



## 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 nine months of the financial year 2011/2012, ended June 30, 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 twelve 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

30 August 2012

AB Linas Agro Group Finance Director

Tomas Tumėnas

30 August 2012

# **AB LINAS AGRO GROUP**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE 12 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 June 2012	As of 30 June 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	612	366
Property, plant and equipment	6	123,229	123,208
Investment property	7	9,513	9,012
Animals and livestock		11,852	14,007
Non-current financial assets			
Investments into associates	8	348	347
Investments into joint ventures	8	29,565	25,821
Other investments	9	311	365
Prepayments for financial assets	9	-	2,223
Non-current receivables		5,446	10,317
Non-current receivables from related parties	16	3,230	1,359
Total non-current financial assets		38,900	40,432
Deferred income tax asset		5,413	8,797
<b>Total non-current assets</b>		<b>189,519</b>	<b>195,822</b>
<b>Current assets</b>			
Crops		36,460	29,682
Inventories		136,668	128,226
Prepayments		16,504	49,674
Accounts receivable			
Trade receivables		191,138	160,768
Receivables from related parties	16	3,278	3,899
Other accounts receivable		18,619	29,257
Total accounts receivable		213,035	193,924
Other current assets		43,575	5,284
Cash and cash equivalents		54,768	7,624
<b>Total current assets</b>		<b>501,010</b>	<b>414,414</b>
<b>Total assets</b>		<b>690,529</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 June 2012	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		4,401	4,151
Reserve for own shares		1,600	-
Foreign currency translation reserve		(47)	(3,208)
Retained earnings		106,185	23,930
<b>Total equity attributable to equity holders of the parent</b>		<b>350,624</b>	<b>263,358</b>
<b>Non-controlling interest</b>		<b>4,818</b>	<b>16,591</b>
<b>Total equity</b>		<b>355,442</b>	<b>279,949</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		11,855	9,473
Non-current borrowings	10	36,749	28,295
Finance lease obligations		2,568	1,789
Deferred income tax liability		897	2,613
Payables to related parties		54	
Other non-current liabilities		1,543	2,329
<b>Total non-current liabilities</b>		<b>53,666</b>	<b>44,499</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	10, 16	9,839	14,814
Current portion of finance lease obligations		1,067	1,028
Current borrowings	10	179,701	180,884
Trade payables		49,213	47,280
Payables to related parties	16	3,634	5,482
Income tax payable		12,872	2,933
Derivative financial instruments		4,845	618
Other current liabilities		20,250	32,749
<b>Total current liabilities</b>		<b>281,421</b>	<b>285,788</b>
<b>Total equity and liabilities</b>		<b>690,529</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 June)

	Notes	2011/2012 12 month	2010/2011 12 month
Sales	4	1,337,961	1,353,976
Cost of sales	11	(1,243,044)	(1,273,007)
<b>Gross profit</b>		<b>94,917</b>	<b>80,969</b>
Operating (expenses)	12	(48,494)	(65,618)
Other income	13	67,922	5,116
Other (expenses)	13	(1,502)	(5,252)
<b>Operating profit</b>		<b>112,843</b>	<b>15,215</b>
Income from financing activities	14	10,126	2,779
(Expenses) from financing activities	14	(9,791)	(8,278)
Share of profit of associates		-	63
Share of profit of joint ventures		2,552	4,743
<b>Profit before tax</b>		<b>115,730</b>	<b>14,522</b>
Income tax		22,209	4,448
<b>Net profit</b>		<b>93,521</b>	<b>18,970</b>
<b>Attributable to:</b>			
Equity holders of the parent		88,557	19,563
Non-controlling interest		4,964	(593)
		93,521	18,970
Basic and diluted earnings per share (LTL)		0.59	0.12
<b>Net profit</b>		<b>93,521</b>	<b>18,970</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		92	(5,092)
<b>Total comprehensive income</b>		<b>93,613</b>	<b>13,878</b>
<b>Attributable to:</b>			
Equity holders of the parent		88,649	16,488
Non-controlling interest		4,964	(2,610)
		93,613	13,878

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 April to 30 June)

	Notes	2011/2012 4 Q	2010/2011 4 Q
Sales	4	254,656	215,933
Cost of sales	11	(225,511)	(194,921)
<b>Gross profit</b>		<b>29,145</b>	<b>21,012</b>
Operating (expenses)	12	(15,051)	(25,503)
Other income	13	(1,762)	3,898
Other (expenses)	13	696	976
<b>Operating profit</b>		<b>13,028</b>	<b>383</b>
Income from financing activities	14	9,143	513
(Expenses) from financing activities	14	(2,842)	(1,365)
Share of profit of associates		(24)	1
Share of profit of joint ventures		1,356	3,959
<b>Profit before tax</b>		<b>20,661</b>	<b>3,491</b>
Income tax		3,996	4,900
<b>Net profit</b>		<b>16,665</b>	<b>8,391</b>
<b>Attributable to:</b>			
Equity holders of the parent		13,223	8,661
Non-controlling interest		3,442	(270)
		16,665	8,391
Basic and diluted earnings per share (LTL)		0.10	0.05
<b>Net profit</b>		<b>16,665</b>	<b>8,391</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		92	(854)
<b>Total comprehensive income</b>		<b>16,757</b>	<b>7,537</b>
<b>Attributable to:</b>			
Equity holders of the parent		13,315	8,019
Non-controlling interest		3,442	(482)
		16,757	7,537

