

**AB LINAS AGRO GROUP
CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE 3 MONTH PERIOD OF THE YEAR 2014/15
(UNAUDITED)**

PREPARED ACCORDING TO
ADDITIONAL INFORMATION PREPARING AND
PRESENTATION INSTRUCTIONS ISSUED BY THE BANK OF
LITHUANIA



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2014	As at 30 June 2014
ASSETS			
Non-current assets			
Intangible assets	5	1,435	1,265
Property, plant and equipment	6	349,071	351,777
Investment property	7	5,288	5,384
Animals and livestock		26,604	25,216
Non-current financial assets			
Investments into subsidiaries		–	–
Investments into associates		–	–
Other investments and prepayments for financial assets		59	59
Non-current receivables		7,824	5,607
Non-current receivables from related parties	12	1,210	1,198
Total non-current financial assets		9,093	6,864
Deferred income tax asset		6,484	7,544
Total non-current assets		397,975	398,050
Current assets			
Crops		10,688	49,094
Livestock		5,608	6,742
Inventories		437,320	233,562
Prepayments		9,572	17,487
Accounts receivable			
Trade receivables		219,806	307,624
Receivables from related parties	12	3,415	914
Income tax receivable		4,705	5,181
Other accounts receivable		53,942	23,559
Total accounts receivable		281,868	337,278
Other current financial assets		5,613	2,164
Cash and cash equivalents		61,828	29,804
Total current assets		812,497	676,131
Total assets		1,210,472	1,074,181

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONT'D)

	Notes	As at 30 September 2014	As at 30 June 2014
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	158,940	158,940
Share premium	1	79,545	79,545
Legal reserve		8,148	8,148
Reserve for own shares		6,300	6,300
Own shares		(1,577)	(1,581)
Foreign currency translation reserve		(134)	(151)
Retained earnings		271,208	264,307
Total equity attributable to equity holders of the parent		522,430	515,508
Non-controlling interest		10,441	9,635
Total equity		532,871	525,143
Liabilities			
Non-current liabilities			
Grants and subsidies		24,266	23,998
Non-current borrowings	8	92,935	96,792
Finance lease obligations		5,567	5,809
Non-current trade payables		31	1,122
Deferred income tax liability		4,905	5,279
Non-current employee benefits		672	671
Total non-current liabilities		128,376	133,671
Current liabilities			
Current portion of non-current borrowings	8	22,967	21,693
Current portion of finance lease obligations		2,711	2,796
Current borrowings	8	282,800	217,727
Trade payables		178,461	111,192
Payables to related parties	12	2,697	7,458
Income tax payable		3,195	1,631
Derivative financial instruments		6,805	870
Other current liabilities		49,589	52,000
Total current liabilities		549,225	415,367
Total equity and liabilities		1,210,472	1,074,181

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 30 September)

	Notes	2014/2015 1 Q	2013/2014 1 Q
Sales	4	451,801	450,337
Cost of sales		(420,547)	(414,752)
Gross profit		31,254	35,585
Operating (expenses)	9	(22,873)	(19,203)
Other income	10	3,956	9,686
Other (expenses)		(239)	(270)
Operating profit		12,098	25,798
Income from financing activities		402	377
(Expenses) from financing activities		(2,351)	(1,564)
Profit before tax		10,149	24,611
Income tax		(2,438)	(2,357)
Net profit		7,711	22,254
Net profit attributable to:			
Equity holders of the parent		6,879	22,094
Non-controlling interest		832	160
		7,711	22,254
Basic and diluted earnings per share (LTL)		0.04	0.14
Net profit		7,711	22,254
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods:		-	-
Exchange differences on translation of foreign operations		17	(7)
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		17	(7)
Total comprehensive income, after tax		7,728	22,247
Total comprehensive income attributable to:			
The shareholders of the Company		6,896	22,087
Non-controlling interest		832	160
		7,728	22,247

