



## CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and submission of Periodical and Additional Information of the Lithuanian Securities Commission, we, Darius Zubas, Managing Director of AB Linas Agro Group and Tomas Tumėnas, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, the not audited AB Linas Agro Group Interim Consolidated Financial Statements for the three months of the financial year 2011/2012, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or losses and cash flow of AB Linas Agro Group and the Group as well. We also confirm that Interim Consolidated Report for the three months of the financial year 2011/2012 includes fair review of the business development and activities, together with the description of the major risks and indeterminations incurred.

AB Linas Agro Group Managing Director

Darius Zubas

28 November 2011

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AB Linas Agro Group Finance Director

Tomas Tumėnas

28 November 2011

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# **AB LINAS AGRO GROUP**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE 3 MONTH PERIOD OF THE YEAR  
2011/2012 (UNAUDITED)**

**PREPARED ACCORDING TO  
ADDITIONAL INFORMATION PREPARING  
AND PRESENTATION INSTRUCTIONS ISSUED  
BY THE SECURITIES COMMISSION OF THE  
REPUBLIC OF LITHUANIA**





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 30 September 2011	As of 30 June 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	562	366
Property, plant and equipment	6	127,635	123,208
Investment property	7	8,996	9,012
Animals and livestock		13,888	14,007
Non-current financial assets			
Investments into associates	8	430	347
Investments into joint ventures	8	26,894	25,821
Other investments	9	313	365
Prepayments for financial assets	9	2,826	2,223
Non-current receivables		8,511	10,317
Non-current receivables from related parties	16	1,359	1,359
Total non-current financial assets		40,333	40,432
Deferred income tax asset		8,136	8,797
<b>Total non-current assets</b>		<b>199,550</b>	<b>195,822</b>
<b>Current assets</b>			
Crops		7,117	29,682
Inventories		269,147	128,226
Prepayments		16,141	49,674
Accounts receivable			
Trade receivables		120,087	160,768
Receivables from related parties	16	6,379	3,899
Other accounts receivable		42,616	26,048
Income tax receivable		-	3,209
Total accounts receivable		169,082	193,924
Other current assets		6,033	3,482
Cash and cash equivalents		11,045	7,624
<b>Total current assets</b>		<b>478,565</b>	<b>412,612</b>
Assets classified as held for sale		1,844	1,802
<b>Total assets</b>		<b>679,959</b>	<b>610,236</b>

(cont'd on the next page)

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

	Notes	As of 30 September 2011	As of 30 June 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1	158,940	158,940
Share premium	1	79,545	79,545
Legal reserve		4,151	4,151
Foreign currency translation reserve		(2,001)	(3,208)
Retained earnings		30,274	23,930
<b>Total equity attributable to equity holders of the parent</b>		<b>270,909</b>	<b>263,358</b>
<b>Non-controlling interest</b>		<b>23,463</b>	<b>16,591</b>
<b>Total equity</b>		<b>294,372</b>	<b>279,949</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		9,409	9,473
Non-current borrowings	10	29,564	28,295
Finance lease obligations		1,799	1,789
Deferred income tax liability		2,202	2,613
Other non-current liabilities		4,422	2,329
<b>Total non-current liabilities</b>		<b>47,396</b>	<b>44,499</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	10, 16	14,950	14,814
Current portion of finance lease obligations		852	1,028
Current borrowings	10	168,880	180,884
Trade payables		105,764	47,280
Payables to related parties	16	8,220	5,482
Income tax payable		5,790	2,933
Derivative financial instruments		-	618
Other current liabilities		33,735	32,749
<b>Total current liabilities</b>		<b>338,191</b>	<b>285,788</b>
<b>Total equity and liabilities</b>		<b>679,959</b>	<b>610,236</b>

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 30 September)

	Notes	2011/2012 1 Q	2010/2011 1 Q
Sales	4	443,933	378,893
Cost of sales	11	412,350	348,770
<b>Gross profit</b>		<b>31,583</b>	<b>30,123</b>
Operating (expenses)	12	(11,697)	(6,073)
Other income	13	1,195	611
Other (expenses)	13	(142)	(3,633)
<b>Operating profit</b>		<b>20,939</b>	<b>17,174</b>
Income from financing activities	14	375	446
(Expenses) from financing activities	14	(3,253)	(1,934)
Share of profit of associates		83	39
Share of profit of joint ventures		1,133	1,880
<b>Profit before tax</b>		<b>19,277</b>	<b>17,605</b>
Income tax		(4,179)	(2,693)
<b>Net profit</b>		<b>15,098</b>	<b>14,912</b>
<b>Attributable to:</b>			
Equity holders of the parent		13,412	15,052
Non-controlling interest		1,686	(140)
		15,098	14,912
Basic and diluted earnings per share (LTL)		0.095	0.094
<b>Net profit</b>			
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		2,095	(2,910)
<b>Total comprehensive income</b>		<b>17,193</b>	<b>12,002</b>
<b>Attributable to:</b>			
Equity holders of the parent		14,619	13,205
Non-controlling interest		2,574	(1,203)
		17,193	12,002

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Equity attributable to equity holders of the parent						Non-controlling interest	Total
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Retained earnings	Subtotal		
<b>Balance as of 1 July 2010</b>	<b>158,940</b>	<b>79,545</b>	<b>4,100</b>	<b>(133)</b>	<b>8,079</b>	<b>250,531</b>	<b>12,817</b>	<b>263,348</b>
Net profit for the year	-	-	-	-	15,052	15,052	(140)	14,912
Other comprehensive income	-	-	-	(1,847)	-	(1,847)	(1,063)	(2,910)
Total comprehensive income	-	-	-	(1,847)	15,052	13,205	(1,203)	12,002
Minority interest arising on acquisition of subsidiaries	-	-	-	-	-	-	10,188	10,188
Acquisition of minority interest	-	-	-	-	(275)	(275)	(1,695)	(1,970)
<b>Balance as of 30 September 2010</b>	<b>158,940</b>	<b>79,545</b>	<b>4,100</b>	<b>(1,980)</b>	<b>22,856</b>	<b>263,461</b>	<b>20,107</b>	<b>283,568</b>
<b>Balance as of 1 July 2011</b>	<b>158,940</b>	<b>79,545</b>	<b>4,151</b>	<b>(3,208)</b>	<b>23,930</b>	<b>263,358</b>	<b>16,591</b>	<b>279,949</b>
Net profit for the year	-	-	-	1,207	-	1,207	888	2,095
Other comprehensive income	-	-	-	-	13,412	13,412	1,686	15,098
Total comprehensive income	-	-	-	1,207	13,412	14,619	2,574	17,193
Acquisition of minority interest	-	-	-	-	(7,068)	(7,068)	4,297	(2,771)
<b>Balance as of 30 September 2011</b>	<b>158,940</b>	<b>79,545</b>	<b>4,151</b>	<b>(2,001)</b>	<b>30,274</b>	<b>270,909</b>	<b>23,463</b>	<b>294,372</b>

