AGROWILL GROUP AB

*Independent Auditor's Report,
Consolidated Annual Report and
Consolidated and Separate
Financial Statements for the Year Ended
31 December 2015*

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Independent Auditor's Report

To the Shareholders of Agrowill Group AB

Report on the Financial Statements

We have audited the accompanying separate financial statements of Agrowill Group AB (hereinafter "the Company"), which comprise the separate balance sheet as at 31 December 2015, the separate statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, set out on pages 22 to 79.

We have also audited the accompanying consolidated financial statements of Agrowill Group AB and its subsidiaries (hereinafter "the Group"), which comprise the consolidated balance sheet as at 31 December 2014, the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes, set out on pages 22 to 79.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separare and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's and the Group's preparation and fair presentation of the separate and consolidated financial statements 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 and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's and the Group's management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the separate financial statements and on the consolidated financial statements.

Company code: 111494971
VAT code: LT114949716

KPMG

Opinion on the Separate Financial Statements

In our opinion, the separate financial statements give a true and fair view of the financial position of Agrowill Group AB as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Agrowill Group AB and its subsidiaries as at 31 December 2015 and of the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion on both the separate and the consolidated financial statements we draw attention to Note 31 disclosing that Agrowill Group AB has received Decision No. 241-38 of 15 February 2016 from the Supervision Service of the Bank of Lithuania. The management disagreed with the position of the Supervision Service of the Bank of Lithuania, including the issue regarding valuation of the UAB eTime Invest shares used by one of the Company's shareholders as non-monetary contribution for an increase in share capital of Agrowill Group AB, and has issued a legal challenge against the Decision of the Supervision Service of the Bank of Lithuania to the court. As explained in Note 31, the ultimate outcome of this matter and its implications cannot presently be determined.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated annual report of Agrowill Group AB for the year ended 31 December 2015, set out on pages 5 to 21 of the financial statements, and have not identified any material inconsistencies between the financial information included in the consolidated annual report and the consolidated financial statements of Agrowill Group AB for the year ended 31 December 2015.

On behalf of KPMG Baltics, UAB

Domantas Dabulis
Partner pp
Certified Auditor

Vilnius, the Republic of Lithuania
18 July 2016

AGROWILL GROUP AB AND THE SUBSIDIARIES CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2015

1. Accounting period covered by the Report

Consolidated annual report was prepared for the year ended 31 December 2015.

2. Key data on the Group

Name of the company:	Agrowill Group AB (hereinafter – "Company")
Share capital:	EUR 54,350,713
Address of headquarters:	Smolensko St. 10, LT-03201 Vilnius, Lithuania
Telephone:	(8~5) 233 53 40
Fax:	(8~5) 233 53 45
E-mail address:	info@agrowill.lt
Website:	www.agrowill.lt
Legal-organizational form:	Legal body, joint stock company
Place and date of registration:	25 June 2003, Vilnius
Register code:	1262 64360
Register number:	AB2003-926
Registrant of the Register of legal bodies:	State Enterprise Centre of registers

As at 31 December 2015 the Group was comprised of the Company and its subsidiaries:

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and e-mail
UAB Baltic Champs	Joint stock company	27-12-2012, State Register	302942064	Povilišķės, Šiauliai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB AVG Investment	Joint stock company	10-02-2005, State Register	300087691	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB AWG Investment 1	Joint stock company	18-06-2008, State Register	301745765	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB AWG Investment 2	Joint stock company	24-07-2008, State Register	301807590	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agross	Joint stock company	24-07-2008, State Register	301807601	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
BUAB Abagrain	Joint stock company	26-04-2007, State Register	300713565	Adutiškio st. 3-3, Vilnius	(8~5) 203 26 86; fax: (8~5) 203 26 87, e-mail: info@abagrain.lt
UAB Grain Lt	Joint stock company	17-03-2010, State Register	302489354	Adutiškio st. 3-3, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB AMT Žemė	Joint stock company	15-03-2011, State Register	302602713	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agro GIS	Joint stock company	18-01-2011, State Register	302583978	Saltoniškių st. 29/3, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Baltic farming land management	Joint stock company	13-10-2008, State Register	302003546	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agro Management Team	Joint stock company	02-03-2011, State Register	302599498	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrotechnikos centras	Joint stock company	03-02-2011, State Register	302589187	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB PRIMA BIO COOP LT	Joint stock company	29-02-2012, State Register	302753875	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Žemės fondas	Agricultural entity	07-04-2006, State Register	300558595	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas	Joint stock company	28-09-2004, State Register	300057335	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
UAB Žemės vystymo fondas 3	Joint stock company	11-10-2005, State Register	300151165	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 4	Joint stock company	10-08-2006, State Register	300589669	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 5	Joint stock company	10-08-2006, State Register	300589683	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 6	Joint stock company	10-08-2006, State Register	300589719	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 7	Joint stock company	17-01-2007, State Register	300634420	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 9	Joint stock company	09-03-2006, State Register	300547638	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 10	Joint stock company	10-01-2008, State Register	301522723	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 11	Joint stock company	12-05-2005, State Register	300114042	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 12	Joint stock company	08-03-2005, State Register	300094383	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 14	Joint stock company	10-08-2006, State Register	300589726	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 15	Joint stock company	10-08-2006, State Register	300589733	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 16	Joint stock company	10-08-2006, State Register	300589740	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 19	Joint stock company	21-06-2007, State Register	300886948	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 20	Joint stock company	22-06-2007, State Register	300887726	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Žemės vystymo fondas 22	Joint stock company	10-01-2008, State Register	301522730	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Spindulys	Agricultural entity	09-04-1993, Radviliškis district municipality	171330414	Vaitiekūnai, Grinkiškis mun., LT-82380 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Smilgiai	Agricultural entity	16-09-1992, Panevėžys district municipality	168548972	Panevėžys st. 23, Smilgiai, Smilgiai mun., LT-38375	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Skėmiai	Agricultural entity	01-10-1992, Radviliškis district municipality	171306071	Skėmiai, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Nausodė	Agricultural entity	11-08-1992, Anykščiai district municipality	154179675	Kirmėliai, Troškūnai mun., LT-29178 Anykščiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Dumšiškės	Agricultural entity	29-09-1992, LR Raseiniai district board	172276179	Paraseinis, Paliepiai mun., LT-60194 Raseiniai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Žadžiūnai	Agricultural entity	30-06-1992, Šiauliai district municipality	175706853	Gudeliai st. 30, Žadžiūnai, Kairiai mun., LT-80103 Šiauliai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Mantviliškis	Agricultural entity	06-11-1992, Kėdainiai district board	161274230	Liepos 6-osios st. 18, Mantviliškis, Dotnuva mun., LT-58332 Kėdainiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Alanta	Agricultural entity	29-06-1992, Molėtai district municipality	167527719	Ukmergės st. 7, Alanta mun. LT-33312 Molėtai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
ŽŪB Agrowill Eimučiai	Agricultural entity	29-06-1992, Šiauliai district municipality	175705032	Eimučiai, Kairiai mun., 80101 Šiauliai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Vėriškės	Agricultural entity	29-09-1992, Radviliškis district municipality	171305165	Vėriškės, Šeduva mun., LT-77199 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Želsvelė	Agricultural entity	03-07-1992, Marijampolė municipality	165666499	Želsva, Liudvinavas mun. LT-69193 Marijampolė mun.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Lankesa	Agricultural entity	06-04-1999, Jonava district municipality	156913032	Ukmergė st. 44, Bukoniai, Bukoniai mun., LT-55075 Jonava distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Kairėnai	Agricultural entity	02-03-1993, Radviliškis district municipality	171327432	Kairėnai, Grinkiškis mun., LT-82031 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Agrowill Jurbarkai	Agricultural entity	31-07-1992, Jurbarkas district municipality	158174818	Rytas st. 2, Jurbarkai, LT-74205 Jurbarkai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Grūduva	Joint stock company	24-02-1997, Šakiai district municipality	174401546	Gotlybiškiai, Šakiai mun., LT-71372, Marijampolė distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Panevėžio region ŽŪB Gustoniai	Agricultural entity	09-12-1992, Panevėžys district municipality	168565021	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
S.R.L. Natur Agro Grup	Closed joint stock company	23-09-2005, Republic of Moldova	1005600045098	Stefan cel Marebd. 132, ap. 64, Chisinau mun., Moldova	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
S.R.L. Agrowill group	Closed joint stock company	01-07-2008, Republic of Moldova	100860003153	Kogalniceanu Mihail, 51, Chisinau mun., Moldova	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ZAO Agroprom	Closed joint stock company	01-09-2008, Russian Federation	1087746061237	Baimanskaja st. 7-10, Moscow, Russia	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Siesartis	Cooperative entity	21-04-2010, Šakiai district municipality	302501098	Mokyklos st. 18, Gotlybiškių mun. Šakių distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Kašėta	Cooperative entity	21-04-2010, Jonavos district municipality	302501251	Ukmergės st. 44, Bukonių mun., LT-55075 Jonavos distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Gustonys	Agricultural entity	08-06-2010, Vilniaus district municipality	302520102	Panerių st. 11, Vilnius LT-03209	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Skėmių pienininkystės centras	Agricultural entity	05-03-2012 Radviliškis district municipality	302737554	Skėmiai, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Agrobokštai ŽŪK	Cooperative entity	02-03-2010, Marijampolė municipality	302485217	Želsva, Liudvinavas mun., LT-69193 Marijampolė mun.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Dotnuvėlės valdos	Cooperative entity	21-04-2011, Šiauliai district municipality	302618614	Gudeliai str. 30, Žadžiūnai, Kairiai mun., LT-80103 Šiauliai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Nevėžio lankos	Cooperative entity	21-04-2011, Radviliškis district municipality	302618596	Vėriškės, Šeduva mun., LT-77199 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Radviliškio kraštas	Cooperative entity	20-04-2011, Radviliškis district municipality	302618742	Alyvų str. 1, Skėmiai, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Šventosios pievos	Cooperative entity	20-04-2011, Radviliškis district municipality	302618201	Vaitiekūnai, Grinkiškis mun., LT-82380 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Kairių ūkis	Cooperative entity	13-04-2011, Marijampolė municipality	302615194	Želsva, Liudvinavas mun., LT-69193 Marijampolė mun.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Šiaurinė valda	Cooperative entity	13-04-2011, Šakiai district municipality	302615187	Gotlybiškiai, Šakiai mun., LT-71372, Marijampolė distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Šušvės žemė	Cooperative entity	21-04-2011, Radviliškis district municipality	302618767	Kairėnai, Grinkiškis mun., LT-82031 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
ŽŪK Agromilk	Cooperative entity	23-04-2009, Radviliškis district municipality	302332698	Kairėnai, Grinkiškis mun., LT-82031 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Žalmargėlis	Cooperative entity	23-09-2013, State Register	303145954	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Juodmargėlis	Cooperative entity	03-10-2013, State Register	303159014	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Purpurėja	Cooperative entity	02-09-2010, State Register	203542337	Zosinos g. 7, Širvintų k., Širvintų raj.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 1	Joint stock company	23-08-2012, State Register	302846660	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrokreditas	Joint stock company	23-08-2012, State Register	302846621	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 3	Joint stock company	23-08-2012, State Register	302846614	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 4	Joint stock company	23-08-2012, State Register	302846564	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 5	Joint stock company	23-08-2012, State Register	302846475	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 6	Joint stock company	23-08-2012, State Register	302846411	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 7	Joint stock company	23-08-2012, State Register	302846062	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 8	Joint stock company	23-08-2012, State Register	302846105	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 9	Joint stock company	23-08-2012, State Register	302846144	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 10	Joint stock company	23-08-2012, State Register	302846169	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 11	Joint stock company	23-08-2012, State Register	302846201	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 12	Joint stock company	23-08-2012, State Register	302846226	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 13	Joint stock company	23-08-2012, State Register	302846233	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 14	Joint stock company	23-08-2012, State Register	302846240	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 15	Joint stock company	23-08-2012, State Register	302846258	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 16	Joint stock company	23-08-2012, State Register	302846354	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 17	Joint stock company	23-08-2012, State Register	302846379	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 18	Joint stock company	23-08-2012, State Register	302846436	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 19	Joint stock company	23-08-2012, State Register	302846468	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
UAB Agrosaulė 20	Joint stock company	23-08-2012, State Register	302846482	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Agrosaulė 21	Joint stock company	23-08-2012, State Register	303301257	M. Kriaučiūno st. 15, Gustoniai, Panevėžys distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Biržai distr., Rinkuškiai reclamation infrastructure users association	Association	11-12-2009 Biržai district municipality	302465556	Vytauto st. 38, LT-41143, Biržai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Pasvalys distr., Pušalotas reclamation infrastructure users association	Association	11-12-2009 Pasvalys district municipality	302465563	Diliauskai, LT-39188 Pasvalys distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Skėmiai reclamation infrastructure users association	Association	22-10-2013, State Register	303170256	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Vaitiekūnai reclamation infrastructure users association	Association	22-10-2013, State Register	303170306	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Traktorių nuomos centras	Joint stock company	16-07-2012, State Register	302820808	J. Savickio St. 4, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Traktorių nuomos paslaugos	Joint stock company	16-07-2012, State Register	302820797	J. Savickio St. 4, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Arnega	Joint stock company	13-08-2011, State Register	302661957	Adutiškio st. 3-3, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Grūduvos melioracija	Association	23-11-2010, State Register	302567116	Mokyklos st. 2, Gotlybiškės, Šakiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB AGRO Ramučiai	Joint stock company	05-09-2012, State Register	302854479	Poviliškės, Šiauliai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB Luganta	Joint stock company	05-09-2012, State Register	300045023	Pašlaušė, Kelmė distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB ŽVF projektai	Joint stock company	27-12-2012, State Register	300137062	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Želsvelės ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325856	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Smilgių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325824	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Skėmių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325692	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Mantviliškio ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325703	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Spindulio ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325817	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Lankesos ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325710	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Dumšiškių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303324722	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Kairėnų ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325774	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Žadžiūnų ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325870	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Vėriškių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325849	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
ŽŪB Nausodės ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325781	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Jurbarkų ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303325361	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Eimučių ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303324715	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Alantos ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303324747	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
ŽŪB Grūduvos ekologinis ūkis	Agricultural entity	09-06-2014, State Register	303324804	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
UAB eTime invest	Joint stock company	09-06-2014, State Register	300578676	Saltoniškių st. 29, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
OOO Karakash Agro	Joint stock company	09-09-2010, Ukraine	37171461	Adalet st. 18, Chechova, Razdolnenskiy distr., Krym	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
OOO Karakash	Joint stock company	09-09-2010, Ukraine	32140884	Adalet st. 18, Chechova, Razdolnenskiy distr., Krym	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
AgroSchool OU	Joint stock company	15-07-2013, Estonia	12491954	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Public institution AgroSchool	Public institution	22-07-2013, State Register	303104797	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Havestro OU	Private limited company	11-12-2013, Estonia	12583455	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Tabra Agro OU	Private limited company	30-04-2014, Estonia	12654586	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Springbox OU	Private limited company	06-05-2014, Estonia	12581947	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Newbygg OU	Private limited company	02-05-2014, Estonia	12505188	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Kangruaadu Agro OU	Private limited company	30-04-2014, Estonia	12654876	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Prestviigi OU	Private limited company	30-04-2014, Estonia	12654600	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Astermont OU	Private limited company	06-05-2014, Estonia	12582869	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Kropi Silm OU	Private limited company	24-04-2014, Estonia	12654868	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Lepaoja Agro OU	Private limited company	30-04-2014, Estonia	12654847	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Revalmarine OU	Private limited company	06-05-2014, Estonia	12583596	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Transrail OU	Private limited company	11-12-2013, Estonia	12583707	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
SwedGreen OU	Private limited company	18-03-2014, Estonia	12582987	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
First deal OU	Private limited company	12-07-2013, Estonia	12504154	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
Viarock OU	Private limited company	06-05-2014, Estonia	12582993	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Rame Agro OU	Private limited company	25-04-2014, Estonia	12652162	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Saastna Agro OU	Private limited company	29-04-2014, Estonia	12653575	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Pasilaid OU	Private limited company	29-04-2014, Estonia	12653569	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Lillhamne OU	Private limited company	29-04-2014, Estonia	12653747	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Ogerna OU	Private limited company	28-04-2014, Estonia	12653121	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Teorehe Agro OU	Private limited company	29-04-2014, Estonia	12653764	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Sendri Capital OU	Private limited company	02-05-2014, Estonia	12655539	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Turvaste partners OU	Private limited company	02-05-2014, Estonia	12655410	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Nakamaa Agro OU	Private limited company	02-05-2014, Estonia	12655522	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Hindaste Invest OU	Private limited company	24-04-2014, Estonia	12655384	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Tuudi River OU	Private limited company	02-05-2014, Estonia	12655384	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Palderma Partners OU	Private limited company	02-05-2014, Estonia	12654959	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Liialaid Capital OU	Private limited company	02-05-2014, Estonia	12655203	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Ave-Martna Capital OU	Private limited company	02-05-2014, Estonia	12655155	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Hobring Invest OU	Private limited company	02-05-2014, Estonia	12655427	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Rukkirahhu Capital OU	Private limited company	02-05-2014, Estonia	12655232	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Kaazys Agro OU	Private limited company	02-05-2014, Estonia	12655491	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Pahasoo OU	Private limited company	02-05-2014, Estonia	12655367	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Balistaro OU	Private limited company	30-04-2013, Estonia	12566876	Rannaku st. 12, Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
123 Union OU	Private limited company	31-08-2013, Estonia	12502764	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
NovaCorpus OU	Private limited company	30-04-2013, Estonia	12583136	Rannaku st. 12, Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
Bestmax OU	Private limited company	12-11-2013, Estonia	12568869	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
Remidox OU	Private limited company	31-08-2013, Estonia	12504025	Parnu st. 15, Harju distr., Tallinn	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Ganiklis	Cooperative entity	20-10-2014, State Register	303429417	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Ganiavos gėrybės	Cooperative entity	20-10-2014, State Register	303429431	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Žemėpačio pieno ūkis	Cooperative entity	22-10-2014, State Register	303432388	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Žemynos pienelis	Cooperative entity	17-10-2014, State Register	303427989	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Lygiadienio ūkis	Cooperative entity	17-10-2014, State Register	303428087	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Laumės pieno ūkis	Cooperative entity	17-10-2014, State Register	303427996	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Medeinos pienas	Cooperative entity	17-10-2014, State Register	303428112	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Gardaitis	Cooperative entity	20-10-2014, State Register	303429381	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Dimstipatis	Cooperative entity	20-10-2014, State Register	303429424	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Aušlavis	Cooperative entity	20-10-2014, State Register	303429456	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Austėjos pieno ūkis	Cooperative entity	17-10-2014, State Register	303428094	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Aitvaro ūkis	Cooperative entity	20-10-2014, State Register	303429374	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt
KB Giraičio pieno ūkis	Cooperative entity	20-10-2014, State Register	303429399	Alyvų st. 1-3, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, e-mail: info@agrowill.lt

The private limited subsidiary companies are engaged in buying and renting land, while subsidiary agricultural entities are engaged in agricultural commodities (milk, grain, and rapeseed) production and realisation.

3. Main lines of business of the Group

Operations area:	Agriculture
Main products manufactured:	Cultural mushroom growing and sale, milk production and sale, grain, rapeseed growth and sale, rent of land.
Other activities:	Agricultural real estate, land rent mediation, consulting services.

4. Agreements with the mediators of securities public circulation

The Company and FMĮ Orion Securities UAB (A. Tumėno st. 4, B korpusas, LT-01109 Vilnius) signed an agreement regarding handling of Shareholders accounts.

5. The trading in the Issuer's securities on exchanges and other organized markets

During the reporting period, the Companies shares were traded on the NASDAQ OMX Vilnius Stock Exchange (hereinafter – VSE). Type of shares – ordinary, nominal value of EUR 0.29, total amount of shares in circulation - 187,416,252 units.

Reporting period	Price, EUR			Date of last session	Total turnover	
	Max	min	Last session		Units	EUR, mil
I quarter 2015	0.245	0.200	0.227	2015.03.31	353 574	0,080
II quarter 2015	0.247	0.195	0.225	2015.06.30	369 778	0,085
III quarter 2015	0.269	0.225	0.241	2015.09.30	609 323	0,153
IV quarter 2015	0.297	0.233	0.297	2015.12.30	668 328	0,183

6. Group's financial and operating results analysis, information on personnel

Main performance indicators

Main financial figures, EUR thousand	Group 2015	Group 2014
Revenues	47,425	41,950
Direct subsidies	7,615	3,614
Gross profit	10,401	7,575
Operating profit	8,129	12,488
Finance costs	(2,001)	(2,573)
Net profit	5,559	10,134
EBITDA	10,748	7,079
EBITDA margin, %	22.66	16.88
Ratios		
ROE, %	8.04	18.10
Debt/EBITDA	4.35	6.07
Liquidity ratio	0.76	0.70

In April 2014, Agrowill Group AB group of companies (hereinafter pre-acquisition consolidated entity – AWG) were acquired by Baltic Champs Group UAB. AWG issued 102,596,266 new shares, 88,444,014 of which were acquired by Baltic Champs Group UAB by contributing shares of Baltic Champs UAB (hereinafter – BC), the remaining 14,151,252 shares were acquired by Vretola Holdings Limited by contributing shares of eTime invest UAB. The new Agrowill Group AB group of companies, hereinafter in the consolidated annual report is referred to as the Group.

In the table above the main financial figures of the Group for 2015 are compared to the main financial figures of the Group for the year ended 31 December 2014. As the acquisition took place on 15 April 2014, the figures of 2014 are without AWG 1st quarter figures. Additionally, a negative goodwill write-off of EUR 8,866 thousand is included in net and operating profits of 2014.

Revenues

During 2015 the Group generated EUR 47.4 million in agricultural activity revenues (in 2014: EUR 41.9 million). The Group's revenue in 2015 grew by about 13 percent as compared to 2014 mainly due to the fact that Agrowill Group AB revenues are consolidated with the Baltic Champs only from 1 April 2014 onwards. During the 1st quarter of 2014 Agrowill Group AB sales amounted to about EUR 3.5 million (EUR 2.5 million of which were milk sales). Compared to the full year - the most grown group of revenues is the crop production sales as a record grain yields were harvested. Additionally the Group sold most of over 1,500 heads of grown bulls herd. Dairy revenues fell, as starting from 1st quarter of 2014 there was a steady decline in prices of raw milk observed.

Cost of sales

The cost of sales of the Group increased from EUR 33.6 million to EUR 36.5 million in 2015. However, the gross margin of the Group increased from EUR 8.4 million in 2014 to EUR 10.9 million in 2015 (without taking into account the change in the fair value of biological assets). Only the gross profit of crop growing activities increased – mainly due to above mentioned record harvest yields, which even neglected the increased costs of operations. The gross margins of other main activities decreased – the mushroom growing and compost sales were influenced by the embargos between Russia and European Union. For the milk and cattle sales the largest influence was the sharp decrease in the selling price. Decreasing milk yields and negative impact on crop harvest due to shift to organic production were offset by additional organic subsidies in the amount of around EUR 4 million.

Operating expenses

The operating expenses of the Group grew slightly (from EUR 5.5 million to EUR 6.1 million in 2015). Taking into account the fact that Agrowill Group AB operating expenses for the 1st quarter of 2014 are not included in 2014 figures (which amounted to EUR 1.5 million), overall operating expenses even decreased. The largest impact was seen from optimization of employees immediately after the merger.

Write-off of negative goodwill

In April 2014, AWG legally acquired Baltic Champs UAB (in accounting terms the transaction was a reverse acquisition). During the acquisition, a negative goodwill of around EUR 9 million was calculated.

Other income

Over year 2014 – 2015 the Group sold large chunks of investment property – agricultural land. In 2015 the Group earned net profit of EUR 174 thousand (2014: EUR 1,150 thousand). At the end of 2015, before transferring the investment property to the investment fund the Group revaluated investment property to its fair value and profit of EUR 3,339 thousand was accounted for.

Balance sheet

During 2015 the Group continued to make investments into renewal of its agricultural equipment and machinery, with acquisitions of non-current assets (agricultural land and agricultural machinery) totalling EUR 6.3 million (2014: 3.3 million). Also, during 2015 the Group's land management entities sold a portion of agricultural land (classified as investment property) totalling EUR 1.7 million (2014: 6.4 million) in book value.

The book value of biological assets of the Group as at 31 December 2015 equalled EUR 10.7 million. This included EUR 1.0 million worth of mushroom seedbed owned by Baltic Champs, UAB. The Group also continued to grow its herd of cows and other livestock, but slightly decreased the area of winter crops. As at the date of signing of this Report, no significant uninsured areas effected by winterkill were registered.

During 2015 the Group's companies under restructuring finished the repayment of restructured liabilities, and by the end of the year agreed with DNB bank AB and Swedbank, AB regarding the refinancing of all loans on favourable conditions.

Personnel

As at 31 December 2015 the number of employees and average monthly salary by education and categories was as follows:

Employee category	Numbers of employees	Average monthly salary
Central office / Company	48	1,494
Agricultural entities management	102	975
Agricultural entities workers	934	635
Total:	**1,084**	

Education	Central office / Company	Agricultural entities
Higher	42	147
Special professional	6	401
Middle	-	487
Primary	-	-
Total:	**48**	**1,036**

Structure	Employee number as at 31 December 2015	Average monthly salary
Managing personnel	44	1,751
Specialists	148	901
Employees	892	629
Total:	**1,084**	

7. Objective overview of Group's status, operations and development, description of key risks and exposures the Group faces

Overview of the Group's business, status and review of expansion

Agrowill Group AB started operations in 2003 and currently is Lithuania's largest group of agricultural development and investment companies applying the centralized business management model. The Group is one of the largest agricultural land owners in Lithuania – subsidiary land buying entities owned around 6.7 thousand ha of land, agricultural entities own around 2.5 thousand ha, and additionally around 18 thousand ha were rented from others. In April 2014 Agrowill Group AB legally acquired Baltic Champs UAB. Agrowill Group AB issued new shares which were acquired by former shareholders of Baltic Champs UAB. The new shares emission was paid by Baltic Champs UAB shares which at the date of merger were evaluated at EUR 25.6 million.

The Group, after this business combination, concentrates on two main lines of business – cultural mushrooms growing and organic agriculture, i.e. milk production and crop growing. During the last decade, the worldwide commodities markets of these two segments developed positively, and only negative trend was experienced when global financial markets crashed in late 2008. However, during 2011 and thereafter, the markets started rebounding (both milk powder and crop commodities), and by the end of the year commodities prices reached pre-crisis levels. In 2012, the prices stabilized and decreased somewhat, however in 2012 and 2013 grain and rapeseed prices continued to ascend and reached historic heights by the end of the year. Milk prices peaked in the beginning of 2014, but started to decrease quite fast in 2014, and by the end of 2014, due to global commodity markets oversupply and Russian embargo on EU agricultural commodities reached 2011 year levels. In 2015, the situation worsened as raw milk prices are approaching record low levels of 2009. Cultural mushrooms are a new line of business of the Group after the BC acquired AWG. Mushroom production and consumption has been steadily growing in recent years globally. The growth has been mainly driven by increasing demand for organic products. In Lithuania alone procurement of champignons by quantity for fresh consumption and processing has increased by 9% in 2013 while average price has risen by 1%. In 2014, after the Russian embargo on EU agricultural produce, the price of mushrooms oriented for processing factories in Poland decreased significantly. The prices of fresh mushrooms in local markets (Baltics and Scandinavia) remained stable, however, with a downward trend in 2014 and 2015.

