

Consolidated financial statements of AB Linas Agro Group

**For the 6 month period of the year 2017/18
(unaudited)**

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 2017	As at 30 June 2017
ASSETS			
Non-current assets			
Intangible assets	5	1,357	1,331
Property, plant and equipment	6	118,792	117,946
Investment property	7	1,332	1,408
Animals and livestock		8,073	8,010
Non-current financial assets			
Other investments and prepayments for financial assets		17	17
Non-current receivables		2,636	1,524
Total non-current financial assets		2,653	1,541
Non-current prepayments		24	1,784
Deferred income tax asset		2,533	1,982
Total non-current assets		134,764	134,002
Current assets			
Crops		3,307	14,836
Livestock		1,867	2,164
Inventories		152,114	72,026
Current prepayments		13,001	5,385
Accounts receivable			
Trade receivables		73,729	101,928
Receivables from related parties	12	765	470
Income tax receivable		267	255
Other accounts receivable		2,451	12,086
Total accounts receivable		77,212	114,739
Derivative financial instruments		60	28
Other current financial assets		1,438	772
Cash and cash equivalents		10,651	8,897
Total current assets		259,650	218,847
Total assets		394,414	352,849

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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 2017	As at 30 June 2017
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	46,093	46,093
Share premium	1	23,038	23,038
Legal reserve		3,419	3,186
Own shares		(453)	(453)
Foreign currency translation reserve		(22)	(22)
Cash flow hedge reserve		(73)	(73)
Retained earnings		100,201	95,177
Total equity attributable to equity holders of the parent		172,203	166,946
Non-controlling interest		2,647	2,271
Total equity		174,850	169,217
Liabilities			
Non-current liabilities			
Grants and subsidies		6,322	6,236
Non-current borrowings	8	24,372	20,401
Finance lease obligations		1,212	1,076
Deferred income tax liability		1,049	1,906
Non-current employee benefits		455	453
Derivate financial instruments		25	25
Total non-current liabilities		33,435	30,097
Current liabilities			
Current portion of non-current borrowings	8	9,945	11,061
Current portion of finance lease obligations		477	559
Current borrowings	8, 12	124,583	77,494
Trade payables		32,875	44,152
Income tax payable		1,325	937
Derivative financial instruments		293	1,395
Other current liabilities		16,631	17,937
Total current liabilities		186,129	153,535
Total equity and liabilities		394,414	352,849

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	2017/2018 6 month	2016/2017 6 month
Sales	4	324,764	297,193
Cost of sales		(297,621)	(275,438)
Gross profit		27,143	21,755
Operating (expenses)	9	(18,008)	(17,726)
Other income	10	583	480
Other (expenses)		(1,232)	(852)
Operating profit		8,486	3,657
Income from financing activities		303	245
(Expenses) from financing activities		(1,299)	(1,318)
Profit before tax		7,490	2,584
Income tax		(629)	(875)
Net profit		6,861	1,709
Net profit attributable to:			
Equity holders of the parent		6,447	1,557
Non-controlling interest		414	152
		6,861	1,709
Basic and diluted earnings per share (EUR)		0.04	0.01
Net profit		6,861	1,709
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	–
Exchange differences on translation of foreign operations		–	(1)
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	(1)
Total comprehensive income, after tax		6,861	1,708
Total comprehensive income attributable to:			
The shareholders of the Company		6,447	1,556
Non-controlling interest		414	152
		6,861	1,708

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	2017/2018 2 Q	2016/2017 2 Q
Sales	4	195,572	144,273
Cost of sales		(182,953)	(136,717)
Gross profit		12,619	7,556
Operating (expenses)	9	(9,232)	(9,384)
Other income	10	263	248
Other (expenses)		(781)	(757)
Operating profit		2,869	(2,337)
Income from financing activities		144	179
(Expenses) from financing activities		(722)	(662)
Profit before tax		2,291	(2,820)
Income tax		(145)	85
Net profit		2,146	(2,735)
Net profit attributable to:			
Equity holders of the parent		2,155	(2,675)
Non-controlling interest		(9)	(60)
		2,146	(2,735)
Basic and diluted earnings per share (EUR)		0.01	(0.02)
Net profit		2,146	(2,735)
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	–
Exchange differences on translation of foreign operations		–	(1)
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		–	(1)
Total comprehensive income, after tax		2,146	(2,736)
Total comprehensive income attributable to:			
The shareholders of the Company		2,155	(2,676)
Non-controlling interest		(9)	(60)
		2,146	(2,736)

