

Linus Agro A/S

Vinkel Allé 1, DK-9000 Aalborg

CVR no. 17 68 90 37

Annual report 2016/17

Approved at the Company's annual general meeting on 25/9-17

Chairman:

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Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Linas Agro A/S for the financial year 1 July 2016 - 30 June 2017.

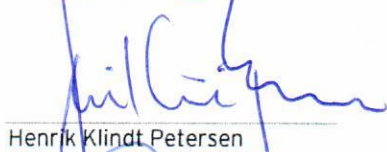
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aalborg, 25 September 2017
Executive Board:



Henrik Klindt Petersen

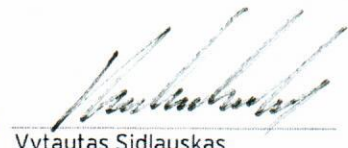
Board of Directors:



Darius Zubas
Chairman



Henrik Klindt Petersen



Vytautas Sidlauskas

Independent auditors' report

To the shareholders of Linas Agro A/S

Opinion

We have audited the financial statements of Linas Agro A/S for the financial year 1 July 2016 - 30 June 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

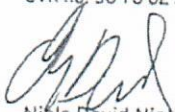
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.


In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 25 September 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Niels David Nielsen
State Authorised
Public Accountant


Jon Midtgaard
State Authorised
Public Accountant

Management's review

Company details

Name	Linus Agro A/S
Address, zipcode, city	Vinkel Allé 1, DK-9000 Aalborg
CVR no.	17 68 90 37
Established	1994
Registered office	Aalborg
Financial year	1 July 2016 - 30 June 2017
Telephone	+45 98 84 30 70
Board of Directors	Darius Zubas, chairman Henrik Klindt Petersen Vytautas Sidlauskas
Executive Board	Henrik Klindt Petersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, DK-9000 Aalborg

Management's review

Management commentary

Principal activities of the Company

The Company has three main activities:

Representation for the parent company, AB Linas Agro, Lithuania, and the affiliated undertaking, SIA Linas Agro, Latvia.

Commercial agent for group-related company, UAB Mestilla, Lithuania, for which we buy and sell at a fixed profit.

Common wholesale trade with grain and foodstuffs, seed and vegetable oil between third party companies.

The activities are performed within trade with grain and foodstuffs, oil seeds and vegetable oils between the former USSR and Central Europe to Western Europe, Africa and the Middle East.

Development in activities and financial position

Gross profit represents DKK 15.5 million and developments in the financial year has been satisfactory. During the year we worked with a reasonable crop in the Baltics, which we have distributed successfully to international markets.

Gross profit for 2015/16 totalled DKK 9.9 million.

Profit for the year

The profit for the year before tax totalled DKK 11,850,380, and after tax DKK 12,027,102. Proposed dividend to the shareholders of the Company amounts to DKK 15,000,000.

The Company's equity now totals DKK 19,134,273.

Outlook

The Company expects similar activity and a positive result in financial year 2017/18.

Financial statements for the period 1 July - 30 June

Income statement

Note	DKK	2016/17	2015/16
	Gross profit	15,472,702	9,884,499
2	Staff costs	-6,788,074	-7,348,499
5	Depreciation and impairment loss of property, plant and equipment	-24,257	-46,660
	Ordinary operating profit	8,660,371	2,489,340
3	Financial income	3,219,434	65,639
	Financial expenses	-29,425	-14,382
	Profit before tax	11,850,380	2,540,597
4	Tax on profit for the year	176,722	-568,000
	Profit for the year	12,027,102	1,972,597
	Proposed profit appropriation		
	Proposed dividends	15,000,000	3,000,000
	Retained earnings	-2,972,898	-1,027,403
		<u>12,027,102</u>	<u>1,972,597</u>

