AB LINAS AGRO GROUP
CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2015/16, ENDED 30 JUNE 2016

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION,
PRESENTED TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

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Register of Legal Entities

Independent auditor's report to the shareholders of AB Linas Agro Group

Report on the Financial Statements

We have audited the accompanying financial statements of AB Linas Agro Group, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated financial statements of AB Linas Agro Group and subsidiaries (hereinafter the Group), which comprise the statements of financial position as at 30 June 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 30 June 2016, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated Annual Report for the year ended 30 June 2016 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 30 June 2016.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Asta Štreimikienė
Auditor's licence
No. 000382

The audit was completed on 4 October 2016.

(all amounts are in thousand euros unless otherwise stated)

STATEMENTS OF FINANCIAL POSITION

ASSETS	Notes	Group		Company	
		As at 30 June 2016	As at 30 June 2015	As at 30 June 2016	As at 30 June 2015
Non-current assets					
Intangible assets	5	4,865	901	274	269
Property, plant and equipment	6	109,438	104,213	–	–
Investment property	7	1,359	1,523	128	124
Animals, livestock and poultry	9	7,578	8,127	–	–
Non-current financial assets					
Investments into subsidiaries	3	–	–	95,334	94,975
Investments into associates	3	–	–	1,519	1,751
Other investments and prepayments for financial assets		17	17	–	–
Non-current receivables	8	3,987	903	1,108	647
Non-current receivables from related parties	8, 31	800	1,175	9,514	6,468
Total non-current financial assets		4,804	2,095	107,475	103,841
Deferred income tax asset	27	2,137	1,955	8	–
Total non-current assets		**130,181**	**118,814**	**107,885**	**104,234**
Current assets					
Crops	9	13,813	15,436	–	–
Poultry	9	1,758	1,997	–	–
Inventories	10	71,952	56,415	–	–
Prepayments	11	6,616	8,729	32	30
Accounts receivable					
Trade receivables	12	93,420	96,700	3	–
Receivables from related parties	31	18	19	2,969	3,830
Income tax receivable		664	901	–	–
Other accounts receivable	13	5,144	9,500	245	720
Total accounts receivable		99,246	107,120	3,217	4,550
Derivative financial instruments	14	711	79	–	–
Other current financial assets	14	905	440	–	–
Cash and cash equivalents	15	6,901	6,680	89	232
Total current assets		**201,902**	**196,896**	**3,338**	**4,812**
Total assets		**332,083**	**315,710**	**111,223**	**109,046**

(cont'd on the next page)

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

(all amounts are in thousand euros unless otherwise stated)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

EQUITY AND LIABILITIES	Notes	Group		Company	
		As at 30 June 2016	As at 30 June 2015	As at 30 June 2016	As at 30 June 2015
Equity attributable to equity holders of the parent					
Share capital	1	46,093	46,032	46,093	46,032
Share premium		23,038	23,038	23,038	23,038
Legal reserve	16	2,936	2,704	2,936	2,704
Reserve for own shares	16	–	1,819	–	1,819
Own shares	16	(455)	(457)	(455)	(457)
Foreign currency translation reserve	16	(22)	(22)	–	–
Cash flow hedge reserve	16	(153)	–	–	–
Retained earnings		88,336	84,197	32,205	26,890
Total equity attributable to equity holders of the parent		**159,773**	**157,311**	**103,817**	**100,026**
Non-controlling interest	32	**2,214**	**1,826**	**–**	**–**
Total equity		**161,987**	**159,137**	**103,817**	**100,026**
Liabilities					
Non-current liabilities					
Grants and subsidies	17	6,289	6,646	–	–
Non-current borrowings	18, 31	16,741	22,729	4,928	2,654
Finance lease obligations	19	1,228	1,789	–	–
Non-current trade payables		1,553	183	–	175
Non-current payables to related parties	31	–	–	54	51
Deferred income tax liability	27	1,139	1,157	–	–
Non-current employee benefits		353	266	–	3
Derivative financial instruments	14	120	–	–	–
Total non-current liabilities		**27,423**	**32,770**	**4,982**	**2,883**
Current liabilities					
Current portion of non-current borrowings	18	19,943	13,313	1,400	4,900
Current portion of finance lease obligations	19	933	803	–	–
Current borrowings	18, 31	58,092	64,256	4	185
Trade payables	21	43,239	28,179	47	188
Payables to related parties	31	1,514	21	810	810
Income tax payable		340	303	15	18
Derivative financial instruments	14	60	581	–	–
Other current liabilities	22	18,552	16,347	148	36
Total current liabilities		**142,673**	**123,803**	**2,424**	**6,137**
Total equity and liabilities		**332,083**	**315,710**	**111,223**	**109,046**

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

Managing Director	Darius Zubas	4 October 2016
Finance Director	Tomas Tumėnas	4 October 2016
Chief Accountant	Ramutė Masiokaitė	4 October 2016

(all amounts are in thousand euros unless otherwise stated)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended 30 June 2016	30 June 2015
Sales	4	615,959	573,766
Cost of sales	23	(576,078)	(532,286)
Gross profit		**39,881**	**41,480**
Operating (expenses)	24	(33,574)	(30,887)
Other income	25	1,521	2,540
Other (expenses)	25	(596)	(796)
Operating profit		**7,232**	**12,337**
Income from financing activities	26	529	591
(Expenses) from financing activities	26	(2,445)	(2,568)
Profit before tax		**5,316**	**10,360**
Income tax	27	(1,372)	(1,166)
Net profit		**3,944**	**9,194**
Net profit attributable to:			
Equity holders of the parent		4,095	8,726
Non-controlling interest		(151)	468
		3,944	**9,194**
Basic and diluted earnings per share (EUR)	28	0.03	0.06
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on cash flow hedges		(153)	–
Exchange differences on translation of foreign operations		–	22
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**(153)**	**22**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans		(51)	–
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		**(51)**	**–**
Other comprehensive income/ (loss) for the year, net of tax		**(204)**	**22**
Total comprehensive income, after tax		**3,740**	**9,216**
Total comprehensive income attributable to:			
The shareholders of the Company		3,891	8,748
Non-controlling interest		(151)	468
		3,740	**9,216**

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

(all amounts are in thousand euros unless otherwise stated)

COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended	
		30 June 2016	30 June 2015
Income	4	5,093	5,212
Operating (expenses)	24	(457)	(778)
Operating profit		**4,636**	**4,434**
Income from financing activities	26	554	524
(Expenses) from financing activities	26	(174)	(227)
Profit before tax		**5,016**	**4,731**
Income tax		(23)	(80)
Net profit		**4,993**	**4,651**
Other comprehensive income		–	–
Total comprehensive income		4,993	4,651

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

Managing Director	Darius Zubas	4 October 2016
Finance Director	Tomas Tumėnas	4 October 2016
Chief Accountant	Ramutė Masiokaitė	4 October 2016

(all amounts are in thousand euros unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to equity holders of the parent										
	Notes	**Share capital**	**Own shares**	**Share premium**	**Legal reserve**	**Reserve for own shares**	**Foreign currency trans-lation reserve**	**Cash flow hedge reserve**	**Retained earnings**	**Subtotal**	**Non-control-ling interest**	**Total**
Balance as at 1 July 2014		**46,032**	**(458)**	**23,038**	**2,360**	**1,825**	**(44)**	**–**	**76,550**	**149,303**	**2,790**	**152,093**
Net profit for the year		–	–	–	–	–	–	–	8,726	8,726	468	9,194
Other comprehensive income		–	–	–	–	–	22	–	–	22	–	22
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**22**	**–**	**8,726**	**8,748**	**468**	**9,216**
Disposal of own shares		–	1	–	–	–	–	–	(1)	–	–	–
Disposal of minority interest in subsidiaries		–	–	–	–	–	–	–	–	–	86	86
Declared dividends by Company	28	–	–	–	–	–	–	–	(1,447)	(1,447)	–	(1,447)
Declared dividends by subsidiaries		–	–	–	–	–	–	–	–	–	(10)	(10)
Transfer to reserves		–	–	–	344	(6)	–	–	(338)	–	–	–
Acquisition of minority interest	3	–	–	–	–	–	–	–	707	707	(1,508)	(801)
Balance as at 30 June 2015		**46,032**	**(457)**	**23,038**	**2,704**	**1,819**	**(22)**	**–**	**84,197**	**157,311**	**1,826**	**159,137**
Balance as at 1 July 2015		**46,032**	**(457)**	**23,038**	**2,704**	**1,819**	**(22)**	**–**	**84,197**	**157,311**	**1,826**	**159,137**
Net profit for the year		–	–	–	–	–	–	–	4,095	4,095	(151)	3,944
Other comprehensive income		–	–	–	–	–	–	(153)	(51)	(204)	–	(204)
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**(153)**	**4,044**	**3,891**	**(151)**	**3,740**
Share capital value adjustment due to conversion to euro		61	–	–	–	–	–	–	(61)	–	–	–
Disposal of own shares		–	2	–	–	–	–	–	(2)	–	–	–
Disposal of minority interest in subsidiaries	3	–	–	–	–	–	–	–	(284)	(284)	652	368
Declared dividends by Company	28	–	–	–	–	–	–	–	(1,202)	(1,202)	–	(1,202)
Declared dividends by subsidiaries		–	–	–	–	–	–	–	–	–	(15)	(15)
Transfer from reserves	16	–	–	–	–	(1,819)	–	–	1,819	–	–	–
Transfer to reserves	16	–	–	–	232	–	–	–	(232)	–	–	–
Acquisition of minority interest	3	–	–	–	–	–	–	–	57	57	(98)	(41)
Balance as at 30 June 2016		**46,093**	**(455)**	**23,038**	**2,936**	**–**	**(22)**	**(153)**	**88,336**	**159,773**	**2,214**	**161,987**

(cont'd on the next page)

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

(all amounts are in thousand euros unless otherwise stated)

Company's statement of changes in equity

	Notes	Share capital	Own shares	Share premium	Legal reserve	Reserve for own shares	Retained earnings	Total
Balance as at 1 July 2014		**46,032**	**(458)**	**23,038**	**2,360**	**1,825**	**24,025**	**96,822**
Net profit for the year		–	–	–	–	–	4,651	4,651
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	**4,651**	**4,651**
Disposal of own shares		–	1	–	–	–	(1)	–
Declared dividends by the Company	28	–	–	–	–	–	(1,447)	(1,447)
Transfer to reserves		–	–	–	344	(6)	(338)	–
Balance as at 30 June 2015		**46,032**	**(457)**	**23,038**	**2,704**	**1,819**	**26,890**	**100,026**
Balance as at 1 July 2015		**46,032**	**(457)**	**23,038**	**2,704**	**1,819**	**26,890**	**100,026**
Net profit for the year		–	–	–	–	–	4,993	4,993
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	**4,993**	**4,993**
Share capital value adjustment due to conversion to euro		61	–	–	–	–	(61)	–
Disposal of own shares		–	2	–	–	–	(2)	–
Declared dividends by the Company	28	–	–	–	–	–	(1,202)	(1,202)
Transfer from reserves	16	–	–	–	–	(1,819)	1,819	–
Transfer to reserves	16	–	–	–	232	–	(232)	–
Balance as at 30 June 2016		**46,093**	**(455)**	**23,038**	**2,936**	–	**32,205**	**103,817**

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

Managing Director	Darius Zubas	4 October 2016
Finance Director	Tomas Tumėnas	4 October 2016
Chief Accountant	Ramutė Masiokaitė	4 October 2016

(all amounts are in thousand euros unless otherwise stated)

CASH FLOW STATEMENTS

	Notes	Group Financial year ended		Company Financial year ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
Cash flows from (to) operating activities					
Net profit		3,944	9,194	4,993	4,651
Adjustments for non-cash items:					
Depreciation and amortisation	5, 6, 7	10,503	9,399	29	18
Subsidies amortisation	17	(856)	(900)	–	–
(Gain) on disposal of property, plant and equipment	25	(321)	(117)	–	–
Change in impairment of property, plant and equipment and investment property	6, 7	(7)	(25)	–	–
Group (gain) loss on acquisition of subsidiaries	3	–	–	–	–
(Gain) on disposal of other investments	25	(3)	(359)	–	(285)
Change in allowance and write-offs for receivables and prepayments	24	(251)	753	–	–
Inventories write down to net realisable value	10	976	302	–	–
Change in accrued expenses		486	303	103	–
Change in fair value of biological assets	23	160	(3,612)	–	–
Liabilities write off	25	(4)	(24)		–
Change in deferred income tax	27	(173)	(142)	(12)	–
Current income tax expenses	27	1,545	1,308	35	80
Expenses (income) from change in fair value of financial instruments		(543)	272	–	–
Dividend (income)		–	(45)	(4,882)	(4,200)
Interest (income)	26	(529)	(591)	(554)	(524)
Interest expenses	26	2,445	2,568	174	227
		17,372	**18,284**	**(114)**	**(33)**
Changes in working capital:					
Decrease in biological assets		3,096	2,130	–	–
(Increase) decrease in inventories		(15,098)	11,297	–	–
Decrease (increase) in prepayments		2,147	(3,669)	(2)	(11)
(Increase) decrease in trade and other accounts receivable		4,057	(8,146)	128	243
(Increase) decrease in restricted cash	14	(449)	(2)	–	–
Increase (decrease) in trade and other accounts payable		13,020	(2,816)	45	7
Income tax (paid)		(1,251)	(1,649)	(23)	–
Net cash flows from (to) operating activities		**22,894**	**15,429**	**34**	**206**

(cont'd on the next page)

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

(all amounts are in thousand euros unless otherwise stated)

CASH FLOW STATEMENTS (CONT'D)

	Notes	Group		Company	
		Financial year ended		Financial year ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
Cash flows from (to) investing activities					
(Acquisition) of intangible assets, property, plant and equipment and investment property	5, 6, 7	(14,055)	(13,709)	(38)	(114)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		2,144	812	–	–
Acquisition of subsidiaries (less received cash balance in the Group), including payments for subsidiaries acquired in prior periods	3	(3,491)	(200)	–	–
Increase of share capital of subsidiaries		–	–	(478)	(599)
Payment for previously unpaid financial assets		–	(1,510)	–	–
Proceeds from disposals of other investments	14	–	434	–	–
Loans (granted)		(1,293)	(3,911)	(5,291)	(5,030)
Repayment of granted loans		3,106	1,653	3,297	2,645
Interest received		273	350	232	208
Dividends received		–	45	4,882	4,200
Net cash flows from (to) investing activities		**(13,316)**	**(16,036)**	**2,604**	**1,310**
Cash flows from (to) financing activities					
Proceeds from loans		59,943	83,718	–	1,448
(Repayment) of loans		(65,465)	(80,154)	(1,400)	(1,656)
Finance lease (payments)		(1,028)	(1,039)	–	–
Grants received	17	620	626	–	–
Interest (paid)		(2,169)	(2,588)	(179)	(224)
Dividends (paid) to non-controlling shareholders		(15)	(10)	–	–
Dividends (paid)		(1,202)	(1,447)	(1,202)	(1,447)
Acquisition of non-controlling interest		(41)	(451)	–	–
Net cash flows from (to) financing activities		**(9,357)**	**(1,345)**	**(2,781)**	**(1,879)**
Net (decrease) increase in cash and cash equivalents		**221**	**(1,952)**	**(143)**	**(363)**
Cash and cash equivalents at the beginning of the year	15	**6,680**	**8,632**	**232**	**595**
Cash and cash equivalents at the end of the year	15	**6,901**	**6,680**	**89**	**232**