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	Other reserves	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as at 1 July 2016		46,093	(455)	23,038	2,936	(153)	(22)	88,310	159,747	2,214	161,961
Net profit for the year		–	–	–	–	–	–	1,557	1,557	152	1,709
Other comprehensive income		–	–	–	–	–	(1)	–	(1)	–	(1)
Total comprehensive income		–	–	–	–	–	(1)	1,557	1,556	152	1,708
Transfer of own shares		–	2	–	–	–	–	(2)	–	–	–
Declared dividends by company		–	–	–	–	–	–	(1,202)	(1,202)	–	(1,202)
Reserves made		–	–	–	250	–	–	(250)	–	–	–
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(26)	(26)
Acquisition of minority interest		–	–	–	–	–	–	1	1	(4)	(3)
Balance as at 31 December 2016		46,093	(453)	23,038	3,186	(153)	(22)	88,414	160,102	2,336	162,438
Balance as at 1 July 2017		46,093	(453)	23,038	3,186	(73)	(22)	95,177	166,946	2,271	169,217
Net profit for the year		–	–	–	–	–	–	6,447	6,447	414	6,861
Total comprehensive income		–	–	–	–	–	–	6,447	6,447	414	6,861
Declared dividends by company		–	–	–	–	–	–	(1,202)	(1,202)	–	(1,202)
Reserves made		–	–	–	233	–	–	(233)	–	–	–
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(14)	(14)
Acquisition of minority interest		–	–	–	–	–	–	12	12	(24)	(12)
Balance as at 31 December 2017		46,093	(453)	23,038	3,419	(73)	(22)	100,201	172,203	2,647	174,850

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

Consolidated cash flow statement

	Notes	2017/2018 6 month	2016/2017 6 month
Cash flows from (to) operating activities			
Net profit		6,861	1,709
Adjustments for non-cash items:			
Depreciation and amortisation		6,129	4,556
Subsidies amortisation		(431)	(347)
(Gain) on disposal of property, plant and equipment		(112)	(122)
Change in allowance and write-offs for receivables and prepayments		416	(2)
Inventories write down to net realisable value		572	(485)
Change of provision for onerous contracts		(368)	–
Change in accrued expenses		(352)	(97)
Change in fair value of biological assets		296	(1,040)
Change in deferred income tax		(646)	279
Current income tax expenses		1,275	596
Expenses (income) from change in fair value of financial instruments		1,397	400
Dividend (income)		(121)	–
Interest (income)		(303)	(245)
Interest expenses		1,298	1,317
		15,911	6,519
Changes in working capital:			
Decrease in biological assets		11,526	9,865
(Increase) in inventories		(83,180)	(52,325)
Decrease (increase) in prepayments		(7,616)	(10,054)
Decrease in trade and other accounts receivable		12,510	21,317
(Increase) in restricted cash		(110)	793
Increase in trade and other accounts payable		(10,661)	(30,775)
Income tax (paid)		(307)	(521)
Net cash flows from (to) operating activities		(61,927)	(55,181)

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

Consolidated cash flow statement (cont'd)

	Notes	2017/2018 6 month	2016/2017 6 month
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(9,226)	(5,941)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		421	686
Loans (granted)		–	(94)
Repayment of granted loans		409	1,759
Interest received		–	38
Dividend received		121	–
Net cash flows from (to) investing activities		(8,275)	(3,552)
Cash flows from (to) financing activities			
Proceeds from loans		86,221	87,560
(Repayment) of loans		(12,855)	(25,031)
Finance lease (payments)		(338)	(497)
Grants received		676	–
Interest (paid)		(520)	(1,171)
Dividend (paid) to non-controlling shareholders		(14)	(26)
Dividend (paid)		(1,202)	(1,202)
Acquisition of non-controlling interest		(12)	(3)
Net cash flows from (to) financing activities		71,956	59,630
Net (decrease) increase in cash and cash equivalents		1,754	897
Cash and cash equivalents at the beginning of the year		8,897	6,901
Cash and cash equivalents at the end of the year		10,651	7,798
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by grants and subsidies		676	356
Property, plant and equipment acquisitions financed by finance lease		220	20

