

AB LINAS AGRO GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 3 MONTH PERIOD

OF THE YEAR 2013/2014

(UNAUDITED)



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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 30 September 2013	As of 30 June 2013
ASSETS			
Non-current assets			
Intangible assets	5	961	1,002
Property, plant and equipment	6	223,935	196,203
Investment property	7	6,039	11,927
Animals and livestock		28,101	19,471
Non-current financial assets			
Other investments	8	12,823	9,106
Non-current receivables		2,644	3,233
Non-current receivables from related parties	13	2,567	2,540
Total non-current financial assets		18,034	14,879
Deferred income tax asset		5,222	5,845
Total non-current assets		282,292	249,327
Current assets			
Crops		15,209	40,946
Inventories		402,640	168,116
Prepayments		16,874	9,009
Accounts receivable			
Trade receivables		243,400	273,160
Receivables from related parties	13	1,390	15,515
Income tax receivable		335	336
Other accounts receivable		60,139	28,536
Total accounts receivable		305,264	317,547
Other current assets		5,615	2,202
Cash and cash equivalents		20,451	34,240
Total current assets		766,053	572,060
Total assets		1,048,345	821,387

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	As of 30 September 2013	As of 30 June 2013
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	158,940	158,940
Share premium	1	79,545	79,545
Legal reserve		7,851	7,851
Reserve for own shares		1,600	1,600
Own shares		(1,581)	(1,581)
Foreign currency translation reserve		(145)	(138)
Retained earnings		212,999	190,905
Total equity attributable to equity holders of the parent		459,209	437,122
Non-controlling interest		3,859	3,374
Total equity		463,068	440,496
Liabilities			
Non-current liabilities			
Grants and subsidies		14,512	14,360
Non-current borrowings	9	35,817	31,885
Finance lease obligations		6,638	5,390
Trade payables		5,862	648
Deferred income tax liability		2,498	2,341
Other non-current liabilities		628	584
Total non-current liabilities		65,955	55,208
Current liabilities			
Current portion of non-current borrowings	9, 13	20,866	19,935
Current portion of finance lease obligations		2,556	2,445
Current borrowings	9	309,831	146,634
Trade payables		136,099	96,053
Payables to related parties	13	202	3,201
Income tax payable		7,215	6,250
Derivative financial instruments		89	2,790
Other current liabilities		42,464	48,375
Total current liabilities		519,322	325,683
Total equity and liabilities		1,048,345	821,387

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	2013/2014	2012/2013
		1 Q	1 Q
Sales	4	450,337	338,668
Cost of sales		(414,752)	(314,184)
Gross profit		35,585	24,484
Operating (expenses)	10	(19,203)	(13,175)
Other income	11	9,686	21,380
Other (expenses)	11	(270)	(166)
Operating profit		25,798	32,523
Income from financing activities		377	211
(Expenses) from financing activities		(1,564)	(1,807)
Share of profit of associates		–	(16)
Share of profit of joint ventures		–	4,093
Profit before tax		24,611	35,004
Income tax		(2,357)	(2,333)
Net profit		22,254	32,671
Attributable to:			
Equity holders of the parent		22,094	32,392
Non-controlling interest		160	279
		22,254	32,671
Basic and diluted earnings per share (LTL)		0.14	0.21
Net profit			
Other comprehensive income			
Exchange differences on translation of foreign operations		(7)	(11)
Total comprehensive income		22,247	32,660
Attributable to:			
Equity holders of the parent		22,087	32,381
Non-controlling interest		160	279
		22,247	32,660

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity holders of the parent

	Notes	Share capital	Own shares	Share premium	Legal reserve	Reserve for own shares	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as of 1 July 2012		158,940	–	79,545	4,401	1,600	(44)	106,809	351,251	4,805	356,056
Net profit for the year		–	–	–	–	–	–	32,392	32,392	279	32,671
Other comprehensive income		–	–	–	–	–	(11)	–	(11)	–	(11)
Total comprehensive income		–	–	–	–	–	(11)	32,392	32,381	279	32,660
Acquisition of subsidiaries	3	–	–	–	–	–	–	–	–	582	582
Acquisition/disposal of own shares		–	(4)	–	–	–	–	–	(4)	–	(4)
Balance as of 30 September 2012		158,940	(4)	79,545	4,401	1,600	(55)	139,201	383,628	5,666	389,294
Balance as of 1 July 2013		158,940	(1,581)	79,545	7,851	1,600	(138)	190,905	437,122	3,374	440,496
Net profit for the year		–	–	–	–	–	–	22,094	22,094	160	22,254
Other comprehensive income		–	–	–	–	–	(7)	–	(7)	–	(7)
Total comprehensive income		–	–	–	–	–	(7)	22,094	22,087	160	22,247
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	332	332
Acquisition/disposal of own shares		–	–	–	–	–	–	–	–	(7)	(7)
Balance as of 30 September 2013		158,940	(1,581)	79,545	7,851	1,600	(145)	212,999	459,209	3,859	463,068

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



CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2013/2014 1 Q	2012/2013 1 Q
Cash flows from (to) operating activities			
Net profit (loss)		22,254	32,672
Adjustments for non-cash items:			
Depreciation and amortization		4,854	3,947
Subsidies amortization		(512)	(381)
Share of profit of associates and joint ventures		–	(3,996)
(Gain) on disposal of property, plant and equipment		(47)	(247)
(Gain) from acquisition of subsidiary	3	(8,044)	(19,608)
Change in accrued expenses		(2,317)	1,598
Inventories write down to net realizable value		(345)	–
Change in allowance for receivables and prepayments		209	(35)
Change in fair value of biological assets		(734)	(224)
Change in impairment of investments		–	(13)
Change in deferred income tax		613	766
Current income tax expenses		1,743	1,566
Expenses (income) from change in fair value of financial instruments		(2,148)	1,647
Change of provision for onerous contracts		(56)	–
Dividend (income)		(434)	(155)
Interest (income)		(377)	(211)
Interest expenses		1,564	1,807
		16,223	19,133
Changes in working capital:			
Decrease in biological assets		27,961	34,612
(Increase) in inventories		(222,836)	(350,652)
Decrease in prepayments		(7,673)	11,459
(Increase) in trade and other accounts receivable		16,733	(28,171)
(Increase) in restricted cash		(691)	1,381
Increase in trade and other accounts payable		32,031	186,777
Income tax (paid)		(1,555)	(154)
Net cash flows from (to) operating activities		(139,807)	(125,615)

