Intangible assets

As at 31 December the Group's intangible assets consisted of the following:

GROUP	<u>Land rent contracts</u>	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Carrying amount				
As at 31 December 2015	-	5	50	55
- additions	-	-	14	14
- disposals	-	-	-	-
- amortization	-	(5)	(45)	(50)
As at 31 December 2016	-	-	19	19
- Acquisition of subsidiaries (Note 24)	981	-	-	981
- additions	-	-	17	17
- disposals	-	-	-	-
- amortization	(167)	-	(11)	(178)
As at 31 December 2017	814	-	25	839
Carrying amount as at 31 December 2015	-	5	50	55
Carrying amount as at 31 December 2016	-	-	19	19
Carrying amount as at 31 December 2017	814	-	25	839

The amortization of intangible assets is included in Operating expenses.

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8. Intangible assets (continued)

As at 31 December the Company's intangible assets consisted of the following:

COMPANY	Other intangible assets
Carrying amount	
As at 31 December 2015	<u>7</u>
- additions/(disposals and write-offs)	14
- amortization	(5)
As at 31 December 2016	<u>16</u>
- additions/(disposals and write-offs)	1
- amortization	(7)
As at 31 December 2017	<u>10</u>
Carrying amount	
As at 31 December 2015	<u>7</u>
As at 31 December 2016	<u>16</u>
As at 31 December 2017	<u>10</u>

9. Biological assets

For the year ended 31 December the Group's biological assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Livestock	8,029	6,838
Perennial plantations	-	20
Total non-current	<u>8,029</u>	<u>6,858</u>
Crops	8,946	4,206
Mycelium cultivation seedbed	1,165	1,017
Total current	<u>10,111</u>	<u>5,223</u>
As at 31 December	<u>18,140</u>	<u>12,081</u>

The Group's livestock quantity (units) consisted of the following:

	<u>Milk cows</u>	<u>Heifers</u>	<u>Bulls</u>	<u>Total</u>
As at 31 December 2015	3,439	3,294	294	7,027
Additions	-	-	-	-
Increase (birth)	-	1,801	1,861	3,662
Transfers from other groups	1,401	(1,401)	-	-
Sales	(1,155)	(285)	(1,895)	(3,335)
Natural mortality	(131)	(132)	(69)	(332)
As of 31 December 2016	<u>3,554</u>	<u>3,277</u>	<u>191</u>	<u>7,022</u>
Additions	-	-	-	-
Increase (birth)	-	1,755	1,904	3,659
Transfers from other groups	1,415	(1,415)	-	-
Sales	(1,208)	(392)	(1,844)	(3,444)
Natural mortality	(91)	(276)	(123)	(490)
As of 31 December 2017	<u>3,670</u>	<u>2,949</u>	<u>128</u>	<u>6,747</u>

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9. Biological assets (continued)

The Group's livestock value consisted of the following:

	Milk cows	Heifers	Bulls	Total
As at 31 December 2015	3,525	2,603	126	6,254
Increase (birth)	-	54	56	110
Makeweight	-	2,125	224	2,349
Transfers from other groups	1,831	(1,831)	-	-
Sales	(539)	(198)	(332)	(1,069)
Additions	-	-	-	-
Natural mortality	(138)	(32)	(7)	(177)
Gain (loss) arising from changes in biological assets fair value (note 22)	(759)	155	(25)	(629)
As at 31 December 2016	3,920	2,876	42	6,838
Increase (birth)	-	53	57	110
Makeweight	-	2,544	233	2,777
Transfers from other groups	2,246	(2,246)	-	-
Sales	(387)	(23)	(212)	(622)
Additions	-	-	19	19
Natural mortality	(105)	(63)	(14)	(182)
Gain (loss) arising from changes in biological assets fair value (note 21)	(1,095)	188	(4)	(911)
As of 31 December 2017	4,579	3,329	121	8,029

The Group produced 23,080 tons of milk in 2017 (in 2016: 23,123 tons).

The fair value of livestock is attributed to Level 3 (milking cows) and level 2 (other livestock) in the fair value hierarchy. See note 4 for more details.

The Group's crops* consisted of the following:

	Winter crops	Winter rapeseed	Summer crops (including feed)	Perennial plantations	Total
2017					
Total ha planted* (land prepared)	3,046	4,595	25,457	-	33,098
Total expenses incurred	793	1,163	6,990	-	8,946
Average expenses per 1 ha (EUR)	260	253	275	-	270
2016					
Total ha planted* (land prepared)	5,695	2,880	16,279	165	25,018
Total expenses incurred	1,194	572	2,007	420	4,193
Average expenses per 1 ha (EUR)	210	199	123	2,545	168

* Excluding expenses incurred for land preparation in Crimea, classified as held for sale as at 31 December 2017.

In 2017 the Group's harvest amounted to over 75 thousand tons of grains and vegetables (2016: 54 thousand tons).

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9. Biological assets (continued)

The movement of biological assets (other than livestock) of the Group was the following:

Type of biological assets	Perennial plantations	Crops	Mycelium cultivation seedbed
	Long-term	Short-term	Short-term
Balance as at 31 December 2015	383	3,082	985
Sowing and other expenses until harvest	37	12,614	23,097
Harvest of crops/mushrooms	-	(15,420)	(23,065)
Gain (loss) on recognition in fair value of agricultural produce at point of harvest (Note 21)	-	(239)	-
Autumn sowing and land preparation for spring	-	4,206	-
Written-off perennial grasses	(400)	-	-
Balance as at 31 December 2016	20	4,206	1,017
Biological assets acquired with subsidiaries (note 24)	-	915	-
Biological assets reclassified to assets held for sale (note 31)	-	(512)	-
Sowing and other expenses until harvest	11	17,963	24,646
Harvest of crops/mushrooms	(31)	(27,524)	(24,498)
Gain (loss) on recognition in fair value of agricultural produce at point of harvest (Note 21)	-	5,070	-
Autumn sowing and land preparation for spring	-	8,946	-
Written-off perennial grasses	-	-	-
Balance as at 31 December 2017	-	8,946	1,165

The Group produced 12,018 tons of mushrooms in 2017 (2016: 12,033 tons).

The fair value of crops is attributed to Level 3 in the fair value hierarchy. As at 31 December 2017 and 2016 cost was used as an approximation of the fair value of crops as only little biological transformation has taken place since initial cost incurrence, e.g. within a short time after seeding the crops. The costs comprise seeds, organic compliant fertilizer expenses, labour costs, machinery depreciation and repairs expenses.

At the point of harvest the Group management determines the prices of crop cultures harvested by examining the market prices of particular crops at the point of harvest (fair value of harvest), less the costs associated with point of sale. The harvest is recognised as inventory at fair value less cost to sell and the difference between harvest fair value less cost to sell and production cost is accounted in income statement as gain or loss.

As at 31 December 2017 cost was used as an approximation of the fair value of mycelium cultivation seedbed as only little biological transformation has taken place since initial cost occurrence. The Group "turns over" the seedbed in production process at least 7–8 times a year.

The majority of Group companies' biological assets – around 80 per cent – are pledged with companies mortgages as collateral for loans as at 31 December 2017.

10. Inventory

As at December 31 the Group's inventories consisted of the following:

	2017	2016
Agricultural produce	20,097	11,627
Raw materials	5,450	3,530
Total	25,547	15,157
Less: Revaluation to net realizable value of agricultural produce	-	-
Carrying amount	25,547	15,157

Increase in agricultural produce is due to several reasons: 1) total amount of agricultural produce harvested in 2017 increased; 2) lower sale of agricultural produce from the point of harvest until the year end, as the sales of organic produce are quite evenly divided from the point of harvest until next harvest; 3) increased agricultural produce fair value as the majority of agricultural produce in 2017 was certified as fully organic.

The majority of Group companies' inventories – more than 90 per cent – are pledged with companies mortgages as collateral for loans as at 31 December 2017.

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11. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets of the Group as per balance sheet as at 31 December:	2017	2016
Non-current trade and other receivables	3,497	2,599
Available-for-sale non-current financial assets	286	286
Current trade and other receivables	6,380	10,296
Cash and cash equivalents	620	1,650
Total	10,783	14,831

Financial liabilities of the Group as per balance sheet as at 31 December:	2017	2016
Borrowings	34,648	25,873
Finance lease liabilities	8,943	6,117
Trade payables	14,467	8,796
Other payables and current liabilities	1,083	888
Total	59,141	41,674

Financial assets of the Group include all current and non-current receivables and other receivables as per balance sheet of the Group except for advances made and receivable VAT from the State. Non-current financial assets are the shares and interests held in other Lithuanian companies, which shares are not publicly traded. The Group keeps all cash balances with the banks which have Standard&Poors or Fitchratings long-term credit rating of A.