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	Reserve for acquisition of own shares	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	-	-	-	-	-	19,563	19,563	(593)	18,970
Other comprehensive income	-	-	-	-	(3,075)	-	(3,075)	(2,017)	(5,092)
Total comprehensive income	-	-	-	-	(3,075)	19,563	16,488	(2,610)	13,878
Reserves made	-	-	(51)	-	-	(51)	-	-	-
Dividends declared by Rosenkrantz A/S	-	-	-	-	-	-	-	(611)	(611)
Dividends declared by Company	-	-	-	-	-	(3,500)	(3,500)	-	(3,500)
Minority interest arising on acquisition of subsidiaries	-	-	-	-	-	416	416	(4,862)	(4,446)
Acquisition of minority interest	-	-	-	-	-	(577)	(577)	1,666	1,089
<b>Balance as of 30 June 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>
<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	-	-	-	-	-	88,557	88,557	4,964	93,521
Other comprehensive income	-	-	-	-	92	-	92	-	92
Total comprehensive income	-	-	-	-	92	88,557	88,649	4,964	93,613
Disposals of subsidiaries	-	-	-	-	3,069	109	3,178	(17,500)	(14,322)
Declared dividends	-	-	-	-	-	-	-	(22)	(22)
Reserves made	-	-	250	1,600	-	(1,850)	-	-	-
Acquisition of minority interest	-	-	-	-	-	(4,561)	(4,561)	785	(3,776)
<b>Balance as of 30 June 2012</b>	<b>158,940</b>	<b>79,545</b>	<b>4,401</b>	<b>1,600</b>	<b>(47)</b>	<b>106,185</b>	<b>350,624</b>	<b>4,818</b>	<b>355,442</b>

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



## CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2011/2012 12 month	2010/2011 12 month
<b>Cash flows from (to) operating activities</b>			
Net profit (loss)		93,522	18,970
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization		9,899	10,347
Subsidies amortization		(1,311)	(1,375)
Share of profit of associates and joint ventures		(3,783)	(4,806)
(Gain) on disposal of property, plant and equipment		(276)	48
Loss from acquisition of subsidiary		939	670
Loss (gain) from disposal of investments		(63,076)	-
Change in accrued expenses		6,733	1,384
Change in allowance for receivables and prepayments		2,286	18,870
Change in inventories write down to net realizable value		13	32
Change in fair value of biological assets		(2,749)	(8,932)
Change in impairment of investments		19	11
Change in impairment of property, plant and equipment and investment property		(181)	(586)
Change in deferred income tax		2,881	(8,596)
Current income tax expenses		19,327	4,148
Expenses (income) from change in fair value of financial instruments		(584)	(43)
Change of provision for onerous contracts		(267)	267
Change in foreign currency translation reserve		-	-
Dividend (income)		(36)	-
Interest (income)		(10,126)	(2,779)
Interest expenses		9,791	8,277
		63,021	35,907
<b>Changes in working capital:</b>			
Decrease in biological assets		(326)	(6,461)
(Increase) in inventories		(45,497)	(22,355)
(Increase) in prepayments		6,892	(11,439)
(Increase) in trade and other accounts receivable		(24,442)	(63,904)
(Increase) in restricted cash		(2,072)	(77)
Increase in trade and other accounts payable		49,864	37,664
Income tax (paid)		(7,260)	(3,988)
<b>Net cash flows from (to) operating activities</b>		<b>40,180</b>	<b>(34,653)</b>

(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 12 month	2010/2011 12 month
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(20,855)	(23,766)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		1,895	916
Acquisition of subsidiaries (less received cash balance in the Group)		(10)	7,407
Disposal of subsidiary subsidiaries (less received cash balance in the Group)		69,759	1,089
Prepayment for financial assets		-	(2,223)
(Acquisition) of non-controlling interests and other investments		(41,713)	(1,572)
Disposal of joint venture		2,044	-
Loans (granted)		(2,715)	(4,626)
Repayment of granted loans		2,605	8,042
Interest received		3,059	2,406
Dividend received		36	1,500
<b>Net cash flows (to) investing activities</b>		<b>14,105</b>	<b>10,827</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		128,001	74,770
(Repayment) of loans		(123,147)	(42,061)
Finance lease (payments)		(1,221)	(1,391)
Interest (paid)		(10,762)	(8,117)
Dividends (paid) to non-controlling shareholders		(12)	(611)
Dividends (paid) to shareholders of the Company		-	(3,500)
<b>Net cash flows from (to) financing activities</b>		<b>(7,141)</b>	<b>19,090</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>47,144</b>	<b>(26,390)</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>54,768</b>	<b>7,624</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by finance lease		2,026	1,701
Property, plant and equipment acquisitions financed by grants and subsidies		4,152	740

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 June 2012 and as of 30 June 2011 the shareholders of the Company were:

	As of 30 June 2012		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)	23,094,969	14.53%	21,221,849	13.35%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank (Estonia) Clients	9,184,040	5.78%	9,816,217	6.18%
Other shareholders (private and institutional investors)	23,529,843	14.80%	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 June 2012 (LTL 1 each as of 30 June 2011) and were fully paid as of 30 June 2012 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 June 2012 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 June 2012 the number of employees of the Group was 595 (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 June 2012***

No changes in share capital occurred during the year ending 30 June 2012.

### 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 June 2012 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 June 2012	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%	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	96.16%	92.88%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.36%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.80%	98.37%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	96.76%	65.35%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	70.28%	66.22%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	70%	Growing and sale of crops
UAB Edfermus 2	Lithuania	100%	-	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 Kupiškių 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 12 month period ended 30 June 2012***

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.

On 6 February 2012 the Company sold all shares of PC-JS UKRAGRO NPK. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the followings:

	<b>31 January 2012</b> <b>(unaudited)</b>
Non-current assets	22,267
Current assets	92,173
Liabilities	(64,916)
Net asset of subsidiary sold	49,524
Minority interest	20,780
Net assets sold by the Group	28,744
Sales price (received in cash)	90,754
<b>Gain on disposal of subsidiaries in the Group</b>	<b>62,010</b>
Cash disposed in the subsidiaries	20,995
<b>Sales price less cash disposed</b>	<b>69,759</b>

The Shareholders' agreement between AB Linas Agro Group and PC-JS UKRAGRO NPK non-controlling shareholders expired on 6 February 2012, according to which the Company has an obligation to acquire the shares of PC-JS UKRAGRO NPK from the non-controlling shareholders, if put option is exercised.