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	Reserve for own shares	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as at 1 July 2013	158,940	(1,581)	79,545	7,851	1,600	(138)	190,905	437,122	3,374	440,496
Net profit for the year	–	–	–	–	–	–	22,094	22,094	160	22,254
Other comprehensive income	–	–	–	–	–	(7)	–	(7)	–	(7)
Total comprehensive income	–	–	–	–	–	(7)	22,094	22,087	160	22,247
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	332	332
Acquisition of minority interest	–	–	–	–	–	–	–	–	(7)	(7)
Balance as at 30 September 2013	158,940	(1,581)	79,545	7,851	1,600	(145)	212,999	459,209	3,859	463,068
Balance as at 1 July 2014	158,940	(1,581)	79,545	8,148	6,300	(151)	264,307	515,508	9,635	525,143
Net profit for the year	–	–	–	–	–	–	6,879	6,879	832	7,711
Other comprehensive income	–	–	–	–	–	17	–	17	–	17
Total comprehensive income	–	–	–	–	–	17	6,879	6,896	832	7,728
Transfer of own shares	–	4	–	–	–	–	–	4	–	4
Acquisition of minority interest	–	–	–	–	–	–	22	22	(26)	(4)
Balance as at 30 September 2014	158,940	(1,577)	79,545	8,148	6,300	(134)	271,208	522,430	10,441	532,871

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

CONSOLIDATED CASH FLOW STATEMENT

Notes	2014/2015 1 Q	2013/2014 1 Q
Cash flows from (to) operating activities		
Net profit	7,712	22,254
Adjustments for non-cash items:		
Depreciation and amortisation	8,561	4,854
Subsidies amortisation	(784)	(512)
(Gain) on disposal of property, plant and equipment	(266)	(47)
(Gain) loss on acquisition of subsidiaries	–	(8,044)
(Gain) on disposal of other investments	(1,239)	–
Change in allowance and write-offs for receivables and prepayments	236	209
Inventories write down to net realisable value	20	(345)
Change in accrued expenses	(827)	(2,317)
Change in fair value of biological assets	183	(734)
Change in deferred income tax	686	613
Current income tax expenses	1,753	1,743
Expenses (income) from change in fair value of financial instruments	1,963	(2,148)
Change of provision for onerous contracts	–	(56)
Dividend (income)	(156)	(434)
Interest (income)	(402)	(377)
Interest expenses	2,351	1,564
	19,791	16,223
Changes in working capital:		
Decrease in biological assets	38,470	27,961
(Increase)-in inventories	(199,845)	(222,836)
Decrease (increase) in prepayments	7,225	(7,673)
Decrease in trade and other accounts receivable	55,940	16,733
(Increase) in restricted cash	(2,072)	(691)
Increase in trade and other accounts payable	62,673	32,031
Income tax (paid)	(1,208)	(1,555)
Net cash flows from (to) operating activities	(19,026)	(139,807)

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

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

	Notes	2014/2015 1 Q	2013/2014 1 Q
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(7,393)	(11,018)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		697	193
(Acquisition) of subsidiaries (less received cash balance in the Group)	3	(691)	(12,412)
Disposal of other investments	3	1,500	–
Prepayments for financial assets		–	(3,718)
Loans (granted)		(3,566)	(12,083)
Repayment of granted loans		827	2,208
Interest received		31	207
Dividends received		156	434
Net cash flows from (to) investing activities		(8,439)	(36,189)
Cash flows from (to) financing activities			
Proceeds from loans		219,846	204,847
(Repayment) of loans		(157,375)	(40,269)
Finance lease (payments)		(646)	(818)
Interest (paid)		(2,332)	(1,553)
Acquisition of non-controlling interest		(4)	–
Net cash flows from (to) financing activities		59,489	162,207
Net (decrease) increase in cash and cash equivalents		32,024	(13,789)
Cash and cash equivalents at the beginning of the year		29,804	34,240
Cash and cash equivalents at the end of the year		61,828	20,451
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by finance lease		320	629

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

As at 30 September 2014 and as at 30 June 2014 the shareholders of the Company were:

	As at 30 September 2014		As at 30 June 2014	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	88,984,443	55.99%	88,984,443	55.99%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank AS (Estonia) clients	12,197,783	7.67%	10,404,440	6.55%
SEB AS OMNIBUS (Luxembourg) clients	10,812,030	6.80%	12,866,897	8.10%
Other shareholders (private and institutional investors)	29,896,147	18.81%	29,634,623	18.63%
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 LTL 1 each as at 30 September 2014 (LTL 1 each as at 30 June 2014) and were fully paid as at 30 September 2014 and as at 30 June 2014.