In 2015, the Group took a strategic shift in its operation and declared all working area and held livestock herds as organic, with the aim by the end of 2017 to produce all agricultural produce and most of cultural mushrooms organically. The Group's vision is to work in a more stable and rapid growth representing organic agriculture segment, with a long-term vision of supplying a wide range of finished goods for the end users.

As at 31 December 2015 the Group had 3,439 milking cows (2014: 3,290) in its herd, along with 3,294 heifers (2014: 3,105) grown for replacement of milking cows and 294 bulls (2014: 1,536). The main crop growing cultures grown for sales are winter and spring wheat and rapeseed – there were over 12 thousand ha planted and harvested in 2015 by the Group's agricultural subsidiaries. The remaining area is planted with various feed cultures – corn, barley, perennial grasses. The grown green feed is used for feeding of the animal herds. The Group annually produces and sells around 11 thousand tonnes of fresh cultural mushrooms.

In 2016 the Group plans to undergo a transition from common agricultural activities to organic. As the Group as of 15 June 2015 forfeited using of any mineral fertilizer and all pesticides, the harvest gathered in 2016 will be labelled P2 (transition period 2 harvest), and only in 2017 first organic produce will be harvested and made. Timely and correct operations on the fields are vital in order to achieve the desired results – therefore the Group plans significant investments into agricultural equipment dedicated to organic agriculture. The Group will seek to increase the milking cows herd, as well as organically produced mushrooms and vegetables quantities. The Group plans to undergo various operational tests on its way to a creation of sustainable organic farming model.

Assessment of main types of risks and exposures the Group faces

Borrowed capital accounts for a large share of the Group's total capital

Historically, the main source of AWG's financing (for acquisitions and operational needs) was generated by borrowed funds. At the beginning of 2008, AWG issued a new share capital issue and attracted around EUR 8.1 million of cash. In the same year, AWG issued several bond issues and attracted additional EUR 8.1 million of cash. All the proceeds were used for expansion of AWG – two major subsidiaries were acquired: Polva Agro OU in Estonia and Grūduva UAB in Lithuania; number of investment projects were started (manure storage pits, cow farm reconstructions, acquisitions of modern agricultural equipment and machinery). After the 2008 financial markets collapse took place, AWG had to abandon several investment projects and finished one of the acquisitions from own cash flows, which, in turn, in several months resulted in significant liquidity problems.

The major part of AWG assets are the investment property, owned land, buildings, equipment and cattle herds – non-current assets, payback of which is longer than 1-2 year term, while AWG's current financial liabilities are larger than current receivables. Due to severely limited additional financing opportunities, the shareholders and management of AWG in June 2009 undertook a decision to initiate restructuring process for the Company and 14 agricultural entities. The restructuring process is a mean for companies facing liquidity problems to operate under normal circumstances and to try and earn the funds needed to repay the accumulated amounts due. The decisions to initiate the restructuring processes were approved by more than 50% of creditors in each of these companies in June 2009.

In 2014 the Group finished restructuring of 4 agricultural subsidies, while in 2015 the remaining restructuring cases of 10 agricultural entities and Company were finished – the Group repaid all the external debts according to all restructuring plans.

As the borrowed capital accounts for a large part of Group's capital any significant financial market disturbances could cause Group difficulties servicing financial debt.

Weather conditions

Weather conditions are one of the most important risks involved in agricultural activities. Poor or unfavourable meteorological conditions can have substantial impact upon yields by negatively affecting harvests and fodder preparation, destroying crop areas etc. In extreme cases, poor weather limits the ability to harvest the fields at all.

Prices for agricultural products

The Group's income and operating results depend on such factors beyond the Group's control as prices for agricultural commodities. These prices are largely influenced by different and hardly predictable factors beyond the Group's control (weather conditions, state agricultural policy, changes in global demand caused by demographic changes, changes in living conditions, competing products in other countries).

Animal and vegetable diseases

Animals can be infected with different viral infections including foot and mouth disease, bovine spongiform encephalopathy etc. Even though the Group complies with the highest sanitary standards in order to prevent diseases, there is no guarantee that the Group's cattle will not be infected for reasons beyond the control of the Group. Although the majority of Group's cattle are insured, an outbreak of a cattle infection can result in high additional expenses and losses.

State policy and regulation in the agricultural sector and related areas can have a negative effect upon the Group's operations and profitability

Agriculture, agricultural produce and products placement on the market are strongly affected by state policies and EU regulation. Regulation of agricultural activities manifests itself through the regulation of taxes, tariffs, quotas, subsidies, import and export legislation etc. Any change in this area can exert significant influence over the profitability of agricultural activities, determination of the choice of crops, increase or reduce the volumes of production, import and export of agricultural products. In addition, any international trade disputes can affect the trade flows, restricting trade among countries or regions. Future policies in this area can have a negative impact upon prices for the agricultural products offered by the Group and upon the Group's opportunities for operating in the market.

Unstable political situation in the Autonomous Republic of Crimea

Agrowill Group AB consolidates eTime invest UAB, which, through a subsidiary company Karakash Agro OOO operates 10 thousand hectares of agricultural land in Autonomous Republic of Crimea. Currently Autonomous Republic of Crimea is annexed by Russian Federation. This creates negative changes in legal, political and business environment of the region. Such negative change could adversely affect agricultural business of Karakash Agro OOO and subsequently result in losses for the Group.

8. Significant post balance sheet events

Disclosed in the consolidated Agrowill Group AB financial statements for the year ended 31 December 2015.

9. Planned and forecasted activities of the Group

The Group changed its agricultural activities from regular to organic type in 2015. In June 2015, the Group declared almost 24 thousand hectares and all of its cow herd as organic ones and started the transitional period. The transitional period lasts for two years and the first purely organic harvest will be gathered at the end of 2017, first organic milk produced in the last quarter of 2017. In December 2015, Ekoagros, an organic agriculture certification body in Lithuania, completed certification process of all owned and leased farmland and livestock of Agrowill Group, AB as organic.

It is planned to increase the milking cow herd to around 3.7 thousand (currently around 3.5 thousand) located over 8 separate locations around Lithuania. The number of heifers and small bulls grown by the Group will remain unchanged (at around 3.5 thousand). The Group plans to implement the best practice of organic agriculture, enabling the animals to freely access the pastures during the grazing period, as well as to build one prototype farm of 300 heads of milking cows to test new feeding and milking technologies, and to further improve the well-being of the animals.

In crop growing sector, the Group is planning significant investments into agricultural equipment exclusively used in organic production. 2016 harvest will be the first grown without any chemical fertilizers and pesticides, so it is very important for the Group to have a good machinery park to be ready to tackle any arising obstacles (weeds, insects, etc.). The Group also plans to increase the area of grown vegetables (including growing some of them – organically), and to provide the produce to the end users at the end of 2016.

The cultural mushrooms growing business will remain in leading positions across the Baltics, with no significant production capacity expansion plans forecasted for 2016. The Group expects to increase the percentage of sold organic mushrooms as compared to the previous year.

10. Information on research and development activities

Agrowill Group AB does not have material licenses, and is not engaged in research activities.

11. Information on own shares

The Company has not acquired any own shares.

12. Share capital structure of the Company

The share capital of Agrowill Group AB as at 31 December 2015 and 31 December 2014 is EUR 54,351 thousand and EUR 54,279 respectively. The share capital is divided into 187,416,252 ordinary shares. Each issued share has a EUR 0.29 nominal value and fully paid. The share capital increased by EUR 72 thousand as the Company recalculated the nominal value of 1 share from LTL 1 to EUR 0.29 in 2015.

During 2014, the Company issued a new capital issue of 102,595,266 shares. Each share has usual material and intangible rights as per Lithuanian Republic law on Stock companies and Company's statutes.

13. Share transfer restrictions

There are no restrictions regarding the share transfer.

There could be separate stock transfer restrictions, which can only be imposed by the shareholders and only in agreed-upon cases (see company's' shareholders agreements for more details).

14. Shareholders of the Company

The shareholders owning more than 5 per cent of all the Company shares as at 31 December 2015 were:

Name, surname / name of the company	Company / personal code	Address	Votes held by shareholder	Shares held by shareholder
Baltic Champs Group UAB	145798333	Poviliškės, Šiauliai District	96,640,015	51.56%
Volemer Holdings Limited	HE268133	Avlonos 1, Nicosia, Cyprus	29,776,510	15.89%
Vretola Holdings Limited	HE270472	Stylianou Lena, 18, Pallouriot, Nicosia, Cyprus	27,511,660	14.68%
Strėlis Linas	-	-	9,687,572	5.17%

No shareholder has special voting rights. In total, 1,113 physical and legal persons were Companies shareholders as at 31 December 2015.

15. Company's shareholders voting rights restrictions

The Group has no indications about any restrictions to the shareholders voting rights.

16. Agreements between the shareholders

The Company has entered into the Shareholders' Agreement with Volemer Holdings Limited, Vretola Holdings Limited, Eastern Agro Holdings UAB, Sauledra UAB, Romualdas Antanas Petrošius, Aldona Petrošienė, Jurgis Petrošius, Marius Žutautas, Vladas Bagavičius, Domantas Savičius and Baltic Champs Group, UAB, which, in addition to the issues of the management of the Company (regarding the apportionment of the seats in supervisory board, the management board, and certain voting rules in the annual or extraordinary shareholders meetings), also established that after the closing of the merger transaction under the Agreement, the mandatory tender offer to buy the remaining voting shares of the Company will be submitted and implemented by the above mentioned shareholders of the Company together with the new shareholder Baltic Champs Group UAB, pro-rata to the number of the Company's shares held.

17. Procedure for amendments of the Articles of Association

The Articles of Association can be changed following Lithuanian Republic law on Stock companies with an appropriate approval of the Company's shareholders.

18. Members of collegial bodies, Head of Company, their participation in Companies' shares

The managing bodies of the Company are general meeting of the shareholders, the Supervisory Board, the Board of Directors and Managing Director. The Supervisory Board (consisting of 5 members) is elected by the shareholder meeting. The Board of directors is formed from 7 members. The chairman is elected by the Board. The Board members are elected by the Supervisory Board. The Board of Directors elects and recalls the Director, decide upon remuneration and other working conditions, approves official rulebook, awards and handles penalties. The General Director is the manager of the Company.

Information on managing bodies of the Company as at 31 December 2015:

Name, Surname	Position	End of current term of office	Period of service as a member
Vladas Lašas	Chairman of Supervisory Board	Until general meeting of shareholders to be held in 2016	Member of Supervisory Board since 14-05-2015
Liudas Navickas	Member of Supervisory Board	Until general meeting of shareholders to be held in 2016	Member of Supervisory Board since 13-03-2014
Aurimas Sanikovas	Member of Supervisory Board	Until general meeting of shareholders to be held in 2016	Member of Supervisory Board since 13-03-2014
Gediminas Žiemelis	Member of Supervisory Board	Until general meeting of shareholders to be held in 2016	Member of Supervisory Board since 13-03-2014
Rimantas Rudzkis	Member of Supervisory Board	Until general meeting of shareholders to be held in 2016	Member of Supervisory Board since 13-03-2014

Name, Surname	Position	End of current term of office	Period of service as a member
Kęstutis Juščius	Chairman of Board	Until general meeting of shareholders to be held in 2016	Member of Board since 14-05-2015
Marius Žutautas	Member of Board	Until general meeting of shareholders to be held in 2016	Member of Board since 20-09-2011
Marijus Bakas	Member of Board	Until general meeting of shareholders to be held in 2016	Member of Board since 08-05-2014
Domantas Savičius	Member of Board	Until general meeting of shareholders to be held in 2016	Member of Board since 14-12-2007
Linas Strėlis	Member of Board	Until general meeting of shareholders to be held in 2016	Member of Board since 14-12-2007
Vladas Bagavičius	Member of Board	Until general meeting of shareholders to be held in 2016	Member of Board since 01-12-2008
Linas Bulzgys	Member of Board General Director	Until general meeting of shareholders to be held in 2016	Member of Board since 08-05-2014 General Director since 05-05-2015

Members of the Supervisory Board

Vladas Lašas (Chairman)

Education, qualification: Kaunas Polytechnic Institute, IT Technologies, PhD, 1979.
Activity: founder and CEO of JSC Skubios siuntos (1996 – present).
Miscellaneous: member of Board of "Global Lithuanian Leaders", PE; member of Board of "Lietuvos Junior Achievement", PE.

Liudas Navickas

Education, qualification: 1976 - Kaunas University of Technology, Engineer Electric Specialty. 1982 – Vilnius University, Economics Specialty.
Activity: Director of PME Capital UAB (2011 – present).

Aurimas Sanikovas

Education, qualification: 2000 – 2002 Faculty of Economics, Vilnius University, Batchelor's and Master's Degree in Economics.
Activity: CFO of Avia Solutions Group AB (2007 – present).
Miscellaneous: Member of Association of Chartered Certified Accountants (ACCA); member of the Board of AB Avia Solutions Group; member of the Board of AB AviaAM Leasing.

Gediminas Žiemelis

Education, qualification: 2006 – Mykolas Romeris University, Faculty of Law, Master of Law; 1999 – Vilnius Gediminas Technical University, Faculty of Business Management, Bachelor's Degree.
Activity: Development Manager at AB Avia Solutions Group (2010 – present).

Miscellaneous: Chairman of the Board of Avia Solutions Group AB; Chairman of the Board of ŽIA valda AB; Member of the Board of ŽIA valda Cyprus Ltd.

Rimantas Rudzkis

Education, qualification: 1973 - Kaunas Polytechnic Institute, Accounting Equipment Specialty, Engineer Mathematician Diploma; 1978 – PhD Dissertation of Mathematics; 1993 – Habilitated PhD of Mathematics; 1996 – Professor Degree.
Activity: Senior Scientific Specialist of the Mathematics and Informatics faculty at Vilnius University (1974 – present).

Members of the Board

Kęstutis Juščius (Chairman)

Education, qualification: 1995 – Vilnius University, Business Administration Bachelor Degree.
Activity: Chairman of the Board of Agrowill Group AB (2015 – present).
Miscellaneous: Chairman of the Supervisory Board of Mycela SA; Chairman the Board of Baltic Champs Group UAB.

Marijus Bakas

Education, qualifications: Vilnius University, Faculty of Economics, Municipal Economics Master Degree.
Activity: Head of Širvintai branch at Baltic Champs UAB (2001 – present).

Linas Bulzgys

Education, qualifications: Vilnius University, Finance Bachelor Degree.
Activity: General Director of Agrowill Group AB (2015 – present).

Vladas Bagavičius

Education, qualifications: 1997 - Vilnius University, Faculty of Law, Master of Law.
Activity: Lawyer at Vladas Bagavičius Law Firm (2004 – present).

Domantas Savičius

Education, qualifications: 2001 – Stockholm School of Economics in Riga, Bachelor's Degree.
Activity: CFO of Agrowill group AB (2005 – Present).

Linas Strėlis

Education, qualifications: 1991 – Kaunas Polytechnic Institute, machine production faculty.
Activity: Director of Biglis UAB (1993 – present).
Miscellaneous: Member of the Board of Vilkyškių pieninė AB.

Marius Žutautas

Education, qualification: 2007 – Vilnius Pedagogical University, Bachelor of Economics; 2005 - Moscow School of Economics.
Activity: General Director of ŽIA valda AB (2006 – present).
Miscellaneous: Member of the Board and Director of AB ŽIA valda; Member of the Board of Puntukas AB.

Information on the shares of the Company held by the members of the Supervisory Board, the Board and the top management as of 31 December 2015:

Name, Surname	Position	Owned shares in the Company, units	Owned shares in the Company, %
Linas Strėlis	Member of the Board	9,687,572	5.17%
Vladas Bagavičius	Member of the Board	660,137	0.35%
Domantas Savičius	Member of the Board	659,521	0.35%
Marius Žutautas	Member of the Board	442,568	0.24%
Gediminas Žiemelis	Member of Supervisory Board	8,993	0.00%

The Company's top management includes Members of the Board, General Director (total of 7 persons). All members of the Board of Directors and top management received salaries as the only form of compensation (except for board member Vladas Bagavičius, which receives payments for legal services). Table below summarises salaries and other payments calculated for top management. Other payments include abovementioned legal services and interest on loans from management.

	Salaries in 2015	Other payments in 2015	Total payouts in 2015
Average for 1 member of Top Management	17,716	24,031	41,747
Total amount for all members of Top Management (7 persons)	124,013	168,216	292,229
Average amount for 1 member of Management	51,990	2,993	54,983
Total amount for all members of Management (General director and Chief Financial Officer)	103,980	5,986	109,966

There were no salaries or bonuses paid to Members of Supervisory board in 2015 or 2014.

19. Information on significant agreements, which could be affected by the change in shareholder structure

The Company or the Group has not entered into any significant agreements the validity, amendment and termination of which could be affected by the change in shareholder structure.

20. Information on Companies and Groups collegial bodies�much agreements regarding compensations in case of resignation, unjustifiable redundancy, or change in ownership structure

The Company and its collegial bodies' members have not concluded any agreements regarding compensations in case of resignation, unjustifiable redundancy, or change in ownership structure.

21. Information on transactions with related parties

Information on transactions with related parties is disclosed in the explanatory notes of the consolidated financial statements.

22. Information on compliance with the Code of Corporate Governance

Agrowill Group AB compliance with the Code of Corporate Governance, which is added to the consolidated financial statements in the Annex.

23. Data on publicly announced information

During the period between 1 January 2015 and 31 December 2015 all information was publicly announced by the Group through NASDAQ OMX VILNIUS stock exchange as well as the ESPI information system which is operated by Polish FSA, as well as on Electronic Information Base which is operated by Warsaw Stock Exchange. The content of this information may be accessed in the website of NASDAQ OMX VILNIUS stock exchange.

A summary of the Company's announcements is shown below:

Announcement date	Announcement header
31.12.2015	Dates of periodic information disclosure of Agrowill Group AB for the year 2016 (investor calendar)
31.12.2015	Agrowill Group divests property management from agricultural production business
30.12.2015	Agrowill Group has reached a strategic agreement with banks
22.12.2015	Ekoagros, an organic agriculture certification body in Lithuania, completed certification process of crops and livestock of Agrowill Group, AB as organic
10.12.2015	Agrowill Group, AB Notification on transaction concluded by manager of the company
30.11.2015	Interim information of Agrowill Group AB for the 9 months period ended 30 September 2015
20.11.2015	All subsidiary agricultural companies of Agrowill Group, AB successfully fulfil their obligations of restructuring plans and today provide final remaining payments to the creditors - 85 percent
02.10.2015	Presentation of Agrowill Group, AB for the meeting with investors CEO Meets Investors, organised by NASDAQ OMX Vilnius
30.09.2015	Regarding end of restructuring of Agrowill Group AB
01.09.2015	Correction: Interim information of Agrowill Group AB for the 6 months period ended 30 June 2015
31.08.2015	Interim information of Agrowill Group AB for the 6 months period ended 30 June 2015
31.07.2015	The production of organic products for retail users – part of Agrowill Group's long term strategy
08.07.2015	Agrowill Group AB plans to increase share capital as part of its future strategy
30.06.2015	A strategic turn: Agrowill Group launches the development of a business model based on the principle of sustainable and environmentally-friendly organic agricultural production
23.06.2015	Kęstutis Juščius donated 2.7 million shares in AB Agrowill Group to employees of Baltic Champs
22.06.2015	Agrowill Group, AB Notifications on transactions concluded by manager of the company
01.06.2015	Interim information of Agrowill Group AB for the 3 months period ended 31 March 2015
14.05.2015	Annual information as of financial year 2014 of Agrowill Group, AB
14.05.2015	Resolutions of Supervisory Council of Agrowill Group, AB with regard to election of new Chairman of Supervisory Board and election of new member of management Board
14.05.2015	Resolution of management Board of Agrowill Group, AB with regard to election of new Chairman of management Board
14.05.2015	Resolutions of repeat shareholders meeting of Agrowill Group, AB, which took place on May 14, 2015
05.05.2015	Draft resolutions of repeat shareholders meeting of Agrowill Group, AB which will take place on May 14, 2015
05.05.2015	Resolution of Supervisory Board of Agrowill Group, AB with regard to recall of member of the management Board
05.05.2015	Resolutions of management Board of Agrowill Group, AB with regard to general Manager of the Company
30.04.2015	The ordinary shareholders meeting Agrowill Group is considered not held due to not presented quorum. The repeat shareholders Meeting is convened
15.04.2015	The agenda of the ordinary shareholders meeting of Agrowill Group, AB which will take place on April 30, 2015, has been amended. Draft resolutions of the ordinary shareholders meeting of Agrowill
08.04.2015	Notice on Convocation of the ordinary General Meeting of Shareholders of Agrowill Group, AB on 30 April, 2015
07.04.2015	Agrowill Group, AB successfully fulfils its obligations of restructuring plan and provides final remaining payment to the creditors - 85 percent of creditor's amount
28.02.2015	Agrowill Group, AB Interim unaudited information for 12 months ended 31 December 2014
18.02.2015	Regarding the letter of the Supervision Service of the Bank of Lithuania and the conclusion of the Property Valuation Oversight Agency

Agrowill Group AB General Director — Linas Bulzgys
18 July 2016

BALANCE SHEET
AS AT 31 DECEMBER
(All amounts are in EUR thousand, unless otherwise stated)

	Notes	GROUP 2015	GROUP 2014 restated*	COMPANY 2015	COMPANY 2014
ASSETS					
Non-current assets					
Property, plant and equipment	5	89,634	80,784	74	78
Investment property	6	9,636	8,940	-	-
Investments in subsidiaries	7	-	-	58,374	58,685
Intangible assets	9	55	206	7	23
Long term receivables	14	377	-	-	831
Available for sale investments	8	267	111	-	-
Deferred tax asset	21	255	147	-	-
Biological assets	10	6,637	6,730	-	-
Total non-current assets		**106,861**	**96,918**	**58,455**	**59,617**
Current assets					
Biological assets	10	4,067	5,920	-	-
Inventory	11	8,856	10,300	11	19
Trade receivables, advance payments and other receivables	13	11,414	8,839	280	10,097
Cash and cash equivalents	12, 15	4,068	1,054	-	4
Total current assets		**28,405**	**26,113**	**291**	**10,120**
TOTAL ASSETS		**135,266**	**123,031**	**58,746**	**69,737**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	54,351	54,279	54,351	54,279
Share premium		7,890	7,890	7,890	7,890
Revaluation reserve		7,689	-	-	-
Legal reserve		579	579	579	579
Currency exchange differences		(266)	(92)	-	-
Retained earnings / (accumulated deficit)		(1,434)	(7,052)	(17,375)	(15,639)
Equity attributable to equity holders of the parent		**68,809**	**55,604**	**45,445**	**47,109**
Non-controlling interest		321	380	-	-
Total equity		**69,130**	**55,984**	**45,445**	**47,109**
Non-current liabilities					
Borrowings	18	18,804	21,354	8,177	1,515
Obligations under finance lease	20	2,515	3,171	-	-
Deferred grant income	17	4,515	3,824	-	-
Deferred tax liability	21	2,820	1,580	-	-
Total non-current liabilities		**28,654**	**29,929**	**8,177**	**1,515**
Current liabilities					
Current portion of non-current borrowings	18	17,291	14,578	1,722	330
Current portion of non-current obligations under finance lease	20	1,991	1,586	-	-
Current borrowings	18	6,077	2,317	2,990	-
Current portion of restructured liabilities	19	-	4,521	-	20,400
Trade payables		8,473	10,375	223	220
Income tax payable		-	520	-	-
Other payables and current liabilities	22	3,650	3,221	189	163
Total current liabilities		**37,482**	**37,118**	**5,124**	**21,113**
Total liabilities		**66,136**	**67,047**	**13,301**	**22,628**
TOTAL EQUITY AND LIABILITIES		**135,266**	**123,031**	**58,746**	**69,737**

** See Note 2.27.*
The accompanying explanatory notes presented on pages 28 to 79 are an integral part of these financial statements.

These financial statements were approved and signed on 18 July 2016.

Linas Bulžgys
General Director

Robertas Giedraitis
Financier

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts are in EUR thousand, unless otherwise stated)

INCOME STATEMENT		Year ended 31 December			
		GROUP		COMPANY	
	Notes	2015	2014 Restated*	2015	2014
Revenues	23	47,425	41,950	596	538
Cost of sales	23, 24	(36,497)	(33,555)	(13)	(9)
Gain (loss) on changes in fair values of biological assets	10	(527)	(820)	-	-
GROSS PROFIT		**10,401**	**7,575**	**583**	**529**
Operating expenses	25	(6,069)	(5,539)	(1,710)	(1,492)
Negative goodwill	26	-	8,866	-	-
Revaluation of investment property	6	3,339	-	-	51
Other income	27	458	1,586	52	9,325
OPERATING PROFIT		**8,129**	**12,488**	**(1,075)**	**8,413**
Finance cost	28	(2,001)	(2,573)	(661)	(7,802)
PROFIT (LOSS) BEFORE INCOME TAX		**6,128**	**9,915**	**(1,736)**	**611**
Income tax expense	21	(569)	219	-	(209)
NET PROFIT / (LOSS) FOR THE YEAR		**5,559**	**10,134**	**(1,736)**	**402**
ATTRIBUTABLE TO:					
Equity holders of the Company		5,618	10,120	(1,736)	402
Non-controlling interest		(59)	14	-	-
		5,559	**10,134**	**(1,736)**	**402**
Basic and diluted earnings (loss) per share (EUR)	29	**0.03**	**0.06**	**(0.01)**	**0.00**
STATEMENT OF OTHER COMPREHENSIVE INCOME					
NET PROFIT/ (LOSS) FOR THE PERIOD		**5,559**	**10,134**	**(1,736)**	**402**
Other comprehensive income:					
Currency exchange differences		(174)	(92)	-	-
Revaluation of land, net of tax	5, 21	7,689	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**13,074**	**10,042**	**(1,736)**	**402**
ATTRIBUTABLE TO:					
Equity holders of the Company		13,133	10,028	-	-
Non-controlling interest		(59)	14	-	-
		13,074	**10,042**	**(1,736)**	**402**

** See Note 2.27.*
The accompanying explanatory notes presented on pages 28 to 79 are an integral part of these financial statements.

These financial statements were approved and signed on 18 July 2016.