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



## CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2011/2012 1 Q	2010/2011 1 Q
<b>Cash flows from (to) operating activities</b>			
Net profit (loss)		15,098	14,912
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization		2,719	2,576
Subsidies amortization		(358)	(344)
Share of profit of associates and joint ventures		(1,198)	(1,865)
(Gain) on disposal of property, plant and equipment		(81)	(68)
Loss from acquisition of subsidiary	3	-	670
Change in accrued expenses		(1,329)	260
Change in allowance for receivables and prepayments		247	-
Change in fair value of biological assets		-	(906)
Change in impairment of investments		15	-
Change in deferred income tax		93	(584)
Current income tax expenses		4,086	2,693
Expenses (income) from change in fair value of financial instruments		-	(155)
Change of provision for onerous contracts		(267)	-
Change in foreign currency translation reserve		-	(2,910)
Dividend (income)		(33)	-
Interest (income)		(375)	(466)
Interest expenses		3,253	1,934
		<u>21,870</u>	<u>15,747</u>
<b>Changes in working capital:</b>			
Decrease in biological assets		22,836	12,437
(Increase) in inventories		(140,761)	(89,001)
Decrease in prepayments		33,533	22,988
(Increase) in trade and other accounts receivable		25,557	(24,824)
(Increase) in restricted cash		(3,453)	(16,628)
Increase in trade and other accounts payable		65,802	62,520
Income tax (paid)		(1,628)	(359)
<b>Net cash flows from (to) operating activities</b>		<u><b>23,756</b></u>	<u><b>(17,120)</b></u>

(cont'd on the next page)

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



## CONSOLIDATED STATEMENT OF CASH FLOW (cont'd)

	Notes	2011/2012 1 Q	2010/2011 1 Q
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(5,414)	(1,505)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		146	247
Acquisition of subsidiaries (less received cash balance in the Group)	3	-	7,656
(Acquisition) of non-controlling interests and other investments		(837)	(1,970)
Loans (granted)		(370)	-
Repayment of granted loans		31	-
Interest received		358	230
Dividend received		33	-
<b>Net cash flows (to) investing activities</b>		<b>(6,053)</b>	<b>4,658</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		164,281	223,227
(Repayment) of loans		(174,525)	(207,146)
Finance lease (payments)		(331)	(285)
Interest (paid)		(3,707)	(1,688)
<b>Net cash flows from (to) financing activities</b>		<b>(14,282)</b>	<b>14,108</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>3,421</b>	<b>1,646</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>7,624</b>	<b>34,014</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>11,045</b>	<b>35,660</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by finance lease		188	392
Property, plant and equipment acquisitions financed by grants and subsidies		383	128

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





## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

AB Linas Agro Group (hereinafter the Company or the parent) is a public limited liability company registered in the Republic of Lithuania. The Company was registered on 27 November 1995. On 12 September 2008 the Company changed its name from UAB Agriveta to AB Linas Agro Group and the legal form from private to public limited liability company.

The address of its registered office is as follows:

Smėlynės Str. 2C  
Panevėžys  
Lithuania

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

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

As of 30 September and as of 30 June 2011 the shareholders of the Company were:

	As of 30 September 2011		As of 30 June 2011	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	86,081,551	54.16%	86,081,551	54.16%
Skandinaviska Enskilda Banken AB (Sweden)	24,500,092	15.41%	21,221,849	13.35%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank (Estonia) Clients	9,788,761	6.16%	9,816,217	6.18%
Other shareholders (private and institutional investors)	21,519,999	13.54%	24,770,786	15.58%
Total	158,940,398	100.00%	158,940,398	100.00%

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 30 September 2011 (LTL 1 each as of 30 June 2011) and were fully paid as of 30 September and as of 30 June 2011. The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 30 September and as of 30 June 2011.

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

As of 30 September 2011 the number of employees of the Group was 834 (775 as of 30 June 2011).

#### ***Changes in share capital during the year ended 30 June 2011***

No changes in share capital occurred during the year ending 30 June 2011.

#### ***Changes in share capital during the year ended 30 September 2011***

No changes in share capital occurred during the year ending 30 September 2011.

### 2. ACCOUNTING PRINCIPLES

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU), which include IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2010/2011 financial year.



### 3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As of 30 September and as of 30 June 2011 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2011	30 June 2011	
<b>Investments into directly controlled subsidiaries</b>				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100%	100%	Rent and management of agricultural purposes land
PC-JS UKRAGRO NPK	Ukraine	58.04%	58.04%	Manufacturing of fertilizers, wholesale of grains and oilseeds

#### Investments into indirectly controlled subsidiaries (through AB Linas Agro)

SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linus Agro A/S	Denmark	100%	60%	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	100%	100%	Manufacturing of lignin

#### Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)

ŽŪK KUPIŠKIO GRŪDAI	Lithuania	92.90%	92.88%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.36%	98.36%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.60%	98.37%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	65.35%	65.35%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	66.22%	66.22%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	70%	70%	Growing and sale of crops



### 3. GROUP STRUCTURE AND CHANGES IN THE GROUP (cont'd)

#### *Changes in the Group during the year ended 30 June 2011*

On 1 July 2010 the Company acquired additional 50% shares of PC-JS UKRAGRO NPK for EUR 3,694 thousand (LTL 12,757 thousand equivalent) from UAB Arvi ir Ko. After the share acquisition the Group directly controlled 63.38% of the investee. The mentioned company is consolidated to the Group from 1 July 2010.