The Company holds 788,972 of its own shares, percentage 0.50%, as at 30 September 2014 and as at 30 June 2014. Subsidiaries and other related companies did not hold any shares of the Company as at 30 September 2014 and as at 30 June 2014.

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

As at 30 September 2014 the number of employees of the Group was 2,242 (2,266 as at 30 June 2014).

No changes in share capital occurred during the years ending 30 September 2014 and 30 June 2014.

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 2013/2014 financial year.

3.GROUP STRUCTURE AND CHANGES IN THE GROUP

As at 30 September 2014 and as at 30 June 2014 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2014	30 June 2014	
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 Dotnuvos Projektai	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
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	89.46%	84.36%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	89.46%	84.36%	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

**Including cost of ŽŪB Landvesta 3, ŽŪB Landvesta 4, ŽŪB Landvesta 5, ŽŪB Landvesta 6 which are disclosed as indirectly controlled subsidiaries (through AB Linas Agro).*

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
Linus Agro A/S	Denmark	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs
UAB Fossio	Lithuania	100%	100%	Manufacturing of lignin
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 5*	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6*	Lithuania	100%	100%	Rent and management of agricultural purposes land

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

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2014	30 June 2014	
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.29%	98.28%	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	96.92%	96.92%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	93.57%	93.40%	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.64%	98.64%	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
UAB Žemės ūkio investicijos	Lithuania	100%	100%	Not operating company
Panevėžys district Žibartonių ŽŪB	Lithuania	99.80%	99.80%	Mixed agricultural activities
Investments into indirectly controlled subsidiaries (through UAB Dotnuvos Projektai)				
SIA DOTNUVOS PROJEKTAI	Latvia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuvos Projektai	Estonia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos technika	Lithuania	100%	100%	Not operating company
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)				
Karčemos kooperatinė bendrovė	Lithuania	20%*	20%*	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu centras	Latvia	100%	100%	Preparation and warehousing of grains for trade
Investment into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)				
Karčemos kooperatinė bendrovė	Lithuania	19.96%*	19.96%*	Preparation and warehousing of grains for trade

* The Group indirectly controls 39.96% of shares of Karčemos kooperatinė bendrovė (through Panevėžys district Žibartonių ŽŪB and UAB Linas Agro Grūdų centras KŪB), however, the Group has control over this entity and, therefore, it has been consolidated when preparing these financial statements.

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

Changes in the Group during the 3 month period ended 30 September 2014

On 1 July 2014 share capital of AS Putnu fabrika Kekava increased from EUR 12,769 thousand to EUR 18,947 thousand by capitalization of payable amounts of AB Linas Agro Group, SIA Lielzeltini. The rest non-controlling shareholders didn't participate in the increasing of share capital, part of the shares owned by the Group increased from 84.36% to 89.46%.

During 3 month period, ended 30 September 2014, the Group acquired 0.17% Sidabravo ŽŪB share capital for LTL 4 thousand. The shares were acquired from the non-controlling shareholders. The difference of LTL 22 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 2014

On 5 September 2013 the Group acquired 100% Žemės ūkio investicijos UAB sub-group, which is comprised of the holding company Žemės ūkio investicijos UAB and its subsidiary Panevėžys district Žibartonyš ŽŪB (98.07%), for LTL 18,059 thousand to further expand business activities. As at acquisition date Žemės ūkio investicijos UAB sub-group did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represents its fair value. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following

Acquisition date	31 August 2013
Property, plant and equipment and investment property	18,493
Animals and livestock	7,024
Crops	2,594
Inventories	9,420
Prepayments and other current assets	2,271
Cash and cash equivalents	268
Total assets	40,070
Deferred tax liability	(604)
Grants and subsidies	(556)
Non-current borrowings	(2,919)
Current borrowings	(1,814)
Trade payables	(4,274)
Other liabilities	(1,412)
Total liabilities	(11,579)
Total identifiable net assets at fair value	28,491
Non-controlling interest measured at the proportionate share of net assets at fair value	(349)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	9,540
Total purchase consideration	18,602
Cash consideration transferred	13,389
Less: cash acquired	(268)
Total purchase consideration, net of cash acquired	13,121

Žemės ūkio investicijos UAB sub-group revenue and profit or loss since the acquisition date and from the beginning of the annual reporting period were:

	Since acquisition date	Since 1 July 2013
Revenue	17,515	22,414
Profit (loss)	1,683	1,555

The bargain purchase resulted due to the former shareholders' approach to the business from the book value point of view rather than fair value of total identifiable net assets.