During the 12 month period ended 30 June 2012 the Group acquired 0.43% of Šakiai district Lukšiu ŽŪB share capital for LTL 14 thousand, 0.03% Biržai district Medeikių ŽŪB share capital for LTL 1 thousand, 31.41% Panevėžys district Aukštadvario ŽŪB share capital for LTL 144 thousand, 30% Užupės ŽŪB share capital for LTL 3 thousand, 100% UAB Edfermus 2 share capital for LTL 10 thousand, 4.06% Sidabravo ŽŪB share Capital for LTL 21 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 3,303 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.

12 month period ended 30 June 2012	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	93,216	175	-	-	181	-	-	93,572
Other third parties	440,453	359,001	402,690	28,204	14,041	-	-	1,244,389
Intersegment	-	2,503	12,239	18,830	26,293	-	(59,865) <sup>1)</sup>	-
<b>Total revenue</b>	<b>533,669</b>	<b>361,679</b>	<b>414,929</b>	<b>47,034</b>	<b>40,515</b>	<b>-</b>	<b>(59,865)<sup>1)</sup></b>	<b>1,337,961</b>



**Results**

Operating expenses	4,769	3,398	11,936	3,792	3,186	21,413	-	48,494
Segment operating profit (loss)	5,676	17,465	88,896	8,902	10,392	(18,488)	-	112,843

12 month period ended 30 June 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	138,357	13	-	-	770	-	-	139,140
Other third parties	441,123	263,061	469,269	25,276	16,107	-	-	1,214,836
Intersegment	-	2,064	11,991	14,170	21,403	-	(49,628) <sup>1)</sup>	-
<b>Total revenue</b>	<b>579,480</b>	<b>265,138</b>	<b>481,260</b>	<b>39,446</b>	<b>38,280</b>	<b>-</b>	<b>(49,628)<sup>1)</sup></b>	<b>1,353,976</b>
<b>Results</b>								
Operating expenses	19,677	8,823	17,859	3,968	3,251	12,040	-	65,618
Segment operating profit (loss)	(23,048)	3,909	26,251	15,475	6,061	(13,433)	-	15,215

1) Intersegment revenue is eliminated on consolidation.

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

Revenue from external customers	12 month period ended	
	30 June 2012	30 June 2011
Lithuania	321,104	376,486
Europe (except for Scandinavian countries, CIS and Lithuania)	299,213	321,587
Scandinavian countries	239,702	110,214
Africa	57,192	44,917
Asia	136,097	100,774
CIS	284,653	399,998
	<u>1,337,961</u>	<u>1,353,976</u>

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

Non-current assets	As of 30 June	As of 30
	2012	June 2011
Lithuania	133,057	113,730
Ukraine	-	18,444
Denmark	118	207
Latvia	179	205
	<u>133,354</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	366	13	379
Write-offs	-	-	-
Exchange differences	2	-	2
Disposal of subsidiary	(73)	-	(73)
Balance as of 30 June 2012	1,807	170	1,977
<b>Accumulated amortization:</b>			
Balance as of 30 June 2011	1,179	124	1,303
Charge for the year	85	11	96
Write-offs	-	-	-
Exchange differences	-	-	-
Disposal of subsidiary	(34)	-	(34)
Balance as of 30 June 2012	1,230	135	1,365
<b>Net book value as of 30 June 2012</b>	<b>577</b>	<b>35</b>	<b>612</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	13,220	671	874	1,035	335	16,385
Disposals and write-offs	(13)	(419)	(370)	(527)	(518)	(205)	(2,053)
Transfers to/from investment property	156	-	-	-	-	-	156
Reclassifications	-	2,797	(299)	26	-	(2,524)	-
Exchange differences	(40)	(2,005)	(97)	(137)	(168)	(141)	(2,588)
Balance as of 30 June 2011	6,923	95,986	52,601	7,049	10,155	15,247	187,960
Additions	3,236	2,707	7,237	1,488	967	17,618	33,253
Acquisition of subsidiaries	200	-	-	-	-	-	200
Disposals and write-offs	(177)	(210)	(1,461)	(247)	(28)	(10)	(2,133)
Transfers to/from investment property	610	-	-	-	-	-	610
Reclassifications	176	14,486	4,694	18	411	(19,785)	-
Exchange differences	21	1,302	299	97	117	68	1,904
Disposal of subsidiary	(228)	(16,716)	(4,215)	(1,454)	(1,718)	(631)	(24,962)
Balance as of 30 June 2012	10,761	97,555	59,155	6,951	9,904	12,507	196,833
<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	-	5,588	4,470	871	1,068	-	11,997
Disposals and write-offs	-	(16)	(303)	(185)	(28)	-	(532)
Reclassifications	-	-	(459)	-	459	-	-
Exchange differences	-	66	40	11	35	-	152
Disposal of subsidiary	-	(1,118)	(735)	(314)	(567)	-	(2,734)
Balance as of 30 June 2012	-	28,722	32,896	4,113	7,383	-	73,114
<b>Impairment losses:</b>							
Balance as of 30 June 2010	206	266	19	4	2	-	497
(Reversal) charge for the year	(156)	183	-	(1)	(1)	-	25
Balance as of 30 June 2011	50	449	19	3	1	-	522
(Reversal) charge for the year	(32)	-	-	-	-	-	(32)
Balance as of 30 June 2012	18	449	19	3	1	-	490
<b>Net book value as of 30 June 2012</b>	<b>10,743</b>	<b>68,384</b>	<b>26,240</b>	<b>2,835</b>	<b>2,520</b>	<b>12,507</b>	<b>123,229</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	1,122	-	1,122
Disposals	(65)	-	(65)
Transfers to/from property, plant and equipment	(610)	-	(610)
Balance as of 30 June 2012	<b>8,228</b>	<b>3,297</b>	<b>11,525</b>
<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	-	94	94
Transfers to/from property, plant and equipment	-	-	-
Balance as of 30 June 2012	-	<b>790</b>	<b>790</b>
<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
Charge for the year	(148)	-	(148)
Balance as of 30 June 2012	94	1,128	1,222
<b>Net book value as of 30 June 2012</b>	<b>8,134</b>	<b>1,379</b>	<b>9,513</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 valutors at near reporting date using the comparable prices method.



