

Confirmation of the responsible persons

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodical and Additional Information of the Bank of Lithuania, we, Darius Zubas, Managing Director of AB Linas Agro Group and Tomas Tumėnas, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, the unaudited Interim Consolidated Financial Statements of AB Linas Agro Group for the six months of the financial year 2019/20, 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 2019/20 includes fair review of the business development and activities, together with the description of the major risks and indeterminations incurred.

Managing Director of AB Linas Agro Group

28 February 2020

Darius Zubas



Finance Director of AB Linas Agro Group

28 February 2020

Tomas Tumėnas



AB Linas Agro Group Consolidated unaudited Financial Statements

*for the Six-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 31 December 2019	As at 30 June 2019
ASSETS			
Non-current assets			
Intangible assets	5	1,853	1,891
Property, plant and equipment	6	149,242	128,078
Investment property	7	984	1,058
Animals and livestock		9,118	9,425
Non-current financial assets			
Other investments and prepayments for financial assets		16	16
Non-current receivables		1,125	2,435
Total non-current financial assets		1,141	2,451
Non-current prepayments		1,790	1,649
Deferred income tax asset		4,482	4,476
Total non-current assets		168,610	149,028
Current assets			
Crops		3,542	14,222
Livestock		2,563	2,548
Inventories		166,953	89,817
Current prepayments		4,496	6,984
Accounts receivable			
Trade receivables		77,392	111,960
Receivables from related parties	13	665	2
Income tax receivable		277	547
Other accounts receivable and contract assets		3,649	7,476
Total accounts receivable		81,983	119,985
Derivative financial instruments		–	37
Other current financial assets		1,721	1,140
Cash and cash equivalents		11,704	7,637
Total current assets		272,962	242,370
Total assets		441,572	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 31 December 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 and other reserves		4,714	4,389
Reserve for own shares		5,000	5,000
Own shares		(446)	(448)
Foreign currency translation reserve		(9)	(17)
Retained earnings		91,124	89,955
Total equity attributable to equity holders of the parent		169,514	168,010
Non-controlling interest		2,092	2,060
Total equity		171,606	170,070
Liabilities			
Non-current liabilities			
Grants and subsidies		5,901	6,121
Non-current borrowings	8	25,545	19,793
Finance lease obligations		19,326	2,455
Deferred income tax liability		116	92
Non-current employee benefits		600	624
Other non-current liabilities		396	378
Total non-current liabilities		51,884	29,463
Current liabilities			
Current portion of non-current borrowings	8	6,690	13,411
Current portion of finance lease obligations		4,191	875
Current borrowings	8, 13	140,092	113,539
Trade payables		39,941	42,257
Payables to related parties		6,525	242
Income tax payable		91	14
Derivative financial instruments		1,836	632
Contract liability		3,213	2,322
Other current liabilities		15,503	18,573
Total current liabilities		218,082	191,865
Total equity and liabilities		441,572	391,398

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

Consolidated Statement of Comprehensive Income

(for the period 1 July to 31 December)

	Notes	2019/2020 6 month	2018/2019 6 month
Sales	4	317,178	328,923
Cost of sales		(297,369)	(308,441)
Gross profit		19,809	20,482
Operating (expenses)	9	(17,864)	(18,568)
Other income	10	1,865	1,080
Other (expenses)		(788)	(246)
Operating profit		3,022	2,748
Income from financing activities		611	369
(Expenses) from financing activities		(1,920)	(1,647)
Profit before tax		1,713	1,470
Income tax		(131)	(284)
Net profit		1,582	1,186
Net profit attributable to:			
Equity holders of the parent		1,535	1,106
Non-controlling interest		47	80
		1,582	1,186
Basic and diluted earnings per share (EUR)		0.01	0.01
Net profit		1,582	1,186
Other comprehensive income			
Exchange differences on translation of foreign operations		8	(3)
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		1,590	1,183
Total comprehensive income, after tax			
Total comprehensive income attributable to:			
The shareholders of the Company		1,543	1,103
Non-controlling interest		47	80
		1,590	1,183

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

Consolidated Statement of Comprehensive Income

(for the period 1 October to 31 December)

	Notes	2019/2020 2 Q	2018/2019 2 Q
Sales	4	167,827	172,764
Cost of sales		(158,500)	(164,678)
Gross profit		9,327	8,086
Operating (expenses)	9	(8,733)	(9,931)
Other income	10	1,241	534
Other (expenses)		(180)	(378)
Operating profit		1,655	(1,689)
Income from financing activities		189	256
(Expenses) from financing activities		(1,016)	(873)
Profit before tax		828	(2,306)
Income tax		51	89
Net profit		879	(2,217)
Net profit attributable to:			
Equity holders of the parent		918	(2,166)
Non-controlling interest		(39)	(51)
		879	(2,217)
Basic and diluted earnings per share (EUR)		0.01	(0.01)
Net profit		879	(2,217)
Other comprehensive income			
Exchange differences on translation of foreign operations		(3)	(1)
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		(3)	(1)
Total comprehensive income, after tax		876	(2,218)
Total comprehensive income attributable to:			
The shareholders of the Company		915	(2,167)
Non-controlling interest		(39)	(51)
		876	(2,218)

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		–	–	–	–	–	–	1,106	1,106	80	1,186
Exchange differences on translation of foreign operations		–	–	–	–	–	(3)	–	(3)	–	(3)
Total comprehensive income		–	–	–	–	–	(3)	1,106	1,103	80	1,183
Disposal of own shares		–	5	–	–	–	–	(5)	–	–	–
Dividends declared by the Company		–	–	–	–	–	–	(2,926)	(2,926)	–	(2,926)
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(17)	(17)
Reserves made		–	–	–	192	5,000	–	(5,192)	–	–	–
Acquisition of minority interest		–	–	–	–	–	–	1	1	(2)	(1)
Balance as at 31 December 2018		46,093	(448)	23,038	3,571	5,000	(25)	95,935	173,164	2,149	175,313
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		–	–	–	–	–	–	1,535	1,535	47	1,582
Exchange differences on translation of foreign operations		–	–	–	–	–	8	–	8	–	8
Total comprehensive income		–	–	–	–	–	8	1,535	1,543	47	1,590
Disposal of own shares		–	2	–	–	–	–	(2)	–	–	–
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(8)	(8)
Share-based payment		–	–	–	(45)	–	–	–	(45)	–	(45)
Reserves made		–	–	–	370	–	–	(370)	–	–	–
Acquisition of minority interest		–	–	–	–	–	–	6	6	(7)	(1)
Balance as at 31 December 2019		46,093	(446)	23,038	4,714	5,000	(9)	91,124	169,514	2,092	171,606

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

Consolidated Cash Flow Statement

	Notes	2019/2020 6 month	2018/2019 6 month
Cash flows from (to) operating activities		1,582	1,186
Net profit			
Adjustments for non-cash items:			
Depreciation and amortisation		6,297	5,047
Subsidies amortisation		(273)	(220)
(Gain) on disposal of property, plant and equipment		(427)	(134)
Change in allowance and write-offs for receivables and prepayments		69	765
Inventories write down to net realisable value		(40)	(1)
Change of provision for onerous contracts		(954)	–
Change in accrued expenses		(1,129)	(3,380)
Change in fair value of biological assets		(301)	55
Change in deferred income tax		–	210
Change in accrued share-based payment		(54)	–
Current income tax expenses		130	74
Expenses (income) from change in fair value of financial instruments		(558)	(6,909)
Dividend (income)		–	(3)
Interest (income)		(611)	(369)
Interest expenses		1,919	1,645
		5,650	(2,034)
Changes in working capital:			
Decrease in biological assets		11,973	9,001
(Increase) in inventories		(75,299)	(110,404)
Decrease (increase) in prepayments		2,462	3,630
Decrease in trade and other accounts receivable		38,144	7,075
(Increase) in restricted cash		(400)	245
Increase in trade and other accounts payable		10,709	(2,731)
Income tax (paid)		(125)	(300)
Net cash flows from (to) operating activities		(6,886)	(95,518)