Financial liabilities of the Group include all current and non-current liabilities as per balance sheet of the Group except for advances received, deferred capital grants, payroll related liabilities and deferred tax. All financial liabilities are carried out at amortised cost.

Financial assets of the Company as per balance sheet as at 31 December:	2017	2016
Non-current trade and other receivables	-	-
Current trade and other receivables	3,241	177
Cash and cash equivalents	1	97
Total	3,242	274

Financial liabilities of the Company as per balance sheet as at 31 December:	2017	2016
Borrowings	11,077	27,450
Finance lease liabilities	106	96
Trade and other payables	342	928
Total	11,525	28,474

Financial assets of the Company include all current and non-current receivables and other receivables as per balance sheet of the Company except for advances made and receivable VAT from the State. The Company keeps all cash balances with the banks which have Standard&Poors or Fitchratings long-term credit rating of A.

Financial liabilities of the Company include all current and non-current liabilities as per balance sheet of the Company except for advances received, accruals, and payroll related liabilities.

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11. Financial instruments by category (continued)

Credit quality of financial assets

As at 31 December, the Group's financial assets (accounts receivable) had the following structures:

Year 2017	Not overdue		Overdue, but not impaired		Impaired	Total
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue		
Total trade accounts receivable, gross	4,310	-	747	527	283	5,867
Impairment charge	-	-	-	-	(79)	(79)
Total trade accounts receivable, net	4,310	-	747	527	204	5,788
Receivables from NPA	558	-	-	-	-	558
Receivables from employees	34	-	-	-	-	34
Non-current receivables, gross	3,497	-	-	-	-	3,497
Other receivables	44	-	-	-	4	48
Total	8,443	-	747	527	208	9,925

Year 2016	Not overdue		Overdue, but not impaired		Impaired	Total
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue		
Total trade accounts receivable, gross	3,929	-	836	1,041	187	5,993
Impairment charge	-	-	-	-	(79)	(79)
Total trade accounts receivable, net	3,929	-	836	1,041	108	5,914
Receivables from NPA	4,382	-	-	-	-	4,382
Receivables from employees	-	-	-	-	-	-
Non-current receivables, gross	2,599	-	-	-	-	2,599
Other receivables	136	-	-	-	-	136
Total	11,046	-	836	1,041	108	13,031

Receivables from the National Payment Agency are the direct subsidies receivable for crops and milk, which are due by 30 April of the following year.

As at 31 December, the Company's financial assets had the following structures:

Year 2017	Not overdue		Overdue, but not impaired		Impaired	Total
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue		
Total trade accounts receivable	112	-	10	1	-	145
Receivables for dividends	3,096	-	-	-	-	3,096
Total	3,208	-	10	1	-	3,241

Year 2016	Not overdue		Overdue, but not impaired		Impaired	Total
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue		
Total trade accounts receivable	-	-	-	177	-	177
Total	-	-	-	177	-	177

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12. Trade receivables, advance payments and other receivables

As at December 31 the trade receivables, advance payments and other receivables consisted of the following:

	GROUP		COMPANY	
	2017	2016	2017	2016
Trade receivables	5,867	5,914	145	177
Subsidies and grants receivable from NPA	558	4,382	-	-
VAT receivable	402	419	24	-
Advance payments and deferred expenses	3,935	2,595	2,202	97
Receivables for dividends	-	-	3,096	-
Accounts receivable from private individuals	34	-	-	-
Other receivables	48	136	-	-
Total	10,844	13,446	5,467	274
Less: allowance for doubtful financial assets	(79)	(79)	-	-
Carrying amount	10,765	13,367	5,467	274

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Trade receivables that are less than 90 days past due are not considered impaired. As at 31 December 2017 and 2016, some of the trade receivables are past due, for which impairment allowances are recognised.

In the opinion of the Group's management, the carrying amounts of all other trade receivables, advance payments and other receivables approximate their fair values.

The majority of Group companies' trade receivables, advance payments and other receivables – around 80 per cent – are pledged with companies mortgages as collateral for loans as at 31 December 2017 (as at 31 December 2016 – 49%).

The movement of impairment allowance for doubtful receivables consisted of the following:

	GROUP		COMPANY	
	2017	2016	2017	2016
Carrying amount as at 1 January	(79)	(69)	-	-
Allowance for doubtful receivables (note 23)	-	(10)	-	-
Carrying amount as at 31 December	(79)	(79)	-	-

13. Long-term receivables

As at 31 December the long-term receivables of the Group consisted of the following:

	2017	2016
<i>Loans issued</i>		
Cooperative entity Grybai Lt	2,123	1,150
Fixed yield investment fund	1,374	1,306
Other minor long-term receivables	-	143
Total	3,497	2,599

In 2017 the Group has granted additional loan to Cooperative Grybai LT for EUR 973 thousand. All loans granted to Cooperative Grybai Lt will mature in 2022 and the loan granted to Fixed Yield Investment Fund in 2020. The interest rate applied to loans provided was 3.5% as at 31 December 2017 (5,36% as at 31 December 2016).

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14. Cash and cash equivalents

As at 31 December cash and cash equivalents consisted of the following:

	GROUP		COMPANY	
	2017	2016	2017	2016
Cash in banks	609	1,622	1	97
Cash on hand	11	28	-	-
Carrying amount	620	1,650	1	97

15. Share capital

Share capital of the Company

The share capital of AUGA Group AB as at 31 December 2017 was EUR 54,351 thousand. The share capital is divided into 187,416,252 ordinary shares. Each issued share has a EUR 0.29 nominal value and fully paid. Each share had usual material and intangible rights as per Law on Companies of the Republic of Lithuania and the Company's statutes.

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The legal reserve of the Company equalled EUR 579 thousand as at 31 December 2017 and 2016.

The Company's general shareholders meeting held on 6 November 2017 decided to transfer the share premium in the amount of EUR 7,152 thousand to retained earnings to cover losses of previous periods.

16. Deferred grant income

For the year ended as at 31 December the movement of deferred grant income and subsidies of the Group consisted of the following (only related to assets):

	2017	2016
Carrying amount as at 1 January	3,852	4,515
Deferred grants, subsidies received	373	-
Grants obtained with acquisition of subsidiaries (note 24)	55	-
Release of deferred grants related to property, plant and equipment to income	(623)	(663)
Carrying amount as at 31 December	3,657	3,852

Deferred grants will be released to income statement as follows:

	2017	2016
Within one year	580	566
After one year	3,077	3,286
Total	3,657	3,852

17. Borrowings

As at 31 December the Group's long-term borrowings consisted of the following:

	2017	2016
<i>Borrowings from banks</i>		
Mushroom growing companies	5,927	7,905
Agricultural entities	10,841	6,558
Agricultural cooperatives	600	840
<i>Long-term payment to 3rd parties</i>		
Long-term payable to the State for land purchased	1,535	1,687
Long-term payable to creditors	1,041	2,345
Long-term payable to investment fund for purchased land	1,097	1,188
Total	21,041	20,523
Less: amounts payable within one year (according to agreements)	(4,506)	(3,585)
Total long-term borrowings	16,535	16,938

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17. Borrowings (continued)

As at 31 December 2017, two Group companies as stand-alone had DSCR and debt/EBITDA, equity ratio covenants breached. The total amount of such loans was equal to EUR 15,339 thousand as at 31 December 2017. However, as at 31 December 2017 the Group has received formal waivers for these loans. As at 31 December 2016 the Group fulfilled all covenants.

The Group owes payable amount to the State amounting to EUR 1,535 thousand for land acquisition made by the Group in 2008–2015. The payable amount to the State should be paid over 12-year period.

Average interest rate for borrowings amounted to 3.31% in 2017 (in 2016 – 3.11%).

	31 December 2017	31 December 2016
Gross debt – fixed interest rates	(11,289)	(10,521)
Gross debt – variable interest rates	(32,302)	(21,469)
	(43,591)	(31,990)

All bank loans taken by the Group are secured with Property, plant and equipment (note 5). In addition, the majority of agricultural entities have company mortgages, mushroom growing company has major part of non-current and current assets pledged as a collateral (notes 10, 11 and 13).