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

Changes in the Group during the year ended 30 June 2014 (cont'd)

On 28 October 2013 the Group acquired 86.97% shares of AS Putnu Fabrika Kekava sub-group (including SIA PFK Trader) for LTL 7,350 thousand to further expand business activities and enter new business segments. On 7 November 2013 according to the restructuring plan share capital of AS Putnu Fabrika Kekava was increased by capitalization of payable amounts.

AB Linas Agro Group didn't participate in the increasing of share capital, part of the shares owned by AB Linas Agro Group decreased from 86.97% to 54.59%. The provisional net assets at book value on 31 October 2013 are calculated by taking into account accounts payable capitalization and AB Linas Agro Group de facto control of 54.59% of shares.

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

Acquisition date for consolidation purposes	31 October 2013
Property, plant and equipment and intangible assets	83,169
Poultry	8,373
Inventories	7,735
Prepayments and other current assets	10,300
Cash and cash equivalents	598
Total assets	110,175
Deferred tax liability	(2,292)
Grants and subsidies	(7,701)
Non-current borrowings	(7,116)
Other non-current liabilities	(4,723)
Current borrowings	(35,913)
Trade payables	(16,641)
Other liabilities	(15,944)*
Total liabilities	(90,330)
Total identifiable net assets at provisional fair value	19,845
Non-controlling interest measured at the proportionate share of net assets at provisional fair value	(9,012)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	3,483
Total purchase consideration	7,350
Cash consideration transferred	2,516**
Less: cash acquired	(598)
Total purchase consideration, net of cash acquired	1,918

*During the year ended 30 June 2014 liabilities in the amount of LTL 14,142 were written off for subsidiary AS Putnu Fabrika Kekava due to successfully implemented restructuring plan.

**As at 30 June 2013 the Company made LTL 4,834 thousand prepayment for AS Putnu Fabrika Kekava shares to acquire.

AS Putnu Fabrika Kekava fair value of the trade receivables as at the date of acquisition were:

Trade receivables	
The gross contractual amounts receivable	21,393
The best estimate at the acquisition date of the contractual cash flows not expected to be collected	(11,401)
The fair value of the receivables	9,992

AS Putnu Fabrika Kekava revenue and profit or loss since the acquisition date and from the beginning of the annual reporting period were:

	Since acquisition date	Since 1 July 2013
Revenue	91,793	136,578
Profit (loss)	23,299	29,755

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

Changes in the Group during the year ended 30 June 2014 (cont'd)

The business combination resulted in bargain purchase because it was acquired during a forced sale by the former shareholders, since as at acquisition AS Putnu Fabrika Kekava was in a legal restructuring phase and there existed high uncertainties about its ability to continue as a going concern.

On 7 February 2014 the Group acquired 100% shares of SIA Lielzeltini for LTL 20,213 thousand to further expand business activities and enter new business segments. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	31 January 2014
Property, plant and equipment	50,263
Financial assets	10,764
Poultry	1,833
Inventories	10,902
Prepayments and other current assets	10,674
Cash and cash equivalents	1,214
Total assets	85,650
Deferred tax liability	(3,133)
Grants and subsidies	(2,657)
Non-current borrowings	(32,475)
Current borrowings	(7,257)
Trade payables	(9,990)
Other liabilities	(2,356)
Total liabilities	(57,868)
Total identifiable net assets at fair value	27,782
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	7,569
Total purchase consideration	20,213
Cash consideration transferred	20,213
Less: cash acquired	(1,214)
Total purchase consideration, net of cash acquired	18,999

SIA Lielzeltini fair value of contractual amounts receivables as at the date of acquisition were:

	Non-current Trade receivables	Prepayments
The gross contractual amounts receivable	10,927	3,515
The best estimate at the acquisition date of the contractual cash flows not expected to be collected	(2,292)	(691)
The fair value of the receivables	8,635	2,824

SIA Lielzeltini revenue and profit or loss since the acquisition date and from the beginning of the annual reporting period were:

	Since acquisition date	Since July 1 2013
Revenue	44,048	100,633
Profit (loss)	1,685	6,315

The bargain purchase resulted due to the former shareholders' approach to the business from the book value point of view rather than fair value of total identifiable net assets.