Linas Bulzgys
General Director

Robertas Giedraitis
Financier

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts are in EUR thousand, unless otherwise stated)

GROUP	Share capital	Share premium	Revaluation reserve	Currency exchange differences	Legal reserve	Retained earnings	Equity attributable to the shareholders of the company	Non-controlling interest	Total
Balance as at 31 December 2013 * (Restated)	**18,220**	-	**-**	**-**	**-**	**1,476**	**19,696**	**-**	**19,696**
Comprehensive income									
Net profit (loss) for the period	-	-	-	-	-	10,120	10,120	14	10,134
Other comprehensive income									
Currency exchange differences	-	-	-	(92)	-	-	(92)	-	(92)
Total comprehensive income	*-*	*-*	*-*	*(92)*	*-*	*10,120*	*10,028*	*14*	*10,042*
Transactions with shareholders									
Reversal of share capital of legal subsidiary (accounting acquirer) (note 16)	(18,220)	-	-	-	-	18,220	-	-	-
Recognition of share capital of legal parent (accounting acquiree) (Note 16)	54,279	7,890	-	-	579	(36,868)	25,880	-	25,880
Total transactions with shareholders	*36,059*	*7,890*	*-*	*-*	*579*	*(18,648)*	*25,880*	*366*	*26,246*
Balance as at 31 December 2014 (Restated)**	**54,279**	**7,890**	**-**	**(92)**	**579**	**(7,052)**	**55,604**	**380**	**55,984**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts are in EUR thousand, unless otherwise stated)

	Share capital	Share premium	Revaluation reserve	Currency exchange differences	Legal reserve	Retained earnings	Equity attributable to the shareholders of the company	Non-controlling interest	Total
Balance as at 31 December 2014 (Restated)**	**54,279**	**7,890**	**-**	**(92)**	**579**	**(7,052)**	**55,604**	**380**	**55,984**
Comprehensive income									
Net profit (loss) for the period	-	-	-	-	-	5,618	5,618	(59)	5,559
Other comprehensive income									
Revaluation of land, net of tax (Note 5, 21)	-	-	7,689	-	-	-	7,689	-	7,689
Currency exchange differences	-	-	-	(174)	-	-	(174)	-	(174)
Total comprehensive income	*-*	*-*	*7,689*	*(174)*	*-*	*5,618*	*13,133*	*(59)*	*13,074*
Transactions with shareholders									
Increase in share capital (note 16)	72	-	-	-	-	-	72	-	72
Total transactions with shareholders	*72*	*-*	*-*	*-*	*-*	*-*	*72*	*-*	*72*
Balance as at 31 December 2015	**54,351**	**7,890**	**7,689**	**(266)**	**579**	**(1,434)**	**68,809**	**321**	**69,130**

* Restated due to Reverse acquisition transaction. According to IFRS 3 (Business Combinations), the consolidated figures as at 31 December 2013 are Baltic Champs UAB (accounting acquirer) figures. For details see Note 1.
*** See Note 2.27.*

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts are in EUR thousand, unless otherwise stated)

COMPANY	**Share capital**	**Share premium**	**Legal reserve**	**Retained earnings**	**Total**
Balance as at 31 December 2013	**24,566**	**7,136**	**579**	**(16,041)**	**16,240**
Comprehensive income					
Net profit (loss) for the period	-	-	-	402	402
Total comprehensive income	-	-	-	402	402
Transactions with shareholders					
Increase in share capital (note 16)	29,713	754	-	-	30,467
Total transactions with shareholders	*29,713*	*754*	-	-	*30,467*
Balance as at 31 December 2014	**54,279**	**7,890**	**579**	**(15,639)**	**47,109**
Comprehensive income					
Net profit (loss) for the period	-	-	-	(1,736)	(1,736)
Total comprehensive income	-	-	-	*(1,736)*	*(1,736)*
Transactions with shareholders					
Increase in share capital (note 16)	72	-	-	-	72
Total transactions with shareholders	*72*	-	-	-	*72*
Balance as at 31 December 2015	**54,351**	**7,890**	**579**	**(17,375)**	**45,445**

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Linas Bulzgys
General Director

Robertas Giedraitis
Financier

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts are in EUR thousand, unless otherwise stated)

	Year ended 31 December			
	GROUP		COMPANY	
	2015	2014 restated	2015	2014
Net profit (loss) before income tax	**6,128**	**9,915**	**(1,736)**	**611**
Adjustments for non-cash expenses (income) items and other adjustments				
Depreciation expense (note 5)	6,177	4,621	22	18
Amortization expense (note 9)	151	39	16	21
Write offs and impairment of PPE (note 5)	640	591	2	-
(Profit) loss on sales of non-current assets	-	273	-	-
(Gain) on sale of investment property (note 27)	(174)	(1,150)	-	-
Write-offs of inventory (note 24)	1,509	781	-	-
Net finance cost (note 28)	2,001	2,573	347	1,418
Acquired own liabilities at discount (note 27)	(10)	(174)	-	-
(Profit) loss on sale of investments	-	-	39	(9,192)
Revaluation of investment property (note 6)	(3,339)	-	-	-
Impairment of investments (note 7, 28)	-	-	314	6,384
Negative goodwill (note 26)	-	(8,866)	-	-
Impairment of accounts receivable (note 13, 24)	65	195	-	-
Loss (gain) on changes in fair value of biological assets (note 10)	527	820	-	-
Grants related to assets, recognized as income (note 17)	(446)	(384)	-	-
Changes in working capital			-	-
(Increase) decrease in biological assets	1,419	25	-	-
(Increase) decrease in trade receivables and prepayments	(2,640)	(1,953)	9,817	(108)
(Increase) decrease in inventory	(65)	(1,175)	8	(1)
(Decrease) increase in trade and other payables	(1,473)	328	(29)	144
	10,470	**6,459**	**8,858**	**(705)**
Income tax paid	(735)	(164)	-	-
Interest paid, net	(1,676)	(1,190)	-	-
Net cash flows from /(to) operating activities	**8,059**	**5,105**	**8,858**	**(705)**
Cash flows from /(to) investing activities				
Cash acquired together with subsidiaries (note 26)	-	1,211	-	
Purchase of property, plant and equipment (note 5)	(4,798)	(2,557)	(18)	(43)
Purchase of non-current intangible assets (note 9)	(2)	(141)	(2)	(14)
Purchase of investment property, investments (note 6, 7)	-	(45)	(3)	-
Proceeds from sales of investment property, PPE, investments (note 5, 6, 7)	1,896	7,556	46	-
Grants related to assets, recognized as income (note 17)	1,137	298	-	-
Other loans granted (repaid)	(377)	-	831	1,231
Net cash flows from/(to) investing activities	**(2,144)**	**6,322**	**854**	**1,174**
Cash flows from /(to) financing activities				
Disposal (acquisition) of available for sale investments (note 8)	(156)	(111)	-	-
Loans repaid to banks	(12,768)	(8,560)	-	-
Borrowings received	14,795	3,033	12,529	-
Other borrowings obtained (paid)	(4,521)	(4,719)	(22,245)	(472)
Increase (decrease) of obligations under finance lease	(251)	(169)	-	-
Net cash flows from/(to) financing activities	**(2,901)**	**(10,526)**	**(9,716)**	**(472)**
Net (decrease) / increase in cash and cash equivalents	**3,014**	**901**	**(4)**	**(3)**
Cash and cash equivalents at the beginning of the period	**1,054**	**153**	**4**	**7**
Cash and cash equivalents at the end of the period	**4,068**	**1,054**	**-**	**4**

The accompanying explanatory notes presented on pages 28 to 79 are an integral part of these financial statements.

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Linas Bulzgys
General Director

Robertas Giedraitis
Financier

(All amounts are in EUR thousand, unless otherwise stated)

1. General information

Agrowill Group AB (hereinafter – "the Company") was founded and started its operations on 25 June 2003. The Company's head office is located in Smolensko str. 10, Vilnius, Lithuania. The Company's main activity is management of agricultural companies.

In 2003 the Company's legal name Galuvė UAB was changed to Agrovaldymo grupė UAB. In February 2006, limited liability company Agrovaldymo grupė was reorganized to a public company Agrovaldymo grupė AB. In December 2007 the Company's name was changed to Agrowill Group AB.

In April 2014, Agrowill Group AB issued 102,596,266 new shares. 14,151,252 shares were acquired by Vretola Holdings Limited by contributing shares of eTime invest UAB and then, by acquiring the remaining 88,444,014 shares, Agrowill Group AB group of companies (hereinafter pre-acquisition consolidated entity – AWG) were acquired by Baltic Champs Group UAB by contributing shares of Baltic Champs UAB (hereinafter – BC). Based on the requirements outlined in International Financial Reporting Standard 3 "Business Combinations" (IFRS 3) such transaction is treated and accounted for as a reverse acquisition, as former shareholders of BC obtained control of more than 50% of Agrowill Group AB shares and received the majority of seats in the Board of Directors. For accounting purposes, the legal buyer Agrowill Group AB is treated as an accounting acquiree, while legal acquiree Baltic Champs UAB is treated as an accounting acquirer. The new Agrowill Group AB group of companies hereinafter in the financial statements is referred to as the Group.

Due to this reverse acquisition transaction, the consolidated figures for the reporting period represent the Group's financial information, being those of Baltic Champs UAB (accounting acquirer) and its subsidiaries financial statements, although the legal name continues to be that of Agrowill Group AB. The figures provided in the separate financial statements for the reporting and comparative periods represent the financial information of the legal parent – Agrowill Group AB.

Detailed information about the judgements related to this reverse acquisition is provided in note 4, while detailed numbers and negative goodwill calculation are provided in note 26. Information on the adjustments made to the equity to restate it due to reverse acquisition transaction is provided in note 16.

On 30 December 2015 the Group transferred shares of the companies which control land operating subsidiaries to Fixed Yield Invest Fund, investment fund (hereinafter – the Fund) intended for informed investors managed by the fund management company Synergy Finance. In total, the transferred companies indirectly manage around 6.4 thousand hectares of land which has a market value of EUR 24 million. For 100% of the shares the Fund paid by its own-issued investment certificates which on the day of the deal had a market value of EUR 6.6 million. After transfer of land, the Group continues to rent and utilize land plots which are suitable for its operations.

Additionally, the Group (subsidiary Agroschool OU) has signed a pre-emption rights agreement to assets of the Fund, according to which, the Group pays a fee of EUR 363 thousand annually for a right to repurchase the sold shares at the same price. As such agreement factually eliminates the risks and rewards of the Fund manager and other potential investors of the Fund, the Group continues to consolidate land management part of business (together with the Fund's operations) as at 31 December 2015.

The main shareholders (over 5 per cent) of the Company were:

	31 December 2015		31 December 2014	
Entity / person	**Number of shares**	**% owned**	**Number of shares**	**% owned**
Baltic Champs Group UAB	96,640,015	51.56	99,340,015	53.01
Volemer Holdings Limited	29,776,510	15.89	17,504,930	9.34
Vretola Holdings Limited	27,511,660	14.68	27,511,660	14.68
Linas Strėlis	9,687,572	5.17	10,837,572	5.78
Other minor shareholders	23,800,495	12.70	32,222,075	17.19
Total	**187,416,252**	**100.00**	**187,416,252**	**100.00**

The Company's shareholders' meeting has the power to reject and request the management to reissue financial statements after issue. Starting since 1 April 2008 the Company was listed on Vilnius Stock Exchange Main list, since 30 April 2009, the Company was moved to the Secondary list of NASDAQ OMX Vilnius Stock Exchange. As of 8 July 2011, the Company's shares are also traded on the Warsaw Stock Exchange. The fiscal year of the Company and its subsidiaries corresponds with calendar year.

The consolidated Group (hereinafter the Group) consists of the Company and one hundred sixty seven subsidiaries (31 December 2014: one hundred sixty four subsidiaries). The subsidiaries included in the Group's consolidated financial statements as at 31 December 2015 are indicated below.

		Group ownership interest, %		
Subsidiary	**Country**	**31 Dec 2015**	**31 Dec 2014**	**Profile**
UAB Baltic Champs (legal subsidiary – accounting acquirer)	Lithuania	100.00%	100.00%	Agricultural operations
AVG Investment UAB	Lithuania	100.00%	100.00%	Management company

(All amounts are in EUR thousand, unless otherwise stated)

Subsidiary	Country	Group ownership interest, % 31 Dec 2015	Group ownership interest, % 31 Dec 2014	Profile
AWG Investment 1 UAB	Lithuania	100.00%	100.00%	Management company
AWG Investment 2 UAB	Lithuania	100.00%	100.00%	Management company
UAB Agross	Lithuania	100.00%	100.00%	Trade and logistics
Abagrain BUAB	Lithuania	100.00%	100.00%	Trade and logistics
Grain Lt UAB	Lithuania	100.00%	100.00%	Trade and logistics
AMT Žemė UAB	Lithuania	100.00%	90.00%	Trade and logistics
Agro GIS UAB	Lithuania	95.00%	90.00%	IT system development
Baltic Farming Land Management UAB*	Lithuania	100.00%	100.00%	Land management company
Agro Management Team UAB	Lithuania	100.00%	90.00%	Land management company
Agrotechnikos centras UAB	Lithuania	100.00%	100.00%	Lease of machinery
PRIMA BIO COOP LT, UAB	Lithuania	100.00%	100.00%	Trade activities
Žemės fondas ŽŪB	Lithuania	100.00%	100.00%	Rent of land
Žemės vystymo fondas UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 3 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 4 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 5 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 6 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 7 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 9 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 10 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 11 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 12 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 14 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 15 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 16 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 19 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 20 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 22 UAB*	Lithuania	100.00%	100.00%	Acquisitions and rent of land
UAB Grūduva	Lithuania	97.28%	97.28%	Agricultural operations
Agricultural company Agrowill Spindulys	Lithuania	100.00%	100.00%	Agricultural operations
Agricultural company Agrowill Smilgiai**	Lithuania	99.95%	99.95%	Agricultural operations
Agricultural company Agrowill Skėmiai	Lithuania	99.87%	99.87%	Agricultural operations
Agricultural company Agrowill Nausodė**	Lithuania	99.81%	99.81%	Agricultural operations
Agricultural company Agrowill Dumšiškės**	Lithuania	99.38%	99.38%	Agricultural operations
Agricultural company Agrowill Žadžiūnai**	Lithuania	99.02%	99.02%	Agricultural operations
Agricultural company Agrowill Mantviliškis**	Lithuania	98.79%	98.79%	Agricultural operations
Agricultural company Agrowill Alanta**	Lithuania	98.55%	98.55%	Agricultural operations
Agricultural company Agrowill Eimučiai**	Lithuania	98.41%	98.41%	Agricultural operations
Agricultural company Agrowill Vėriškės	Lithuania	99.86%	99.86%	Agricultural operations
Agricultural company Agrowill Želsvelė**	Lithuania	97.17%	97.17%	Agricultural operations
Agricultural company Agrowill Lankesa**	Lithuania	96.24%	96.24%	Agricultural operations
Agricultural company Agrowill Kairėnai	Lithuania	94.82%	94.82%	Agricultural operations
Agricultural company Agrowill Jurbarkai**	Lithuania	87.78%	87.78%	Agricultural operations
Panevėžys region Agricultural company Gustoniai	Lithuania	99.00%	99.00%	Agricultural operations
ZAO Agroprom	Russia	75.00%	75.00%	Management of subsidiaries
Agrowill group S.R.L.	Moldova	100.00%	100.00%	Acquisitions and rent of land
Natur Agro Grup S.R.L.	Moldova	100.00%	100.00%	Acquisitions and rent of land
Cooperative entity Siesartis	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity Kašėta	Lithuania	100.00%	100.00%	Agricultural services
Agricultural company Gustonys	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Agricultural company Skėmių pienininkystės centras	Lithuania	50.00%	50.00%	Agricultural services
Cooperative entity Agrobokštai	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity Dotnuvėlės valdos	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity Nevėžio lankos	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity Radviliškio kraštas	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity Šventosios pievos	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity Kairių ūkis	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity Šiaurinė valda	Lithuania	100.00%	100.00%	Agricultural services

(All amounts are in EUR thousand, unless otherwise stated)

Subsidiary	Country	Group ownership interest, % 31 Dec 2015	Group ownership interest, % 31 Dec 2014	Profile
Cooperative entity Šušvės žemė	Lithuania	100.00%	100.00%	Agricultural services
Cooperative company Žalmargėlis	Lithuania	100.00%	100.00%	Agricultural services
Cooperative company Juodmargėlis	Lithuania	100.00%	100.00%	Agricultural services
Cooperative company AgroMilk	Lithuania	100.00%	100.00%	Agricultural services
Cooperative company Purpurėja	Lithuania	100.00%	-	Agricultural services
UAB Agrosaulė 1***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrokreditas***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 3***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 4	Lithuania	100.00%	100.00%	Acquisitions and rent of land
UAB Agrosaulė 5***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 6	Lithuania	100.00%	100.00%	Acquisitions and rent of land
UAB Agrosaulė 7***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 8***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 9	Lithuania	100.00%	100.00%	Acquisitions and rent of land
UAB Agrosaulė 10***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 11	Lithuania	100.00%	100.00%	Acquisitions and rent of land
UAB Agrosaulė 12	Lithuania	100.00%	100.00%	Acquisitions and rent of land
UAB Agrosaulė 13***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 14	Lithuania	100.00%	100.00%	Acquisitions and rent of land
UAB Agrosaulė 15***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 16***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 17***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 18***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 19***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agrosaulė 20***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Traktorių nuomos centras	Lithuania	100.00%	100.00%	Agricultural services
UAB Traktorių nuomos paslaugos	Lithuania	100.00%	100.00%	Agricultural services
Arnega UAB	Lithuania	100.00%	100.00%	Agricultural services
AgroSchool OU	Estonia	100.00%	100.00%	Management of subsidiaries
Public institution AgroSchool	Lithuania	50.00%	50.00%	Human resource management
Biržai distr., Rinkuškiai reclamation infrastructure users association	Lithuania	100.00%	100.00%	Agricultural services
Pasvalys distr., Pušalotas reclamation infrastructure users association	Lithuania	100.00%	100.00%	Agricultural services
Skėmiai reclamation infrastructure users association	Lithuania	100.00%	-	Agricultural services
Vaitiekūnai reclamation infrastructure users association	Lithuania	100.00%	-	Agricultural services
Association Grūduvos melioracija	Lithuania	100.00%	100.00%	Agricultural services
UAB Agrosaulė 21***	Lithuania	100.00%	100.00%	Management of subsidiaries
UAB Agro Ramučiai	Lithuania	100.00%	100.00%	Agricultural operations
UAB Luganta	Lithuania	100.00%	100.00%	Agricultural operations
UAB eTime invest	Lithuania	100.00%	100.00%	Management of subsidiaries
Karakash Agro, OOO	Ukraine	100.00%	100.00%	Agricultural operations
Karakash, OOO	Ukraine	100.00%	100.00%	Agricultural operations
UAB ŽVF projektai	Lithuania	100.00%	100.00%	Acquisitions and rent of land
UAB Alantos ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Dumšiškių ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Eimučių ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Grūduvos ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Jurbarkai ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Kairėnų ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Lankesos ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Mantviliškio ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Nausodės ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Skėmių ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Smilgių ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Spindulio ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Vėriškės ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Žadžiūnų ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
UAB Želsvelės ekologinis ūkis	Lithuania	100.00%	100.00%	Agricultural operations
Havestro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Tabra Agro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Springbox OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Newbygg OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Kangruaadu Agro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Prestviigi OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Astermont OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Kropi Silm OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Lepaoja Agro OU***	Estonia	100.00%	100.00%	Management of subsidiaries

(All amounts are in EUR thousand, unless otherwise stated)

		Group ownership interest, %		
Subsidiary	**Country**	**31 Dec 2015**	**31 Dec 2014**	**Profile**
Revalmarine OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Transrail OU***	Estonia	100.00%	100.00%	Management of subsidiaries
SwedGreen OU***	Estonia	100.00%	100.00%	Management of subsidiaries
First deal OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Viarock OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Rame Agro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Saastna Agro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Pasilaid OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Lillhamne OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Ogerna OU ***	Estonia	100.00%	100.00%	Management of subsidiaries
Teorehe Agro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Sendri Capital OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Turvaste partners OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Nakamaa Agro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Hindaste Invest OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Tuudi River OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Palderma Partners OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Liialaid Capital OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Ave-Martna Capital OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Hobring Invest OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Rukkirahhu Capital OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Kaazys Agro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Pahasoo OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Balistaro OU***	Estonia	100.00%	100.00%	Management of subsidiaries
123 Union OU***	Estonia	100.00%	100.00%	Management of subsidiaries
NovaCorpus OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Bestmax OU***	Estonia	100.00%	100.00%	Management of subsidiaries
Remidox OU***	Estonia	100.00%	100.00%	Management of subsidiaries
KB Ganiklis	Lithuania	100.00%	100.00%	Agricultural operations
KB Ganiavos gėrybės	Lithuania	100.00%	100.00%	Agricultural operations
KB Žemėpačio pieno ūkis	Lithuania	100.00%	100.00%	Agricultural operations
KB Žemynos pienelis	Lithuania	100.00%	100.00%	Agricultural operations
KB Lygiadienio ūkis	Lithuania	100.00%	100.00%	Agricultural operations
KB Laumės pieno ūkis	Lithuania	100.00%	100.00%	Agricultural operations
KB Medeinos pienas	Lithuania	100.00%	100.00%	Agricultural operations
KB Gardaitis	Lithuania	100.00%	100.00%	Agricultural operations
KB Dimstipatis	Lithuania	100.00%	100.00%	Agricultural operations
KB Aušlavis	Lithuania	100.00%	100.00%	Agricultural operations
KB Austėjos pieno ūkis	Lithuania	100.00%	100.00%	Agricultural operations
KB Aitvaro ūkis	Lithuania	100.00%	100.00%	Agricultural operations
KB Giraičio pieno ūkis	Lithuania	100.00%	100.00%	Agricultural operations

* Land management entities;
**Entities under restructuring;
*** Special purpose ventures (SPVs).

As at 31 December 2015 the Group had 1,084 employees, 31 December 2014 – 1,104 employees. Main operations of the Group – cultural mushrooms growing and selling, production and sales of milk and different grain and rapeseed crops, as well as land management activities.

<u>Restructuring</u>

The major part of the Group's assets are the investment property, owned land, buildings, equipment and cattle herds – non-current assets, payback of which is longer than 1–2 year term. Due to severely limited additional financing opportunities, and the Group's current financial liabilities exceeding its current assets, the shareholders and management of the former Agrowill Group (acquiree group) in June 2009 undertook a decision to initiate restructuring process for the Company and 14 agricultural entities: Agrowill Alanta ŽŪB, Agrowill Nausodė ŽŪB, Agrowill Smilgiai ŽŪB, Agrowill Žadžiūnai ŽŪB, Agrowill Eimučiai ŽŪB, Agrowill Dumšiškės ŽŪB, Agrowill Jurbarkai ŽŪB, Agrowill Želsvelė ŽŪB, Agrowill Spindulys ŽŪB, Agrowill Skėmiai ŽŪB, Agrowill Kairėnai ŽŪB, Agrowill Vėriškės ŽŪB, Agrowill Mantviliškis ŽŪB, and Agrowill Lankesa ŽŪB. It was agreed with the creditors that in the 3rd year of restructuring 15% of debts will be paid, while the remaining 85% will be paid in the 4th year of restructuring.

As at 31 December 2015 all of the above mentioned 15 entities have fully repaid debts owed to the external creditors in full, but due to lengthy terms of courts operations Agrowill Alanta ŽŪB, Agrowill Nausodė ŽŪB, Agrowill Smilgiai ŽŪB, Agrowill Eimučiai ŽŪB, Agrowill Dumšiškės ŽŪB, Agrowill Jurbarkai ŽŪB, Agrowill Želsvelė ŽŪB, Agrowill Mantviliškis ŽŪB, and Agrowill Lankesa ŽŪB had their restructuring cases closed in March and April of 2016. Agrowill Žadžiūnai ŽŪB restructuring case was closed in May 2016.

2. Summary of significant accounting policies

2.1 Changes in accounting policies

Except for the changes explained below, the Group has consistently applied the following accounting policies to all the periods presented in these financial statements.

The Group's management has decided to voluntarily change its accounting policy for property, plant and equipment (except land) from the revaluated model to the cost model as it will provide more reliable and relevant information on the Group's financial position. The change in accounting policy was applied retrospectively. The change is applicable only to the Group's consolidated financial statements. The change in accounting policy has no effect on any prior periods presented in these financial statements because as at 31 March 2014 all property, plant and equipment in the business combination was accounted at fair value which stands for costs since then and only subsequent accumulated depreciation and subsequent impairment losses were recognised in the financial statements. Change in accounting policy has no impact on separate financial statements of the Company.

Certain comparative amounts in the balance sheet and income statement have been reclassified or re-represented, as a result of a correction of errors regarding the presentation of items or a change in the classification of certain items during the current year (see Note 2.27).

2.2 Basis of preparation

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The consolidated financial statements have been prepared on the historical cost basis, except for land in property, plant and equipment, which is measured at revalued amount, investment property and biological assets (livestock and crops), which are measured at fair value. The Company applies the same accounting policies as the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

According to IFRS 3 (Business Combinations), BC acquired AWG; therefore, the consolidated figures represent the Group‘s financial information, being the consolidation of Baltic Champs UAB and its subsidiaries including Agrowill Group AB.

The consolidated financial statements are presented in the national currency, the euro (EUR), which is the Company's functional and presentation currency. Until 31 December 2014, the currency of the Republic of Lithuania was the litas. The litas was pegged to the euro at the exchange rate of LTL 3.4528 to EUR 1. With effect from 1 January 2015, Lithuania joined the euro area and the euro became its national currency. The euro replaced the litas at the exchange rate of LTL 3.4528 to EUR 1. The Company converted comparative figures from the litas to the euro using the official exchange rate, i.e. LTL 3.4528 to EUR 1. The conversion of the authorised share capital is disclosed in Note 16.

Going concern basis

The accompanying financial statements are prepared on going concern basis. In November 2015, restructuring debts of 10 remaining agricultural entities were fully paid and most of restructuring cases ended in courts in 2016 before signing of these financial statements.

Although some of the Group‘s loans had their covenants breached as at 31 December 2015 and 2014 (see note 18), but no major loan terminations were initiated by the banks at the date of issuing these financial statements. On 29 April 2015 the Group received a formal waiver where the bank confirmed that it was aware that certain covenants were breached by the Group and, appreciating the long-term cooperation, by the date 31 December 2014 had decided not to apply contractual penalties for non-compliance with the covenants stated in loan agreements and informed the Group about its decision. Another formal waiver was received on 26 April 2016 where the banks confirmed that financial covenants for the new loan will be required to be met starting from the beginning of 2016. Due to the fact that waivers were not received before the year end, the Group classified EUR 7,397 thousand and EUR 9,968 thousand of long-term borrowings as short-term borrowings as at 31 December 2015 and 2014 respectively.

Two major banks of the Group – DNB AB and Swedbank, AB – agreed to refinance most of the Group's loans (up to EUR 39 million). The factual signings of the new loan agreements started in December 2015, but some Group entities signed agreements only at the beginning of 2016. The loan principal payments according to new contracts will allow the Group to balance its working capital (EUR 3.8 million of current borrowings as at 31 December 2015 were refinanced in January 2016 and became payable after more than one year) and ensure that current ratio will be above 1 in the foreseeable future. The obtained bank waiver and refinanced loans resulted in a change of the Group's current assets to current liabilities ratio from EUR 9.1 million deficit as at 31 December 2015 to EUR 2.1 million surplus at the beginning of 2016.

The short term goal for the Group is to generate sufficient funds to carry out operations efficiently and profitably and to generate appropriate amounts of revenues and profits in order to cover current liabilities. The Group's management expects to fully restore operating liquidity in 2016.

Carefully considering the aforementioned facts, management is putting and will put all efforts to remove material uncertainty and relying on the positive outcome of the actions described above, management continues to adopt the going concern basis in preparing these financial statements.

2.2 Basis of preparation (continued)

New standards, amendments and interpretations

In 2015 the Group and the Company have adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to their operations and effective for the accounting periods beginning on 1 January 2015.

Except for the changes below and the accounting policy change disclosed in note 2.1, the Group and the Company have consistently applied the accounting policies set out in note 2 to all periods presented in these consolidated and separate financial statements.

The Group and the Company have adopted the new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015.

Standards, interpretations and amendments to published standards that are not yet effective

A number of new standards, amendments and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated and separate financial statements. Those which may be relevant to the Group and the Company as well as management's judgements regarding the possible impact of initial application of new and revised standards and interpretations are set out below. The Group and the Company do not plan to adopt these amendments, standards and interpretations early.