As at 31 December the Group's short-term borrowings were as follows:

	2017	2016
<i>Borrowings from banks</i>		
Mushroom growing companies	2,400	2,317
Agricultural entities	997	-
Parent Company	3,210	-
Grain selling entity	7,000	3,033
Total	13,607	5,350

Short-term loans from banks consist of EUR 13,607 thousand credit-line facilities in 2017 (EUR 5,350 thousand in 2016). The available limits of credit-line facilities used by the Group are EUR 14,400 thousand as at 31 December 2017 and 6,400 as at 31 December 2016.

As at 31 December the Company's long-term borrowings consisted of the following:

	2017	2016
Group companies	7,867	26,280
Long-term payable to creditors	-	1,170
Total	7,867	27,450
Less: amounts payable within one year (according to agreements)	(1,440)	(1,882)
Total long-term borrowings	6,427	25,568

As at 31 December the Company's short-term borrowings were as follows:

	2017	2016
Loans from banks	3,210	-
Total	3,210	-

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17. Borrowings (continued)

Group net debt reconciliation is as follows:

	Liabilities from financing activities					Total
	Cash and cash equivalents	Finance lease due within 1 year	Finance lease due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	
Net debt as of 31 December 2016	1,650	(2,690)	(3,427)	(8,935)	(16,938)	(30,340)
Cash flows	(1,074)	2,415	1,089	(6,437)	1,775	(2,232)
Acquisitions of property, plant and equipment by finance lease	-	(2,114)	(3,152)	-	-	(5,266)
Acquisitions – KTG Group (Note 24)	44	(465)	(497)	(2,741)	(1,372)	(5,031)
Other non-cash movements	-	(102)	-	-	-	(102)
Net debt as of 31 December 2017	620	(2,956)	(5,987)	(18,113)	(16,535)	(42,971)

Company's net debt reconciliation is as follows:

	Liabilities from financing activities					Total
	Cash and cash equivalents	Finance lease due within 1 year	Finance lease due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	
Net debt as of 31 December 2016	97	(17)	(79)	(1,882)	(25,568)	(27,449)
Cash flows	(96)	5	20	(2,771)	19,141	16,302
Acquisitions of property, plant and equipment by finance lease	-	(11)	(24)	-	-	(35)
Net debt as of 31 December 2017	1	(23)	(83)	(4 650)	(6,427)	(11,182)

18. Obligations under finance lease

As at 31 December the Group's minimum lease payments consisted of the following:

	2017		2016	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Amount payable within one year	3,220	2,956	2,911	2,690
In the second to fifth years inclusive	6,319	5,987	3,644	3,427
Minimum lease payments	9,539	8,943	6,555	6,117
Less: future finance charges	(596)	-	(438)	-
Present value of minimum lease payments	8,943	8,943	6,117	6,117

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (note 5). The fair value of the Group's obligations under finance leases approximates their carrying amount.

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18. Obligations under finance lease (continued)

As at 31 December the Company's minimum lease payments consisted of the following:

	2017		2016	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Amount payable within one year	26	23	20	17
In the second to fifth years inclusive	85	83	83	79
Minimum lease payments	111	106	103	96
Less: future finance charges	(5)	-	(7)	-
Present value of minimum lease payments	106	106	96	96

19. Income taxes

Income tax charge in the income statement for the Group is calculated as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Current income tax for the year	-	-	-	-
Deferred tax (credit) debit	(222)	(353)	-	-
Total income tax charge	(222)	(353)	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP			
	2017		2016	
Profit (loss) before tax, non-agricultural companies	-	(4,523)	-	(2,241)
Profit (loss) before tax, agricultural companies	-	9,316	-	4,033
Tax calculated at a tax rate of 15%	15.00%	(678)	15.00%	(336)
Tax calculated at a tax rate of 5%	5.00%	466	5.00%	202
Total theoretical tax		(213)		(135)
Non-taxable income, non-agricultural companies		(218)		(179)
Non-taxable income, agricultural companies		(634)		(611)
Non-deductible expenses, non-agricultural companies		11		107
Non-deductible expenses, agricultural companies		260		136
Gain from previously unrecognised tax losses, non-agricultural companies		-		(177)
Gain from previously unrecognised tax losses, agricultural companies		-		(38)
Current-year losses for which no deferred tax asset is recognised, non-agricultural companies		(29)		543
Changes in estimates related to prior years, non-agricultural companies		601		-
Total income tax charge, non-agricultural companies		(284)		(42)
Income tax charge, agricultural companies		63		(311)
Total income tax charge		(222)		(353)

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19. Income taxes (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	COMPANY	
	2017	2016
Profit (loss) before tax	21,390	(3,045)
Tax calculated at a tax rate of 15%	3,209	(457)
Total theoretical tax	3,209	(457)
Non-taxable income	(3,804)	-
Non-deductible expenses	15	14
Current-year losses for which no deferred tax asset is recognised	581	444
	-	-

Profit for 2017 and 2016 is taxable at a rate of 5% for agricultural companies and at a rate of 15% for non-agricultural companies of the Group, in accordance with Lithuanian regulatory legislation on taxation. In order to apply a reduced tax rate of 5%, the share of a company's agricultural sales should be at least 50% of the total company's sales.

Deferred tax	Deferred taxes					Deferred taxes as of 31 December 2017
	at the beginning of the period	Revaluation of assets	Tax losses	Accruals	Acquisition of subsidiaries	
Deferred tax asset	669	4	68	149	-	890
Deferred tax liability	(433)	(90)	-	-	(133)	(656)
Total as of 31 December 2017	236	(86)	68	149	(133)	234

As at 31 December 2017 and 2016 deferred income tax was calculated using 15% income tax rate, except for tax provisions applicable to agricultural entities.

Deferred tax asset	GROUP		COMPANY	
	2017	2016	2017	2016
Accruals	68	-	-	-
Revaluation of land	4	-	-	-
Tax loss carried forward	818	669	-	-
Deferred tax asset	890	669	-	-

Deferred tax liability	GROUP		COMPANY	
	2017	2016	2017	2016
Deferred tax liability acquired with subsidiaries	133	-	-	-
Revaluation of land	523	433	-	-
Deferred tax liability	656	433	-	-

In the Management's opinion, the whole amount of the Group's deferred tax asset will be recovered after more than 12 months from the date of these financial statements as future taxable profit will be available against which the Group can use the benefits therefrom.

The amount of unused tax losses carried forward for the Group and the Company is as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Total tax loss carried forward	35,582	27,382	12,616	8,149
Less: deferred tax asset created from tax loss carried forward	(21,686)	(17,926)	-	-
Total tax loss carried forward for which no deferred tax asset created	13,986	9,456	12,616	8,149

According to the amendment of the Law on Corporate Income Tax of the Republic of Lithuania, ordinary tax losses can be carried forward indefinitely. As of 1 January 2011, according to the new amendments to the Law on Corporate Income Tax, the companies belonging to a holding structure can offset taxable profit with other holding companies' tax losses carried forward. Starting from 1 January 2014, ordinary tax losses carried forward can only be set off against up to 70% of the calculated taxable profits of the taxable period.

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20. Other payables and current liabilities

As at 31 December the other payables and current liabilities consisted of the following:

	GROUP		COMPANY	
	2017	2016	2017	2016
Payroll related liabilities	1,618	1,239	122	111
Vacation reserve	852	759	120	106
Advances received	2,241	1,475	-	-
Taxes payable	4	363	-	-
Deferred revenue	57	623	3	-
Other payables	1,083	888	22	-
Total	5,855	5,347	267	217

Other payables include payables for land rent to organizations and private individuals. As at 31 December 2017 such payables amounted to EUR 910 thousand (EUR 810 thousand as at 31 December 2016).

