

AB Linas Agro Group Consolidated unaudited Financial Statements

*for the Three-month Period
Of The Financial Year 2019/20*

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



Consolidated Statement of Financial Position

	Notes	As at 30 September 2019	As at 30 June 2019
ASSETS			
Non-current assets			
Intangible assets	5	1,829	1,891
Property, plant and equipment	6	148,500	128,078
Investment property	7	1,058	1,058
Animals and livestock		9,613	9,425
Non-current financial assets			
Other investments and prepayments for financial assets		16	16
Non-current receivables		2,817	2,435
Total non-current financial assets		2,833	2,451
Non-current prepayments		1,790	1,649
Deferred income tax asset		4,439	4,476
Total non-current assets		170,062	149,028
Current assets			
Crops		3,674	14,222
Livestock		2,125	2,548
Inventories		159,553	89,817
Current prepayments		3,402	6,984
Accounts receivable			
Trade receivables		76,251	111,960
Receivables from related parties	13	284	2
Income tax receivable		410	547
Other accounts receivable and contract assets		4,287	7,476
Total accounts receivable		81,232	119,985
Derivative financial instruments		56	37
Other current financial assets		1,439	1,140
Cash and cash equivalents		10,058	7,637
Total current assets		261,539	242,370
Total assets		431,601	391,398

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

Consolidated Statement of Financial Position (cont'd)

	Notes	As at 30 September 2019	As at 30 June 2019
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	46,093	46,093
Share premium	1	23,038	23,038
Legal reserve		4,344	4,389
Reserve for own shares		5,000	5,000
Own shares		(448)	(448)
Foreign currency translation reserve		(6)	(17)
Retained earnings		90,578	89,955
Total equity attributable to equity holders of the parent		168,599	168,010
Non-controlling interest		2,139	2,060
Total equity		170,738	170,070
Liabilities			
Non-current liabilities			
Grants and subsidies		6,052	6,121
Non-current borrowings	8	25,807	19,793
Finance lease obligations	9	18,209	2,455
Deferred income tax liability		163	92
Non-current employee benefits		616	624
Other non-current liabilities		407	378
Total non-current liabilities		51,254	29,463
Current liabilities			
Current portion of non-current borrowings	8	7,438	13,411
Current portion of finance lease obligations	9	4,985	875
Current borrowings	8, 13	127,629	113,539
Trade payables		43,809	42,257
Payables to related parties		18	242
Income tax payable		71	14
Derivative financial instruments		1,260	632
Contract liability		2,220	2,322
Other current liabilities		22,179	18,573
Total current liabilities		209,609	191,865
Total equity and liabilities		431,601	391,398

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

Consolidated Statement of Comprehensive Income

(for the period 1 July to 30 September)

	Notes	2019/2020 1 Q	2018/2019 1 Q
Sales	4	149,351	156,159
Cost of sales		(138,869)	(143,763)
Gross profit		10,482	12,396
Operating (expenses)	10	(9,131)	(8,637)
Other income	11	624	546
Other (expenses)		(608)	132
Operating profit		1,367	4,437
Income from financing activities		422	113
(Expenses) from financing activities		(904)	(774)
Profit before tax		885	3,776
Income tax		(182)	(373)
Net profit		703	3,403
Net profit attributable to:			
Equity holders of the parent		617	3,272
Non-controlling interest		86	131
		703	3,403
Basic and diluted earnings per share (EUR)		0.01	0.02
Net profit		703	3,403
Other comprehensive income			
Exchange differences on translation of foreign operations		11	(2)
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		11	(2)
Total comprehensive income, after tax		714	3,401
Total comprehensive income attributable to:			
The shareholders of the Company		628	3,270
Non-controlling interest		86	131
		714	3,401