(cont'd on the next page)

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

(all amounts are in thousand euros unless otherwise stated)

CASH FLOW STATEMENTS (CONT'D)

Supplemental information of cash flows:

		Group		Company	
		Financial year ended		Financial year ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
Non-cash operating activity:					
Income tax payable set off with VAT receivable		20	171	15	61
Non-cash investing activity:					
Property, plant and equipment acquisitions financed by finance lease		1,012	1,176	–	–
Property, plant and equipment acquisitions financed by working capital		1,619	–		–
Unpaid acquisition of subsidiaries and minority interest	3	3,090	350	–	350
Non-cash acquisition of subsidiaries (reclassified from prepayments for financial assets)	3	–	2,820	–	2,820
Non-cash disposal of minority interest	3	350	–	350	–
Non-cash increase in share capital of subsidiaries and associates (set off with current and non-current loans granted to related parties, interest receivable)		–	–	–	1,425

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

Managing Director	Darius Zubas		4 October 2016
Finance Director	Tomas Tumėnas		4 October 2016
Chief Accountant	Ramutė Masiokaitė		4 October 2016

(all amounts are in thousand euros unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

As at 30 June 2016 and as at 30 June 2015 the shareholders of the Company were:

	As at 30 June 2016		As at 30 June 2015	
	Number of shares held	**Percentage**	**Number of shares held**	**Percentage**
Akola ApS (Denmark)	100,269,646	63.09%	88,984,443	55.99%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank AS (Estonia) clients	10,367,627	6.52%	10,720,893	6.75%
SEB AS OMNIBUS (Luxembourg) clients	–	–	12,026,834	7.57%
Other shareholders (private and institutional investors)	31,253,130	19.66%	30,158,233	18.96%
Total	**158,940,398**	**100.00%**	**158,940,398**	**100.00%**

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each as at 30 June 2016 (EUR 0.29 each as at 30 June 2015) and were fully paid as at 30 June 2016 and as at 30 June 2015.

The Company holds 785,972 of its own shares, percentage 0.50%, as at 30 June 2016 (788,972 as at 30 June 2015). Subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2016 and as at 30 June 2015.

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

As at 30 June 2016 the number of employees of the Group was 2,261 (2,334 as at 30 June 2015).
As at 30 June 2016 and 30 June 2015 the number of employees of the Company was 9.

The Company's management approved these financial statements on 4 October 2016. The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of a new set of financial statements.

No changes in share capital occurred during the years ending 30 June 2016 and 30 June 2015, except for share capital value adjustment of EUR 61 thousand that occurred due to rounding the par value of share and approval of the new version of Company's bylaws.

2. ACCOUNTING PRINCIPLES

If not stated otherwise, the Company's separate financial statements are prepared using the same accounting policies as the ones used by the Group.

The principal accounting policies adopted in preparing the Group's financial statements for the year ended 30 June 2016 are as follows:

2.1 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for biological assets, commitments to purchase agricultural produce (unrecognized firm commitment), derivative financial instruments which have been measured at fair value.

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU).

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 July 2015:

Amendments to IAS 19 *Employee Benefits*
The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment addresses accounting for the employee contributions to a defined benefit plan. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group does not have any plans that fall within the scope of this amendment.

In December 2013 IASB issued the **Annual Improvements to IFRSs 2010 – 2012 Cycle** (effective for financial years beginning on or after 1 February 2015):

- IFRS 2 *Share-based Payment*;
- IFRS 3 *Business Combinations*;
- IFRS 8 *Operating Segments;*
- IFRS 13 *Fair value Measurement;*
- IAS 16 *Property, Plant and Equipment*;
- IAS 24 *Related Party Disclosures;*
- IAS 38 *Intangible Assets.*

Standards issued but not yet effective

The Group has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective:

Amendments to IAS 1 *Presentation of financial statements: Disclosure Initiative*

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The amendments are effective for annual periods beginning on or after 1 January 2016. The Group has not yet evaluated the impact of the implementation of this amendment to standard.

Amendments to IAS 16 *Property, Plant & Equipment* and IAS 38 *Intangible assets: Clarification of Acceptable Methods of Depreciation and Amortization*

The amendment is effective for annual periods beginning on or after 1 January 2016 and provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. It is clarified that a revenue-based method is not considered to reflect effective usage of an asset over the period of useful life. The implementation of this amendment will have no impact on the financial statements of the Group, as the Group does not use revenue-based depreciation and amortisation methods.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.1 BASIS OF PREPARATION (CONT'D)

Standards issued but not yet effective (cont')

Amendments to IAS 16 *Property, Plant & Equipment* and IAS 41 *Agriculture: Bearer Plants*

The amendment is effective for annual periods beginning on or after 1 January 2016. Bearer plants are now within the scope of IAS 16 Property, Plant and Equipment and are subject to all of the requirements therein. The implementation of this amendment will have no impact on the financial statements of the Group, as the Group does not have bearer plants.

Amendments to IAS 27 *Equity method in separate financial statements*

The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Company accounts for mentioned investments at cost minus impairment, thus the amendment will not have impact on Company's financial statements.

Amendment to IFRS 11 *Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations*

The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The implementation of this amendment will have no impact on the financial statements of the Group as the Group does not have joint arrangement agreements.

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative (*effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments improve information provided to users of financial statements about an entity's financing activities. Entities are required to disclose changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, for example, by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. The implementation of these amendments will not have any impact on the financial position or performance of the Group but may result in changes in disclosures.

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses (*effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments clarify how to account for deferred tax assets for unrealized losses on debt instruments measured at fair value. The Group has not yet evaluated the impact of the implementation of this amendment to standard.

IFRS 2: *Classification and Measurement of Share based Payment Transactions (Amendments) (*effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group has not yet evaluated the impact of the implementation of this amendment to standard.

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

IFRS 9 replaces IAS 39 and introduces new requirements for classification and measurement, impairment and hedge accounting. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 28 - *Investment Entities: Applying the consolidation exception (*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. The implementation of these amendments will not have impact on the financial position or performance of the Group as the Company is not an investment entity.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.1 BASIS OF PREPARATION (CONT'D)

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(*In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business and partial gain or loss is recognised when a transaction involves assets that do not constitute a business. The Group has not yet evaluated the impact of the implementation of these amendments to standards.

IFRS 15 *Revenue from Contracts with Customers* *(*effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 15: *Revenue from Contracts with Customers (Clarifications)* (effective for annual periods beginning on or after 1 January 2018, once endorsed by the EU).

The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The Group has not yet evaluated the impact of the implementation of this amendment to standard.

IFRS 16 *Leases* *(*effective for financial years beginning on or after 1 January 2019, once endorsed by the EU)

IFRS 16 replaces IAS 17 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting is substantially unchanged. The Group has not yet evaluated the impact of the implementation of this amendment to standard.

In September 2014 IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU):

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*
- IFRS 7 *Financial Instruments: Disclosures*
- IAS 19 *Employee Benefits*
- IAS 34 *Interim Financial Reporting*

The Group plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, euro (EUR). The functional currency of the Group companies operating in Lithuania is EUR. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position. Translation difference is presented under Other income and/or expenses caption in the Group's financial statements and under operating expenses caption in the Company's separate financial statements.

The assets and liabilities of foreign subsidiaries are translated into EUR at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on this translation are recognised in a separate component of equity. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other equity relating to that foreign operation is recognised in the statement of comprehensive income under Other income and/or expenses caption.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.3 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date, using consistent accounting policies.

Subsidiary is an entity directly or indirectly controlled by the Company. The Company controls an entity when it can or has a right to receive a variable returns from this relation and it can have impact on these returns due to the power to govern the entity to which the investment is made.

Subsidiaries are consolidated from the date from which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the statement of financial position and the statement of comprehensive income.

In the parent's separate financial statements investments into subsidiaries are accounted for using the cost method. The carrying value of investments is reduced to recognise an impairment loss of the value of the investments, such reduction being determined and made for each investment individually.

From 1 January 2010 losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through statement of comprehensive income.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.4 INVESTMENTS INTO ASSOCIATES

An associate is an entity in which the Group has significant influence. The Group recognises its interests in the associates applying the equity method. The financial statements of the associates are prepared for the same reporting year as the Group, using consistent accounting policies. Adjustments are made to bring in line any dissimilar accounting policies that may exist. Impairment assessment of investments into associates is performed when there is an indication that the asset may be impaired or the impairment losses recognised in prior years no longer exist.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. Currently the Group does not have any associates.

Investments into associates in the Company's separate financial statements are carried at cost less impairment.

2.5 INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the Company and the cost of asset can be measured reliably.

The useful lives of intangible assets can be either definite or indefinite.

After initial recognition intangible assets with finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

Intangible assets with indefinite lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from the indefinite to finite is made on a prospective basis.

Licenses

Amounts paid for licenses are capitalised and then amortised over their validity period of 3 - 4 years. Disclosed as other intangible assets in Note 5.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period of 3 - 4 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group expects from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following useful lives:

Buildings and structures	15–40 years
Machinery and equipment	4–15 years
Vehicles	4–10 years
Other property, plant and equipment	3–20 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised. Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and ready for the intended use.

2.7 INVESTMENT PROPERTY

Investment property is stated at cost less accumulated depreciation and is adjusted for recognised impairment loss.

The initial cost of investment property comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the investment property is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is calculated on the straight-line method to write-off the cost of each asset (except of land) to their residual values over their estimated useful life of 20 - 40 years.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Transfers to and from investment property are made when and only when there is an evidence of change in an asset's use.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.8 FINANCIAL ASSETS (EXCEPT FOR DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS)

According to IAS 39 *Financial Instruments: Recognition and Measurement* the Group's financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, or available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

The category of financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on investments held for trading are recognised in the statement of comprehensive income.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process. Currently the Group and the Company do not have any held-to-maturity investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with unrealised gains or losses (except for impairment and gain or losses from foreign currencies exchange) being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in the statement of comprehensive income. Where the fair value of the available for sale financial assets cannot be measured reliably, these assets are accounted for at cost. Currently the Group and the Company do not have any available-for-sale financial assets.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.9 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.10 BIOLOGICAL ASSETS

The Group's biological assets include animals and livestock, poultry and crops.

Animals and livestock are accounted for at fair value less costs to sell. The fair value of milking cows is measured using discounted cash flows method. Other livestock is measured at comparable market prices.

Poultry is accounted for at fair value less costs to sell. The fair value of poultry is measured based on future value of chickens/meat broilers/eggs less costs to maintain.

Crops are accounted for at fair value less costs to sell. The fair value of crops is measured at comparable market prices prices based on expected yield (level 3).

Agricultural produce harvested from an entity's biological assets is measured at its fair value less estimated costs to sell at the point of harvest. Such measurement is further the cost of inventories.

As at 30 June 2016 and 30 June 2015 the management of the Group treats all animals and livestock (excluding eggs and broilers) as non-current assets and all crops, eggs and broilers as current.

All changes in fair value of biological assets were accounted for under cost of sales caption in the statement of comprehensive income.

2.11 INVENTORIES

Inventories are valued at the lower of cost and net realisable value, after impairment evaluation for obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion and distribution. Cost of raw materials that are segregated for specific projects is determined using specific identification method; cost of other inventory is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory has been fully written-off.

Under inventories caption the Group also accounts for commitments to purchase agricultural produce (unrecognized firm commitment) (Note 2.15)

2.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flows statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term of three months or less.

Restricted cash held as a deposit for trading in the futures exchange is accounted as other current financial asset.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.13 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.14 FINANCIAL LIABILITIES

Interest bearing loans and borrowings

Borrowings are initially recognised at fair value of proceeds received less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, except for the accounting treatment of the capitalized part which is presented below.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Other borrowing costs are expensed as incurred. Borrowings are classified as non-current if the completion of a refinancing agreement before the reporting date provides evidence that the substance of the liability at the reporting date was non-current.

Factoring

A factoring transaction is a funding transaction where the Group transfers to the factor claim rights from a debtor for a determined reward. The Group alienates the rights to receivables due at a future date according to invoices. The Group's factoring transactions comprise factoring transactions with recourse (the factor is entitled to selling the overdue claim back to the Group). The factoring expenses comprise the lump-sum contract fee charged on the conclusion of the contract, commission fees charged for processing the invoices, and interest expenses depending on the duration of the payment term set by the debtor. Factored accounts receivable with recourse are recorded under current borrowings and trade receivables captions in the financial statements. The Group derecognises the borrowings and the trade receivables at the moment when the debtor settles the liability with the factor.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issue of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Trade liabilities

Trade liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such liabilities are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the trade liabilities are derecognised, as well as through the amortisation process.

2.15 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group engages in derivative financial instruments transactions, such as futures contracts, to hedge purchase and sale price fluctuation risk and interest rate swaps to hedge cash flows fluctuation risk. On the agreement date and subsequently derivative financial instruments are accounted for at fair value. Fair value is derived from quoted market prices for futures (level 1) and using valuation models for interest rate swaps (level 2 and 3). The estimated fair values of these contracts are reported in the statement of financial position as assets for contracts having a positive fair value and liabilities for contracts with a negative fair value. Gain or losses from changes in the fair value of derivative financial instruments are recognised in the statement of comprehensive income.

Other derivatives not used for hedge accounting are also accounted for at fair value (level 2 and 3 as described in note 2.26) with gain or losses from changes in the fair value recognised in the statement of comprehensive income.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.15 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D)

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

Fair value hedges

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or losses from re-measuring the hedging instrument to fair value is recognised immediately in the statement of comprehensive income. The hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income.

Any gains or losses arising from changes in the fair value of the hedging instruments, which do not qualify for hedge accounting, are taken directly to the statement of comprehensive income for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Cash flow hedges

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized initially as other comprehensive income in comprehensive income statement and the ineffective portion is recognized in the statement of comprehensive income (profit or loss). The gains or losses on effective cash flow hedges recognized initially in equity are either transferred to the statement of comprehensive income (profit or loss) in the period in which the hedged transaction impacts the statement of comprehensive income or included in the initial measurement of the cost of the related asset or liability.