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

Consolidated Cash Flow Statement (cont'd)

	Notes	2019/2020 6 month	2018/2019 6 month
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(6,409)	(8,239)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		592	652
Loans (granted)		(13)	(67)
Repayment of granted loans		240	99
Interest received		611	14
Dividend received		–	3
Net cash flows from (to) investing activities		(4,979)	(7,538)
Cash flows from (to) financing activities			
Proceeds from loans		78,051	113,551
(Repayment) of loans		(57,852)	(8,642)
Finance lease (payments)		(2,362)	(457)
Interest (paid)		(1,919)	(1,532)
Grants received		23	111
Dividend (paid) to non-controlling shareholders		(8)	(17)
Dividend (paid)		–	(2,926)
Acquisition of non-controlling interest		(1)	(1)
Net cash flows from (to) financing activities		15,932	100,087
Net (decrease) increase in cash and cash equivalents		4,067	(2,969)
Cash and cash equivalents at the beginning of the year		7,637	10,495
Cash and cash equivalents at the end of the year		11,704	7,526
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by grants and subsidies		–	111
Property, plant and equipment acquisitions financed by finance lease		1,520	743

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 31 December 2019 and as at 30 June 2018 the shareholders of the Company were:

	As at 31 December 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 %
UAB INVL Asset Management	8,233,306	5.18 %	8,233,306	5.18 %
Other shareholders (private and institutional investors)	23,747,930	14.94 %	23,747,930	14.94 %
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 31 December 2019 (EUR 0.29 each as at 30 June 2019) and were fully paid as at 31 December 2019 and as at 30 June 2019.

The Company holds 770,972 of its own shares, percentage 0.48%, as at 31 December 2019 (772,972 as at 30 June 2019). Subsidiaries and other related companies did not hold any shares of the Company as at 31 December 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 Vilnius stock exchange (ISIN code LT0000128092). The Company's trading ticker in Nasdaq Vilnius stock exchange is LNA1L.

As at 31 December 2019 the number of employees of the Group was 2,042 (2,113 as at 30 June 2019).

No changes in share capital occurred during the years ending 31 December 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 31 December 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
		31 December 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
UAB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Landvesta 5	Lithuania	100 %	100%	Rent and management of agricultural purposes land
UAB Noreikiškės	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
UAB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Landvesta 6	Lithuania	100%	100%	Rent and management of agricultural purposes land
LLC LINAS AGRO UKRAINE	Ukraine	100%	100%	Representative office

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

	Place of registration	Effective share of the stock held by the Group		Main activities
		31 December 2019	30 June 2019	
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	99.15%	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	96.15%	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 6 month period ended 31 December 2019

During 6 month period, ended 31 December 2019, the Group acquired 0.14% stock of Sidabravo ŽŪB 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% stock of AS Putnu Fabrika Kekava 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% stock of Sidabravo ŽŪB 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 Užupės ŽŪB 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 – by 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 31 December 2019								
Revenue								
Third parties	201,247	67,244	10,669	37,978	40	–	–	317,178
Intersegment	1,611	2,999	6,261	–	–	–	(10,871) ¹⁾	–
Total revenue	202,858	70,243	16,930	37,978	40	–	(10,871)¹⁾	317,178
Results								
Operating expenses	(3,363)	(7,131)	(1,622)	(3,873)	(11)	(1,864)	–	(17,864)
Segment operating profit (loss)	1,984	1,860	(996)	1,988	26	(1,840)	–	3,022

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 31 December 2018								
Revenue								
Third parties	208,259	71,200	10,570	39,125	(231)	–	–	328,923
Intersegment	1,588	2,745	5,866	–	–	–	(10,199) ¹⁾	–
Total revenue	209,847	73,945	16,436	39,125	(231)	–	(10,199)¹⁾	328,923
Results								
Operating expenses	(4,172)	(7,216)	(1,670)	(3,762)	(19)	(1,729)	–	(18,568)
Segment operating profit (loss)	3,185	965	(560)	1,124	(176)	(1,790)	–	2,748

1) Intersegment revenue is eliminated on consolidation.

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

Revenue from external customers	6 month period ended	
	31 December 2019	31 December 2018
Lithuania	101,115	112,770
Europe (except for Scandinavian countries, CIS and Lithuania)	109,152	114,222
Scandinavian countries	39,771	57,775
Asia	23,387	19,969
Africa	34,750	9,556
CIS	9,003	14,631
	317,178	328,923

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

Non-current assets	As at 31 December 2019	As at 30 June 2019
Lithuania	86,811	70,573
Latvia	64,061	59,515
Estonia	1,182	914
Ukraine	25	25
	152,079	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	25	9	–	34
Write-offs	(181)	–	–	(181)
Reclassifications	484	(484)	–	–
Balance as at 31 December 2019	1,417	275	1,971	3,663
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	63	10	–	73
Write-offs	(181)	–	–	(181)
Balance as at 31 December 2019	569	120	–	689
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 31 December 2019	–	–	1,121	1,121
Net book value as at 31 December 2019	848	155	850	1,853
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	2,106	236	54	2,484	367	159	4,726	10,132
Disposals and write-offs	(234)	(1)	(4)	(2,215)	(1,230)	(311)	(56)	(4,051)
Reclassifications	–	–	3,711	564	228	1,005	(5,508)	–
Balance as at 31 December 2019	20,630	21,791	110,162	59,183	4,958	5,949	3,632	226,305
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	2,005	24	2,172	2,346	282	266	–	5,090
Disposals and write-offs	(12)	–	–	(2,128)	(971)	(302)	–	(3,401)
Balance as at 31 December 2019	1,993	153	41,308	26,966	2,394	3,384	–	76,198
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 31 December 2019	–	–	667	163	–	35	–	865
Net book value as at 31 December 2019	18,637	21,638	68,187	32,054	2,564	2,530	3,632	149,242
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
Disposals and write-offs	(75)	–	(75)
Balance as at 31 December 2019	964	124	1,088
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
Charge for the year	1	1	2
Disposals and write-offs	(3)	–	(3)
Balance as at 31 December 2019	1	52	53
Impairment losses:			
Balance as at 30 June 2018	51	–	51
Balance as at 30 June 2019	51	–	51
Balance as at 31 December 2019	51	–	51
Net book value as at 31 December 2019	912	72	984
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 31 December 2019	As at 30 June 2019
Non-current borrowings		
Bank borrowings secured by the Group assets	25,545	19,793
Other non-current borrowings	–	–
	25,545	19,793
Current borrowings		
Current portion of non-current bank borrowings	6,690	13,411
Current bank borrowings secured by the Group assets	139,580	111,165
Other current borrowings (Note 12)	512	2,374
	140,092	126,950
	165,637	146,743

Interest payable is normally settled monthly throughout the financial year.

9. Operating Expenses

	2019/2020 6 month	2018/2019 6 month
Wages and salaries and social security	(11,654)	(11,508)
Consulting expenses	(498)	(334)
Depreciation and amortization	(769)	(491)
Other	(4,943)	(6,235)
	(17,864)	(18,568)

10. Other Income (Expenses)

	2019/2020 6 month	2018/2019 6 month
Other income		
Grants received for agriculture activity	829	165
Gain from currency exchange	262	–
Rental income from investment property and property, plant and equipment	94	101
Gain from disposal of investment property and property, plant and equipment	454	140
Dividend income	–	3
Change in fair value of financial instruments	–	543
Other income	226	128
	1,865	1,080
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(160)	(168)
Loss from disposal of investment property and property, plant and equipment	(27)	(6)
Change in fair value of financial instruments	(550)	153
Other expenses	(51)	(225)
	(788)	(246)

11. Commitments and Contingencies

As at 31 December 2019 the Group is committed to purchase property, plant and equipment for the total amount of EUR 368 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 year, 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 year, 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 31 December 2019 (EUR 2,504 thousand as at 30 June 2019). Group has no plans to discontinue above mentioned operations.