(i) IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

These Amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.

It is expected that the Amendments, when initially applied, will not have a material impact on the Group's financial statements because the Group has an existing accounting policy to account for acquisitions of joint operations in a manner consistent with that set out in the Amendments.

(ii) IAS 1 – Presentation of Financial Statements

The Amendments to include the five, narrow-focus improvements to the disclosure requirements contained in the standard.

The Group and the Company expect that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Group and the Company.

(iii) IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. In addition, the amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

It is expected that the Amendments, when initially applied, will not have material impact on the Group's and the Company's financial statements, as the Group and the Company do not apply revenue-based methods of amortisation/depreciation.

(iv) IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture

These amendments result in bearer plants being in the scope of IAS 16 *Property, Plant and Equipment*, instead of IAS 41 *Agriculture*, to reflect the fact that their operation is similar to that of manufacturing.

The Group is currently assessing the impact of the amendments, when initially applied, on the financial statements. The amendments will not have any impact on Company's financial statements as the Company has no bearer plants.

(v) IAS 19 – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015)

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The Group and the Company do not expect the amendment to have any impact on the financial statements since they do not have any defined benefit plans that involve contributions from employees or third parties.

(vi) IAS 27 – Separate Financial Statements

The amendments allow an entity to use the equity method in its separate financial statements to account for investments in subsidiaries, associates and joint ventures.

The Company does not expect that the amendments, when initially applied, will have a material impact on the financial statements as the Company intends to continue to carry its investments in subsidiaries, associates or joint ventures in accordance with IAS 39.

2.2 Basis of preparation (continued)

(vii) Annual Improvements to IFRSs

The improvements introduce ten amendments to ten standards and consequential amendments to other standards and interpretations. These amendments are applicable to annual periods beginning on or after either 1 February 2015 or 1 January 2016, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the financial statements of the Group and the Company.

There are no other new or revised standards or interpretations that are not yet effective that would be expected to have a material impact on the Group and the Company.

2.3 Group accounting

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All subsidiaries and Group shareholdings are disclosed in note 1 of these financial statements. Currently the Group has some restrictions controlling two subsidiary companies Karakash Agro OOO and Karakash OOO (subsidiaries of eTime invest UAB), which are located in Crimea. Crimea is a part of Ukrainian Republic, which after 2014 internationally un-accepted referendum was annexed to the Russian Federation. Later in 2014, the EU and US imposed certain sanctions and restrictions regarding doing business in Crimea and the Russian Federation. The imposed sanctions limit the Group from actions like monetary transfers, transferring non-monetary help, export restrictions and others. All the restrictions severely limit the Group's ability to perform feasible and profit generating activities in that region. Additionally, international tensions give certain amount of risks with regard of overall losing of business there. See note 3.4 for more details.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement as negative goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

2.4 Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Foreign currency translation (continued)

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for each income statement transactions are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the rate on the dates of the transactions);
c) All exchange differences are recognised in other comprehensive income as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Property, plant and equipment

Property, plant and equipment are assets that are owned and controlled by the Group, which are expected to generate economic benefits in the future periods and with the useful life exceeding one year. Property, plant and equipment, except land, are shown at cost less subsequent accumulated depreciation and subsequent impairment losses. Land is accounted at revalued amounts less subsequent impairment losses.

Buildings comprise mainly cow farms, machinery yards and grain storage buildings. Constructions and machinery comprise agricultural equipment and milking farm equipment. All the property, plant and equipment, except for land, construction in progress and those buildings and structures where no legal title was obtained by the Group, are shown at cost less subsequent depreciation and any accumulated impairment losses.

Land comprises mainly agricultural land and is shown at revalued amounts based on periodic, but at least triennial, valuations by external independent valuers.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement in the period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation of other assets, except construction in progress, is calculated using the straight-line method to allocate their cost or revaluated amounts to their residual values over their estimated useful lives as follows:

Buildings	20–50	years
Constructions and machinery	5–20	years
Vehicles, equipment and other assets	1–10	years

Assets held under finance leases are depreciated over the shorter of their expected useful lives on the same basis as owned assets or lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction-in-progress represents property, plant and equipment under construction. Such assets are carried at acquisition cost, less any recognized impairment losses. Cost includes design, construction works, plant and equipment being mounted and other directly attributable costs.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘operating expenses‘ in the income statement. When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness.

2.7 Investment property

Investment property, principally comprising agricultural land plots, is held mostly for long-term rental yields (small amount of land held for capital appreciation) and is not occupied by the Group. Investment property is carried at fair value, representing market value determined annually. Fair value based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets. Changes in fair values are recorded in the income statement as part of other operating activities. The classification between property, plant and equipment and investment property is performed based on each plot of land.

2.8 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets

Intangible assets expected to provide economic benefit to the Group in future periods have a finite useful life and are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over the estimated benefit period as follows:

Software	2–3	years
Other intangible assets	5	years

Separately acquired licences are shown at historical cost less accumulated amortization. Licences acquired in a business combination are recognised at fair value at the acquisition date. Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The gain or loss arising on the disposal of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The useful lives of intangible assets are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and intangible assets not yet available for use are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.9 Impairment of non-financial assets

Impairment of non-financial assets, except inventory and deferred taxes, is evaluated whenever events or circumstances indicate that the value of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the recognition of losses due to impairment no longer exist or have decreased significantly. The reversal of impairment loss is recognized in profit or loss in the same item as impairment loss.

2.10 Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at their fair value less estimated costs to sell, except for the case where the fair value cannot be measured reliably on initial recognition. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated costs to sell at the point of harvest and subsequently recorded as inventories.

2.10 Biological assets (continued)

If an active market exists for a biological asset or agricultural produce, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date, is used in determining fair value. Cost is used as an approximation of fair value when little biological transformation has taken place since initial cost incurrence, e.g. within short time after seeding the crop.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset is included in profit or loss for the period in which it arises as "Gain (loss) arising from changes in fair value of biological assets".

The Group's biological assets consist of livestock, crops, mycelium cultivation seedbed and perennial plantations.

Livestock is measured at fair value less estimated point-of-sale costs. Fair value is determined using current market value of livestock groups or market values of similar groups of livestock by age and breed. On initial recognition births and weight gains are recognised at costs which are proportionally allocated from total related costs based on new births and weight gains and at each balance sheet date are measured at their fair value less estimated costs to sell.

Crops are measured at their fair value less estimated costs to sell. At initial recognition the crops are measured at cost as the market-determined values are not available for such biological assets. The crops are measured at fair value once the fair value becomes reliably measurable. Usually the fair value of a crop can be reliably measured only at the point of harvest. This does not create a significant limitation in valuation of crop balances at year-end, as the main increase in fair value is attributable to the same accounting period when the crop is harvested.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets into the following measurement categories: at fair value through profit or loss, available-for-sale, derivatives, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During the current period the Group did not hold any investments in at fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Derivative financial instruments

The Group holds derivative financial instruments to hedge against its interest rate risk exposures; however, there is no formal hedging policy prepared by the Group, and therefore no hedge accounting is applied.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

2.11.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest rate method.

2.11 Financial assets (continued)

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

After initial recognition available-for-sale financial assets are measured at fair value based on available market prices or quotes of brokers. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, and discounted cash flow analysis. The result of revaluation of available-for-sale securities is recognised in revaluation reserve of financial assets, reported under equity.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 2.13.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value, except for agricultural produce which is stated at net realisable value. Cost is determined by FIFO method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, handling and other costs directly attributable to the acquisition of inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses. All inventories held by the Group are attributed to the materials category.

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment. An impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the income statement.

2.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

2.16 Deferred grant income

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants related to assets

Government grants relating to property, plant and equipment are included in deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Grants related to income

Grants related to income are received as a reimbursement for the expenses already incurred and as a compensation for unearned revenue, and also all other grants than those related to assets. Grants are recognized when they are received or there is a reasonable assurance that they will be received. Grants received as a compensation for unearned revenue are recognized as income over the periods necessary to match them with the related unearned revenue.

2.16 Deferred grant income (continued)

Grants related to biological assets

Unconditional grants related to biological assets measured at their fair value less estimated point-of-sale costs are recognized as income when government grant became receivable. Conditional grants related to biological assets measured at their fair value less estimated point-of-sale costs are recognized as income when the conditions attached to the government grant are met.

2.17 Trade payables

Trade payable are obligations to pay for goods or services that have been acquired in an ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Issued bonds are classified as financial liabilities, which are repurchased in one amount or in instalments under a certain repayment schedule. Issued bonds are recognized initially at fair value, being their issue proceeds net of transaction costs incurred. They are measured at amortized cost using the effective interest rate method.

2.19 Accounting for leases where the Group is the lessee

Finance lease

The Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group. The assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to the income statement over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term. If sale and leaseback transaction results in a finance lease, any excess or shortfall of sales proceeds over the carrying amount is not recognised immediately and is deferred and amortised over the lease term.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.20 Accounting for leases where the Group is the lessor

Operating lease

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group presents assets subject to operating leases in the balance sheet according to the nature of the asset. Lease income from operating leases is recognized in the income statement on a straight-line basis over the lease term as revenues. The depreciation policy for leased assets is consistent with the Group's depreciation policy for similar assets, and depreciation is calculated in accordance with the accounting policies used for property, plant and equipment.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income and directly in equity. In this case, the tax is also recognised in other comprehensive income, and directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.21 Current and deferred income tax (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate and consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Income tax expense is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements, and estimates of income tax performed by the management in accordance with Lithuanian regulatory legislation on taxation.

Deferred income tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

According to Lithuanian legislation, ordinary tax losses can be carried forward indefinitely if a taxpayer continues to perform business activities from which such losses occurred. When calculating the income tax for 2014 and subsequent years, only 70% of the taxable result for the period can be set off against tax loss utilised.

Deferred tax assets and liabilities are offset when they are related to taxes levied by the same tax authority and when there is a legally enforceable right to cover current payable taxes at net value.

The main temporary differences arise due to revaluation of investment property and land.

2.22 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group’s activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Expenses are recognized on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

Sales of goods

The Group manufactures and sells a range of agricultural commodities in an open market. Sales of goods are recognized when the Group entity has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract.

Sales of services

Revenue from services is recognised on performance of the services. Payments received under operating leases are credited to the income statement on a straight-line basis over the period of the lease.

Interest income and expenses

Interest income and expenses are recognized on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. In the cash flow statement received interest is classified as cash flows from investing activities, interest paid – as cash flows from operating activity.

2.23 Employee benefits

Social security contributions

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.24 Segment information

Management has determined the operating segments based on the reports reviewed by the Director of Production and Finance Department that are used to make strategic decisions. The main business segments defined by the Group are stock-breeding, crop growing, and cultural mushrooms growing.

The Management of the Group assesses the performance of each individual agricultural company and Baltic Champs UAB. Those individual companies are analysed based on a measure of gross profit of different sub-segments: mushroom growing, milk production and cattle sale in stock-breeding, different crops such as wheat, rapeseed, and barley in the crop-growing segment, as well as trading and land rent activities.

Expenses of the Group's structural units, which may be directly allocated to a specific segment, are allocated to this segment. Expenses of the structural units of the Group, which take part in more than one segment, are allocated pro rata to the established distribution of expenses.

All Group's revenues are generated in Lithuania, except for a small portion of business situated in Crimea, which is officially still a part of Ukraine, although the Russian Federation claims Crimea is part of it after annexation in 2014. Group's operations in the Republic of Moldova do not generate any revenues, while entities established in Estonia are only for creating a complex holding structures and do not generate any revenues.

2.25 Investments in subsidiaries in the separate financial statements of the Company

Investments in subsidiaries are accounted for at cost less impairment. Cost is calculated based on the price paid and adjusted to reflect changes in price paid arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.26 Subsequent events

Post balance sheet events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post balance sheet events that are not adjusting events are disclosed in the notes when material.

2.27 Correction of errors and reclassifications

Since the issue of the last financial statements on 6 May 2015, for the year ended 31 December 2014, the Group management corrected some of the previously incorrectly accounted entries. In the Consolidated financial statements the management reclassified some biological assets from non-current to current, land from investment property to own land, transferred loans with breached covenants to current liabilities and adjusted for land sale and leaseback transaction between Group and financial investors.

(All amounts are in EUR thousand, unless otherwise stated)

2.27 Correction of errors and reclassifications (continued)

The effects of restatements on the financial statements for the year 2014 are summarized below:

The Group	Nota-tion	2014 previously reported	Corrections and reclassifications 1	2	3	4	5	2014 restated
ASSETS								
Property, plant and equipment	DR	76,097	-	3,887	800	-	-	80,784
Investment property	CR	12,827	-	(3,887)	-	-	-	8,940
Biological assets (non-current)	CR	7,804	(1,074)	-	-	-	-	6,730
Biological assets (current)	DR	4,846	1,074	-	-	-	-	5,920
EQUITY								
Share capital	CR	44,100	-	-	-	-	10,179	54,279
Share premium	CR	-	-	-	-	-	7,890	7,890
Legal reserve	CR	-	-	-	-	-	579	579
Retained earnings, including current year result	DR	11,766	-	-	(170)	-	(18,648)	(7,052)
LIABILITIES								
Non-current borrowings	DR	30,522	-	-	800	(9,968)	-	21,354
Current borrowings	CR	4,610	-	-	-	9,968	-	14,578
Other payables and current liabilities	CR	3,051	-	-	170	-	-	3,221
INCOME STATEMENT								
Negative goodwill	DR	9,036	-	-	(170)	-	-	8,866

Notation: DR and CR abbreviations stand for Debit and Credit, respectively, for financial statements line items (as they are presented in the balance sheet and income statement).

Explanations of correction and reclassification entries:

1) As at 31 December 2014, the Group classified Mycelium growth medium as non-current biological assets. As this medium is turned over in production process at least 7–8 times a year it was reassessed that it should be classified as current biological assets.
2) As at 31 March 2014 the Group owned around 11.8 thousand ha of land. While preparing the financial statements as at 31 December 2015, the amount of ha worked by the Group and leased out was calculated and exact values of these two types of land determined. Therefore, an according reclassification entry of EUR 3,887 thousand was made as at 31 March 2014 based on amounts of ha worked by the Group and leased out at that date.
3) In 2013, the Group sold some land (around 300 ha) with a conditional repurchase rights. While preparing the financial statements as at 31 December 2015, the Group additionally evaluated the possible control over certain assets. As, according to agreement, the Group holds significant rights and rewards over the sold land, it was decided to correct the financial statements retrospectively and account for the land sold as a sales-leaseback transaction. The Group booked EUR 800 thousand balance of land and non-current debt, as well as decreased retained earnings by EUR 170 thousand which represents previously booked profit on sale of land.
4) As at 31 December 2014, one of the companies of the Group had some of the covenants of certain loan agreements breached. The amount of such loans was equal to EUR 11,945 thousand as at 31 December 2014 (the non-current part of this loan equalled EUR 9,968 thousand). At the date of issue of the financial statements for 2014, the Group had obtained a waiver from the bank where the bank confirmed that it was aware that certain covenants were breached by the Group and, appreciating the long-term cooperation, by the date 31 December 2014 had decided not to apply contractual penalties for non-compliance with the covenants stated in loan agreements and informed the Group about its decision. The Group previously classified these amounts as non-current liabilities; however, as this waiver was received after the reporting date (31 December), the non-current part of this loan equal to EUR 9,968 thousand was reclassified as current as at 31 December 2014 in accordance with the requirements of IAS 1.
5) The Group made the adjustments in equity to reflect the legal capital of the legal parent instead of the accounting parent in the consolidated Group financial statements as at 31 December 2014.

Additionally, the earnings per share (note 29) were changed due to all of the above corrections and adjustments being made:

The Group	2014 previously reported	2014 restated
Net profit attributable to equity holders of the Group	10,304	10,134
Weighted average number of shares	167,892,961	167,892,961
Earnings per share (EUR)	**0.06**	**0.06**

The management has not presented an additional column on the Group's Balance sheet because the corrections did not have any impact on the opening balances as of 1 January 2014.

3. Risk management

3.1 Financial risk management

Financial risk factors

The Group's and the Company's activities expose them to financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group.

The Board of Directors is responsible for the risk management policies and procedures.

Market risk

(i) Foreign exchange risk

The absolute majority of Group's operations is in Lithuania, which as of 1 January 2015 adopted the euro area unified currency – the euro. Major purchases and expenses, as well as revenues are denominated in functional currency, with only minor operations happening in other currencies (Crimea operations), and some sales being made to countries with other currency than the euro (e.g. Poland, Sweden, Norway).

The Group companies do not have significant foreign currency concentration, thus no financial instruments were used in order to hedge against foreign currency risks.

The Group has some operations in Crimea (Ukraine). Currently those entities have Russian rouble as a functional currency. Due to international sanctions, oil price volatilities and weak economy, the Russian rouble is subject to large currency exchange rate volatility (especially in 2014). The Group does not hedge against such risk. A 10% change in RUB/EUR currency rate would have a EUR 35 thousand effect in the consolidated financial statements, as impairments are recognised for majority of assets owned there.

(ii) Securities price risk

The Group is not exposed to significant equity securities price risk because it has no material investments in securities or other similar financial instruments outside of the Group. The subsidiaries are owned and controlled directly. The Group influences the results of subsidiaries by directly participating in management of the subsidiaries.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from variable rate borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates do not expose the Group to cash flow or fair value interest rate risk because all borrowings are carried at amortised cost.

The Group's borrowings include loans with floating interest rate, which is related to EURIBOR and VILIBOR. Most of bank borrowings and finance lease liabilities are repriced each 6 months. Other borrowings are repriced each month or every 3 months. The Group has payables to the State for acquired land and loan from BAB Snoras bank which are with fixed interest rate.

As at 31 December 2014 the Group's bonds were classified with restructured liabilities and had a fixed rate of 10.1%. Trade and other payables are interest-free and have settlement dates within one year.

The Group's cash flow and interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. In 2014, the Group purchased interest rate swap contracts to hedge against floating interest rate. The Group has a contract to pay a fixed 1 per cent of interest on outstanding loan balance (EUR 6,883 thousand as at 31 December 2015) and receive a 3-month EURIBOR interest. The contract duration is pegged to the outstanding agricultural entities loan agreement, which terminates in 2019.

The negative change in market value (EUR 219 thousand as at 31 December 2014) of this derivative is recognised in the income statement in actual period (see note 28), and accordingly adjusted the borrowings balance. In 2015, the change was positive and amounted to EUR 27 thousand, while the negative underlying value of contract decreased to EUR 192 thousand.

In 2015, total Group borrowings at variable rates amount to EUR 37.4 million (2014: EUR 34.9 million), EUR 37.4 million (2014: EUR 32.5 million) of which is denominated in EUR, while the remaining EUR 2.4 million in 2014 of borrowings were denominated in LTL. If floating rate interest (influenced by EURIBOR or VILIBOR) changed by 1 percentage point, the annual effect on the Group would amount to EUR 374 thousand before taxes (2014: EUR 349 thousand).

In 2015, total Company's borrowings at variable rates amount to EUR 4,663 thousand (2014: EUR 1,652 thousand).

(All amounts are in EUR thousand, unless otherwise stated)

3.1 Financial risk management (continued)

Credit risk

Credit risk is managed on a Group basis. Senior management is responsible for credit risk management. Credit risk arises from cash, cash equivalents, and short-term deposits with banks, as well as credit exposures to customers, mainly related to outstanding receivables. Credit risk associated with the cash funds at banks is minimal, as the Group deals with the banks which have high credit ratings established by foreign rating agencies. For customers, the Company sells the majority of its production to wholesalers and has policies in place to ensure that sales of products are made only to customers with an appropriate credit history. The Group always makes an assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit period is awarded only to a few customers who are well known to the Group and have good credit history. The Group has credit concentration risk as the sales are distributed among several clients which are the strongest players in the country's agricultural market (see note 23). The Group does not use credit insurance and has not established any specific limits for any of the clients.

There were no significant difficulties in collecting accounts receivable from customers or withdrawing cash from banks during the reporting period and the management does not expect any material losses from non-performance by these counterparties.

The carrying amount of financial assets represents the maximum credit exposure for on-balance sheet exposures. The Group has additionally guaranteed for a loan of Cooperative "Grybai Lt" which outstanding amount as at 31 December 2015 totalled to EUR 2,847 thousand. The Company has issued guarantees to Snoras BAB bank for the loans taken by the subsidiary entities (land management entities). The amount of outstanding loans as at 31 December 2015 was EUR 3,802 thousand (2014 – EUR 4,230 thousand).

See notes 12 and 13 for further disclosure on credit risk.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecast of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance ratio targets and other material information.

Borrowed capital accounts for a large share of the Group's total capital.

The restructuring process and progress is discussed in detail in note 1 and note 19.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance sheet amounts payable within one year reflect fair value of the liabilities, as the influence of discounting is not significant.

		Contractual cash flows					
GROUP	**Carrying amount**	**Total**	**Payable on demand**	**Within one year**	**Within second year**	**Within third and fourth year**	**Within fifth year and later**
31 December 2015							
Borrowings	42,172	46,537	10,473	13,266	8,135	11,657	3,006
Finance lease liabilities	4,506	4,761	-	2,140	1,516	1,058	47
Guarantees issued	-	2,847	2,847	-	-	-	-
Trade and other payables	10,228	10,228	-	10,228	-	-	-
Total	**56,906**	**64,373**	**13,320**	**25,634**	**9,651**	**12,715**	**3,053**
31 December 2014							
Borrowings	38,249	41,536	11,945	6,584	9,424	7,502	6,081
Finance lease liabilities	4,757	5,114	-	1,750	1,362	1,828	174
Restructured amounts	4,521	4,521	-	4,521	-	-	-
Trade and other payables	10,737	10,737	-	10,737	-	-	-
Total	**58,264**	**61,908**	**11,945**	**23,592**	**10,786**	**9,330**	**6,255**

(All amounts are in EUR thousand, unless otherwise stated)

3.1 Financial risk management (continued)

COMPANY	Carrying amount	Total	Payable on demand	Within one year	Within second year	Within third and fourth year	Within fifth year and later
		Contractual cash flows					
31 December 2015							
Borrowings	12,889	15,255	-	4,812	-	10,443	-
Guarantees issued	-	3,802	3,802	-	-	-	-
Trade and other payables	223	223	-	223	-	-	-
Total	**13,112**	**19,280**	**3,802**	**4,885**	**-**	**10,443**	**-**
31 December 2014							
Borrowings	1,845	1,904	-	340	1,564	-	-
Guarantees issued	-	4,230	4,230	-	-	-	-
Restructured amounts	20,400	20,400	-	20,400	-	-	-
Trade and other payables	234	234	-	234	-	-	-
Total	**22,479**	**26,768**	**4,230**	**20,964**	**1,564**	**-**	**-**

Payable on demand includes guarantees issued by the Group or the Company and those loans which have their covenants breached. Of all the loans with breached covenants, neither one was demanded to be paid back by the creditors. Such loans include borrowing by Baltic Champs UAB from Swedbank, AB as at 31 December 2014 and loan borrowing by land management entities (ŽVF's) from DNB Bank AB as at 31 December 2015. On 29 April 2015 the Group received a formal waiver where the bank confirmed that it was aware that certain covenants were breached and, appreciating the long-term cooperation, by the date 31 December 2014 had decided not to apply contractual penalties for non-compliance with the covenants stated in loan agreements and informed the Group about its decision. Another formal waiver was received on 26 April 2016 where the banks confirmed that financial covenants for the new loan will be required to be met starting from the year 2016 (see Note 2.2 for details).

As at 31 December 2015 and at 31 December 2014 the current assets to current liabilities ratio of the Group was negative and equalled EUR (9,077) thousand and EUR (11,004) thousand respectively. The liquidity ratio of the Group amounted to 0.76 (2014: 0.70), while quick ratio was 0.52 (2014: 0.43). As at 31 December 2015 and 2014 the current assets to current liabilities ratio of the Company was negative and equalled EUR (4,833) thousand and EUR (10,993) thousand respectively. The liquidity ratio of the Company amounted to 0.06 (2014: 0.48), while quick ratio was 0.05 (2014: 0.48). The short-term goal for the Group is to generate sufficient funds to carry out operations efficiently and profitably and to generate appropriate amounts of revenues and profits in order to pay current liabilities. The Group's management expects to fully restore operating liquidity in 2016 (see considerations regarding going concern basis in Note 2.2).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As provided in note 1, a number of agricultural entities and the Company in 2014 and 2015 were undergoing and finishing restructuring processes, thus the main focus of the Group's management is to guide individual entities through successful restructuring processes for all separate entities and restore the liquidity of the Group. Currently gearing ratio is not being calculated by the Group, as the best capital sufficiency estimate due to legal procedures is the operating cash flow of the Group. The short term goal for the Group is to generate sufficient funds to carry out operations efficiently and profitably and to generate appropriate amounts of revenues and profits in order to pay current liabilities. The Group's management expects to fully restore operating liquidity in 2016.

At the end of 2015 borrowings by land management entities (ŽVF's) from DNB Bank AB and Swedbank AB did not meet its covenant regarding DSCR, but the Group obtained waivers from the banks confirming that financial covenants for the loan will be required to be met starting from the beginning of 2016.

At the end of 2014 borrowing by Baltic Champs UAB from Swedbank, AB did not meet its covenant regarding debt/EBITDA, but the Group obtained a waiver from Swedbank, AB that the bank was aware by the end of 2014 that certain covenants were breached, and, appreciating the long-term cooperation, confirmed that it will not apply contractual penalties for non-compliance with the covenants in 2014 stated in loan agreements.

Pursuant to the Lithuanian Law on Companies the authorised share capital of a joint stock company and private limited liability company must be not less than EUR 29,000 and EUR 2,900, respectively, and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital.

(All amounts are in EUR thousand, unless otherwise stated)

3.2 Capital risk management (continued)

As at 31 December 2015, all Group companies, except ŽŪB Agrowill Eimučiai, ŽŪB Agrowill Žadžiūnai, ŽŪB Agrowill Kairėnai, ŽŪB Agrowill Vėriškės, ŽŪB Agrowill Nausodė, ŽŪB Agrowill Jurbarkai, ŽŪB Agrowill Alanta, Žemės vystymo fondas 9 UAB, ŽVF projektai UAB, ŽŪB Žemės fondas, ŽŪB Gustonys, UAB Agro Management team, AWG Investment 2 UAB, Prima Bio Koop UAB, Agrotechnikos centras UAB, Agrogis UAB, Agrokreditas UAB, Purpurėja ŽŪK, AGRO Ramučiai UAB, and Skėmių PC ŽŪK complied with these requirements.

The Board of such company must convene a shareholders' meeting to solve the problem of capital level. The Group is not using externally implied requirements, or any other means for capital management.

3.3 Fair value estimation

The three levels of the fair value hierarchy have been defined as follows:

Level 1 includes the fair value of assets which is established based on quoted prices (unadjusted) in active markets for identical assets.
Level 2 includes the fair value of assets which is established based on other directly or indirectly observable inputs.
Level 3 includes the fair value of assets which is established based on unobservable inputs.

There were no transfers between any levels during the year.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The carrying value less impairment of trade receivables and payables is assumed to approximate their fair values. The fair value of long-term receivables from subsidiaries from the Company's point of view is evaluated together with equity investments by analysing discounted cash flows of subsidiaries.

The fair value of long-term and short-term borrowings is measured at amortised cost using the effective interest method.