At the acquisition date the fair value was higher than the carrying value of the net assets by LTL 9,029 thousand representing the differences on non-current assets. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

<b>Acquisition date</b>	<b>1 July 2010</b>
Non-current assets	16,442
Inventories	46,735
Prepayments and other current assets	27,676
Cash and cash equivalents	7,407
<b>Total assets</b>	<b>98,260</b>
Deferred tax liability	(3,090)
Interest bearing financial liabilities	(54,445)
Trade payables	(8,417)
Other current liabilities	(4,488)
<b>Total liabilities</b>	<b>(70,440)</b>
<b>Total identifiable net assets at fair value</b>	<b>27,820</b>
Attributable to non-controlling interests	10,188
Attributable to the equity holders of the parent	17,632
Acquisition date fair value of initially held equity interest	3,414
Cost	(5,545)
Group (loss) on remeasuring to fair value the initially held equity interest	(2,131)
Consideration transferred	12,757
Fair value of initially held equity interest	3,414
<b>Total fair value of investment</b>	<b>16,171</b>
Gain from a bargain purchase	1,461
Group (loss) on remeasuring to fair value the initially held equity interest	(2,131)
<b>(Loss) recognized on acquisition of subsidiary, recognised under Other (expenses)</b>	<b>(670)</b>
Purchase consideration*	12,757
Less: cash acquired	7,407
<b>Total purchase consideration, net of cash acquired</b>	<b>5,350</b>
Revenue for the year ended 30 June 2011	356,027
Profit for the year ended 30 June 2011	11,786

\*As at 30 June 2010 the Company had a payment amounting to LTL 12,757 thousand made for the acquired additional 50% shares of PJ-SC UKRAGRO NPK.



### 3. GROUP STRUCTURE AND CHANGES IN THE GROUP (cont'd)

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of the value of the net identifiable assets acquired.

The acquisition resulted in LTL 1,461 thousand gain. The entity is not listed and no active market for fair value estimation exists. The sales price of the shares was determined by the previous equity interest holders. The gain from transaction resulted due to the fact that the sales price of the business was determined based on the historic EBITDA, which was relatively low due to the economic slowdown in the year, preceding to the acquisition.

On 27 July 2010 Biržai district Medeikių ŽŪB has acquired additional 36.36% shares of ŽŪK KUPIŠKIO GRŪDAI for LTL 920 thousand. On 18 October 2010 AB Linas Agro has acquired additional 18.18% shares of ŽŪK KUPIŠKIO GRŪDAI for LTL 460 thousand. After the acquisition the effective share of ŽŪK KUPIŠKIO GRŪDAI owned by the Group increased to from 37.24% to 92.88%. The difference of LTL 303 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity due to the below mentioned reasons.

On 1 July 2008 the Group companies signed a shareholders' agreement with the members of ŽŪK KUPIŠKIO GRŪDAI. The total shareholding of the members that entered into the agreement is 63.63%. According to the clauses of the agreement AB Linas Agro obtained control over ŽŪK KUPIŠKIO GRŪDAI's operations and financial decisions and as a result of the agreement of the other shareholders to transfer their rights to appoint the board of directors. AB Linas Agro was able to appoint the chairman and the majority of the board members of ŽŪK KUPIŠKIO GRŪDAI and, therefore, the mentioned company is consolidated to the Group from 1 July 2008. After the above described acquisition the shareholder agreement was terminated (as at 7 October 2010), however, the control remained within the Group and investment remained consolidated.

As at 30 December 2010 and 10 January 2011 the Company sold 2.34% and 3% of PJ-SC UKRAGRO NPK shares for LTL 477 thousand and LTL 612 thousand, respectively, to the management of PJ-SC UKRAGRO NPK. For the Group consolidation purposes the difference of LTL 577 thousand between the considerations received and the carrying value of the interest disposed has been recognised within equity.

In addition, AB Linas Agro Group entered to the Shareholders' agreement with the non-controlling shareholders of its subsidiary. According to the agreement AB Linas Agro Group has an obligation to acquire the shares from the non-controlling shareholders, if put option is exercised. The Group has accounted the financial liability amounting to LTL 1,953 thousand under other non-current liabilities as at 30 June 2011 in relation to this and accounted for the difference of LTL 109 thousand between the liability and the derecognised non-controlling interest in equity.

On 6 April 2011 UAB Linas Agro Konsultacijos together with other shareholders established new subsidiary Užupės ŽŪB. The total share capital of the company is LTL 10 thousand. The effective share of the stock held by the Group is 70%.

During the year ended 30 June 2011 the Group acquired 4.44% of Šakiai district Lukšių ŽŪB share capital for LTL 139 thousand, 10.32% of Sidabravo ŽŪB share capital for LTL 53 thousand. All the shares were acquired from the non-controlling shareholders. UAB Linas Agro Konsultacijos increased Biržai district Medeikių ŽŪB share capital by LTL 920 thousand. Due to the changes in the shareholders of Biržai district Medeikių ŽŪB the effective Group ownership increased from 96.54% to 98.36%. The difference of LTL 828 thousand between the consideration transferred and the carrying value of the interests acquired has been recognised within equity.

#### ***Changes in the Group during the 3 month period ended 30 September 2011***

On 1 July 2011 the Group company Rosenkrantz A/S (registered and operating in Denmark) changed its name to Linas Agro A/S. On 1 July 2011 the Group acquired additional 40% interest of the voting shares of Linas Agro, A/S increasing its ownership interest to 100%. Purchase price EUR 800 thousand (LTL 2,762 thousand equivalent) will be paid by schedule till 15 July 2014. The difference of LTL 7,129 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

As part of the purchase agreement a contingent consideration has been agreed with the previous owner of Linas Agro A/S. There will be additional cash payment to the previous owner amounting to maximum EUR 400 thousand (undiscounted). Contingent consideration is related to collection of doubtful Linas Agro A/S trade receivables. The due date of contingent consideration arrangement is 1 October 2014.



### 3. GROUP STRUCTURE AND CHANGES IN THE GROUP (cont'd)

The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between EUR 0 and EUR 400 thousand. The fair value of the contingent consideration arrangement is EUR 173 thousand as at acquisition date. It was estimated using probability-weighted payout approach.

