

CONSOLIDATED INTERIM

# REPORT

OF THE FINANCIAL YEAR 2016/17

OF **AB LINAS AGRO GROUP**

FOR SIX MONTHS PERIOD

ENDED 31 DECEMBER 2016



# CONFIRMATION OF RESPONSIBLE PERSONS

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

AB Linas Agro Group Managing Director

28 February 2017

Darius Zubas



AB Linas Agro Group Finance Director

28 February 2017

Tomas Tumėnas



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# 1.REPORTING PERIOD OF THE INTERIM REPORT

Financial year of AB Linas Agro Group starts on 1 July of the calendar year and ends on 30 June of the next year, therefore this interim report is prepared for the first six months of the financial year 2016/17, and all the figures are stated as at 31 December 2016, unless otherwise indicated. AB Linas Agro Group is also referred to as the Company and its group of companies is referred to as Group in this report.

# 2.REFERENCES AND OTHER EXPLANATORY NOTES ON THE INFORMATION DISCLOSED IN THE REPORT

All financial data in this semi-annual report are prepared in accordance with Financial Reporting Standards unless otherwise stated. Financial result is unaudited.

# 3.INFORMATION ABOUT THE COMPANY AND THE GROUP

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

AB Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and had 39 companies at the end of the reporting period, and operates in four countries – Lithuania, Latvia, Estonia and Denmark. As at 31 December, 2016 the total headcount of the Group amounted to 2,156 employees. The financial year of the Group begins on 1 July.

The Company does not have any branches and representative offices.

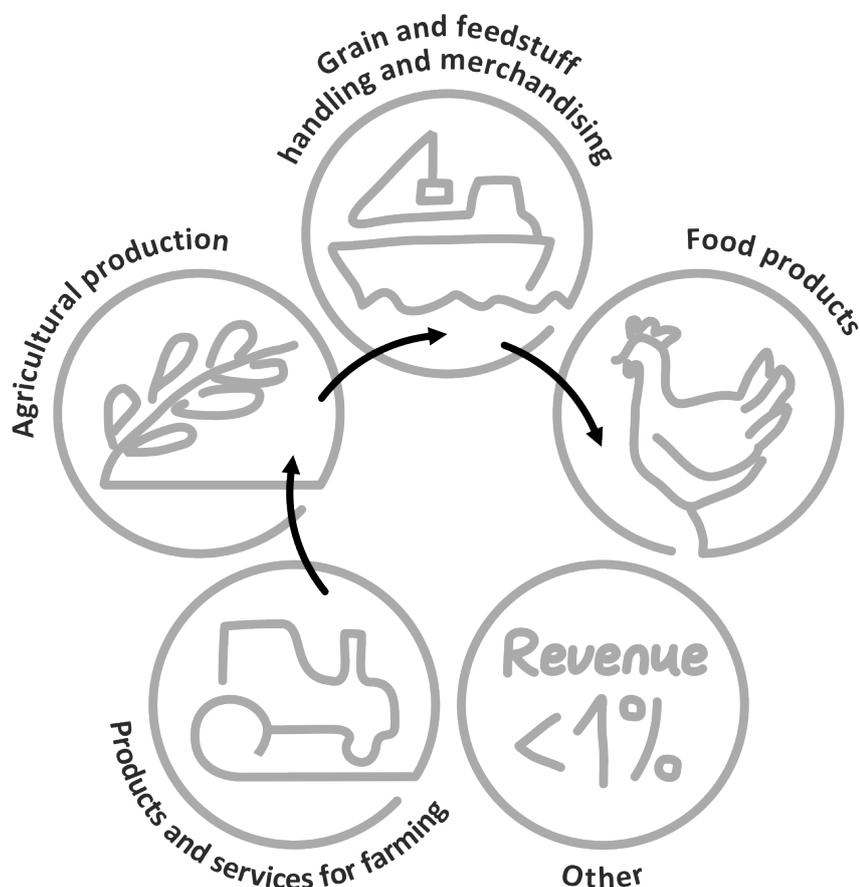
### 3.1. THE MAIN ACTIVITY

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

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

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

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

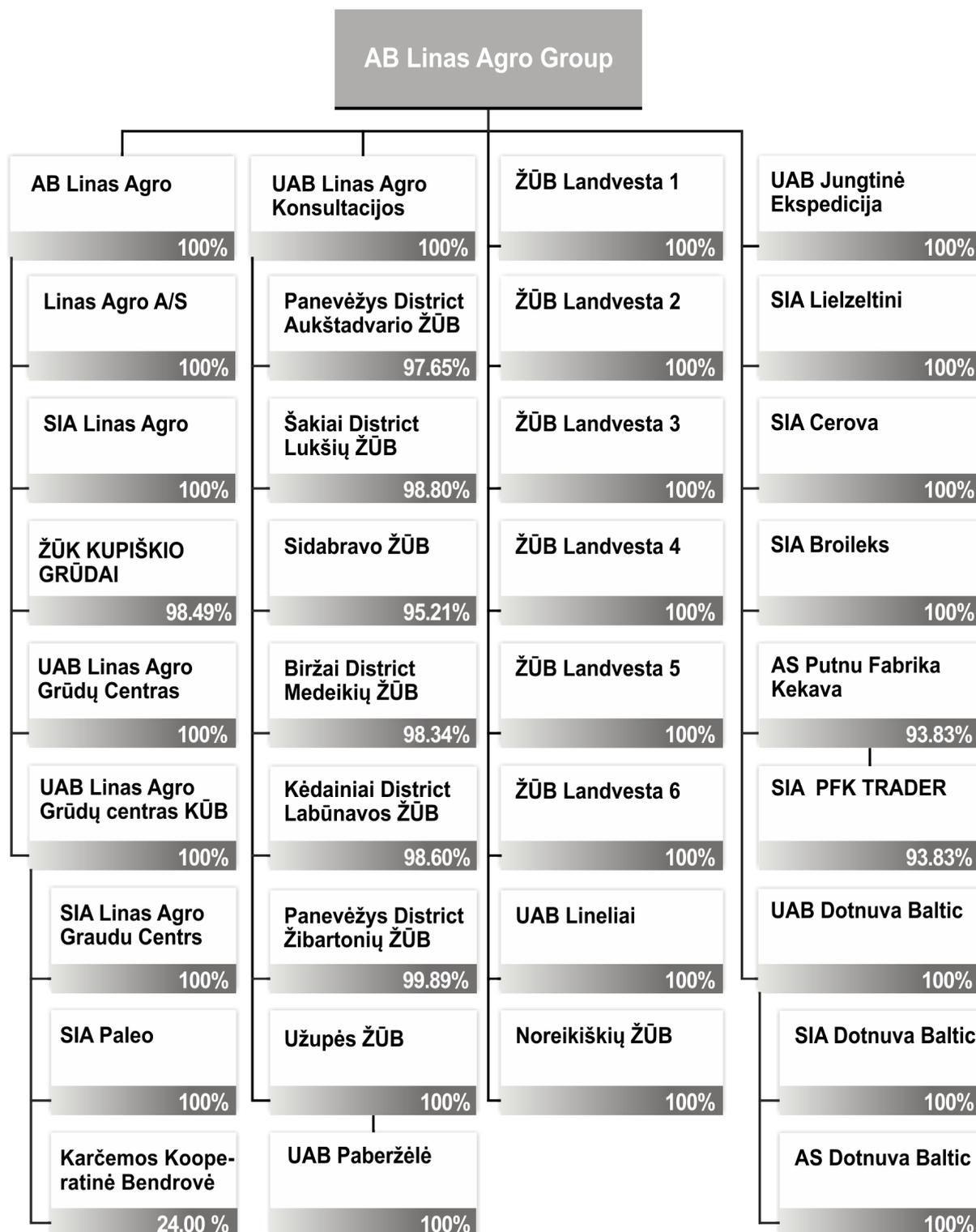


## 3.2. INFORMATION ABOUT SUBSIDIARIES OF THE COMPANY

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

The Company controlled 38 companies\* in Lithuania, Latvia, Estonia and Denmark as at 31 December, 2016.

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



### 3.2.2. SHAREHOLDING STRUCTURE OF THE COMPANIES

As at 31 December 2016, AB Linas Agro Group controlled, either directly or indirectly, the following companies\*:

\*Dormant companies UAB Gerera (100% shares owned by AB Linas Agro, UAB Dotnuvos Technika (100% shares owned by UAB Dotnuva Baltic) and SIA Erfolg Group (100% shares owned by AS Putnu Fabrika Kekava) are not included.