In August 2018 the subsidiary 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 31 December 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.

12. Related Parties Transactions

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

The related parties of the Company and Group for the years ended 31 December 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.

UAB Darius Zubas Holding

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).
UAB EPSO-G from November 2019 (Tomas Tumėnas is the Independent Member of Board).
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).

12. Related Parties Transactions (cont'd)

The Group's transactions with related parties in 6 month period ended 31 December 2019 were as follows:

2019/2020 6 months

	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current payable loans
			Trade receivables	Other receivable			
Akola ApS group companies	218	13,602	665	–	–	6,525	–
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 31 December 2019 and 30 June 2019.

13. Subsequent Events

On 17 February 2020 the Group acquired 67.15% stock capital of ŽŪB Nemunas for EUR 2,005 thousands.

Consolidated Interim Report of AB Linas Agro Group for the Financial Year 2019/20

*for the Six-month Period,
Ended 31 December, 2019*



Content

- 1 Reporting period of the interim report
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- 12 Procedure for amending the Company's articles of association
- 13 Information about the compliance with the Company Management Code

Contact Person

Finance Director

Tomas Tumėnas

Ph. + 370 682 366 16

Email t.tumenas@linasagro.lt



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 2019/20, and all the figures are stated as at 31 December 2019, 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
LEI	529900UB9QON717IL030
VAT identification number	LT480300113
Company register	State Enterprise Centre of Registers (Valstybės įmonė Registrų centras)
Address	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania
Phone	+370 45 50 73 03
E-mail	group@linasagro.lt
Website	www.linasagrogroup.lt
Bank account	LT07 7044 0600 0263 7111, AB SEB bank, bank code 70440
ISIN code	LT0000128092
Ticker in Nasdaq Vilnius	LNA1L

AB Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and operates in four countries – Lithuania, Latvia, Estonia and the Ukraine. The financial year of the Group begins on 1 July. At the end of the reporting period the Group had 38 companies and 2,064 employees. 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's activities are subdivided into main four operating Segments: 'Grain and Feedstuff Handling and Merchandising', 'Products and Services for Farming', 'Agricultural Production', 'Food products'. Division into separate Segments is dictated by different types of products and character of related activities; however, activities of the Segments are often interconnected.

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

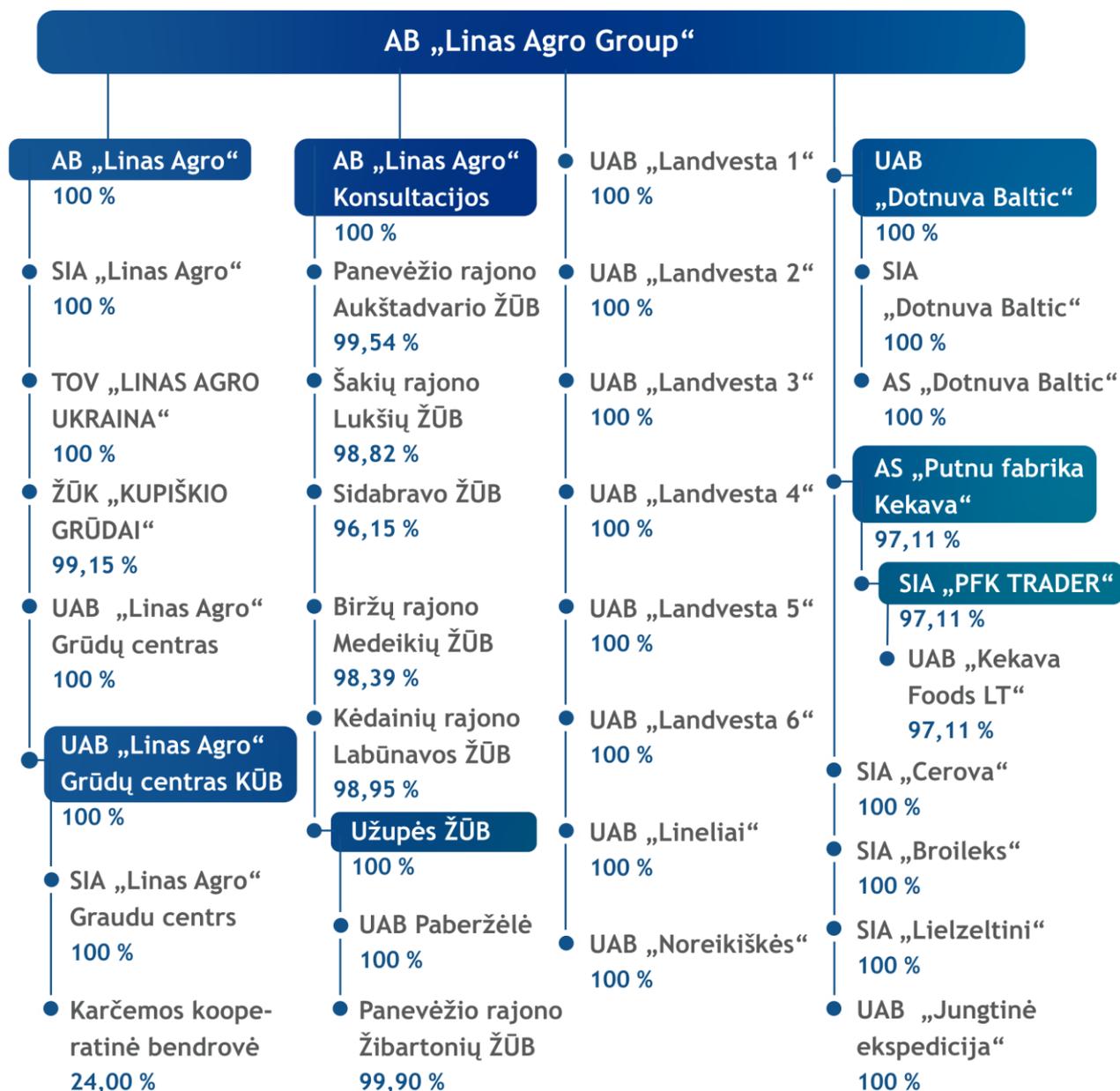


3.2. Information about subsidiaries of the Company

3.2.1. The Structural Chart of the effective Stock held by AB Linas Agro Group

The Company controlled 38 companies* in Lithuania, Latvia, Estonia and Ukraine as at 31 December 2019.

*Dormant companies and the companies undergoing liquidation are not included in the structural chart: UAB Gerera (dormant, 100% shares), UAB Dotnuvos Technika (dormant, 100% shares), Linas Agro A/S (under liquidation, 100% shares).



3.2.2. Shareholding structure of the companies

As at 31 December 2019, AB Linas Agro Group controlled, either directly or indirectly, the following companies*:

*Dormant companies and the companies under liquidation are not included: UAB Gerera (100% shares owned by AB Linas Agro), UAB Dotnuvos Technika (100% shares owned by UAB Dotnuva Baltic), Linas Agro A/S (100% shares owned by AB Linas Agro).