As at 31 December, the Group and the Company had the following structure of interest bearing financial liabilities (taking into account bank and other borrowings, bonds, and finance lease liabilities) (presented at their carrying values):

GROUP	Liabilities with fixed interest rate	Liabilities with floating interest rate
2015		
Loans from financial institutions	4,003	31,604
Finance lease liabilities	162	4,344
Other borrowings	4,842	1,723
Total	**9,007**	**37,671**
2014		
Loans from financial institutions	4,288	28,465
Restructured liabilities	4,521	-
Finance lease liabilities	-	4,757
Other borrowings	3,813	1,683
Total	**12,622**	**34,905**

COMPANY	Liabilities with fixed interest rate	Liabilities with floating interest rate
2015		
Loans from financial institutions	-	2,990
Other borrowings	8,226	1,673
Total	**8,226**	**4,663**

	Liabilities with fixed interest rate	Liabilities with floating interest rate
2014		
Other borrowings	193	1,652
Restructured liabilities	20,400	-
Total	**20,593**	**1,652**

3.3 Fair value estimation (continued)

The fair value of non-current borrowings with variable interest rates approximates their carrying amounts. Average effective interest rate of borrowings of the Group with variable rate at 31 December 2015 equals 3.44 per cent (2014: 3.52 per cent).

Considering the fact that the loan agreement conditions were renegotiated in the previous reporting period and since then there were no major changes in the market, the management treats the agreed interest rate as the one which approximates market interest rates. The public bonds issued by the Company and accounted for as restructuring liabilities (see notes 18 and 19) had no trade volumes since 2009 so relevant market price is difficult to determine; however, in April 2015 the Company redeemed its bonds for their carrying value. These facts show that as of 31 December 2015 and 31 December 2014 the fair value of the Group‘s financial liabilities with fixed interest rates is close to their carrying amounts.

3.4 Operational risk

Agricultural market risk

The Group is exposed to several types of agricultural market risks:

<u>Weather conditions</u>
Weather conditions are one of the most important risks involved in agricultural activities. Poor or unfavourable meteorological conditions can have a substantial impact upon yields by negatively affecting harvests and fodder preparation, destroying crop areas etc. In extreme cases, poor weather limits the ability to harvest the fields at all.

The Group management each year decides whether to insure the crops or not. In 2014 and 2015, due to significant increase in insurance price (more than 10 per cent of total cost), the crops were not insured.

<u>Prices for agricultural products</u>
The Group’s income and operating results depend on such factors beyond the Group’s control as prices for agricultural commodities. These prices are largely influenced by different and difficult to predict factors beyond the Group’s control (weather conditions, state agricultural policy, changes in global demand caused by demographic changes, changes in living conditions, competing products in other countries).

Usually the Group agrees for crop delivery contracts in spring of each year. The management controls this risk by contracting the price of its crop production (in certain bulk amounts) over the period of time starting April of each year. The management sets internal lowest acceptable crop price level, after reaching which it starts making the crop price fixing contracts.

<u>Animal diseases</u>
Animals can be infected with different viral infections including foot and mouth disease, bovine spongiform encephalopathy etc. Even though the Group complies with the highest sanitary standards in order to prevent diseases, there is no guarantee that the Group’s cattle will not be infected for reasons beyond the control of the Group. Although the majority of the Group’s cattle are insured, an outbreak of a cattle infection can result in high additional expenses and losses.

<u>State policy and regulation in the agricultural sector</u>
Agriculture, agricultural produce and products placement on the market are strongly affected by state policies and EU regulation. Regulation of agricultural activities manifests itself through the regulation of taxes, tariffs, quotas, subsidies, import and export legislation etc. Any change in this area can exert significant influence over the profitability of agricultural activities, determination of the choice of crops, increase or reduce the volumes of production, import and export of agricultural products.

In addition, any international trade disputes can affect the trade flows, restricting trade among countries or regions. Future policies in this area can have a negative impact upon prices for the agricultural products offered by the Group and upon the Group’s opportunities for operating in the market.

The Group’s management discusses the possible changes in policies with the Ministry of Agriculture and other official institutions, giving suggestions and comments on State agricultural policies.

The Group controls operations in Crimea through eTime invest UAB group. In March 2014, the Crimean peninsula was annexed by the Russian Federation. In June 2014, and later in December 2014, the European Union imposed sanctions which limit any contacts, financial and consulting cooperation with entities in Crimea, issued bans on export of local production to EU countries. Taking into account all the restrictions, the subsidiary operations in Crimea must work independently, in an unfavourable market conditions which limits the Group’s and the Company’s ability to earn positive results. As at 31 December 2015, the Group’s exposure totalled EUR 0.44 million (EUR 0.01 million of PPE, EUR 0.21 million of crops and EUR 0.22 million receivables). As at 31 December 2014, the Group’s exposure totalled EUR 0.29 million (EUR 0.11 million of PPE, EUR 0.15 million of crops and EUR 0.03 million receivables). The Company has written down the investment in the separate financial statements to EUR nil as at 31 December 2015 and 2014.

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods are addressed below.

Listed below are the most significant areas that involved management judgement.

Reverse acquisition

In April 2014, Agrowill Group AB issued 102,596,266 new shares. 88,444,014 shares were acquired by Baltic Champs Group UAB by contributing shares of Baltic Champs UAB (hereinafter – BC). The transaction was effected by exchanging shares. During the business combination former shareholders of BC obtained control of more than 50% of Agrowill Group AB shares and received the majority of seats in the Board of Directors; therefore, based on the requirements outlined in International Financial Reporting Standard 3 "Business Combinations" (IFRS 3) such transaction is treated and accounted for as a reverse acquisition.

For accounting purposes, the legal buyer Agrowill Group AB is treated as an accounting acquiree, while Baltic Champs UAB is treated as an accounting acquirer and in effect Baltic Champs UAB prepares consolidated financial statements for itself and its subsidiaries including Agrowill Group AB (its legal parent). This is a key judgement made by management and is pertinent to the financial statements as a whole.

When accounting for this reverse acquisition, the fair value of the net asset of AWG and the fair value of consideration transferred in this reverse acquisition transaction have been used to determine the related goodwill. Details on the determination of the fair value of AWG net asset are provided below. Details on the determination of the fair value of consideration transferred are provided in note 26.

Agricultural subsidies

As discussed in note 3.4 agriculture, agricultural produce and products placement on the market are strongly affected by state policies and EU regulation. EU subsidies are of particular importance to the results and continued viability of the Group. As further detailed in note 23, in 2015 the Group's direct agricultural subsidies received totalled EUR 7.6 million (2014: EUR 3.6 million). If for any reason, these subsidies were removed or reduced, this could have significant implications in many areas of the Group's business including: reduced operating cash flows and profitability, decreases in the value of land and investment property and possible impairment of property, plant and equipment. Significant changes in EU subsidy programs could also, conceivably, threaten the long-term viability of the Group's operations. For these reasons the management's judgement about the continuation of EU subsidies programs is critical to the underlying valuation considerations throughout the Group's financial statements.

In preparing the financial statements the management has assumed that the Common Agricultural Policy of the European Union with its number of different legislative pronouncements would not change and the Group will continue to receive the current subsidies at similar levels for all products after the current programming period ends in 2020. This assumption is based on a well-established pattern of past agricultural subsidies by the European Union, supporting management's expectation that the EU will continue to subsidise its agricultural sector to ensure decent living conditions of the farmers and stable supply of safe food and food products at acceptable prices to the general public.

Impairment of property, plant and equipment (except land)

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation cannot be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

In 2015 the management performed impairment tests for entities which suffered losses in 2015. The results for property of two agricultural entities showed an impairment, so an impairment allowance of EUR 264 thousand for property, plant and equipment was recognised as at 31 December 2015 (see Note 5).

4. Critical accounting estimates and assumptions (continued)

Valuation of investment property and cultivated agricultural land

For the reverse acquisition purposes, the Group evaluated the market values of Agrowill Group AB pre-reverse acquisition land portfolio, as the investment property and agricultural land consisted of the land acquired in 2004–2008, as well as land bought from the State in 2013–2014. For analysis purposes, the Group took data of sales of its investment property. For each region an average score and size was identified, and later these results were extrapolated to the remaining portfolio parcel by parcel, with some minor discount rate added to reflect the fall in prices of agricultural commodities. The management decreased the price per Ha of parcel if its size was lower (up to 15 per cent) than the average of sales data, while increases (up to 30 per cent) were added for those which exceeded the average figures. Similarly, coefficient between 0.85 and 1.30 was used to adjust for differences of certain land plots and average data of sold land plots. The discount rate of 25% was later applied to all calculations as the management took into account the downward trends in the commodities markets (milk and grains) assuming that decrease in harvests and milk prices would negatively impact the land market. Obtained market values of investment property were used in determining the fair values in the reverse acquisition in 2014.

In 2014, the Group started selling land parcel by parcel, and in total around 2,600 ha were sold during the year. As sales prices were in line with the valuations performed as at reverse acquisition date of 31 March 2014, no additional adjustments to the fair value to investment property and agricultural land were considered necessary. The fair value of investment property is attributed to Level 3 in the fair value hierarchy. 10% change in the value of 1 ha of land equals to around EUR 2.6 million of change in the total land portfolio held by Group as at the end of 2014 (own cultivated land plus investment property average price per Hectare totals around EUR 2,600).

In October 2015, the Group's management revaluated land plots owned by the Group to fair value. The valuation was performed by an expert independent valuer Inreal UAB in October of 2015.

As the results of the external valuation performed in 2015 implied a significant increase in the fair value of agricultural land compared to those internally evaluated as at 31 December 2014, the Group performed additional analysis and procedures including engaging the external valuer to provide consultation regarding value of agricultural land as at 31 December 2014 to assist management in corroborating their determination of fair value as at that date. The retrospective valuation as at 31 December 2014 was performed using the same approach as the valuation for 2015 described below. Based on the results of the retrospective valuation and additional procedures including *inter alia* analysis of market trends and discussions with the valuer, management concluded that the internal valuation performed as at 31 December 2014 was within a reasonable range and in compliance with IFRS which requires the use of judgment and assumptions when applying accounting policies and making estimates of fair value.

The independent valuation of agricultural land for 2015 was performed using a market approach whereby the Group's land portfolio is valued based on the market prices of comparable land plots in each region observable from property transactions registered in the reporting period (preferably, around the measurement date) or, where not available, offers for purchases of comparable land plots. Where comparable transactions or offers from the current period are not available, which can be the case mainly in smaller regions or regions with a less active market, comparable transactions from prior periods are used as a basis for valuation (up to two years prior to the reporting period). Along with the availability of sufficient comparable transactions as a limiting factor, the criteria for the selection of comparable transactions is a key judgment in the valuation process performed by the independent valuer.

The comparability of observable transactions is based on the judgment of the valuer, his expertise and experience and knowledge of market trends.

As the Group owns around 1,900 individual land plots spread out across 30 regions, the valuation is performed on a sample basis whereby a sample of land plots representative of the Group's portfolio in each region is valued using comparable transactions for each region separately. In total, the 2015 valuation was performed based on a sample of land plots which represent some 21% of the Group's land portfolio whereby each region was represented.

The overall key factor influencing the price of land, as determined by the Group, is the fertility of land plots while the size of land plots tends to have on average a less significant impact on price. The fertility factor is based on the assessment of the fertility of individual land plots by the Soil department of a state-owned company „Valstybės žemės fondas" and is the main factor taken into account in selection of comparable transactions and in determining the representativeness of the sample of land plots valued. However, specific factors such as shape, location, melioration channels, drainage and accessibility of land plots in terms of infrastructure can in certain cases significantly impact market prices and are therefore also taken into account by the valuer when selecting comparable transactions. In the fair value hierarchy, the inputs used in the fair value measurement of agricultural land plots for 2015 are classified as level 2 (see note 3.3 for more details on fair value hierarchy).

The average prices per hectare derived from the comparable transactions selected for each region are then extrapolated and applied to the useful area of land plots owned by the Group for each region separately on an item-by-item basis.

As the valuation of agricultural land was performed by the external valuer as at October 2015, management considered and analysed changes in the market from October 2015 until the end of the year in order to assess whether the values from the valuation report are an appropriate approximation of market values as at the year-end date. The analysis did not identify any indications of significant value changes up to the year-end date.

As a result of the valuation, the Group calculated an increase of around EUR 11.8 million for the whole portfolio of investment property and cultivated land, as the average price of agricultural land has risen to around EUR 3.9 thousand per hectare compared to EUR 2.6 thousand per hectare in 2014.

(All amounts are in EUR thousand, unless otherwise stated)

4. Critical accounting estimates and assumptions (continued)

The table below provides summarizing data of average market values of agricultural land per ha in different regions:

	31 December 2014			31 December 2015		
Region	**Total area (Ha)**	**Total value (thous. Eur)**	**Average EUR / Ha**	**Total area (Ha)**	**Total value (thous. Eur)**	**Average EUR / Ha**
Total	**10,108**	**26,424**	**2,614**	**9,456**	**36,657**	**3,877**
Radviliškis	1,670	4,721	2,827	1,661	7,706	4,639
Panevėžys	1,010	2,899	2,870	1,009	4,411	4,372
Jonava	697	1,906	2,735	704	3,180	4,516
Šiauliai	600	2,034	3,392	581	2,762	4,758
Kėdainiai	633	2,306	3,642	546	2,732	4,999
Anykščiai	1,003	2,078	2,072	975	2,261	2,319
Rokiškis	758	1,241	1,639	750	2,063	2,752
Other	3,737	9,239	2,472	3,230	11,542	3,574

The table below provides summarizing data of changes in average value per hectare in different regions:

	Average value EUR/Ha			
Region	**31 December 2014**	**31 December 2015**	**Variance, EUR**	**Variance (%)**
Total	**2,614**	**3,877**	**1,262**	**48%**
Radviliškis	2,827	4,639	1,812	64%
Panevėžys	2,870	4,372	1,502	52%
Jonava	2,735	4,516	1,782	65%
Šiauliai	3,392	4,758	1,366	40%
Kėdainiai	3,642	4,999	1,357	37%
Anykščiai	2,072	2,319	247	12%
Rokiškis	1,639	2,752	1,114	68%
Other	2,472	3,574	1,102	45%

The significant increase in land value as observed from the results of the valuation performed is associated with the following main factors:

a) In 2011–2014, the National Land Agency of the Republic of Lithuania organized state land sales to farmers and agricultural companies. The land was sold at lower prices than existed in the market, so all participants of agricultural industry were keen on applying and buying the state land they had previously leased from the state and worked. During the four year period a massive 248 thousand ha of land was sold (represents around 8.6 per cent of annually declared agricultural land). On average, 62 thousand ha of State land was sold each of those four years, as compared to only 0.5 thousand Ha being sold in 2015.

   In 2015, as the State program ended, market participants turned to buying land from private individual holders of agricultural land, thus rapidly increasing the price of the agricultural land.

b) In 2013, an old EU agricultural policy support document ended, with it – all the support schemes for farmers acquiring agricultural machinery and other investments into expanding production capacities. The new programming document for 2014–2020 was approved only at the beginning of 2015, and on 30 June 2015 the National Paying Agency issued a call for applications for a support of EUR 150 million. The farmers and agricultural entities, which were not able to use any support for two years while renewing their operations received a serious monetary inflow for making their investments, thus leaving extra money for land buying.

c) Year 2015 produced record harvests in Lithuania, with whole country harvesting 5.9 million tonnes of grains as compared to 5.2 million the year before.

In terms of the sensitivity of the value of land, as outlined above, market prices are highly sensitive to changes in government policy and strategy for agricultural land management, availability of subsidies and tax and other incentives for farmers and agricultural companies alike, as well as to climate changes and other ecological factors influencing harvest. As these factors are uncontrollable and to a large extent not reliably predictable, management has not attempted to quantify the sensitivity of land value with respect to these factors.

For illustrative purposes, an overall 5% change in the value of 1 ha of all land held by the Group at 31 December 2015 would result in a change of approximately EUR 1.8 million in the total carrying value of the land portfolio held by Group (own cultivated land plus investment property). Such a change would lead to an approximate change of EUR 1.3 million attributable to the revaluation reserve in equity, whilst approximately EUR 0.5 million would be recorded the income statement.

4. Critical accounting estimates and assumptions (continued)

Valuation of biological assets

The Group's biological assets, except crops and mycelium cultivation seedbed, are measured at fair value less sale costs at each balance sheet date (value at 31 December 2015: EUR 10,704 thousand, value at 31 December 2014: EUR 12,650 thousand). Due to the specifics of the agricultural production, fair value of milking cows cannot be determined by using comparable market prices method, as such biological assets in areas where the Group operates are not traded on active markets which could enable the use of market value. Therefore, the fair value is sometimes determined using the alternative. The use of alternative methods of fair value estimation requires the Group to refer to latest transactions and use price averages, or to use cost as an approximation of fair value.

For valuation of livestock the Group calculates the fair value by taking the average price of meat per kilo. The lowest values represent the value of old cows sold to meat processors, while the highest value is equal to the price of 1 kilo of pregnant heifer just before its first calving. For remaining groups of animal, the value of livestock is determined by using the market values of meat (different for different groups of animals) and multiplying the price of 1kg by the total weight of specific group of animals.

Crops are valued at the year-end at cost as little biological transformation has taken place since initial cost incurrence (time period from seeding to year-end is very short).

Mycelium growth medium is evaluated based on cost prices, which are used to produce the substance, as little biological transformation has taken place since initial cost incurrence (the growth medium is turned over at least 7-8 times annually in the production process and mushrooms are harvested daily, thus verifying the usage of cost as reasonable source for determining the value). The average prices of main components were compared to the market prices available in Lithuania. As no significant deviations were noted, it was concluded that no adjustment to carrying values was needed.

Were the actual prices for the biological assets higher by 10% from management's estimates, the revaluation results for 2015 would be better by EUR 1,066 thousand, if the prices were lower by 10%, the net profit would decrease by the same amount.

Restructuring of liabilities (Group and Company)

For calculating the amortised cost of financial liabilities that were renegotiated in the restructuring process, the management determines the discount rate by using the interest rates of last applicable bank loans and leasing liabilities. In case the Group's and Company's transactions with external parties were made in earlier periods, management analysed the impact of market trends in interest rates since the transaction, as well as assessed the potential impact of change in the Group's and the Company's credit risk. Management has estimated that the appropriate discount rate is 10.1%. The applicable interest rate was calculated by taking the interest rate of bonds issued by the Company in 2008 (14 per cent), subtracting the July 2008 Euribor rate and adding Euribor rate at the moment of debt extinguishment. As at 31 December 2014, all remaining restructuring debt was shown at nominal values, as final payments in remaining Restructuring cases were planned for 2015 and actually made.

Estimates concerning useful lives of property, plant and equipment

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life.

Income taxes

Tax authorities have a right to examine the accounting records of the Company and its Lithuanian subsidiaries at any time during the 5-year period after the current tax year and account for additional taxes and fines. In the opinion of the Group's management, currently there are no circumstances which would raise substantial liability in this respect to the Group.

The Group and the Company had accumulated tax losses amounting to EUR 21.2 million and EUR 5.2 million, respectively, as at 31 December 2015 (note 21). Management recognises a deferred tax asset for separate companies' tax losses only when possible future returns can be reliably estimated. As at 31 December 2015, the Group and the Company had accumulated tax losses carried forward for which no deferred tax asset was created in the amount of EUR 6.6 million and EUR 5.2 million, respectively. Despite the fact that taxable losses are carried forward indefinitely, when analysing future taxable profits management uses reasonable number of foreseeable years in the future, and for most deferred tax asset estimates it does not extend further than year 2020.

Impairment of investment in subsidiaries (Company)

As at 31 December 2015 and 2014, the management of the Company has performed testing of cost of investment in subsidiaries and receivables from subsidiaries for impairment. As a key test, management has compared cost of investment in a particular subsidiary with net assets of that subsidiary as at 31 December 2015 and 2014. If net assets are higher than cost of investment, management decided that no impairment is needed. If net assets are lower than cost of investment, management has estimated the recoverable amount of a particular subsidiary using value-in-use calculations. Main assumptions used in VIU calculations: pre-tax discount rate of 10%, annual growth of 5% for the forecasted period of 5 years, with no growth to perpetuity. The management assumes that subsidiaries will not need additional working capital, for the foreseeable future no corporate income tax will be paid, and capital investments will be limited to approximate annual depreciation charges of the Group.

4. Critical accounting estimates and assumptions (continued)

These calculations in turn are based on discounted cash flows that the particular subsidiary is able to generate, and result was again compared to the cost of investment into that particular subsidiary. According to these calculations the management decided to account for an impairment loss for the cost of investment in the Company's subsidiaries amounting to EUR 6,384 thousand in 2014 (see note 7).

In impairment test for 2015 similar growth assumptions were maintained as in 2014: annual growth rate of 5% was applied during the forecast period of 5 years and no growth was applied in perpetuity. In 2015 the discount rate (WACC) was based on 3.64% cost of debt, 12.15% cost of capital and the Group's capital structure (48% debt and 52% equity). Cost of capital was estimated using risk free rate of 1.49%, sector beta of 0.68, market risk premium of 6% and additional premiums for business risk (3.5%) and liquidity risk (2.5%). The estimated WACC of 8.09% was applied in the impairment test. The results showed that investments in two subsidiaries (Agrowill Alanta ŽŪB and Agrowill Vėriškės ŽŪB) were impaired, thus the Company accounted for an impairment loss of EUR 314 thousand as at 31 December 2015.

It was also assumed that the Common Agricultural Policy of the European Union would not change and the Group companies would continue to be subsidised at the similar level for all products after the current programming period ends in 2020. Common Agricultural Policy allows European farmers to satisfy the needs of the European Union citizens. The main goals of it is to ensure a decent living conditions of the farmers and stable supply of safe food and food products at acceptable prices to the general public. As these needs of the European Union citizens (ability to buy, the price, the variety, the quality, etc.) and goals to preserve the nature will be ever present, the assumption is made that the European Union will continue to subsidise its agricultural sector.

For consideration regarding going concern see note 2.2.

5. Property, plant and equipment

GROUP	Land	Buildings	Constructions and machinery	Vehicles, equipment and other property, plant and equipment	Construction in progress	Total
Carrying amount						
As at 31 December 2013	**-**	**28,842**	**2,525**	**883**	**-**	**32,250**
- additions	1,265	127	1,472	362	131	3,357
- disposals and write-offs	(24)	(290)	(44)	(177)	(56)	(591)
- acquisition of subsidiaries (note 26)	16,243	19,439	13,485	972	206	50,345
- depreciation	-	(1,862)	(2,379)	(380)	-	(4,621)
- currency exchange differences	-	44	-	-	-	44
- reclassifications	-	126	(247)	249	(128)	-
As at 31 December 2014	**17,484**	**46,426**	**14,812**	**1,909**	**153**	**80,784**
- additions	285	1,254	3,742	655	412	6,348
- disposals and write-offs	(7)	(54)	(231)	(80)	(4)	(376)
- depreciation	-	(2,473)	(3,225)	(479)	-	(6,177)
- revaluation	8,398	-	-	-	-	8,398
- impairment of assets	(60)	(204)	-	-	-	(264)
- reclassifications	921	55	-	-	(55)	921
As at 31 December 2015	**27,021**	**45,004**	**15,098**	**2,005**	**506**	**89,634**
Acquisition cost as at						
31 December 2013	-	29,067	2,608	903	-	32,578
31 December 2014	17,484	48,513	17,273	2,306	153	85,729
31 December 2015	27,081	49,768	20,784	2,881	506	101,020
Accumulated depreciation and impairment losses as at						
31 December 2013	-	(225)	(82)	(17)	-	(324)
31 December 2014	-	(2,087)	(2,461)	(397)	-	(4,945)
31 December 2015	(60)	(4,764)	(5,686)	(876)	-	(11,386)
Carrying amount as at 31 December 2013	**-**	**28,842**	**2,525**	**883**	**-**	**32,250**
Carrying amount as at 31 December 2014	**17,484**	**46,426**	**14,812**	**1,909**	**153**	**80,784**
Carrying amount as at 31 December 2015	**27,021**	**45,004**	**15,098**	**2,005**	**506**	**89,634**

As at 31 December 2015 the property, plant and equipment with the carrying amount of EUR 66,510 thousand (2014: EUR 53,999 thousand) have been pledged as security for bank borrowings. The leased assets secure lease liabilities according to the finance lease agreements.

COMPANY	Vehicles	Equipment and other property, plant and equipment	Total
Carrying amount			
As at 31 December 2013	**31**	**22**	**53**
- additions	11	32	43
- depreciation	(5)	(13)	(18)
As at 31 December 2014	**37**	**41**	**78**
- additions	17	1	18
- disposals and write-offs	-	(50)	(50)
- depreciation	(6)	34	28
As at 31 December 2015	**48**	**26**	**74**
Acquisition cost as at			
31 December 2014	50	107	157
31 December 2015	67	58	125
Accumulated depreciation and impairment losses as at			
31 December 2014	(13)	(66)	(79)
31 December 2015	(19)	(32)	(51)
Carrying amount as at 31 December 2014	**37**	**41**	**78**
Carrying amount as at 31 December 2015	**48**	**26**	**74**

(All amounts are in EUR thousand, unless otherwise stated)

5. Property, plant and equipment (continued)

As at December 31 the carrying amount of the Group's property, plant and equipment acquired under finance lease consisted of the following:

Constructions and machinery	**2015**	**2014**
Acquisition cost	7,394	7,318
Less: accumulated depreciation	(1,378)	(957)
Carrying amount	**6,016**	**6,361**

Should no revaluations of land had taken place, carrying amounts would have been the following:

	Land
Carrying amount of land without revaluation effect as at 31 December 2014	17,484
Carrying amount of land without revaluation effect as at 31 December 2015	18,623

The major part of property, plant and equipment has been acquired through the reverse acquisition transaction which took place on 31 March 2014 and was recognized at its fair value which stands for costs since then and only subsequent accumulated depreciation and subsequent impairment losses were recognised in the financial statements.

6. Investment property

As at 31 December the Group's investment property consisted of the following:

	Agricultural land
Fair value	
as at 31 December 2013	**-**
- acquisitions of land	45
- acquisition of subsidiaries (note 26)	15,301
- sales of land	(6,406)
as at 31 December 2014	**8,940**
- sales of land	(1,722)
- revaluation	3,339
- reclassification to property, plant and equipment	(921)
as at 31 December 2015	**9,636**

The investment property of the Group consists of agricultural land plots.

As at 31 December 2015, the Group had ownership rights to around 9,450 ha of land in total (2014: 10,100 ha), accounted under PPE and investment property. Approximately 6,350 ha of it (2014: 6,400 ha) was used by the Group and therefore accounted for as PPE, see note 5 above, and around 2,800 ha (2014: 3,100 ha) is rented out to third parties, and approximately 300 ha (2014: 600 ha) were held for capital appreciation as at 31 December 2015.

In 2015, the Group sold around 600 ha (2014: around 2,600 ha) of land to different farmers and agricultural entities for total proceeds of EUR 1,896 thousand (2014: EUR 7,556 thousand). The Group recognised a profit of EUR 174 thousand (2014: EUR 1,150 thousand) from such transactions.

Change in fair value of investment property

The major part of the investment property has been obtained through the reverse acquisition transaction, which took place on 31 March 2014 and was recognized at its fair value. Since then until the end of 2014 no significant changes in the fair value of investment property have occurred; therefore, no change in the fair value of investment property was recognised in 2014. At the end of year 2015 the investment property was revaluated which resulted in EUR 3,339 revaluation profit. Methods used to determine the valuations of investment property are disclosed in note 4.