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

Changes in the Group during the year ended 30 June 2014 (cont'd)

On 7 February 2014 the Group acquired 100% shares of SIA Cerova for LTL 2,728 thousand to further expand business activities and enter new business segments. As at acquisition date SIA Cerova did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represent its recoverable amount. Revenue and profit or loss since acquisition date and from the beginning of the annual reporting period are not disclosed as they are not material to the financial statements. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	31 January 2014
Property, plant and equipment	2,913
Inventories	415
Prepayments and other current assets	3,478
Cash and cash equivalents	46
Total assets	6,852
Deferred tax liability	(33)
Grants and subsidies	(477)
Non-current borrowings	(2,110)
Other non-current liabilities	–
Trade payables	(237)
Other liabilities	(166)
Total liabilities	(3,023)
Total identifiable net assets at fair value	3,829
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	1,101
Total purchase consideration	2,728
Cash consideration transferred	2,728
Less: cash acquired	(46)
Total purchase consideration, net of cash acquired	2,682

On 7 February 2014 the Group acquired 100% shares of SIA Broileks for LTL 179 thousand to further expand business activities and enter new business segments. As at acquisition date SIA Broileks did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represent its recoverable amount. Revenue and profit or loss since acquisition date and from the beginning of the annual reporting period are not disclosed as they are not material to the financial statements. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	31 January 2014
Property, plant and equipment	1,450
Inventories	121
Prepayments and other current assets	520
Cash and cash equivalents	6
Total assets	2,097
Grants and subsidies	(420)
Non-current borrowings	(151)
Current borrowings	(365)
Trade payables	(7)
Other liabilities	(545)
Total liabilities	(1,488)
Total identifiable net assets at fair value	609
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	430
Total purchase consideration	179
Cash consideration transferred	179
Less: cash acquired	(6)
Total purchase consideration, net of cash acquired	173

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

Changes in the Group during the year ended 30 June 2014 (cont'd)

During the 12 month period, ended 30 June 2014, the Group acquired 6.17% Sidabravo ŽŪB share capital for LTL 160 thousand, 1.1% Panevėžys district Žibartonių ŽŪB share capital for LTL 44 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 929 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

Acquisition of non-controlling interest in Sidabravo ŽŪB and Panevėžys district Žibartonių ŽŪB has resulted in an increase of the effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 0.56% up to 98.28%, and an increase of the effective Group ownership of Karčemos kooperatinė bendrovė by 20% up to 39.96% as at 30 June 2014 with a result of LTL 23 thousand of gain accounted directly in equity.

Acquisition of SIA Lielzeltini has resulted in an increase of the effective Group ownership of AS Putnu Fabrika Kekava by 29.77% up to 84.36% as at 30 June 2014 with a result of LTL 10,046 thousand of gain accounted directly in equity.

On 9 January 2014 the Group separated UAB Lignineko to 2 companies: UAB Lignineko and UAB Fossio. The share capital of UAB Fossio is LTL 461 thousand.

On 30 April 2014 the Group sold all shares of UAB Lignineko. Differences between the sales consideration and the net assets disposed at the disposal date is the following:

	30 April 2014
Non-current assets	1,816
Deferred tax asset	180
Current assets	802
Liabilities	(3,835)
Net asset of subsidiary sold by Group	(1,037)
Gain recognized on disposal of subsidiary, recognised under Other income (Note 26)	5,587
Sales price (received in cash)	4,550
Less: cash disposed in subsidiary	(18)
Sell price less cash disposed	4,532

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, rapeseed and other feedstuffs, grain storage and logistics services;
- 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;
- 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;
- food products segment includes poultry and other food final products;
- the other products and services segment includes sales of biofuel and other products and services.