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21. Segment information

Income statement	Reportable segments										
	Total	Total reportable segments	Dairy		Total Dairy	Crop-growing			Total crop growing	Mushroom growing	Other segments
Milk			Cattle meat	Wheat		Peas, beans	Other crops				
2017											
Sales	78,489	71,339	8,205	2,721	10,926	15,361	3,928	15,645	34,934	25,479	7,150
Total cost of sales	(75,748)	(70,048)	(7,607)	(2,935)	(10,542)	(15,129)	(3,672)	(16,207)	(35,008)	(24,498)	(5,700)
Gross profit as reported to management of the Group (a)	2,741	1,291	598	(214)	384	232	256	(562)	(74)	981	1,450
Intergroup eliminations											
<i>Intergroup sales</i>	29,705	22,647	-	1,916	1,916	7,244	2,157	11,330	20,731	-	7,058
<i>Intergroup cost of sales</i>	(28,765)	(23,065)	-	(2,131)	(2,131)	(7,063)	(2,078)	(11,793)	(20,934)	-	(5,700)
Eliminations, net (b)	940	(418)	-	(215)	(215)	181	79	(463)	(203)	-	-
Total revenues from external customers	48,784	48,692	8,205	805	9,010	8,117	1,771	4,315	14,203	25,479	92
Direct subsidies (c)	8,971	8,971	600	210	810	-	-	8,161	8,161	-	-
Gain on changes in biological assets fair value (d)	4,159	4,159	(1,095)	184	(911)	-	-	5,070	5,070	-	-
Gross profit ((a)-(b)+(c)+(d))	14,931	14,839			498				13,360	981	92
Depreciation included in cost of sales	5,301	5,301	977	199	1,176			2,433	2,433	1,692	
2016											
Sales	56 884	53 598	6,223	2,564	8,786	7,661	5,386	6,011	19,058	25,753	3,286
Total cost of sales	(54,346)	(51,078)	(6,453)	(3,199)	(9,652)	(7,763)	(5,068)	(5,530)	(18,361)	(23,065)	(3,268)
Gross profit as reported to management of the Group (a)	2 538	2 519	(230)	(635)	(866)	(102)	318	481	697	2,688	18
Intergroup eliminations											
<i>Intergroup sales</i>	17,253	13,985	-	1,752	1,752	4,536	3,967	3,730	12,233	-	3,268
<i>Intergroup cost of sales</i>	(17,680)	(14,412)	-	(1,917)	(1,917)	(4,952)	(3,865)	(3,678)	(12,495)	-	(3,268)
Eliminations, net (b)	(427)	(427)	-	(165)	(165)	(416)	102	52	(262)	-	-
Total revenues from external customers	39 630	39 783	6,223	811	7,034	3,125	1,419	2,281	6,825	25,753	18
Direct subsidies (c)	8,680	8,680	809	306	1,115	-	-	7,565	7,565	-	-
Gain on changes in biological assets fair value (d)	(868)	(868)	(86)	(543)	(629)	-	-	(239)	(239)	-	-
Gross profit ((a)-(b)+(c)+(d))	10,777	10,758			(215)				8,285	2,688	18
Depreciation included in cost of sales	3,266	3,266	465	81				1,088		1,632	

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21. Segment information (continued)

'Dairy' includes milk processing and cattle raising, whereas 'Crop-growing' includes growing of wheat, legumes, rapeseed, barley as well as other several agricultures, including grasses and corn for feed. 'Other segments' include accounting and management services provided by the Company to subsidiaries, also agricultural services, rent of land and equipment income (both inside and outside the Group).

The main intersegment transactions are the following:

- a) The crop growing segment prepares feed for cows (corn silage, hay, haylage) and sells to dairy segment;
- b) The dairy segment supply the crop growing segment with manure (organic fertilizer);
- c) Other segments provide agricultural and land rent services to the main segments;
- d) Other segments provide grain drying and storage services, rent land and equipment for the crop growing segment.

In 2017, 12.97 per cent of total revenues were received from ICA Sverige AB (mushrooms buyer), 8.89 per cent of total revenues were received from Vilkyškių pieninė, AB (milk buyer) and 5.71 per cent of total revenues were received from Scandagra, UAB (grain trader). 10 largest by turnover clients accounted to around 50 per cent of total Group revenues. In 2016 15.70 per cent of total revenues were received from ICA Sverige AB (mushrooms buyer), 13.30 per cent of total revenues were received from Vilkyškių pieninė, AB(milk buyer) and 6.07 per cent of total revenues were received from COOP NORWAY HANDEL AS (mushrooms buyer). 22% of Group's sales are exported directly to off-takers in Sweden (23% in 2016), 49% of the total sales are exported to other countries (22% in 2016), 17% of the total sales are exported through commodity traders in Lithuania (7% in 2016) and 22% of the sales are sold to local markets (49% in 2016). 98.42% of the Group's total assets are geographically located in Lithuania (99.11% in 2016), 1.58% in Crimea (0.89% in 2016).

The Company's sales breakdown by type was the following:

	2017	2016
Business consultations	345	333
Financial accounting services	247	258
Other revenues	61	29
Total	653	620

22. Cost of sales by nature

As at 31 December the Group's cost of sales breakdown by type of expenses was the following:

	2017	2016
Services from contractors	6,713	4,959
Payroll expenses	7,649	5,488
Social security expenses	2,371	1,701
Property, plant and equipment depreciation	5,301	4,748
Raw materials	4,767	4,830
Organic fertilizers	1,503	189
Packaging	3,793	3,654
Feed for animals	2,415	1,930
Spare parts and inventory	1,021	1,012
Land rent	2,402	879
Fuel costs	1,372	732
Electricity	1,159	1,207
Seed	1,494	432
Realised gain (loss) on change in fair value of agricultural produce at point of harvest	598	1,031
Write-downs of inventory and crops	1,102	1,266
Medicine	339	277
Other expenses	2,984	2,330
Less: direct subsidies from State	(8,971)	(8,680)
Total	38,012	27,985

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(All amounts are in EUR thousand, unless otherwise stated)

23. General and administrative expenses

As at 31 December the expenses consisted of the following:

	GROUP		COMPANY	
	2017	2016	2017	2016
Payroll expenses	3,054	2,337	1,350	1,063
Depreciation of property, plant and equipment	876	647	55	40
Selling expenses	585	367	439	169
Social security expenses	948	725	419	330
Insurance and tax expense	516	472	18	63
Consultations and business plan preparations	603	693	550	490
Rent and utilities	272	168	164	93
Fuel costs	171	137	-	52
Real estate registration and notaries	180	124	54	21
Impairment of accounts receivable (note 12)	-	10	-	-
Transportation costs	180	86	156	33
Impairment of investments	-	-	-	-
Fines and late payments	80	128	15	8
Office administration	440	374	-	-
Other expenses	680	746	535	475
Total	8,585	7,014	3,755	2,837

Expense for the Group's defined contribution plans amounts to EUR 3,576 thousand in 2017 (2016: EUR 2,573 thousand) and is accounted for in cost of sales and operating expenses and construction in progress. Defined contribution plan payments consist of payments to the State social security fund only, with the amount calculated equalling 31 per cent from the gross salary expense of all employees.

Operational expenditures grew due to increased number of employees as a result of business expansion, as well as other expenses related to new acquisitions. Additional expenses included AUGA brand and end-consumer product development, marketing investments and export initiatives.

All services provided by the audit firm to the the Group and the Company in 2017:

	Group	Company
Audit of financial statements based on the contracts	58	40
Assurance and related services	-	-
Tax advice services	-	-
Other services	5	4
Total	63	44

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(All amounts are in EUR thousand, unless otherwise stated)

24. Increase in shareholding, acquisitions and disposals of subsidiaries

In December 2016, the Group started acquisition procedures of KTG AGRAR SE subsidiary companies, operating in Lithuania (KTG group companies) and managing around 7,700 ha of agricultural land. The formal acceptance was received on 13 January 2017, and the Group completed the acquisition procedures as defined in share purchase agreement on 31 January 2017.

Fair value estimation of acquired KTG group companies is provided below.

Business combination	KTG group companies
	Fair value of the group as at
	31 January 2017
<i>Non-current assets</i>	
Intangible assets (land rent contracts) (Note 8)	981
PPE (note 5)	5,239
<i>Biological assets (current)</i>	
Crops (note 9)	915
<i>Current assets</i>	
Trade receivables and other current assets	1,459
Inventory	192
Cash and cash equivalents (note 17)	44
<i>Long term liabilities</i>	
Grants (note 16)	(55)
Deferred tax liability (note 19)	(133)
Financial liabilities (note 17)	(1,869)
<i>Short term liabilities</i>	
Other financial liabilities (note 17)	(3,206)
Trade payables and other current liabilities	(2,202)
Net assets at acquisition date	1,365
Acquired share capital and receivables, %	100.0
Total value of acquired investment	1,365
	-
Total purchase consideration	1,365
	-
Total goodwill	-

The Group has acquired KTG Group companies to expand its agricultural land area and increase efficiency of human and technical resources. The companies under acquisition are located next to Group's cultivation areas in the regions of Raseiniai, Jurbarkas and Šakiai.