During the 3 month period ended 30 September 2011 the Group acquired 0.23% of Šakiai district Lukšiu ŽŪB share capital for LTL 7 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 61 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

### 4. SEGMENT INFORMATION

For management purpose the Group is organized into five operating segments based on their products and services as follows:

- the grains and oilseeds segment includes trade in wheat, rapeseed, barley and other grains and oilseeds;
- the feedstuffs segment includes trade in suncake and sunmeal, sugar beat pulp, soymeal, vegetable oil, rapeseed and other feedstuffs;
- the agricultural inputs segment includes sales of fertilizers, seeds, plant protection products and other related products to agricultural produce growers;
- the farming segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- the other products and services segment includes sales of biofuel, provision of elevator services and other products and services.

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

3 month period ended 30 September 2011	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjust- ments and elimina- tions	Total
<b>Revenue</b>								
From one client UAB MESTILLA	35,408	37	-	-	-	-	-	35,445
Other third parties	106,134	56,446	229,382	5,666	10,860	-	-	408,488
Intersegment	-	551	2,432	10,294	13,656	-	26,933 <sup>1)</sup>	-
<b>Total revenue</b>	<b>141,542</b>	<b>57,034</b>	<b>231,814</b>	<b>15,960</b>	<b>24,516</b>	<b>-</b>	<b>26,833<sup>1)</sup></b>	<b>443,933</b>
<b>Results</b>								
Operating expenses	3,328	1,689	4,387	1,238	1,023	32	-	11,697
Segment operating profit (loss)	(1,868)	1,292	16,527	(2,918)	7,897	9	-	20,939

3 month period ended 30 September 2010	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjust- ments and elimina- tions	Total
<b>Revenue</b>								
From one client UAB MESTILLA	75,845	13	-	-	-	-	-	75,858
Other third parties	89,808	61,251	136,252	5,011	10,713	-	-	303,035
Intersegment	-	343	2,348	7,963	11,211	-	(21,865) <sup>1)</sup>	-
<b>Total revenue</b>	<b>165,653</b>	<b>61,607</b>	<b>138,600</b>	<b>12,974</b>	<b>21,924</b>	<b>-</b>	<b>(21,865)<sup>1)</sup></b>	<b>378,893</b>
<b>Results</b>								
Operating expenses	3,322	1,648	3,197	816	902	42	-	9,927
Segment operating profit (loss)	7,170	1,570	8,053	(1,976)	3,155	(798)	-	17,174

1) Intersegment revenue is eliminated on consolidation.



#### 4. SEGMENT INFORMATION (cont'd)

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

	3 month period ended	
	30 September 2011	30 September 2010
<b>Revenue from external customers</b>		
Lithuania	89,220	124,770
Europe (except for Scandinavian countries, CIS and Lithuania)	58,436	61,831
Scandinavian countries	37,868	38,367
Africa	24,684	-
Asia	33,784	34,358
CIS	199,941	119,567
	<u>443,933</u>	<u>378,893</u>

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

	As of 30 September 2011	As of 30 June 2011
	<b>Non-current assets</b>	
Lithuania	115,741	113,730
Ukraine	21,075	18,444
Denmark	179	207
Latvia	198	205
	<u>137,193</u>	<u>132,586</u>

Non-current assets for this purpose consist of property, plant and equipment, investment property and intangible assets.



## 5. INTANGIBLE ASSETS

	Software	Other intangible assets	Total
<b>Cost:</b>			
Balance as of 30 June 2010	1,343	201	1,544
Additions	170	17	187
Acquisition of subsidiaries	57	-	57
Write-offs	(50)	(60)	(110)
Exchange differences	(8)	(1)	(9)
Balance as of 30 June 2011	1,512	157	1,669
Additions	211	-	211
Write-offs	-	-	-
Exchange differences	-	-	-
Balance as of 30 September 2011	1,723	157	1,880
<b>Accumulated amortization:</b>			
Balance as of 30 June 2010	1,187	163	1,350
Charge for the year	42	21	63
Write-offs	(50)	(60)	(110)
Balance as of 30 June 2011	1,179	124	1,303
Charge for the year	12	3	15
Write-offs	-	-	-
Balance as of 30 September 2011	1,191	127	1,318
<b>Net book value as of 30 September 2011</b>	<b>532</b>	<b>30</b>	<b>562</b>
<b>Net book value as of 30 June 2011</b>	<b>333</b>	<b>33</b>	<b>366</b>
<b>Net book value as of 30 June 2010</b>	<b>156</b>	<b>38</b>	<b>194</b>

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



## 6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
<b>Cost:</b>							
Balance as of 30 June 2010	6,381	79,102	46,948	5,561	9,140	2,388	149,520
Additions	190	3,291	5,748	1,252	666	15,394	26,541
Acquisition of subsidiaries	249	13,221	671	874	1,035	335	16,385
Disposals and write-offs	(13)	(420)	(370)	(527)	(518)	(205)	(2,053)
Transfers to/from investment property	156	-	-	-	-	-	156
Reclassifications	-	2,797	(299)	26	-	(2,524)	-
Exchange differences	(40)	(2,006)	(97)	(137)	(168)	(141)	(2,589)
Balance as of 30 June 2011	6,923	95,985	52,601	7,049	10,155	15,247	187,960
Additions	13	1,664	2,441	408	237	1,601	6,364
Disposals and write-offs	-	(6)	(48)	(30)	(8)	-	(92)
Transfers to/from investment property	105	-	-	-	-	-	105
Reclassifications	-	66	644	-	179	(589)	-
Exchange differences	11	1,020	211	60	64	(237)	1,129
Balance as of 30 September 2011	7,052	98,729	55,549	7,487	10,627	16,022	195,466
<b>Accumulated depreciation:</b>							
Balance as of 30 June 2010	-	19,068	25,915	3,120	5,594	-	53,697
Charge for the year	-	5,355	4,238	914	1,235	-	11,742
Disposals and write-offs	-	(182)	(249)	(293)	(389)	-	(1,113)
Exchange differences	-	(39)	(21)	(11)	(24)	-	(95)
Balance as of 30 June 2011	-	24,202	29,883	3,730	6,416	-	64,231
Charge for the year	-	1,417	1,189	229	245	-	3,080
Disposals and write-offs	-	(6)	(48)	(30)	(8)	-	(92)
Exchange differences	-	41	(408)	11	447	-	91
Balance as of 30 September 2011	-	25,654	30,616	3,940	7,100	-	67,310
<b>Impairment losses:</b>							
Balance as of 30 June 2010	206	266	19	4	2	-	497
(Reversal) charge for the year	(156)	182	-	(1)	(1)	-	24
Balance as of 30 June 2011	50	448	19	3	1	-	521
(Reversal) charge for the year	-	-	-	-	-	-	-
Balance as of 30 September 2011	50	448	19	3	1	-	521
<b>Net book value as of 30 September 2011</b>	<b>7,002</b>	<b>72,627</b>	<b>24,914</b>	<b>3,544</b>	<b>3,526</b>	<b>16,022</b>	<b>127,635</b>
<b>Net book value as of 30 June 2011</b>	<b>6,873</b>	<b>71,335</b>	<b>22,699</b>	<b>3,316</b>	<b>3,738</b>	<b>15,247</b>	<b>123,208</b>
<b>Net book value as of 30 June 2010</b>	<b>6,175</b>	<b>59,768</b>	<b>21,014</b>	<b>2,437</b>	<b>3,544</b>	<b>2,388</b>	<b>95,326</b>