## 8. INVESTMENTS INTO ASSOCIATES AND JOINT VENTURES

As of 30 June 2012 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 June 2012	As of 30 June 2011	
<b>Associates</b>				
UAB Jungtinė Ekspedicija	Lithuania	45.05%	45.05%	Expedition and ship's agency services
Karcemos KB	Lithuania	20%	-	Preparation and warehousing of grains for trade
<b>Joint ventures</b>				
UAB Dotnuvos Projektai	Lithuania	50%	50%	Sale of seeds, agricultural machinery
<b>Companies controlled by UAB Dotnuvos Projektai</b>				
UAB Dotnuvos Technika	Lithuania	50%	50%	Dormant
SIA DOTNUVOS PROJEKTAI	Latvia	50%	50%	Sale of seeds, agricultural machinery
AS Dotnuvos Projektai	Estonia	50%	50%	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisai	Lithuania	-	49.98%	Agricultural equipment maintenance and related services

Information on associates and joint ventures of the Group as of 30 June 2012 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	348	-	4,416	235	1,269	100	769
	<u>348</u>						
<b>Investments into joint ventures</b>							
UAB Dotnuvos Projektai (consolidated)	29,565	7,488	169,937	33,790	120,693	4,398	90,636
	<u>29,565</u>						

\*Karcemos KB consolidating associate.

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 June 2012	As of 30 June 2011
Panevėžys district Ėriškių ŽŪB	24.97%	173	173
Other investments		138	192
		<u>311</u>	<u>365</u>

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.

## 10. BORROWINGS

	As of 30 June 2012	As of 30 June 2011
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	35,393	27,228
Other non-current borrowings	1,356	1,067
	<u>36,749</u>	<u>28,295</u>
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	8,529	12,814
Current portion of other non-current borrowings (Note 16)	1,310	2,000
Current bank borrowings secured by the Group assets	156,471	160,109
Factoring with recourse liability	21,511	18,894
Other current borrowings	1,719	1,881
	<u>189,540</u>	<u>195,698</u>
	<u>226,289</u>	<u>223,993</u>

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

## 11. COST OF SALES

	2011/2012 12 month	2010/2011 12 month
Cost of inventories recognized as an expense	1,131,052	1,134,595
Logistics expenses	88,509	84,875
Wages and salaries and social security	12,281	11,253
Provision for onerous contracts	(267)	267
Depreciation	6,477	7,575
Utilities expenses	2,942	2,243
(Income) expense from change in fair value of biological assets	(2,749)	(8,932)
(Income) expense from change in fair value of financial instruments	(584)	(3,401)
Other	5,383	44,532
	<u>1,243,044</u>	<u>1,273,007</u>



## 12. OPERATING (EXPENSES)

	<b>2011/2012</b>	<b>2010/2011</b>
	<b>12 month</b>	<b>12 month</b>
Wages and salaries and social security	(31,048)	(29,943)
Change in allowance for receivables and prepayments	(2,286)	(18,870)
Consulting expenses	(2,168)	(1,719)
Depreciation and amortization	(1,518)	(1,169)
Other	(11,474)	(13,917)
	<u>(48,494)</u>	<u>(65,618)</u>

## 13. OTHER INCOME (EXPENSES)

	<b>2011/2012</b>	<b>2010/2011</b>
	<b>12 month</b>	<b>12 month</b>
<b>Other income</b>		
Fees from farmers for grain non-deliveries	272	3,916
Rental income from investment property and property, plant and equipment	886	912
Gain from disposal of investment property and property, plant and equipment	331	180
Gain from disposal of subsidiary	62,010	-
Gain from disposal of joint venture	1,060	-
Currency exchange gain	2,782	-
Other income	581	108
	<u>67,922</u>	<u>5,116</u>
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties	(213)	(233)
Loss from disposal of property, plant and equipment	(53)	(228)
Currency exchange loss	-	(4,517)
Loss recognized on acquisition of subsidiary (Note 3)	-	(670)
Loss recognized on disposal of subsidiary (Note 3)	-	-
Other expenses	(1,215)	396
	<u>(1,481)</u>	<u>(5,252)</u>

## 14. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	<b>2011/2012</b>	<b>2010/2011</b>
	<b>12 month</b>	<b>12 month</b>
<b>Income from financing activities</b>		
Interest income	7,780	2,132
Income from overdue payments	246	647
Other income	2,100	-
	<u>10,126</u>	<u>2,779</u>
<b>(Expenses) from financing activities</b>		
Interest expenses	(9,791)	(8,278)
	<u>(9,791)</u>	<u>(8,278)</u>



## 15. COMMITMENTS AND CONTINGENCIES

As of 30 June 2012 the Group is committed to purchase property, plant and equipment for the total amount of LTL 1,167 thousand (LTL 9,960 thousand as of 30 June 2011).

Additional investments are required for cattle farms located in Panevėžys district Aukštadvario 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 650 thousand (LTL 1,300 thousand as of 30 June 2011).

A few Group companies (Šakiai district Lukšių ŽŪB, Sidabravo ŽŪB and Biržai district Medeikių 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 2014, Biržai district Medeikių ŽŪB – up to 2014. 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 2018. 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 10,145 thousand as of 30 June 2012 (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 June 2012 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“ (till 28 December 2011, reorganized);  
 UAB Dotnuvos Technika;  
 SIA DOTNUVOS PROJEKTAI (related from 26 April 2010);  
 AS Dotnuvos projektai (related from 11 November 2010);  
 UAB Kustodija (till 19 October 2011).