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

Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of the parent										
	Notes	Share capital	Own shares	Share premium	Legal reserve and other reserve	Reserve for own shares	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as at 1 July 2018		46,093	(453)	23,038	3,379	–	(22)	102,951	174,986	2,088	177,074
Net profit for the year		–	–	–	–	–	–	3,272	3,272	131	3,403
Exchange differences on translation of foreign operations		–	–	–	–	–	(2)	–	(2)	–	(2)
Total comprehensive income		–	–	–	–	–	(2)	3,272	3,270	131	3,401
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(1)	(1)
Acquisition of minority interest		–	–	–	–	–	–	1	1	(2)	(1)
Balance as at 30 September 2018		46,093	(453)	23,038	3,379	–	(24)	106,224	178,257	2,216	180,473
Balance as at 1 July 2019		46,093	(448)	23,038	4,389	5,000	(17)	89,955	168,010	2,060	170,070
Net profit for the year		–	–	–	–	–	–	617	617	86	703
Exchange differences on translation of foreign operations		–	–	–	–	–	11	–	11	–	11
Total comprehensive income		–	–	–	–	–	11	617	628	86	714
Share-based payments		–	–	–	(45)	–	–	–	(45)	–	(45)
Acquisition of minority interest		–	–	–	–	–	–	6	6	(7)	(1)
Balance as at 30 September 2019		46,093	(448)	23,038	4,344	5,000	(6)	90,578	168,599	2,139	170,738

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

Consolidated Cash Flow Statement

	Notes	2019/2020 1 Q	2018/2019 1 Q
Cash flows from (to) operating activities		703	3,403
Net profit			
Adjustments for non-cash items:			
Depreciation and amortisation		3,466	2,502
Subsidies amortisation		(143)	(102)
(Gain) on disposal of property, plant and equipment		(107)	(51)
Change in allowance and write-offs for receivables and prepayments		165	191
Inventories write down to net realisable value		31	30
Change of provision for onerous contracts		(276)	–
Change in accrued expenses		592	(4,072)
Change in fair value of biological assets		263	(550)
Change in deferred income tax		390	267
Change in accrued share-based payment		(45)	–
Current income tax expenses		73	104
Expenses (income) from change in fair value of financial instruments		1,692	(6,334)
Dividend (income)		–	(3)
Interest (income)		(422)	(113)
Interest expenses		903	774
		7,285	(3,954)
Changes in working capital:			
Decrease in biological assets		10,499	9,751
(Increase) in inventories		(70,850)	(83,856)
Decrease (increase) in prepayments		3,531	5,080
Decrease in trade and other accounts receivable		36,790	30,190
(Increase) in restricted cash		(200)	(363)
Increase in trade and other accounts payable		5,379	(4,562)
Income tax (paid)		(91)	(111)
Net cash flows from (to) operating activities		(7,657)	(47,825)

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

Consolidated Cash Flow Statement (cont'd)

	Notes	2019/2020 1 Q	2018/2019 1 Q
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(3,588)	(4,650)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		363	208
Loans (granted)		–	(67)
Repayment of granted loans		25	65
Interest received		422	13
Dividend received		–	3
Net cash flows from (to) investing activities		(2,778)	(4,428)
Cash flows from (to) financing activities			
Proceeds from loans		53,205	66,120
(Repayment) of loans		(38,979)	(13,005)
Finance lease (payments)		(465)	(181)
Interest (paid)		(904)	(713)
Acquisition of non-controlling interest		(1)	(1)
Net cash flows from (to) financing activities		12,856	52,220
Net (decrease) increase in cash and cash equivalents		2,421	(33)
Cash and cash equivalents at the beginning of the year		10,058	10,495
Cash and cash equivalents at the end of the year		7,637	10,462
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by finance lease		1,390	203

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

Notes to the Financial Statements

1. General Information

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

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

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

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

As at 30 September 2019 and as at 30 June 2018 the shareholders of the Company were:

	As at 30 September 2019		As at 30 June 2019	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	109,909,167	69.15 %	109,909,167	69.15 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Swedbank AS (Estonia) clients	4,048,735	2.55 %	4,048,735	2.55 %
Other shareholders (private and institutional investors)	27,932,501	17.57 %	27,932,501	17.57 %
Total	158,940,398	100.00 %	158,940,398	100.00 %

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each as at 30 September 2019 (EUR 0.29 each as at 30 June 2019) and were fully paid as at 30 September 2019 and as at 30 June 2019.