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 2017 and as at 30 June 2017 the shareholders of the Company were:

	As at 31 December 2017		As at 30 June 2017	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	103,905,646	65.37 %	103,905,646	65.37 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Swedbank AS (Estonia) clients	4,661,021	2.93 %	4,819,437	3.03 %
Other shareholders (private and institutional investors)	33,323,736	20.97 %	33,165,320	20.87 %
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 2017 (EUR 0.29 each as at 30 June 2017) and were fully paid as at 31 December 2017 and as at 30 June 2017.

The Company holds 781,972 of its own shares, percentage 0.50%, as at 31 December 2017 (781,972 as at 30 June 2017). Subsidiaries and other related companies did not hold any shares of the Company as at 31 December 2017 and as at 30 June 2017.

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 2017 the number of employees of the Group was 2,201 (2,217 as at 30 June 2017).

No changes in share capital occurred during the years ending 31 December 2017 and 30 June 2017.

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 2016/2017 financial year.

3.Group structure and changes in the Group

As at 31 December 2017 and as at 30 June 2017 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 2017	30 June 2017	
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 Jungtinė Ekspedicija	Lithuania	100%	100%	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100 %	100%	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	Rent and management of agricultural purposes land
AS Putnu Fabrika Kekava	Latvia	93.97%	93.84%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	93.97%	93.84%	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
SIA Erfolg Group	Latvia	93.97%	93.84%	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
Linās Agro A/S	Denmark	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs
ŽŪB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100%	100%	Rent and management of agricultural purposes land

3. Group structure and changes in the Group (cont'd)

	Place of registration	Effective share of the stock held by the Group		Main activities
		31 December 2017	30 June 2017	
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.49%	98.96%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.34%	98.34%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.80%	98.80%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	97.65%	97.65%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	95.21%	95.21%	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.60%	98.60%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	Growing and sale of crops
UAB Paberžėlė	Lithuania	100%	100%	Rent and management of agricultural purposes land
Panevėžys district Žibartonių ŽŪB	Lithuania	99.89%	99.89%	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, certified seeds
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
SIA Paleo	Latvia	100%	100%	Warehousing activity

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
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* 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 2017

During 6 month period, ended 31 December, the Company acquired 0.13% AS Putnu fabrika Kekava share capital for EUR 12 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 12 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

Changes in the Group during the year ended 30 June 2017

During 12 month period, ended 30 June 2017, the Company acquired 0.03% AS Putnu fabrika Kekava share capital for EUR 4 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 1 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 2017, the Company increased share capital of UAB Linas Agro Grūdų Centras KŪB, UAB Lineliai, Noreikiškių ŽŪB, ŽŪB Landvesta 5 in amount of EUR 949 thousand, EUR 90 thousand, EUR 77 thousand, EUR 257 thousand, respectively.

During 12 month period, ended 30 June 2017, the Group increased share capital of SIA Linas Agro, UAB Linas Agro Grūdų Centras KŪB, ŽŪK KUPIŠKIO GRŪDAI, SIA Linas Agro Graudu Centrs, SIA Paleo in amount of EUR 169 thousand, EUR 1 thousand, EUR 147 thousand, EUR 923 thousand, EUR 150 thousand, respectively.

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.

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 2017								
Revenue								
Third parties	211,436	68,210	11,303	33,746	69	–	–	324,764
Intersegment	1,844	3,027	6,850	–	–	–	(11,721) ¹⁾	–
Total revenue	213,280	71,237	18,153	33,746	69	–	(11,721)¹⁾	324,764
Results								
Operating expenses	(4,004)	(6,381)	(1,766)	(2,879)	(31)	(2,947)	–	(18,008)
Segment operating profit (loss)	6,718	2,750	474	1,533	41	(3,030)	–	8,486