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 till 30 June 2011);  
 PJ-SC UKRAGRO NPK (Ukraine) (same ultimate controlling shareholders, subsidiary since 1 July 2010 till 6 February 2012);

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 9 month period ended 30 June 2012 were as follows:

	Purchases	Sales	Receivables		Non-current loans receivable	Current payables	Current loans received
			Trade receivables	Current loans receivable			
Members of the board	47	1	-	-	-	-	656
Joint ventures	32,900	1,227	-	-	54	604	-
Associates	9,292	186	-	53	-	425	-
Akola ApS group companies	17,941	94,382	3,230	3,225	-	2,605	-
	60,180	95,796	3,230	3,278	54	3,634	656

\* 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 June 2012 annual interest rate of the Group's loans borrowed is fixed and equal 7%. Current loans receivable from related parties are equal 8% and bear 3 month EURIBOR + 2.45% margin annual interest rate. 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 7.5% and 8%, respectively. Current loans receivable from related parties bear 1 month 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 June 2012 and 30 June 2011.

## 17. SUBSEQUENT EVENTS

On 16 July 2012 a subsidiary of AB Linas Agro Group, UAB Linas Agro Konsultacijos having received permission from Competition Council acquired 98.55% shares of Labūnavos agricultural company for LTL 22.5 million.

On 6 August 2012 AB Linas Agro Group signed agreements with natural persons, the shareholders of UAB Dotnuvos projektai, on acquisition of 50% of shares of the company. The agreements shall come into force if there are no objections from Competition Council. AB Linas Agro Group is planning to spend LTL 32 million on the acquisition of shares.

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

**FOR 12 MONTHS PERIOD  
ENDED 30 JUNE 2012**







## 1. COMPANY DETAILS

Company name:	AB Linas Agro Group
Legal form:	Public company
Date and place of registration:	27-11-1995 in Panevezys
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	<i>group@linasagro.lt</i>
Website	<i>www.linasagro.lt</i>
ISIN code	LT0000128092
Ticker in NASDAQ OMX Vilnius	LNA1L

## 2. ABOUT AB LINAS AGRO GROUP

AB Linas Agro Group together with its subsidiaries and joint ventures is agribusiness developing Group of companies engaged in the production of and trade in agricultural produce, feedstuff and agricultural inputs. The Group is the leading exporter of grains and secondary products of food industry in the Baltic countries and is one of the leaders in supplies of agricultural inputs (such as certified seeds, fertilizers, plant protection products and agricultural machinery) in Lithuania. The Group carries out its trading operations mostly through its subsidiaries AB Linas Agro (Lithuania) and Linas Agro A/S (Denmark). Both companies are GTP (European Good Trading Practice) certified and ensure the position of the Group among the key players of the European market. The Group is a major grains and milk producer in Lithuania; it owns five farming companies and shortly plans to acquire one more. In order to improve its operations, the Group has formed and further expands an extensive network of grain storage, it controls grain elevators in Joniškis, Kėdainiai, Kupiškis, Pasvalys, Šakiai district, Šiauliai and Vilkaviškis and together with partners is currently building a storage in Panevezys.

Together with partners, the Company owns agricultural input supply company UAB Dotnuvos Projektai and logistics and forwarding company UAB Jungtine Ekspedicija. After the end of the reporting period, on 6 August 2012, AB Linas Agro Group signed agreements on purchasing 50% of shares of UAB Dotnuvos Projektai.



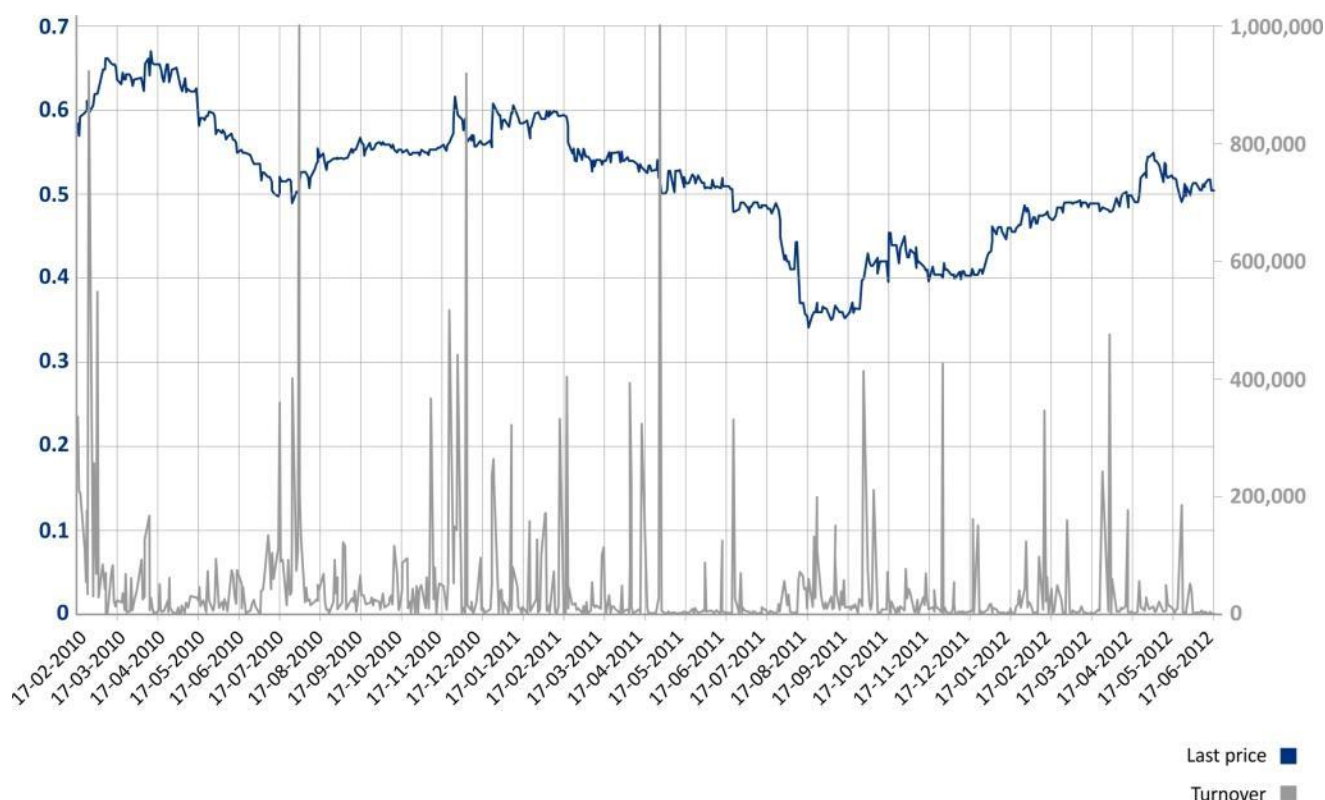
The total headcount of the Group amounts to 595 employees performing their functions in four countries (Lithuania, Latvia, Estonia and Denmark). The financial year of most of the companies of the Group begin on 1 July.