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



CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	Notes	2013/2014 1 Q	2012/2013 1 Q
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(11,018)	(10,709)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		193	1,181
Acquisition of subsidiaries (less received cash balance in the Group)	3	(12,412)	(19,479)
(Acquisition) of non-controlling interests and other investments		(3,718)	(1,000)
Proceeds from repurchased of other investments		–	20,717
Loans (granted)		(12,083)	(45)
Repayment of granted loans		2,208	7
Interest received		207	226
Dividend received		434	155
Net cash flows (to) investing activities		(36,189)	(8,947)
Cash flows from (to) financing activities			
Acquisition of own shares		–	(4)
Proceeds from loans		204,847	160,706
(Repayment) of loans		(40,269)	(17,449)
Finance lease (payments)		(818)	(340)
Interest (paid)		(1,553)	(1,740)
Net cash flows from (to) financing activities		162,207	141,173
Net increase (decrease) in cash and cash equivalents		(13,789)	6,611
Cash and cash equivalents at the beginning of the year		34,240	54,768
Cash and cash equivalents at the end of the year		20,451	61,379
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by finance lease		629	530

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



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

As of 30 September 2013 and as of 30 June 2013 the shareholders of the Company were:

	As of 30 September 2013		As of 30 June 2013	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	87,784,443	55.23%	87,784,443	55.23%
Skandinaviska Enskilda Banken AB (Sweden)	14,996,006	9.43%	15,131,697	9.52%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank AS (Estonia) clients	10,334,669	6.50%	9,824,712	6.18%
Other shareholders (private and institutional investors)	28,775,285	18.11%	29,149,551	18.34%
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 2013 (LTL 1 each as of 30 June 2013) and were fully paid as of 30 September 2013 and as of 30 June 2013. The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 30 September 2013 and as of 30 June 2013.

The Company holds 790,972 of its own shares, percentage 0.50%, as at 30 June 2013. Subsidiaries and other related companies did not hold any shares of the Company as of 30 June 2013. The Company, its subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2012.

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 2013 the number of employees of the Group was 1,150 (1,039 as of 30 June 2013).

Changes in share capital during the year ended 30 June 2013

No changes in share capital occurred during the year ending 30 June 2013.

Changes in share capital during the year ended 30 September 2013

No changes in share capital occurred during the year ending 30 September 2013.

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 2012/2013 financial year.



3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As of 30 September 2013 and as of 30 June 2013 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 2013	30 June 2013	
Investments into directly controlled subsidiaries				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
UAB Dotnuvos Projektai	Lithuania	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
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
Noreikiškių ŽŪB	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	Rent and management of agricultural purposes land
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%	100%	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	97.72%	97.72%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.39%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.82%	98.82%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	96.92%	96.92%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	87.23%	87.23%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	Growing and sale of crops
UAB Paberžėlė	Lithuania	100%	100%	Rent and management of agricultural purposes land
Kėdianiai district Labūnavos ŽŪB	Lithuania	98.64%	98.64%	Mixed agricultural activities
UAB Žemės ūkio investicijos	Lithuania	100%	–	Management services
Panevėžys district Žibartonių ŽŪB	Lithuania	0.72%	–	Mixed agricultural activities





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

Investments into indirectly controlled subsidiaries (through UAB Dotnuvos Projektai)

SIA DOTNUVOS PROJEKTAI	Latvia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuvos Projektai	Estonia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos technika	Lithuania	100%	100%	Not operating company

Investments into indirectly controlled subsidiaries (through UAB Linas Agro grūdų centras KŪB)

Karčemos kooperatinė bendrovė	Lithuania	20%*	20%*	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu centrs	Latvia	100%	100%	Preparation and warehousing of grains for trade

Investments into indirectly controlled subsidiaries (through UAB Žemės ūkio investicijos)

Panevėžys district Žibartonių ŽŪB	Lithuania	98.07%	–	Mixed agricultural activities
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Investments into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)

Karčemos kooperatinė bendrovė	Lithuania	19.76%	–	Preparation and warehousing of grains for trade
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*The Group indirectly controls 20% of shares of Karčemos kooperatinė bendrovė, however, the Group has control over this entity and, therefore, it has been consolidated when preparing these financial statements.

Changes in the Group during the 3 month period ended 30 September 2013

On 5 September 2013 the Group acquired 100% shares of UAB Žemės ūkio investicijos for LTL 18,593 thousand. After the share acquisition the Group directly controls 100% of the investee. The only unaudited financial information on the acquired subsidiary as at 31 August 2013 is available as at the date of the release of these financial statements and is presented below. UAB Žemės ūkio investicijos is consolidated to the Group from 1 September 2013. Differences between the purchase consideration and tentative fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date	31 August 2013
Property, plant and equipment	17,168
Animals and livestock	7,024
Crops	2,594
Inventories	9,092
Prepayments and other current assets	2,271
Cash and cash equivalents	968
Total assets	39,117
Deferred tax liability	(470)
Grants and subsidies	(556)
Non-current borrowings	(2,919)
Current borrowings	(2,056)
Trade payables	(4,274)
Other liabilities	(1,873)
Total liabilities	(12,148)
Total identifiable net assets at fair value	26,969
Non-controlling interest measured at the proportionate share of net assets at fair value	(332)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 12)	8,044
Total purchase consideration	18,593
Cash consideration transferred	13,380
Less: cash acquired	(968)
Total purchase consideration, net of cash acquired	12,412





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

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

	Since acquisition date	Since 1 July 2013
Revenue	1,995	6,712
Profit (loss)	(70)	(71)

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

Changes in the Group during the year ended 30 June 2013

On 13 July 2012 the Group acquired 98.55% shares of Kėdainiai district Labūnavos ŽŪB for LTL 22,545 thousand from previous owners to further expand business activities. After the share acquisition the Group directly controls 98.64% of the investee. Fair value of previously held equity interest is immaterial, therefore not taken into consideration. As at acquisition date Labūnavos ŽŪB did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represent its fair value. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Property, plant and equipment, intangible assets and investment property	24,288
Animals and livestock	5,718
Crops	9,456
Inventories	2,770
Prepayments and other current assets	2,058
Cash and cash equivalents	3,067
Total assets	47,357
Deferred tax liability	(870)
Grants and subsidies	(1,315)
Trade payables	(1,326)
Other liabilities	(1,110)
Total liabilities	(4,621)
Total identifiable net assets at fair value	42,736
Non-controlling interest measured at the proportionate share of net assets at fair value	(581)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note Error! Reference source not found.)	19,608
Total purchase consideration	22,547
Cash consideration transferred	22,547
Less: cash acquired	(3,067)
Total cash consideration transferred, net of cash acquired	19,480

Kėdainiai district Labūnavos ŽŪB revenue and profit or loss since acquisition date were:

	Since acquisition date
Revenue	17,978
Profit (loss)	(346)

The bargain purchase resulted due to the former shareholders' approach to the business from the book value point of view rather than fair value of total identifiable net assets. In addition, the ownership of Kėdainiai district Labūnavos ŽŪB was dispersed into large number of small interests before acquisition what resulted in more favourable transaction for the buyer.