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

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

Company	Status	Stock, owned directly by AB Linas Agro Group	Other stock holders	Share of the stock held by the Group
AB Linas Agro	Subsidiary	100%		100%
UAB Linas Agro Konsultacijos	Subsidiary	100%		100%
UAB Dotnuva Baltic	Subsidiary	100%		100%
UAB Jungtinė Ekspedicija	Subsidiary	10 %		100%
SIA Lielzeltini	Subsidiary	100%		100%
SIA Cerova	Subsidiary	100%		100%
SIA Broileks	Subsidiary	100%		100%
UAB Lineliai	Subsidiary	100%		100%
UAB Noreikiškės	Subsidiary	99.96%	UAB Linas Agro Konsultacijos owns 0.04% stock	100%
UAB Landvesta 2	Subsidiary	76.97%	AB Linas Agro owns 23.03% stock	100%
UAB Landvesta 1	Subsidiary	76.47%	AB Linas Agro owns 23.53% stock	100%
UAB Landvesta 5	Subsidiary	67.92%	AB Linas Agro owns 32.08% stock	100%
AS Putnu Fabrika Kekava	Subsidiary	60.83%	SIA Lielzeltini owns 36.28% stock	97.11%
UAB Linas Agro Grūdų centras KŪB **	Subsidiary	60.94%	AB Linas Agro owns 39.05% stock, UAB Linas Agro Grūdų Centras - 0.01% stock	100%
UAB Landvesta 4	Subsidiary	26.42%	AB Linas Agro owns 73.58% stock	100%
UAB Landvesta 6	Subsidiary	15.51%	AB Linas Agro owns 84.49% stock	100%



Company	Status	Stock, owned directly by AB Linas Agro Group	Other stock holders	Share of the stock held by the Group
UAB Landvesta 3	Subsidiary	13.91%	AB Linas Agro owns 86.09 % stock	100%
Užupės ŽŪB	Subsidiary	0.05%	UAB Linas Agro Konsultacijos owns 99.95% stock	100%
Panevėžys District Žibartonių ŽŪB	Subsidiary	0.047%	UAB Linas Agro Konsultacijos owns 49.028% stock, Užupės ŽŪB owns 50.826% stock	99.90%
SIA Linas Agro Graudu centrs	Subsidiary		UAB Linas Agro Grūdų Centras KŪB owns 100% stock	100%
Panevėžys District Aukštadvario ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 99.54% stock	99.54%
Sidabravo ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 95.92% stock	96.15%
Šakiai District Lukšių ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 98.82% stock	98.82%
Biržai District Medeikių ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 98.33% stock, Kėdainiai District Labūnavos ŽŪB – 0.06% stock	98.39%
Kėdainiai District Labūnavos ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 98.95% stock	98.95%
LLC LINAS AGRO UKRAINE	Subsidiary		AB Linas Agro owns 100% stock	100%
SIA Linas Agro	Subsidiary		AB Linas Agro owns 100% stock	100%
UAB Linas Agro Grūdų Centras	Subsidiary		AB Linas Agro owns 100% stock	100%
SIA Dotnuva Baltic	Subsidiary		UAB Dotnuva Baltic owns 100% stock	100%
AS Dotnuva Baltic	Subsidiary		UAB Dotnuva Baltic owns 100% stock	100%
SIA PFK Trader	Subsidiary		AS Putnu Fabrika Kekava owns 100% stock	97.11%
UAB Kekava Foods LT	Subsidiary		SIA PFK Trader owns 100% stock	97.11%
UAB Paberžėlė	Subsidiary		Užupės ŽŪB owns 100% stock	100%



Company	Status	Stock, owned directly by AB Linas Agro Group	Other stock holders	Share of the stock held by the Group
ŽŪK KUPIŠKIO GRŪDAI	Subsidiary		Šakiai District Lukšių ŽŪB, Aukštadvario ŽŪB and Sidabravo ŽŪB each own 6.29% stock, Biržai District Medeikių ŽŪB – 31.45% stock, AB Linas Agro – 49.69% stock	99.15%
Karčemos Kooperatinė Bendrovė***	Subsidiary		UAB Linas Agro Grūdų centras KŪB owns 20% stock, Panevėžys District Žibartonių ŽŪB – 4% stock	24%

3.2.3. Activities and contact data of the companies of the Group*

* Dormant companies and companies under liquidation 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. Linas Agro A/S, private limited liability company under liquidation, founded 15/3/1994, code of legal entity CVR 17689037, address Vinkel Allé 1, DK-9000 Aalborg, Denmark, register of the company – Danish Commerce and Companies Agency.

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 info@linasagro.lt www.linasagro.lt , www.rapsai.lt
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 grudai@linasagro.lt
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 grudu.centras@linasagro.lt



Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
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 konsultavimas@linasagro.lt
UAB Landvesta 1	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501060, 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 E-mail info@landvesta.lt
UAB Landvesta 2	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501085, 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 E-mail info@landvesta.lt
UAB Landvesta 3	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501092, 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 F E-mail info@landvesta.lt
UAB Landvesta 4	Rent and management of agricultural purposes land	23/04/2007, Code of legal entity 300709428, 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 E-mail info@landvesta.lt
UAB Landvesta 5	Rent and management of agricultural purposes land	16/8/2007, Code of legal entity 301019661, 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 E-mail info@landvesta.lt
UAB Landvesta 6	Rent and management of agricultural purposes land	14/1/2008, Code of legal entity 301520074, 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 E-mail info@landvesta.lt
UAB Dotnuva Baltic	Sale of agricultural machinery, equipment for grain elevators and farms, seeds production	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 info@dotnuvabaltic.lt www.dotnuvabaltic.lt



Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
UAB Noreikiškės	Rent and management of agricultural purposes land	16/8/2012, Code of legal entity 302841649, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių St. 70, Žibartoniai vill. LT-38323 Panevėžys district, Lithuania Ph. +370 45 507 406 E-mail noreikiskes@linasagro.lt
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 uzupe@linasagro.lt
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 paberzele@linasagro.lt
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 lineliai@linasagro.lt
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 luksiai@linasagro.lt
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	Serbinų St. 19, Labūnava vill. LT-58173 Kėdainiai district, Lithuania Ph. + 370 347 34 180 Fax + 370 347 34 180 E-mail labunava@linasagro.lt
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 medeikiai@linasagro.lt
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./Fax +370 459 529 16 E-mail info@kupiskiogrudai.lt
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 aukstadvaris@linasagro.lt



Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
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 sidabravas@linasagro.lt
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	Nemuno g. 2A, LT-91199 Klaipėda, Lithuania Ph. +370 46 310 163 Fax +370 46 312 529 E-mail info@je.lt www.je.lt
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 zibartoniai@linasagro.lt
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 priemimas@karcemoskb.lt
UAB Kekava Foods LT	Retail in specialized stores	8/3/2018, Code of legal entity 304784428, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Subačiaus St. 5, 01302 Vilnius, Lithuania Ph. +370 612 03 958 E-mail kekava.foods@linasagro.lt

Subsidiaries operating in foreign countries

Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
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	‘Baltijas Ceļš’, Cenu District, Ozolnieki municipality, LV-3043, Latvia Ph. +371 630 840 24 Fax +371 630 842 24 E-mail info@linasagro.lv www.rapsim.lv
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 graudu.centrs@linasagro.lv



Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
LLC LINAS AGRO UKRAINE	Representative office	30/07/2018, Code of legal entity 42340549, The United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine	Legal address: Verhniy Val St. 28, Kiev, 04071, Ukraine Ph. + 380 96 634 24 02 E-mail info.ukraine@linasagro.lt
SIA Dotnuva Baltic	Sale of agricultural machinery and equipment for grain elevators	26/04/2010, Code of legal entity 43603041881, Register of Enterprises of the Republic of Latvia	'Baltijas Ceļš', Cenu District, Ozolnieki municipality, LV-3043, Latvia Ph. +371 679 131 61 Fax +371 677 602 52 E-mail info@dotnuvabaltic.lv www.dotnuvabaltic.lv
AS Dotnuva Baltic	Sale of agricultural machinery and equipment for grain elevators	11/11/2010, Code of legal entity 12019737, Estonian Central Register of Securities (Eesti Väärtpaberikeskus AS)	Savimäe 7, Vahi 60534, Tartu district, Estonia Ph. +372 661 2800 Fax +372 661 8004 E-mail info@dotnuvabaltic.ee www.dotnuvabaltic.ee
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 info@pfkekava.lv www.vistas.lv
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 info@pfkekava.lv www.vistas.lv
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 lielzeltini@lielzeltini.lv www.lielzeltini.lv
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 cerova@latnet.lv



4. Employees

As at 31 December 2019 the number of employees of the Group was 2,042 or 88 employees less than as at 31 December 2018 (2,130). AB Linas Agro Group has no collective agreement.