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. All 158,940,398 ordinary registered shares of the Company were included in the Official List of 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 June 2012, is presented in the following diagram:



AB Linas Agro Group is included in the composition of the comparative index OMX Baltic Benchmark of the stock exchanges of the Baltic countries from 1 July 2010.



#### 4. INFORMATION ON ACTIVITY RESULTS OF THE COMPANY

- ▲ Consolidated turnover of AB Linas Agro Group dropped 1.2% as compared to the corresponding period last year and totaled LTL 1,338 million. Despite the sale of Ukrainian fertilizer production and trading company, the turnover remained almost unchanged from that of FY 2010/2011 (LTL 1,354 million).
- ▲ The Group earned LTL 95 million of gross profit, which was a 17% growth as compared to the corresponding period last year (LTL 80.9 million).
- ▲ The Group's operating effectiveness and profitability ratios increased: ROCE increased from 4% to 19.7% and earnings per share (EPS) from LTL 0.12 to LTL 0.59.
- ▲ The Group's profit before tax reached LTL 115.7 million (LTL 14.5 million last year) or LTL 53.7 million if eliminating income before tax of sales of the Ukrainian company PJ-SC UKRAGRO NPK (effect of a single transaction).
- ! In February 2012 the Group sold 58.04% of shares of the Ukrainian fertilizer production and trade company PJ-SC UKRAGRO NPK. The impact of transaction to the profit before taxes totaled LTL 62 million.
- ▼ Sales volumes of the Group reached 1.34 million tons, i.e. were 9% down from the corresponding period last year (1.48 million tons). Drop in sales volumes was mainly the result of sales of the Ukrainian company.
- ▲ Sales volumes grew in the segments of trading in feedstuffs (36%), farming (19%), and other products and services (6%).
- ▲ Group is using the income obtained from sales of shares of the Ukrainian company, for further business expansion in the Baltic States and Poland: together with the partners it builds grain storage facility, negotiates acquisition of agricultural companies, expands sales turnover in Poland (exports to Poland increased 2.7 times from previous year and exceeded LTL 80 million).
- ▲ Gross margin grew from 5.98% to 7.09%.
- ▲ EBITDA grew 4 times from last year's LTL 30 million and totaled LTL 125 million.



## MAIN FINANCIAL RATIOS

	2008/2009	2009/2010	2010/2011	2011/2012	Change 2011/2012 compared to 2010/2011 (LTL in thousands)	Change 2011/2012 compared to 2010/2011 (%)
<b>Sales</b>	<b>1,113,880</b>	<b>834,116</b>	<b>1,353,976</b>	<b>1,337,961</b>	<b>16,015</b>	<b>-1%</b>
Gross profit	75,739	70,341	80,969	94,091	13,948	17%
<b>EBITDA</b>	<b>56,001</b>	<b>49,74</b>	<b>30,120</b>	<b>125,094</b>	<b>94,974</b>	<b>315%</b>
Profit from operations	44,531	39,684	15,215	112,843	97,628	642%
Earnings before taxes (EBT)	40,348	39,988	14,522	115,730	101,208	697%
<b>Net profit</b>	<b>31,771</b>	<b>33,510</b>	<b>18,970</b>	<b>93,521</b>	<b>74,551</b>	<b>393%</b>
<b>Margins</b>						
Gross margin	6.80%	8.40%	6.00%	7.09%	1.11%	19%
EBITDA margin	5.00%	6.00%	2.20%	9.35%	7.13%	320%
Operating profit margin	4.00%	4.80%	1.10%	8.43%	7.31%	651%
Earnings before taxes margin	3.60%	4.80%	1.10%	8.65%	7.58%	706%
Net profit margin	2.90%	4.00%	1.40%	6.99%	5.59%	399%
<b>Solvency ratios</b>						
Current ratio	1,2	1,95	1,44	1,78	0,34	24%
Debt / Equity ratio	1	0,5	0,8	0,65	-0,15	-19%
Net financial debt / EBITDA	2,6	2,1	7,3	1,4	-5,9	-81%
ROE	20.40%	12.70%	7.40%	26.31%	18.91%	256%
ROCE	16.00%	10.60%	4.00%	19.71%	15.71%	393%
Basic and diluted earnings per share (LTL) (EPS)	0,69	0,3	0,12	0,59	0,47	390%
<b>Total volume (in tons)</b>	<b>1,386,721</b>	<b>1,211,865</b>	<b>1,483,064</b>	<b>1,348,619</b>	<b>- 134,445</b>	<b>-9.07%</b>

## OVERVIEW

Consolidated turnover of AB Linas Agro Group declined by 1.2% during July 2011–June 2012 as compared to the corresponding period last year and totaled LTL 1,338 million. The main reasons allowed to maintain the same revenue level as in FY 2010/2011 were successful trading activities of the Group, especially in feedstuffs and increased grain prices on the world market.

The biggest turnover was in grains and oilseeds, amounting to LTL 534 million (36% of total sales), and agricultural inputs, amounting to LTL 415 million (30% of total sales).