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

Changes in the Group during the year ended 30 June 2013 (cont'd)

On 11 October 2012 the Company acquired 50% shares of UAB Dotnuvos Projektai for 32,000 thousand to further expand business activities, and increased its ownership interest from 50% to 100%. Before this acquisition the Company had 50% of UAB Dotnuvos Projektai (joint-venture) and accounted for this investment using the equity method in the consolidated financial statements. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Property, plant and equipment, intangible assets and investment property	38,977
Other non-current assets	9,225
Inventories	58,675
Prepayments and other current assets	73,413
Cash and cash equivalents	2,976
Total assets	183,266
Non-current liabilities	(6,851)
Grants and subsidies	(885)
Deferred tax liability	(999)
Current borrowings	(41,027)
Trade payables	(38,740)
Other liabilities	(22,409)
Total liabilities	(110,911)
Total identifiable net assets at fair value	72,355
Cost (previously accounted at equity method) of initially held equity interest	33,890
Group (loss) re-measuring to fair value the initially held equity interest	(1,890)
Acquisition date fair value of initially held equity interest	32,000
Cash consideration transferred	32,000
Total purchase consideration	64,000
Gain from a bargain purchase	8,355
Group (loss) on remeasuring to fair value the initially held equity interest	(1,890)
Gain recognized on acquisition of subsidiary, recognized under Other Income (Note Error! Reference source not found.)	6,465
Cash consideration transferred	32,000
Less: cash acquired	(2,976)
Total cash consideration transferred, net of cash acquired	29,024

UAB Dotnuvos Projektai sub-group fair value of the receivables as at the date of acquisition were:

	Trade receivables	Other current receivables
The gross contractual amounts receivable	63,065	2,076
The best estimate at the acquisition date of the contractual cash flows not expected to be collected	(2,112)	(339)
The fair value of the receivables	60,953	1,737

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

	Since acquisition date	Since 1 July 2012
Revenue	201,449	274,032
Profit (loss)	4,104	12,128

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



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

Changes in the Group during the year ended 30 June 2013 (cont'd)

On 28 February 2013 the Company acquired 54.95% shares of UAB Jungtinė Ekspedicija for LTL 1,045 thousand to further expand business activities, and increased its ownership interest to 100%. As at acquisition date UAB Jungtinė Ekspedicija did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represent its recoverable amount. Revenue and profit or loss since acquisition date and from the beginning of the annual reporting period are not disclosed as they are not material to the financial statements.

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

Property, plant and equipment, intangible assets and investment property	201
Trade receivables and other current assets	917
Cash and cash equivalents	867
Total assets	1,985
Trade payables	(905)
Other liabilities	(285)
Total liabilities	(1,190)
Total identifiable net assets at fair value	795
Fair value of initially held equity interest	358
Total purchase consideration	1,045
Difference written-off to profit (loss) (Note Error! Reference source not found.)	(608)
Cash consideration transferred	1,045
Less: cash acquired	(867)
Total cash consideration transferred, net of cash acquired	178

On 16 August 2012 the Group established Noreikiškių ŽŪB with LTL 10 thousand share capital and increased share capital up to LTL 1,009 thousand.

On 2 May 2013 a subsidiary of AB Linas Agro Group UAB Linas Agro Grūdų centras KŪB established subsidiary in Latvia SIA Linas Agro Graudu Centrs for LTL 10 thousand share capital.

Subsidiary UAB Lineliai was acquired from Kėdainiai district Labūnavos ŽŪB in amount of LTL 9 thousand.

During the 12 month period, ended 30 June 2013 the Group acquired 0.02% Šakių district Lukšių ŽŪB share capital for LTL 1 thousand, 16.95% Sidabravo ŽŪB share capital for LTL 423 thousand, 0.16% Panevėžio district Aukštadvario ŽŪB for LTL 1 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 1,768 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

The Company increased share capital of UAB Linas Agro Konsultacijos, UAB Lineliai, ŽŪB Landvesta 4 and ŽŪB Landvesta 6 in amount of LTL 7,036 thousand, LTL 50 thousand, LTL 11 thousand and LTL 9 thousand, respectively.

Acquisition off non-controlling interest in Šakiai district Lukšių ŽŪB and Sidabravo ŽŪB have resulted in an increase of the effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 1.56% up to 97.72% as at 30 June 2013 with a result of LTL 32 thousand of gain accounted directly in equity.



4. SEGMENT INFORMATION

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

- the grain and feedstuff handling and merchandising includes trade in wheat, rapeseed, barley and other grains and oilseeds, suncake and sunmeal, sugar beat pulp, soyameal, vegetable oil, rapeseed and other feedstuffs, grain storage and logistics services.
- the agricultural production segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- the products and services for farming segment includes sales of fertilizers, seeds, plant protection products, machinery and equipment, grain storage facilities, spare parts and other equipments to agricultural produce growers and grain storage companies.
- the other products and services segment includes sales of biofuel and other products and services;

Group financing (including finance cost and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

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

Group	Grain and feedstuff handling and merchandising	Agricultural production	Products and services for farming	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Financial year ended 30 September 2013							
Revenue							
From one client UAB MESTILLA	50	–	54	–	–	–	104
Other third parties	301,621	8,579	139,917	116	–	–	450,233
Intersegment	803	19,309	8,566	264	–	(28,942) ¹⁾	–
Total revenue	302,474	27,888	148,537	380	–	(28,942)¹⁾	450,337
Results							
Operating expenses	7,051	1,386	7,783	365	2,618	–	19,203
Segment operating profit (loss)	10,070	7,015	10,855	(407)	(1,735)	–	25,798

Group	Grain and feedstuff handling and merchandising	Agricultural production	Products and services for farming	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Financial year ended 30 September 2012							
Revenue							
From one client UAB MESTILLA	216	–	–	–	–	–	216
Other third parties	267,118	9,664	61,127	543	–	–	338,452
Intersegment	571	17,092	3,789	1,074	–	(22,526) ¹⁾	–
Total revenue	267,905	26,756	64,916	1,617	–	(22,526)¹⁾	338,668
Results							
Operating expenses	6,018	2,503	1,772	410	2,472	–	13,175
Segment operating profit (loss)	11,642	19,336	3,760	(67)	(2,148)	–	32,523

1) Intersegment revenue is eliminated on consolidation.