\*\* AB Linas Agro Group and UAB Linas Agro Grūdų Centras hold 50% of votes each in UAB Linas Agro Grūdų Centras KŪB.

Company	Status	Share of the stock held by companies					Share of the stock held by the Group
		AB Linas Agro Group	AB Linas Agro	UAB Linas Agro Konsultacijos	UAB Linas Agro Grūdų Centras	UAB Dotnuva Baltic	
AB Linas Agro	Subsidiary	100%					100%
Linas Agro A/S	Subsidiary		100%				100%
SIA Linas Agro	Subsidiary		100%				100%
UAB Linas Agro Grūdų Centras	Subsidiary		100%				100%
UAB Linas Agro Grūdų Centras KŪB**	Subsidiary	24.69%	75.29%		0.02%		100%
SIA Linas Agro Graudu Centrs	Subsidiary	UAB „Linas Agro“ Grūdų centras KŪB owns 100% shares of the company					100%
SIA Paleo	Subsidiary	UAB „Linas Agro“ Grūdų centras KŪB owns 100% shares of the company					100%
UAB Linas Agro Konsultacijos	Subsidiary	100%					100%
Noreikiškių ŽŪB	Subsidiary	99.95%		0.05%			100%
Panevėžys District	Subsidiary			97.65%			97.65%
Aukštadvario ŽŪB	Subsidiary			95.21%			95.21%
Šakiai District	Subsidiary			98.80%			98.80%
Lukšių ŽŪB	Subsidiary			98.34%			98.34%
Biržai District	Subsidiary			98.34%			98.34%
Medeikių ŽŪB	Subsidiary			98.60%			98.60%
Kėdainiai District	Subsidiary			98.60%			98.60%
Labūnavos ŽŪB	Subsidiary			98.60%			98.60%
Užupės ŽŪB	Subsidiary	0.05%		99.95%			100%
UAB Paberžėlė	Subsidiary	Užupės ŽŪB owns 100% shares of the company					100%
UAB Lineliai	Subsidiary	100%					100%
Panevėžys District	Subsidiary	0.05%		49.02%		Užupės ŽŪB owns 50.82% parts of the company	99.89%
Žibartonių ŽŪB	Subsidiary			49.02%		Užupės ŽŪB owns 50.82% parts of the company	99.89%
ŽŪB Landvesta 1	Subsidiary	76.47%	23.53%				100%
ŽŪB Landvesta 2	Subsidiary	76.97%	23.03%				100%

Company	Status	Share of the stock held by companies					Share of the stock held by the Group
		AB Linas Agro Group	AB Linas Agro	UAB Linas Agro Konsultacijos	UAB Linas Agro Grūdų Centras	UAB Dotnuva Baltic	
ŽŪB Landvesta 3	Subsidiary	13.91%	86.09%				100%
ŽŪB Landvesta 4	Subsidiary	26.42%	73.58%				100%
ŽŪB Landvesta 5	Subsidiary	65.71%	34.29%				100%
ŽŪB Landvesta 6	Subsidiary	15.51%	84.49%				100%
ŽŪK KUPIŠKIO GRŪDAI	Subsidiary	Lukšių ŽŪB, Aukštadvario ŽŪB and Sidabravo ŽŪB holds 9.09%, Medeikių ŽŪB – 45.46%, AB Linas Agro – 27.27% parts of the company					98.49%
UAB Dotnuva Baltic	Subsidiary	100%					100%
SIA Dotnuva Baltic	Subsidiary					100%	100%
AS Dotnuva Baltic	Subsidiary					100%	100%
UAB Jungtinė Ekspedicija	Subsidiary	100%					100%

Company	Status	Share of the stock held by companies			Share of the stock held by the Group
		AB Linas Agro Group	AS Putnu Fabrika Kekava	SIA Lielzeltini	
AS Putnu Fabrika Kekava	Subsidiary	57.55%		36.28%	93.83%
SIA PFK Trader	Subsidiary		100%		93.83%
SIA Lielzeltini	Subsidiary	100%			100%
SIA Cerova	Subsidiary	100%			100%
SIA Broileks	Subsidiary	100%			100%
Karčemos Kooperatinė Bendrovė***	Subsidiary	UAB Linas Agro Grūdų centras KŪB owns 20% parts of the company and Panevėžys District Žibartonių ŽŪB own 4% parts of the company			24%

\*\*\* The Group owns 24% parts of Karčemos Kooperatinė Bendrovė, but controls this company and consolidates in the financial statements.

### 3.2.3. ACTIVITIES AND CONTACT DATA OF THE COMPANIES OF THE GROUP \*

\* Dormant companies are not included:

1. UAB Gerera, private limited liability company, founded 15/1/1993, code of legal entity 147676584, address Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras);
2. UAB Dotnuvos Technika, private limited liability company, founded 25/6/1998, code of legal entity 161452398, address Parko St. 6, Akademija, LT-58351 Kėdainiai District, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras).
3. SIA Erfolg Group, private limited liability company, founded 30/11/2009, code of legal entity 50103261581, address Gaismas iela 2A-48, Kekava, Kekava district, Latvia, company register – Register of Enterprises of the Republic of Latvia.

#### SUBSIDIARIES IN LITHUANIA

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
AB Linas Agro	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs supply	8/7/1991, Code of legal entity 1473 28026, public limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 333 Fax +370 45 507 444 E-mail <a href="mailto:info@linasagro.lt">info@linasagro.lt</a> <a href="http://www.linasagro.lt">www.linasagro.lt</a> , <a href="http://www.rapsai.lt">www.rapsai.lt</a>
UAB Linas Agro Grūdų Centras	Management services	5/7/2002, Code of legal entity 148450944, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 365 Fax +370 45 507 344 E-mail <a href="mailto:grudai@linasagro.lt">grudai@linasagro.lt</a>
UAB Linas Agro Grūdų Centras KŪB	Grain processing and storage	10/7/2002, Code of legal entity 148451131, limited partnership, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 343 Fax +370 45 507 344 E-mail <a href="mailto:grudu.centras@linasagro.lt">grudu.centras@linasagro.lt</a>
UAB Linas Agro Konsultacijos	Management of subsidiary farming companies	23/6/2003, Code of legal entity 248520920, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibuoklių St. 14, LT-57125 Kėdainiai, Lithuania Ph. +370 688 674 29 E-mail <a href="mailto:konsultavimas@linasagro.lt">konsultavimas@linasagro.lt</a>
ŽŪB Landvesta 1	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501060, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
ŽŪB Landvesta 2	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501085, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
ŽŪB Landvesta 3	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501092, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
ŽŪB Landvesta 4	Rent and management of agricultural purposes land	23/04/2007, Code of legal entity 300709428, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
ŽŪB Landvesta 5	Rent and management of agricultural purposes land	16/8/2007, Code of legal entity 301019661, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
ŽŪB Landvesta 6	Rent and management of agricultural purposes land	14/1/2008, Code of legal entity 301520074, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
UAB Dotnuva Baltic	Sale of seeds, agricultural machinery	5/3/1996, Code of legal entity 261415970, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Parko St. 6, Akademija, 58351 Kėdainiai district, Lithuania Ph.+370 347 370 30 Fax +370 347 370 40 E-mail <a href="mailto:info@dotnuvabaltic.lt">info@dotnuvabaltic.lt</a> <a href="http://www.dotnuvabaltic.lt">www.dotnuvabaltic.lt</a>
Noreikiškių ŽŪB	Rent and management of agricultural purposes land	16/8/2012, Code of legal entity 302841649, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių St. 70, Žibartoniai vill. LT-38323 Panevėžys district, Lithuania Ph.+370 45 507 333 Fax +370 45 507 444 E-mail <a href="mailto:noreikiskes@linasagro.lt">noreikiskes@linasagro.lt</a>
Užupės ŽŪB	Mixed agricultural activities	6/4/2011, Code of legal entity 302612561, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Liaudės St. 81, Užupės vill. LT-58311 Kėdainiai district, Lithuania Ph. +370 698 58583 E-mail <a href="mailto:uzupe@linasagro.lt">uzupe@linasagro.lt</a>
UAB Paberžėlė	Rent and management of agricultural purposes land	30/6/2008, Code of legal entity 301772627, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Liaudės St. 81, Užupės vill., LT-58311 Kėdainiai district, Lithuania Ph. +370 698 58583 E-mail <a href="mailto:paberzele@linasagro.lt">paberzele@linasagro.lt</a>
UAB Lineliai	Rent and management of agricultural purposes land	9/3/2012, Code of legal entity 302740714, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail <a href="mailto:lineliai@linasagro.lt">lineliai@linasagro.lt</a>
Šakiai District Lukšių ŽŪB	Mixed agricultural activities	30/10/1992, Code of legal entity 174317183, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Lukšių vill. 2, LT-71176 Šakiai district, Lithuania Ph. +370 345 442 88 Fax +370 345 442 25 E-mail <a href="mailto:luksiai@linasagro.lt">luksiai@linasagro.lt</a>
Kėdainiai District Labūnavos ŽŪB	Mixed agricultural activities	25/2/1992, Code of legal entity 161228959, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Barupės St. 9, Labūnavos vill. LT-58173 Kėdainiai district, Lithuania Ph. + 370 347 34 4166 Fax. + 370 347 34 180 E-mail <a href="mailto:labunava@linasagro.lt">labunava@linasagro.lt</a>
Biržai District Medeikių ŽŪB	Growing and sale of crop	5/10/1992, Code of legal entity 154771488, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Biržų St.32, Medeikių vill., LT-41462 Biržai district, Lithuania Ph. +370 450 584 22 Fax +370 450 584 12 E-mail <a href="mailto:medeikiai@linasagro.lt">medeikiai@linasagro.lt</a>