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

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

Group	Grain and feedstuff handling and merchandising	Products and services for farming	Agricultural production	Food products	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Financial year ended 30 September 2014								
Revenue								
Third parties	296,333	92,373	8,637	53,510	948	–	–	451,801
Intersegment	10,296	6,602	14,126	–	–	–	(31,024) ¹⁾	–
Total revenue	306,629	98,975	22,763	53,510	948	–	(31,024)¹⁾	451,801
Results								
Operating expenses	(4,374)	(7,983)	(1,556)	(5,906)	(20)	(3,034)	–	(22,873)
Segment operating profit (loss)	13,079	1,969	(5,158)	3,677	112	(1,581)	–	12,098

Group	Grain and feedstuff handling and merchandising	Products and services for farming	Agricultural production	Food products	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Financial year ended 30 September 2013								
Revenue								
Third parties	301,671	139,971	8,579	–	116	–	–	450,337
Intersegment	803	8,566	19,309	–	264	–	(28,942) ¹⁾	–
Total revenue	302,474	148,537	27,888	–	380	–	(28,942)¹⁾	450,337
Results								
Operating expenses	(7,051)	(7,783)	(1,386)	–	(365)	(2,618)	–	(19,203)
Segment operating profit (loss)	10,070	10,855	7,015	–	(407)	(1,735)	–	25,798

1) Intersegment revenue is eliminated on consolidation.

4. SEGMENT INFORMATION (CONT'D)

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

Revenue from external customers	3 month period ended	
	30 September 2014	30 September 2013
Lithuania	124,328	133,004
Europe (except for Scandinavian countries, CIS and Lithuania)	212,751	104,548
Scandinavian countries	62,689	99,790
Asia	41,065	106,341
CIS	10,968	6,654
	451,801	450,337

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

Non-current assets	As at 30 September 2014	As at 30 June 2014
Lithuania	210,892	211,055
Latvia	140,317	142,674
Estonia	4,537	4,641
Denmark	48	56
	355,794	358,426

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	Total
Cost:			
Balance as at 30 June 2013	2,063	344	2,407
Additions	348	2	350
Additions of subsidiaries	121	1	122
Write-offs	(3)	(15)	(18)
Balance as at 30 June 2014	2,529	332	2,861
Additions	55	170	225
Additions of subsidiaries	–	–	–
Write-offs	(3)	(12)	(15)
Balance as at 30 September 2014	2,581	490	3,071
Accumulated amortization:			
Balance as at 30 June 2013	1,334	71	1,405
Charge for the year	182	23	205
Write-offs	(1)	(13)	(14)
Balance as at 30 June 2014	1,515	81	1,596
Charge for the year	49	6	55
Write-offs	(3)	(12)	(15)
Balance as at 30 September 2014	1,561	75	1,636
Net book value as at 30 September 2014	1,020	415	1,435
Net book value as at 30 June 2014	1,014	251	1,265
Net book value as at 30 June 2013	729	273	1,002