5. Activity and Financial Results of the Group

- Consolidated revenue of AB Linas Agro Group in the first half year of 2019/20 financial year totalled EUR 317 million and was 3.6% less as compared to previous year (EUR 329 million).
- The Group's sales volume in tons reached 1.1 million tons of various grains and agricultural inputs or 10.5% more as compared to previous year (1 million tons).
- The gross profit reached EUR 19.8 million and was 3.3% lower than a year before (EUR 20.5 million).
- Consolidated EBITDA was 14% higher and amounted to EUR 9.2 million as compared to the previous year (EUR 8.1 million).
- The Group's operating profit was EUR 3 million or 9.5% more as compared to the respective period of the previous year (EUR 2.7 million).
- Profit before taxes amounted to EUR 1.7 million (compared to EUR 1.5 million in previous year). The net profit attributable to the Group stood at EUR 1.5 million (EUR 1.1 million in previous year).

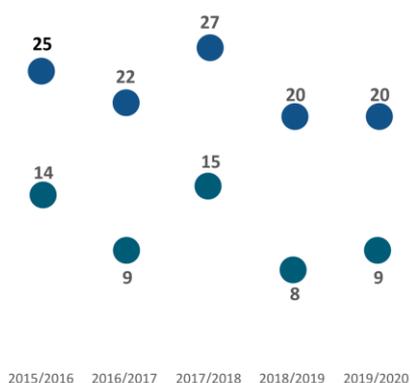
Sales volume in thousand tons



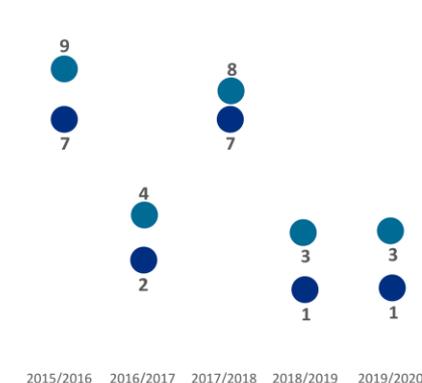
Sales revenue, EUR million



Gross profit and EBITDA, EUR million



Operating and Net profit, EUR million



● Gross profit ● EBITDA

● Operating profit ● Net profit



5.1. Financial indicators

	2019/20 6 months	2018/19 6 months	2017/18 6 months	2016/17 6 months	2015/16 6 months
Sales in tons	1,108,610	1,002,876	1,190,608	1,018,791	1,360,481
Sales revenue (thousand EUR)	317,178	328,923	324,764	297,193	366,981
Gross profit (thousand EUR)	19,809	20,482	27,143	21,755	25,266
Gross profit margin, %	6	6	8	7	7
EBITDA (thousand EUR)	9,216	8,063	14,549	8,575	13,649
EBITDA margin, %	3	3	5	3	4
Operating profit (thousand EUR)	3,022	2,748	8,486	3,657	9,256
Operating profit margin, %	1	1	3	1	2
Earnings before taxes EBT (thousand EUR)	1,713	1,470	7,490	2,584	8,386
Earnings before taxes margin, %	0.6	0.4	2	1	2
Net profit (thousand EUR)	1,582	1,186	6,861	1,709	7,075
Net profit margin, %	0.5	0.4	2	0.6	2
Current ratio	1.3	1.3	1.4	1.3	1.7
Debt / Equity ratio	0.6	0.6	0.9	0.9	0.6
Net financial debt / EBITDA	20	27	10.2	16.5	7.0
Return on equity (ROE), %	0.9	0.6	3.9	1.0	4.3
Return on capital employed (ROCE), %	0.9	0.7	2.5	0.8	3.4
Basic and diluted earnings per share (EUR) (EPS)	0.01	0.01	0.04	0.01	0.04



5.2. Overview

As per data of International Grain Council (IGC), the world grain and oilseed production was 2,170 million tons in 2019 or 1% more as compared to that in 2018 (2,143 million tons), while world grain ending stocks have shrunken from 624 million to 599 million tons. The global prices for various grains and oilseeds over the first half of the financial year remained almost unchanged as compared to the respective period of previous year. For instance, the price of wheat on Euronext exchange fluctuated around 185 euros per ton in October-December, while previous year it has been 190 euros per ton. Wheat price over October-December period has grew by 6-8 % as compared to the start of the trading season.

In 2019, 5.5 million tons of various grains were grown in Lithuania (26% more than in 2018, when there were 4.4 million tons), in Latvia the production of cereals and rapeseed was 3.6 million tons or 56% higher than in 2018. In Estonia, the output of cereals was 1.6 million tons or 77 % higher.

Due to increased yield in Lithuania and Latvia, the sales volume of AB Linas Agro Group grew up 10.5% during the reporting period and exceeded 1.1 million tons as compared to 1 million tons a year before.

Group's consolidated revenue of the first half of 2019/20 financial year amounted to EUR 317 million and was 3.6% less as compared to previous year (EUR 329 million). Revenue of the largest Group's business Segment 'Grain and Feedstuff Handling and Merchandising' dropped by 3.3% as sales of feedstuffs declined 32% from EUR 83 million to EUR 56 million. Sales in business Segment 'Products and Services for Farming' declined 5% as well, where revenues of fertilizers and seeds businesses dropped by 0.9% and 2.2% accordingly, while sales of plant protection products and agricultural machinery grew by 1.4% and 88% accordingly. Revenue from business Segment 'Food products' had 2.9% decrease and amounted to EUR 38 million. Due to the higher yields the crop production in Group controlled farms was 7% higher as compared to previous year and Segment's revenue went up 3% to EUR 17 million.

Group's operating profit amounted to EUR 3.0 million and EBITDA was EUR 9.2 million compared to the corresponding EUR 2.7 million and EUR 8.1 million in previous year. Group's net profit amounted to EUR 1.6 million as compared to EUR 1.2 million EUR in 2018/19 financial year.

5.3. Financial Costs

Due to increased interest rate margins financial expenses increased over referenced period and amounted to EUR 1.9 million compared to that in 2018/19 financial year (EUR 1.6 million). The total amount of financial loans portfolio (including leasing) dropped from EUR 226 million to EUR 196 million. The amount of financial loans grew by EUR 39 million over H1 due to increased demand for working capital. According to IFRS 16 standard requirements all Group's leased or rented assets (i.e. rented agricultural land from third parties) has been accounted into long term assets as well as in liabilities. Therefore, Group's financial loans increased by EUR 20 million.

5.4. Cash Flow

Group's cash flow from operating activities before the changes in the working capital was positive and amounted to EUR 5.6 million as compared to negative EUR 2 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 7 million (negative EUR 95 million over the respective period of 2018/19 financial year), the reason was increase of stocks by EUR 75 million. Group's cash and cash equivalents amounted to EUR 11.7 million at the end of the reporting period (EUR 7.5 million in 2018/19 financial year).



5.5. Investments

AB Linas Agro Group and its subsidiaries have invested EUR 8 million over the reporting period. Major investments by character:

Investment object	Investment amount, thousand EUR
Grain storage equipment, warehouses, buildings, various appliances and other machinery	1,796
Purchase and upgrade of agricultural machinery, vehicles, equipment, buildings and purchase of land	3,111
Modernization and renovation of poultry farms	3,153

5.6. Performance Results of the Segments

Activities of the Group are divided into four main business Segments and 'Other' activities.

Operating Profit (loss) by Segments, thousand euro

	2019/20 6 months	2018/19 6 months	2017/18 6 months	2016/17 6 months	2015/16 6 months
Grain and Feedstuff Handling and Merchandising	1,984	3,185	6,718	4,058	10,660
Products and Services for Farming	1,860	965	2,750	2,157	1,559
Agricultural Production	(996)	(560)	474	(875)	(1,307)
Food products	1,988	1,124	1,533	499	252
Other	26	(176)	41	134	59

Grain and Feedstuff Handling and Merchandising

This business Segment includes the sale of grain, oilseeds and feedstuffs, as well as grain storage and logistic services.