Outflow of cash to acquire KTG Group companies, net of cash acquired:

Purchase consideration settled in cash	1,365
Less: cash and cash equivalents acquired	44
Net cash outflow on acquisition	1,321

The fair value of acquired trade receivables is EUR 1,459 thousand. The gross contractual amount for trade receivables is EUR 1,459 thousand, of which none is expected to be uncollectible.

The acquired KTG Group companies contributed revenues of EUR 3,821 thousand and net loss of EUR 365 thousand to the Group for the period from 1 February 2017 to 31 December 2017.

If the acquisition of KTG Group companies had occurred on 1 January 2017, the Group's revenues would have been larger by EUR 219 thousand; net profit lower by EUR 432 thousand.

The Company did not sell any subsidiaries over 2016 and 2017. In 2017 the Company has started and on 26 February 2018 the Company has finalized acquisition of Raseinių Agra, UAB which operates around 5,200 hectares of land. Please see note 31 for more details of this transaction.

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25. Dividends from subsidiaries

During the Annual General Meetings of Shareholders of AUGA Group, AB subsidiaries: AUGA Želsvelė, ŽŪB, AUGA Dumšiškės, ŽŪB, AUGA Mantviliškis, ŽŪB, AUGA Skėmiai, ŽŪB, AUGA Smilgiai, ŽŪB, AUGA Spindulys, ŽŪB, AWG Investment 1, UAB, Baltic Champs, UAB, Agroschool, OU held in 2017, a decision was made to pay out dividends to shareholders. Due to this the Company has received EUR 25,303 thousand dividend income. In the table below the distribution of dividends of each subsidiary is provided. By 31 December 2017 there were no other subsidiaries which made a decision to pay out the dividends. In 2016 the Company did not receive any dividends from subsidiaries.

	Share-owners share of dividends (%)				Dividends (EUR)	Share-owners share of dividends (Eur)			
	AUGA Group, AB	AVG investment, UAB	AUGA Eimučiai, ŽŪB	Third parties		AUGA Group, AB	AVG investment (Subsidiary)	AUGA Eimučiai, ŽŪB (Subsidiary)	NCI
AUGA Želsvelė, ŽŪB	98.64%	0.31%	-	1.05%	2,560,000	2,525,184	7,936	-	26,880
AUGA Dumšiškės, ŽŪB	99.25%	0.13%	-	0.62%	980,000	972,650	1,274	-	6,076
AUGA Mantviliškis, ŽŪB	98.77%	0.02%	-	1.21%	1,600,000	1,580,320	320	-	19,360
AUGA Skėmiai, ŽŪB	99.75%	0.12%	-	0.12%	1,200,000	1,197,000	1,440	-	1,440
AUGA Smilgiai, ŽŪB	97.84%	-	2.16%	-	3,100,000	3,033,040	-	66,960	-
AUGA Spindulys, ŽŪB	99.96%	-	-	0.04%	3,600,000	3,598,560	-	-	1,440
AWG Investment 1, UAB	100.00%	-	-	-	3,000,000	3,000,000	-	-	-
Baltic champs, UAB	100.00%	-	-	-	4,800,000	4,800,000	-	-	-
Žemės vystymo fondas 20, UAB	100.00%	-	-	-	1,500,000	1,500,000	-	-	-
Agroschool, OU	100.00%	-	-	-	3,096,000	3,096,000	-	-	-
					25,436,000	25,302,754	10,970	66,960	55,196

26. Other income

	GROUP		COMPANY	
	2017	2016	2017	2016
Gain (loss) on sale of investment property	-	(227)	-	6
Gain (loss) on sale of property, plant and equipment	(2)	-	-	-
Write-down of liabilities	-	184	1	-
Interest and fines income	93	48	60	-
Insurance benefits	78	32	-	-
Other income (expenses)	182	90	15	10
Total	351	127	76	16

27. Finance cost

For the year ended as at 31 December finance cost consisted of the following:

	GROUP		COMPANY	
	2017	2016	2017	2016
Bank interest expenses	941	1,388	86	112
Leasing and other financial expenses	266	244	-	-
Other borrowings interest expenses	456	288	8	48
Negative currency fluctuation effect	(13)	-	-	-
Fair value change of derivatives	80	(42)	-	-
Borrowings from subsidiaries interest expenses	-	-	757	628
Other financial expenses	174	220	36	40
Total	1,904	2,098	887	828

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28. Basic and diluted earnings per share

	GROUP		COMPANY	
	2017	2016	2017	2016
Net profit (loss) attributable to equity holders of the Company	4,926	2,173	21,390	(3,045)
Weighted average number of shares	187,416,252	187,416,252	187,416,252	187,416,252
Earnings per share (EUR)	0.03	0.01	0.11	(0.02)

The Company had no dilutive options outstanding during 2017 and 2016 or as at 31 December 2017 and 2016.

29. Related party transactions

Over the year ended 31 December 2017 the average number of Senior Management was 5 people (7 people from 01/01/2017 until 08/02/2017, 5 people from 08/02/2017 until 31/12/2017). Senior management includes Board of Directors, and General Director of the Company.

i) Payments to Board Members and Senior Management

In 2017, salaries and other payments to the Board Members and Senior Management of the Company amounted to EUR 206 thousand (In 2016 senior management included 7 people and the salaries amounted to EUR 554 thousand).

(ii) Other transactions with related parties

All the shareholders of AUGA Group AB (note 1), owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, are considered to be related parties. Trading transactions with related parties were carried out on commercial terms and conditions and market prices.

Transactions with related parties are as follows:

	31.12.2017				2017	
	Loans receivable	Accounts receivable	Borrowings	Accounts payable	Purchases of goods	Sales of agricultural produce
<i>Parties related to Group</i>						
Grybai LT, kooperatinė bendrovė	2,123	220	-	-	181	1,174
<i>Parties related to ultimate shareholder Kęstutis Juščius</i>						
Farmer Kęstutis Juščius	-	-	-	1	109	-
Šampinjonid, OU	-	122	-	-	-	706
Nacionalnaja grybnaja kompanija "Kashira" OOO	-	590	-	-	-	1,226
Baltic Champs Group, UAB	-	-	-	-	18	25
Total	2,123	932	-	1	308	3,131
	31.12.2016				2016	
	Loans receivable	Accounts receivable	Borrowings	Accounts payable	Purchases of goods	Sales of agricultural produce
<i>Parties related to Group</i>						
Grybai LT, kooperatinė bendrovė	1,150	-	-	-	-	-
<i>Parties related to ultimate shareholder Kęstutis Juščius</i>						
Farmer Kęstutis Juščius	-	18	1,254	-	-	-
Šampinjonid, OU	-	-	-	-	-	-
Baltic Champs Group, UAB	-	-	247	-	-	-
Nacionalnaja grybnaja kompanija "Kashira" OOO	-	992	-	-	-	1,355
Total	1,150	1,010	1,501	-	-	1,355

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29. Related party transactions (continued)

The Company's balances and transactions with the Group companies are as follows:

	2017					
	Borrowings provided (gross)	Accounts receivable and advances	Borrowings	Accounts payable	Interests for loans and other purchases	Sales and interest income
Subsidiaries						
Agricultural entities	-	87	-	10	13	687
Trade companies	-	-	-	-	-	-
Other subsidiaries	-	3,096	7,867	1,440	892	-
Other related parties	-	-	-	-	36	-
Kęstutis Juščius	-	-	-	-	-	-
Total	-	3,183	7,867	1,450	941	687
	2016					
	Borrowings provided (gross)	Accounts receivable and advances	Borrowings	Accounts payable	Interests for loans and other purchases	Sales and interest income
Subsidiaries						
Agricultural entities	-	158	-	56	23	620
Land management companies	-	-	-	713	628	-
Trade companies	-	-	-	-	-	-
Other subsidiaries	-	-	25,568	-	-	-
Other related parties	-	-	-	-	146	-
Kęstutis Juščius	-	-	1,170	-	-	-
Total	-	158	26,738	769	797	620

After Company received dividends from its subsidiaries the management of the Company decided to cover the financial liabilities to its subsidiaries.