<b>Company name</b>	<b>Principal activities</b>	<b>Registration date, code of legal entity, legal form, company register</b>	<b>Contact data</b>
ŽŪK KUPIŠKIO GRŪDAI	Grain processing and storage	8/4/1999, Code of legal entity 160189745, co-operative society, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Technikos St. 6D, LT-40122 Kupiškis, Lithuania Ph. +370 459 529 16 Fax +370 459 529 16 E-mail <a href="mailto:info@kupiskiogrudai.lt">info@kupiskiogrudai.lt</a>
Panevėžys District Aukštadvario ŽŪB	Mixed agricultural activities	9/3/1993, Code of legal entity 168573274, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pirties St. 3, Aukštadvario vill. LT-38255 Panevėžys district, Lithuania Ph./fax +370 45 592 651 E-mail <a href="mailto:aukstadvaris@linasagro.lt">aukstadvaris@linasagro.lt</a>
Sidabravo ŽŪB	Mixed agricultural activities	20/4/1993, Code of legal entity 171331516, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pergalės St. 1A, Sidabravas, LT-82251 Radviliškis district, Lithuania Ph. +370 422 477 27 Fax +370 422 476 18 E-mail <a href="mailto:sidabravas@linasagro.lt">sidabravas@linasagro.lt</a>
UAB Jungtinė Ekspedicija	Logistics and forwarding services	17/2/1998, Code of legal entity 141642963, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	I. Kanto g. 12-3, LT-92235 Klaipėda, Lithuania Ph. +370 46 310 163 Fax +370 46 312 529 E-mail <a href="mailto:info@je.lt">info@je.lt</a> <a href="http://www.je.lt">www.je.lt</a>
Panevėžys District Žibartonių ŽŪB	Mixed agricultural activities	22/5/1992, Code of legal entity 168521815, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių St. 74, Žibartoniai vill., LT-78323 Panevėžys district, Lithuania Ph. +370 45 557 444 Fax +370 45 557 486 E-mail <a href="mailto:zibartoniai@linasagro.lt">zibartoniai@linasagro.lt</a>
Karčemos Kooperatinė Bendrovė	Grain processing and storage	9/3/2010, Code of legal entity 302487798, co-operative society, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Šiaulių St. 72, Gustonys vill. LT-38355 Panevėžys district, Lithuania Ph. +370 45 454 051 Fax +370 45 454 054 E-mail <a href="mailto:priemimas@karcemoskb.lt">priemimas@karcemoskb.lt</a>

## **SUBSIDIARIES OPERATING IN FOREIGN COUNTRIES**

<b>Company name</b>	<b>Principal activities</b>	<b>Registration date, code of legal entity, company register</b>	<b>Contact data</b>
Linus Agro A/S	Wholesale trade of grains and oilseeds, feedstuffs and other similar products and services	15/3/1994, Code of legal entity CVR 17689037, register of the company – Danish Commerce and Companies Agency	Vinkel Allé 1, DK-9000 Aalborg, Denmark Ph. +45 988 430 70 Fax +45 988 440 07 E-mail <a href="mailto:info@linasagro.dk">info@linasagro.dk</a> <a href="http://www.linasagro.dk">www.linasagro.dk</a>
SIA Linas Agro	Wholesale trade of grains and oilseeds, agricultural inputs supply	23/4/2003, Code of legal entity 53603019011, Register of Enterprises of the Republic of Latvia	Bauskas St. 2, LV-3001 Jelgava, Latvia Ph. +371 630 840 24 Fax +371 630 842 24 E-mail <a href="mailto:info@linasagro.lv">info@linasagro.lv</a> <a href="http://www.rapsim.lv">www.rapsim.lv</a>
SIA Linas Agro Graudu Centrs	Grain processing and storage	2/5/2013, Code of legal entity 43603059101, Register of Enterprises of the Republic of Latvia	„Jaunsalieši“, LV-5202 Jekabpils, Latvia Ph. +371 220 001 82 E-mail <a href="mailto:graudu.centrs@linasagro.lv">graudu.centrs@linasagro.lv</a>

Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
SIA Paleo	Warehousing services	15/2/2000, Code of legal entity 40003480783, Register of Enterprises of the Republic of Latvia	„Iecavas baze“, Iecavas nov., LV-3913 Latvia Ph. +371 639 415 41 Fax +371 639 419 55 E-mail <a href="mailto:paleo@linasagro.lv">paleo@linasagro.lv</a>
SIA Dotnuva Baltic	Sale of seeds, agricultural machinery	26/04/2010, Code of legal entity 43603041881, Register of Enterprises of the Republic of Latvia	Jūrmalas St. 13C, Pinki, LV-2107 Babītes district, Latvia Ph. +371 679 131 61 Fax +371 677 602 52 E-mail <a href="mailto:info@dotnuvabaltic.lv">info@dotnuvabaltic.lv</a> <a href="http://www.dotnuvabaltic.lv">www.dotnuvabaltic.lv</a>
AS Dotnuva Baltic	Sale of seeds, agricultural machinery	11/11/2010, Code of legal entity 12019737, Estonian Central Register of Securities (Eesti Väärtpaperikeskus AS)	Savimäe 7, Vahi 60534, Tartu district, Estonia Ph. +372 661 2800 Fax +372 661 8004 E-mail <a href="mailto:info@dotnuvabaltic.ee">info@dotnuvabaltic.ee</a> <a href="http://www.dotnuvabaltic.ee">www.dotnuvabaltic.ee</a>
AS Putnu Fabrika Kekava	Poultry farming, production and marketing of poultry and poultry products	11/6/1991, Code of legal entity 50003007411, Register of Enterprises of the Republic of Latvia	Kekava, Kekava district, LV-2123 Latvia Ph. +371 6787 4000 Fax +371 6787 4001 E-mail <a href="mailto:info@pfkekava.lv">info@pfkekava.lv</a> <a href="http://www.vistas.lv">www.vistas.lv</a>
SIA PFK TRADER	Food retail	26/8/2013, Code of legal entity 40103703853, Register of Enterprises of the Republic of Latvia	Kekava, Kekava district, LV-2123 Latvia Ph. +371 6787 4000 Fax +371 6787 4001 E-mail <a href="mailto:info@pfkekava.lv">info@pfkekava.lv</a> <a href="http://www.vistas.lv">www.vistas.lv</a>
SIA Lielzeltini	Poultry farming, production and marketing of poultry and poultry products, feed production	7/7/1994, Code of legal entity 40003205232, Register of Enterprises of the Republic of Latvia	„Mazzeltini“, Janeikas, Bauskas district, Latvia Ph. +371 6396 0770 Fax +371 6396 0768 E-mail <a href="mailto:lielteltini@lielteltini.lv">lielteltini@lielteltini.lv</a> <a href="http://www.lielteltini.lv">www.lielteltini.lv</a>
SIA Broileks	Chicken breeding and sale	7/12/2009, Code of legal entity 50103262981, Register of Enterprises of the Republic of Latvia	Gaismas St. 2A-48, Kekava LV-2123, Latvia Ph./Fax +371 67313182
SIA Cerova	Egg incubation and chicken sale	8/10/2003, Code of legal entity 43603019946, Register of Enterprises of the Republic of Latvia	Centra St. 11, Musa, Bauskas district, Latvia Ph. +371 2633 4110 Fax +371 6392 6234 E-mail <a href="mailto:cerova@latnet.lv">cerova@latnet.lv</a>

## 4.EMPLOYEES

As at 31 December 2016 the number of employees of the Group was 2,156 or 95 employees less than as at 31 December 2015 (2,251).