The Group has been operating in this field since 1991; this activity generates the major part of the Group's revenue. The company AB Linas Agro is the holder of the certificates of GTP (European Good Trading Practice) and GMP+ (European Good Manufacturing Practice), also holds the certificates in trade of organic plant production issued by the PE Ekoagros and ISCC (International Sustainability and Carbon certification). SIA Linas is also ISCC certified. The Group's own storage capacity for various grains and other agricultural commodities in Lithuania and Latvia exceeded 332 thousand tons, while the storage capacity at ports was 240 thousand tons at the end of the reporting period.



The main export commodity of the Group is Lithuanian and Latvian wheat. Due to the drought in Lithuania and Latvia the quality of wheat was very good this season, but the yield was not very good. Still, the Group managed to source 9% more wheat and 46% more rapeseed than a year before, 7 times more triticale was bought, but 80% lower quantity of barley was purchased due to limited marketing possibilities. 40% less quantity of legumes was bought due to poor harvest than a year before. The Group's own grain elevators have prepared 18% more grain for export than last year or 403 thousand tons, from them 42% more grain was handled in Latvia, and this was the positive impact of two recently opened Group's grain elevators in Latvia.

In total, the Group sold nearly 727 thousand tons of grain, or 27% more than in previous year. The traded volume of traditional crops - wheat, rapeseed, barley - was 657 thousand tons or 26% more than in previous year. Feedstuff trade volume was 167 thousand tons or 25% less than a year before. Sales declined due to the negative market sentiment of some products, as prices in sourcing markets were higher than in selling markets.

The revenue of this business Segment went down 3% year-on-year to EUR 203 million, and operating profit amounted to EUR 2.0 million being 38% lower as compared to 3.2 million EUR profit in FY 2018/19.

The Group expects the annual operating profit of this business Segment to reach approximate results like in FY 2017/18.

Products and Services for Farming

This business Segment includes supplies of seeds, plant care products, fertilizers and agricultural machinery to the farmers, installation of grain cleaning, drying and storage facilities as well as livestock farms.

Supply of agricultural inputs to the farmers is a long-term activity of the Group that trace back to 1993 and is currently run in Lithuania, Latvia and Estonia. The Group represents worldwide known brands. The total Group's storage capacity for warehousing seeds, fertilizers and plant protection products in Lithuania and Latvia was close to 105 thousand tons at the end of the reporting period.

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

The subsidiary UAB Dotnuva Baltic is a wholesaler and retailer of agricultural machinery and grain storage facilities, has an agricultural machinery service network in the Baltic States and a seed preparation factory. The company has a certificate in preparation and trade of organic seeds issued by the PE Ekoagros. Dotnuva Baltic is the only representative of the 'Case IH', 'Kverneland', 'Agrifac', and 'Jeantil' brands in the Baltic States. Dotnuva Baltic is the leading distributor of plows and self-propelled sprayers in Lithuania and one of the largest sellers of the new western tractors in Lithuania. A new agricultural service and trade centre was opened in Ozolnieki, Latvia in October, that lodge administration and trading offices of Dotnuva Baltic and Linas Agro, machinery department with machinery exposition, service workshop, warehouses of spare parts.

Over the reporting period, the own seed preparation factory prepared over 12 thousand tons of certified seeds or almost 17% more than in previous year. The certified seed market in Lithuania grew by about 16% due to increased winter crop area, mainly winter rapeseed and wheat. As much as 12.7 thousand tons of seeds were sold, which is 9% more than in previous year. However, due to falling grain prices, the prices for cereal seed were lower than a year before, resulting in 1% decrease in revenue gained from seed sales which amounted to EUR 9.4 million.

Fertilizers traded volume increased 1.3% as compared to previous year, their sales amounted to EUR 28 million and were 2.2 % less than a year before when they were at a record high.

The introduction of new products, the product portfolio, based on popular products and sales promotions were factors that have increased sales of plant care products and micronutrients in Lithuania by 22%. In Latvia, trade in these products shrank by 7% due to unfavourable weather conditions for the use of rapeseed



herbicides. Total sales of plant care products and micronutrients in both countries grew by 12% to EUR 7.3 million Eur.

In almost all regions of Lithuania the yield was better than last year, therefore the income received allowed the farms to start investing in machinery, but the need for machinery was different. The tractor market grew by 30%, but the harvester market shrank by 60%, and the buyers shifted to cheaper mid-range harvesters. A demand for trailed machinery and grass machinery has increased significantly. During the reporting period, the total market growth was 15% compared to the previous year. In Latvia, the market for new agricultural machinery shrank by 17%, as EU funding was the lowest in the last three years. Most farmers postpone decisions to buy new machinery until the end of March, when the condition of winter crops is evident. The general market trend in Lithuania and Latvia is a decrease in demand for large-scale machinery and an increase in demand for inexpensive machinery. In Estonia, farmers' borrowing problems and lack of EU funding were the principal factors that had impact on trade. The Group's sales of the new machinery fell by 8% to EUR 14.8 million, while sales of the used machinery went up 47% to EUR 2.4 million.

A competition in the market for spare parts and machinery service has increased, but the offseason inspection of the equipment offered to the Group's customers was the right step that increased both the number of customers and revenue by 6% to EUR 5 million.

Although the grain preparation equipment market was showing the first signs of recovery - farmers and agricultural companies started regain interest in grain dryers - they did not turn into real sales transactions during the reporting period. The deterioration of the economic situation of farms as a result of several lean years and shrinking funding from EU funds and banks has forced farmers to change plans and revise project volumes or look for alternative financing. Revenue from grain preparation equipment was EUR 0.8 million during the reporting period or 85% less than in previous year.

Dairy farms invest in farm equipment only having EU support and very cautiously because milk prices are not stable. A competition in the market has increased considerably due to very weak demand. During the reporting period, a new barn and milking parlor was installed in Lithuania, and the launch of another milking parlor was postponed to the next quarter. Still, the situation is improving as revenue grew by 29% compared to the same period last year and reached EUR 118 thousand. The Group does not sell farm equipment in Latvia and Estonia.

The revenue of this business Segment went down 5% to EUR 70 million and operating profit amounted to EUR 1.9 million being 93% higher as compared to 1,0 million EUR profit in FY 2018/19.

The Group expects the operating profit of this business Segment to be 35% higher as compared to previous year.

Agricultural Production

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

Agricultural companies were cultivating 17,266 ha of land. At the end of the reporting period the Group owned 7,681 ha of arable land. During the reporting period, 14,076 ha crop area was harvested, 9,524 ha are sown with winter crops, mainly wheat and rapeseed. At the end of the reporting period, the crop was in very good condition.

The companies harvested over 83 thousand tons of crop production or 7.5% more than in previous financial year. The amount of harvested wheat was the largest one - over 36 thousand tons, malting barley – over 14 thousand tons, rapeseed – over 10 thousand tons, sugar beet- over 14 thousand tons. The average yield of wheat was 5.8 t / ha, malt barley – 5.95 t / ha, rapeseed – 3.56 t / ha.



Almost 52 thousand tons of agricultural commodities were sold or 1% more than a year before. About 42% of the products have been sold to the other companies of the Group and 58% marketed outside the Group.

The Group controlled farms owned 3,168 dairy cows at the end of the reporting period, their number decreased by 1%. Over 16 thousand tons of raw milk have been sold over the referenced period, or 7% more than a year before. The revenue from milk sales went down 3.4% because the average six-month selling price for milk was EUR 261/t or 5% lower than a year before. Meat sales volume was 757 tons (724 tons a year before).

The revenue of this business Segment accelerated by 3% to EUR 17 million and operating loss went up from EUR 0.6 million to EUR 1 million.

During the reporting period, the Group invested almost EUR 1.7 million to update agricultural machinery and vehicles fleet, renovate office buildings and farming facilities and obtain arable land.