For hedges, which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the statement of comprehensive income (profit or loss) for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in equity remains in equity until the forecasted transaction occurs. Where the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the statement of comprehensive income (profit or loss).

In year ended 30 June 2016 the Group has entered into interest swap agreement with a purpose to hedge itself against a possible fluctuation/increase of EURIBOR on the loan taken from a bank, i. e. effectively switching the interest into a fixed rate (Note 14).

2.16 FINANCE AND OPERATING LEASE OBLIGATIONS

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance lease – the Group as a lessee

Leases where the lessor transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. The Group recognises finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate implicit in the lease, when it is possible to determine it, in other cases, the Group's incremental interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets are not depreciated over the period longer than the lease term, unless the Group, according to the lease contract, gets transferred their ownership after the lease term is over.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.16 FINANCE AND OPERATING LEASE OBLIGATIONS (CONT'D)

Operating lease – the Group as a lessee

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Operating lease – the Group as a lessor

Assets leased out under operating leases are included in property, plant and equipment and investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment of the Group. Rental income is recognised on a straight-line basis over the lease term.

2.17 SHARE CAPITAL

Ordinary shares are stated at their par value. Any excess of the consideration received for the shares sold 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.

2.18 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group re-evaluates provisions at each reporting date and adjusts them in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Onerous contracts provision

Onerous contracts provision is recognised when the Group has a present obligation (legal or constructive) to purchase the goods from a third party in the future for a price higher than the market selling price at the reporting date or to sell the goods to a third party in the future for a price lower than the market purchase price at the reporting date. The difference between the value of the contract and its market price at the reporting date is charged to cost of sales in the statement of comprehensive income. Such accounting treatment of the Group's contracts is applied as long as these contracts have not been accounted for as derivatives (Note 2.27).

2.19 NON-CURRENT EMPLOYEE BENEFITS

According to the requirements of Lithuanian Labor Code, each employee leaving the Group at the age of retirement is entitled to a one-off payment in the amount of 2 months' salary. In addition employees of the Group are entitled to employment benefits which are approved by the Board of the Company.

Starting from 1 January 2013 after the amendments to IAS 19 became effective, the actuarial gains and losses are recognized in the statement of other comprehensive income.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred. Starting from 1 January 2013 after the amendments to IAS 19 became effective, the past service costs are recognized in the statement of comprehensive income as incurred.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognized in the statement of financial position and reflects the present value of these benefits on the date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognized in the statement of other comprehensive income as incurred.

(all amounts are in thousand euros unless otherwise stated)

2.ACCOUNTING PRINCIPLES (CONT'D)

2.20 GRANTS AND SUBSIDIES

Government grants and subsidies (hereinafter "grants") are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants received in the form of cash intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. The amount of the asset related grants is recognised as deferred income in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2.21 INCOME TAX

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and respective countries, where the Group companies are registered.

In the year ended 30 June 2016 and 30 June 2015 the standard income tax rate for the Group non-agricultural companies operating in Lithuania was – 15%.

Certain tax provisions are applicable to the agricultural entities: if the share of agricultural products supplied and services provided to the entities engaged in agricultural activities exceeded 50% of the total sales of the legal entities producing agricultural products and specialised service companies, these entities are subject to reduced income tax of 5%. The entities of the Group which are subject to reduced income tax rate are Šakiai district Lukšių ŽŪB, Sidabravo ŽŪB, Biržai district Medeikių ŽŪB, Panevėžys district Aukštadvario ŽŪB, Užupės ŽŪB, Kėdainiai district Labūnavos ŽŪB, Panevėžys district Žibartonys ŽŪB.

For companies operating in Lithuania tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments not designated for hedging. Starting from 1 January 2014 the transferable tax loss cannot cover more than 70% of the taxable profit of the current year. Such carrying forward is disrupted if the company changes its activities due to which these losses were incurred except when the company does not continue its activities due to reasons which do not depend on the company itself. The losses from disposal of securities and/or derivative financial instruments not designated for hedge (as described in note 14) can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. For companies operating in Latvia and Denmark tax losses can be carried forward for indefinite period.

Income tax for the foreign subsidiaries is accounted for according to tax legislation of those foreign countries. The standard income tax rates in the foreign countries are as follows:

	Financial year ended	
	30 June 2016	**30 June 2015**
Republic of Latvia	15%	15%
Republic of Estonia*	–	–
Kingdom of Denmark	22%	23.5%

**In Estonia, the taxation of profit of operating subsidiaries is deferred until the profit appropriation moment, i.e. payment of dividends. The dividends paid by the Group's companies in Estonia are taxed at the withholding tax rate of 20% as at 30 June 2016 (20% as at 30 June 2015).*

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.22 REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

The Group sells seeds, fertilizers and other related inputs to agricultural produce growers on the deferred payment terms until the harvest is taken and then receivable is paid or offset with harvested grain by the agricultural produce growers. The Group recognises the sale of inputs at the moment of transfer to agricultural produce growers as the risk and rewards are transferred at that moment while revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue from projects (i.e. customer specific contracts) based on the method of percentage of completion: completion percentage is estimated by the proportion of actual costs incurred to the total estimated costs of the project. Changes in profit rates are reflected in current earnings as identified. Contracts are reviewed regularly and in case of probable losses, provisions are recorded.

Revenue from services is recognised when services are rendered.

Interest income is recognised on an accrual basis (by using effective interest rate). Dividend income is recognised when dividends attributable to the Group are declared.

Revenue recognition gross versus net

If the Group is acting as the principal in the relationship between the supplier and the customer, the revenue is recognised on a gross basis, with the amount remitted to the supplier being accounted for as a cost of sale. However, if the Group is acting as an agent for the supplier in its relationship with the customer, only the net amount of commission retained is recognised as revenue.

Whether the Group is acting as principal or agent in the transaction with the customer is a matter of judgment that depends on the relevant facts and circumstances. However, the Group considers the following indicators of gross revenue recognition (i.e., indicators that the Group is acting as principal in the transaction with the customer):

- The Group is the primary obligor under the terms of the contracts;
- The Group bears any general and physical inventory risks;
- The Group is able to determine the sales price;
- The Group is able to change the product;
- The Group has discretion in supplier selection;
- The Group is involved in the determination of product or service specifications;
- The Group bears any credit risks.

2.23 EXPENSE RECOGNITION

Expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due to be paid, excluding VAT. In those cases when long period of payment is established and the interest is not distinguished, the amount of expenses is estimated by discounting the amount of payment using the market interest rate.

2.24 IMPAIRMENT OF ASSETS

Financial assets

Financial assets are reviewed for impairment at each reporting date.

For financial assets carried at amortised cost, whenever it is probable that the Group will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the statement of comprehensive income. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of comprehensive income. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

In relation to trade and other receivables, an allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.24 IMPAIRMENT OF ASSETS (CONT'D)

Other assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required (e.g. goodwill), the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by independent valuations, valuation multiples, or other available fair value indicators.

Impairment losses are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

2.25 SEGMENT INFORMATION

In these financial statements an operating segment means a constituent part of the Group participating in production of an individual product or provision of a service or a group of related products or services, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

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

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

In these financial statements information about geographical areas means a constituent part of the Group revenue from external customers attributed to the Group's country of domicile and attributed to all foreign countries in total from which the Group derives revenue and non-current assets other than financial assets and deferred tax assets located in the Group's country of domicile and located in all foreign countries in total in which the Group holds assets.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.26 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determine whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the Group's management at each reporting date. For the purpose of fair value disclosures, the Group and the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.27 USE OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies.

Significant accounting judgments

The significant areas of judgment used in the preparation of these financial statements are described as follows.

Determining control of Karčemos kooperatinė bendrovė

The Group indirectly controls approx. 24% of shares of Karčemos kooperatinė bendrovė (through Panevėžys district Žibartonių ŽŪB and UAB Linas Agro Grūdų centras KŪB), however, the Group has the ability to receive a variable returns from this investee and can have impact on these returns due to the power to govern the relevant activities of the entity to which the investment is made through contractual agreements. Therefore management of the Group has concluded that the Group has control of Karčemos kooperatinė bendrovė.

Accounting for trading contracts

Within grains and oilseeds as well as feedstuffs segments, the Group's activity is an agricultural goods intermediary (buying and selling different types of grain, oilseeds, rapeseed, etc.). The Group buys and sells agricultural goods at a fixed price for a specified delivery period in the future. The terms of the Group's contracts permit net settlement; however, in practice, contracts result in physical delivery, except for rapeseed extraction delivered on term FOB Neuss/Spyck. The Group acts as an intermediary by entering into purchase and sales contracts with producers and users of the agricultural goods, creating links within the value chain for the agricultural goods for a stable customer base, making profits from a distributor margin rather than from fluctuations in price or a broker traders' margin. As a result, the Group's purchases and sales contracts are entered into in accordance with the expected purchase and sale requirements and, therefore, have not been accounted for as derivatives within the scope of IAS 39, except for those contracts which are hedged (Note 2.15) and contracts concluded on terms FOB Neuss/Spyck which are usually net cash settled.

Receivables from agricultural produce growers and payments on agricultural produce growers' behalf

Within its agricultural inputs segment, the Group is engaged in selling fertilizers and plant protection products to agricultural produce growers as well as pays on behalf of agricultural produce growers to suppliers of seeds or directly pays to agricultural produce growers (Notes 11 and 12). The balances arising from these transactions are non-interest bearing and are generally settled within 120 - 360 days by delivering grain to the Group. These transactions constitute common arrangements in the industry, they are entered into between distributors and agricultural produce growers under similar terms, and usual settlement is by delivery of grain, as opposed to an unconditional right to receive cash; therefore, no discounting is performed on these balances. Trade receivables arising on sales of fertilizers and plant protection products are presented within trade receivables caption in the statement of financial position, while payments on behalf of agricultural produce growers, which do not derive from sales transactions, are presented as prepayments in the statement of financial position.

(all amounts are in thousand euros unless otherwise stated)

2.ACCOUNTING PRINCIPLES (CONT'D)

2.27 USE OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Significant accounting estimates

The significant areas of estimation used in the preparation of these financial statements relate to depreciation (Notes 2.6, 2.7, 5, 6 and 7), fair value estimation of biological assets (Notes 2.10 and 9), impairment evaluation (Notes 2.24, 2.27, 5, 6, 7, 8, 11, 12 and 13) and estimation of fair value of assets acquired and liabilities assumed in business combinations (Note 3). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of biological assets

As at 30 June 2016 and 30 June 2015 the Group did not have an independent appraisal of its biological assets. According to IFRS, such assets must be recorded at fair value. Biological assets consist of three groups: animals and livestock, poultry and crops which are accounted for at fair value less costs to sell (Note 2.10).

The fair value of biological assets of the Group is determined on a recurring basis. The management determines key assumption based on historical figures and the best estimate as at the reporting date. Applied unobservable assumptions are challenged on a regular basis and adjusted after back testing is performed. Other observable inputs used are based on publicly available sources (prices in the market). The management of the Group constantly analyses the changes in fair value and assesses what has the biggest influence on it – quantity produced, sales prices and etc.

Animals and livestock are valued in two ways: milking cows are valued using discounted cash flows method less costs to sell (level 3) and other groups of livestock at market prices less cost to sell at the reporting date (level 2). Crops are valued at market prices based on expected yield less costs to sell at the reporting date (level 3).

Poultry are valued in the following way:

Hatching chicken are valued based on the future value of the produced eggs less costs to maintain the chicken until end of its production period, slaughter costs as well as costs to sell at the reporting date (level 3).

Meat broilers are evaluated taking into account the average age of the chicken and its respective market value between the value range of day one and value at the moment of slaughtering the chicken (level 3).

Milking cows

The management of the Group decided to assess fair value of milking cows based on the discounted cash flows method because there is no active reliable market for such livestock and because this method is the most accurate estimation of the fair value of milking cows.

As at 30 June 2016 the key assumptions used to determine fair value of milking cows are the estimated milk selling price for the expected average productive life of a milking cow (EUR 0.28 for the year ending 30 June 2017 and EUR 0.28 for the year ending 30 June 2018) used to calculate the expected future cash inflows as well as pre-tax discount rate (10%). As at 30 June 2015 the key assumptions used to determine fair value of milking cows were the estimated milk selling price (EUR 0.3 for the year ending 30 June 2016 and EUR 0,28 for the year ending 30 June 2017) used to calculate the expected future cash inflows as well as pre-tax discount rate (7%).

The following table demonstrates the sensitivity of the fair value of milking cows to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2016		**30 June 2015**	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Milk price	+ 15%	2,247	+ 15%	2,061
Milk price	- 15%	(2,214)	- 15%	(2,179)
Discount rate	+ 1 p.p.	(47)	+ 1 p.p.	(59)
Discount rate	- 1 p.p.	48	- 1 p.p.	60

(all amounts are in thousand euros unless otherwise stated)

2.ACCOUNTING PRINCIPLES (CONT'D)

2.27 USE OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Valuation of biological assets (cont'd)

Crops

As at 30 June 2015 and 2016 the key assumptions used to determine fair value of crops are the estimated yield ranges depending on the type of crops (2.3 – 8.8 tones/ha for the year ending 30 June 2016 and 2.2 – 9 tones/ha for the year ending 30 June 2015) and the expected sales price, which was based on the estimated future grain and oilseeds sales price of the deliveries taking place September – December of the respective year.

The following table demonstrates the sensitivity of the fair value of crops to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2016		30 June 2015	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Yield	+ 5%	562	+ 5%	660
Yield	- 5%	(562)	- 5%	(660)
Price	+ 5%	422	+ 5%	560
Price	- 5%	(422)	- 5%	(560)

Poultry

As at 30 June 2016 and 2015 the main assumptions used to determine fair value of hatching chicken are the price of the incubation eggs (EUR 0.13-0.26 for the unit) which was estimated based on publicly available yearly average market price and the average number of hatching eggs produced per hatching chicken in the lifetime (151 units).

The following table demonstrates the sensitivity of the fair value of hatching chickens to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2016		30 June 2015	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Number of eggs per lifecycle/price of eggs	+ 5%	114	+ 5%	208
Number of eggs per lifecycle/price of eggs	- 5%	(109)	- 5%	(208)

As at 30 June 2016 and 2015 the main assumptions used to determine fair value of broilers are the market price of chickens (EUR 0.29-0.48 for 1 day old and EUR 1.80 for 36 days old) which was estimated based on actual purchases/sales taking place close to the 30 June 2016 and broiler weight of 2.19 kg as at 36 days old (as at 30 June 2015 – 2.13 kg as at 36 days old).