The major part of production was sold abroad, 76% of total sales. The main export regions were Europe (40%), CIS (21%), Asia (10%).

The trading volumes of the Group went down 9% from the previous year to 1.348 million tons. Decrease in trading volumes was mainly conditioned by sales of the Ukrainian fertilizer production and



distribution company. If eliminating the company's fertilizer trading volume, the Group's trade tonnage remained almost unchanged and totaled 1.115 million tons (1.148 million tons in financial year 2010/2011).

Sales volumes grew in the segments of trading feedstuffs (36%), farming (19%) and other products and services (6%). The trading volumes in the other segments decreased: turnover in grains and oilseeds trade segment went down 8%, in agricultural inputs trade segment – 14%. The decrease in turnover in grains and oilseeds trade was conditioned by termination of trade in Serbia. Drop in agricultural inputs sales was the result of sales of the Ukrainian fertilizers trade business.

All business segments of the company were profitable; therefore, the Group's gross profit rose from last year's LTL 80.9 million to LTL 95 million. Gross profit margin increased from 5.98% to 7.09%. The Group's operating profit totaled LTL 112.8 million and was almost 7.4 times higher than that of the corresponding period of the previous year (LTL 15.2 million). The Group's earnings before taxes (EBT) reached almost LTL 115.7 million and were almost 8 times higher as compared to the FY 2010/2011 (LTL 14.5 million). If eliminating the effect of sales of the Ukrainian company on operating results, the Group's earnings before taxes reached LTL 53 million and were 3.7 times higher than the profit of the financial year 2010/2011 (LTL 14.5 million).

The profit before taxes, interest and depreciation (EBITDA) grew from LTL 30 million to LTL 125 million. The growth of Group's profitability shows that risk resulting in poor 2010/2011 trading season were managed successfully and proves successful business strategy of AB Linas Agro Group. The gross profit from the activities of the main companies of the Group AB Linas Agro, Linas Agro A/S and SIA Linas Agro that trade grains, oilseeds and feedstuffs increased 2.2 times and grew to LTL 56 million from the last year's LTL 25 million.

Over the accounting period the Group's consolidated operating expenses totaled LTL 48.5 million, down 26% from LTL 65.6 million in the previous period. The decrease is primarily due to sales of the Ukrainian company PJ-SC UKRAGRO NPK and elimination of its operating expenses from consolidated activity results of the Group as well as due to diminished provision for bad debts.

Net profit of AB Linas Agro Group amounted to almost LTL 93.5 million and was 4.9 times higher (or twice as high if considering sales effect of the Ukrainian company) than that of the corresponding period in 2010/2011 (LTL 18.9 million).

Major changes in the Group's balance structure were observed with cash and cash equivalent item that grew from LTL 7.6 million to almost LTL 55 million. Part of income from sales of the Ukrainian company was invested in liquid money market instruments. Free cash flow was temporarily invested in money market instruments (deposits, bonds and etc.) so that the Group may use them immediately in case need for investments arises.



## ACTIVITY SEGMENT OPERATING PROFIT (LOSS) LTL

	2011/2012	2010/2011
Grains and oilseeds	5,676,000	-23,048,000
Feedstuffs	17,465,000	3,909,000
Agricultural inputs	88,896,000	26,251,000
Farming	8,902,000	15,475,000
Other products and services	10,392,000	6,061,000

### GRAINS AND OILSEEDS

One of the the most important business segment of the Group generated the sales of LTL 534 million (LTL 579 million during the corresponding period in 2010/2011) and the operating profit totaled LTL 5.67 million (loss of LTL 23 million in financial year 2010/2011). The Group sold 592 thousand tons of various agricultural commodities, i. e. 15% less than during the previous year (695 thousand tons). The decrease of total trade tonnage was conditioned by termination of corn trading in Serbia to manage the price risk more efficiently. Poor rapeseed harvest in the Baltic region resulted in drop of trading this product from 121 to 102 thousand tons. Gross profit of the major Group's activity segment reached LTL 10 million (loss of LTL 6.5 million previous financial year). Taking into account significant loss of grain and rapeseed in Lithuania and Latvia due to severe frost damage to winter crops in winter of 2011 and also termination of trade in Serbia, the management of the Company considers the achieved trading results to be very positive.

### FEEDSTUFFS

The turnover of feedstuffs trading grew 36% and reached LTL 362 million and the operating profit totaled LTL 17 million, i.e. increased 4.4 times as compared to the corresponding period last year. Trade volume totaled 371 thousand tons, up 51% from 246 thousand tons in the corresponding period last year. The growth of trade volumes was conditioned by long-lasting Group's performance on the market and increasing demand for those products in Poland, Baltics and West European countries.

### AGRICULTURAL INPUTS

Agricultural inputs remained one of the largest business segments – the turnover of this activity reached LTL 415 million and went down 14% from the previous year (LTL 481 million). The drop in sales is explained due to sales of Ukrainian fertilizers trade business. Successful growth was recorded in certified seeds sales, where trading volumes grew up by 54% and totaled LTL 11 million. Operating profit of the segment, including positive effect from sales of the Ukrainian company, totaled LTL 89 million (LTL 26.2 million in financial year 2010/2011). Gross profit of the segment reached LTL 38 million and was 15% less as



compared to the previous period (LTL 45 million). The profit drop was conditioned by sales of Ukrainian fertilizers trading company.

## FARMING

Revenues from agricultural companies increased from LTL 41 million to LTL 47 million due to consolidation of a new agricultural company Užupės ŽŪB. The operating profit of the segment totaled to LTL 8.9 million (LTL 15.4 million in 2010/2011). The loss was conditioned by change in biological value, as fair value of crops was estimated, and fall in milk purchase prices.