The Company holds 772,972 of its own shares, percentage 0.50%, as at 30 September 2019 (772,972 as at 30 June 2019). Subsidiaries and other related companies did not hold any shares of the Company as at 30 September 2019 and as at 30 June 2019.

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

As at 30 September 2019 the number of employees of the Group was 2,148 (2,113 as at 30 June 2019).

No changes in share capital occurred during the years ending 30 September 2019 and 30 June 2019.

2. Accounting Principles

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU), which include IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2018/2019 financial year.

3.Group Structure and Changes in the Group

As at 30 September 2019 and as at 30 June 2019 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2019	30 June 2019	
Investments into directly controlled subsidiaries				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
UAB Dotnuva Baltic	Lithuania	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100 %	100%	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	Rent and management of agricultural purposes land
AS Putnu fabrika Kekava	Latvia	97.11%	97.11%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	97.11%	97.11%	Retail trade of food production
SIA Lielzeltini	Latvia	100%	100%	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	100%	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	100%	Chicken breeding and sale
UAB Kekava Foods LT	Lithuania	97.11%	97.11%	Not operating company
Investments into indirectly controlled subsidiaries (through AB Linas Agro)				
SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural inputs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linas Agro A/S (under liquidation)	Denmark	100%	100%	Not operating company
ŽŪB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100%	100%	Rent and management of agricultural purposes land

3. Group Structure and Changes in the Group (cont'd)

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2019	30 June 2019	
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	99.13%	99.13%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.39%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.82%	98.82%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	99.54%	99.54%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	96.06%	95.92%	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.95%	98.95%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Paberžėlė	Lithuania	100%	100%	Rent and management of agricultural purposes land
Panevėžys district Žibartonių ŽŪB	Lithuania	99.90%	99.90%	Mixed agricultural activities
Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic)				
SIA DOTNUVA BALTIC	Latvia	100%	100%	Trade of machinery and equipment for warehousing of grains
AS Dotnuva Baltic	Estonia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos technika	Lithuania	100%	100%	Not operating company
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)				
Karčemos kooperatinė bendrovė	Lithuania	20%*	20%*	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu centrs	Latvia	100%	100%	Preparation and warehousing of grains for trade
Investment into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)				
Karčemos kooperatinė bendrovė	Lithuania	4.00%*	4.00%*	Preparation and warehousing of grains for trade

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

3. Group Structure and Changes in the Group (cont'd)

Changes in the Group during the 3 month period ended 30 September 2019

During 3 month period, ended 30 September 2019, the Group acquired 0.14% Sidabravo ŽŪB share capital for EUR 1 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 6 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

Changes in the Group during the year ended 30 June 2019

During 12 month period, ended 30 June 2019, the Company acquired 0.02% AS Putnu fabrika Kekava share capital for EUR 1 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 4 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

The Group acquired 0.71 % ŽŪB Sidabravo share capital for EUR 5 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 31 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 2019, the Group founded the share capital of LLC LINAS AGRO UKRAINE UAH 6,500 thousand (EUR 205 thousand).

During 12 month period, ended 30 June 2019, the Group reduced the share capital of ŽŪB Užupės by paying out EUR 140 thousand to shareholders. During 12 month period, ended 30 June 2019, the Company increased the share capital of UAB Linas Agro Grūdų Centras KŪB by EUR 1,300 thousand, UAB Linas Agro Konsultacijos EUR 1,213 thousand, UAB Lineliai EUR 50 thousand, ŽŪB Noreikiškių EUR 30 thousand, ŽŪB Landvesta 5 EUR - 45 thousand.