4. SEGMENT INFORMATION (CONT'D)

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

Revenue from external customers	3 month period ended	
	30 September 2013	30 September 2012
Lithuania	133,004	81,653
Europe (except for Scandinavian countries, CIS and Lithuania)	104,548	93,856
Scandinavian countries	99,790	93,746
Africa	–	9,664
Asia	106,341	54,772
CIS	6,654	4,977
	450,337	338,668

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

Non-current assets	As of 30 September 2013	As of 30 June 2013
Lithuania	217,629	196,140
Latvia	8,201	7,751
Estonia	5,024	5,152
Denmark	81	89
	230,935	209,132

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
Cost:			
Balance as of 30 June 2012	1,807	170	1,977
Additions	219	242	461
Additions of subsidiaries	39	32	71
Write-offs	(2)	(100)	(102)
Balance as of 30 June 2013	2,063	344	2,407
Write-offs	–	(1)	(1)
Balance as of 30 September 2013	2,063	343	2,406
Accumulated amortization:			
Balance as of 30 June 2012	1,230	135	1,365
Charge for the year	106	22	128
Write-offs	(2)	(86)	(88)
Balance as of 30 June 2013	1,334	71	1,405
Charge for the year	34	6	40
Write-offs	1	(1)	–
Balance as of 30 September 2013	1,369	76	1,445
Net book value as of 30 September 2013	694	267	961
Net book value as of 30 June 2013	729	273	1,002
Net book value as of 30 June 2012	577	35	612

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
Cost:							
Balance as of 30 June 2012	10,761	97,550	59,155	6,964	9,751	11,675	195,856
Additions	1,928	6,057	6,533	4,169	2,699	13,321	34,707
Acquisition of subsidiaries	4,568	31,182	18,744	4,694	1,502	2,247	62,937
Disposals and write-offs	(2)	(8)	(3,397)	(1,288)	(827)	(41)	(5,563)
Transfers to/from investment property	427	2,317	–	–	–	–	2,744
Reclassifications	–	12,838	5,913	19	608	(19,378)	–
Exchange differences	–	(25)	(2)	(10)	(4)	–	(41)
Balance as of 30 June 2013	17,682	149,911	86,946	14,548	13,729	7,824	290,640
Additions	3,226	69	1,992	648	379	4,625	10,939
Acquisition of subsidiaries	2,746	6,835	6,683	543	60	–	16,867
Disposals and write-offs	–	–	(69)	(593)	(31)	–	(693)
Transfers from investment property	5,631	434	–	–	–	–	6,065
Reclassifications	152	9,088	1,707	14	143	(11,104)	–
Exchange differences	–	(3)	(2)	(3)	1	–	(7)
Balance as of 30 September 2013	29,437	166,334	97,257	15,157	14,281	1,345	323,811
Accumulated depreciation:							
Balance as of 30 June 2012	–	28,717	32,896	4,113	7,384	–	73,110
Charge for the year	–	9,271	9,666	2,069	1,225	–	22,231
Disposals and write-offs	–	(8)	(1,573)	(990)	(620)	–	(3,191)
Transfers from investment property	–	671	–	–	–	–	671
Exchange differences	–	(1)	2	–	–	–	1
Balance as of 30 June 2013	–	38,650	40,991	5,192	7,989	–	92,822
Charge for the year	–	2,527	2,350	685	388	–	5,950
Disposals and write-offs	–	–	(69)	(517)	(29)	–	(615)
Transfers from investment property	–	105	–	–	–	–	105
Exchange differences	–	–	(1)	(1)	1	–	(1)
Balance as of 30 September 2013	–	41,282	43,271	5,359	8,349	–	98,261
Impairment losses:							
Balance as of 30 June 2012	18	449	19	3	1	–	490
(Reversal) charge for the year	(26)	–	16	(3)	2	–	(11)
Transfer from investment property	8	1,128	–	–	–	–	1,136
Balance as of 30 June 2013	–	1,577	35	–	3	–	1,615
Balance as of 30 September 2013	–	1,577	35	–	–	–	1,615
Net book value as of 30 September 2013	29,437	123,475	53,951	9,798	5,929	1,345	223,935
Net book value as of 30 June 2013	17,682	109,684	45,920	9,356	5,737	7,824	196,203
Net book value as of 30 June 2012	10,743	68,384	26,240	2,848	2,366	11,675	122,256



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
Cost:			
Balance as of 30 June 2012	8,228	3,297	11,525
Additions	3,239	400	3,639
Acquisition of subsidiaries	456	–	456
Disposals and write-offs	(716)	–	(716)
Transfers to property, plant and equipment	(427)	(2,317)	(2,744)
Exchange differences	(7)	–	(7)
Balance as of 30 June 2013	10,773	1,380	12,153
Additions	8	16	24
Disposals and write-offs	–	60	60
Transfers to property, plant and equipment	(5,631)	(434)	(6,065)
Balance as of 30 September 2013	5,150	1,022	6,172
Accumulated depreciation:			
Balance as of 30 June 2012	–	790	790
Charge for the year	–	107	107
Transfers to property, plant and equipment	–	(671)	(671)
Balance as of 30 June 2013	–	226	226
Charge for the year	–	12	12
Transfers to property, plant and equipment	–	(105)	(105)
Balance as of 30 September 2013	–	133	133
Impairment losses:			
Balance as of 30 June 2012	94	1,128	1,222
(Reversal) charge for the year	(86)	–	(86)
Transfers to property, plant and equipment	(8)	(1,128)	(1,136)
Balance as of 30 June 2013	–	–	–
Balance as of 30 September 2013	–	–	–
Net book value as of 30 September 2013	5,150	889	6,039
Net book value as of 30 June 2013	10,773	1,154	11,927
Net book value as of 30 June 2012	8,134	1,379	9,513

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. OTHER INVESTMENTS AND PREPAYMENTS FOR FINANCIAL ASSETS

Other investments of the Group consist of:

	Share held by the Group	As of 30 September 2013	As of 30 June 2013
Prepayment for financial assets to be acquired		12,591	8,873
Panevėžys district Ėriškių ŽŪB	24.97%	173	173
Other investments		59	60
		12,823	9,106

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.

9. BORROWINGS

	As of 30 September 2013	As of 30 June 2013
Non-current borrowings		
Bank borrowings secured by the Group assets	35,817	31,742
Other non-current borrowings	–	143
	35,817	31,885
Current borrowings		
Current portion of non-current bank borrowings	20,866	19,935
Current bank borrowings secured by the Group assets	244,194	107,226
Factoring with recourse liability	59,896	34,106
Other current borrowings	5,741	5,302
	330,697	166,569
	366,514	198,454

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

10. OPERATING EXPENSES

	2013/2014 1 Q	2012/2013 1 Q
Wages and salaries and social security	10,505	6,606
Consulting expenses	375	283
Depreciation and amortization	1,244	1,710
Other	7,079	4,576
	19,203	13,175



11. OTHER INCOME (EXPENSES)

	2013/2014 1 Q	2012/2013 1 Q
Other income		
Currency exchange gain	–	400
Rental income from investment property and property, plant and equipment	213	227
Gain from disposal of investment property and property, plant and equipment	48	290
Gain from acquisition of subsidiary (Note 3)	8,044	19,608
Change in fair value of currency financial instruments	758	–
Other income	623	855
	9,686	21,380
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(74)	(129)
Loss from disposal of property, plant and equipment	(1)	(7)
Currency exchange loss	(189)	(38)
Other expenses	(6)	8
	(270)	(166)

12. COMMITMENTS AND CONTINGENCIES

As of 30 September 2013 the Group is committed to purchase property, plant and equipment for the total amount of LTL 2,728 thousand (LTL 2,826 thousand as of 30 June 2013).