AB Linas Agro Group has no collective agreement.

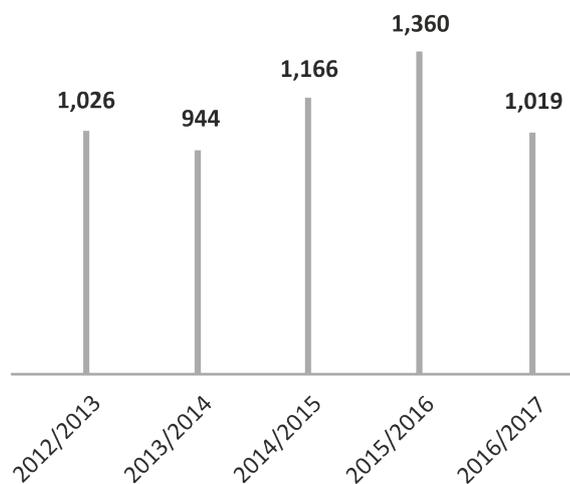
## 5. ACTIVITY AND FINANCIAL RESULTS OF THE GROUP

- Consolidated revenue of AB Linas Agro Group in six months of 2016/17 financial year totaled EUR 297 million and was 19% less as compared to previous year (EUR 367 million).
- The Group's sales volume in tons exceeded 1 million tons of various grains and agricultural inputs and was 25% less as compared to previous year (1.4 million tons).
- The gross profit reached EUR 22 million or was 14% lower than a year before (EUR 25 million).
- Consolidated EBITDA amounted to EUR 8.6 million (EUR 13.6 million in previous year).
- The Group's operating profit reached almost EUR 3.7 million and was 60% less as compared to the respective period of the previous year (EUR 9.3 million).
- Profit before taxes amounted to EUR 2.6 million (compared to EUR 8.4 million in previous year). The net profit attributable to the Group stood at EUR 1.6 million (EUR 7 million in previous year).
- Grain storage facilities owned by the Group processed 430 thousand tons of various grains or 13% less as compared to previous year (493 thousand tons).

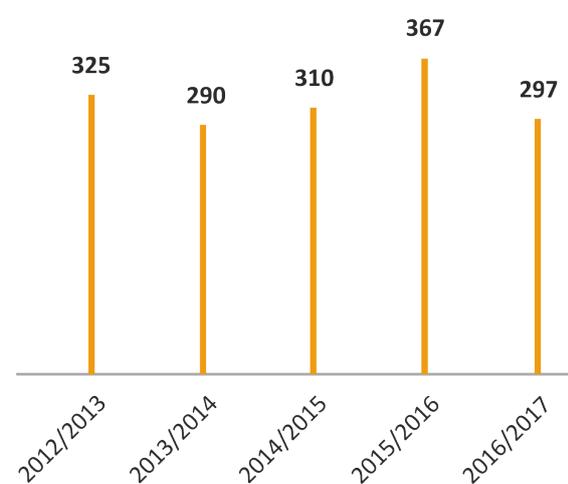
## 5.1. FINANCIAL RATIOS

	2016/17 6 months	2015/16 6 months	2014/15 6 months	2013/14 6 months	2012/13 6 months
Sales in tons	1,018,791	1,360,481	1,166,017	944,331	1,026,114
Sales revenue (thousand EUR)	297,193	366,981	310,366	290,301	325,221,
Gross profit (thousand EUR)	21,755	25,266	16,739	16,603	25,719
Gross profit margin	7%	7%	5%	6%	8%
EBITDA (thousand EUR)	8,575	13,649	8,686	14,557	25,386
EBITDA margin	3%	4%	3%	5%	8%
Operating profit (thousand EUR)	3,657	9,256	3,731	11,759	22,298
Operating profit margin	1%	2%	1%	4%	7%
Earnings before taxes EBT (thousand EUR)	2,584	8,386	2,700	11,068	22,469
Earnings before taxes margin	1%	2%	1%	4%	7%
Net profit (thousand EUR)	1,709	7,075	2,064	10,307	19,852
Net profit margin	0,6%	2%	0,7%	3,6%	6,1%
Current ratio	1.3	1.7	1.5	1.4	1.5
Debt / Equity ratio	0.9	0.6	0.8	1.0	1.1
Net financial debt / EBITDA	16.5	7.0	12.8	9.0	4.4
Return on equity (ROE)	1.0%	4.3%	1.2%	6.1%	16.4%
Return on capital employed (ROCE)	0.8%	3.4%	1.4%	4.1%	9.4%
Basic and diluted earnings per share (EUR) (EPS)	0.01	0.04	0.01	0.07	0.012

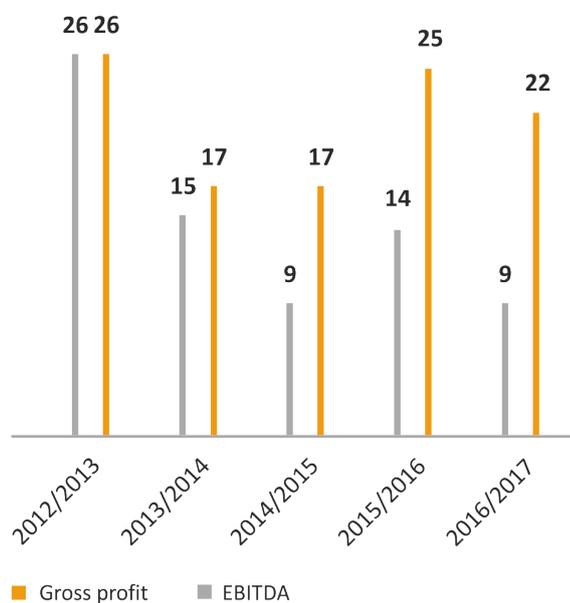
## SALES VOLUME IN THOUSAND T



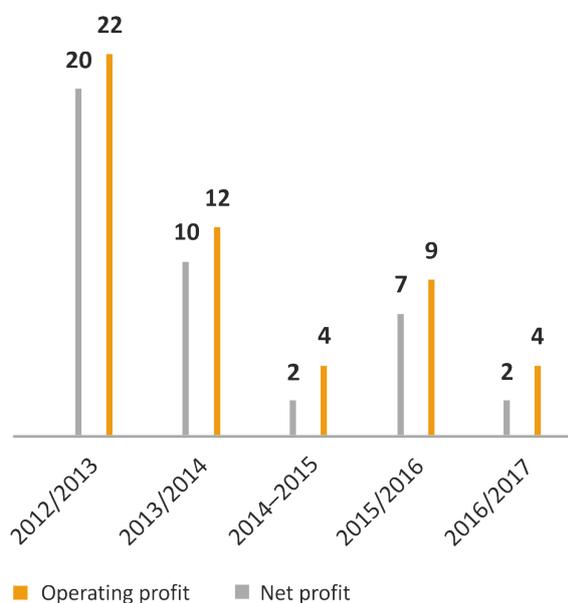
## SALES REVENUE, EUR MILLION



## GROSS PROFIT AND EBITDA, EUR MILLION



## OPERATING AND NET PROFIT, EUR MILLION



■ Gross profit ■ EBITDA

■ Operating profit ■ Net profit

## 5.2. OVERVIEW

As per updated data of International Grain Council (IGC), the world grain and oilseed harvest will be around 2.1 billion tons in 2016 and 4.4% higher as compared to that in 2015 (2,005 billion tons). The grain harvest is above 2 billion tons for the fourth consecutive year. Therefore, world grain ending stocks are high and projected to reach 507 million tons this year (475 million tons in 2015). The above affected the global prices, which have slightly gone down as compared to 2015. For instance, the price of wheat on MATIF exchange ranged between 162 and 168 euros per ton in July-December, while previous year it has been 170-201 euros per ton, at the same time rapeseed price was 363-370 euros per ton, compared with the price of 364-410 euros per ton a year before.