The following table demonstrates the sensitivity of the fair value of broilers to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2016		30 June 2015	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Weight	+ 5%	70	+ 5%	35
Weight	- 5%	(67)	- 5%	(41)
Price	+ 5%	70	+ 5%	43
Price	- 5%	(67)	- 5%	(43)

Impairment of property, plant and equipment (excluding land)

The Group makes an assessment, at least annually, whether there are any indications that property, plant and equipment have suffered impairment. If that is the case, the Group makes an impairment test. The recoverable amount of cash-generating units is determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

As at 30 June 2016 and 30 June 2015 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of property, plant and equipment to exceed its recoverable amount, except for the already impaired assets.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.27 USE OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Impairment of land (accounted for as property, plant and equipment and investment property)

The Group makes an assessment, at least annually, whether there are any indications that land accounted for as property, plant and equipment and investment property has suffered impairment. If that is the case, the Group makes an impairment test. The recoverable amount of land is determined as fair value less cost to sell based on comparable market prices for similar land provided by independent valuators.

As at 30 June 2016 and 30 June 2015 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of land to exceed its recoverable amount, except for the already impaired assets.

Impairment of the Company's investments

As at 30 June 2016 and 30 June 2015 the Company has investments in subsidiaries and associates. As at 30 June 2016 and 30 June 2015 the Company made an assessment of whether the value of the investments should be impaired. The recoverable amount of investment in AB Linas Agro was determined based on the value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that AB Linas Agro is not yet committed to or significant future investments that will enhance the asset base of the investee being tested.

As at 30 June 2016 and 30 June 2015 the recoverable amount of the investment into AB Linas Agro is most sensitive to the pre-tax discount rate (10.7% and 11.8% respectively) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (1.5% and 2%) used for extrapolation purposes.

The recoverable amount of investment into subsidiaries AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks was determined based on the value in use calculations that use a discounted cash flow model. The above mentioned subsidiaries were assessed as one cash generating unit. The cash flows are derived from the forecast for the next five years and a terminal value which was calculated with a terminal growth of 2% (2% as at 30 June 2015). As at 30 June 2016 and 2015 the recoverable amount of the investment into subsidiaries AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks is most sensitive to the pre-tax discount rate of 11.8% (14.1% as at 30 June 2015) which is used for the discounted cash flow model.

As at 30 June 2016 and 30 June 2015 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment into AB Linas Agro, AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks to exceed its recoverable amount.

Where necessary, the Company also performed an impairment test for other investments in subsidiaries and associates using comparable market prices method. According to the test performed, where required, as at 30 June 2016 and 30 June 2015 the Company accounted for impairment so as the carrying amount of the investments would not exceed their respective recoverable amounts (Note 3).

Impairment of goodwill

As further described in Note 3 below acquisition of SIA Paleo has resulted in provisional goodwill in amount of EUR 4,358 thousand recorded as at 30 June 2016. Allocation of goodwill to cash generating uint was not completed until the date of issuance of these finanacial statements, thus management of the Company has performed assessment whether there is an indication that Goodwill might be impaired. Per analysis perform no impairment indications were identified, therefero no detail provisional goodwill impairment test was performed.

2.28 CONTINGENCIES

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.29 SUBSEQUENT EVENTS

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

2.30 OFFSETTING

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except for the cases when certain IFRS specifically requires or allows such set-off.

Numbers in tables may vary as they are written in round figures up to one thousand euros. Such rounding variations are trivial for our financial reports.

(all amounts are in thousand euros unless otherwise stated)

3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As at 30 June 2016 and as at 30 June 2015 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2016	30 June 2015	30 June 2016	30 June 2015	
Investments into directly controlled subsidiaries						
AB Linas Agro	Lithuania	100%	100%	56,556	56,556	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	12,553	12,553	Management of the subsidiaries engaged in agriculture
UAB Dotnuva Baltic (previously named UAB Dotnuvos projektai)	Lithuania	100%	100%	10,688	10,688	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	341	341	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	704	704	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	439	439	Rent and management of agricultural purposes land
ŽŪB Landvesta 5*	Lithuania	100%	100%	507	–	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	100%	100%	511	433	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	638	553	Rent and management of agricultural purposes land
AS Putnu fabrika Kekava	Latvia	93.81%	96.47%	5,706	6,017	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	93.81%	96.47%	–	–	Retail trade of food production
SIA Lielzeltini	Latvia	100%	100%	5,854	5,854	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	100%	790	790	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	100%	47	47	Chicken breeding and sale
SIA Erfolg Group	Latvia	93.81%	96.47%	–	–	Not operating company
				95,334	**94,975**	

As at 30 June 2016 and 2015 shares of AS Putnu fabrika Kekava and SIA Lielzeltini which are held by the Company were pledged to banks as a collateral for the loans (Note 18).

(all amounts are in thousand euros unless otherwise stated)

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

	Place of registration	Effective share of The stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2016	30 June 2015	30 June 2016	30 June 2015	
Investments into indirectly controlled subsidiaries (through AB Linas Agro)						
SIA Linas Agro	Latvia	100%	100%	–	–	Wholesale trade of grains and oilseeds, agricultural inputs
UAB Gerera	Lithuania	100%	100%	–	–	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	–	–	Management services
UAB Linas Agro Grūdų Centras KŪB*	Lithuania	100%	100%	1,133	1,133	Preparation and warehousing of grains for trade
Linas Agro A/S	Denmark	100%	100%	–	–	Wholesale trade of grains and oilseeds, feedstuffs
ŽŪB Landvesta 3*	Lithuania	100%	100%	199	199	Rent and management of agricultural purposes land
ŽŪB Landvesta 4*	Lithuania	100%	100%	159	109	Rent and management of agricultural purposes land
ŽŪB Landvesta 5*	Lithuania	100%	100%	–	282	Rent and management of agricultural purposes land
ŽŪB Landvesta 6*	Lithuania	100%	100%	83	83	Rent and management of agricultural purposes land
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)						
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.49%	98.48%	–	–	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.34%	98.39%	–	–	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.80%	98.82%	–	–	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	97.65%	97.41%	–	–	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	95.21%	95.20%	–	–	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.60%	98.64%	–	–	Mixed agricultural activities
Užupės ŽŪB*	Lithuania	100%	100%	1	1	Rent and management of agricultural purposes land
UAB Paberžėlė	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
Panevėžys district Žibartonių ŽŪB*	Lithuania	99.89%	99.80%	1	1	Mixed agricultural activities
	Investments into associates			1,576	1,808	
	(Less) impairment			(57)	(57)	
				1,519	**1,751**	

** UAB Linas Agro Grūdų Centras KŪB, ŽŪB Landvesta 3, ŽŪB Landvesta 4, ŽŪB, ŽŪB Landvesta 6, Užupės ŽŪB and Panevėžys district Žibartonių ŽŪB are associates of the Company as at 30 June 2016 and 2015. ŽŪB Landvesta 5 was associate of the Company as at 30 June 2015.*

The respective share held directly by the Company did not changed as at 30 June 2016 and 2015 of UAB Linas Agro Grūdų Centras KŪB, ŽŪB Landvesta 3, ŽŪB Landvesta 4, ŽŪB, ŽŪB Landvesta 6, Užupės ŽŪB, Panevėžys district Žibartonių ŽŪB and was 24.7%; 13.91%; 19.77%; 15.51%; 0.05%; 0.1%, respectively.

The respective share held directly by the Company as at 30 June 2016 and 2015 of ŽŪB Landvesta 5 was 56% and 41.48%, respectively.

(all amounts are in thousand euros unless otherwise stated)

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

	Place of regist-ration	Effective share of the stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2016	30 June 2015	30 June 2016	30 June 2015	
Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic (previously named UAB Dotnuvos projektai))						
SIA Dotnuva Baltic (previously named SIA Dotnuvos projektai)	Latvia	100%	100%	–	–	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuvos Baltic (previously named AS Dotnuvos projektai)	Estonia	100%	100%	–	–	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos Technika	Lithuania	100%	100%	–	–	Not operating company
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)						
Karčemos Kooperatinė Bendrovė	Lithuania	20%*	20%*	–	–	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu Centrs	Latvia	100%	100%	–	–	Preparation and warehousing of grains for trade
SIA Paleo	Latvia	100%	–	–	–	Warehousing activity
Investments into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)						
Karčemos kooperatinė bendrovė	Lithuania	4.00%*	3.98%*	–	–	Preparation and warehousing of grains for trade

** The Group indirectly controls 24% of shares of Karčemos kooperatinė bendrovė (through Panevėžys district Žibartonių ŽŪB and UAB Linas Agro Grūdų centras KŪB), however, the Group has control over this entity (Note 2.27) and, therefore, it has been consolidated when preparing these financial statements.*

(all amounts are in thousand euros unless otherwise stated)

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

Changes in the Group during the 12 month period ended 30 June 2016

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

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

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

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

Acquisition of SIA Paleo

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

As at acquisition date SIA Paleo did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represents its fair value. Revenue and profit or loss since acquisition date and from the beginning of the annual reporting period are not disclosed as they are not material to the financial statements.

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

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

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

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

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

Changes in the Group during the 12 month period ended 30 June 2015

On 1 July 2014 share capital of AS Putnu fabrika Kekava was increased from EUR 12,769 thousand to EUR 18,947 thousand by capitalization of payable amounts of AB Linas Agro Group and SIA Lielzeltini. The rest non-controlling shareholders didn't participate in the increasing of share capital, part of the shares owned by the Group increased from 84.36% to 89.46%. The difference of EUR 615 thousand gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

On 27 October 2014 AS Putnu fabrika Kekava acquired 100% of shares of SIA Erfolg Group. SIA Erfolg Group is not engaged in any business activity ant its assets are not material to the financial statements.

During 12 month period, ended 30 June 2015, the Company additionally acquired 7.01% AS Putnu fabrika Kekava share capital for EUR 783 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 20 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

The effective share of SIA PFK Trader held by the Group increased during 12 month period, ended 30 June 2015, due to acquisitions of AS Putnu fabrika Kekava shares which has 100% ownership of SIA PFK Trader.

During 12 month period, ended 30 June 2015, the Group acquired 1.80% Sidabravo ŽŪB share capital for EUR 13 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 60 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

The Group acquired 0.49% Panevėžys district Aukštadvario ŽŪB share capital for EUR 1 thousand. The difference of EUR 12 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

Also the Group acquired 0.2% ŽŪK Kupiškio grūdai share capital for EUR 4 thousand from the minority shareholders. The consideration transferred was equal to the carrying value of interest acquired.

During 12 month period, ended 30 June 2015, UAB Fossio, not operating entity, was merged into UAB Linas Agro Grūdų Centras.

During 12 month period, ended 30 June 2015, the Group sold 15.97% minority interest in Karčemos kooperatinė bendrovė for EUR 86 thousand. The consideration received was equal to the carrying value of interest sold.

During 12 month period, ended 30 June 2015, the Company increased share capital of UAB Linas Agro Konsultacijos, UAB Lineliai, Noreikiškių ŽŪB, ŽŪB Landvesta 2 in amount of EUR 1,425 thousand, EUR 87 thousand, EUR 73 thousand, EUR 7 thousand, respectively. The share capital of UAB Linas Agro Konsultacijos was increased by capitalization of the granted loan, interest receivable.

(all amounts are in thousand euros unless otherwise stated)

4. SEGMENT INFORMATION

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

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

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

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

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

Group **Financial year ended 30 June 2016**	**Grain and feedstuff handling and merchandising**	**Products and services for farming**	**Agricultural production**	**Food products**	**Other products and services**	**Not attributed to any specified segment**	**Adjustments and elimina-tions**	**Total**
Revenue								
Third parties	382,388	158,399	15,084	60,334	(246)	–	–	615,959
Intersegment	4,518	9,672	12,069	–	–	–	(26,259)[1)]	–
Total revenue	**386,906**	**168,071**	**27,153**	**60,334**	**(246)**	**–**	**(26,259)[1)]**	**615,959**
Results								
Operating expenses[6)]	(6,867)	(13,585)	(2,896)	(5,824)	(24)	(4,378)	–	(33,574)
Depreciation and amortisation	(2,431)	(1,554)	(1,579)	(3,996)	(21)	(66)	–	(9,647)
Write-off bad debts and change in provisions for doubtful debts	(3)	362	–	(108)	–	–	–	251
Reversal of impairment of property, plant and equipment	–	–	58	–	–	–	–	58
Impairment of investment property	–	(51)	–	–	–	–	–	(51)
Segment operating profit (loss)	**9,617**	**2,816**	**758**	**(1,246)**	**(176)**	**(4,537)**	**–**	**7,232**
Assets								
Capital expenditure[2)]	1,938	6,988	3,958	9,358	–	64	–	22,306
Non-current assets (excluding investments into associates)	27,034	17,587	33,726	42,630	2,291	6,061[3)]	–	129,329
Current assets	21,894	135,995	19,400	14,822	568	10,075[4)]	–	202,754
Total assets	**48,928**	**153,582**	**53,126**	**57,452**	**2,859**	**16,136**	–	**332,083**
Current liabilities	20,826	83,124	2,334	18,030	364	17,995[5)]	–	142,673

(all amounts are in thousand euros unless otherwise stated)

4. SEGMENT INFORMATION (CONT'D)

Group **Financial year ended 30 June 2015**	**Grain and feedstuff handling and merchandising**	**Products and services for farming**	**Agricultural production**	**Food products**	**Other products and services**	**Not attributed to any specified segment**	**Adjustments and elimina-tions**	**Total**
Revenue								
Third parties	381,172	117,129	14,904	60,540	21	–	–	573,766
Intersegment	7,141	8,247	10,249	1,640	–	–	(27,277)[1)]	–
Total revenue	**388,313**	**125,376**	**25,153**	**62,180**	**21**	**–**	**(27,277)[1)]**	**573,766**
Results								
Operating expenses[6)]	(6,536)	(11,521)	(2,694)	(6,892)	–	(3,244)	–	(30,887)
Depreciation and amortisation	(2,188)	(1,358)	(1,704)	(3,190)	–	(59)	–	(8,499)
Write-off bad debts and provisions for doubtful debts	–	(736)	–	(16)	(1)	–	–	(753)
Impairment of property, plant and equipment	–	–	25	–	–	–	–	25
Segment operating profit (loss)	**7,484**	**965**	**3,532**	**3,193**	**97**	**(2,934)**	**–**	**12,337**
Assets								
Capital expenditure[2)]	5,002	2,756	3,214	2,561	–	220	–	13,753
Non-current assets (excluding investments into associates)	29,384	11,604	32,986	39,206	1,116	4,518[3)]	–	118,814
Current assets	25,108	120,195	21,419	16,823	40	13,311[4)]	–	196,896
Total assets	**54,492**	**131,799**	**54,405**	**56,029**	**1,156**	**17,829**	–	**315,710**
Current liabilities	21,305	75,108	2,299	6,875	61	18,155[5)]	–	123,803

1) Intersegment revenue are eliminated on consolidation.
2) Capital expenditure consists of additions of intangible assets, property, plant and equipment and investment property.
3) The amount includes not rented investment property, part of property, plant and equipment, other investments, prepayments for financial assets, non-current loans receivable from related parties, non-current loans receivable from employees and deferred income tax asset.
4) The amount includes current loans receivable from related parties, part of other accounts receivable (excluding receivable from National Paying Agency), restricted cash, cash and cash equivalents.
5) As at 30 June 2016 and 2015 the amount mainly includes income and other taxes payable, current payables to and current loans payable to related parties, and part of borrowings, which are managed on the Group basis.
6) The operating expenses of administration, management departments are shown in Not attributed to any specified segment. The operating expenses of agricultural department are shown in the following order: ½ share in Grain and feedstuff handling and merchandising segment, the rest share in Products and services for farming.