A few Group companies (Biržai district Medeikių ŽŪB, Kėdainiai district Labūnavos ŽŪB, 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. Biržų district Medeikių ŽŪB is committed not to discontinue operations related to agricultural up to 2014, Kėdainių district Labūnavos ŽŪB – up to 2015, Šakiai district Lukšių ŽŪB - up to 2015, Sidabravo ŽŪB – up to 2014. UAB Linas Agro Grūdų Centras KŪB, Karčemos kooperatinė bendrovė received grants 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, Karčemos kooperatinė bendrovė – up to 2020. In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania amounting to LTL 15,225 thousand as of 30 September 2013 (LTL 15,225 thousand as of 30 June 2013).

On 2 July 2013 AB Linas Agro Group signed agreements with Latvian private and legal persons on acquisition of 100% of Latvian companies shares SIA Broileks, 100% of shares of company SIA Cerova and 100% of shares of SIA Lielzeltini. The Company estimates to spend about LTL 22,191 thousand for the acquisition of shares of the Latvian companies. AB Linas Agro Group commits to provide the loans to Latvian companies SIA Cerova and SIA Lielzeltini in total amount of LTL 18,379 thousand for refinancing of received loans. The transactions should be completed till January 2014, their completion is subject to certain conditions presented.

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

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



13. 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 2013 and 30 June 2013 were as follows:

Members of the board of the Company:

Darius Zubas (chairman of the board, ultimate controlling shareholder);
Vytautas Šidlauskas;
Dainius Pilkauskas;
Arūnas Zubas;
Andrius Pranckevičius;
Tomas Tumėnas.

Subsidiaries: List provided in Note 3.

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);
UAB MESTILLA (same ultimate controlling shareholders).

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

The Group's transactions with related parties in 3 month period ended 30 September 2013 were as follows:

2013/2014 1 Q	Purchases	Sales	Receivables			Payables
			Trade receivables	Current loans receivable	Non-current loans receivable	
Akola ApS group companies	3,127	187	133	1,257	2,567	202

As at 30 September 2013 and as at 30 June 2013 interest rates of the Group for non-current loans receivable from related parties are equal to 4% and 3 month EURIBOR + 2.45% margin, interest rates of the Group for current loans receivable from related parties are equal to 3.7% and 3 month EURIBOR + 4.2% margin.

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 2013 and 30 June 2013.



14. SUBSEQUENT EVENTS

On 24 October 2013 the Annual General meeting of the Shareholders of the Company approved financial statements of the year 2012/2013, profit (loss) distribution of the financial year 2012/2013.

On 28 October 2013 AB Linas Agro Group acquired 86.97% shares of AS Putnu fabrika Kekava with all granted rights. The Company made payment in advance in amount of LTL 4,834 thousand. The transaction was completed after fulfilment of certain conditions presented and after receiving permission of the Competition Council of the Republic of Latvia.

As part of the purchase agreement a contingent consideration has been agreed with the previous owner of AS Putnu fabrika Kekava. There will be additional cash payment to the previous owner amounting EUR 350 thousand (undiscounted). Contingent consideration is related with financial ratio EBITDA of AS Putnu fabrika Kekava. The due date of contingent consideration arrangement is 19 March 2014.

Only the unaudited financial information on the acquired subsidiary as at 31 October 2013 is available as at the date of the release of these financial statements and is presented below. The fair values of the net assets acquired have not yet been assessed by the Group.

Acquisition date	AS Putnu fabrika Kekava sub-group
Carrying values	1 November 2013 (unaudited)
Non-current assets	87,139
Current assets	21,070
Non-current liabilities	15,658
Current liabilities	91,576
Net assets	975
Cash in the subsidiary	587
Revenue for the period 1 January 2013 –31 October 2013	107,332
Profit for the period 1 January 2013 –31 October 2013	2,937

On 28 October 2013 AB Linas Agro Group received the permission of the Competition Council of the Republic of Latvia to acquire 100% of shares in company SIA Broileks, 100% of shares in company SIA Cerova and 100% of shares in company SIA Lielzeltini. The transactions should be completed by January 2014.

On 21 November 2013 the Company paid approved LTL 6,000 thousand dividends for the financial year ended on 30 June 2013.

CONSOLIDATED INTERIM REPORT

OF THE FINANCIAL YEAR 2013/2014

OF AB LINAS AGRO GROUP

FOR 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2013

linas () agro





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 Bank of Lithuanian, 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 2013/2014, 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 2013/2014 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

27 November 2013

AB Linas Agro Group Finance Director

Tomas Tumėnas

27 November 2013



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	State Enterprise Centre of Registers (Valstybės įmonė 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>
Bank account	LT07 7044 0600 0263 7111, AB SEB bank, bank code 70440
ISIN code	LT0000128092
Ticker in NASDAQ OMX Vilnius	LNA1L