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 2016								
Revenue								
Third parties	183,138	75,071	8,488	30,452	44	–	–	297,193
Intersegment	990	3,208	7,123	–	–	–	(11,321) ¹⁾	–
Total revenue	184,128	78,279	15,611	30,452	44	–	(11,321)¹⁾	297,193
Results								
Operating expenses	(3,849)	(6,646)	(1,651)	(3,183)	(78)	(2,319)	–	(17,726)
Segment operating profit (loss)	4,058	2,157	(875)	499	134	(2,316)	–	3,657

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 2017	31 December 2016
Lithuania	95,438	83,048
Europe (except for Scandinavian countries, CIS and Lithuania)	100,874	137,753
Scandinavian countries	46,029	27,613
Asia	66,973	31,611
Africa	9,094	12,021
CIS	6,356	5,147
	324,764	297,193

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

Non-current assets	As at 31 December 2017	As at 30 June 2017
Lithuania	67,987	66,695
Latvia	52,149	52,559
Estonia	1,344	1,429
Denmark	1	2
	121,481	120,685

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 2016	920	162	1,971	3,053
Additions	97	–	–	97
Write-offs	(10)	(17)	–	(27)
Reclassifications	(58)	58	–	–
Balance as at 30 June 2017	949	203	1,971	3,123
Additions	127	–	–	127
Write-offs	(2)	(11)	–	(13)
Balance as at 31 December 2017	1,074	192	1,971	3,237
Accumulated amortization:				
Balance as at 30 June 2016	554	21	–	575
Charge for the year	94	12	–	106
Write-offs	(10)	–	–	(10)
Reclassifications	(26)	26	–	–
Balance as at 30 June 2017	612	59	–	671
Charge for the year	43	47	–	90
Write-offs	(2)	–	–	(2)
Balance as at 31 December 2017	653	106	–	759
Impairment losses:				
Balance as at 30 June 2016	–	–	–	–
Change for the year	–	–	1,121	1,121
Balance as at 30 June 2017	–	–	1,121	1,121
Balance as at 31 December 2017	–	–	1,121	1,121
Net book value as at 31 December 2017	421	86	850	1,357
Net book value as at 30 June 2017	337	144	850	1,331
Net book value as at 30 June 2016	366	141	1,971	2,478

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

6. Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as at 30 June 2016	14,161	87,604	46,233	5,370	5,110	5,091	163,569
Additions	2,910	99	4,483	473	808	9,467	18,240
Disposals and write-offs	(177)	(171)	(2,590)	(410)	(356)	(293)	(3,997)
Transfers from investment property	248	–	–	–	–	–	248
Reclassifications	88	2,111	4,005	–	–	(6,204)	–
Balance as at 30 June 2017	17,230	89,643	52,131	5,433	5,562	8,061	178,060
Additions	1,230	156	1,589	464	195	4,268	7,902
Disposals and write-offs	(32)	(30)	(906)	(442)	(28)	(359)	(1,797)
Transfers from investment property	290	–	–	–	–	–	290
Transfers to investment property	(219)	–	–	–	–	–	(219)
Reclassifications	104	6,280	1,526	10	97	(8,017)	–
Balance as at 31 December 2017	18,603	96,049	54,340	5,465	5,826	3,953	184,236
Accumulated depreciation:							
Balance as at 30 June 2016	3	24,941	20,138	2,818	3,045	–	50,945
Charge for the year	36	5,672	3,840	749	788	–	11,085
Disposals and write-offs	(2)	(133)	(1,538)	(397)	(255)	–	(2,325)
Balance as at 30 June 2017	37	30,480	22,440	3,170	3,578	–	59,705
Charge for the year	22	2,970	2,422	356	381	–	6,151
Disposals and write-offs	(1)	(19)	(353)	(421)	(27)	–	(821)
Transfers to investment property	(1)	–	–	–	–	–	(1)
Balance as at 31 December 2017	57	33,431	24,509	3,105	3,932	–	65,034
Impairment losses:							
Balance as at 30 June 2016	–	399	10	–	–	–	409
Balance as at 30 June 2017	–	399	10	–	–	–	409
Balance as at 31 December 2017	–	399	10	–	–	–	409
Net book value as at 31 December 2017	18,546	62,219	29,821	2,360	1,894	3,953	118,793
Net book value as at 30 June 2017	17,193	58,764	29,681	2,263	1,984	8,061	117,946
Net book value as at 30 June 2016	14,158	62,264	26,085	2,552	2,065	5,091	112,215