(All amounts are in EUR thousand, unless otherwise stated)

7. Investments in subsidiaries

For the year ended 31 December, the movement of the Company's investments was the following:

	2015	2014
As at 1 January	**58,685**	**32,903**
Capitalization of long-term receivables from subsidiaries	-	1,692
Transfer of impairment charge of receivables from subsidiaries	-	(961)
Acquisition of subsidiaries / additional acquisitions	3	32,128
Disposal of subsidiaries (note 26)	-	(693)
Impairment loss	(314)	(6,384)
As at 31 December	**58,374**	**58,685**

In April 2014, the Company acquired investments in Baltic Champs UAB (EUR 25,631 thousand), eTime invest UAB (EUR 4,837 thousand), Luganta UAB (EUR 1,549 thousand), and AGRO Ramučiai UAB (EUR 103 thousand) (see note 26 for more details) and some other minor investments.

As at 31 December 2014, the Company made impairment tests on investment into subsidiaries, as described in note 4, and impairment loss of EUR 6,384 thousand was booked in the financial statements. The major part of impairment loss recognized relates to impairment for the investment in eTime invest UAB (EUR 4,837 thousand), which holds investment in Crimea.

As at 31 December 2015, the Company made impairment tests on investment into subsidiaries, as described in note 4, and impairment loss of EUR 314 thousand was booked in the financial statements.

Total impairment of investment in subsidiaries as at 31 December 2015 amounted to EUR 11,164 thousand (31 December 2014: EUR 10,850 thousand).

8. Available for sale investments

For the year ended 31 December the Group's financial assets consisted of the following:

	2015	2014
As at 1 January	**111**	**-**
Acquisition of investments	161	111
Sale of investments	(5)	-
As at 31 December	**267**	**111**

9. Intangible assets

As at 31 December the Group's intangible assets consisted of the following:

GROUP	**Software**	**Other intangible assets**	**Total**
Carrying amount			
As at 31 December 2013	**1**	**-**	**1**
- additions	-	141	141
- acquisitions of subsidiaries (note 26)	25	81	106
- disposals	(3)	-	(3)
- amortization	-	(39)	(39)
As at 31 December 2014	**23**	**183**	**206**
- additions	2	-	2
- disposals	(2)	-	(2)
- amortization	(18)	(133)	(151)
As at 31 December 2015	**5**	**50**	**55**
Carrying amount as at 31 December 2013	**1**	**-**	**1**
Carrying amount as at 31 December 2014	**23**	**183**	**206**
Carrying amount as at 31 December 2015	**5**	**50**	**55**

The amortization of intangible assets is included in Operating expenses.

(All amounts are in EUR thousand, unless otherwise stated)

9. Intangible assets (continued)

As at 31 December the Company's intangible assets consisted of the following:

COMPANY	**Software**	**Other intangible assets**	**Total**
Carrying amount			
As at 31 December 2013	**30**	**-**	**30**
- additions/(disposals and write-offs)	14	-	14
- amortization	(21)	-	(21)
As at 31 December 2014	**23**	**-**	**23**
- additions/(disposals and write-offs)	-	-	-
- amortization	(16)	-	(16)
As at 31 December 2015	**7**	**-**	**7**
Carrying amount			
As at 31 December 2013	**30**	**-**	**30**
As at 31 December 2014	**23**	**-**	**23**
As at 31 December 2015	**7**	**-**	**7**

10. Biological assets

For the year ended 31 December the Group's biological assets consisted of the following:

	2015	**2014**
Livestock	6,254	6,362
Perennial plantations	383	368
Total non-current	**6,637**	**6,730**
Crops	3,082	4,846
Mycelium cultivation seedbed	985	1,074
Total current	**4,067**	**5,920**
As at 31 December	**10,704**	**12,650**

The Group's livestock quantity (units) consisted of the following:

	Milk cows	**Heifers**	**Bulls**	**Total**
As at 31 December 2013				
Acquisitions via subsidiaries	3,061	3,106	1,473	**7,640**
Additions	-	60	-	**60**
Increase (birth)	-	1,183	1,314	**2,497**
Transfers between groups	982	(982)	-	**-**
Sales	(672)	(155)	(1,141)	**(1,968)**
Natural mortality	(81)	(107)	(110)	**(298)**
As at 31 December 2014	**3,290**	**3,105**	**1,536**	**7,931**
Additions	-	141	-	**141**
Increase (birth)	-	1,712	1,821	**3,533**
Transfers from other groups	1,271	(1,271)	-	**-**
Sales	(1,018)	(287)	(3,006)	**(4,311)**
Natural mortality	(104)	(106)	(57)	**(267)**
As of 31 December 2015	**3,439**	**3,294**	**294**	**7,027**

(All amounts are in EUR thousand, unless otherwise stated)

10. Biological assets (continued)

The Group's livestock value consisted of the following:

	Milk cows	Heifers	Bulls	Total
As at 31 December 2013				
Acquisitions via subsidiaries	3,221	2,300	665	**6,186**
Increase (birth)	-	70	82	**152**
Makeweight	-	1,495	828	**2,323**
Transfers between groups	1,365	(1,365)	-	**-**
Sales	(698)	(143)	(534)	**(1,375)**
Additions	-	15	-	**15**
Natural mortality	(83)	(21)	(15)	**(119)**
Gain (loss) arising from changes in the fair value of biological assets (note 23)	(469)	(84)	(267)	**(820)**
As at 31 December 2014	**3,336**	**2,267**	**759**	**6,362**
Increase (birth)	-	107	114	**221**
Makeweight	-	2,333	585	**2,918**
Transfers from other groups	1,762	(1,762)	-	**-**
Sales	(1,051)	(331)	(1,213)	**(2,595)**
Additions	-	24	-	**24**
Natural mortality	(107)	(34)	(8)	**(149)**
Gain (loss) arising from changes in biological assets fair value (note 21)	(415)	(1)	(111)	**(527)**
As of 31 December 2015	**3,525**	**2,603**	**126**	**6,254**

The aggregate gain attributable to the growth of livestock and the changes in fair value less costs to sell of livestock amounted to EUR 1,655 thousand in 2015 (2014: EUR 2,612 thousand), comprising of amounts presented under "increase (birth)", "makeweight" and "Gain (loss) arising from changes in biological assets fair value" above. In the amount of "increase (birth)" and "makeweight", the Group has capitalized subsequent expenditures incurred on development of immature livestock; therefore, in the income statement, only the gain/loss from change in the fair value of livestock is presented as a separate line.

The Group produced 24,822 tons of milk in 2015 (2014 April - December: 18,207 tons, 5,851 tons of milk were produced in I quarter of 2014).

The fair value of livestock is attributed to Level 3 in the fair value hierarchy. See note 4 for more details.

The Group's crops* consisted of the following:

2015	**Winter crops**	**Winter rapeseed**	**Summer crops (including feed)**	**Perennial plantations**	**Total**
Total ha planted* (land prepared)	6,239	143	18,373	165	**24,920**
Total expenses incurred	681	43	2,358	383	**3,465**
Average expenses per 1 ha (EUR)	109	300	128	2,321	**137**

2014	**Winter crops**	**Winter rapeseed**	**Summer crops (including feed)**	**Perennial plantations**	**Total**
Total ha planted* (land prepared)	7,681	2,832	16,357	165	**27,035**
Total expenses incurred	2,088	902	1,856	368	**5,214**
Average expenses per 1 ha (EUR)	272	319	113	2,233	**193**

* Excluding land plots in Crimea.

In 2015 the Group's harvest amounted to over 75 thousand tons of grains and rapeseed (2014: 64 thousand tons).

(All amounts are in EUR thousand, unless otherwise stated)

10. Biological assets (continued)

The movement of biological assets (other than livestock) of the Group was the following:

Type of biological assets	Perennial plantations Long-term	Crops Short-term	Mycelium cultivation seedbed Short-term
Balance as at 31 December 2013	**-**	**-**	**1,135**
Acquired balances	135	6,565	-
Sowing and other expenses until harvest	233	13,643	14,678
Harvest of crops/mushrooms	-	(20,208)	(14,739)
Autumn sowing and land preparation for spring	-	4,846	-
Balance as at 31 December 2014	**368**	**4,846**	**1,074**
Sowing and other expenses until harvest	15	15,668	20,099
Harvest of crops/mushrooms	-	(20,514)	(20,188)
Autumn sowing and land preparation for spring	-	3,082	-
Balance as at 31 December 2015	**383**	**3,082**	**985**

The Group produced 10,783 tons of mushrooms in 2015 (2014: 10,718 tons).

The fair value of crops is attributed to Level 3 in the fair value hierarchy. As at 31 December 2015 cost was used as an approximation of the fair value of crops as only little biological transformation has taken place since initial cost incurrence, e.g. within a short time after seeding the crops. The costs comprise fertilizer and chemical expenses, labour costs, machinery depreciation and repairs expenses.

As at 31 December 2015 cost was used as an approximation of the fair value of mycelium cultivation seedbed as only little biological transformation has taken place since initial cost occurrence. The Group "turns over" the seedbed in production process at least 7–8 times a year.

At the point of harvest the Group management determines the prices of crop cultures harvested by examining the market prices of particular crops at the point of harvest, less the costs associated with point of sale. The Group accounts for produced milk and mushrooms at cost, as these items are sold within 1-3 days from production time and the results of production and realization are immediately reflected in the income statement.

11. Inventory

As at December 31 the Group's inventories consisted of the following:

	2015	2014
Finished goods (agricultural produce)	6,426	6,247
Raw materials	3,273	4,579
Total	**9,699**	**10,826**
Less: Write-down to net realizable value of agricultural produce	(843)	(526)
Carrying amount	**8,856**	**10,300**

No inventory balances are pledged as security for loans. Finished goods representing agricultural produce are reported at fair value less cost to sell, which is attributed to Level 2 in the fair value hierarchy. The milk and mushrooms balances are reported at cost. Their values are not significant (around EUR 50 thousand) due to the fact that these produced goods are sold practically immediately after manufacturing.

12. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets of the Group as per balance sheet as at 31 December:	**2015**	**2014**
Non-current trade and other receivables	377	-
Available-for-sale non-current financial assets	267	111
Current trade and other receivables	10,189	7,597
Cash and cash equivalents	4,068	1,054
Total	**14,901**	**8,762**

(All amounts are in EUR thousand, unless otherwise stated)

12. Financial instruments by category (continued)

Financial liabilities of the Group as per balance sheet as at 31 December:	**2015**	**2014**
Borrowings	42,172	38,249
Finance lease liabilities	4,506	4,757
Restructured liabilities	-	4,521
Trade payables	8,473	10,375
Other payables and current liabilities	1,669	362
Total	**56,820**	**58,264**

Financial assets of the Group include all current and non-current receivables and other receivables as per balance sheet of the Group except for advances made and receivable VAT from the State. Non-current financial assets are the shares and interests held in other Lithuanian companies, which shares are not publicly traded. The Group keeps all cash balances with the banks which have Standard&Poors or Fitchratings long-term credit rating of A.

Financial liabilities of the Group include all current and non-current liabilities as per balance sheet of the Group except for advances received, deferred capital grants, payroll related liabilities and deferred tax. All financial liabilities are carried out at amortised cost.

The Group operates in agricultural commodities producing market. There are small number of grain traders and milk refineries operating in Lithuania, so the Group determines concentration risk based on segment of operations. As at 31 December 2015, there was EUR 4,495 thousand receivable for sold mushrooms (2014: EUR 4,376 thousand) of which around EUR 3,943 thousand was recovered during the next three months of 2016. Also, the Group had a receivable of EUR 1,282 thousand for sold grain and milk, which was fully recovered on due time in January 2016.

Financial assets of the Company as per balance sheet as at 31 December:	**2015**	**2014**
Non-current trade and other receivables	-	831
Current trade and other receivables	198	10,028
Cash and cash equivalents	-	4
Total	**198**	**10,863**

Financial liabilities of the Company as per balance sheet as at 31 December:		
Borrowings	12,889	1,845
Restructured liabilities	-	20,400
Trade and other payables	223	234
Total	**13,112**	**22,480**

Financial assets of the Company include all current and non-current receivables and other receivables as per balance sheet of the Company except for advances made and receivable VAT from the State. The Company keeps all cash balances with the banks which have Standard&Poors or Fitchratings long-term credit rating of A.

Financial liabilities of the Company include all current and non-current liabilities as per balance sheet of the Company except for advances received, accruals, and payroll related liabilities.

Credit quality of financial assets

As at 31 December, the Group's financial assets (accounts receivable) had the following structures:

Year 2015	**Not overdue**		**Overdue, but not impaired**		**Impaired**	**Total**
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1–30 days overdue	31–90 days overdue	Overdue 90 days and more	
Total trade accounts receivable, gross	-	3,437	605	1,224	215	5,493
Impairment charge	-	-	-	-	(69)	(69)
Total trade accounts receivable, net	**-**	**3,437**	**605**	**1,224**	**146**	**5,412**
Receivables from NPA	4,638	-	-	-	-	4,638
Receivables from employees	-	8	-	-	-	8
Non-current receivables, gross	-	377	-	-	-	377
Other receivables	-	82	27	22	-	131
Total	**4,638**	**3,904**	**632**	**1,246**	**146**	**10,566**

(All amounts are in EUR thousand, unless otherwise stated)

12. Financial instruments by category (continued)

Year 2014	**Not overdue**		**Overdue, but not impaired**		**Impaired**	**Total**
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1–30 days overdue	31–90 days overdue	Overdue 90 days and more	
Total trade accounts receivable, gross	-	5,494	582	21	602	6,699
Impairment charge	-	-	-	-	(476)	(476)
Total trade accounts receivable, net	**-**	**5,494**	**582**	**21**	**126**	**6,223**
Receivables from NPA	1,128	-	-	-	-	1,128
Receivables from employees	-	5	-	-	-	5
Other receivables	-	139	-	-	102	241
Total	**1,128**	**5,638**	**582**	**21**	**228**	**7,597**

Receivables from the National Payment Agency are the direct subsidies receivable for crops and milk, which are due by 30 April of the following year.

As at 31 December, the Company's financial assets had the following structures:

Year 2015	**Not overdue**		**Overdue, but not impaired**		**Impaired**		**Total**
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1–30 days overdue	31–90 days overdue	Not overdue	Overdue 90 days and more	
Total trade accounts receivable	-	-	-	101	-	-	101
Other current receivables	-	-	-	91	-	-	91
Impairment charge attributable to non-current receivables	-	-	-	6	-	-	6
Total	**-**	**-**	**-**	**198**	-	**-**	**198**

Year 2014	**Not overdue**		**Overdue, but not impaired**		**Impaired**		**Total**
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1–30 days overdue	31–90 days overdue	Not overdue	Overdue 90 days and more	
Total trade accounts receivable	-	10,022	-	-	-	-	10,022
Other current receivables	-	6	-	-	-	-	6
Non-current receivables, gross	-	831	-	-	-	-	831
Total	**-**	**10,859**	**-**	**-**	-	**-**	**10,859**

In 2014 impairment charge attributable to non-current receivables was transferred to impairment of subsidiaries.

(All amounts are in EUR thousand, unless otherwise stated)

13. Trade receivables, advance payments and other receivables

As at December 31 the trade receivables, advance payments and other receivables consisted of the following:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Trade receivables	5,481	6,699	192	10,022
Subsidies and grants receivable from NPA	4,638	1,128	-	-
VAT receivable	270	224	-	-
Advance payments and deferred expenses	955	838	82	74
Accounts receivable from private individuals	8	5	-	1
Other receivables	131	421	6	-
Total	**11,483**	**9,315**	**280**	**10,097**
Less: allowance for doubtful financial assets	(69)	(476)	-	-
Carrying amount	**11,414**	**8,839**	**280**	**10,097**

The significant growth in receivable from NPA is related to start of organic farming – the Group became entitled for additional subsidies.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Trade receivables that are less than 30 days past due are not considered impaired. Impairment charges on amounts receivable are recognized after 90 days past due. As at 31 December 2015 and 2014, some of the trade receivables are past due, for which impairment allowances are recognised.

In the opinion of the Group's management, the carrying amounts of all other trade receivables, advance payments and other receivables approximate their fair values.

The movement of impairment allowance for doubtful receivables consisted of the following:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Carrying amount as at 1 January	**(476)**	**-**	**-**	**-**
Acquisition of subsidiaries	**-**	(281)	-	-
Allowance for doubtful receivables (note 25)	65	(195)	-	-
Write-offs of bad receivables	342	-	-	-
Carrying amount as at 31 December	**(69)**	**(476)**	**-**	**-**

14. Long-term receivables

As at 31 December the long-term receivables of the Group consisted of the following:

	2015	**2014**
Loans issued		
Cooperative entity Grybai Lt	300	-
Other minor long-term receivables	77	-
Total	**377**	**-**

As at 31 December the long-term receivables of the Company consisted of the following:

	2015	**2014**
Loans issued to subsidiaries		
Land management entities	-	1
Agricultural entities	-	830
Total	**-**	**831**

(All amounts are in EUR thousand, unless otherwise stated)

15. Cash and cash equivalents

As at 31 December the Group's cash and cash equivalents consisted of the following:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Cash in banks	3,991	1,025	-	4
Cash on hand	77	29	-	-
Carrying amount	**4,068**	**1,054**	**-**	**4**

16. Share capital

Share capital of the Company

The share capital of separate Agrowill Group AB as at 1 January 2013 and 31 December 2013 was EUR 24,566 thousand. In April 2014, the Company issued 102,595,266 new shares, with EUR 0.29 nominal value each, from which 88,444,014 were paid up by contributing 100 percent of Baltic Champs UAB shares, and the remaining 14,151,252 by contributing 100 percent of eTime Invest UAB shares. The issued shares have been reflected in the financial statements as EUR 25,616 thousand and EUR 4,098 thousand increase in share capital, EUR 15 thousand and EUR 739 thousand share premium accordingly.

The share capital of the company Agrowill Group AB as at 31 December 2014 was EUR 54,279 thousand. The share capital is divided into 187,416,252 ordinary shares. Each issued share has a EUR 0.29 nominal value and fully paid. Each share had usual material and intangible rights as per Law on Companies of the Republic of Lithuania and the Company's statutes. As on 1 January 2015 Lithuania abandoned national currency litas and adopted Eurozone currency the euro, the share capital of the Company was recalculated to the exact figures. An increase of EUR 72 thousand was registered, so as at 31 December 2015 the share capital totalled EUR 54,351 thousand and was divided into 187,416,252 ordinary shares.

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The legal reserve of the Company equalled EUR 579 thousand as at 31 December 2015 and 2014.

Share capital of the Group

The share capital of consolidated Agrowill Group AB as at 31 December 2013 is the share capital of Baltic Champs UAB (accounting acquirer).

In April 2014 the share capital of the Baltic Champs UAB (legal subsidiary – accounting acquirer) was reversed and a legal capital of Agrowill Group AB (legal parent – accounting acquiree) was recognised in full amount at the date of business combination together with contribution of equity by Baltic Champs Group UAB in the form of cash payments. See note 26 for more details.

The adjusted share capital of consolidated Agrowill Group AB is EUR 54,351 thousand and EUR 54,279 thousand as at 31 December 2015 and 31 December 2014 respectively. The share capital is divided into 187,416,252 ordinary shares, which is the number of shares issued by the Company as at 31 December 2015 and 31 December 2014.

17. Deferred grant income

For the year ended as at 31 December the movement of deferred grant income and subsidies of the Group consisted of the following (only related to assets):

	2015	**2014**
Carrying amount as at 1 January	3,824	**-**
Deferred grants, subsidies received	1,137	298
Acquisition of subsidiaries (note 26)	-	3,910
Release of deferred grants related to property, plant and equipment to income	(446)	(384)
Carrying amount as at 31 December	**4,515**	**3,824**

(All amounts are in EUR thousand, unless otherwise stated)

18. Borrowings

As at 31 December the Group's long-term borrowings consisted of the following:

	2015	2014
Borrowings from banks		
Mushroom growing companies	9,917	11,945
Land management entities	11,428	9,663
Agricultural entities	9,399	8,848
Agricultural cooperatives	994	212
Long-term payment to 3rd parties		
Long-term payable to the State for land purchased	1,851	1,979
Long-term payable to creditors	2,506	6,286
Total	**36,095**	**38,933**
Less: amounts payable within one year (according to agreements)	(9,894)	(4,610)
Less: amounts of borrowings with breached covenants	(7,397)	(9,968)
Total current portion of long-term borrowings	**17,291**	**14,578**
Less: amounts under approved restructuring plans (note 19)	-	(3,001)
Total long-term borrowings	**18,804**	**21,354**

As at 31 December 2015 and 2014, some of the companies of the Group DSCR covenants of certain loan agreements were breached, the total amount of such loans was equal to EUR 7,626 thousand as at 31 December 2015 (31 December 2014: EUR 11,945 thousand). On 29 April 2015 the Group received a formal waiver for loans of EUR 7,397 thousand where the bank confirmed that it was aware that certain covenants were breached and, appreciating the long-term cooperation, by the date 31 December 2014 had decided not to apply contractual penalties for non-compliance with the covenants stated in loan agreements and informed the Group about its decision. Another formal waiver was received on 26 April 2016 where the banks confirmed that financial covenants for the new loan of EUR 9,968 thousand will be required to be met starting from the beginning of 2016. Due to the fact that waivers were not received before the year end, the Group classified EUR 7,397 thousand and EUR 9,968 thousand of long-term borrowings as short-term borrowings as at 31 December 2015 and 2014 respectively.

The Group owes payable amount to the State amounting to EUR 1,851 thousand for land acquisition made by the Group in 2008–2015. The payable amount to the State is over 15-year period.

The Group signed two interest rate swap derivatives in 2014 to fix interest rates for the loans amounting to EUR 6,883 thousand. The transactions were accounted for at negative fair value of EUR 192 thousand and this amount was added to the long-term borrowings as at 31 December 2015. Interest rate swaps are valid until March 2019.

Average interest rate for borrowings from banks amounted to 3.37% in 2015 (in 2014 – 3.42%), for other financial borrowings – 5.17% (in 2014 – 5.29%).

All loans taken by the Group are secured either by PPE (note 5), or with investment property (note 6). Loans taken by agricultural entities have their livestock (note 10) pledged as collateral.

The long-term borrowings and payables are repayable as follows:	2015	2014
Within second year	3,412	8,484
Within third and fourth year	11,183	7,145
After fifth year and later	4,209	5,725
Total	**18,804**	**21,354**

As at 31 December the Group's short-term borrowings were the following:

	2015	2014
Borrowings from banks		
Mushroom growing companies	2,317	2,317
Agricultural entities	770	-
Parent Company	2,990	-
Bonds issued by the Company, original maturity in 2009	-	*1,520*
Total	**6,077**	**3,837**
Less: amounts under approved restructuring plans (note 19)	-	(1,520)
Total short-term borrowings	**6,077**	**2,317**

(All amounts are in EUR thousand, unless otherwise stated)

18. Borrowings (continued)

Short-term loans from banks include EUR 6,077 thousand overdraft facilities.

As at 31 December the Company's long-term borrowings consisted of the following:

	2015	2014
Borrowings from subsidiaries		
Land management entities	8,177	11,452
Agricultural entities	-	6,179
Payable to creditor	1,722	1,652
Trade companies and SPV's	-	1
Total	**9,899**	**19,284**
Less: amounts under approved restructuring plans (note 19)	-	(17,439)
Less: amounts payable within one year (according to agreements)	(1,722)	(330)
Total long-term borrowings	**8,177**	**1,515**

The long-term borrowings and payables are repayable as follows:

	2015	2014
Within second year	-	1,322
Within third and fourth year	8,177	193
After fifth year and later	-	-
Total	**8,177**	**1,515**

As at 31 December the Company's short-term borrowings were the following:	2015	2014
Bonds issued by the Company, original maturity in 2009	-	1,753
Loans from banks	2,990	-
Total	**2,990**	**1,753**
Less: amounts under approved restructuring plans (note 19)	-	(1,753)
Total short-term borrowings	**2,990**	**-**

Certain shares of subsidiaries of the Company were pledged to the bond holders as collateral to secure the loans payable as at 31 December 2014. The pledged shares include shares of all agricultural entities except for UAB Grūduva and all land management entities. As at 31 December 2015, no shares of subsidiaries were pledged for loans.

19. Restructured liabilities

The Group

In 2009, the Group initiated 15 restructuring processes – 14 for subsidiary agricultural entities and for the Company. In 2010, the first restructuring plans were approved, in 2011 – all remaining ones, and the creditors agreed to be paid back the overdue amounts in the following schedule: 1st year and 2nd year – 0%, 3rd year – 15% and 4th year – 85% (see note 1 for details). In 2015 all of the restructured liabilities were repaid, and at the beginning of 2016, almost all cases were closed in courts (see note 32).

The restructured liabilities as at 31 December consist of the following:

	2015	2014
Long-term borrowings (note 18)	-	3,001
Short-term financial liabilities (note 18)	-	1,520
Total restructured liabilities	**-**	**4,521**

The restructured liabilities are repayable as follows:

	2015	2014
Within first year	-	4,521
Within second year	-	-
After third and fourth year	-	-
Total	**-**	**4,521**

(All amounts are in EUR thousand, unless otherwise stated)

19. Restructured liabilities (continued)

The Company

In 2009, the management of the Company initiated restructuring processes. In 2011, the restructuring plan of the Company was approved, and the creditors agreed to be paid back the overdue amounts in the following schedule: year 2012 – 0%, year 2013 – 0%, year 2014 – 15% and year 2015 – 85% (see note 1 for details). In 2015 all of the restructured liabilities were repaid.

The restructured liabilities as at 31 December consist of the following:

	2015	**2014**
Long-term borrowings (note 18)	-	17,439
Short-term financial liabilities (note 18)	-	1,753
Trade and other payables	-	1,208
Total before debt extinguishment	**-**	**20,400**
Less: gain from debt extinguishment from amounts owed to related parties	-	(4,468)
Less: gain from debt extinguishment from amounts owed to 3rd parties	-	(1,232)
Add: interest expense	-	5,700
Total restructured liabilities	**-**	**20,400**
Including:		
Total restructured liabilities owed to related parties	-	17,439
Total restructured liabilities owed to 3rd parties	-	2,961
	-	**20,400**

The restructured liabilities are repayable as follows:

	2015	**2014**
Within first year	-	20,400
Within second year	-	-
After third and fourth year	-	-
Total	**-**	**20,400**

On 7–9 April 2015, the Company paid out final restructuring amounts owed to external creditors.

20. Obligations under finance lease

As at 31 December the Group's minimum lease payments consisted of the following:

	2015		**2014**	
	Minimum lease payments	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Amount payable within one year	2,140	1,991	1,750	1,586
In the second to fifth years inclusive	2,621	2,515	3,364	3,171
Minimum lease payments	**4,761**	**4,506**	**5,114**	**4,757**
Less: future finance charges	(255)		(357)	
Present value of minimum lease payments	**4,506**	**4,506**	**4,757**	**4,757**

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (note 5). The fair value of the Group's obligations under finance leases approximates their carrying amount.