According to the data of Statistics Lithuania cereals harvest in Lithuania was 12% less as compared to previous year due to adverse weather conditions and amounted to 5.7 million tons (6.5 million tons in 2015). Drop in the harvest was mainly affected by decreased yields (16%) as cultivated land grew by 4%. Winter crop harvest dropped 12% and summer crop harvest decreased by 24%. Heavy rain adversely affected the quality of grain - more than half of harvested wheat in Lithuania was of feed quality, while previously medium and high grade wheat prevailed. A similar situation was observed in Latvia well- both in terms of the quality of grain and crop yield. In 2016, the harvest of cereals in Latvia declined by 10.5 percent from a year before to 2.7 million tons, with a big market share of fodder quality grain, the Central Statistics Bureau reported.

Poor quality grain posed many challenges for the grain traders: grain quality did not meet requirements of the traditional Lithuanian grain buyers, therefore the new export destinations were to be founded. That had a negative impact on Group's results over six months period. The Group had to renegotiate the future contracts and enter into new sale contracts to sell feed quality grains. For this reason sales slumped over first six months of this financial year if compared to previous one, while stocks increased from EUR 72 million to EUR 127 million. The majority of sales have been postponed into the second half of the financial year, as an opposite to earlier years.

Familiar situation has been observed all over Lithuania. According to the information of analytical magazine "Agrorinka", export volumes of various grains from Lithuania were 211 thousand tons of various grains and were 48% lower than in December, 2015.

Overall situation in grains and oilseeds market also directly affects prices for food products. Those, except prices for milk, remained almost flat if compared to those a year ago, or even went down. According to the data of UN Food and Agricultural organization, an average FAO index went up from 164 to 170 points for the period July-December due to increased index of milk prices (those grew 40%), while meat price index, which also accounts prices for poultry products, fell down from 160 to 157 points. All these aforementioned reasons had a direct effect on Group's first half year performance.

Due to the aforementioned events the total sales volume of AB Linas Agro Group dropped by 25% from 1.4 million tons to 1 million tons and consolidated revenue of the first six months of 2016/17 financial year amounted to EUR 297 million and was 19% less than in previous year (EUR 367 million). The main reason behind the revenue drop was the decrease in sales of business Segment 'Grain and Feedstuff Handling and Merchandising', which slumped by almost 28%. Due to declined world prices on various grains and lower yields, revenues of another business segments, like 'Agricultural Production' and 'Products and services for Farming' slightly dropped as well (3.7% and 2.2% accordingly). Revenues of business segment "Food Products" grew slightly by 1.7% and amounted to EUR 30 million (those

Lower sales volumes both in tonnage and sums had a direct negative affect on Group's profitability. The gross profit of AB Linas Agro Group dropped from EUR 25 million to EUR 22 million, the operating profit from EUR 9.2 million to EUR 3.7 million and net profit from EUR 7 million to EUR 1.7 million.

Taking into consideration the fact that the majority of sales, particularly in the Group's main business segment 'Grain and Feedstuff Handling and Merchandising', have been postponed till the second half of this financial year, the Group predicts that the second half of this financial year will be more profitable than the first.

### 5.3. FINANCIAL COSTS

Financial expenses grew by 4% over referenced period and amounted to EUR 1.32 million as compared to that in 2015/16 financial year (EUR 1.26 million). The amount of financial loans over first half of this financial year grew from EUR 97 million to EUR 150 million and was the main reason for increase of financial costs. Financial debt rose mainly due to the fact that Group's stocks grew from EUR 72 million to EUR 127 million as part of sales has been transferred into the second half of financial year. In order to finance the stocks, Groups actively used banking credits.

### 5.4. CASH FLOW

Group's cash flow from operating activities before the changes in working capital dropped to EUR 6.5 million as compared to EUR 13.3 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was negative and amounted to EUR 55.2 million (negative EUR 17.4 million over the respective period of 2015/16 financial year), the reason was increase of stocks from EUR 72 million to EUR 127 million over first six months of this financial year. Group's cash and cash equivalents at the end of the reporting period amounted to EUR 7.8 million (EUR 9.6 million in 2015/16 financial year).

### 5.5. INVESTMENTS

During the reporting period the Group's subsidiaries have invested over EUR 5.7 million. Major investments of the Group by character:

<b>Investment object</b>	<b>Investment amount, thousand EUR</b>
Grain storage equipment, warehouses, buildings, various appliances and other machinery	379
Purchase and upgrade of agricultural machinery, vehicles, equipment, buildings and purchase of land	2,866
Modernization and renovation of poultry farms	2,483

### 5.6. PERFORMANCE RESULTS OF SEGMENTS

Activities of the Group are divided into five business segments:

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

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

	2016/17 6 months	2015/16 6 months	2014/15 6 months	2013/14 6 months	2012/13 6 months
Grain and Feedstuff Handling and Merchandising	4,058	10,660	2,598	2,416	16,218
Products and Services for Farming	2,157	1,559	1,338	2,449	5,135
Agricultural Production	(875)	(1,307)	(1,376)	2,015	4,818
Food products	499	252	2,557	5,952	-
Other	134	59	49	(139)	(178)

## GRAIN AND FEEDSTUFF HANDLING AND MERCHANDISING

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

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

The Group consistently expands the capacity of its own grain elevators, and currently the Group's own storage capacity for various grains and inputs amounts to 340 thousand tons. The capacities of the storage facilities at ports operated by the Group exceed 220 thousand tons.

Due to lower grains quality as compared to common practice, the part of Group's sales in this business segment has been postponed into second half of the season, accordingly sales volume in tons slumped from 1.1 million tons to 0.8 million tons. The Group needed to re-adjust its sales strategy as majority of wheat was of feed grade. Quite a big part of purchased grains will be sold in the second half of the year. Therefore the current results of this business segment do not reflect the real expected profitability of 2016/17 financial year.

The sales of traditional crops (wheat, rapeseed, barley) dropped by 32%: their trading volumes declined from 0.96 million tons to 0.65 million tons. Due to the drop in the world grain prices, sales in monetary units declined from EUR 176 million to EUR 137 million as well. A large supply of feed grains had influence on feed sector as well. The sales of feedstuff in tons decreased by 22%, while the revenue from feedstuff sales decreased from EUR 53 million to EUR 44 million due to the high ending stocks of feed manufacturers and a subsequent fall in demand, as well of the poor harvest in some of the supply regions.

Grain storage facilities owned by the Group collected and processed 430 thousand tons of various grains or 13% less as compared to the respective period of the 2015/16 financial year (493 thousand tons). The harvested grain had high moisture content this year, therefore revenue and profit from drying services went up. The gross profit of the Group-owned grain elevators grew from EUR 1.9 million to EUR 3.4 million.

Operating profit of this business Segment slumped by 62% from EUR 10.7 million to EUR 4 million.

The Group opened a new grain reception station with the grain dryer in Rezekne, Latvia, in territory of the recently acquired company SIA Paleo. Almost 225 thousand tons of agricultural commodities were bought in Latvia - as much as the previous year.

Nearly 365 thousand euros in total were invested to renovate and expand grain elevators during the reporting period.

Taking into account probable losses due to poor quality of Lithuanian and Latvian grain and lower harvest, although a higher profitability from the drying services provided by elevators, the Group expects to earn the same operating profit for this business Segment for the whole financial year as compared to previous year.

## **PRODUCTS AND SERVICES FOR FARMING**

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

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

Lower yields in Lithuania and Latvia as well as lower prices on grain commodities had a negative impact on sales volumes in this business segment, although at a minor extent.

As it was expected the growth in sales of various agricultural machinery and equipment for grain elevators stabilized and remained at last year's level amounting to EUR 29 million. Gross profit from that activities also unchanged and amounted to EUR 4 million or almost the same as year before.

Sales of various agricultural inputs (fertilizers, seeds and plant protection products) was quite successful- though revenue dropped from EUR 49 million to EUR 46 million, gross profit went up from EUR 3.5 million to EUR 4.4 million.

Sales of this business Segment amounted to EUR 78 million (in FY 2015/16 – EUR 80 million) and operating profit went up from EUR 1.6 million to EUR 2.2 million.