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 2013	17,682	149,911	86,946	14,548	13,729	7,824	290,640
Additions	6,561	77	10,856	1,274	2,140	10,414	31,322
Acquisition of subsidiaries	15,888	105,924	27,681	2,926	2,874	834	156,127
Disposals and write-offs	(365)	(566)	(4,503)	(1,993)	(1,128)	(283)	(8,838)
Transfers from investment property	5,631	823	–	–	–	–	6,454
Reclassifications	171	10,489	1,731	111	147	(12,649)	–
Exchange differences	(2)	(5)	(2)	(4)	5	2	(6)
Disposals of subsidiaries	–	–	(2,187)	–	(290)	–	(2,477)
Balance as at 30 June 2014	45,566	266,653	120,522	16,862	17,477	6,142	473,222
Additions	–	199	3,278	94	284	3,028	6,883
Disposals and write-offs	–	–	(1,027)	(381)	(42)	(54)	(1,504)
Transfers from investment property	82	–	–	–	–	–	82
Reclassifications	–	2,792	235	19	2	(3,048)	–
Balance as at 30 September 2014	45,648	269,644	123,008	16,594	17,721	6,068	478,683
Accumulated depreciation:							
Balance as at 30 June 2013	–	38,650	40,991	5,192	7,989	–	92,822
Charge for the year	–	14,083	12,446	3,318	2,037	–	31,884
Disposals and write-offs	–	(339)	(1,587)	(1,698)	(817)	–	(4,441)
Transfers from investment property	–	124	–	–	–	–	124
Reclassifications	–	–	(58)	58	–	–	–
Exchange differences	–	19	(4)	–	–	–	15
Disposals of subsidiaries	–	–	(499)	–	(162)	–	(661)
Balance as at 30 June 2014	–	52,537	51,289	6,870	9,047	–	119,743
Charge for the year	–	4,496	3,104	776	641	–	9,017
Disposals and write-offs	–	–	(507)	(299)	(44)	–	(850)
Balance as at 30 September 2014	–	57,033	53,886	7,347	9,644	–	127,910
Impairment losses:							
Balance as at 30 June 2013	–	1,577	35	–	3	–	1,615
(Reversal) charge for the year	160	(77)	3	1	–	–	87
Balance as at 30 June 2014	160	1,500	38	1	3	–	1,702
Balance as at 30 September 2014	160	1,500	38	1	3	–	1,702
Net book value as at 30 September 2014	45,488	211,111	69,084	9,246	8,074	6,068	349,071
Net book value as at 30 June 2014	45,406	212,616	69,195	9,991	8,427	6,142	351,777
Net book value as at 30 June 2013	17,682	109,684	45,920	9,356	5,737	7,824	196,203

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 2013	10,773	1,380	12,153
Additions	7	15	22
Acquisition of subsidiaries	–	39	39
Disposals and write-offs	(209)	–	(209)
Transfers to property, plant and equipment	(5,631)	(823)	(6,454)
Balance as at 30 June 2014	4,940	611	5,551
Additions	–	–	–
Acquisition of subsidiaries	–	–	–
Disposals and write-offs	–	–	–
Transfers to property, plant and equipment	(82)	–	(82)
Balance as at 30 September 2014	4,858	611	5,469
Accumulated depreciation:			
Balance as at 30 June 2013	–	226	226
Charge for the year	–	65	65
Transfers to property, plant and equipment	–	(124)	(124)
Balance as at 30 June 2014	–	167	167
Charge for the year	–	14	14
Transfers to property, plant and equipment	–	–	–
Balance as at 30 September 2014	–	181	181
Impairment losses:			
Balance as at 30 June 2013	–	–	–
Balance as at 30 June 2014	–	–	–
Balance as at 30 September 2014	–	–	–
Net book value as at 30 September 2014	4,858	430	5,288
Net book value as at 30 June 2014	4,940	444	5,384
Net book value as at 30 June 2013	10,773	1,154	11,927

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

8. BORROWINGS

	As at 30 September 2014	As at 30 June 2014
Non-current borrowings		
Bank borrowings secured by the Group assets	92,903	96,760
Other non-current borrowings	32	32
	92,935	96,792
Current borrowings		
Current portion of non-current bank borrowings	22,967	21,693
Current bank borrowings secured by the Group assets	277,572	188,722
Other current borrowings	5,228	29,005
	305,767	239,420
	398,702	336,212

Interest payable is normally settled monthly throughout the financial year.

9. OPERATING EXPENSES

	2014/2015 1 Q	2013/2014 1 Q
Wages and salaries and social security	13,307	10,505
Consulting expenses	1,196	375
Depreciation and amortization	1,461	1,244
Other	6,909	7,079
	22,873	19,203

10. OTHER INCOME (EXPENSES)

	2014/2015 1 Q	2013/2014 1 Q
Other income		
Gain from currency exchange	375	–
Rental income from investment property and property, plant and equipment	187	213
Gain from disposal of investment property and property, plant and equipment	272	48
Gain from acquisition of subsidiaries	–	8,044
Change in fair value of currency financial instruments	–	758
Other income	3,122	623
	3,956	9,686
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(167)	(74)
Loss from disposal of property, plant and equipment	(6)	(1)
Currency exchange loss	–	(189)
Other expenses	(66)	(6)
	(239)	(270)

11. COMMITMENTS AND CONTINGENCIES

As at 30 September 2014 the Group is committed to purchase property, plant and equipment for the total amount of LTL 657 thousand (LTL 4,994 thousand as at 30 June 2014).