The Group increased the share capital of SIA Linas Agro by EUR 1,000 thousand, Panevėžys district Aukštadvario ŽŪB EUR 1,010 thousand, Kėdainiai district Labūnavos ŽŪB EUR 200 thousand, UAB Gerera EUR 30 thousand. Accordingly, the minority interest in Panevėžys district Aukštadvario ŽŪB and Kėdainiai district Labūnavos ŽŪB has been recalculated, respectively by EUR 76 thousand and EUR 27 thousand.

4. Segment Information

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

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

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

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

Group	Grain and feedstuff handling and merchandising	Products and services for farming	Agricultural production	Food products	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Financial year ended 30 September 2019								
Revenue								
Third parties	84,820	39,600	5,358	19,573	–	–	–	149,351
Intersegment	1,122	2,018	3,725	–	–	–	(6,865) ¹⁾	–
Total revenue	85,942	41,618	9,083	19,573	–	–	(6,865)¹⁾	149,351
Results								
Operating expenses	(1,802)	(3,856)	(701)	(1,843)	(14)	(915)	–	(9,131)
Segment operating profit (loss)	743	971	(814)	1,400	5	(938)	–	1,367

4. Segment Information (cont'd)

Group	Grain and feedstuff handling and merchandising	Products and services for farming	Agricultural production	Food products	Other products and services	Not attributed to any specified segment	Adjustments and elimina- tions	Total
Financial year ended 30 September 2018								
Revenue								
Third parties	90,674	41,182	5,124	19,400	(221)	–	–	156,159
Intersegment	294	2,234	2,543	–	–	–	(5,071) ¹⁾	–
Total revenue	90,968	43,416	7,667	19,400	(221)	–	(5,071)¹⁾	156,159
Results								
Operating expenses	(2,341)	(3,248)	(589)	(1,600)	(5)	(854)	–	(8,637)
Segment operating profit (loss)	2,385	1,892	(424)	1,653	(196)	(873)	–	4,437

1) Intersegment revenue is eliminated on consolidation.

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

Revenue from external customers	3 month period ended	
	30 September 2019	30 September 2018
Lithuania	48,209	47,508
Europe (except for Scandinavian countries, CIS and Lithuania)	58,907	50,191
Scandinavian countries	21,482	28,246
Asia	12,568	13,401
Africa	3,847	9,556
CIS	4,338	7,257
	149,351	156,159

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

Non-current assets	As at 30 September 2019	As at 30 June 2019
Lithuania	90,183	70,573
Latvia	60,282	59,515
Estonia	896	914
Denmark	26	25
	151,387	131,027

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

5. Intangible Assets

Group	Software	Other intangible assets	Provisional goodwill	Total
Cost:				
Balance as at 30 June 2018	1,039	277	1,971	3,287
Additions	51	196	–	247
Transfers from property, plant and equipment	–	292	–	292
Write-offs	(1)	(15)	–	(16)
Balance as at 30 June 2019	1,089	750	1,971	3,810
Additions	5	2	–	7
Write-offs	(7)	–	–	(7)
Reclassifications	484	(484)	–	–
Balance as at 30 September 2019	1,571	268	1,971	3,810
Accumulated amortization:				
Balance as at 30 June 2018	581	89	–	670
Charge for the year	106	31	–	137
Write-offs	–	(10)	–	(10)
Balance as at 30 June 2019	687	110	–	797
Charge for the year	20	43	–	63
Balance as at 30 September 2019	707	153	–	860
Impairment losses:				
Balance as at 30 June 2018	–	–	1,121	1,121
Balance as at 30 June 2019	–	–	1,121	1,121
Balance as at 30 September 2019	–	–	1,121	1,121
Net book value as at 30 September 2019	864	115	850	1,829
Net book value as at 30 June 2019	402	639	850	1,891
Net book value as at 30 June 2018	458	188	850	1,496