As raw milk prices are rising since October, the Group is positive regarding development of milk production on the long term and has plans to invest into milk production facilities and expand its cow herd.

The Group expects the operating profit of this business Segment to be 15% less as compared to previous year.

Food Products

This business Segment includes a whole cycle poultry business, including incubation of hatching eggs, broiler breeding, production of poultry and its products, feed manufacturing for self-supply and retail sale of chicken meat and its products. Business is conducted by Latvian poultry companies AS Putnu Fabrika Kekava (incl. subsidiary SIA PFK Trader), SIA Lielzeltini, SIA Broileks, and SIA Cerova.

AS Putnu Fabrika Kekava – No1 poultry producer in Latvia with full poultry manufacturing cycle, including egg incubation, chicken hatching, broiler breeding, production of fresh poultry and processed products under brand name 'Kekava'. The company's products are marketed under the trademark 'Top choice poultry' in the export markets. The subsidiary of the company, SIA PFK Trader operates 21 retail shops all over Latvia. AS Putnu Fabrika Kekava have the right to mark their poultry meat as 'Raised without Antibiotics' AS Putnu Fabrika Kekava has A grade BRC (British Retail Consortium) accreditation, is Halal certified, also has ISO 50001:2012 and ISO 22000:200 certification.

SIA Lielzeltini – No2 poultry producer in Latvia: has an incomplete production cycle consisting of broiler breeding, production of fresh poultry and processed products sold under the brand name "Bauska", as well as production of compound feed. The company has ISO 22000:2006 and ISO 50001:2012 certifications, also is Halal certified.

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

The emergence of avian influenza on EU territory has closed the way for EU-produced poultry meat to some traditional markets, leading to overproduction and decrease of prices within the EU. The spread of coronavirus in China has also reduced poultry imports to China. However, the average price of poultry meat in the EU decreased very slightly during the reporting period, when compared to the same period of the previous year and was 188.41 EUR / 100 kg.

The poultry companies produced almost 23 thousand tons of live weight or 3% more year-on-year. Companies sold over 16 thousand tons of poultry and poultry products or 4% less than a year before.

Revenue from this business Segment had a decline of 3% to EUR 38 million. The operating profit went up 77% from EUR 1.1 million to almost EUR 2.0 million.

The Group invested almost EUR 2.4 million during the referenced period for the development of poultry farming and biosafety, for the modernization of meat processing and fodder production.



The Group expects the operating profit of this business Segment to be the same like in previous year.

Other

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

The operating profit of this business Segment amounted to EUR 26 thousand as compared to 176 thousand euros loss 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 2019, the Company publicly disclosed and distributed via Nasdaq Vilnius Exchange Globenewswire system and in Company's website www.linasagrogroup.lt the following information:

12/12/2019 8:47 EET	AB Linas Agro Group investors calendar for the 2020	Other information	EN, LT
29/11/2019 18:09 EET	AB Linas Agro Group performance and financial results for the three months of 2019/20	Interim information	EN, LT
25/10/2019 15:55 EEST	AB Linas Agro Group notification about the Annual information of the financial year 2018/2019	Annual information	EN, LT
25/10/2019 15:45 EEST	Decisions of the Annual General Meeting of AB Linas Agro Group Shareholders, held on 25 October 2019	General meeting of shareholders	EN, LT
7/10/2019 17:02 EEST	Additional information to the General Meeting of Shareholders of AB Linas Agro Group	General meeting of shareholders	EN, LT
4/10/2019 16:01 EEST	Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	General meeting of shareholders	EN, LT
2/10/2019 16:37 EEST	Final update: AB Linas Agro Group investor's calendar for the 2019	Other information	EN, LT
30/9/2019 10:03 EEST	Correction: AB Linas Agro Group investor's calendar for the 2019	Other information	EN, LT
12/9/2019 16:30 EEST	AB Linas Agro Group Notification about acquisition of voting rights	Acquisition or disposal of a block of shares	EN, LT
3/9/2019 16:30 EEST	Regarding resignation from the Board of "Linus Agro Group", AB	Notification on material event	EN, LT



2/9/2019 16:00 EEST	Correction: AB Linas Agro Group results for the twelve months of 2018/19	Interim information	EN, LT
30/8/2019 10:03 EEST	AB Linas Agro Group results for the twelve months of 2018/19	Interim information	EN, LT

6.2. Other Events of the Reporting Period

30/12/2019	The farming companies Landvesta 2, Landvesta 3 and Noreikiškių ŽŪB reorganized to private limited liability companies.
27/12/2019	The farming companies Landvesta 1, Landvesta 4, Landvesta 5 ir Landvesta 6 reorganized to private limited liability companies.
November 2019	The Company transferred 2,000 own shares to the employees of the Group under AB Linas Agro Group Rules for Shares Issues.
9/26/2019	The capital of Noreikiškių ŽŪB was increased by 35,000 euros.
31/5/2019	The capital of UAB Lineliai was increased by 30,000 euros.
8/6/2019	The authorized capital of LLC LINAS AGRO UKRAINE was increased by 2,600,000 hryvnas (around 102,970 euros).

6.3. Subsequent Events

17/02/2020	Panevėžys District Žibartonių ŽŪB has acquired 67.15% stock of Kėdainiai District ŽŪB Nemunas.
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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 unfavourable. 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 that 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.

This risk did not manifest itself with regards to Company and the Group in H1 of FY 2019/20.



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 with regards to Company and the Group in H1 of FY 2019/20.

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 with regards to Company and the Group in H1 of FY 2019/20.

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 with regards to Company and the Group in H1 of FY 2019/20.

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 analysed the market, has revised and stringent the terms of its purchase agreements, analysed 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 with regards to Company and the Group in H1 of FY 2019/20.

7.6. Financial risk

Information on the financial risk management objectives what are covered by hedge accounting, also Group's price risk, credit risk, liquidity risk and cash flow risk, where the Group use various financial instruments and technique, which is important for assessing the assets, equity, liabilities, income and expenses of the Group is disclosed in the Group's Financial Statements, note 29.

8. Authorized capital and shares of the Company

On 31 December, 2019 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.

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 ordinary 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.

At the end of the reporting period, the Company held 770,972 units of its own shares.

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

The Company following the Rules for Granting Equity Incentives approved on 1st of June 2018 and acting in accordance with the decision of the General Shareholders Meeting of 1st of June 2018, signed options contracts with employees of the Company and of the subsidiaries, in which the Company owns 50 per cent or more of shares, for 4,610,180 ordinary registered shares of the Company.

9. Information about trade in the Company's securities in regulated markets

During the reporting period from 1 July 2019 to 31 December 2019, all 158,940,398 ordinary registered shares of the Company were included in the Official List of AB Nasdaq Vilnius Stock Exchange (ISIN Code of the shares is LT0000128092). The ticker of the shares on AB Nasdaq Vilnius Stock Exchange is LNA1L. Trading in the Company's shares on AB Nasdaq Vilnius Stock Exchange started on 17 February 2010.