## OTHER PRODUCTS AND SERVICES

The major part of the income of this activity segment is generated by grain storage network controlled by the Group. Operating profit of the segment reached LTL 10.4 million and was 1.7 times as high as that of the corresponding period of the previous year (LTL 6 million). Group's investments in storage capacity increase up to 150 thousand tons resulted in growing turnover of the segment from LTL 38.3 million to LTL 40.5 million. The Group's grain storages processed and prepared for export approximately 363 thousand tons of grains or 25% more than last year.

## CASH FLOW

Group's Cash flow from operating activities before the changes in working capital increased and reached LTL 63 million, as compared to LTL 36 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was LTL 40 million (minus LTL 35 million in 2010/2011 accordingly). This was the result of profitable activity of the Group. Group's cash balance at the end of the reporting period totaled LTL 55 million (LTL 8 million in 2010/2011).

## 5. THE PUBLICLY DISCLOSED INFORMATION AND OTHER EVENTS OF THE REPORTING PERIOD

### THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended June 30, 2012, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system and in Company's website the following information:

AB Linas Agro Group notification about interim nine months financial results of the financial year 2011/2012	Interim information	En, Lt	2012-05-28 09:29:30 EEST
AB Linas Agro Group is planning the purchase of one more agricultural company	Notification on material event	En, Lt	2012-05-10 15:02:35 EEST



AB Linas Agro Group Notification about disposal of voting rights	Notification about acquisition (disposal) of a block of shares	En, Lt	2012-04-16 09:00:30 EEST
AB Linas Agro Group investor's calendar for 2012	Other information	En, Lt	2012-03-08 09:01:32 EET
AB Linas Agro Group notification about interim six months financial results of the financial year 2011/2012	Interim information	En, Lt	2012-02-29 10:21:34 EET
Agreement of sale-purchase of shares of the Ukrainian company implemented	Notification on material event	En, Lt	2012-02-07 09:15:33 EET
AB Linas Agro Group to sell shares of the Ukrainian company with plans to strengthen its position in the Baltic region	Notification on material event	En, Lt	2012-02-06 09:00:30 EET
AB Linas Agro Group negotiating the sale of shares of the Ukrainian company	Notification on material event	En, Lt	2012-01-09 09:00:30 EET
AB Linas Agro Group Notification about acquisition of voting rights	Notification about acquisition (disposal) of a block of shares	En, Lt	2011-12-13 09:00:33 EET
CORRECTION: AB Linas Agro Group notification about interim three months financial results of the financial year 2011/2012	Interim information	En, Lt	2011-11-29 08:31:32 EET
AB Linas Agro Group notification about interim three months financial results of the financial year 2011/2012	Interim information	En, Lt	2011-11-28 09:00:30 EET
AB Linas Agro Group takes over agricultural company	Notification on material event	En, Lt	2011-11-02 09:00:36 EET
AB Linas Agro Group notification about the Annual information of the financial year 2010/2011	Annual information	En, Lt	2011-10-28 09:03:37 EEST
Results of voting of the Annual General Meeting of AB "Linus Agro Group" Shareholders, held on 27 October 2011	Notification on material event	En, Lt	2011-10-28 09:00:37 EEST
AB Linas Agro Group sells shares of UAB Kustodija	Notification on material event	En, Lt	2011-10-21 09:00:33 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	En, Lt	2011-10-05 10:30:32 EEST
Notification on transactions concluded by manager of the company	Notifications on transactions concluded by managers of the companies	En, Lt	2011-09-13 09:00:33 EEST
Linus Agro Group, AB notification about interim 12 month financial results of the financial year 2010/2011	Interim information	En, Lt	2011-08-31 16:49:34 EEST
SEB Bank Increased Credit Limit to Linas Agro Group by LTL 64 million	Notification on material event	En, Lt	2011-07-28 09:00:34 EEST





## OTHER EVENTS OVER THE REPORTING PERIOD

- ⤴ Authorized capital of AB Linas Agro increased from LTL 31 million to LTL 45 million.
- ⤴ Authorized capital of Linas Agro A/S increased from DKK 500,000 to DKK 500,501.
- ⤴ Authorized capital of UAB Lignineko increased from LTL 1,729,600 to LTL 2,209,600.
- ⤴ Share capital of ŽŪB Landvesta 1 increased from LTL 211,000 to LTL 323,000.
- ⤴ Share capital of ŽŪB Landvesta 2 increased from LTL 199,000 to LTL 855,000.
- ⤴ Share capital of ŽŪB Landvesta 4 increased from LTL 385,000 to LTL 426,000.
- ⤴ Share capital of ŽŪB Landvesta 5 increased from LTL 493,855 to LTL 1,014,493.
- ⤴ Share capital of ŽŪB Landvesta 6 increased from LTL 275,000 to LTL 310,000.
- ⤴ UAB Linas Agro Konsultacijos purchased LTL 22,520 worth of shares of Šakiai district Lukšiu ŽŪB.
- ⤴ UAB Linas Agro Konsultacijos purchased LTL 287,398.55 worth of shares of Panevėžys district Aukštadvario ŽŪB.
- ⤴ UAB Linas Agro Konsultacijos purchased LTL 580.24 worth of shares of Biržai district Medeikių ŽŪB.
- ⤴ UAB Linas Agro Konsultacijos purchased LTL 52,645.37 Sidabravo ŽŪB.
- ⤴ UAB Linas Agro Grūdų centras KŪB purchased LTL 24,300 worth of shares of Karčemos KB.
- ⤴ UAB Linas Agro Konsultacijos contributed member share worth LTL 2,000 into Kėdainiai district Labūnavos ŽŪB and has been accepted as a member of the company.

## SUBSEQUENT EVENTS

- ⤴ On 16 July 2012 a subsidiary of AB Linas Agro Group, UAB Linas Agro Konsultacijos acquired 98.55% shares of Kėdainiai district Labūnavos agricultural company for LTL 22.5 million.
- ⤴ On 6 August 2012 AB Linas Agro Group signed agreements on acquisition of 50% of shares of UAB Dotnuvos Projektai. AB Linas Agro Group is planning to spend LTL 32 million on the acquisition of shares.

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