## 7. INVESTMENT PROPERTY

Investment property of the Group consists of land and buildings leased out under the operating lease which generates lease income.

	Land	Buildings	Total
<b>Cost:</b>			
Balance as of 30 June 2010	7,674	3,297	10,971
Additions	263	-	263
Transfers from property, plant and equipment	(156)	-	(156)
Balance as of 30 June 2011	7,781	3,297	11,078
Additions	176	-	176
Disposals	(65)	-	(65)
Transfers to/from property, plant and equipment	(103)	-	(103)
Balance as of 30 September 2011	7,789	3,297	11,086
<b>Accumulated depreciation:</b>			
Balance as of 30 June 2010	-	593	593
Charge for the year	-	103	103
Balance as of 30 June 2011	-	696	696
Charge for the year	-	24	24
Transfers to/from property, plant and equipment	-	-	-
Balance as of 30 September 2011	-	720	720
<b>Impairment losses:</b>			
Balance as of 30 June 2010	591	1,389	1,980
Charge for the year	(349)	(261)	(610)
Balance as of 30 June 2011	242	1,128	1,370
Balance as of 30 September 2011	242	1,128	1,370
<b>Net book value as of 30 September 2011</b>	<b>7,547</b>	<b>1,449</b>	<b>8,996</b>
<b>Net book value as of 30 June 2011</b>	<b>7,539</b>	<b>1,473</b>	<b>9,012</b>
<b>Net book value as of 30 June 2010</b>	<b>7,083</b>	<b>1,315</b>	<b>8,398</b>

The Group's management considers that the difference between the carrying value and fair value of investment property is not significant. Fair value has been determined based on valuations performed by independent valuers at near reporting date using the comparable prices method.



## 8. INVESTMENTS INTO ASSOCIATES AND JOINT VENTURES

As of 30 September and as of 30 June 2011 the Group had investments into the following associates and joint ventures:

	Place of registration	Effective share held by the Group		Main activities
		As of 30 September 2011	As of 30 June 2011	
<b>Associates</b>				
UAB Jungtinė Ekspedicija	Lithuania	45.05%	45.05%	Expedition and ship's agency services
<b>Joint ventures</b>				
UAB Kustodija	Lithuania	50.00%	50.00%	Sale of fertilizers and plant protection products
UAB Dotnuvos Projektai	Lithuania	50.00%	50.00%	Sale of seeds, agricultural machinery
<b>Companies controlled by UAB Dotnuvos Projektai</b>				
UAB Dotnuvos Technika	Lithuania	50.00%	50.00%	Dormant
SIA DOTNUVOS PROJEKTAI	Latvia	50.00%	50.00%	Sale of seeds, agricultural machinery
AS Dotnuvos Projektai	Estonia	50.00%	50.00%	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisas	Lithuania	49.98%	49.98%	Agricultural equipment maintenance and related services

Information on associates and joint ventures of the Group as of 30 September 2011 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
<b>Investments into associates</b>							
UAB Jungtinė Ekspedicija	430	185	1,544	142	2,041	-	1,228
	<u>430</u>						
<b>Investments into joint ventures</b>							
UAB Kustodija	1,844	85	9,123	827	31,422	102	28,466
UAB Dotnuvos Projektai (consolidated)	26,894	2,145	42,289	36,387	115,041	5,533	92,107
	<u>28,738</u>						
Classified as held for sale	(1,844)						
	<u>26,894</u>						

Information on associates and joint ventures of the Group as of 30 June 2011 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
<b>Investments into associates</b>							
UAB Jungtinė Ekspedicija	347	139	4,315	166	1,112	-	507
	<u>347</u>						
<b>Investments into joint ventures</b>							
UAB Kustodija	1,802	(83)	38,787	689	30,220	102	27,204
UAB Dotnuvos Projektai (consolidated)	25,821	9,823	176,194	35,689	133,218	5,413	111,851
	<u>27,623</u>						
Classified as held for sale	(1,802)						
	<u>25,821</u>						



## 9. OTHER INVESTMENTS

Other investments of the Group consist of:

	Share held by the Group	As of 30 September 2011	As of 30 June 2011
Panevėžys district Ėriškių ŽŪB	24.97%	173	173
Other investments		140	192
		313	365

The investment into Panevėžys district Ėriškių ŽŪB is not classified as an associate and therefore not accounted for using the equity method because the Group does not have voting rights in the company and does not have the ability to exercise significant influence.

On 1 July 2010 the Company acquired additional 50 % shares of ZAT UkrAgro NPK, after the share acquisition the Group directly controls 63.38 % of the investee. The mentioned company is consolidated to the Group from 1 July 2010, and transferred from other investment to subsidiary (Note 3).

## 10. BORROWINGS

	As of 30 September 2011	As of 30 June 2011
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	28,497	27,228
Other non-current borrowings	1,067	1,067
	29,564	28,295
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	12,936	12,814
Current portion of other non-current borrowings (Note 16)	2,014	2,000
Current bank borrowings secured by the Group assets	152,456	160,109
Factoring with recourse liability	14,772	18,894
Other current borrowings	1,652	1,881
	183,830	195,698
	213,394	223,993

Interest payable is normally settled monthly throughout the financial year. Accrued interest on bonds issued is settled annually.