6. Property, Plant and Equipment

	Right of use assets	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 2018	–	19,368	96,327	53,863	5,334	4,812	9,742	189,446
Additions	–	2,030	1,294	3,466	484	207	9,320	16,801
Disposals and write-offs	–	(31)	(1,625)	(2,134)	(607)	(296)	(2)	(4,668)
Transfers from investment property	–	179	–	–	–	–	–	179
Transfers to intangible assets	–	–	–	–	–	–	(292)	(292)
Reclassifications	–	10	10,405	3,155	382	346	(14,298)	–
Balance as at 30 June 2019	–	21,556	106,401	58,350	5,593	5,096	4,470	201,466
Effect of adoption of IFRS 16	18,758	–	–	–	–	–	–	18,758
Additions	715	183	25	2,122	275	78	2,187	5,585
Disposals and write-offs	(234)	–	–	(453)	(738)	(179)	(69)	(1,673)
Reclassifications	–	–	341	276	77	53	(747)	–
Balance as at 30 September 2019	19,239	21,739	106,767	60,295	5,207	5,048	5,841	224,136
Accumulated depreciation:								
Balance as at 30 June 2018	–	81	35,462	24,151	3,101	3,159	–	65,954
Charge for the year	–	48	3,965	4,048	515	517	–	9,093
Disposals and write-offs	–	–	(291)	(1,456)	(533)	(251)	–	(2,531)
Reclassifications	–	–	–	5	–	(5)	–	–
Balance as at 30 June 2019	–	129	39,136	26,748	3,083	3,420	–	72,516
Charge for the year	976	12	1,076	1,082	134	116	–	3,396
Disposals and write-offs	(12)	–	–	(449)	(511)	(169)	–	(1,141)
Balance as at 30 September 2019	964	141	40,212	27,381	2,706	3,367	–	74,772
Impairment losses:								
Balance as at 30 June 2018	–	–	696	164	–	42	–	902
Disposals and write-offs	–	–	(29)	(1)	–	–	–	(30)
Balance as at 30 June 2019	–	–	667	163	–	42	–	872
Disposals and write-offs	–	–	–	–	–	(7)	–	(7)
Balance as at 30 September 2019	–	–	667	163	–	35	–	865
Net book value as at 30 September 2019	18,275	21,598	65,888	32,751	2,501	1,646	5,841	148,500
Net book value as at 30 June 2019	–	21,427	66,598	31,439	2,510	1,634	4,470	128,078
Net book value as at 30 June 2018	–	19,287	60,169	29,548	2,233	1,611	9,742	122,590

7. Investment Property

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

Cost:	Land	Buildings	Total
Balance as at 30 June 2018	1,293	131	1,424
Transfers to property, plant and equipment	(179)	–	(179)
Disposals and write-offs	(75)	(7)	(82)
Balance as at 30 June 2019	1,039	124	1,163
Balance as at 30 September 2019	1,039	124	1,163
Accumulated depreciation:			
Balance as at 30 June 2018	2	55	57
Charge for the year	1	3	4
Disposals and write-offs	–	(7)	(7)
Balance as at 30 June 2019	3	51	54
Balance as at 30 September 2019	3	51	54
Impairment losses:			
Balance as at 30 June 2018	51	–	51
Balance as at 30 June 2019	51	–	51
Balance as at 30 September 2019	51	–	51
Net book value as at 30 September 2019	985	73	1,058
Net book value as at 30 June 2019	985	73	1,058
Net book value as at 30 June 2018	1,240	76	1,316

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

8. Borrowings

	As at 30 September 2019	As at 30 June 2019
Non-current borrowings		
Bank borrowings secured by the Group assets	25,793	19,793
Other non-current borrowings	14	–
	25,807	19,793
Current borrowings		
Current portion of non-current bank borrowings	7,421	13,411
Current bank borrowings secured by the Group assets	127,080	111,165
Other current borrowings (Note 12)	566	2,374
	135,067	126,950
	160,874	146,743

Interest payable is normally settled monthly throughout the financial year.