## **AGRICULTURAL PRODUCTION**

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

Agricultural companies were cultivating 17,232 ha of land. At the end of the reporting period the Group had 6,763 ha of own land. There were planted 9,058 ha of winter crops during this fall or 2% less as compared to previous year.

The Group's agricultural companies harvested over 89 thousand tons of various agricultural commodities or 8% less as compared to previous year. Wheat harvest was the highest and amounted to 49 thousand tons, malting barley harvest was 12 thousand tons, rapeseed – 9 thousand, also almost 12 thousand tons of sugar beet was harvested. Over 47 thousand tons of crop products were sold or 9% less than previous year.

The average yield of wheat was 6 tons/ha (average yield in Lithuania is 4.36 tons/ha), rapeseed – 3.5 tons/ha (2.9 tons/ha average in Lithuania).

Group controlled farms own over 3,160 milking cows. Over referenced period 14.8 thousand tons of raw milk has been sold or 9% less as compared to previous year. Despite the facts that milk purchase price in July was the lowest in the last five years, an overall improvement in world prices of milk products had a positive impact on raw milk purchase price in Lithuania which were on upward trend since August, 2016.

The average raw milk purchase price over July-December months of 2016 grew by 9% if compared to those a year ago and had an impact on profitability of Group's operated farms.

The revenue of this business Segment went down by 3.7% and amounted to EUR 15.6 million (EUR 16.2 million in 2015/16 financial year) as revenue from grain sales dropped from EUR 10.4 million to EUR 9 million.

The operating profit of the Segment after the changes in biological assets, was negative and amounted to EUR 0.87 million (1.3 million loss was recorded in FY 2015/16).

Almost Eur 1.2 million were invested by agricultural companies to update agricultural machinery.

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

## FOOD PRODUCTS

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

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

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

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

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

The poultry companies produced over 13 thousand tons of live weight or 8% more as compared to previous year (12 thousand tons of live weight). Companies sold over 14 thousand tons of poultry and poultry products (15 thousand tons a year before).

As already has been mentioned, FAO index, accounting also prices for meat, fell down by 1.9% over the referenced period. An average broiler price in the EU for the period July-December, 2015 has been about EUR 180/100 kg and this year it was EUR 176/100 kg over the same period.

Revenue from this business Segment remained almost the same and amounted to EUR 30.4 million compared to EUR 29.9 million a year before while operating profit increased from EUR 0,3 million to EUR 0,5 million due to successful sales in Scandinavia and Lithuania.

The Group invested over 2 million euros thousand euros over the referenced period to upgrade poultry production equipment.

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

## OTHER

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

The operating result of this business Segment amounted to EUR 134 thousand compared to a EUR 59 thousand of operating profit in previous year.

# 6.THE PUBLICLY DISCLOSED INFORMATION AND OTHER EVENTS OF THE REPORTING PERIOD

## 6.1. THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended 31 December, 2016, the Company publicly disclosed and distributed via Nasdaq Vilnius GlobeNewswire system and in Company's website the following information:

20/12/2016 16:00 EET	Notification on AB Linas Agro Group manager's related party transactions	Notification on transactions concluded by managers of the companies	En, Lt
15/12/2016 16:00 EET	AB Linas Agro Group Notification about acquisition of voting rights	Acquisition or disposal of a block of shares	En, Lt
15/12/2016 16:00 EET	Notification on AB Linas Agro Group manager's related party transactions	Notification on transactions concluded by managers of the companies	En, Lt
02/12/2016 09:02 EET	AB Linas Agro Group investor's calendar for the 2017	Other information	En, Lt
30/11/2016 09:33 EET	Notification about interim 3 months financial results of the financial year 2016/2017	Interim information	En, Lt
28/10/2016 10:33 EEST	Decisions of the Annual General Meeting of AB Linas Agro Group Shareholders, Held on 27 October 2016	Notification on material event	En, Lt
28/10/2016 10:14 EEST	Procedure for the payout of dividends for the financial year ended 30 June 2016	Notification on material event	En, Lt
28/10/2016 10:14 EEST	AB Linas Agro Group notification about the Annual information of financial year 2015/2016	Annual information	En, Lt
04/10/2016 16:00 EEST	Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Annual information	En, Lt
31/8/2016 12:18 EEST	Notification about interim 12 months financial results of the financial year 2015/2016	Interim informacion	En, Lt

## 6.2. OTHER EVENTS DURING THE REPORTING PERIOD

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

## 6.3. SUBSEQUENT EVENTS

There were no important events after the reporting period.

# 7. SCOPE OF RISK AND MANAGEMENT THEREOF

## 7.1. MARKET RISK

Market risk shall be understood as a risk to generate profit lower than planned if the tone of market prices is unfavorable. This may happen if market price fell below the intervention prices (minimal purchase prices for grains established by state authorities) as it would prevent the Group from receiving surplus profit. In a market situation when grain purchase prices fall due to certain reasons, intervention prices are used as a leverage to uphold a certain price level and thus to ensure guaranteed income to farmers. When intervention prices are higher than or identical to market prices, the Group sells the purchased grains to the agency and thus earns certain income which under regular market conditions would be lower than market prices. Starting from 2005, intervention prices are set by the EU and are calculated for two years in advance. The mechanism has not been applied so far; however, if intervention prices were applied, the Group would have been deprived of surplus profit.

In H1 of FY 2016/17 this risk did not manifest itself as regards the Company and the Group.

## 7.2. RISK RELATED TO ACTIVITIES OF SUBSIDIARIES

Subsidiary companies of the Group are engaged in the trade of agricultural raw materials, agricultural production, rearing of poultry and poultry production, storage of agricultural products and other activities. Poultry enterprises need to face the operational risk related to this sector including the cessation of the production as well as disease, environmental and other risks. Even though most of the subsidiaries are profitable, adverse developments in the markets, in which the parent company and its subsidiaries operate, may affect their yields. Managers for corresponding businesses within the Group follow closely and analyze the activity of the subsidiary companies and their key transactions, provide operational budgets of the companies under the authority of the Group's Board as well as monitor the implementation and key developments in these companies' budgets.

This risk did not manifest itself as regards the Company and the Group in H1 of FY 2016/17.

### **7.3. POLITICAL RISK**

Agriculture is a strictly regulated and supervised sector of economy in the European Union. Although this regulation and control are mostly aimed at ensuring sufficient income for entities engaged in agricultural activities, political changes may affect the situation in the market where the Group operates. For example, reduction of subsidies to agriculture may affect the activities of agricultural companies controlled by the Group. Also, demand for agricultural products is impacted by political decisions - embargoes, import or export bans.

This risk did not manifest itself as regards the Company and the Group in H1 of FY 2016/17.

### **7.4. SOCIAL RISK**

The experience and knowledge of the management determine the ability of the Group to retain its competitive status and implement its growth strategy. However, there are no guarantees that all key employees of the Group will stay with the Group in the future. Loss of such employees or the Group's failure to recruit new employees possessing appropriate knowledge may have a significant adverse impact on the business outlook and financial position of the Group. Non-competition agreements are signed with some executives.

This risk did not manifest itself as regards the Company and the Group in H1 of FY 2016/17.

### **7.5. COUNTERPARTY RISK**

The Group enters forward contracts with farmers who commit the delivery of production under terms and conditions of the contract. As the prices of products increase, the risk of breach of forward contracts and non-delivery of production by counterparties emerges. The bigger the difference between the contract price and the current market price on the day of delivery, the higher is the risk.

The Group, according its risk management policy is using risk management mitigating tools for forward purchases. No loss has been recorded, as the situation in the market was positive for such forward purchases. The Group continuously monitored and analyzed the market, has revised and stringent the terms of its purchase agreements, analyzed probable scenarios for losses and made certain decisions to control risk (for example, setting limits on forward contracts, evaluation and assessment of client's credit rating, capacity of cultivated land etc.).

In order to manage the risk related to certain products, the Group concludes forward contracts on commodity exchange NYSE Euronext Paris SA. The Group trades in futures to control the price risk arising from purchasing and selling rapeseed and wheat. The Group has approved an internal trade risk management system and established the credit risk management committee that analyses trade transactions entered into by the Company as well as their amounts and limits. Some of the buyers (buyers' solvency risk) are insured with international insurance companies.

This risk did not manifest itself as regards the Company and the Group in H1 of FY 2016/17.