## 11. COST OF SALES

	2011/2012 1 Q	2010/2011 1 Q
Cost of inventories recognized as an expense	380,525	325,658
Logistics expenses	22,067	13,868
Wages and salaries and social security	3,730	4,401
Depreciation	1,980	2,184
Utilities expenses	1,881	1,377
Other	2,167	1,282
	412,350	348,770



## 12. OPERATING EXPENSES

	2011/2012 1 Q	2010/2011 1 Q
Wages and salaries and social security	7,290	5,986
Consulting expenses	276	305
Depreciation and amortization	384	438
Other	3,747	3,198
	11,697	9,927

## 13. OTHER INCOME (EXPENSES)

	2011/2012 1 Q	2010/2011 1 Q
<b>Other income</b>		
Currency exchange gain	757	185
Rental income from investment property and property, plant and equipment	147	140
Gain from disposal of investment property and property, plant and equipment	51	77
Other income	240	209
	1,195	611
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties	(118)	(112)
Loss from disposal of property, plant and equipment	-	(9)
Currency exchange loss	-	(2,825)
Loss recognized on acquisition of subsidiary (Note 3)	(15)	(670)
Other expenses	(9)	(17)
	(142)	(3,633)

## 14. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	2011/2012 1 Q	2010/2011 1 Q
<b>Income from financing activities</b>		
Interest income	373	366
Income from overdue payments	2	80
	375	446
<b>(Expenses) from financing activities</b>		
Interest expenses	(3,253)	(1,934)
	(3,253)	(1,934)



## 15. COMMITMENTS AND CONTINGENCIES

As of 30 September 2011 the Group is committed to purchase property, plant and equipment for the total amount of LTL 4,764 thousand (LTL 9,960 thousand as of 30 June 2011).

Additional investments are required for cattle farms located in Panevėžys district Aukštadvario ŽŪB and Sidabravo ŽŪB due to stiffening environmental regulation in Lithuania. Incompliance with such regulations may result in significant fines. Total estimated investment value for modernization till compliance level with the environmental regulations set by the Republic of Lithuania amounts to LTL 1,300 thousand (Panevėžys district Aukštadvario ŽŪB – LTL 650 thousand and Sidabravo ŽŪB – LTL 650 thousand).

A few Group companies (Šakiai district Lukšių ŽŪB and Sidabravo ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Šakiai district Lukšių ŽŪB is committed not to discontinue operations related to agriculture up to 2015, Sidabravo ŽŪB – up to 2013. UAB Linas Agro Grūdų Centras KŪB received grant from the European Union and National Paying Agency for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2015. In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania amounting to LTL 3,093 thousand as of 30 September 2011 (LTL 2,854 thousand as of 30 June 2011).

## 16. RELATED PARTIES TRANSACTIONS

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

The related parties of the Company and Group for the years ended 30 September and 30 June 2011 were as follows:

Members of the board of the Company:

Darius Zubas (chairman of the board, ultimate controlling shareholder);  
Vytautas Šidlauskas;  
Dainius Pilkauskas;  
Arūnas Zubas;  
Andrius Pranckevičius;  
Arūnas Jarmolavičius;  
Tomas Tumėnas (member of the board from 1 October 2008).

Subsidiaries:

List provided in Note 3;

Joint ventures (Note 8):

UAB Dotnuvos Projektai;  
ŽŪB Dotnuvos Agroservisas;  
UAB Dotnuvos Technika;  
SIA DOTNUVOS PROJEKTAI (related from 26 April 2010);  
AS Dotnuvos projektai (related from 11 November 2010);  
UAB Kustodija.

Associates (Note 8):

UAB Jungtinė ekspedicija.

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);  
UAB MESTILLA (same ultimate controlling shareholders);  
OOO Ukrkalyj (Ukraine), in liquidation status (same ultimate controlling shareholders);  
PJ-SC UKRAGRO NPK (Ukraine) (same ultimate controlling shareholders, subsidiary since 1 July 2010);

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



## 16. RELATED PARTIES TRANSACTIONS (cont'd)

The Group's transactions with related parties in 3 month period ended 30 September, 2011 were as follows:

2011 1 Q	Purchases	Sales	Receivables			Payables	Current loans received
			Trade receivables	Current loans receivable	Non-current loans receivable		
Members of the board	12	-	-	-	-	-	668
Joint ventures	7,097	485	225	-	-	5,824	-
Associates	1,741	-	53	-	-	518	-
Akola ApS group companies	2,608	35,500	3,828	2,273	1,359	1,878	691
	11,458	35,985	4,106	2,273	1,359	8,220	1,359

\* Loans borrowed from related parties are accounted for under current portion of non-current borrowings in the statements of financial position (Note 10).

As of 30 September and as of 30 June 2011 annual interest rate of the Group's loans borrowed and non-current loans receivable from related parties are fixed and equal to 7% and 8%, respectively. Current loans receivable from related parties bear 1m EURIBOR + 4.1% margin annual interest rate.

Transactions with related parties include sales and purchases of goods and services, sales and purchases of property, plant and equipment as well as financing transactions in the ordinary course of business.

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

Terms and conditions of the financial assets and liabilities:

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

The Group's receivables from related parties were not past due as of 30 September and 30 June 2011.

## 17. SUBSEQUENT EVENTS

As of 10 October 2011 the Group acquired 30.40% of Panevėžio district Aukštadvario ŽŪB share capital for LTL 140 thousand, the effective Group ownership increased from 65.63% to 96.03%.

As of 19 October 2011 the Company sold 50% UAB Kustodija shares for LTL 2 900 thousand.

As of 27 October 2011 the Company acquired 30% Užupės ŽŪB share capital for LTL 3 thousand, the effective Group ownership increased to 100%.

As of 27 October 2011 Užupės ŽŪB acquired 100 % UAB EDFERMUS 2 share capital for LTL 10 thousand.

As of 3 November 2011 the Company increased share capital of AB Linas Agro by LTL 8,000 thousand.