A few Group companies (Biržai district Medeikių ŽŪB, Kėdainiai district Labūnavos ŽŪB and Šakiai district Lukšių ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Kėdainių district Labūnavos ŽŪB is committed not to discontinue operations related to agricultural up to 2015, Šakiai district Lukšių ŽŪB - up to 2015, Sidabravo ŽŪB - up to 2019. UAB Linas Agro Grūdų Centras KŪB, Karčemos kooperatinė bendrovė received grants from the European Union and National Paying Agency (Lithuania) for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2018, Karčemos kooperatinė bendrovė – up to 2017.

SIA Lielzeltini, AS Putnu fabrika Kekava, SIA Cerova and SIA Broileks received grants from the European Union and Rural Support Service (Latvia) for poultry farm, feedstuffs production and storages upgrade. SIA Lielzeltini is committed not to discontinue broiler breeding, slaughtering and sale of products, feedstuffs up to 2016, AS Putnu fabrika Kekava – up to 2017, SIA Cerova – up to 2018, SIA Broileks – up to 2016.

In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania amounting to LTL 15,289 thousand as at 30 September 2014 (LTL 23,786 thousand as at 30 June 2014).

In July 2013 the Group company Linas Agro A/S received a ruling from the Danish Tax Inspection (hereafter- SKAT) stating that SKAT has changed the companies tax assessments for the income year 2007/2009 whereby total taxable payment for period has been increased by LTL 509 thousand (DKK 1,100 thousand). The changes relate to non-approved deduction for inter-group services. The company's management does not concur with SKAT's assessment and the decision is appealed. Accordingly, the Group did not recognize any tax liability or any interest as at 30 September 2014 and 30 June 2014.

In addition Linas Agro A/S received a ruling from SKAT regarding the valuation of customer base which was transferred to the Group company, AB Linas Agro in the year 2011/2012. The decision has a negative effect on the total tax loss carry forward amount which is incorporated into calculation of taxable income for the year 2012/2013. SKAT has ruled that the value of the customer base should have been LTL 16,853 thousand (DKK 36,414 thousand) and not LTL 5,425 thousand (DKK 11,722 thousand) as the value sold in 2011/2012 by Linas Agro A/S to AB Linas Agro. This implies a reduction of the total tax loss carry forward in the amount of LTL 11,428 thousand (DKK 24,692 thousand) (tax value LTL 2,857 thousand (DKK 6,173 thousand)). Deferred tax asset from the tax loss carry forward from this amount is not recognized by Linas Agro A/S. Linas Agro A/S management does not agree with SKAT and appealed the decision.

During the financial year ended 30 June 2014 the management of the Group initiated actions to reach the agreement between Lithuanian and Danish tax authorities. As at financial statements preparation date there were no decisions reached as the investigation might last up to two years.

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 30 September 2014 and 30 June 2013 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 Prancėvičius;
 Tomas Tumėnas;
 Artūras Pribušauskas. (since 25 October 2013).

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 3 month period ended 30 September 2014 were as follows:

2014 1 Q

	Purchases	Sales	Receivables			Payables	Current payable loans
			Trade receivables	Current loans receivable	Non-current loans receivable		
Akola ApS group companies	3,798	12,293	2,526	889	–	2,697	–
Members of management board	–	12	–	–	1,210	–	–

As at 30 September 2014 interest rates of the Group for non-current loans receivable from related parties are equal to 4%, interest rates of the Group for current loans receivable from related parties are equal to 3 month EURIBOR + 2.45%.

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

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

Terms and conditions of the financial assets and liabilities:

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

The Group's receivables from related parties were nor due neither impaired as at 30 September 2014 and 30 June 2014.

13. SUBSEQUENT EVENTS

On 30 October 2014 the Annual General Meeting of the Shareholders of the Company approved financial statements of the year 2013/2014, profit (loss) distribution of the financial year 2013/2014.

On 27 November 2014 the Company paid approved LTL 4,998 thousand dividends for the financial year ended 30 June 2014.