## **8. AUTHORIZED CAPITAL AND SHARES OF THE COMPANY**

On 31 December, 2016 the authorized capital of the Company amounted to EUR 46,092,715.42. The authorized capital of the Company is divided into 158,940,398 ordinary registered non-certificated shares. The nominal value of one share is EUR 0.29. ISIN code of the shares is LT0000128092.

Type of shares	Number of shares	Nominal value (EUR)	Total nominal value (EUR)	Portion in the authorized capital (%)
Ordinary registered shares	158,940,398	0.29	46,092,715.42	100
<b>Total</b>	<b>158,940,398</b>	<b>–</b>	<b>46,092,715.42</b>	<b>100</b>

All the shares of the Company are fully paid and they are not subject to any restrictions of the transfer of securities.

All shares issued by the Company grant equal rights to the Company's shareholders. The Company has not issued any shares of a class other than the aforementioned ordinary shares. Each ordinary share of the Company shall grant one vote at the General Meeting of Shareholders (except 782,972 ordinary registered shares acquired by the Company that do not give the right to vote).

Neither limitations of the rights granted by the Company's shares nor special control rights for shareholders are provided for in the Company's Articles of Association.

## 8.1. THE COMPANY'S OWN SHARES

At the end of the reporting period, the Company held 782,972 units of Company's shares, which do not grant the right to vote in the General Meeting of Shareholders.

The subsidiaries of the Company have not acquired any shares of the Company.

# 9. INFORMATION ABOUT TRADE IN THE COMPANY'S SECURITIES IN REGULATED MARKETS

All 158,940,398 ordinary registered shares of the Company were included in the Official List of Nasdaq Vilnius Stock Exchange (ISIN Code of the shares is LT0000128092). The ticker of the shares on Nasdaq Vilnius Stock Exchange is LNA1L. Trading in the Company's shares on Nasdaq Vilnius Stock Exchange started on 17 February 2010.

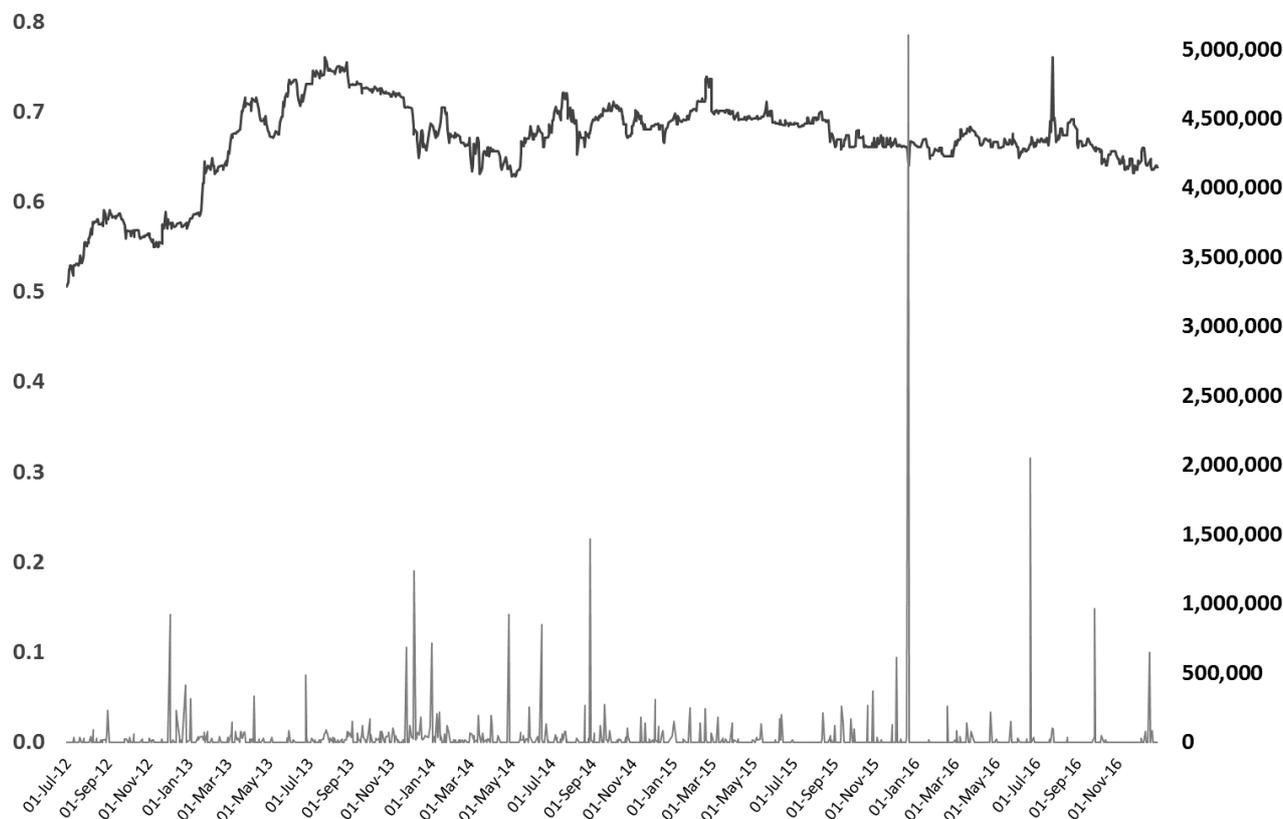
## 9.1. AGREEMENTS CONCLUDED WITH INTERMEDIARIES OF THE PUBLIC SECURITIES MARKET

On 11 November 2009, the Company signed the Issuer's Securities Accounting Management Agreement with Swedbank, AB represented by the Securities Transactions Department (Code 112029651; address: Konstitucijos ave. 20A, LT-03502 Vilnius).

The securities of the subsidiaries of the Company are not traded on regulated markets.

## 9.2. AB LINAS AGRO GROUP SHARE PRICE AND TURNOVER

Information on changes in the prices of Company's shares and turnover from 01/07/2012 until the end of the reporting period, i. e. 31 December 2016, is presented in the following diagram:



## 10.SHAREHOLDERS

According to the list of shareholders provided by AB Linas Agro Group securities account operator Swedbank, AB (data for end of 31 December 2016), the number of Company's shareholders at the end of the reporting period totaled 855.

Shareholders controlling more than 5% of Company's shares as at 31 December 2016:

	Number of shares held	Portion in the authorized capital and voting rights
Akola ApS (public company, company Code 2517487; registration address: Algade 31 9000 Aalborg, Denmark)	103,905,646	65.37%
Darius Zubas	17,049,995	10.73%

The Company's ordinary non-certificated shares grant equal rights to all shareholders of the Company. Each ordinary share of the Company shall grant one vote at the General Meeting of Shareholders (except 782,972 ordinary registered shares acquired by the Company that do not give the right to vote).

# 11. BODIES OF THE COMPANY

According to the AB Linas Agro Group Articles of Association, the Company's bodies shall be as follows:

- The general Meeting of Shareholders;
- The Board;
- The Head of the Company (Managing Director).

The Supervisory Board shall not be formed in the Company.

One general meeting of shareholders was held during H1 of FY 2016/17 – on 27th of October, 2016.

The Company's Board consists of seven members that are elected for four years period. The Board of the Company was elected by the Company's General Meeting of Shareholders on 27 October 2016. As at 31 December 2016, the number of the Company's Board members was 7. The Company does not have independent members of the Board. Three meetings of the Board have been organized and held during 1<sup>st</sup> half of financial year, members of the Board attended 100 percent of the meetings.

The Head of the Company did not change during six months of 2016/17 financial year, ended 31 December 2016. The Head of the Company is also the Chairman of the Board of the Company.

Since 28 October 2010 Audit Committee is formed by the Company.

The members of the bodies of AB Linas Agro Group have never been convicted for the property, management procedures and financial offences.