30. Commitments and contingencies

The Group leases agricultural land, some passenger cars, and premises under operating lease agreements. The total amount of such payments included in the income statement for the year ended 31 December 2017 equals to EUR 4,437 thousand (2016: EUR 1,876 thousand) .

Land rent contracts are with an average term of 2–16 years. All land rent contracts are registered in the State Registrar, so the lessor cannot terminate them before the original term expires. The Group can cancel the contracts with 1-year prior notice. The first hand right to buy the leased land belongs to the Group; however, if the Group does not wish to acquire the land, the rent contract stays valid until the original term expires.

The increase in future aggregate minimum lease payments in year 2017 compared to year 2016 is due to acquisition of KTG group companies managing around 7,700 ha of agricultural land of which around 7,200 ha is on long term land lease contracts.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
Not later than 1 year	4,864	3,371
Later than 1 year, but not later than 5 years	14,210	12,409
After 5 years	13,415	2,517
Total future lease payments	32,489	18,297

The carrying amount of financial assets represents the maximum credit exposure for on-balance sheet exposures. The Group has additionally guaranteed for a loan of Cooperative "Grybai Lt" which outstanding amount as at 31 December 2017 totalled EUR 3,095 thousand (2016: EUR 3,426 thousand) .

As at 31 December 2017, the Company had issued guarantees to banks Swedbank AB and Luminor bank AB for loans taken by subsidiary entities (agricultural entities, Baltic Champs UAB, Grain Lt UAB) for total of EUR 24,612 thousand (19,819 thousand in 2016). Additionally the Company guaranteed for liabilities of UAB Agronuoma for EUR 931 thousand as at 31 December 2017.

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30. Commitments and contingencies (continued)

No full tax investigation of the Company for the period from 2013 to 2017 has been performed by the tax authorities. According to effective tax legislation, the tax authorities may at any time perform investigation of the Company's accounting registers and records for the period of five years preceding the accounting tax period, and calculate additional taxes and penalties. The Management of the Company is not aware of any circumstances which would cause calculation of additional tax liabilities.

Litigations

There are no ongoing legal cases, except for the litigation with the Bank of Lithuania, which is described in detail below.

Regulatory oversight actions regarding Valuation report of the eTime invest UAB shares

The issue concerning claims of the Supervisory Service of the Bank of Lithuania (**Supervisor**), that valuation of UAB eTime invest (**eTime**) shares, by which as contribution in kind part of the shares of the Company has been paid up by Vretola Holdings Limited (**Vretola**), may be incorrect and hence part of the Company's shares may be not fully paid up, has not yet been finally settled.

Brief chronology of the main steps of the process as well as update on the most recent developments is provided below. More detailed description may be found in the previous annual consolidated financial statements of the Company (i.e. those of the years 2015 and 2016) as well as in respective material events announcements in relation thereto, which could be accessed at and www.auga.lt websites.

On 14.02.2014 the Company and some of its major shareholders (including Vetola) have executed merger agreement with UAB Baltic Champs Group (**BCG**) and Kestutis Juscius. Merger transaction under the latter merger agreement has been closed on 15.04.2014 (**Merger**). One of the constituent parts of the Merger transaction was increase of the Company's capital by issuing new shares, part of which was subscribed and acquired by BCG, which paid them up by contribution in kind, i.e. 100% of the shares of UAB Baltic Champs; whilst the remaining part of the newly issued shares (i.e. 14,151,252 shares with a nominal value of LTL 1 (equivalent of EUR 0.29) each) was subscribed and acquired by Vretola, which paid them up by contribution in kind, i.e., 100% of the shares of UAB eTime invest (herein eTime shares - **Assets**).

For the purposes of using the Assets as payment for part of the shares of the Company, the Assets were valued by Ober-Haus nekilnojamasis turtas UAB. According to their valuation report of the Assets (**First Valuation Report**), value of the Assets for the date of 28.02.2014 was LTL 16,700,000 (equivalent to EUR 4,836,654.31). In 02.2015 Supervisor forwarded to the Company conclusion (**Conclusion 1**) of the Authority of Audit, Accounting, Property Valuation and Insolvency Management (**Valuation Authority**) stating that the First Valuation Report does not comply with some provisions of the Law on Fundamentals of Property and Business Valuation.

On the basis of, amongst other issues, the Conclusion 1 on 15.02.2016 Supervisor decides that value of the Assets may be ungrounded, as a result of which part of the Company's shares issued during the Merger may be not fully paid up. Supervisor ordered the Company to re-evaluate (obtain new retrospective valuation) of the Assets and, if it would be established that the shares of the Company are not fully paid up, to rectify the situation (**Decision**).

On 18.03.2016 the Company filed a claim (**Claim**) to the competent administrative court of first instance challenging the Decision. On 19.12.2016 court of first instance rejects the Company's Claim; Company files an appeal against decision of first instance court on 19.01.2017. The hearing of the court of appeal took place in a written procedure on 18 April 2018, but the court decision has not yet been adopted and announced.

Meanwhile (during the year 2017), the following has occurred:

- (1) Irrespective of the fact that the Company has been challenging the Decision and Claim has not been finally settled in courts, Supervisor has fined the Company (EUR 3,000 and EUR 14,000) and its general manager (EUR 150) for failure to implement the orders provided in the Decision.
- (2) Even though the Company has challenged the Decision in court, seeking to reduce potential negative consequences (further fines, etc.) to the Company and its stakeholders, the Company has ordered new retrospective valuation of the Assets to prove that the shares are duly paid/value of the Assets has been established correctly. New valuation report of the Assets was made and delivered to the Company by UAB Newsec Valuations on 02.10.2017 (**Second Valuation Report**). According to the Second Valuation Report, value of the Assets at the time for which they were valued (i.e. 15.04.2014) was LTL 16,900,000 (equivalent of EUR 4,894,578.31), i.e. LTL 200,000 (equivalent to EUR 57,924) higher than the value established in the First Valuation Report.

Although during the process of second valuation valuers consulted both with the Supervisor and Valuation Authority, as well as supplemented the report in accordance with Valuation Authority's comments, it (Valuation Authority) nonetheless on 21.02.2018 issued its conclusion (**Conclusion 2**) that Second Valuation Report does not comply with some provisions of the Law on Fundamentals of Property and Business Valuation. After having reviewed the Valuation Authority's findings in the Conclusion 2 and discussed them with the valuers, the Company believes that items identified by the Valuation Authority as non-compliant with the law are of formalistic nature and should not materially impact the value of the Assets established by valuation/provided in the Second Valuation Report. Therefore, as well as in order to facilitate resolution of the matter as efficient and with as less potential negative impact as possible, the Company has agreed with the same valuers that they will issue new valuation report of the Assets, which will address Valuation Authority's comments of alleged non-compliance with laws provided in the Conclusion 2.

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30. Commitments and contingencies (continued)

- (3) On 09.02.2018 eTime has concluded an agreement for sale of all its assets (i.e. participatory units in OOO Karakash Agro as well as claim rights to the latter company under the loan agreements) for EUR 3,082 million (i.e.: EUR 0.5 million for participatory units; and EUR 2.58 million for claim rights) plus up to EUR 0.78 million of interest, which may accrue on the price of claim rights until its final settlement.

Participatory units of OOO Karakash Agro and claim rights, which have been sold under the latter transaction, constituted almost all assets of eTime at the time for which eTime shares were valued (i.e. constituted the value of the eTime shares). Hence, in the opinion of the Company, sale of eTime assets in 2018 for the price close to the value of eTime shares, as established by the first and second valuations, is a strong indicator that, contrary to the allegations of the Supervisor, the value established by the two valuations was not incorrect and thus respective part of the shares of the Company should not be deemed as not fully paid up.

The case eventually will be solved in the courts. However, final outcome of this litigation is not clear as at the date of issue of these financial statements.

After consultation with legal advisers management believes that there is no clear guidance or regulations that specify what should be done in the situation where shares were issued, and officially registered with the Registry of Legal Entities, and a considerable period of time later it is concluded that an underpayment for the issued shares took place due to issues relating to the valuation of the non-monetary contribution which was used to pay for the shares. The Company and its legal advisors, were not able to identify any evidence of court practices regarding such a specific issue and this appears to be a situation without precedent in Lithuania. Consequently, Management cannot assess the possible outcome and implications of the court case.