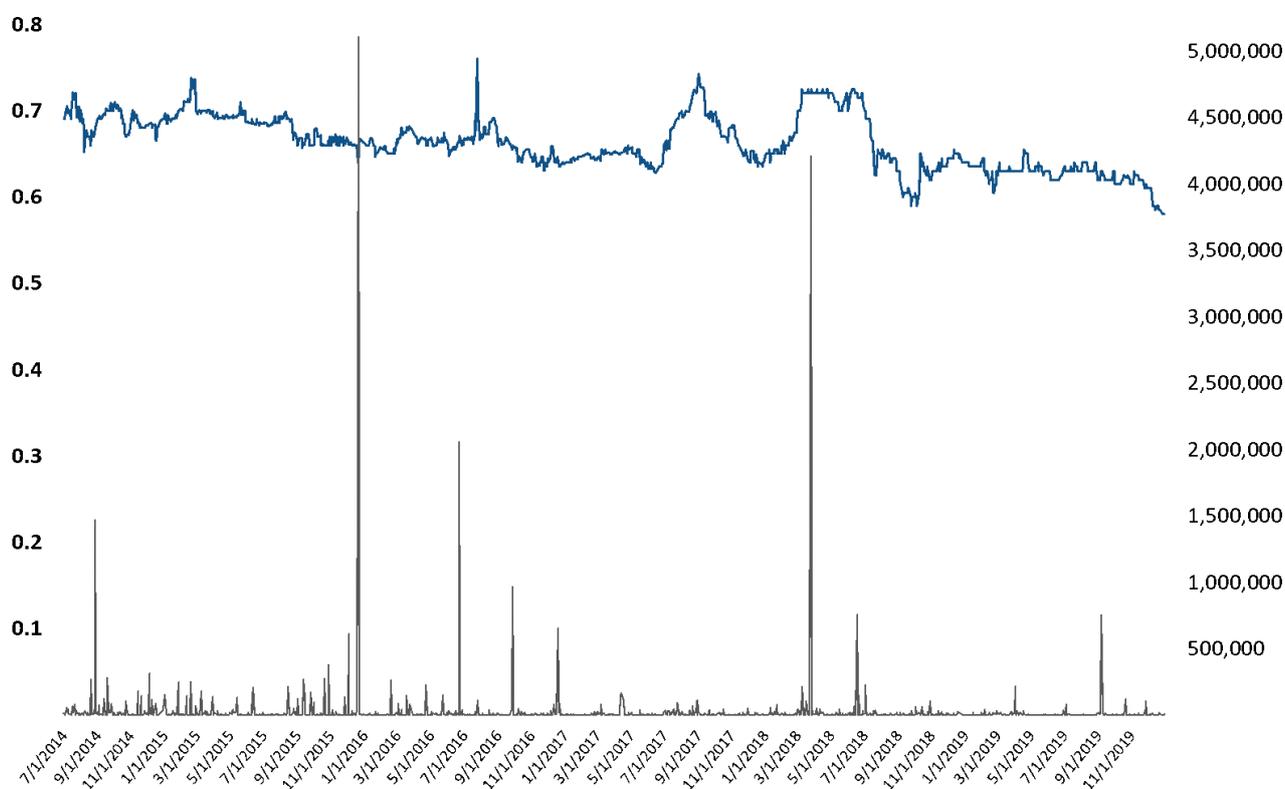
On July 24, 2017, the Company have signed the agreement of the Issuer's securities accounting management contract with AB Šiaulių bankas, represented by the Securities Transactions Division (code 112025254, address: Šeimyniškių St. 1A, LT-09312 Vilnius).

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



9.1. Prices and Turnover of Shares of AB Linas Agro Group

Information on changes in the prices of Company's shares and turnover from 1/7/2014 until the end of the reporting period, i. e. 31 December 2019, is presented in the following diagram:



10. Shareholders

According to the list of shareholders provided by AB Linas Agro Group securities account operator AB Šiaulių Bankas (data for the end of 31 December, 2019), the number of Company's shareholders at the end of the reporting period was 640.

The shareholders controlling more than 5% of the Company's shares and/or votes as at 31 December, 2019:

	Number of shares held	Portion in the authorized capital, %
Akola ApS (public company, Code 2517487; registration address: Thistedvej 68, st., 9400 Norresundby, Denmark)	109,909,167	69.15
Darius Zubas	17,049,995	10.73
UAB INVL Asset Management (private limited liability company, Code 126263073; registration address Gynėjų St. 14, Vilnius, Lithuania)	8,233,306	5.18



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.

During the reporting period, the annual general meeting of shareholders of the Company was held on October 25, 2019, and was attended by the shareholders of the Company holding 81.30% of all voting shares of the Company.

The Company's Board consists of seven members elected for four years period. The Board of the Company was elected by the Company's Extraordinary General Meeting of Shareholders on 1 June 2018. The Member of the Board Darius Jaloveckas resigned from the post on September 3, 2019, and the number of the Company's Board members was 6 as at 31 December 2019. The Company does not have independent members of the Board. 7 meetings of the Board have been organized and held during the first half of financial year, members of the Board attended it 100 percent.

The Head of the Company did not change during six months of 2019/20 financial year, ended 31 December 2019. The Head of the Company is also the Chairman of the Board of 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. Board of the Company

The members of the Board (as at 31 December, 2019):

Name	Position within the Board	Cadence starts	Cadence ends	Number of the Company's shares held
Darius Zubas	Chairman	1/6/2018	31/5/2022	17,049,995
Andrius Pranckevičius	Deputy Chairman	1/6/2018	31/5/2022	–
Dainius Pilkauskas	Member	1/6/2018	31/5/2022	480,281
Tomas Tumėnas	Member	1/6/2018	31/5/2022	2,200
Arūnas Zubas	Member	1/6/2018	31/5/2022	480,281
Jonas Bakšys	Member	1/6/2018	31/5/2022	3,400,000



Darius Zubas (b. 1965) - the main founder of the Group. Graduated from Veterinary Academy of Lithuanian University of Health Sciences in 1988.

Andrius Pranckevičius (b. 1976) - A Bachelor's degree in Business Administration in 1998, Master's degree in Marketing Management in 2000 at Kaunas University of Technology. Joined the Group in 1999.

Dainius Pilkauskas (b. 1966) - Master's degree in Animal Science at Veterinary Academy of Lithuanian University of Health Sciences in 1991. Has been employed within the Group since 1991.

Tomas Tumėnas (b. 1972) - Master's degree in Economics at Vilnius University and a certificate in International Business Economics from Aalborg University in 1995. Master's degree in Business Administration at Manchester Business School, The University of Manchester in 2011. Joined the Group in 2001.

Arūnas Zubas (b. 1962) - Master's degree in Chemical Technology at Kaunas University of Technology in 1985. He was employed within the Group from 1995 to 2005.

Jonas Bakšys (b. 1975) - Bachelor's degree in International Economics at Concordia University (USA) in 1997, Master's degree in Business Administration at University of Surrey (UK) in 2003. Joined the Group in 2004.

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

Name	Participation in other Companies authorized capital
Darius Zubas	UAB Darius Zubas Holding 100%; UAB MESTILLA 14.3%.
Jonas Bakšys (joint community property with spouse together)	UAB Vividum 100 %

Andrius Pranckevičius, Arūnas Zubas, Dainius Pilkauskas and Tomas Tumėnas 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.

11.2. Management of the Company

Details of the Company's Management remained unchanged during the reporting period. Company Management as of 31 December 2019:

Position	Name and surname	Employed since	Number of the Company's shares held
Managing Director	Darius Zubas	01/09/1996	17,049,995
Deputy Managing Director	Andrius Pranckevičius	19/11/2009	–
Finance Director	Tomas Tumėnas	19/11/2009	2,200
Chief Accountant	Ramutė Masiokaitė	19/11/2009	1,000

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 11.1. *Board of the Company*.



Ramutė Masiokaitė (b. 1971) – Chief Accountant. 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.

11.3. Committees formed by the Company

Since 28 October 2010 Audit Committee is formed by the Company, the members of the Committee are elected for the term of office of 4 (four) years. The Audit Committee is responsible for the implementation of risk management systems related to the preparation of consolidated financial statements. The term of office of the members of the Audit Committee started on October 31, 2018 and will end on October 30, 2022.

The Audit Committee consists of 3 members, two of whom are independent:

Andrius Drazdys - independent member of the Audit Committee. Employed at UAB Vilniaus Margarino Gamykla as a Chief Finance Officer. Does not own shares of the Company.

Agnė Preidytė - independent member of the Audit Committee. Employed at Pricewaterhouse-Coopers, UAB as Consultant. Does not own shares of the Company.

Irma Antanaitienė – member of the Audit Committee. Employed at AB Linas Agro as Accountant. Does not own shares of the Company.

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 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.