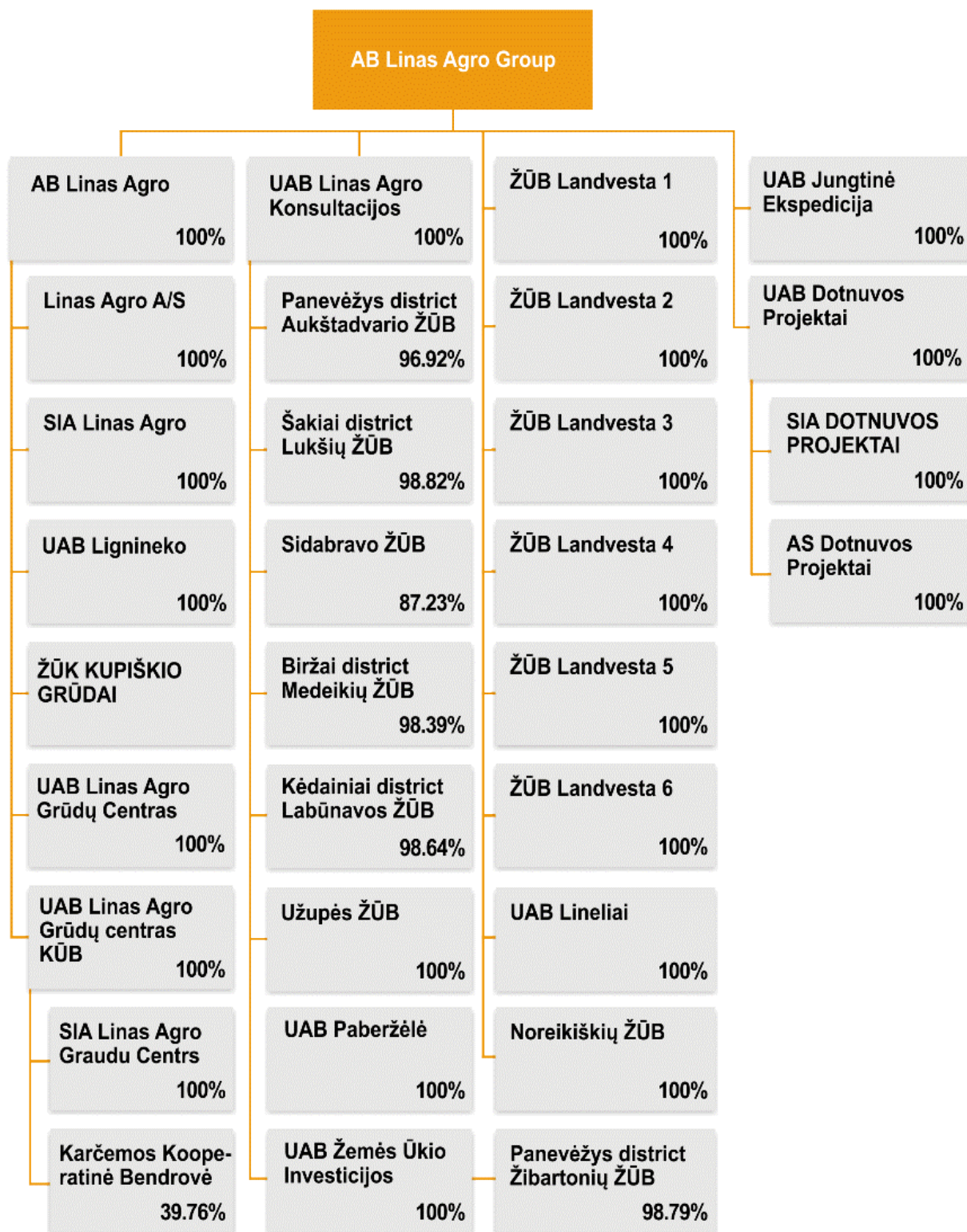
ABOUT THE GROUP

AB Linas Agro Group, together with its directly and indirectly controlled companies (hereinafter - subsidiaries) is a Group of 32 companies, that is founded in 1991 and is operating in four countries – Lithuania, Latvia, Estonia and Denmark. As at 30 September, 2013 the total headcount of the Group amounted to 1,150 employees. The financial year of the Group companies begin on 1 July. The Company does not have any branches and representative offices.





STRUCTURAL CHART OF THE EFFECTIVE STOCK HELD BY AB LINAS AGRO GROUP (AS AT 30 SEPTEMBER 2013)*:



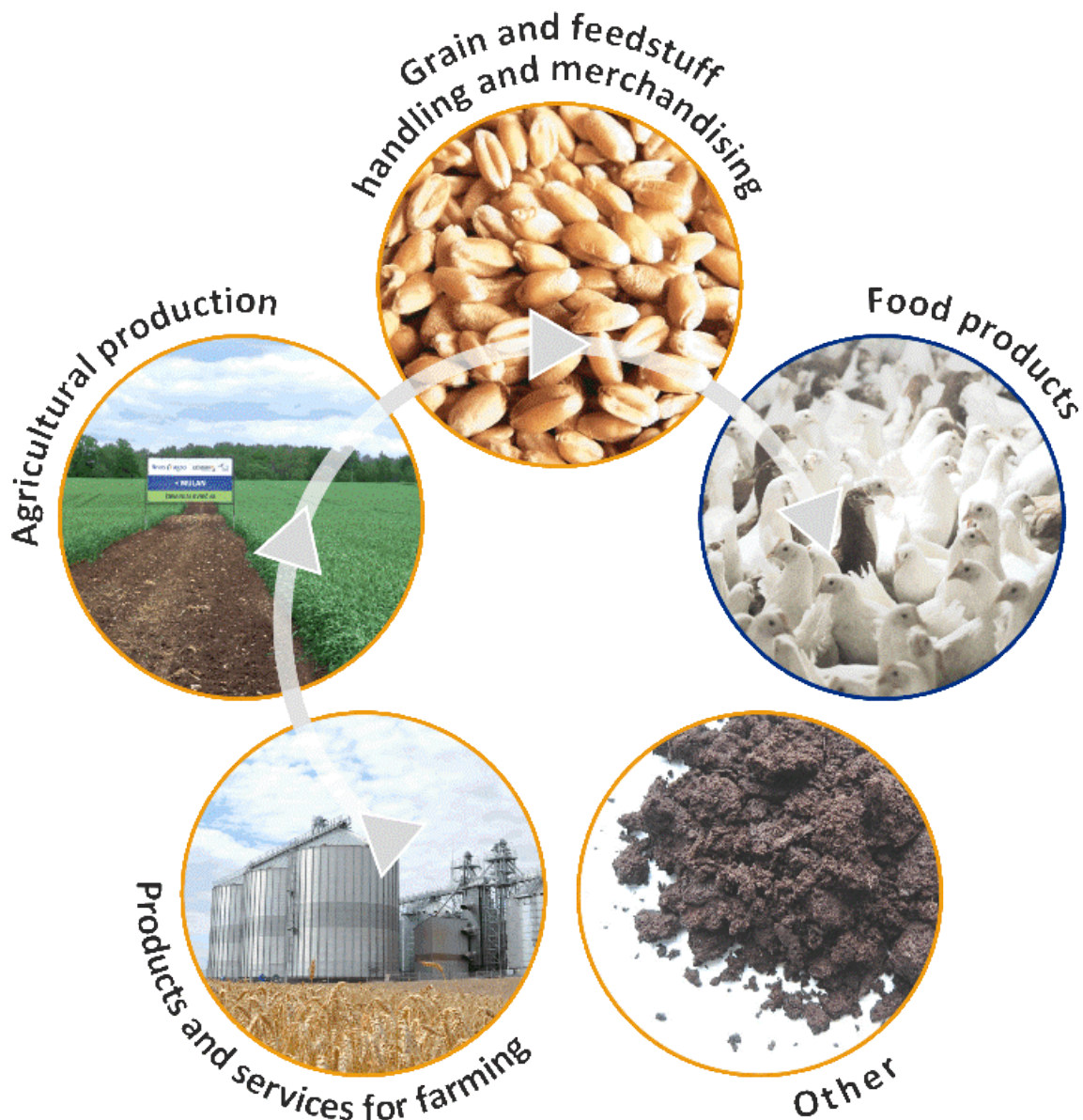
* Dormant companies UAB Gerera (100% shares) and UAB Dotnuvos Technika (100% shares) not included.



The subsidiaries controlled by the Company produce, handle and merchandise agricultural products, also provide products and services for farming. The Company performs only the management function and is not involved in any trading or production activities.

The Group's activities are subdivided into four basic operating segments: *Grain and Feedstuff Handling and Merchandising*, *Products and Services for Farming*, *Agricultural Production* and *Other*. Division into separate segments is dictated by different types of products and character of related activities; however, activities of the segments are often interconnected.