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 2016	1,335	119	1,454
Additions	289	14	303
Disposals and write-offs	–	(2)	(2)
Transfers to property, plant and equipment	(248)	–	(248)
Balance as at 30 June 2017	1,376	131	1,507
Transfers to tangible assets	(290)	–	(290)
Transfers from tangible assets	219	–	219
Balance as at 31 December 2017	1,305	131	1,436
Accumulated depreciation:			
Balance as at 30 June 2016	–	44	44
Charge for the year	–	6	6
Disposals and write-offs	–	(2)	(2)
Balance as at 30 June 2017	–	48	48
Charge for the year	1	3	4
Transfers from tangible assets	1	–	1
Balance as at 31 December 2017	2	51	53
Impairment losses:			
Balance as at 30 June 2016	51	–	51
Balance as at 30 June 2017	51	–	51
Balance as at 31 December 2017	51	–	51
Net book value as at 31 December 2017	1,252	80	1,332
Net book value as at 30 June 2017	1,325	83	1,408
Net book value as at 30 June 2016	1,284	75	1,359

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

8. Borrowings

	As at 31 December 2017	As at 30 June 2017
Non-current borrowings		
Bank borrowings secured by the Group assets	24,372	20,401
	24,372	20,401
Current borrowings		
Current portion of non-current bank borrowings	9,945	11,061
Current bank borrowings secured by the Group assets	115,494	74,279
Other current borrowings (Note 12)	9,089	3,215
	134,528	88,555
	158,900	108,956

Interest payable is normally settled monthly throughout the financial year.

9. Operating expenses

	2017/2018 6 month	2016/2017 6 month
Wages and salaries and social security	(11,438)	(11,829)
Consulting expenses	(299)	(382)
Depreciation and amortization	(903)	(969)
Other	(5,368)	(4,546)
	(18,008)	(17,726)

10. Other income (expenses)

	2017/2018 6 month	2016/2017 6 month
Other income		
Gain from currency exchange	122	–
Rental income from investment property and property, plant and equipment	120	125
Gain from disposal of investment property and property, plant and equipment	145	187
Dividend income	121	–
Change in fair value of currency financial instruments	(28)	–
Other income	103	168
	583	480
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(250)	(166)
Loss from disposal of property, plant and equipment	(21)	(64)
Currency exchange loss	–	(617)
Change in fair value of currency financial instruments	(868)	–
Other expenses	(93)	(5)
	(1,232)	(852)

11. Commitments and contingencies

As at 31 December 2017 the Group is committed to purchase property, plant and equipment for the total amount of EUR 3,692 thousand (EUR 3,828 thousand as at 30 June 2017).

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

Panevėžys district Aukštadvario ŽŪB, Kėdainių district Labūnavos ŽŪB, Sidabravo ŽŪB, Panevėžys district Žibartonių ŽŪB are committed not to discontinue operations related to agricultural up to the end of 2019 and 2021, Šakiai district Lukšių ŽŪB – up to 2020 and 2021. 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 and SIA Cerova received grants from the European Union and Rural Support Service (Latvia) for poultry farm, feedstuffs production and storages upgrade. SIA Lielzeltini is committed not to discontinue broiler breeding, slaughtering and sale of products, feedstuffs up to 2020, SIA Cerova – up to 2018.

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 2,179 thousand as at 31 December 2017 (EUR 1,683 thousand as at 30 June 2017).

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 2017 and 30 June 2017 were as follows:

Members of the board of the Company:

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

Subsidiaries: List provided in Note 3.

Akola ApS group companies:

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

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

The Group's transactions with related parties in 6 month period ended 31 December 2017 were as follows:

2017 6 month	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current payable loans
			Trade receivables	Other receivable			
Akola ApS group companies	752	9,793	765	–	–	–	–
Members of management board	–	1	–	–	–	–	–

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.

12. Related parties transactions (cont'd)

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 2017 and 30 June 2017.

13. Subsequent events

On 20 February 2018 the Company additionally acquired 14 660 shares of AS Putnu fabrika Kekava for EUR 408 thousands.