(All amounts are in EUR thousand, unless otherwise stated)

21. Income tax

Income tax charge in the income statement for the Group is calculated as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Current income tax for the year	216	605	-	-
Deferred tax (credit) debit	353	(824)	-	209
Total income tax charge	**569**	**(219)**	**-**	**209**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP			
	2015		2014	
Profit (loss) before tax, non-agricultural companies	-	1,914	-	7,799
Profit (loss) before tax, agricultural companies	-	4,214	-	2,116
Tax calculated at a tax rate of 15%	15.00%	287	15.00%	1,170
Tax calculated at a tax rate of 5%	5.00%	211	5.00%	106
Total theoretical tax		**498**		**1,276**
Non-taxable income, non-agricultural companies	(0.47%)	(9)	(19.39%)	(1,512)
Non-taxable income, agricultural companies	(9.14%)	(385)	(8.79%)	(186)
Non-deductible expenses, non-agricultural companies	3.08%	59	1.27%	99
Non-deductible expenses, agricultural companies	1.12%	47	6.66%	141
Gain from previously unrecognised tax losses, non-agricultural companies	-	-	(3.85%)	(300)
Gain from previously unrecognised tax losses, agricultural companies	-	-	(5.25%)	(111)
Current-year losses for which no deferred tax asset is recognised, non-agricultural companies	18.76%	359	2.12%	165
Changes in estimates related to prior years, non-agricultural companies	-	-	2.68%	209
Total income tax charge, non-agricultural companies	**(36.37%)**	**696**	**(2.17%)**	**(169)**
Income tax charge, agricultural companies	**(3.02%)**	**(127)**	**(2.37%)**	**(50)**
Total income tax charge	**-**	**569**	**-**	**(219)**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	COMPANY			
	2015		2014	
Profit (loss) before tax	-	(1,736)	-	611
Tax calculated at a tax rate of 15%	15.00%	(260)	15.00%	92
Total theoretical tax		**(260)**		**92**
Non-taxable income	-	-	(243.86%)	(1,490)
Non-deductible expenses	2.53%	44	206.71%	1,263
Current-year losses for which no deferred tax asset is recognised	12.44%	216	22.09%	135
Changes in estimates related to prior years	-	-	34.21%	209
Total income tax charge	**0.00%**	**-**	**34.21%**	**209**

(All amounts are in EUR thousand, unless otherwise stated)

21. Income tax (continued)

Profit for 2015 and 2014 is taxable at a rate of 5% for agricultural companies and at a rate of 15% for non-agricultural companies of the Group, in accordance with Lithuanian regulatory legislation on taxation. In order to apply a reduced tax rate of 5%, the share of a company's agricultural sales should be at least 50% of the total company's sales.

Deferred tax

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Assets (Liability) as at 1 January	(1,433)	-	-	209
Acquisition of subsidiaries (note 26)	-	(2,257)	-	-
Income statement charge (credit)	(353)	824	-	(209)
Revaluation reserve charge	(779)	-	-	-
Assets (Liability) as at 31 December	**(2,565)**	**(1,433)**	**-**	**-**

As at 31 December 2015 and 2014 deferred income tax was calculated using 15% income tax rate, except for tax provisions applicable to agricultural entities.

Deferred tax asset	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Tax loss carried forward	255	147	-	-
Deferred tax asset	**255**	**147**	**-**	**-**

Deferred tax liability	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Revaluation of investment property	1,102	841	-	-
Revaluation of PPE	1,718	739	-	-
Deferred tax liability	**2,820**	**1,580**	**-**	**-**

Deferred tax asset in 2015 and 2014 is created on tax losses carried forward of all Group's entities except for Parent company and Agrowill Investment 1 UAB.

In the Management's opinion, the whole amount of the Group's deferred tax asset will be recovered after more than 12 months from the date of these financial statements as future taxable profit will be available against which the Group can use the benefits therefrom.

The amount of unused tax losses carried forward for the Group and the Company is as follows:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Total tax loss carried forward	21,196	20,648	5,192	3,961
Less: deferred tax asset created from tax loss carried forward	(14,646)	(16,687)	-	-
Total tax loss carried forward for which no deferred tax asset created	**6,550**	**3,961**	**5,192**	**3,961**

According to the amendment of the Law on Corporate Income Tax of the Republic of Lithuania, ordinary tax losses can be carried forward indefinitely. As of 1 January 2011, according to the new amendments to the Law on Corporate Income Tax, the companies belonging to a holding structure can offset taxable profit with other holding companies' tax losses carried forward. Starting from 1 January 2014, ordinary tax losses carried forward can only be set off against up to 70% of the calculated taxable profits of the taxable period.

22. Other payables and current liabilities

As at 31 December the other payables and current liabilities consisted of the following:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Payroll related liabilities	1,079	944	105	60
Vacation reserve	670	487	84	63
Advances received	246	558	-	24
Taxes payable	697	405	-	-
Deferred revenue	99	170	-	-
Other payables	859	657	-	16
Total	**3,650**	**3,221**	**189**	**163**

Other payables include payables for land rent to organizations and private individuals. As at 31 December 2015 such payables amounted to EUR 840 thousand (EUR 657 thousand as at 31 December 2014).

(All amounts are in EUR thousand, unless otherwise stated)

23. Segment information

Income statement 2015	**Total**	**Total reportable segments**	**Stock-breeding: Milk**	**Stock-breeding: Cattle meat**	**Total stock-breeding**	**Crop-growing: Wheat**	**Crop-growing: Rapeseed**	**Crop-growing: Other crops**	**Total crop growing**	**Mushroom growing**	**Other segments**
		Reportable segments									
Sales	**62,094**	**50,164**	6,379	3,264	**9,643**	10,836	3,236	3,659	**17,732**	**22,790**	**11,930**
Total cost of sales	**(57,193)**	**(47,185)**	(7,090)	(4,388)	**(11,478)**	(9,198)	(2,157)	(4,163)	**(15,518)**	**(20,189)**	**(10,008)**
Gross profit as reported to the management of the Group (a)	**4,901**	**2,979**	(711)	(1,124)	**(1,835)**	1,638	1,079	(504)	**2,213**	**2,601**	**1,922**
Intergroup eliminations											
Intergroup sales	**14,669**	**3,947**	-	1,598	**1,598**	-	327	1,877	**2,204**	**145**	**10,722**
Intergroup cost of sales	**(13,082)**	**(4,201)**	-	(1,690)	**(1,690)**	-	(286)	(2,226)	**(2,511)**	**-**	**(8,881)**
Eliminations, net (b)	**1,587**	**(254)**	-	(91)	**(91)**	-	41	(349)	**(308)**	**145**	**1,841**
Total revenues from external customers	**47,425**	**46,217**	6,379	1,665	**8,044**	10,836	2,909	1,783	**15,528**	**22,645**	**1,208**
Direct subsidies (c)	**7,615**	**7,578**	915	245	**1,160**	-	-	6,418	**6,418**	**-**	**37**
Gain on changes in biological assets fair value (d)	**(527)**	**(527)**	-	(527)	**(527)**	-	-	-	**-**	**-**	**-**
Gross profit ((a)-(b)+(c)+(d))	**10,401**	**10,283**			**(1,112)**				**8,939**	**2,456**	**118**
Depreciation included in cost of sales	**4,972**	**4,582**	**792**	**463**	**1,255**	**1,320**	**141**	**308**	**1,769**	**1,557**	**390**

'Other segments' include accounting and management services provided by the Company to subsidiaries, also land rent income (both inside and outside the Group). 'Stock-breading' includes milk processing and cattle raising, whereas 'Crop-growing' includes growing of wheat, barley, rapeseed, triticale, maize as well as other several agricultures.

The main intersegment transactions are the following:

a) The crop growing segment prepares feed for cows (corn silage, hay, haylage) and sells to cattle growing segment
b) Other segments produce combined feed for cows and sells to cattle growing segment
c) Other segments supply the crop growing segment with fertilizer and chemicals and buys grain and rapeseed as the mean of payment.

In 2015, 12.2 per cent of total revenues were received from ICA Sverige AB (mushrooms buyer), and 8.5 per cent of total revenues were received from Baltic Agro AB. In 2014, 12.7 per cent of total revenues were received from ICA Sverige AB and 12.1 per cent – from Linas Agro AB. Other buyers in both years do not exceed 7 per cent of total revenues mark.

As of 1 June 2004 the Group companies are entitled to subsidies for agricultural land used in operations according to the European Commission directive „Regarding European agriculture direction and guarantee fund support to rural regions". Plantation declaration must be submitted by 15 June, and subsidies for the year are paid until 30 April of next year. These subsidies reduce the cost of sales of plant-growing operations. The latest program approving the direct subsidies up to 2020 (including) was approved by Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 in which were established rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009.

(All amounts are in EUR thousand, unless otherwise stated)

23. Segment information (continued)

Various national level subsidies (for milk production, for cattle breeding, and others) are approved each year in line with the EU Commission Regulation. As the Group started organic production, it applied for organic subsidies according to Minister of Agricultural order no 3D-286 issued on 20 April 2015 regarding the Lithuanian agricultural policy for 2014-2020 branch "Organic agriculture" rules. The Group will be receiving organic direct subsidies for at least 5 years. Organic subsidies are applied for during the same crops declarations until 15 June each year (additionally checking the organic box), and the subsidies are being paid out until 30 June the following year.

In 2015, the amounts of subsidies were the following:

Direct EU subsidies for organic production	around 170 EUR/ Ha	applicable to all operated land plots by the Group (23.5 thousand Ha)
Direct EU subsidies for organic operations	44.89 EUR / Ha	applicable to all operated land plots by the Group (23.5 thousand Ha)
Direct EU subsidies payable for each declared Ha	55.66 EUR / Ha	applicable to all operated land plots by the Group (23.5 thousand Ha)
Direct EU subsidies for operating on lower fertility land	46.61 EUR / Ha	applicable to around 2,000 Ha operated by the Group
Direct EU subsidies for protein cultures (peas / beans)	83.47 EUR / Ha	applicable to around 2,300 Ha operated by the Group
Direct EU subsidies for sold milk during year	38.12 EUR / t	applicable to all milk sold during the year (around 25 thousand tonnes)
Direct EU subsidies for each sold cow / bull	76.79 EUR / head	applicable to around 4,000 heads of the Group's sold animals

Income statement			**Reportable segments**								
			Stock-breeding			**Crop-growing**					
2014	**Total**	**Total reportable segments**	**Milk**	**Cattle meat**	**Total stock-breeding**	**Wheat**	**Rapeseed**	**Other crops**	**Total crop growing**	**Mushroom growing**	**Other segments**
Sales	**64,363**	**44,219**	5,796	1,711	7,507	8,421	4,311	2,547	**15,279**	21,434	20,143
Total cost of sales	**(55,781)**	**(40,322)**	(4,141)	(2,324)	(6,465)	(7,506)	(4,485)	(3,035)	**(14,400)**	(18,831)	(15,459)
Gross profit as reported to the management of the Group (a)	**8,582**	**3,898**	1,655	(613)	1,042	916	(174)	(488)	253	2,603	4,684
Intergroup eliminations											
Intergroup sales	**22,413**	**3,240**	-	919	919	366	827	1,128	**2,321**	-	19,173
Intergroup cost of sales	**(18,612)**	**(4,002)**	-	(972)	(972)	(671)	(905)	(1,454)	**(3,030)**	-	(14,610)
Eliminations, net (b)	**3,801**	**(762)**	-	(53)	**(53)**	(305)	(78)	(327)	**(709)**	**-**	**4,563**
Total revenues from external customers	**41,950**	**40,979**	5,796	792	**6,587**	8,055	3,484	1,419	**12,958**	**21,434**	**971**
Direct subsidies (c)	**3,614**	**3,614**	589	67	**656**	-	-	2,958	**2,958**	**-**	**-**
Gain on changes in biological assets fair value (d)	**(820)**	**(820)**	-	(820)	**(820)**	-	-	-	**-**	**-**	**-**
Gross profit ((a)-(b)+(c)+(d))	**7,575**	**7,454**			**931**				**3,920**	**2,603**	**121**
Depreciation included in cost of sales	**3,735**	**3,512**	**615**	**269**	**884**	**769**	**224**	**151**	**1,144**	**1,484**	**223**

(All amounts are in EUR thousand, unless otherwise stated)

23. Segment information (continued)

The Company's sales breakdown by type was the following:

	2015	2014
Business consultations	333	289
Financial accounting services	260	224
Other revenues	3	25
Total	**596**	**538**

24. Cost of sales by nature

As at 31 December the Group's cost of sales breakdown by type of expenses was the following:

	2015	2014
Services from contractors	5,387	5,828
Payroll expenses	5,340	4,555
Property, plant and equipment depreciation	4,972	3,735
Raw materials	4,544	5,011
Fertilizer	3,540	2,887
Packaging	2,739	1,563
Feed for animals	2,421	1,644
Spare parts and inventory	2,056	644
Land rent	1,725	1,338
Social security expenses	1,655	1,412
Fuel costs	1,383	1,272
Chemicals	1,284	1,006
Electricity	1,225	1,238
Seed	995	917
Write-down to net realizable value of agricultural produce	843	526
Write-downs of inventory	666	255
Medicine	298	154
Other expenses	3,039	3,184
Less: direct subsidies from State	(7,615)	(3,614)
Total	**36,497**	**33,555**

25. General and administrative expenses

As at 31 December the expenses consisted of the following:

	GROUP		COMPANY	
	2015	2014	2015	2014
Payroll expenses	1,968	1,896	726	572
Depreciation of property, plant and equipment	785	491	22	18
Selling expenses	767	349	1	16
Social security expenses	610	582	216	177
Insurance and tax expense	414	215	48	60
Impairment of PPE	264	-	-	-
Consultations and business plan preparations	243	752	25	389
Rent and utilities	223	117	88	54
Fuel costs	154	138	41	35
Real estate registration and notaries	93	103	8	6
Impairment of accounts receivable (note 13)	65	195	-	-
Transportation costs	58	45	-	-
Fines and late payments	40	47	-	14
Loss on sale of PPE	-	6	-	-
Other expenses	385	603	535	151
Total	**6,069**	**5,539**	**1,710**	**1,492**

Expense for the Group's defined contribution plans amounts to EUR 2,265 thousand in 2015 (2014: EUR 1,994 thousand) and is accounted for in cost of sales and operating expenses. Defined contribution plan payments consist of payments to the State social security fund only, with the amount calculated equalling 31 per cent from the gross salary expense of all employees.

(All amounts are in EUR thousand, unless otherwise stated)

26. Increase in shareholding, acquisitions and disposals of subsidiaries

During March-April of the year 2014 the Company issued new capital for acquisition of Baltic Champs UAB and eTime invest UAB, and acquired two agricultural subsidiaries for cash. Based on the requirements outlined in International Financial Reporting Standard 3 "Business Combinations" (IFRS 3), the acquisition of Baltic Champs UAB is treated and accounted for as a reverse acquisition, while other acquisitions are treated and accounted for as regular business combinations, which have taken place before reverse acquisition.

The business combination of Agrowill Group AB and Baltic Champs UAB is a reverse acquisition, as former shareholders of Baltic Champs UAB obtained control of more than 50% of Agrowill Group AB shares and received the majority of seats in the Board. For accounting purposes, the legal buyer Agrowill Group AB is treated as an accounting acquiree, while legal acquiree Baltic Champs UAB is treated as an accounting acquirer. Shares of Agrowill Group AB were acquired by Baltic Champs Group UAB in three tranches – by share capital increase of Agrowill Group AB (shares issued for acquisition purposes), by share acquisition from Vretola Holdings Limited (cash paid upon acquisition acquired I), and by shares acquisition in mandatory non-competitive offer (cash paid upon acquisition acquired II) in April – June 2014.

For the purpose of this business combination, certain accounting estimates were used as discussed in more detail in note 4. As the whole reverse acquisition agreement was signed in late February and transaction closed in April, 31 March 2014 was chosen as the transaction date, as most reliable and exact financial data was available for that date.

Business combinations	**Agrowill Group AB** **Fair value of the Group as at 31 March 2014 after above-mentioned acquisitions before reverse acquisition transaction**
Non-current assets	
PPE (note 5)	50,345
Investment property (note 6)	15,301
Intangible assets (note 9)	105
Deferred tax asset (note 20)	93
Other non-current assets	5
Biological assets (note 10)	6,322
Current assets	
Biological assets (note 10)	6,565
Trade receivables and other current assets	4,735
Inventory	6,304
Cash and cash equivalents	1,211
Long term liabilities	
Grants (note 17)	(3,910)
Financial liabilities	(35,024)
Deferred tax liability (note 20)	(2,350)
Short term liabilities	
Other financial liabilities	(4,203)
Trade payables and other current liabilities	(10,387)
Non-controlling interests	(366)
Net assets at acquisition date	**34,746**
Acquired share capital, %	53.01
*Value of shares issued for acquisition purposes	22,724
Cash paid upon acquisition acquired (I)	1,629
Cash paid upon acquisition acquired (II)	1,527
Total purchase consideration	**25,880**
Total (negative) goodwill	**(8,866)**

* After the reverse acquisition transaction, Baltic Champs Group UAB controlled 53.01 percent of Agrowill Group AB shares, while the remaining 46.99 percent are owned by other shareholders of Agrowill Group AB. When estimating the fair value of the consideration transferred in this reverse acquisition transaction, the theoretical value of the shares issue has been estimated, which represents the shares which should be issued by Baltic Champs UAB in exchange for Agrowill Group AB shares, so that other shareholders after this share exchange would still control 46.99 percent of Agrowill Group AB shares (as per IFRS 3). The theoretical value of the shares has been calculated by multiplying the fair value of Baltic Champs UAB shares, which comprises EUR 25,631 thousand, by 46.994% and dividing it by 53.006%. The resulting amount of EUR 22,724 thousand, together with other purchases of Agrowill Group AB shares (I and II) comprises EUR 25,880 thousand, which is the fair value of the consideration transferred in this reverse acquisition transaction. The difference between this consideration and the net assets of Agrowill Group AB as at 31 March 2014 represents the negative goodwill arising from this reverse acquisition. The transaction generated a significant amount of negative goodwill as the ongoing Agrowill Group AB restructuring status was one of the key drivers in determining the issue price of new share issue.

(All amounts are in EUR thousand, unless otherwise stated)

26. Increase in shareholding and disposal of subsidiaries (continued)

The fair value of Baltic Champs UAB shares was determined based on an independent valuer report, as required by the laws of Lithuania when share capital increase is not paid up in monetary items, but rather contributed by PPE or other items. The independent valuer OBER-HAUS nekilnojamas turtas UAB determined that the value of shares of Baltic Champs UAB was EUR 25,631 thousand. The discounted revenues and comparative prices methods were used to determine the fair value of shares of Baltic Champs UAB. The forecasted EBITDA was used as a main cash flow source, while pre-tax discount rate of 11.3 per cent was applied, growth to perpetuity: 2 per cent. The appropriate figures of additional working capital needs and annual investments covering annual depreciation were also taken into account while calculating the forecasted free cash flows of Baltic Champs UAB. This share issue, together with contributions paid by the new Agrowill Group AB shareholder make up total purchase consideration.

Had the acquisitions occurred on 1 January 2014, the combined Group's annual revenues in 2014 would have been higher by EUR 3,743 thousand and would have amounted to EUR 45,693 thousand, while the result would have been by EUR 2,278 thousand lower and amounted to EUR 8,026 thousand.

In April 2014, the Company sold all owned 13 land management entities, and 1 agricultural entity (Agrowill Nausodė ŽŪB) to other Group entities. The cost in the balance sheet associated with these two companies written off amounted to EUR 693 thousand, while the price received for shares amounted to EUR 9,885 thousand. The total gain from these transactions amounted to EUR 9,192 thousand. As transactions were intercompany, its result is eliminated in the consolidated financial statements.

27. Other income

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Gain on sale of investment property	174	1,150	-	-
Gain on write-down of liabilities	10	174	4	-
Interest and fines income	50	31	1	133
Gain on sale of subsidiaries (note 26)	-	-	-	9,192
Other income	224	231	47	51
Total	**458**	**1,586**	**52**	**9,376**

In 2015, the Group sold around 600 ha (2014: around 2,600 ha) of land to different farmers and agricultural entities. The Group received proceeds of EUR 1,896 thousand (2014: EUR 7,556 thousand) and reported a profit of EUR 174 (2014: EUR 1,150 thousand) thousand from such transactions.

As disclosed in note 26 above, the Company sold 14 subsidiary companies in 2014 to other Group entities. Due to these transactions a gain of EUR 9,192 thousand occurred.

28. Finance cost

For the year ended as at 31 December finance cost consisted of the following:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Bank interest expenses	1,303	1,015	9	-
Leasing and other financial expenses	373	175	-	-
Other borrowings interest expenses	193	301	41	30
Negative currency fluctuation effect	(22)	573	73	-
Restructured liabilities interest expenses	-	249	-	1,298
Fair value change of derivatives	(27)	219	-	-
Impairment of investments	-	-	314	6,384
Borrowings from subsidiaries interest expenses	-	-	135	55
Other financial expenses	181	41	89	35
Total	**2,001**	**2,573**	**661**	**7,802**

The Group in 2014 acquired two entities in Crimea. Due to volatile geopolitical situation there and tensions, the exchange rates of Ukrainian Hryvnia and Russian Rouble (the subsidiary there, as of 31 March 2014 had to conduct all accounting in the functional currency of the Russian Federation) deteriorated by around 50% year on year. Due to this, the Group experienced a negative currency fluctuation effect of EUR 573 thousand in year 2014. In 2015, as the currency rate had stabilised and most of the cost written-off, the Group did not suffer significant fluctuations due to currency rate fluctuations.

As at 31 December 2015, the Company made impairment tests regarding investments in subsidiaries. After detailed tests and political environment evaluations, an impairment loss of EUR 314 thousand (2014: EUR 6,384 thousand) was accounted.

(All amounts are in EUR thousand, unless otherwise stated)

29. Basic and diluted earnings per share

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Net profit (loss) attributable to equity holders of the Company	5,618	10,120	(1,736)	402
Weighted average number of shares	187,416,252	167,892,961	187,416,252	167,178,282
Earnings per share (EUR)	**0.03**	**0.06**	**(0.01)**	**0.00**

The Company had no dilutive options outstanding during 2015 and 2014 or as at 31 December 2015 and 2014.

Weighted average number of shares of the Company for 2014 is calculated as follows:

	Weighted number of shares
Share capital of 84,820,986 shares for 72 days	84,820,986
Share capital of 187,416,252 shares for 293 days	187,416,252
Weighted number of shares for 2014	**167,178,282**

In calculating the weighted average number of ordinary shares for the Group outstanding for the year 2014 during the period in which the reverse acquisition occurs:

a) the number of ordinary shares outstanding from the beginning of that period to the acquisition date shall be computed on the basis of the weighted average number of ordinary shares of the legal acquiree (accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the reverse acquisition agreement; and
b) the number of ordinary shares outstanding from the acquisition date to the end of that period shall be the actual number of ordinary shares of the legal acquirer (the accounting acquiree) outstanding during that period.

The number of ordinary shares outstanding from the beginning of that period to the acquisition date is calculated as follows:

	Weighted number of shares
Weighted average number of ordinary shares of Baltic Champs UAB for 72 days	629,010
Exchange ratio established in the acquisition agreement: 88,444,014 shares of the Company for 629,010 shares of Baltic Champs UAB	140.6083
Number of shares for 72 days	**88,444,014**

Weighted average number of shares of the Group for 2014 is calculated as follows:

	Weighted number of shares
Share capital of 88,444,014 shares for 72 days	88,444,014
Share capital of 187,416,252 shares for 293 days	187,416,252
Weighted number of shares for 2014	**167,892,961**

30. Related party transactions

Over the year ended 31 December 2015 the average number of Senior Management was 7 people. Senior management includes Board of Directors, and General Director of the Company.

i) Payments to Board Members and Senior Management

In 2015, salaries and other payments to the Board Members and Senior Management of the Company amounted to EUR 292 thousand (2014: EUR 294 thousand).

(ii) Other transactions with related parties

All the shareholders of Agrowill Group AB (note 1), owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, are considered to be related parties. Trading transactions with related parties were carried out on commercial terms and conditions and market prices.

(All amounts are in EUR thousand, unless otherwise stated)

30. Related party transactions (continued)

Transactions with related parties are as follows:

	2015				
	Accounts receivable	**Borrowings**	**Accounts payable**	**Purchases**	**Sales**
Parties related to ultimate shareholder Kęstutis Juščius					
Farmer Kęstutis Juščius	-	1,873	70	1	101
Šampinjonid, OU	105	-	-	-	656
Champs Polska, Sp.z.o.o	117	-	-	79	70
Baltic Champs Group, UAB	-	633	356	32	67
Parties related to board member Linas Strėlis					
Vilkyškių pieninė AB	284	-	-	9	5,426
Parties related to board member Marius Žutautas					
ŽIA valda, AB	-	-	-	58	-
Avia Solutions Group, AB	-	-	-	14	-
Total	**506**	**2,506**	**426**	**193**	**6,320**

	2014				
	Accounts receivable	**Borrowings**	**Accounts payable**	**Purchases**	**Sales**
Parties related to ultimate shareholder Kęstutis Juščius					
Pašiaušės dirva UAB	-	-	147	-	-
Ramučių dirva UAB	28	-	-	-	-
Paladis UAB	108	-	-	40	34
Baltic Champs Group UAB	19	-	-	30	16
Farmer Kęstutis Juščius	139	1,832	13	1	305
Champs Polska Sp.z.o.o.	126	-	-	141	773
Nacionalnaja grybnaja kompanija Kashira OOO	236	-	-	-	836
Šampinjonid OU	76	-	-	-	658
Parties related to Board Member Marius Žutautas					
ŽIA valda UAB	13	-	3	166	332
Avia Solutions Group AB	-	-	3	11	-
Parties related to Board Member Linas Strėlis					
Vilkyškių pieninė AB	337	-	-	4	4,743
Parties related to Board Member Saulius Jurgelėnas					
Verslo DNR MB	-	-	19	44	-
Total	**1,082**	**1,832**	**185**	**437**	**7,697**

The Company's balances and transactions with the Group companies are as follows:

	2015					
	Borrowings provided (gross)	**Accounts receivable and advances**	**Borrowings**	**Accounts payable**	**Purchases**	**Sales and interest income**
Subsidiaries						
Agricultural entities	-	91	-	-	1	595
Land management companies	-	-	8,177	85	133	1
Trade companies	-	-	-	-	1	-
SPV's	-	-	-	-	-	-
Other related parties	-	-	-	33	138	-
Kęstutis Juščius	-	-	1,722	-	-	-
Total	**-**	**91**	**9,899**	**118**	**273**	**596**

(All amounts are in EUR thousand, unless otherwise stated)

30. Related party transactions (continued)

	2014					
	Borrowings provided (gross)	**Accounts receivable and advances**	**Borrowings**	**Accounts payable**	**Purchases**	**Sales and interest income**
Subsidiaries						
Agricultural entities	830	49	6,007	80	56	538
Land management companies	-	-	11,587	55	1	11
Trade companies	-	54	37	10	133	87
SPV's	1	9,900	1	4	2	9,920
Other related parties	-	10	-	19	149	-
Kęstutis Juščius	-	-	1,652	-	-	-
Total	**831**	**10,013**	**19,284**	**168**	**341**	**10,556**

31. Commitments and contingencies

The Group leases agricultural land, some passenger cars, and premises under operating lease agreements. The total amount of such expenses included in the income statement for the year ended 31 December 2015 equals to EUR 1,965 thousand. These contracts are with an average term of 3–5 years. All contracts are registered in the State Registrar, so the lessor cannot terminate them before the original term expires. The Group can cancel the contracts with 1-year prior notice. The first hand right to buy the leased land belongs to the Group; however, if the Group does not wish to acquire the land, the rent contract stays valid until the original term expires.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015	**2014**
Not later than 1 year	2,150	1,580
Later than 1 year, but not later than 5 years	4,270	4,612
After 5 years	967	1,414
Total future lease payments	**7,387**	**7,606**

The Group leases out agricultural land to third parties. Total amount of such revenues included in the income statement for the year ended 31 December 2015 equals to EUR 250 thousand. The future aggregate minimum lease receivables under non-cancellable agreements:

	2015	**2014**
Not later than 1 year	60	257
Later than 1 year, but not later than 5 years	-	670
After 5 years	-	342
Total future lease receivables	**60**	**1,269**

The Group and the Company are participating in the Restructuring cases for 10 agricultural subsidiaries and the Company, most of which ended within 4 months after 31 December 2015 (note 32). There are no other ongoing or pending legal cases, except for the litigation with the Bank of Lithuania, which might result in possible additional significant losses for the Group.