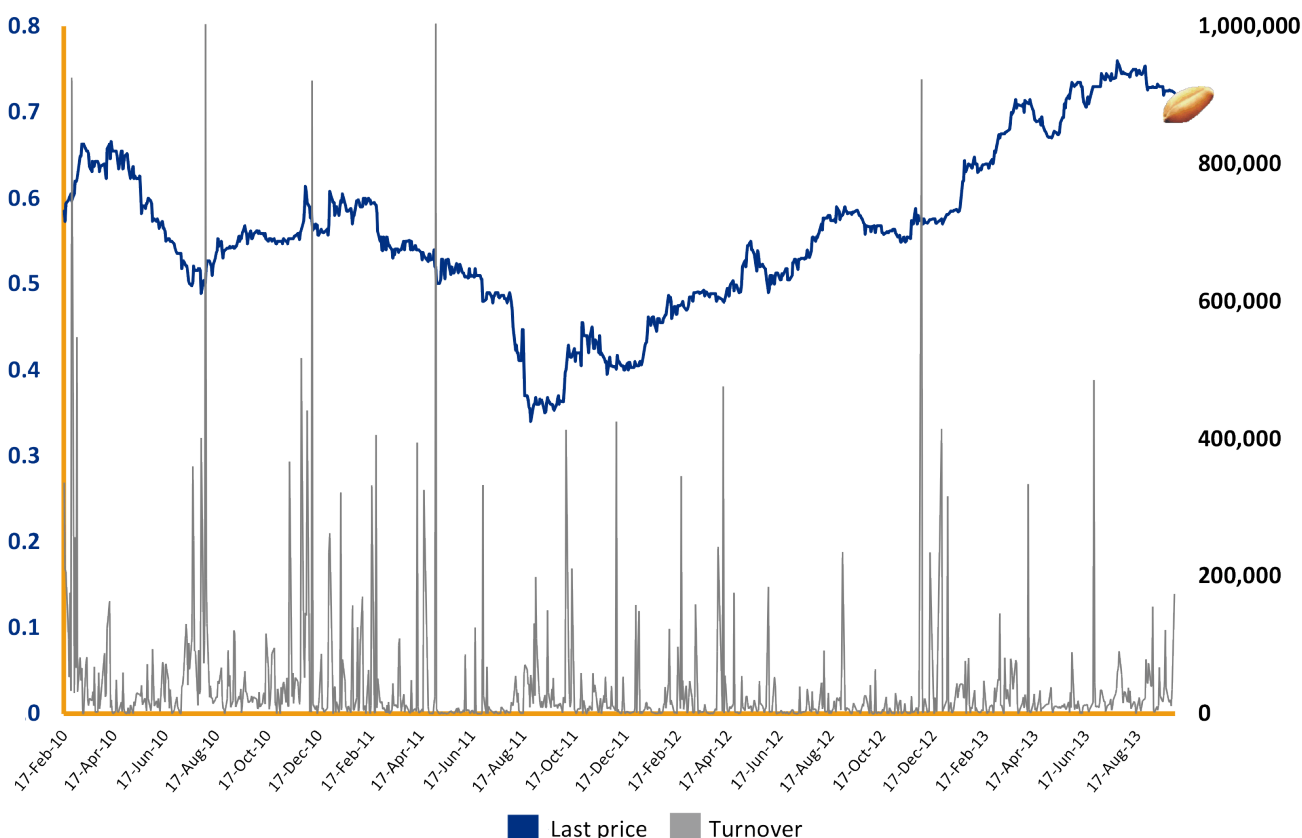
Food products is a new activity segment that will appear in 2013/2014 financial year after the Company acquires group of Latvian poultry companies.





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 2013, is presented in the following diagram:



ACTIVITY RESULTS OF THE GROUP

- Consolidated revenue of AB Linas Agro Group in the first quarter of 2013/2014 financial year totaled LTL 450 million and was 33% more as compared to previous year (LTL 339 million).
- Consolidated Group's EBITDA reached LTL 31 million (LTL 41 million in previous year).
- The Group's sales volume in tons reached 369 thousand tons of various grains and agricultural inputs and was 11% more as compared to previous year (333 thousand tons).



-  The Group's operating profit reached LTL 25.8 million or was 21% less as compared to the respective period of the previous year (LTL 32.5 million) and the net profit before tax amounted to almost LTL 25 million (compared to LTL 35 million previous year). The net profit attributable to the Group reached LTL 22.1 million (LTL 32.4 million previous year).
-  Grain storage facilities owned by AB Linas Agro Group processed 341 thousand tons of various grains or 11% less than over the respective period of the previous year and 20% more than over respective period of the 2011/2012 financial year.
-  In September 2013 the Group acquired agricultural company Panevėžys district Žibartonių ŽŪB, which sales has been already consolidated and amounted LTL 6.7 million.
-  On July AB Linas Agro group signed agreements on acquisition of some Latvian poultry companies. The transaction should be completed by January 2014. Preliminary AB Linas Agro Group estimates to spend EUR 12.5 million on acquisition of shares of the Latvian companies.

1. FINANCIAL RATIOS

	2013/2014 3 months	2012/2013 3 months	2011/2012 3 months
Revenue (LTL)	450,337,000	338,668,000	443,933,000
Turnover (in tons)	368,682	332,943	393,279
Net profit (loss) attributable to the Group (LTL)	22,094,000	32,392,000	13,412,000
Operating profit (LTL)	25,798,000	32,523,000	20,939,000
Operating profit (LTL) by segments:			
Grain and Feedstuff Handling and Merchandising	10,070,000	11,642,000	7,459,000
Products and Services for Farming	10,855,000	3,760,000	16,528,000
Agricultural Production	7,015,000	19,336,000	(2,918,000)
Other	(407,000)	(67,000)	(139,000)



2. OVERVIEW

Overall market situation in what the Group operates remains dynamic. From one hand, grain yields in markets where the Group is present should be considered positively. It is expected that harvest in Baltic countries – Lithuania and Latvia – will be less as compared with a record harvest in previous year, although still high. It is predicted that harvest in Lithuania will reach 4.1 million tons of various grains (4.7 million in 2012) and Latvia – 1.8 million tons (2.1 million in 2012). In Russia and Ukraine, on the contrary, 25 percent higher harvest is expected than last year. According to International Grain Council (IGC) data the total world grains harvest in 2013/2014 season due to a favorable weather conditions in major grain growing countries (especially USA and CIS) should amount to 1 940 million or 8.4% more as compared to 2012/2013 season. Especially good harvest is expected for corn (10% increase to 948 million tons). From another hand, grain prices due to higher worldwide harvest dropped in the first financial quarter of the year. For instance, wheat price in MATIF Exchange fluctuated between 180-190 euros per ton compared to 260-265 euros per ton a year before, the price of rapeseed was 360-390 euros per ton compared to 500-520 euros per ton in previous season. Decline in the grain prices had an impact on farmer's decisions and many of them decided to store their grain till price recovery. This accordingly influenced the grain purchase volume of the Group. Nevertheless, Group has been actively buying and simultaneously selling grain therefore was able to increase traded volumes of various products from 333 thousand tons last year to 369 thousand tons.