**CONSOLIDATED INTERIM REPORT  
OF THE FINANCIAL YEAR 2011/2012  
OF AB LINAS AGRO GROUP**

**FOR 3 MONTHS PERIOD  
ENDED 30 SEPTEMBER 2011**





## 1. COMPANY DETAILS

Company name	AB Linas Agro Group
Legal form	Public company
Date and place of registration	27-11-1995 in Panevėžys
Code of legal entity	148030011
VAT identification number	LT480300113
Company register	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone	+370 45 50 73 03
Fax	+370 45 50 73 04
E-mail	group@linasagro.lt
Website	www.linasagro.lt
ISIN code	LT0000128092
Ticker in NASDAQ OMX Vilnius	LNA1L

## 2. ABOUT AB LINAS AGRO GROUP

AB Linas Agro Group is an agribusiness parent company engaged in the production and trade of grains, oilseeds, feedstuff and agricultural inputs. It controls companies in Lithuania, Latvia, Estonia, Denmark and Ukraine. The group consists of international trading company in Lithuania AB Linas Agro, grain storage company UAB Linas Agro Grūdų Centras KŪB (controlling grain storages in Joniškis, Kėdainiai, Kupiškis, Pasvalys, Šakiai district, Šiauliai and Vilkaviškis), Latvian trading company SIA Linas Agro, international trading company Linas Agro A/S in Denmark, Ukrainian based fertilizer production and trade company PJ-SC UKRAGRO NPK, group of companies ŽŪB Landvesta, managing agricultural land, group of five agricultural companies UAB Linas Agro Konsultacijos, operator of lignin biofuel accumulation UAB Lignineko and other companies.

The total headcount of the Group amounts to 834 employees. The financial year of most of the companies of the Group begin on 1 July.

Together with partners, the controlling company owns agriculture-related products providing companies UAB Dotnuvos Projektai and UAB Kustodija and logistics company UAB Jungtinė Ekspedicija.

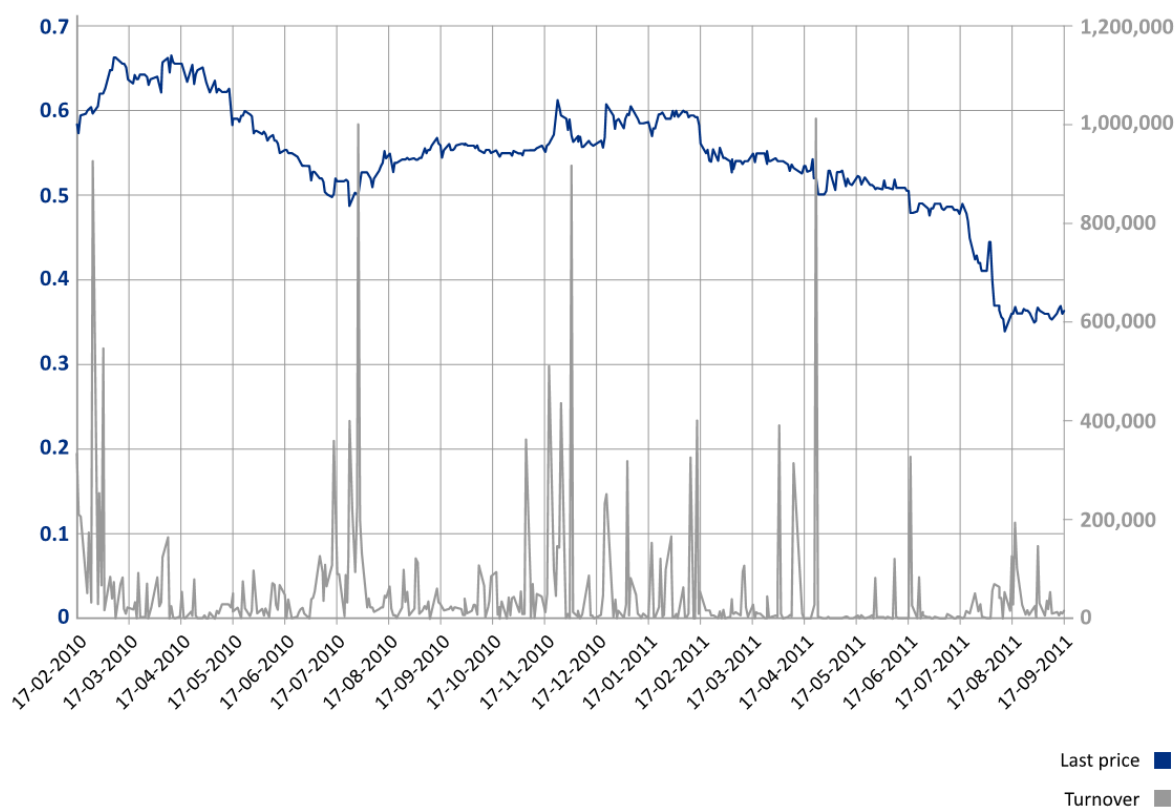




The Group's activities are subdivided into five basic operating segments: Grains and Oilseeds, Feedstuffs, Farming, Agricultural Inputs, and Other Activities. Division into separate segments is dictated by different types of products and character of related activities; however, activities of the segments are often interconnected. The holding company performs only the management function and is not involved in any trading or production activities.

### 3. PRICES OF SHARES AND TURNOVER OF AB LINAS AGRO GROUP

Starting from 17 February 2010, the Company has been listed on NASDAQ OMX Vilnius Stock Exchange. Information on changes in the prices of Company's shares and turnover from starting trade until the end of the reporting period, i. e. 30 September 2011, is presented in the following diagram:





#### 4. ACTIVITY RESULTS OF THE GROUP

- Growing worldwide grain prices had a positive effect on Group's sales volumes. The revenues of the Group amounted to LTL 444 million and were 17% higher as compared to the first quarter of 2010/2011 financial year (LTL 379 million);
- The Group's gross profit reached LTL 31.6 million or was up by 5% as compared to the respective period of the previous financial year (LTL 30.1 million) and the net profit before tax amounted to LTL 19.3 million (LTL 17.6 million last year). The net profit attributable to the Group reached LTL 13.4 million (LTL 15 million last year);
- Grain storage facilities owned by AB Linas Agro Group processed 292 thousand tons of various grains or 28% more than over the respective period of the last year. The growth in volumes is mainly explained by opening new elevators in Pasvalys and Lukšiai (Šakiai district). Both elevators processed and prepared almost 34 thousand tons of grains and exceeded the expected storage capacity, which proves the efficiency of the investments made.