## 11.1. THE BOARD

The members of the board as at 31 December, 2016:

Name	Number of shares held and participation in Company's authorized capital	Position within the Board	Cadence starts	Cadence ends
Darius Zubas	17,049,995 or 10.73% of shares	Chairman of the Management Board	27/10/2016	26/10/2020
Vytautas Šidlauskas	6,003,521 or 3.78% of shares	Deputy Chairman of the Management Board	27/10/2016	26/10/2020
Dainius Pilkauskas	480,281 or 0.3% of shares	Member of the Management Board	27/10/2016	26/10/2020
Arūnas Zubas	480,281 or 0.3% of shares	Member of the Management Board	27/10/2016	26/10/2020
Artūras Pribušauskas	11,000 or 0.01% of shares	Member of the Management Board	27/10/2016	26/10/2020
Tomas Tumėnas	2,200 or 0.001% of shares	Member of the Management Board	27/10/2016	26/10/2020
Andrius Pranckevičius	Does not have shares of the Company	Member of the Management Board	27/10/2016	26/10/2020

Darius Zubas (b. 1965) – the main founder of the Group. Graduated from Veterinary Academy of Lithuanian University of Health Sciences in 1988. Managing Director of the Company since 1997. Managing Director of AB Linas Agro since 1991 and Chairman of the Management Board since 2006. Chairman of the Board of Directors of Linas Agro A/S since 2004. Chairman of the Supervisory Board of AS Putnu Fabrika Kekava since 2014. Chairman of the Supervisory Boards of SIA Lielzeltini, SIA Linas Agro and AS Dotnuva Baltic, also Chairman of the Management Board of UAB Dotnuva Baltic since 2015. Chairman of the Management Board of UAB MESTILLA since 2006.

Vytautas Šidlauskas (b. 1963) graduated from Faculty of Chemistry of Kaunas University of Technology in 1987. Has been employed by the Group since 1991. Managing Director of UAB Gerera since 1993. Trade Director of AB Linas Agro since 1999 and Member of the Management Board since 2006. Member of the Board of Directors of Linas Agro A/S since 2004. Deputy Chairman of the Supervisory Boards of SIA Lielzeltini, SIA Linas Agro and AS Putnu Fabrika Kekava, the Member of the Supervisory Board of AS Dotnuva Baltic, also Deputy Chairman of the Management Board of UAB Dotnuva Baltic since 2015. Member of the Management Board of UAB MESTILLA since 2006.

Dainius Pilkauskas (b. 1966) – a graduate of Veterinary Academy of Lithuanian University of Health Sciences in 1991. Has been employed with the Group since 1991. Trade Director for Baltic States and Member of the Management Board of AB Linas Agro since 2006.

Arūnas Zubas (b. 1962) graduated from Faculty of Chemistry of Kaunas University of Technology in 1985. He was employed with the Group from 1995 to 2005 as director of commerce in AB Linas Agro. Member of the Management Board of AB Linas Agro since 2006. Member of the Supervisory Boards of SIA Lielzeltini and AS Putnu Fabrika Kekava since 2015. Managing Director of UAB MESTILLA since 2005.

Artūras Pribušauskas (b. 1963) graduated from Kaunas University of Technology, Faculty of Chemistry in 1986. In 2004, he attended the ACT (Association of Corporate Treasurers) corporate treasury courses in the UK. Joined the Group in 1993, worked as advisor and later as financier in AB Linas Agro. Head of treasury in AB Linas Agro since 1999 and in AB Linas Agro Group since 2010. Member of the Audit Committee of the Company. Member of the Management Board of UAB MESTILLA since 2013.

Tomas Tumėnas (b. 1972) obtained the diploma in Economics from Vilnius University in 1995 and a certificate in International Business Economics from Aalborg University. In 2011 obtained MBA (Master of Business Administration, Program for (Full) Financial Specialist & Managers) at Manchester Business School, The University of Manchester. Has been employed with the Group since 2001. Finance Director at AB Linas Agro since 2006 and Member of the Management Board since 2009. Finance Director of AB Linas Agro Group since 2009. Member of the Management Board of UAB Dotnuva Baltic since 2015.

Andrius Pranckevičius (b. 1976) – a graduate of Kaunas Technological University where in 1998 he obtained a bachelor's degree in Business Administration and, in 2000, master's degree in Marketing Management. He also took executive education programs in Harvard Business School, Wharton Business School, Stanford and Berkeley Business School (2004–2007) and program of leadership development in Harvard Business School (2009). Joined the Group in 1999. Deputy Managing Director of AB Linas Agro since 2005 and the Member of the Management Board since 2006. Deputy Managing Director of AB Linas Agro Group since 2009. Member of the Supervisory Board of AS Putnu Fabrika Kekava since 2014 and Chairman of the Management Board of the company since 2015. Also Chairman of the Management Board of the companies SIA Lielzeltini, SIA Cerova and SIA Broileks since 2015. Member of the Board of Lithuanian Agricultural Companies Association.

Board members controlling more than 5% of other Companies shares and votes:

<b>Name</b>	<b>Participation in other Companies authorized capital</b>
Darius Zubas	Akola ApS 71% votes; UAB MESTILLA 14.3% votes.
Vytautas Šidlauskas	Akola ApS 25% votes; UAB MESTILLA 5% votes.

Andrius Pranckevičius, Arūnas Zubas, Dainius Pilkauskas, Tomas Tumėnas and Artūras Pribušauskas do not have more than 5% of shares in the other companies.

The Company has not granted any loans, guarantees or surety ships to the members of the Board that would ensure fulfillment of their obligations, also did not transfer them any assets.

## **11.2. MANAGEMENT OF THE COMPANY**

Details of the Company's Management remained unchanged during the reporting period.

Company Management as of 31 December 2016:

<b>Position</b>	<b>Name and surname</b>	<b>Employed since</b>
Managing Director	Darius Zubas	01/09/1996
Deputy Managing Director	Andrius Pranckevičius	19/11/2009
Finance Director	Tomas Tumėnas	19/11/2009
Chief Accountant	Ramutė Masiokaitė	19/11/2009

The Management of the Company work under open-ended contracts of employment.

Information about Darius Zubas, Andrius Pranckevičius, and Tomas Tumėnas is provided in the chapter THE BOARD.

Ramutė Masiokaitė (b. 1971) – Chief Accountant. Does not own shares of the Company. Graduated from Vilnius University in 1994 and acquired the qualifications of economics, financial and credit specialist. She started her employment with the Group in 1998 in the capacity of the Chief Accountant of AB Linas Agro. In 2001 she became Finance Controller of AB Linas Agro and works so far, in 2009 was appointed as Chief Accountant of AB Linas Agro Group.

## **11.3 COMMITTEES FORMED BY THE COMPANY**

There were no changes in the committees formed by the company during reporting period.

The Ordinary General Meeting of the Company's Shareholders held on 30 October 2014 formed the Audit Committee and elected the members of the Audit Committee. The Audit Committee consists of 3 members, including an independent member. The members of the Committee are elected for the term of office of 4 (four) years. The elected members of the Committee began their service from the moment the General Meeting of the Company's Shareholders during which they had been elected was over.

### **THE MEMBERS OF AUDIT COMMITTEE**

(as at December 2016):

Andrius Drazdys - independent member of the Audit Committee. Term of office began on 30 October 2014, term of office ends on 30 October 2018. Does not own shares of the Company. Employed at UAB Vilniaus margarino gamykla as a Chief Finance Officer.

Artūras Pribušauskas -member of the Audit Committee. Term of office began on 30 October 2014, term of office ends on 30 October 2018. Treasury Manager of the Company and also employed as a

Treasury Manager at AB Linas Agro. Elected the Member of the Board as from October 24, 2013 (look chapter THE BOARD). Shareholder of the Company – owns 11,000 shares of the Company or 0.01% of all shares and votes of the Company.

Kristina Prūsienė - member of the Audit Committee. Term of office began on 30 October 2014, term of office ends on 30 October 2018. Does not have shares of the Company. Employed at AB Linas Agro as Deputy Accountant General.

## **12. PROCEDURE FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION**

The Company's Articles of Association shall be amended exclusively by the general meeting of shareholders under the Law of the Republic of Lithuania on Companies. Adoption of a decision to amend the Company's Articles of Association shall be the jurisdiction of the Company's General Meeting of Shareholders subject to a qualified majority of 2/3 of votes of the shareholders participating in the Meeting, with the exception of cases specified in the Law of the Republic of Lithuania on Companies.

## **13. INFORMATION ABOUT THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company complies with the company management procedures stipulated in the Law of the Republic of Lithuania on Companies. The Company complies with the essential management principles for the companies listed on Nasdaq Vilnius. The managing bodies of the company are the General Meeting of Shareholders, the Board of the Company and the Head of the Company (Managing Director). The Company does not have the Supervisory Board. The Company's Board consists of seven members to be elected for a period of four years, but the Chairman of the Board is also the Head of the Company (Managing Director). The Company has the Audit Committee.

### **CONTACT PERSONS**

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