The financial statements of the Group and the Company continue to reflect the share capital issued to Vretola Holdings Limited in exchange of the in-kind contribution of the eTime shares as fully paid-up at 31 December 2017, 2016, and 2015. Management of the Company believes that it adheres to IFRS and its financial statements are transparent and reliable.

31. Subsequent events

Acquisition of shares of Raseinių Agra, UAB

On 26 February, 2018 AUGA group, AB has completed the purchase of 100% share of UAB Raseinių agra for EUR 2.4 million. Share sale and purchase agreement was signed on 10 November 2017, as per released notification on material event. UAB Raseinių agra was established in October 2017 as a result of spin-off procedure from UAB Agra Corporation, shareholders of which decided to withdraw from agricultural business and to focus in the area of investment property management. UAB Raseinių agra manages around 5,200 ha of agricultural land. The preliminary fair value estimation of UAB Raseinių agra is as follows:

Business combination

	Raseinių Agra, UAB
	Fair value as at
	28 February 2018
<i>Non-current assets</i>	
Land-rent contracts	2,120
PPE	2,932
<i>Current assets</i>	
Inventory	834
Trade receivables and other current assets	337
Cash and cash equivalents	231
<i>Long term liabilities</i>	
Financial liabilities	(2,046)
Borrowings from AGRA companies	(1,273)
Deferred tax liability	(20)
<i>Short term liabilities</i>	
Other financial liabilities	(107)
Trade payables and other current liabilities	(573)
Net assets at acquisition date	2,435
Acquired share capital, %	100.0
Total value of the acquired investment	2,435
Cash paid for shares at the time of the purchase	2,000
Outstanding amount payable on 31 August, 2018	435
Total purchase consideration	2,435
Goodwill	-

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31. Subsequent events (continued)

The purchase price allocation of the acquired net assets will be finalised till the end of 2018.

The Group has acquired Raseinių Agra, UAB to expand its agricultural land area and increase efficiency of human and technical resources. The companies under acquisition are located next to Group's cultivation areas in the Raseiniai region.

Outflow of cash to acquire Raseinių Agra, UAB, net of cash acquired:

Purchase consideration settled in cash	2,435
Less: cash and cash equivalents acquired	231
Net cash outflow on acquisition	<u><u>2,204</u></u>

The fair value of acquired trade receivables is EUR 337 thousand. The gross contractual amount for trade receivables is EUR 337 thousand, of which none is expected to be uncollectible.

The acquired Raseinių Agra, UAB did not contribute any revenues or profit (loss) to the Group for 12 months period till 31 December 2017.

If the acquisition of Raseinių Agra, UAB had occurred on 1 January 2018, the Group's revenues of 2018 would have been larger by EUR 29 thousand; net profit lower by EUR 169 thousand.

Termination of acquisition of shares of Arginta Engineering, UAB

On January 22, 2018 AUGA group, AB signed the share sale and purchase agreement to acquire 100% share capital of UAB Arginta Engineering for EUR 6.4 million. However, on 14 March 2018 AUGA group, AB decided to terminate the share purchase agreement and instead, has chosen to cooperate on technology development with Arginta Engineering on a contractual basis. Following this agreement, AUGA group, AB will pay a termination fee of EUR 715 000, due no later than 31 December 2018.

Sale of shares of Karakash Agro OOO

On 9 February 2018 the Group has sold two subsidiaries - Karakash, OOO and Karakash Agro, OOO which were operating in Crimea. The details of the result of the Group's subsidiaries disposal is as follows:

Disposal of subsidiaries

	<u><u>Karakash Agro OOO</u></u>
	<u>Carrying value of the investment</u>
<i>Assets classified as held for sale</i>	
Property plant and equipment	824
Biological assets	512
Inventory	442
Trade receivables and other current assets	593
Cash and cash equivalents	3
<i>Liabilities directly associated with assets classified as held for sale</i>	
Trade payables and other current liabilities	(1,307)
Net assets at disposal date	<u><u>1,067</u></u>
Sold share capital, %	100.00
Paid in cash	500
Deferred consideration	2,568
Total sales consideration	<u><u>3,068</u></u>
Total gain on transaction	<u><u>2,001</u></u>

The gain on transaction disclosed in the table is the preliminary impact based on the current assessment of timing and amount of payment.

Signed new material loan agreements

On 22 December 2017, AUGA group, AB signed credit line agreement with Luminor bank AB. Credit line is available until 21 December 2018 and can be prolonged until 21 December 2019. Credit line limit is EUR 17.6 million (out of which EUR 0 was used at 31 December 2017). During first quarter of 2018 part of the proceeds (EUR 12 million) were used to refinance existing AUGA group, AB and Group companies' credit line facilities. The remaining limit is used to finance increased working capital. The credit line facility is secured by shares of Group's agricultural companies pledges, agricultural companies' real estate pledges and agricultural companies mortgages.

On 27 February 2018 AUGA group, AB and Baltic Champs Group, UAB, holding 88.13 per cent of shares in AUGA group, AB, signed loan agreement on extension of up to EUR 3 million loan. The loan is provided with no collateral, there is no up front or similar fees, and with fixed interest rate that meets market conditions.

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31. Subsequent events (continued)

Initial public offering of AUGA Group, AB shares

On January 22, 2018, AUGA group's, AB (the Company) Management Board decided to initiate the process of raising additional capital to finance business development of the Company through a public offering of the new issue of the Company's shares. During extraordinary shareholders meeting, which took place on 28 March 2018, it was decided to increase Company's authorized capital by up to EUR 23,2 million by issuing new ordinary registered shares of the Company. Raised additional funds would be used to finance further business development.

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AUGA GROUP AB DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET IN 2017

The public company AUGA Group AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the NASDAQ OMX Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Changes estimated during the nearest fiscal years are provided by the company in the annual reports, which are provided on the company's and through NASDAQ Vilnius and Warsaw Stock Exchange information systems.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Company's Board members, Supervisory Council members and chief executive officer attempt in their actions to increase the shareholders' equity and transparency of the company by ensuring a high long-term financial rate of return, maintaining a small risk level and abiding by the ethical standards.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Company's shareholders form the Supervisory Council, which considers and approves the strategy of the company, reviews the information related to the strategy of the company. Supervisory Council elects the Board of Directors, which supervises the work of the CEO. On Supervisory Council meetings the activities of the Board are reviewed. On regular Board meetings, the activities of company's administration are reviewed and approved (in certain cases).
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company respects all the rights and interests of persons other than the company's shareholders participating in or connected with the company's operation.
Principle II: The corporate governance framework The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The Company has a Supervisory Council and Board of Directors. Meetings of the Supervisory Council and Board of Directors ensure the effective supervision of company's activities.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The main management functions set forth in the recommendation are performed by the collegial management body – the Board of Directors. The Company's Supervisory Council, while monitoring the activities of the company's management bodies, elects and dismisses the members of the Board of Directors, supervises the activities of the Board of Directors and the Company's general manager, advises the Board of Directors and the general manager on the management of the Company.

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PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Yes	The Company has a Supervisory Council and Board of Directors.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The relevant provisions set forth in III and IV principles are applicable to the formation of company's Supervisory Council and activity assessment.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	There are 3 (three) members of Supervisory Council all of whom are independent, and 5 (five) Board members in the Company who act seeking benefit to the company and all shareholders. Depending on the size of the Company, the number of members of the collegial bodies is optimal and ensures that the individual or their group cannot dominate during the decision-making process.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Yes	There are no directors-consultants in the company. The members of Supervisory Council and the Board are elected for 2-years term and can be re-elected. The right to dismiss the members of the Supervisory Council is granted to the general meeting of shareholders, this procedure is not easier than the procedure for dismissal of the Board member or general manager.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The independent supervision function is ensured via the Supervisory Council, which is comprised of 3 members. The Supervisory Council elects the Chairman of the Supervisory Board from among its members. Since all members of the Supervisory Council are independent, there are no obstacles for them to exercise independent and impartial supervision function.
<p>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</p>		
<p>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of non-controlling shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies</p>		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of non-controlling shareholders.	Yes	<p>When electing collegial body, the shareholders can access the thorough information about each candidate before the shareholders meeting and during it.</p> <p>The company's Supervisory Council operates impartially, objectively and represents the interests of all shareholders equally.</p>