(all amounts are in thousand euros unless otherwise stated)

4. SEGMENT INFORMATION (CONT'D)

Sales / Income includes:

	Group		Company	
	Financial year ended			
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Sales of goods	608,662	565,483	–	–
Sales of services	7,297	8,283	155	623
Dividends from subsidiaries	–	–	3,974	4,200
Rental income from investment and other property	–	–	56	56
Dividends from associates	–	–	908	–
Other	–	–	–	333
	615,959	**573,766**	**5,093**	**5,212**

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

	Group	
	12 month period ended	
Revenue from external customers	**30 June 2016**	**30 June 2015**
Lithuania	188,138	143,218
Europe (except for Scandinavian countries, CIS and Lithuania)	203,886	189,151
Scandinavian countries	59,849	95,646
Africa	54,905	18,671
Asia	97,806	114,731
CIS	11,375	12,349
	615,959	**573,766**

Revenue from largest customer amounted to EUR 40,805 thousand for the year ended 30 June 2016. Revenue from largest customer amounted to EUR 54,392 thousand for the year ended 30 June 2015. Sales for largest customers are accounted for under grain and feedstuff handling and merchandising caption of business segments as at 30 June 2016 and 2015.

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

Non-current assets	Group	
	As at 30 June 2016	**As at 30 June 2015**
Lithuania	65,006	61,842
Latvia	49,245	43,310
Estonia	1,406	1,474
Denmark	5	11
	115,662	**106,637**

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

(all amounts are in thousand euros unless otherwise stated)

5. INTANGIBLE ASSETS

Group	Software	Other intangible assets	Provisional goodwill	Total
Cost:				
Balance as at 30 June 2014	732	96	-	828
Additions	75	534	-	609
Write-offs	(3)	(17)	-	(20)
Balance as at 30 June 2015	804	613	-	1,417
Additions	22	70	-	92
Acquisition of subsidiaries (Note 3)	-	-	4,358	4,358
Write-offs	(21)	(15)	-	(36)
Transfers to property, plant and equipment	-	(391)	-	(391)
Reclassifications	115	(115)	-	-
Balance as at 30 June 2016	920	162	4,358	5,440
Accumulated amortization:				
Balance as at 30 June 2014	439	23	-	462
Charge for the year	56	18	-	74
Write-offs	(3)	(17)	-	(20)
Balance as at 30 June 2015	492	24	-	516
Charge for the year	66	27	-	93
Write-offs	(19)	(15)	-	(34)
Reclassifications	15	(15)	-	-
Balance as at 30 June 2016	554	21	-	575
Net book value as at 30 June 2016	**366**	**141**	**4,358**	**4,865**
Net book value as at 30 June 2015	**312**	**589**	**-**	**901**
Net book value as at 30 June 2014	**293**	**73**	**-**	**366**

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

Part of the intangible assets of the Group with the acquisition value of EUR 299 thousand as at 30 June 2016 was fully amortized (EUR 483 thousand as at 30 June 2015) but was still in active use.

(all amounts are in thousand euros unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as at 30 June 2014	13,196	77,228	34,906	4,884	5,061	1,779	137,054
Additions	47	1,340	3,391	666	872	6,725	13,041
Disposals and write-offs	(9)	(201)	(866)	(566)	(321)	(25)	(1,988)
Transfers from investment property	107	–	–	–	–	–	107
Reclassifications	4	2,121	656	–	(11)	(2,770)	–
Balance as at 30 June 2015	13,345	80,488	38,087	4,984	5,601	5,709	148,214
Additions	797	735	9,306	760	372	5,670	17,640
Acquisition of subsidiaries (Note 3)	110	40	40	23	3	-	216
Disposals and write-offs	(471)	(1,313)	(2,722)	(392)	(882)	(45)	(5,825)
Transfers from investment property	–	146	–	–	–	–	146
Transfers to investment property	(22)	–	–	–	–	–	(22)
Transfers from intangible assets	391	–	–	–	–	–	391
Reclassifications	–	4,711	1,522	(5)	16	(6,243)	1
Balance as at 30 June 2016	14,150	84,807	46,233	5,370	5,110	5,091	160,761
Accumulated depreciation:							
Balance as at 30 June 2014	–	15,216	14,855	1,990	2,619	–	34,680
Charge for the year	–	5,156	3,345	850	795	–	10,146
Disposals and write-offs	–	(76)	(443)	(464)	(309)	–	(1,292)
Reclassifications	–	–	6	–	(6)	–	–
Balance as at 30 June 2015	–	20,296	17,763	2,376	3,099	–	43,534
Charge for the year	7	5,587	4,158	797	813	–	11,362
Disposals and write-offs	(4)	(993)	(1,783)	(355)	(867)	–	(4,002)
Transfers from investment property	–	20	–	–	–	–	20
Balance as at 30 June 2016	3	24,910	20,138	2,818	3,045	–	50,914
Impairment losses:							
Balance as at 30 June 2014	46	434	11	–	1	–	492
(Reversal) charge for the year	(25)	–	–	–	–	–	(25)
Balance as at 30 June 2015	21	434	11	–	1	–	467
(Reversal) charge for the year	(21)	(35)	(1)	–	(1)	–	(58)
Balance as at 30 June 2016	–	399	10	–	–	–	409
Net book value as at 30 June 2016	**14,147**	**59,498**	**26,085**	**2,552**	**2,065**	**5,091**	**109,438**
Net book value as at 30 June 2015	**13,324**	**59,758**	**20,313**	**2,608**	**2,501**	**5,709**	**104,213**
Net book value as at 30 June 2014	**13,150**	**61,578**	**20,040**	**2,894**	**2,441**	**1,779**	**101,882**

(all amounts are in thousand euros unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's depreciation charge for the years ended 30 June 2016 and 30 June 2015 was included into the following captions:

	Financial year ended	
	30 June 2016	**30 June 2015**
Cost of sales	8,690	7,554
Operating expenses	1,635	1,649
Other expenses	76	106
Raw materials and other inventories	276	152
Biological assets	685	685
	11,362	**10,146**

Depreciation amount was decreased in the statement of comprehensive income by EUR 856 thousand for the year ended 30 June 2016 (EUR 879 thousand for the year ended 30 June 2015) by the amortisation of grants received by the Group (Note 17).

As at 30 June 2016 part of property, plant and equipment of the Group with the net book value of EUR 89,430 thousand (EUR 75,782 thousand as at 30 June 2015), was pledged to banks as a collateral for the loans (Note 18).

Part of property, plant and equipment with the acquisition cost of EUR 16,526 thousand was fully depreciated as at 30 June 2016 (EUR 17,370 thousand as at 30 June 2015), but was still in active use.

(all amounts are in thousand euros unless otherwise stated)

7. INVESTMENT PROPERTY

Investment property of the Group consists of land and buildings leased out under the operating lease which generates lease income and land and buildings which were not used in the Group's activities as at 30 June 2016.

Cost:	**Land**	**Buildings**	**Total**
Balance as at 30 June 2014	1,431	177	1,608
Additions	5	98	103
Disposals and write-offs	(16)	–	(16)
Transfers to property, plant and equipment	(107)	–	(107)
Balance as at 30 June 2015	1,313	275	1,588
Disposals and write-offs	–	(10)	(10)
Transfers to property, plant and equipment	–	(146)	(146)
Transfers from property, plant and equipment	22	–	22
Balance as at 30 June 2016	1,335	119	1,454
Accumulated depreciation:			
Balance as at 30 June 2014	–	49	49
Charge for the year	–	16	16
Balance as at 30 June 2015	–	65	65
Charge for the year	–	9	9
Disposals and write-offs	–	(10)	(10)
Transfers to investment property	–	(20)	(20)
Balance as at 30 June 2016	–	44	44
Impairment losses:			
Balance as at 30 June 2014	–	–	–
Balance as at 30 June 2015	–	–	–
Charge for the year	51	–	51
Balance as at 30 June 2016	51	–	51
Net book value as at 30 June 2016	**1,284**	**75**	**1,359**
Net book value as at 30 June 2015	**1,313**	**210**	**1,523**
Net book value as at 30 June 2014	**1,431**	**128**	**1,559**

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

(all amounts are in thousand euros unless otherwise stated)

7. INVESTMENT PROPERTY (CONT'D)

As at 30 June 2016 part of investment property of the Group with the net book value of EUR 787 thousand (EUR 1,356 thousand as at 30 June 2015), was pledged to banks as a collateral for the loans (Note 18). As at 30 June 2016 and 30 June 2015 the Company has pledged all its investment property to the bank as collateral for the loan received by its subsidiary AB Linas Agro (Note 18).

As at 30 June 2016 part of investment property of the Group and the Company with the net book value of EUR 113 thousand and EUR 0, respectively (EUR 48 thousand and EUR 34 thousand, respectively as at 30 June 2015) was not used in the Group's and the Company's activities.

Fair value of the Group's and the Company's investment property as at 30 June 2016 is EUR 3,851 thousand and EUR 495 thousand, respectively (as at 30 June 2015 EUR 3,547 thousand and EUR 495 thousand, respectively). Fair value has been determined based on valuations performed by independent valuators at near reporting date using the comparable prices method (Level 2).

8. NON-CURRENT RECEIVABLES

	Group		Company	
	As at 30 June 2016	**As at 30 June 2015**	**As at 30 June 2016**	**As at 30 June 2015**
Trade receivables from agricultural produce growers due after one year	1,185	9	–	–
Other trade receivables*	1,483	–	–	–
Loans receivable from related parties after one year (Note 31)	800	1,175	9,514	6,468
Loans receivable after one year	2,325	2,113	1,108	647
Other non-current receivable	38	22	–	–
Loans to employees	45	49	–	–
Less: allowance for doubtful non-current receivables	(1,089)	(1,290)	–	–
	4,787	**2,078**	**10,622**	**7,115**

** Other trade receivables mainly comprise of receivable for sold lignin which is presented as current receivable as at 30 June 2015 (Note 12).*

Movements in the allowance for impairment of the Group's non-current receivables were as follows:

	Individually impaired
Balance as at 30 June 2014	–
Transferred from other accounts receivables	1,290
Balance as at 30 June 2015	1,290
Reversed during the year	(201)
Balance as at 30 June 2016	1,089

The Company's non-current receivables as at 30 June 2016 and 30 June 2015 are neither past due nor impaired.

The ageing analysis of the Group's non-current receivables as at 30 June 2016 and 30 June 2015 is as follows:

	Non-current receivables neither past due nor impaired	**Past due but not impaired**				**Total**
		Less than 90 days	**91 - 180 days**	**180 - 270 days**	**More than 271 days**	
2015	2,078	–	–	–	–	2,078
2016	4,787	–	–	–	–	4,787

(all amounts are in thousand euros unless otherwise stated)

9. BIOLOGICAL ASSETS

Fair value of the Group's animals and livestock:

	Milking cows (level 3)	Heifers (level 2)	Bulls and fattening cattle (level 2)	Horses (level 2)	Poultry (level 3)	Total animals and livestock
Fair value as at 30 June 2014	**3,371**	**2,040**	**801**	**1**	**3,043**	**9,256**
Acquisition	–	157	33	–	5,755	5,945
Births	–	95	134	–	471	700
Makeweight	2	1,662	1,024	–	33,053	35,741
Transfers between groups	698	(1,634)	936	–	–	–
Disposals	(227)	(366)	(1,873)	–	(38,019)	(40,485)
Write-offs and falls	(75)	(23)	(20)	–	(954)	(1,072)
Change in fair value of biological assets (Note 23)	74	–	(125)	–	90	39
Fair value as at 30 June 2015	**3,843**	**1,931**	**910**	**1**	**3,439**	**10,124**
Acquisition	–	10	–	–	5,692	5,702
Births	–	105	149	–	108	362
Makeweight	5	1,850	1,067	–	33,541	36,463
Transfers between groups	598	(1,608)	1,010	–	–	–
Disposals	(275)	(193)	(1,978)	–	(38,747)	(41,193)
Write-offs and falls	(93)	(21)	(23)	–	(703)	(840)
Change in fair value of biological assets (Note 23)	(489)	–	(73)	–	(720)	(1,282)
Fair value as at 30 June 2016	**3,589**	**2,074**	**1,062**	**1**	**2,610**	**9,336**

As at 30 June 2016 part of poultry (hatching chickens) amounting to EUR 852 thousand is disclosed as non-current asset (EUR 1,442 thousand as at 30 June 2015).

Quantity according to biological assets group:	Milking cows (level 3)	Heifers (level 2)	Bulls and fattening cattle (level 2)	Horses (level 2)	Poultry (level 3)	Total animals and livestock
As at 30 June 2016	3,201	3,122	1,967	3	1,791,476	1,799,769
As at 30 June 2015	3,209	2,921	1,873	5	1,915,343	1,923,351
Output according to biological assets group for the year ended (t) (unaudited):						
As at 30 June 2016	30,162	565	829	–	36,851	68,407
As at 30 June 2015	26,985	542	730	–	30,732	58,989

(all amounts are in thousand euros unless otherwise stated)

9. BIOLOGICAL ASSETS (CONT'D)

Fair value of the Group's crops (level 3):

	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
Fair value as at 30 June 2014	3,314	6,794	2,680	1,431	14,219
Additions	5,782	4,606	2,944	2,170	15,502
Transfers between groups	–	(53)	–	53	–
Harvested assets	(4,229)	(7,864)	(3,487)	(2,278)	(17,858)
Fair value adjustment on biological assets (Note 23)	1,638	1,218	733	(16)	3,573
Fair value as at 30 June 2015	6,505	4,701	2,870	1,360	15,436
Additions	6,603	4,121	2,720	2,172	15,616
Transfers between groups	(6)	145	(67)	(73)	-1
Harvested assets	(7,712)	(5,480)	(3,242)	(1,926)	(18,360)
Fair value adjustment on biological assets (Note 23)	(13)	835	342	(42)	1,122
Fair value as at 30 June 2016	5,377	4,322	2,623	1,491	13,813

Crops under groups:	**Winter cultures**	**Summer cultures**	**Rapeseeds**	**Feeding cultures**	**Total crops**
Total sowed (ha) as at 30 June 2015	6,460	5,474	2,232	2,653	16,819
Total sowed (ha) as at 30 June 2016	6,529	5,306	2,338	2,698	16,871
Harvested crops under groups (unaudited):					
Total harvest for the year ended 30 June 2015 (t)	22,911	45,321	9,749	89,045	167,026
Total harvest for the year ended 30 June 2016 (t)	43,309	31,837	9,137	68,232	152,515

During the years ended 30 June 2016 and 2015 there were no transfers between the different levels of fair value hierarchy.