9. Finance lease obligation

	As at 30 September 2019	As at 30 June 2019
Non-current		
Finance lease obligation related to right-of-use assets	14,747	–
Finance lease obligation related to other assets	3,462	2,455
	18,209	2,455
Current		
Finance lease obligation related to right-of-use assets	3,528	–
Finance lease obligation related to other assets	1,457	875
	4,985	875
	23,194	3,330

10. Operating Expenses

	2019/2020 1 Q	2018/2019 1 Q
Wages and salaries and social security	(5,773)	(5,422)
Consulting expenses	(186)	(126)
Depreciation and amortization	(452)	(303)
Other	(2,720)	(2,786)
	(9,131)	(8,637)

11. Other Income (Expenses)

Other income	2019/2020	2018/2019
	1 Q	1 Q
Grants received for agriculture activity	248	–
Gain from currency exchange	–	108
Rental income from investment property and property, plant and equipment	46	61
Gain from disposal of investment property and property, plant and equipment	107	51
Dividend income	–	3
Change in fair value of financial instruments	56	267
Other income	167	56
	624	546
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(52)	(57)
Change in fair value of financial instruments	(442)	223
Other expenses	(114)	(34)
	(608)	(132)

12. Commitments and Contingencies

As at 30 September 2019 the Group is committed to purchase property, plant and equipment for the total amount of EUR 33 thousand (EUR 1 941 thousand as at 30 June 2019).

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

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

In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania and Latvia amounting to EUR 2 504 thousand as at 30 September 2019 (EUR 2 504 thousand as at 30 June 2019). Group has no plans to discontinue above mentioned operations.

In August 2018 the Group company AB Linas Agro received a ruling from the Customs of the Republic of Lithuania (hereafter – Customs) stating that Customs made additional calculation for the calendar year 2016 – 2017. The decision increased the taxes in EUR 644 thousand for fertilizers import in mentioned period. The AB Linas Agro management estimate the possibility to pay the taxes is 50 % and recognized as accruals in EUR 322 thousand amount as at 30 June 2018 and 2019. The AB Linas Agro management does not concur with Customs assessment and the decision is appealed.

Almex, former customer, has filed an appeal to the Court of Appeal in Serbia regarding the refusal of the Commercial Court to rule in the case regarding the alleged damages of EUR 1,800 thousand. As at 30 September 2019 and as at 30 June 2019 the Group's management is of opinion that the appeal has no sound grounds therefore no provision was recorded in the consolidated accounts regarding this matter.

13. Related Parties Transactions

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

The related parties of the Company and Group for the years ended 30 September 2019 and 30 June 2019 were as follows:

Members of the board of the Company:

Darius Zubas (chairman of the board, ultimate controlling shareholder);
 Dainius Pilkauskas;
 Arūnas Zubas;
 Andrius Pranckevičius;
 Tomas Tumėnas;
 Darius Jaloveckas till 3 September 2019;
 Jonas Bakšys

Subsidiaries: List provided in Note 3.

Akola ApS group companies:

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

UAB Ignitis grupė (Andrius Pranckevičius is the Independent Member of Supervisory Board).
 UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company).
 Jonas Bakšys from June 2017 till present is the Member of Board at Lobiu Sala AS (Sweden).
 Vividum UAB (Lithuania) (Jonas Bakšys joint community property with spouse together).

The Group's transactions with related parties in 3 month period ended 30 September 2019 were as follows:

2019 1 Q

	<i>Purchases</i>	<i>Sales</i>	<i>Receivables</i>		<i>Non-current loans receivable</i>	<i>Payables</i>	<i>Current payable loans</i>
			<i>Trade receivables</i>	<i>Other receivable</i>			
Akola ApS group companies	57	7,768	284	–	–	18	–
Members of management board	–	–	–	–	–	–	–

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

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

Terms and conditions of the financial assets and liabilities:

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

The Group's receivables from related parties were nor due neither impaired as at 30 September 2019 and 30 June 2019.

14. Subsequent Events

No subsequent events.