Financial statements for the period 1 July - 30 June

Balance sheet

Note	DKK	2016/17	2015/16
	ASSETS		
	Non-current assets		
	Property, plant and equipment		
5	Fixtures and fittings, other plant and equipment	14,401	38,658
		<u>14,401</u>	<u>38,658</u>
	Investments		
	Other receivables	174,836	169,744
		<u>174,836</u>	<u>169,744</u>
	Total non-current assets	<u>189,237</u>	<u>208,402</u>
	Receivables		
	Trade receivables	0	2,545,133
	Amounts owed by group enterprises	6,029,114	2,811,400
	Loan to group enterprises	7,436,600	14,581,028
	Other receivables	1,600,456	2,553,390
6	Deferred tax asset	35,000	550,000
	Prepayments	105,376	102,830
		<u>15,206,546</u>	<u>23,143,781</u>
	Cash at bank and in hand	8,918,865	2,663,157
	Total current assets	<u>24,125,411</u>	<u>25,806,938</u>
	TOTAL ASSETS	<u>24,314,648</u>	<u>26,015,340</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	500,001	500,001
	Retained earnings	3,634,272	6,607,170
	Proposed dividend for the year	15,000,000	3,000,000
	Total equity	<u>19,134,273</u>	<u>10,107,171</u>
	Current liabilities		
	Trade payables	90,848	102,685
	Amounts owed to group enterprises	0	11,130,705
	Income taxes	2,607,266	0
	Other payables	2,482,261	4,674,779
		<u>5,180,375</u>	<u>15,908,169</u>
	Total liabilities	<u>5,180,375</u>	<u>15,908,169</u>
	TOTAL EQUITY AND LIABILITIES	<u>24,314,648</u>	<u>26,015,340</u>

1 Accounting policies

8 Contingent liabilities and contingencies, etc.

Financial statements for the period 1 July - 30 June

Statement of changes in equity

DKK	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 July 2016	500,001	6,607,170	3,000,000	10,107,171
Paid dividend	0	0	-3,000,000	-3,000,000
Transferred, see profit appropriation	0	-2,972,898	15,000,000	12,027,102
Equity at 30 June 2017	<u>500,001</u>	<u>3,634,272</u>	<u>15,000,000</u>	<u>19,134,273</u>

There has not been changes in share capital in the last 5 years.

Financial statements for the period 1 July - 30 June

Notes

1 Accounting policies

The annual report of Linas Agro A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Effective 1 July 2016, the Company has adopted act no. 738 of 1 June 2015.

Apart from new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Gross profit

The items revenue, other external expenses and other operating income are condensed to an item called gross profit in accordance to Danish Financial Statements Act § 32.

Revenue

Income from the sale of goods for resale and services is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Financial statements for the period 1 July - 30 June

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff costs include salaries incl. holiday pay and pension cost as well as other costs regarding social security etc. to company employees. Staff costs are reduced by received benefits from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Property, plant and equipment

Fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, other plant and equipment 3-10 years

Depreciation is recognised in the income statement as a separate line item.

Financial statements for the period 1 July - 30 June

Notes to the financial statements

1 Accounting policies (continued)

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation and impairment write-down of property, plant and equipment.

Investments

Other receivables consist of rent deposits and are measured at nominal value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Income tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 July - 30 June

Notes to the financial statements

	<u>2016/17</u>	<u>2015/16</u>
2 Staff costs		
Wages and salaries	6,211,994	6,687,477
Pension costs	487,021	564,632
Other social security costs	50,429	55,330
Other staff costs	38,630	41,060
	<u>6,788,074</u>	<u>7,348,499</u>
 Average number of full-time employees	 <u>5</u>	 <u>6</u>
 3 Financial income		
Interest income on loan to group enterprise	220,142	3,645
Other interest income	2,999,292	61,994
	<u>3,219,434</u>	<u>65,639</u>
 4 Tax on profit for the year		
Tax on profit for the year	2,607,266	0
Adjustment of tax relating to previous years	-3,298,988	0
Deferred tax adjustment for the year	515,000	568,000
	<u>-176,722</u>	<u>568,000</u>

Financial statements for the period 1 July - 30 June

Notes to the financial statements

5 Property, plant and equipment

	Fixtures and fittings, other plant and equipment
Cost at 1 July 2016	
Additions	1,021,661
Disposals	0
Cost at 30 June 2017	<u>1,021,661</u>
Impairment losses and depreciation at 1 July 2016	
Depreciation	983,003
Accumulated depreciation and impairment write-downs of assets sold	24,257
Impairment losses and depreciation at 30 June 2017	<u>1,007,260</u>
Carrying amount at 30 June 2017	<u>14,401</u>

6 Deferred tax asset

Deferred tax asset includes solely deferred tax on tangible assets.

Deferred tax asset before impairment is DKK 35 thousand. The deferred tax asset is recognized in the balance sheet with DKK 35 thousand.

7 Share capital

Share capital consists of 500,001 shares with a nominal value of DKK 1. No shares carry special rights.

8 Contingent liabilities and contingencies etc.

Rent obligation amount to DKK 175 thousand.

Linax Agro A/S is a party to a lawsuit. The lawsuit is related to a debtor in Serbia with a nominal trade receivable at DKK 9.8 million. Linax Agro A/S initiated an enforcement procedure against the debtor and received payment incl. interests. However, the debtor filed a complaint against this enforcement decision. The issue is still running at Serbian courts and the result is subject to uncertainty.