As at 30 June 2016 part of animals and livestock of the Group with the carrying value of EUR 1,800 thousand (EUR 6,152 thousand as at 30 June 2015) was pledged to banks as a collateral for the loans (Note 18).

(all amounts are in thousand euros unless otherwise stated)

10. INVENTORIES

	Group	
	As at 30 June 2016	**As at 30 June 2015**
Purchased goods for resale	63,070	49,814
Raw materials and other inventories	11,000	6,955
Commitments to purchase agricultural produce (Note 14)	(457)	331
Less: net realisable value allowance	(1,661)	(685)
	71,952	**56,415**

The carrying value of the Group's inventories accounted for at net realizable value as at 30 June 2016 amounted to EUR 9,090 thousand (EUR 4,356 thousand as at 30 June 2015). The amount of write-down of inventories to net realizable value recognized as an expense in the year ended 30 June 2016 is EUR 976 thousand (EUR 302 thousand in the year ended 30 June 2015), and is recognized in cost of sales of the statement of comprehensive income.

As at 30 June 2016 part of inventories of the Group with the carrying value of EUR 62,165 thousand (EUR 31,017 thousand as at 30 June 2015) was pledged to banks as collateral for the loans (Note 18).

11. PREPAYMENTS

	Group	
	As at 30 June 2016	**As at 30 June 2015**
Prepayments to agricultural produce growers	571	569
Prepayments to other suppliers	6,045	8,160
Less: allowance for doubtful prepayments to other suppliers	–	–
	6,616	**8,729**

During year ended 30 June 2016 and 30 June 2015, prepayments were made directly to agricultural produce growers of production and others. These payments are non-interest bearing and are generally collectible from the agricultural produce growers within 120 - 360 days by delivering grain to the Group.

(all amounts are in thousand euros unless otherwise stated)

12. TRADE RECEIVABLES

	Group	
	As at 30 June 2016	**As at 30 June 2015**
Trade receivables from agricultural produce growers	80,502	39,060
Trade receivables from other customers	16,227	61,007
Less: allowance for doubtful trade receivables	(3,309)	(3,367)
	93,420	**96,700**

Change in trade receivables balances occurred due to changes in Group's business environment.

As at 30 June 2016 the Group holds lignin as a collateral for the part of trade receivables (total amounting to EUR 1,871 thousand, part of which is accounted for as non current receivable) which could be sold or repledged if the debtor defaulted. The fair value of the collateral amounts to EUR 1,826 thousand (level 3). There are no significant terms and conditions associated with the use of collateral.

Changes in allowance for trade receivables for the years ended 30 June 2016 and 30 June 2015 were included into operating expenses in the statement of comprehensive income.

Trade receivables from other customers are non-interest bearing and are generally collectible on 30–90 days term. Trade receivables from agricultural produce growers are non-interest bearing and are generally settled within 120–360 days by delivering grain to the Group.

As at 30 June 2016 the Group's trade receivables with the nominal value of EUR 2,914 thousand (EUR 969 thousand as at 30 June 2015) were impaired and fully provided for.

Movements in the allowance for impairment of the Group's trade receivables were as follows:

	Individually impaired
Balance as at 30 June 2014	3,986
Charge for the year	603
Reversed during the year	(25)
Written-off during the year	(1,197)
Balance as at 30 June 2015	3,367
Charge for the year	139
Reversed during the year	(189)
Written-off during the year	(8)
Balance as at 30 June 2016	3,309

The ageing analysis of the Group's trade receivables as at 30 June 2016 and 30 June 2015 is as follows:

	Trade receivables neither past due nor impaired	**Past due but not impaired**				**Total**
		Less than 90 days	**91 - 180 days**	**180 - 270 days**	**More than 271 days**	
2015	88,522	6,902	708	117	451	96,700
2016	86,502	5,705	305	400	508	93,420

As at 30 June 2016 the Group transferred rights to part of its trade receivables with the value of EUR 83,234 thousand (EUR 87,274 thousand as at 30 June 2015) to banks as collateral for the loans (Note 18). Factorised trade receivables in the amount of EUR 0 thousand as at 30 June 2016 (EUR 6,944 thousand as at 30 June 2015) are included in aggregate amount of collateral for the loans.

(all amounts are in thousand euros unless otherwise stated)

13. OTHER ACCOUNTS RECEIVABLE

	Group	
Financial assets	**As at 30 June 2016**	**As at 30 June 2015**
National Paying Agency	2,039	1,858
Loans receivable	635	2,738
Loans granted to the Group employees	89	33
Interest receivable	99	146
Accrued income	679	751
Receivable for assets held for sale	88	134
Other receivables	570	3,050
Less: allowance for doubtful loans receivable	(172)	(514)
	4,027	**8,196**
Non-financial assets		
VAT receivable	1,003	1,253
Other recoverable taxes	114	51
	1,117	1,304
	5,144	**9,500**

Changes in allowance for other accounts receivables for the years ended 30 June 2016 and 2015 were included into operating expenses in the statement of comprehensive income.

Movements in the allowance for impairment of the Group's other accounts receivable were as follows:

	Individually impaired
Balance as at 30 June 2014	1,652
Charge for the year	232
Transferred to non-current receivables (Note 8)	(1,290)
Written-off during the year	(80)
Balance as at 30 June 2015	514
Charge for the year	–
Written-off during the year	(342)
Balance as at 30 June 2016	172

The ageing analysis of the Group's other receivables (except for non-financial assets) as at 30 June 2016 and 30 June 2015 is as follows:

	Other accounts receivable neither past due nor impaired	**Past due but not impaired**				**Total**
		Less than 90 days	**91 - 180 days**	**181 - 270 days**	**More than 271 days**	
2015	5,659	2,490	46	1	–	8,196
2016	3,717	133	32	116	29	4,027

(all amounts are in thousand euros unless otherwise stated)

14. OTHER CURRENT FINANCIAL ASSETS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses the hierarchy described in Note 2.26 for determining and disclosing the fair value of financial instruments by valuation technique:

			Group	
			As at 30 June 2016	**As at 30 June 2015**
Derivative financial instruments				
Derivative financial instruments used to hedge the price risk (current portion) – assets (liabilities)	Level 1	a)	664	(490)
Derivative financial instruments used to hedge the interest risk (current portion) – assets (liabilities)	Level 2	b)	(60)	–
Derivative financial instruments used to hedge the interest risk (long term portion) – assets (liabilities)	Level 2	b)	(120)	–
Foreign exchange forward and swap contracts	Level 2		47	79
Other derivative financial instruments	Level 2		-	(91)
			531	(502)
Other financial assets				
Other	Level 3		16	–
Restricted cash		c)	889	440
			905	440

The Company concludes forward agreements (with fixed price) with Lithuanian and Latvian agricultural production growers for purchase/sale of agricultural produce. For part of such agreements the Company does not have agreed sales/purchases contracts with fixed price. As at 30 June 2016 to hedge the arising risk of price fluctuations for the total amount of such unutilised purchase or sales commitments the Company concluded futures contracts that are traded on NYSE Euronext Paris SA exchange.

a) Derivative financial instruments used to hedge the price risk were attributed to the category of fair value hedge. As at 30 June 2016 the fair value of such futures contracts was equal to EUR 664 thousand of profit (EUR 490 thousand of loss as at 30 June 2015). These results are accounted for in cost of sales in the statement of comprehensive income. Hedged item (commitments to purchase agricultural produce) of EUR 457 thousand of loss (EUR 331 thousand of gain as at 30 June 2015) is accounted for as inventories (Note 10) in the statement of financial position and in cost of sales in the statement of comprehensive income by netting with gain and losses arising from the hedge instrument. Derivative financial instruments used for trading are accounted in other income (expenses).

b) Derivative financial instruments used to hedge interest rate fluctuation risk were attributed to the category of cash flow hedge. As at 30 June 2016 the Company had an interest rate swap agreement. As at 2 March 2016 the Company signed the interest rate swap agreement for a nominal of EUR 20,000 thousand, for the period of 4 March 2016 – 4 March 2019. The Company pays 0 % fixed interest rate and receives fluctuating EURIBOR interest for the amount set per agreement. The interest rate swap is used to hedge market interest rate fluctuations and secure cash flow used for credit line repayments (Note 18).

The fair value of derivative financial instrument is determined at each financial statement date. The interest rate swap effective part fair value change is accounted in other comprehensive income and ineffective part fair value change is accounted in profit (loss) in the statement of comprehensive income.

	Group	
	As at 30 June 2016	**As at 30 June 2015**
Recognised in other comprehensive income:		
Gain (loss) on interest rate swap contract (effective part)	(180)	-
Income tax effect	27	-
	(153)	**-**

c) As at 30 June 2016 and 30 June 2015 restricted cash balance mostly consists of cash at bank account, held as a deposit for trading in the futures exchange.

Where the fair value of other financial assets can't be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. Where possible, these models use market data but where this is not feasible a certain assumptions are used in establishing fair values.

(all amounts are in thousand euros unless otherwise stated)

15. CASH AND EQUIVALENTS

	Group		Company	
	As at 30 June 2016	**As at 30 June 2015**	**As at 30 June 2016**	**As at 30 June 2015**
Cash at bank	6,808	6,614	89	232
Cash in transit	14	10	–	–
Cash on hand	79	56	–	–
	6,901	**6,680**	**89**	**232**

As at 30 June 2016 the Group pledged cash of EUR 974 thousand (EUR 1,275 thousand as at 30 June 2015) to banks as collateral for the loans (Note 18).

As at 30 June 2016 and 30 June 2015 there were no restrictions on use of cash balances held in the pledged accounts (Note 18).

16. RESERVES

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated in accordance with International Financial Reporting Standards, are compulsory until the reserve reaches 10% of the share capital. Legal reserve was not fully formed as at 30 June 2016 and 30 June 2015.

Reserve for own shares

A reserve for own shares acquisition was formed based on the decision of the annual general meeting of the Company's shareholders, held on 27 October 2011 and 24 October 2013 in amount of EUR 464 thousand and EUR 1,361 thousand respectively. Purpose of acquisition of own shares is to maintain and increase the price of the Company's shares

During the year ended 30 June 2016 the Company disposed of 3,000 own shares (2,000 shares as at 30 June 2015), net result of this transaction is recognised directly to the statement of changes in equity. During the year ended 30 June 2016 the Company did not acquire its own shares. Reserve was released in full in current financial year based on the decision of Company's shareholders.

Foreign currency translation reserve

The foreign currency translation reserve results from translation differences arising on consolidation of Linas Agro A/S as at 30 June 2016 and 2015.

Cash flow hedge reserve

This reserve represents the effective part of the change in fair value of the derivative financial instruments (interest rate swaps), used by the Group to secure the cash flows from interest rate risk, at the reporting date. The reserve is accounted for according to the requirements of IAS 39 (Note 14).

17. GRANTS AND SUBSIDIES

The movement of grants received by the Group is as follows:

Balance as at 30 June 2014	7,878
Received	626
Amortisation	(987)
Balance as at 30 June 2015	7,517
Received	620
Amortisation	(941)
Balance as at 30 June 2016	7,196

(all amounts are in thousand euros unless otherwise stated)

17. GRANTS AND SUBSIDIES (CONT'D)

As at 30 June 2016 the amount is disclosed in the statement of financial position as non-current liabilities (EUR 6,289 thousand) and other current liabilities (EUR 907 thousand) (as at 30 June 2015 EUR 6,646 thousand as non-current liabilities and EUR 871 thousand - as other current liabilities).

The major part of the Group's grants consists of the funds received from the European Union and National Paying Agency for the purpose of an acquisition of machinery and equipment (property, plant and equipment).

The amortisation of grants of the Group for the years ended 30 June 2016 and 30 June 2015 was included into the following captions:

	Group	
	Financial year ended	
	30 June 2016	**30 June 2015**
Cost of sales (reduces the depreciation expenses of related assets)	851	879
Operating expenses	5	-
Other operating expenses	-	21
Biological assets	62	82
Raw materials and other inventories	23	5
	941	**987**

For the years ended 30 June 2016 and 30 June 2015 the Group also received subsidies for animals and livestock, crops and milk in the total amount of EUR 3,600 thousand and EUR 2,773 thousand, respectively, which were accounted for in the sales caption of the statement of comprehensive income.

18. BORROWINGS

	Group		**Company**	
	As at 30 June 2016	**As at 30 June 2015**	**As at 30 June 2016**	**As at 30 June 2015**
Non-current borrowings				
Bank borrowings secured by the Group assets	16,741	22,729	2,100	–
Other non-current related parties borrowings (Note 31)	–	–	2,828	2,654
	16,741	22,729	4,928	2,654
Current borrowings				
Current portion of non-current bank borrowings	19,943	13,313	1,400	4,900
Current bank borrowings secured by the Group assets	56,202	55,560	–	–
Other current borrowings	880	8,696	–	–
Other current related parties borrowings (Note 31)	1,010	–	4	185
	78,035	77,569	1,404	5,085
	94,776	**100,298**	**6,332**	**7,739**

Interest payable is normally settled monthly throughout the financial year.

As at 30 June 2016 and 30 June 2015 shares, property, plant and equipment, investment property, biological assets, inventories, trade receivables and bank accounts were pledged to banks as a collateral for the loans (Notes 3, 6, 7, 9, 10, 12, 15).

Compliance with the covenants of the borrowings agreements

During the year ended 30 June 2016 one of the Group companies did not comply with the covenants of the part of non-current borrowing agreements. In the case of non-compliance the creditors have the right to ask for the early repayment. Non-current portion of such borrowings, amounting to EUR 16,341 thousand is presented as current liability in the financial statements of the Group. As at 30 June 2015 non-current portion of such borrowings, amounting to EUR 4,582 is presented as current iability in the financial statements of the Group.

(all amounts are in thousand euros unless otherwise stated)

18. BORROWINGS (CONT'D)

Weighted average effective interest rates of borrowings outstanding at the year-end:

	Group		Company	
	As at 30 June 2016	**As at 30 June 2015**	**As at 30 June 2016**	**As at 30 June 2015**
Current borrowings	1.63%	1.76%	1.95%	2.63%
Non-current borrowings	1.84%	2.27%	2.25%	2.60%

Borrowings at the end of the year in national and foreign currencies (EUR equivalent):

	Group		Company	
	As at 30 June 2016	**As at 30 June 2015**	**As at 30 June 2016**	**As at 30 June 2015**
Borrowings denominated in:				
EUR	94,235	99,759	6,332	7,739
USD	541	539	–	–
	94,776	**100,298**	**6,332**	**7,739**

As at 30 June 2016 the Group's not utilized credit lines comprise EUR 68 743 thousand (EUR 74,620 thousand as at 30 June 2015).