The Group has issued guarantees to Swedbank, AB for the loans taken by cooperative entity Grybai Lt. The amount outstanding of these loans as at 31 December 2015 was EUR 2,847 thousand.

The Company has issued guarantees to Snoras BAB bank for the loans taken by the subsidiary entities (land management entities). The amount of outstanding loans as at 31 December 2015 was EUR 3,802 thousand (2014 – EUR 4,230 thousand).

No full tax investigation of the Company for the period from 2010 to 2015 has been performed by the tax authorities. According to effective tax legislation, the tax authorities may at any time perform investigation of the Company's accounting registers and records for the period of five years preceding the accounting tax period, as well as calculate additional taxes and penalties. The Management of the Company is not aware of any circumstances which would cause calculation of additional tax liabilities.

31. Commitments and contingencies (continued)

Regulatory oversight actions regarding Valuation report of the eTime invest UAB shares

In February 2015 Agrowill Group AB received a letter from the Supervision Service of the Bank of Lithuania (the Regulator) forwarding a conclusion of the Property Valuation Oversight Agency regarding the compliance of the business valuation report prepared by OBER-HAUS nekilnojamas turtas UAB on the valuation of the shares in eTime invest UAB (the Valuation Report) and applied valuation methods with the provisions of the Law on the Bases of Property and Business Valuation of the Republic of Lithuania (hereinafter referred to as Conclusion). The Property Valuation Oversight Agency provided a conclusion that the said Report did not comply with a paragraph 22 item 4.13 of the Law on the Bases of Property and Business Valuation of the Republic of Lithuania, which requires that the Report provides information regarding assumptions of assets or business value determination and the calculations of assets or business value and paragraphs 5 and 102.6 of the Property and Business Valuation Methodology, which require that the appraiser uses market and economic logic as well as criteria, based on results observation and research of market and economic conditions and that the Report must include the formulas applied, sequence of calculations performed and results. In its letter, the Regulator asked the Company to issue a notification on the related material event stating that decision to increase the share capital of Agrowill Group by accepting payment for the shares issued with a non-monetary contribution of eTime invest shares was made according to valuation report which is non-conforming to legal acts of Lithuania, additionally stating that sum of nominal values of the shares which were issued to Vretola Holdings Limited could be higher than the non-monetary contribution and the shares issued may be not fully paid.

Taking the Regulator's letter into account, the Company published the following notification on material event on 18 February 2015:

"Agrowill Group AB received a letter of the Supervision Service of the Bank of Lithuania forwarding a conclusion of the Property Oversight Agency regarding the compliance of the business valuation report prepared by UAB OBER-HAUS nekilnojamas turtas on the valuation of the shares in UAB eTime invest and applied valuation methods with the provisions of the Law on the Bases of Property and Business Valuation of the Republic of Lithuania (hereinafter referred to as Conclusion). The Property Valuation Oversight Agency provided a conclusion that the said Report did not comply with few provisions of the Law on the Bases of Property and Business Valuation of the Republic of Lithuania and Property and Business Valuation Methodology.

In its letter, the Supervision Service of the Bank of Lithuania advised the Company to issue a notification on the related material event, regardless that the situation with Conclusion is not finally settled yet. Taking this into account, the Company published a notification on a material event.

The Company reminds that its shareholder, Vretola Holdings Limited, during an increase in the authorised capital, subscribed to 14,151,252 new shares (with the total issue price of LTL 14,151,252 [EUR 4.098 thousand]) and paid for them by a 100% shareholding in UAB eTime invest, which is comprised of 6,856,500 ordinary registered shares at the par value of LTL 1 [EUR 0.29].

Looking from the Company's perspective, the real importance is behind the fact that 100% shareholding in UAB eTime invest has been evaluated LTL 16.7 million [EUR 4.837 thousand], which is LTL 2.55 million [EUR 739 thousand] more than price of subscribed shares of the Company.

The Company also observes that:
1. In its Conclusion, the Property Valuation Oversight Agency did not specify whether the business valuation report valuates the shares in UAB eTime invest too high or too low. It is mentioned about few incompliances of applied evaluation methodology. It is likely that even after use of indicated evaluation methods the value of 100% shareholding in UAB eTime will remain materially unchanged or would be changed by not more than LTL 2.55 million [EUR 739 thousand].
2. In accordance with the Law on the Bases of Property and Business Valuation of the Republic of Lithuania and case-law, a conclusion of the Property Valuation Oversight Agency is not legally binding as long as a court has not ruled otherwise and should therefore be treated only as an opinion of the Property Valuation Oversight Agency. Whereas to the Company's knowledge, UAB OBER-HAUS nekilnojamas turtas has challenged the conclusion of the Property Valuation Oversight Agency and the dispute has not been resolved in court. Thus only after settlement of dispute it will be known whether the sum of the nominal values of the shares which are paid for by the contribution in kind of Vretola Holdings Limited should be valued additionally and, on reasonable grounds, adjusted.

Regardless of the above-mentioned aspects regarding the validity of the conclusion of the Property Valuation Oversight Agency, the Company has no grounds to doubt the competence and decisions of property valuator UAB OBER-HAUS nekilnojamas turtas.

According to the standards of transparency and information disclosure, the Company will inform on results of settlement of current situation and, on reasonable grounds, on taken actions."

On 9 January 2015, in response to a motion filed by the valuator OBER-HAUS, the court issued a ruling stating the conclusion of the Property Valuation Oversight Agency should be considered as their opinion only, and there is no force of law arising from this conclusion, meaning that the OBER-HAUS Valuation Report remains valid, unless a Lithuanian court rules otherwise.
No other legal documentation (lawsuits, orders, etc.) regarding the validity of the Valuation Report were received by the Group until the date of signing these financial statements, except for the regulatory oversight actions regarding the Company's and the Group's compliance with IFRS, part of which is related to the matter of valuation of eTime Invest shares discussed above.

31. Commitments and contingencies (continued)

Regulatory oversight actions regarding Company's and Group's compliance with IFRS

Agrowill Group AB received Decision No. 241-38 ("the Decision") of 15 February 2016 from the Supervision Service of the Bank of Lithuania, under which the Company was obliged to publish a notification on material event containing the following information:

"4. To oblige AB Agrowill Group to immediately publish a notice of a material event, i.e. the present decision adopted by the Director of the Supervision Service of the Bank of Lithuania, by indicating therein:
4.1. that by the decision of the Director of the Supervision Service of the Bank of Lithuania AB Agrowill Group was given a warning for violating Article 21 of the Law on Securities;
4.2. that the financial statements of AB Agrowill Group for 2014 do not comply with the requirements of IAS 1 Presentation of Financial Statements, IAS 36 Impairment of Assets and IFRS 3 Business Combinations and the qualitative characteristic of reliability of financial reporting established in the Framework for the Preparation and Presentation of Financial Statements;
4.3. that the fair value of the in-kind contribution used to pay for a part of the authorised capital of AB Agrowill Group is unjustified; therefore, the sum of nominal values of the shares of AB Agrowill Group paid for by the in-kind contribution, i.e. the shares of UAB eTime Invest, may exceed the value of the in-kind contribution, i.e. the stake in UAB eTime Invest, therefore, a portion of the shares of AB Agrowill Group may be unpaid for, thus inflicting unjustified damage to the Company and violating the property and non-property rights of its shareholders;
4.4. the assessment of the impact thereof on the financial standing and financial results of AB Agrowill Group and the Group as of 31 December 2014;
4.5. the date when the financial statements will be retrospectively restated to reflect the error correction and announced publicly."

Taking due account of the aforesaid, the Company published the notification on material event on 18 February 2016, which included the exact wording which was requested by the Regulator. The notification also included the following statements from the management of Agrowill Group AB:

"With a view to provide full information about the current situation in connection with the aforementioned Decision and obligation, the Company would like to point out the following:
1. The Company has serious legal doubts about aforementioned decision and intends to analyse it with legal advisers and will consider its statutory right to appeal against it to the court;
2. At the time of increasing the Company's authorised capital, Vretola Holdings Limited, the shareholder of the Company, subscribed to 14,151,252 new shares (the aggregate price of the issue amounted to LTL 14,151,252 (EUR 4,098,486) and paid for them by a 100% stake in UAB eTime Invest, composed of 6,856,500 ordinary registered shares with the par value of LTL 1 (EUR 0.29) each. When assessing the current situation from the Company's position, it is important to emphasise that the stake in UAB eTime Invest was evaluated at LTL 16.7 million (EUR 4.836 million), which exceeded the price of the issue of the Company's new shares by LTL 2.55 million (EUR 0.738 million).
3. As one of the Company's priorities is to ensure that financial information provided to investors is as transparent as possible, the Company will make every effort to resolve the current matter as quickly as possible. The Company will seek to adjust the property valuation report retrospectively in the immediate future in order to dispel doubts about the value of the shares of UAB eTime Invest in the currently valuation report.
4. No impact on the financial standing and financial results of AB Agrowill Group and the Group as of 31 December 2014 will take place. The financial statements of AB Agrowill Group and the Group as of 31 December 2014 (and later) already include decreased down to appr. LTL 1 million (EUR 0.289 million) value of Crimea assets held by UAB eTime Invest.

To meet the criteria of transparency and access to information, where necessary, the Company will inform about its subsequent actions in connection with the decision of the Supervision Service of the Bank of Lithuania."

Article 21 of the Law on Securities sets out requirements for presentation of periodic information (including annual and interim financial statements and annual report) to be prepared by the entity and states the entity and its management are responsible that information therein is accurate.

The Bank of Lithuania, as per their view, outlined 4 issues of inaccuracy and non-compliance with IFRS:

a) IAS 1 Presentation of Financial Statements. The Bank of Lithuania claimed that the Company did not follow IAS 1 article 74 which states: "When an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date."
b) IAS 36 Impairment of Assets. The Bank of Lithuania claimed that the Company in the separate financial statements breached requirements of the IAS 36 by not presenting exact calculations of future cash flows of subsidiary entities, and not providing enough evidence regarding growth and discount rates used in the calculations.
c) IFRS 3 Business Combinations. The Bank of Lithuania claims that the Company does not follow IFRS 3 article 18 which states: "The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values." This issue is related to valuation of eTime Invest UAB shares which were used as non-monetary contribution for payment of the shares issued to Vretola Holdings Limited. The Regulator also requested that a retrospective updated valuation of eTime Invest shares is performed, considering all significant circumstances occurring until the date of settlement for the shares issued (i.e. 15 April 2014, which was the date when the share subscription agreement with Vretola Holdings Limited was concluded).

31. Commitments and contingencies (continued)

d) Qualitative characteristic of reliability of financial reporting. The Bank of Lithuania claims that the Company mistakenly presents in the Financial Statements accounting policy for biological assets, i.e. that it verifies the values of the crops in the open market and derives a market value from there.

The Company's management disagreed with the Regulator's position on 3 main issues and issued a legal challenge against the Decision in March 2016 regarding the following issues:

a) Regarding the IAS 1 classification of current bank loans, the management believes that although some covenants were breached, the letter from the bank and the subsequent absence of any negative actions from the bank was sufficient to prove that classification of loans as non-current should be made according to original terms in the agreements.
b) Regarding the IAS 36 impairment testing of investments in subsidiaries, the value of those investments in the separate financial statements of the Company should be calculated according to management's best estimates and using appropriate discount and growth rates which are estimated by Company's management using a generally accepted methodology for estimating such rates.
c) Regarding the unjustified fair value of the in-kind contribution of UAB eTime Invest shares, the share issue procedures were carried out according to Lithuanian laws and there was no breach in them. Additionally, the Company complies with IFRS 3 article 18, as it measured the acquired assets and liabilities at estimated fair values using a conservative approach.

The Company, after consulting with legal advisors, in the legal challenge against the Decision also asked the court's opinion whether Bank of Lithuania has authority to supervise compliance with the Law of Stock Companies and how listed companies are conducting their accounting and financial reporting activities.

In a separate claim to the court, the Company requested the court to apply protection measures to the Decision of the Regulator, specifically to temporarily (for a two-month period after any court ruling on the Company's legal challenge comes into effect) suspend the validity of the Decision (namely the requirement to perform a retrospective updated valuation of eTime Invest UAB shares considering all significant circumstances occurring until the date of settlement for the new shares on 15 April 2014) until a formal ruling on the legal challenge is announced. In a ruling regarding application of protection measures dated 24 March 2016, the court refused to apply the requested protection measures. The Company issued an appeal against that decision to the court of appeals. On 3 May 2016, the Lithuanian Supreme Administrative Court took its final decision regarding application of protection measures and rejected the Company's separate claim to apply protection measures.

There were no further legal proceedings undertaken with respect to any part of the legal challenge until the date of signing of these financial statements and the date for the first sitting of the legal challenge has not yet been announced.

Management's current assessments and further actions

In the 31 December 2015 financial statements, the Group has adjusted the issues noted in the Regulator's decision of 18 February 2016 relating to the disclosure of the accounting policy of biological assets (*part d of non-compliance issues claimed by the Regulator*). Management corrected note 4 explaining that the crops are valued at the year-end at cost, as little biological transformation has taken place since initial cost incurrence.

Additionally, the Group have adjusted the loan classification issue (*part a of non-compliance issues claimed by the Regulator*). All loans with breached covenants are classified as current liabilities in 2015, as well as in 2014. The management corrected note 18 and disclosed the change in note 2.27 part 4.

Management revisited the impairment testing of subsidiaries in the Company's separate financial statements (*part b of non-compliance issues claimed by the Regulator*) and continues to believe that the impairment assessments were conducted in compliance with the requirements of IAS 36 and that no additional impairments were required at 31 December 2014. Key assumptions used by the management for testing impairment of investments in subsidiaries are disclosed in note 4.

Similarly, the management has revisited the application of IFRS 3 with respect to the acquisition of control of Agrowill Group AB by the controlling shareholder of Baltic Champs Group and, except for certain reclassifications within the categories of shareholders' equity disclosed in note 2.27, the management did not identify any areas of non-compliance.

Management believes that the Regulator has no legal authority to challenge the share capital increase as the process is governed by the Law of Stock Companies and supervised by the State Registrar, with additional security coming from notarial verification and approval. It is the management's view that the only place where Bank of Lithuania had influence was the approval of prospectus for the issuance of new shares of Agrowill Group. The Regulator was provided with a copy of the OBER-HAUS Valuation Report as part of its evaluation of the prospectus and had an opportunity to consider and influence the issuance of new shares by Agrowill Group. The management notes that Bank of Lithuania approved the prospectus on 31 March 2015 without any comment on the Valuation Report.

31. Commitments and contingencies (continued)

Under Lithuania laws relating to joint stock companies, when an increase of share capital is paid for by a non-monetary contribution, that contribution is required to be evaluated by an independent valuer within a period of 6 months prior to the date of contribution. That valuation report is required to be provided to the company prior to subscription of shares. The valuation report is also required to be provided to the State Registrar together with other documents for share capital increase. The OBER-HAUS Valuation Report was undertaken to establish the fair value of the non-monetary contribution of the eTime Invest shares as at 28 February 2014 and was issued on 12 March 2014, while the Shareholders meeting which approved the share capital increase with non-monetary contribution occurred on 13 March 2014 and the share subscription agreement with Vretola Holdings Limited was concluded on 15 April 2014. Lithuania Law of Stock Companies provides shareholders with 30 days to object decisions of the company's shareholders and management.

Management notes that the Valuation Report has not been declared invalid, both notaries and State Registrar reviewed the documents of share capital increase and registered it. Management is not aware of any objections to or claims from any of the Company's shareholders with respect to valuation of eTime Invest shares as non-monetary contribution by Vretola Holdings Limited. Management further notes that based on the Valuation Report the eTime Invest UAB shares contributed to the Company were EUR 0.738 million higher valued than the nominal value of shares issued in return for the contribution.

After the separate claim regarding application of protection measures annulment on 3 May 2016, the Company did not make any major steps with regard to orders listed in the Decision dated 15 February 2016 relating to the need to undertake a retrospective updated valuation of the eTime Invest UAB shares and to adjust the financial statements to reflect the new valuation (if necessary). For delay of implementation of the Decision the Supervision service of Bank of Lithuania potentially could apply a penalty to the Company up to EUR 28,962 as it is foreseen in Law on financial markets (article 92, paragraph 1, sub-paragraph 10).

The Legal challenge against the Decision of the Bank of Lithuania will be solved in court (the date of the first sitting is not announced yet) and the possible outcome of this litigation is not clear as at the date of issue of these financial statements. Management notes that OBER-HAUS received a ruling from the court in early 2015 indicating that the Valuation Report remains valid unless a Lithuanian court rules otherwise. While the management is not aware of any legal challenges to the validity of the OBER-HAUS Valuation Report, it is possible that, during the course of considering the Company's legal challenge to the Regulator's Decision, the court could request another valuation of the eTime Invest UAB shares as at a different date or considering other key assumptions. After consultation with legal advisers the management believes that there is no clear guidance or regulations that specify what should be done in the situation where shares were issued, and officially registered with the Registry of Legal Entities, and a considerable period of time later it is being challenged that an underpayment for the issued shares took place due to issues relating to the valuation of the non-monetary contribution which was used to pay for the shares. The Company and its legal advisors were not able to identify any evidence of court practices regarding such a specific issue and this appears to a situation without precedent in Lithuania. Consequently the management cannot assess the possible outcome and implications of the court case.

The financial statements of the Group and the Company continue to reflect the share capital issued to Vretola Holdings Limited in exchange of the in-kind contribution of the eTime Invest shares as fully paid-up at 31 December 2015 and 2014. Management of the Company believes that it adheres to IFRS and its financial statements are transparent and reliable. Only after the final ruling of the courts in the legal challenge against the Decision case will it be possible to evaluate what actions should be taken and what possible effects to the Company's and (or) Group's financial statements it may have.

32. Subsequent events

In January 2016, the Group refinanced a loan of EUR 3,802 thousand maturing in March 2016 from Snoras bank BAB with a new loan from Swedbank, AB and DNB bank AB with maturity in 2020.

AB Agrowill Group has received Decision No. 241-38 of 15 February 2016 of the Supervision Service of the Bank of Lithuania as described in Note 31 above and filed an appeal to Lithuanian courts regarding it.

During March – June 2016, Agrowill Alanta ŽŪB, Agrowill Dumšiškės ŽŪB, Agrowill Eimučiai ŽŪB, Agrowill Jurbarkai ŽŪB, Agrowill Lankesa ŽŪB, Agrowill Mantviliškis ŽŪB, Agrowill Nausodė ŽŪB, Agrowill Smilgiai ŽŪB, Agrowill Želsvelė ŽŪB and Agrowill Žadžiūnai ŽŪB had their restructuring cases finalised in courts of Lithuania.

Under decision of the Warsaw Stock Exchange trading of the Company's shares in the Warsaw Stock Exchange was suspended from 5 May 2016 until publication of the audited financial statements for 2015.

According to decision of Department of market operations of Nasdaq Vilnius AB, which followed after a request of Bank of Lithuania, the trading of Company shares in the regulated market is suspended from 12 Juky 2016 until publishing the audited financial statements for the year 2015.

After the end of the financial year until preparation of these financial statements there were no other subsequent events which would have an effect on the financial statements or require disclosure.

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AGROWILL GROUP AB DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET IN 2015

The public company Agrowill Group AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the NASDAQ OMX Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Changes estimated during the nearest fiscal years are provided by the company in the annual reports, which are provided on the company's and through NASDAQ OMX Vilnius and Warsaw Stock Exchange information systems.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The company's Board members and chief executive officer attempt in their actions to increase the shareholders' equity and transparency of the company by ensuring a high long-term financial rate of return, maintaining a small risk level and abiding by the ethical standards.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The company's shareholders form the Supervisory Council, which represent the shareholders and elect the Board of Directors, which is responsible for the strategic management and supervises the work of the CEO. On Supervisory Council meetings the activities of the Board are reviewed. On regular Board meetings, the activities of company's administration are reviewed and approved (in certain cases).
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company respects all the rights and interests of persons other than the company's shareholders participating in or connected with the company's operation.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The Company has a Supervisory Council and Board of Directors. Meetings of the Supervisory Council and Board of Directors ensure the effective supervision of company's activities.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The functions set forth in the recommendation are performed by the collegial management body – the Supervisory Council.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Yes	The Company has a Supervisory Council and Board of Directors.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The relevant provisions set forth in III and IV principles are applicable to the formation of company's Supervisory Council and activity assessment.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	There are 5 (five) members of Supervisory Council and 7 (seven) Board members in the Company who do not have other mutual interests but only activity within the Supervisory Council and Board of Directors and who act seeking benefit to the company and all shareholders.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Yes	There are no directors-consultants in the company. The members of Supervisory Council and the Board are elected for 2-years term.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The Chairman of the Board is elected by the Board of the company. The CEO of the Company is elected by the Board of the company. The Chairman of the board and Chief executive officer of the company for 5 months was the same person, as of May 2015 – they are different persons. The independent supervision function is ensured via the Supervisory Council, which is comprised of 5 members.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of non-controlling shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of non-controlling shareholders.	Yes	When electing collegial body, the shareholders can access the thorough information about each candidate before the shareholders meeting and during it. The company's Supervisory Council operates impartially, objectively and represents the interests of all shareholders equally.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	Information about the members of the Supervisory Council of the company, their education, qualification, professional experience, participation in the activity of other companies is released in the reports of the company. The information about the Supervisory Council members is constantly updated.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	When electing Supervisory Council, the shareholders can access the thorough information about each candidate before the shareholders meeting and during it.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	The composition of the Supervisory Council is regularly assessed in the company with consideration to the type and structure of activity pursued by the Company.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	No	Presently, members of the Supervisory Council do not perform the assessment of skills and knowledge. The members of the Supervisory Council are regularly informed about changes in the legal acts and other circumstances influencing the operations of the company.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	Yes	No shareholders have majority of the votes in the Supervisory Council, as the majority of the Council is independent. So the possible conflicts of interests are solved appropriately.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;	Yes	2 of the 5 members of the Supervisory Council elected at the general shareholders meeting fail to meet this code recommendation on independency, but nevertheless in their actions seek to benefit the company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	No	Supervisory Council members' independency assessment is not practiced in the Company.
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	See comment for 3.8
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	See comment for 3.8
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	Yes	The Supervisory Council members can be remunerated from the resources of the Company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The company's Supervisory Council performs all supervision functions set forth in the legal acts of the Republic of Lithuania.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	According to the data held with the company, all Supervisory Council members act in good will with respect to the company, are guided by the interests of the company, and not personal or third parties' interests, seeking to preserve their independency while adopting the decisions.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The company's Supervisory Council performed the functions assigned properly.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The company's Supervisory Council treats all shareholders honestly and impartially.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	All significant transactions with the shareholders of the Company (over EUR 60 thousand), which are made not in line with the main business of the Company are approved by the Board of directors.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.	Yes	The company's Supervisory Council is independent while adopting decisions which are significant for the activity and strategy of the company.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	Yes	There were Nomination and Remuneration, and Audit committees formed in the Company in 2014; however, no such committees elected in 2015.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	Yes	The Committees do not replace Supervisory Council. Rather, within their responsibility areas they make suggestions and opinions to the Supervisory Council.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	Yes	The Committees are formed from 3 persons.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	Yes	The Committees act according to their regulations.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Yes	The members of the Supervisory Council who are not on the Committees can participate in the meetings only if they are allowed by the Committee.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	Yes	Main functions of the Committee match those advised in recommendation. Due to simplicity this committee is merged with the Remuneration committee.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;	Yes	Main functions of the Committee match those advised in recommendation. Due to simplicity this committee is merged with the Nomination committee.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;	Yes	There were no such committee elected in 2015.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	As the collegial body Supervisory Council was formed only in December 2007 and was no active in 2008-2011, there were no assessments carried out. In 2014 and 2015, two formal meetings per calendar year were carried out.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	This provision is implemented by the company's Supervisory Council and Board of Directors.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	The Board of Directors meetings were held at least once per month. In 2014 and 2015, a single meeting per calendar year was carried out.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including non-controlling and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The ordinary registered shares which compose the company's authorized capital grant equal rights to all shareholders of the company's shares.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The company publicly informs about the rights granted by the newly issued shares.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	All shareholders of the company have equal opportunities to get familiarized and participate in adopting decisions important to the company. Approval of the shareholder's meeting is also necessary in cases stipulated in the Company Law of the Republic of Lithuania.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	The shareholders meetings are held in Vilnius, in conference rooms in hotels. The procedures for the convention and conduction of the general shareholders' meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meeting, get familiarized with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	All information dedicated to the shareholders and investors is announced on the company's website and through NASDAQ OMX Vilnius and Warsaw Stock Exchange information systems.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The company's shareholders may exercise their rights to participate in the general shareholders' meeting both personally and via an attorney, if such person has a proper authorization.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	No	The company does not follow this recommendation. In the future, the Company will seek to implement such possibility.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The Supervisory Council and Board members act according to the following recommendations.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	See 7.1
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	See 7.1
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	See 7.1
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Company does not prepare a remuneration policy. Information about the benefits and loans for the members of the management bodies is provided in the annual prospectuses – reports, financial accounts.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	See 8.1
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	See 8.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	See 8.1
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	See 8.1
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	See 8.1
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.	No	See 8.1
8.7.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.	No	See 8.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes-related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.	No	See 8.1
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	N/A	The Company does not use such remuneration policy.
8.9. The following issues should be subject to approval by the shareholders' annual general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	N/A	See 8.8

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	N/A	See 8.8
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	N/A	See 8.8
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	N/A	See 8.8
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The company respects the rights of stakeholders which are protected by the laws and which authorize the stakeholders to participate in the management of the company in the manner set forth in the laws.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	See 9.1
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	See 9.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy.	Yes	Information set forth in this recommendation is disclosed in the periodic prospectuses-reports, annual report, website, and through NASDAQ OMX Vilnius and Warsaw Stock Exchange information systems.
This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list	Yes	See 10.1
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure. 10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII. 10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	See 10.1
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions	Yes	Information is provided by the company and through NASDAQ OMX Vilnius and Warsaw Stock Exchange information systems in the Lithuanian (only via NASDAQ OMX Vilnius) and English languages at the same time, as much as it is possible. The exchange announces the information received in their website and trade system, this way ensuring simultaneous provision of information to everyone. The company does not disclose information that may have an effect on the price of securities issued by the company in the commentaries, interview or other ways as long as such information is publicly announced via the information system of the Stock Exchange.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	Information is provided by the company and through NASDAQ OMX Vilnius and Warsaw Stock Exchange information systems in the Lithuanian (only via NASDAQ OMX Vilnius) and English languages at the same time, as much as it is possible. The exchange announces the information received in their website and trade system, this way ensuring simultaneous, timely and cheap provision of information to everyone.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The Company follows this recommendation.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An independent audit company audits the annual financial statements and annual report.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	No	The candidature of the audit company is suggested to the general shareholders meeting by the company's Board.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	N/A	The audit company did not provide non-audit services to the company.

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