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PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	<p>Yes</p>	<p>Information about the members of the Supervisory Council of the company, their education, qualification, professional experience, participation in the activity of other companies is released in the reports of the company.</p> <p>The information about the Supervisory Council members is constantly updated.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>Yes</p>	<p>When electing Supervisory Council, the shareholders can access the thorough information about each candidate before the shareholders meeting and during it.</p>
<p>3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.</p>	<p>Yes</p>	<p>The composition of the Supervisory Council is regularly assessed in the company with consideration to the type and structure of activity pursued by the Company.</p>
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	<p>No</p>	<p>Presently, members of the Supervisory Council do not perform the assessment of skills and knowledge. The members of the Supervisory Council are regularly informed about changes in the legal acts and other circumstances influencing the operations of the company.</p>
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.</p>	<p>Yes</p>	<p>No shareholders have majority of the votes in the Supervisory Council, as all of the members of the Council are independent. So the possible conflicts of interests are solved appropriately.</p>

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PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following</p> <p>1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;</p> <p>2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;</p> <p>3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);</p> <p>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p>	<p>Yes</p>	<p>All members of the Supervisory Council elected at the general shareholders meeting meet this code recommendation on independency, and in their actions seek to benefit the company.</p>

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<p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p>	Yes	All members of the Supervisory Council elected at the general shareholders meeting meet this code recommendation on independency, and in their actions seek to benefit the company.
<p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>	No	Supervisory Council members' independency assessment is not practiced in the Company.
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	No	See comment for 3.8
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	No	See comment for 3.8
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.</p>	Yes	The Supervisory Council members can be remunerated from the resources of the Company.

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PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting		
The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The company's Supervisory Council performs all supervision functions set forth in the legal acts of the Republic of Lithuania.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	According to the data held with the company, all Supervisory Council members act in good will with respect to the company, are guided by the interests of the company, and not personal or third parties' interests, seeking to preserve their independency while adopting the decisions.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The company's Supervisory Council performed the functions assigned properly.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The company's Supervisory Council treats all shareholders honestly and impartially. There is the approved work regulation of the Supervisory Council in the Company, and it clearly defines the role of members of the Supervisory Council in their communication with shareholders and the commitment to them.

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PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	<p>Yes</p>	<p>All significant transactions with the shareholders of the Company, which are made not in line with the main business of the Company are approved by the Supervisory Council.</p>
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.</p>	<p>Yes</p>	<p>The company's Supervisory Council is independent while adopting decisions which are significant for the activity and strategy of the company.</p>
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>Yes</p>	<p>In 2017 the audit committee has been established in the Company. As the Company's Supervisory Council consists of a small number of members, the committees of nomination and remuneration are not established, and their functions are performed by the Supervisory Council itself, as indicated in this recommendation.</p>

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PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	<p>Yes</p>	<p>The Committees may not replace the Supervisory Council. The committees, within the scope of their competence, submit proposals, recommendations and opinions to the Supervisory Council.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>	<p>Yes</p>	<p>Audit committee is composed of three members.</p>
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	<p>Yes</p>	<p>Audit committee acts in line with its work regulation.</p>
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	<p>Yes</p>	<p>All members of the audit committee are also members of the Supervisory Council.</p>

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PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p>4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management.</p> <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>	<p>N/A</p>	<p>Nomination committee is not established in the Company, functions specified in this recommendation are performed by the Supervisory Council.</p>
<p>4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</p>	<p>N/A</p>	<p>Remuneration committee is not established in the Company, functions specified in this recommendation are performed by the Supervisory Council.</p>

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<p>4) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);</p> <p>5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <p>1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</p> <p>2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</p> <p>3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</p> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <p>1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</p> <p>2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</p> <p>3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</p> <p>4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;</p>	Yes	The main functions of the Company's audit committee match the functions specified in this recommendation.

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<p>5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</p> <p>6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p>		

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<p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	No	Supervisory Council, elected in 2017, will conduct the assessment of its activities for the year of 2017 in 2018.
<p>Principle V: The working procedure of the company's collegial bodies</p>		
<p>The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</p>		
<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	Yes	This provision is implemented by the company's Supervisory Council and Board of Directors.

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5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	The Board of Directors meetings are held or decisions are made by voting in writing at least once per month.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	
<p>Principle VI: The equitable treatment of shareholders and shareholder rights</p> <p>The corporate governance framework should ensure the equitable treatment of all shareholders, including non-controlling and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The ordinary registered shares which compose the company's authorized capital grant equal rights to all shareholders of the company's shares.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The company publicly informs about the rights granted by the newly issued shares.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	All shareholders of the company have equal opportunities to get familiarized and participate in adopting decisions important to the company. Approval of the shareholder's meeting is also necessary in cases stipulated in the Company Law of the Republic of Lithuania.

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<p>6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.</p>	Yes	<p>The shareholders meetings are held in Vilnius, in conference rooms in hotels. The procedures for the convention and conduction of the general shareholders' meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meeting, get familiarized with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.</p>
<p>6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	Yes	<p>All information dedicated to the shareholders and investors is announced on the company's website and through NASDAQ Vilnius and Warsaw Stock Exchange information systems.</p>
<p>6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	Yes	<p>The company's shareholders may exercise their rights to participate in the general shareholders' meeting both personally and via an attorney, if such person has a proper authorization.</p>
<p>6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	No	<p>The company does not follow this recommendation. In the future, the Company will seek to implement such possibility.</p>
<p>Principle VII: The avoidance of conflicts of interest and their disclosure</p>		
<p>The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</p>		
<p>7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	Yes	<p>The Supervisory Council and Board members act according to the following recommendations.</p>

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7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	See 7.1
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	See 7.1
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	See 7.1
Principle VIII: Company's remuneration policy		
Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	Remuneration policy in the Company was approved in 2018. Information about the benefits and loans for the members of the management bodies is provided in the annual prospectuses – reports, financial accounts.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	See 8.1
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	See 8.1

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8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	See 8.1
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	See 8.1
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	See 8.1
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.	No	See 8.1
8.7.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.	No	See 8.1

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<p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <p>1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;</p> <p>2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;</p> <p>3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</p> <p>4) All changes in the terms and conditions of existing share options occurring during the financial year.</p> <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <p>1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</p> <p>2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.</p> <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>	No	See 8.1
<p>8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	N/A	The Company does not use such remuneration policy.
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <p>1) Grant of share-based schemes, including share options, to directors;</p> <p>2) Determination of maximum number of shares and main conditions of share granting;</p> <p>3) The term within which options can be exercised;</p> <p>4) The conditions for any subsequent change in the exercise of the options, if permissible by law;</p> <p>5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</p>	N/A	See 8.8

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8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	N/A	See 8.8
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	N/A	See 8.8
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	N/A	See 8.8
<p>Principle IX: The role of stakeholders in corporate governance</p>		
<p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The company respects the rights of stakeholders which are protected by the laws and which authorize the stakeholders to participate in the management of the company in the manner set forth in the laws.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	See 9.1
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	See 9.1



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Principle X: Information disclosure and transparency		
The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.		
10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy.	Yes	Information set forth in this recommendation is disclosed in the periodic prospectuses-reports, annual report, website, and through NASDAQ Vilnius and Warsaw Stock Exchange information systems.
This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list	Yes	See 10.1
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure. 10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII. 10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	See 10.1
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions	Yes	Information is provided by the company and through NASDAQ Vilnius and Warsaw Stock Exchange information systems in the Lithuanian (only via NASDAQ Vilnius) and English languages at the same time, as much as it is possible. The exchange announces the information received in their website and trade system, this way ensuring simultaneous provision of information to everyone. The company does not disclose information that may have an effect on the price of securities issued by the company in the commentaries, interview or other ways as long as such information is publicly announced via the information system of the Stock Exchange.

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PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	Information is provided by the company and through NASDAQ Vilnius and Warsaw Stock Exchange information systems in the Lithuanian (only via NASDAQ Vilnius) and English languages at the same time, as much as it is possible. The exchange announces the information received in their website and trade system, this way ensuring simultaneous, timely and cheap provision of information to everyone.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The Company follows this recommendation.
<p>Principle XI: The selection of the company's auditor</p>		
<p>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An independent audit company audits the annual financial statements and annual report.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The candidature of the audit company is suggested to the general shareholders meeting by the company's Supervisory Council.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Yes	The Company follows this recommendation and discloses this information to its shareholders.