19. FINANCE LEASE OBLIGATIONS

The assets leased by the Group under finance lease contracts consist of buildings and structures, machinery and equipment, vehicles and other property, plant and equipment. The terms of lease do not include restrictions on the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. Apart from the lease payments, the most significant liabilities under the lease contracts are maintenance and insurance. The terms of finance lease vary from 3 to 5 years.

The split of the net book value of the assets acquired under finance lease is as follows:

	Group	
	As at 30 June 2016	**As at 30 June 2015**
Buildings and structures	–	514
Machinery and equipment	576	383
Vehicles	916	910
Other property, plant and equipment	24	65
	1,516	**1,872**

Principal amounts of finance lease payables at the year-end denominated in national and foreign currencies are as follows:

	Group	
	As at 30 June 2016	**As at 30 June 2015**
EUR	2,161	2,592
	2,161	**2,592**

As at 30 June 2016 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR, EURIBOR and ranges from 1.00% to 5.67%. The interest rate for the remaining portion of the finance lease liability in EUR outstanding as at 30 June 2016 is fixed, i.e. from 1.8% to 5.89%.

As at 30 June 2015 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR, EURIBOR and VILIBOR and ranges from 1.00% to 5.67%.

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19. FINANCE LEASE OBLIGATIONS (CONT'D)

Minimal future minimum lease payments under the above mentioned finance lease contracts are as follows:

	Group	
	As at 30 June 2016	**As at 30 June 2015**
Within one year	985	886
From one to five years	1,050	1,393
After five years	302	663
Total finance lease obligations	**2,337**	**2,942**
Interest	(176)	(350)
Present value of finance lease obligations	2,161	2,592
Finance lease obligations are accounted for as:		
- current	933	803
- non-current	1,228	1,789

20. OPERATING LEASE

The Group concluded several contracts of operating lease. The terms of lease do not include restrictions on the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. For the year ended 30 June 2016 the lease expenses of the Group amounted to EUR 1,210 thousand (EUR 609 thousand for the year ended 30 June 2015).

Minimal future lease payments according to the signed lease contracts are as follows:

	Group	
	As at 30 June 2016	**As at 30 June 2015**
Within one year	1,165	918
From one to five years	2,273	1,786
After five years	203	35
Total	**3,641**	**2,739**
Denominated in (EUR equivalent):		
- EUR	3,641	2,739

The Company does not have operating lease agreements as at 30 June 2016 and 30 June 2015.

21. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 360-day term.

(all amounts are in thousand euros unless otherwise stated)

22. OTHER CURRENT LIABILITIES

	Group	
	As at 30 June 2016	As at 30 June 2015
Bonuses to employees	3,643	2,813
Vacation accrual	2,880	2,721
Advances received	1,453	860
Payroll related liabilities	2,916	2,868
VAT payable	3,676	2,972
Current portion of grants (Note 17)	907	871
Other liabilities	3,077	3,242
	18,552	**16,347**

Other current liabilities are non-interest bearing and have an average term of three months.

23. COST OF SALES

	Group	
	Financial year ended	
	30 June 2016	30 June 2015
Cost of inventories recognised as an expense*	496,307	460,176
Logistics expenses	45,303	42,627
Wages and salaries and social security	20,304	17,998
Depreciation (Notes 6, 17)	7,839	6,675
Utilities expenses	4,497	5,991
Change in fair value of biological assets (Note 9)	160	(3,612)
Change in fair value of financial instruments	(1,308)	608
Other	2,976	1,823
	576,078	**532,286**

* Cost of inventories recognised as an expense includes previous season fair value adjustment to sold crops amounting to EUR 2,595 thousand which was expensed during the year ended 30 June 2016 (EUR 2,040 thousand recognized as an expense for the year ended 30 June 2015).

24. OPERATING EXPENSES

	Group		Company	
	Financial year ended			
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Wages and salaries and social security	21,494	18,097	237	17
Change in allowance for and write-offs of receivables and prepayments	(251)	753	–	–
Consulting expenses	997	1,167	71	647
Depreciation and amortization	1,723	1,707	8	18
Advertisement, marketing	1,337	1,705	–	–
Bank fees	662	827	2	–
Change in impairment of property, plant and equipment (Note 6)	(58)	(25)	–	–
Currency exchange loss	7	–	–	–
Other	7,663	6,656	139	96
	33,574	**30,887**	**457**	**778**

(all amounts are in thousand euros unless otherwise stated)

25. OTHER INCOME (EXPENSES)

	Group	
	Financial year ended	
Other income	**30 June 2016**	**30 June 2015**
Rental income from investment property and property, plant and equipment	234	222
Gain from disposal of investment property and property, plant and equipment	343	220
Gain from disposal other investments	3	359
Change in fair value of currency financial instruments	264	1,078
Write-off of liabilities	4	24
Other income	673	637
	1,521	**2,540**
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(281)	(181)
Loss from disposal of property, plant and equipment	(22)	(103)
Currency exchange loss	–	(320)
Change in impairment of investment property	(51)	–
Other expenses	(242)	(192)
	(596)	**(796)**

26. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	Group		Company	
	Financial year ended		Financial year ended	
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Income from financing activities				
Interest income	508	587	554	524
Income from overdue payments	21	4	–	–
	529	**591**	**554**	**524**
(Expenses) from financing activities				
Interest expenses	(2,431)	(2,496)	(174)	(227)
Expenses for overdue payments	(14)	(72)	–	–
	(2,445)	**(2,568)**	**(174)**	**(227)**

27. INCOME TAX

	Group	
	Financial year ended	
	30 June 2016	**30 June 2015**
Current income tax expense	1,497	1,310
Income tax correction for prior periods	48	(2)
Deferred income tax (income) expense	(173)	(142)
Income tax expenses recorded in the statement of comprehensive income	**1,372**	**1,166**
Net gain (loss) on revaluation of cash flow hedges	(27)	-
Deferred tax (asset) recorded in the statement of other comprehensive income	**(27)**	-

(all amounts are in thousand euros unless otherwise stated)

27. INCOME TAX (CONT'D)

	Group	
	Financial year ended	
	As at 30 June 2016	**As at 30 June 2015**
Deferred income tax asset		
Tax loss carry forward (available indefinitely)	1,751	1,796
Accruals	751	676
Investment incentive	396	242
Allowance for trade receivables	610	664
Allowance for inventories	246	200
Fair value of financial instruments	101	77
Other	105	109
Fair value of biological assets	53	-
Total deferred income tax asset	**4,013**	**3,764**
Deferred income tax liability		
Property, plant and equipment and investment property (difference between tax and accounting values)	(2,826)	(2,624)
Fair value of biological assets	-	(194)
Fair value of financial instruments	(103)	-
Other	(86)	(148)
Total deferred income tax liability	**(3,015)**	**(2,966)**
Deferred income tax, net	**998**	**798**
Accounted for as deferred income tax asset in the statements of financial position	2,137	1,955
Accounted for as deferred income tax liability in the statements of financial position	1,139	1,157

The Group's deferred income tax asset and liability were set-off to the extent they relate to the same tax administration institution and the same taxable entity.

As at 30 June 2016 and 30 June 2015 the Group has not recognised deferred tax asset for the following temporary differences (temporary differences basis is provided below before application of income tax rate):

	Group	
	As at 30 June 2016	**As at 30 June 2015**
Tax loss carry forward	5,015	4,018
Allowance for trade receivables	502	502
	5,517	**4,520**

Temporary differences are available indefinitely, unless stated otherwise above.

Deferred tax asset has not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have a history of losses.

(all amounts are in thousand euros unless otherwise stated)

27. INCOME TAX (CONT'D)

There are no temporary differences associated with investments in associates as at 30 June 2016 and 2015 because Group has no associates.

The income tax can be reconciled to the theoretical amount, which would be calculated by applying the basic income tax rate to the Group's profit before tax as follows:

	Group	
	Financial year ended	
	30 June 2016	**30 June 2015**
Profit before tax	5,316	10,360
Income tax expenses, applying the statutory rate in Lithuania (15%)	797	1,554
Effect of different tax rates in Estonia, Denmark, 5% tax rate for the entities engaged in agricultural activities (Note 2.21.)	(180)	(4)
Utilization of previously unrecognized deferred tax asset	-	(228)
Recognition of previously unrecognized deferred tax liability	318	-
Income tax correction for prior periods	48	(2)
Temporary differences for which no deferred taxes were recognized	254	104
Permanent differences	297	(258)
Tax incentive	(162)	-
Total income tax (income) expenses	**1,372**	**1,166**

28. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares for the years ended 30 June 2016 and 30 June 2015 was as follows:

Calculation of weighted average for the year ended 30 June 2016	**Number of shares**	**Par value (EUR)**	**Issued/365 (days)**	**Weighted average**
Shares issued as at 30 June 2015	158,151,426	0.29	65/365	28,163,953
Disposal of own shares 3 September 2015	2,000	0.29	209/365	90,559,085
Disposal of own shares 30 March 2016	1,000	0.29	91/365	39,430,282
Shares issued as at 30 June 2016	158,154,426			158,153,319

Calculation of weighted average for the year ended 30 June 2015	**Number of shares**	**Par value (EUR)**	**Issued/365 (days)**	**Weighted average**
Shares issued as at 30 June 2014	158,149,426	0.29	1/365	433,286
Disposal of own shares 1 July 2014	1,000	0.29	2/365	866,578
Disposal of own shares 3 July 2014	1,000	0.29	362/365	156,851,551
Shares issued as at 30 June 2015	158,151,426			158,151,415

The Group does not have any potential shares; therefore basic and diluted earnings per share are the same. Calculation of the basic and diluted earnings per share is presented below:

	Financial year ended	
	30 June 2016	**30 June 2015**
Net profit, attributable to the shareholders of the parent (in EUR thousand)	4,095	8,726
Weighted average number of ordinary shares outstanding for the year	158,153,319	158,151,415
Basic and diluted earnings per share (in EUR)	0.03	0.06

For the year ended 30 June 2015 the Company paid EUR 1,200 thousand dividends, or EUR 0.008 per share. The Board of the Company plans to offer to pay EUR 1,202 thousand dividends, or EUR 0.0076 per share, for the year ended 30 June 2016.

29. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT

Credit risk

None of the Group's customers comprise more than 10% of the Group's trade receivables. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group's procedures are in force to ensure that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. As at 30 June 2016 part of AB Linas Agro trade receivables were insured with the insurance limit equal to equivalent of EUR 8,904 thousand (EUR 9,545 thousand as at 30 June 2015).

The Group does not guarantee obligations of other parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statements of financial position. Consequently, the Group considers that its maximum exposure is reflected by the amount of trade, related party and other accounts receivable, net of allowance for doubtful accounts recognised at the reporting date. Part of the trade and other accounts receivables is secured with pledged assets (Notes 12 and 13).

29. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (CONT'D)

Interest rate risk

The major part of the Group's borrowings is with variable rates, related to LIBOR, EURIBOR which creates an interest rate risk. The Group uses interest rate swap to hedge interest rate fluctuation risk for loans with variable interest rate as disclosed in Note 14.

The sensitivity analysis of the pre-tax profit of the Group, considering that all other variables will remain constant, to possible changes in the interest rates is presented in the table below. There is no direct effect to equity from changes in interest rate.

	Effect on the profit before income tax for the year ended (in EUR thousand)			
	Increase / decrease of basis points	**30 June 2016**	**Increase / decrease of basis points**	**30 June 2015**
EUR	+150	(1,374)	+150	(1,469)
EUR	-30	214	-30	294

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets – crops, current portion of animals and livestock and inventories) / total current liabilities) ratios as at 30 June 2016 were 1.42 and 0.80 , respectively (as at 30 June 2015 1.59 and 0.99, respectively).

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (scheduled payments including interest).

Group	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
Non-current borrowings	7,226	2,813	4,188	15,020	7,814	431	37,492
Lease liabilities	–	165	721	698	695	663	2,942
Current borrowings	185	63,620	547	–	–	–	64,352
Other non-current liabilities	–	–	–	183	–	–	183
Derivative financial instruments	–	581	–	–	–	–	581
Current trade payables	620	21,727	5,832	–	–	–	28,179
Payables to related parties	–	21	–	–	–	–	21
Other liabilities	–	1,620	121	–	–	–	1,741
Balance as at 30 June 2015	**8,031**	**90,547**	**11,409**	**15,901**	**8,509**	**1,094**	**135,491**
Non-current borrowings	–	2,377	17,012	8,646	9,499	865	38,399
Lease liabilities	133	190	653	469	440	341	2,226
Current borrowings	16,615	28,210	13,346	–	–	–	58,171
Other non-current liabilities	–	–	–	1,553	–	–	1,553
Derivative financial instruments	–	13	47	73	47	–	180
Current trade payables	2,411	28,556	12,272	–	–	–	43,239
Payables to related parties	–	1,514	–	–	–	–	1,514
Other liabilities	97	1,070	53	–	–	–	1,220
Balance as at 30 June 2016	**19,256**	**61,930**	**43,383**	**10,741**	**9,986**	**1,206**	**146,502**

(all amounts are in thousand euros unless otherwise stated)

29. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (scheduled payments including interest).

Company	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current borrowings	5,012	–	–	–	–	–	5,012
Current borrowings from related parties	–	19	226	68	2,753	–	3,066
Non-current trade payables	–	–	–	175	–	–	175
Non-current payable to related parties	–	–	–	–	–	51	51
Current trade payables	–	13	175	–	–	–	188
Payables to related parties	–	–	810	–	–	–	810
Other liabilities	–	32	–	–	–	–	32
Balance as at 30 June 2015	**5,012**	**64**	**1,211**	**243**	**2,753**	**51**	**9,334**
Non-current borrowings	–	717	738	1,196	941	–	3,592
Non-current borrowings from related parties	–	17	58	1,444	1,490	–	3,009
Non-current payable to related parties	–	–	–	–	54	–	54
Current trade payables	–	47	–	–	–	–	47
Payables to related parties	–	–	810	–	–	–	810
Other liabilities	–	29	–	–	–	–	29
Balance as at 30 June 2016	**–**	**810**	**1,606**	**2,640**	**2,485**	**–**	**7,541**

Foreign exchange risk

Major currency risks of the Group occur due to the fact that the Group borrows foreign currency denominated funds as well as is involved in imports and exports. The Group's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency. When the Group opens a position in USD (i.e., goods are bought for USD and sold for EUR or vice versa), it manages USD exposure by changing positions in its credit line, i.e., buys or sells USD to close the open position.