#### 5. FINANCIAL RATES

	3 months of 2011/2012	3 months of 2010/2011
<b>Sales (LTL)</b>	<b>443,933,000</b>	<b>378,893,000</b>
<b>Operating profit (LTL)</b>	<b>20,936,000</b>	<b>17,174,000</b>
<b>Operating profit (LTL) by segments :</b>		
Grains and oilseeds	(1,868,000)	7,170,000
Feedstuffs	1,292,000	1,570,000
Agricultural inputs	16,527,000	8,053,000
Farming	(2,918,000)	(1,976,000)
Other products and services	7,897,000	3,155,000
<b>Net profit (loss) attributable to the Group (LTL)</b>	<b>13,412,000</b>	<b>15,052,000</b>
<b>Turnover (in tons)</b>	<b>393,279</b>	<b>405,765</b>



## OVERVIEW

The total harvest of grain crops was different on the markets operated by the Group. It was similar to the last year's harvest and considered as average in the Baltic States (Lithuania and Latvia), while in Russia and Ukraine it was quite high. Worldwide grain prices remained fluctuating as last year but the overall price fluctuation was lower as compared to the respective period of the last year. The price tendencies of the last six months were opposite to last year's tendencies - the prices of the main products (wheat and rapeseed) dropped from spring until autumn.

The sales of the Group amounted to LTL 444 million and were 17% higher as compared to LTL 379 million earned during the same period of the last year. The Group managed to maintain its gross profitability level almost unchanged – 7.1% as compared to 8.0% of the last financial year. The Group's gross profit reached LTL 31.6 million or was up by almost 5% as compared to the respective period of 2010/2011 financial year (LTL 30.1 million). The Group is not expecting any unplanned losses related to product non-delivery because the Company implemented more strict risk management policy.

The operating costs incurred by the Group were LTL 11.7 million, i.e. 18% higher than during the respective period last year (LTL 10 million). It is mainly explained due to construction of new elevators, expansion of storage facilities and consolidation of Užupės agricultural company into the Group.

The performance of companies owned by the Group together with partners (UAB Dotnuvos Projektai, UAB Kustodija and UAB Jungtinė Ekspedicija) was profitable. The companies jointly earned approx. LTL 2.4 million of net profit (LTL 3.7 million in 2010/2011 financial year).

## 6. ACTIVITY RESULTS BY SEGMENTS

### GRAINS AND OILSEEDS

Traditionally the largest business segment of the Group generated the turnover of LTL 141 million during three months of the financial year (LTL 166 million in 2010/2011 financial year) and the operating loss amounted to LTL 1.9 million (LTL 7.7 million of operating profit in 2010/2011). The operating loss was mainly conditioned by accounting principles because firstly grains having highest cost value were sold as their purchase price was at highest level at the beginning of harvest season. More than 147 thousand tons of various grains (mostly rapeseed and wheat) were sold. The fall in sales volumes of this business segment is explained by later harvest as compared to the last year, thus bigger sales were shifted to the second quarter of the financial year. The sales volumes also dropped due to termination of Serbian trade activities, which resulted in lower sales in maize.



## **FEEDSTUFFS**

The turnover of feedstuffs segment reached LTL 57 million and the operating profit totaled LTL 1.3 million. Approx. 56 thousand tons of feedstuffs were sold, i.e. 19% less than during the respective period last year (69 thousand tons). The drop was conditioned by lower sales volumes in sugar beet pulp (55%) and vegetable oil (52%) over the first quarter as compared to the corresponding period last year. The main reasons were recurrence of demand for sugar beet pulp and partial export ban of vegetable oil from Belarus. Growing demand for sunflower cake on Scandinavian market resulted in 80% higher sales volumes of this product – approx. 40 thousand tons were sold on this market.

## **AGRICULTURAL INPUTS**

Agricultural inputs remained one of the largest business segments. The operating turnover reached LTL 231 million and was 3 times as high as over the respective period last year (LTL 139 million). The increase in turnover was conditioned by growing worldwide fertilizer prices. The gross profit of the segment reached LTL 20.9 million over the reporting period (LTL 11.9 million in 2010/2011 financial year), while the gross profit from trade in fertilizers totaled LTL 19.7 million. The operating profit of the segment amounted to LTL 16.5 million (LTL 8.05 million in 2010/2011 financial year) and was almost twice as high as compared to the operating profit of the corresponding period last year.

## **FARMING**

This segment covers the initial agricultural production. Due to high grain prices the sales volumes of agricultural companies grew from LTL 12.9 million to LTL 15.9 million during the first quarter, however, operating loss totaled LTL 2.9 million. The loss was caused by change in biological value because the actual value of crops is estimated, thus the change in value increased the cost price of products by LTL 3 million.

## **OTHER PRODUCTS AND SERVICES**

The sales of this business segment are predominated essentially by activities of grain storage facilities controlled by the Group. Favorable climatic conditions and increased storage capacity resulted in LTL 7.9 million of operating revenue from this segment. Sales volumes increased 12% and reached LTL 24.5 million (LTL 22 million in 2010/2011 financial year). Operating profit of the segment totaled LTL 7.9 million and was 2.5 times as high as compared to the operating profit of the corresponding period last year.



## 7. FINANCIAL COSTS

Due to increased investments in fertilizer business, the Group's need for working capital grew correspondingly. The basis of interest rate also increased during the reporting period. This is one of the main reasons for increased financial costs. Bank interest costs grew from LTL 1.9 million to LTL 3.2 million. Similar trends are also expected for the second quarter of the financial year.

## 8. CASH FLOWS

Group's cash flow from operating activities before the changes in working capital grew to LTL 21.9 million as compared to LTL 15.7 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was LTL 23.8 million (minus LTL 17.1 million over the respective period of 2010/2011 financial year). This is mainly explained due to the beginning of trade season and decrease in receivables before the balance sheet date. Group's cash balance at the end of the reporting period amounted to LTL 11 million (LTL 35.7 million over the respective period of 2010/2011 financial year).

## 9. KEY EVENTS

On 1 July 2011, AB Linas Agro acquired additional 40% shares of Rosenkrantz A/S and controls 100% of this company. Company name Rosenkrantz A/S was changed into Linas Agro A/S.

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