The major part of the Group's monetary assets and liabilities as at 30 June 2016 and 2015 is denominated in EUR, consequently the management of the Group believes that foreign exchange risk on EUR is insignificant. The Group used financial derivatives to manage the USD foreign currency exchange risk.

Monetary assets and liabilities stated in various currencies as at 30 June 2016 and 30 June 2015 were as follows (EUR equivalent):

Group	As at 30 June 2016		As at 30 June 2015	
	Assets	Liabilities	Assets	Liabilities
EUR	111,280	160,222	113,478	146,345
USD	1,499	745	3,126	947
DKK	435	637	383	553
PLN	1,229	33	1,250	73
	114,443	**161,637**	**118,237**	**147,918**

29. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (CONT'D)

Foreign exchange risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in respect of currency exchange rate, with all other variables held constant of the Group's profit before tax (due to change in the fair value of monetary assets and liabilities). There is no direct effect to equity from changes in currency exchange rates.

	Increase/ decrease in exchange rate	Effect on the profit before income tax for the year ended (in EUR thousand)	
		30 June 2016	**30 June 2015**
USD	+ 15.00%	113	327
USD	- 15.00%	(113)	(327)
PLN	+ 15.00%	180	177
PLN	- 15.00%	(180)	(177)

Sensitivity to a reasonable possible change of DKK is not disclosed as it is not significant to the financial statements.

Financial risk, arising from biological assets, management strategy

The Group is engaged in wholesale trade of milk, therefore, is exposed to risks arising from changes in milk prices. The Group's wholesale agreements for milk do not represent financial instruments but represent a significant price risk. The Group does not anticipate that milk prices will be in prolonged decline in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of the decline in milk prices. The Group reviews its outlook for milk prices regularly in considering the need for active risk management.

Market price risk

The Group is exposed to the grain market price risk which is managed with the hedge accounting described in Note 14.

Fair value of financial instruments

The Group's principal financial instruments not carried at fair value are trade, related party and other accounts receivable, trade, related party and other payables, non-current and current borrowings.

Fair value is defined as disclosed in Note 2.26. Fair values of assets and liabilities are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying amounts of the Group's financial assets and liabilities (which are not carried at fair value) approximate fair value and are classified as level 3 according to the fair value hierarchy described in the Note 2.26.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

1. The carrying amount of trade, related party and other accounts receivable, current trade, related party and other accounts payable and current borrowings approximates fair value (level 3).
2. The fair value of non-current debt is based on discounting future cash flows related to debt using market interest rate and also considering own credit risk immaterial. The fair value of non-current borrowings with variable and fixed interest rates approximates their carrying amounts (level 3).

Capital management

For capital management purposes the Group's capital is equal to equity in the statement of financial position amounting to EUR 159,773 thousand as at 30 June 2016 (EUR 157,311 thousand as at 30 June 2015).

The primary objective of the Group's capital management is to ensure that it maintains a strong creditworthiness and healthy capital ratios in order to support its business and maximise shareholder value. The Group holds high capital for possible future expansion and further development of the Group.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2016 and 30 June 2015.

(all amounts are in thousand euros unless otherwise stated)

29. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (CONT'D)

Capital management (cont'd)

The Company and the Group's subsidiaries registered in Lithuania and Estonia are obliged to keep its equity at no less than 50% of its share capital, as imposed by the Laws on Companies of the Republic of Lithuania and the Republic of Estonia. The Company and the Group's subsidiaries registered in Lithuania comply with this requirement. The Group subsidiary registered in Estonia doesn't comply with this requirement. The Group's subsidiaries registered in Latvia are obliged to keep its equity at no less than 0, as imposed by the Law on Companies of the Republic of Latvia. The Group's subsidiaries registered in Latvia comply with this requirement, except for SIA PFK TRADER and SIA Erfolg Group. The Group's management does not expect any negative consequences to the Group and is planning to take actions to mitigate these non-compliances.

The Group and the Company manages capital using a leverage ratio, which is 1 minus total equity divided by total assets of the Group and the Company. The Group's policy is to keep the leverage ratio below 75%.

	Group		Company	
	As at 30 June 2016	**As at 30 June 2015**	**As at 30 June 2016**	**As at 30 June 2015**
Total equity	161,987	159,137	103,817	100,026
Total assets	332,083	315,710	111,223	109,046
Total equity / Total assets	49%	50%	93%	92%
Leverage ratio	51%	50%	7%	8%

30. COMMITMENTS AND CONTINGENCIES

As at 30 June 2016 the Group is committed to purchase property, plant and equipment for the total amount of EUR 9,274 thousand (EUR 534 thousand as at 30 June 2015).

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

Panevėžys district Aukštadvario ŽŪB, Kėdainių district Labūnavos ŽŪB, Sidabravo ŽŪB, Panevėžys district Žibartonių ŽŪB are committed not to discontinue operations related to agricultural up to the end of 2019, Šakiai district Lukšių ŽŪB – up to 2020 and 2021. UAB Linas Agro Grūdų Centras KŪB, Karčemos kooperatinė bendrovė received grants from the European Union and National Paying Agency (Lithuania) for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2018 and 2020, Karčemos kooperatinė bendrovė – up to 2017.

SIA Lielzeltini, SIA Cerova and SIA Broileks received grants from the European Union and Rural Support Service (Latvia) for poultry farm, feedstuffs production and storages upgrade. SIA Lielzeltini is committed not to discontinue broiler breeding, slaughtering and sale of products, feedstuffs up to 2020, SIA Cerova – up to 2018 and SIA Broileks – up to 2016.

In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania and Latvia amounting to EUR 4,385 thousand as at 30 June 2016 (EUR 4,528 thousand as at 30 June 2015).

In July 2013 the Group company Linas Agro A/S received a ruling from the Danish Tax Inspection (hereafter- SKAT) stating that SKAT has changed the companies tax assessments for the income year 2007/2009 whereby total taxable payment for period has been increased by EUR 68 thousand (DKK 1,100 thousand). The changes relate to non-approved deduction for inter-group services. The company's management does not concur with SKAT's assessment and the decision is appealed. Accordingly, the Group did not recognize any tax liability or any interest as at 30 June 2016 and 30 June 2015.

In addition Linas Agro A/S received a ruling from SKAT regarding the valuation of customer base which was transferred to the Group company, AB Linas Agro in the year 2011/2012. The decision has a negative effect on the total tax loss carry forward amount which is incorporated into calculation of taxable income for the year 2012/2013. SKAT has ruled that the value of the customer base should have been EUR 4,894 thousand (DKK 36,414 thousand) and not EUR 1,571 thousand (DKK 11,722 thousand) as the value sold in 2011/2012 by Linas Agro A/S to AB Linas Agro. This implies a reduction of the total tax loss carry forward in the amount of EUR 3,323 thousand (DKK 24,692 thousand) (tax value EUR 730 thousand (DKK 5,432 thousand)). Deferred tax asset from the tax loss carry forward from this amount is not recognized by Linas Agro A/S. Linas Agro A/S management does not agree with SKAT and appealed the decision.

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

(all amounts are in thousand euros unless otherwise stated)

30. COMMITMENTS AND CONTINGENCIES (CONT'D)

As at 30 June 2016 and 2015 the balance of guarantees and warranties issued by the Company to the banks for the controlled companies (directly and indirectly controlled subsidiaries) amounted to EUR 61,711 thousand.

The Company's guarantees are issued for the loans granted to these companies. The Company is obliged to repay the companies' liabilities to banks in full, if the subsidiaries are not able to do it themselves. The management of the Group believes that the subsidiaries on behalf of which guarantees and warranties were issued will meet their liabilities to the creditors, therefore, no provisions in respect of these guarantees were accounted for in the financial statements as at 30 June 2016 and 30 June 2015.

During the year ended 30 June 2016 Group companies entered into the sale and buy-back agreements with its customers. The potential buyback obligation as at 30 June 2016 is EUR 1,536 thousand, however no provision is accounted for since the probabaility of the buy-back is not probable and reliable estimate can not be made.

31. RELATED PARTIES TRANSACTIONS

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

The related parties of the Company and Group for the years ended 30 June 2016 and 30 June 2015 were as follows:

Members of the board of the Company:

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

Subsidiaries: List provided in Note 3.

Akola ApS group companies:

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

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

The Group's transactions with related parties in 12 month period ended 30 June 2016 and 30 June 2015 were as follows:
2016

	Purchases	Sales	Trade receivables	Non-current loans receivable	Current payables	Current loans payables
Akola ApS group companies	1,420	15,306	18	800	1,514	1,010
Members of the board	–	7	–	–	–	–
	1,420	**15,313**	**18**	**800**	**1,514**	**1,010**

(all amounts are in thousand euros unless otherwise stated)

31. RELATED PARTIES TRANSACTIONS (CONT'D)

2015

	Purchases	Sales	Trade receivables	Non-current loans receivable	Current payables
Akola ApS group companies	3,444	14,300	19	814	21
Members of the board	–	17	–	361	–
	3,444	**14,317**	**19**	**1,175**	**21**

The Company's transactions with related parties in the years ended 30 June 2016 and 30 June 2015 were as follows:

2016	**Purchases**	**Income**	**Receivables**				**Payables**		
			Non-current loans receivable	**Current loans receivable**	**Other account receivables**	**Non-current payables**	**Current Payables**	**Non-current loans received**	**Current loans received**
Akola ApS group companies	–		800	–	–	–	–	–	–
Subsidiaries	78	5,090	8,714	2,969	48	54	810	2,828	4
	78	**5,090**	**9,514**	**2,969**	**48**	**54**	**810**	**2,828**	**4**

2015	**Purchases**	**Income**	**Receivables**		**Other accounts receivables**		**Payables**		
			Non-current loans receivable	**Current loans receivable**		**Non-current payables**	**Current Payables**	**Non-current loans received**	**Current loans received**
Akola ApS group companies	–	14	814	–	–	–	–	–	–
Subsidiaries	77	5,344	5,654	3,830	207	51	810	2,654	185
	77	**5,358**	**6,468**	**3,830**	**207**	**51**	**810**	**2,654**	**185**

As at 30 June 2016 interest rates of the Group for non-current loans receivable from related parties are equal to 4%, 2.61% and 3 month EURIBOR + 2.45% margin. As at 30 June 2015 interest rates of the Group for non-current loans receivable from related parties are equal to 4%, 2.61% and 3 month EURIBOR + 2.45% margin, interest rates of the Group for current loans receivable from related parties are equal to 3 month EURIBOR + 2.45% and 3 month EURIBOR + 4.2% margin.

As at 30 June 2016 and 2015 interest rates of the Company for non-current loans receivable from related parties are 2.61%, and 3 month EURIBOR + 2.45% margin. As at 30 June 2016 interest rates of the Company for current loans receivable from related parties are 4% . As at 30 June 2015 rates of the Company for current loans receivable from related parties varies from 6% to 6.5%.

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

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

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

The Group's receivables from related parties were not due neither impaired as at 30 June 2016 and 30 June 2015.

Remuneration of the management and other payments

The Group's management consists of the Company's board of directors and directors of each of the company in the Group. The Group's management remuneration amounted to EUR 3,128 thousand (including EUR 945 thousand of bonuses to the board of directors of AB Linas Agro and AB Linas Agro Group) for the year ended 30 June 2016 (EUR 3,437 thousand (including EUR 1,042 thousand of bonuses to the board of directors of AB Linas Agro) for the year ended 30 June 2015). For the year ended 30 June 2016 the Group's management received EUR 182 thousand dividends from the Company (for the year ended 30 June 2015 the Group's management received EUR 220 thousand dividends from the Company).

For the year ended 30 June 2016 the Group's management has also received EUR 58 thousand of rent payments (EUR 54 thousand of rent payments for the year ended 30 June 2015).

The Company's management consists of the board of directors and a managing director. The Company's management remuneration amounted to EUR 129 thousand (including EUR 120 thousand of bonuses to the board of directors of AB Linas Agro Group) for the year ended 30 June 2016 (EUR 4 thousand for the year ended 30 June 2015).

(all amounts are in thousand euros unless otherwise stated)

31. RELATED PARTIES TRANSACTIONS (CONT'D)

No other payments or property transfers to/from the management were made or accrued; no other loans or guarantees were received / granted in the years ended 30 June 2016 and 30 June 2015.

32. MATERIALLY PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below.

Proportion of equity interest held by non-controlling interests:

Name	**Country of incorporation and operation**	**30 June 2016**	**30 June 2015**
AS Putnu fabrika Kekava	Latvia	6.19%	3.53%
Karčemos Kooperatinė Bendrovė	Lithuania	76.00%	76.02%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income:

	AS Putnu fabrika Kekava		Karčemos Kooperatinė Bendrovė	
	Financial year ended			
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Revenue	57,421	40,811	629	1,097
Net profit (loss)	(1,515)	877	20	542
Total comprehensive income	**(1,515)**	**877**	**20**	**542**
Attributable to non-controlling interests	(94)	31	15	412
Dividends paid to non-controlling interests	–	–	–	–

Summarised statement of financial position:

	AS Putnu fabrika Kekava		Karčemos Kooperatinė Bendrovė	
	Financial year ended			
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Current assets	9,416	7,634	188	459
Non-current assets	31,698	26,895	3,798	3,857
Current liabilities	14,217	5,420	1,500	406
Non-current liabilities	8,598	9,294	1,791	3,235
Total equity	**18,299**	**19,815**	**695**	**675**
Attributable to Non-controlling interests	1,133	699	487	513

Summarised cash flow statement:

	AS Putnu fabrika Kekava		Karčemos Kooperatinė Bendrovė	
	Financial year ended			
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Operating activities	5,071	(3,850)	265	414
Investing activities	(8,090)	(1,319)	(34)	11
Financing activities	5,497	4,674	(310)	(524)
Net increase/(decrease) in cash and cash equivalents	**2,478**	**(495)**	**(79)**	**(99)**

33. SUBSEQUENT EVENTS

Group

On 15 July 2016 AB Linas Agro signed the credit line agreement with AB DNB Bank. The total credit limit is EUR 10 million. On 23 August 2016 an amendment to the credit line agreement was signed, upon the AB Linas Agro request the credit limit decreased to EUR 5 million.

On 4 October AB Linas Agro restricted cash amounted to EUR 400 thousand.

On 18 August UAB Linas Agro Grūdų Centras KŪB prolonged credit line agreement with AB SEB bank until 28 August 2018.

On 30 June 2016 UAB Dotnuva Baltic signed the credit line agreement amendment with bank. The total credit limit is EUR 17.000 thousand until July 2018.

Company

On 23 September 2016 the Company increased share capital of its subsidiary Lineliai UAB by EUR 90 thousand.

During July – September of 2016 the Company increased share capital of its subsidiary Landvesta 5 ZUB by EUR 200 thousand.