The revenue of the Group amounted to LTL 450 million and was 33% higher as compared to LTL 339 million earned during the same period of the last year. The main reason for the increase in revenue was growth in grain and feedstuff trade volume, also consolidation of UAB Dotnuvos Projektai (LTL 73 million sales revenue has been added on). UAB Dotnuvos Projektai is consolidated in the Group since October, 2012.

The Group managed to increase its gross profit from LTL 24.5 million to LTL 35.6 million and maintained its gross profitability margin at 8%. Group's operating profit reached LTL 25.8 million and was 21% less as compared with respective period of 2012/2013 financial year (LTL 32.5 million). Operating profit was affected by the increase in operating costs from LTL 13.2 million to LTL 19.2 million, mostly due to the consolidation of UAB Dotnuvos Projektai (standalone fixed expenditures of the latter company amounts to LTL 6.6 million). It should be noted that in 2012/2013 financials a positive goodwill, amounted to LTL 19.6 million, has been accounted due to acquisition of agricultural company Kėdainiai district Labūnavos ŽŪB and in this financial year the amount of positive goodwill of acquisition of agricultural company Panevėžys district Žibartonių ŽŪB was LTL 8 million. If we eliminate the above stated affect in Group's financials,





operating profit of AB Linas Agro Group would stand at LTL 17 million as compared to LTL 12.9 million in financial year 2012/2013, which is considered to be a very good achievement.

3. ACTIVITY RESULTS BY SEGMENTS

GRAIN AND FEEDSTUFF HANDLING AND MERCHANDISING

Sales revenue of the largest activity segment of the Group in the first three months of this financial year amounted to LTL 302 million (LTL 268 million during 2012/2013 financial year) and operating profit amounted to LTL 10.1 million (LTL 11.6 million in 2012/2013). Revenue growth was driven by growth of grain sales from 127 thousand to 205 thousand tons. Only sales of wheat increased from 84 thousand tons to 158 thousand tons. Due to seasonality sale volumes of feedstuff dropped from 131 thousand to 77 thousand tons. Due to successful sales of the grains gross profit of the segment increased from LTL 16.7 million to LTL 17.3 million.

PRODUCTS AND SERVICES FOR FARMING

Sales revenue of this segment were by almost 2.3 times higher as compared with previous year and reached LTL 149 million (LTL 65 million during previous respective period). An increase in revenues is mainly attributable due to consolidation of a new business segment – machinery and equipment – within the Group. If we eliminate above mentioned sales (or LTL 68 million), revenues of the segment grew up from LTL 65 million to LTL 81 million. The gross profit of the segment also increased from LTL 5.5 million to LTL 18.6 million (without impact of agricultural machinery, the gross profit would stand at LTL 7.4 million). The operating profit of the segment was LTL 10.8 million and was almost 3 times higher as compared to that of previous year (LTL 3.8 million).

AGRICULTURAL PRODUCTION

This segment covers agricultural production. On September 2013 the Group acquired agricultural company Panevėžys district Žibartonių ŽŪB. Company's revenue amounted to LTL 6.7 million but just one month's income or LTL 2 million has been consolidated into the Group. Despite decline in grain prices the revenue of the segment remained almost unchanged and amounted to LTL 27.9 million compared to LTL 26.8 million earned a year before. The segment's gross profit declined from LTL 2 million to almost zero (a loss of LTL 0.12 million). The Group limited sales of grain in the first quarter due to low grain market prices and shifted further sales to the later periods with expectation of grain price increase later on. The operating



profit of the Segment was LTL 7 million as compared to with LTL 19.3 million in 2012/2013 financial year. In fact, the operating profit was increased by positive goodwill from acquisition of Panevėžys district Žibartonių ŽŪB, amounting to LTL 8 million. And if we eliminate a positive impact of the goodwill this year and last year, the operating loss of the segment would amount to LTL 1 million and LTL 0.3 million respectively. Such results should be treated as normal reflecting seasonality of the business.

OTHER

The sales of this business segment are predominated essentially by sales of lignin. Due to undergoing investigations of usage of this product, sales volumes were thin and amounted to LTL 0.4 million and operating loss was LTL 0.4 million, compared to revenue LTL 0.25 million and operating loss LTL 0.1 million previous year. The Group actively negotiates with probable buyers of this product and expects that sales of this product will commence in spring 2014.

4. FINANCIAL COSTS

Financial expenses over referenced period amounted to LTL 1.6 million and were 13% less than that in 2012/2013 financial year (LTL 1.8 million). The main reasons affecting the expenses reduction were a further drop in the basis of interest rate as well as availability of own funds to finance working capital. Taking into account Group's investment plans, the treasury of the Group predicts that demand for banking financing would increase but financial expenditures are expected to remain at the same level as in 2012/2013 financial year.

5. CASH FLOWS

Group's cash flow from operating activities before the changes in working capital decreased to LTL 16.2 million as compared to LTL 19.1 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was negative amounting to LTL 140 million (negative LTL 126 million over the respective period of 2012/2013 financial year). This is mainly explained due to more than usual active beginning of trade season. Group's cash and cash equivalents at the end of the reporting period amounted to LTL 20 million (LTL 61 million in 2012/2013 financial year).



THE PUBLICLY DISCLOSED INFORMATION AND OTHER EVENTS OF THE REPORTING PERIOD

THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended September 30, 2013, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system and in Company's website the following information:

Changes in AB Linas Agro Group business segments	Notification on material event	En, Lt	2013-09-10 09:15:31 EEST
AB Linas Agro Group acquired farming company, together with its owner	Notification on material event	En, Lt	2013-09-05 11:45:30 EEST
AB Linas Agro Group notification about interim twelve month financial results of the financial year 2012/2013	Interim information	En, Lt	2013-08-30 09:00:32 EEST
SEB Bank issued AB Linas Agro an LTL 200 million credit line	Notification on material event	En, Lt	2013-08-06 09:06:30 EEST
AB Linas Agro Group is planning to acquire a property management company that owns farming company	Notification on material event	En, Lt	2013-07-22 16:09:30 EEST
AB Linas Agro Group is planning to acquire poultry companies in Latvia	Notification on material event	En, Lt	2013-07-03 13:16:31 EEST
AB Linas Agro Group received Exporter of the Year Award	Other information	En, Lt	2013-07-02 08:30:31 EEST

OTHER EVENTS DURING THE REPORTING PERIOD

5/9/2013	A subsidiary of AB Linas Agro Group UAB Linas Agro Konsultacijos has acquired 100% of shares of UAB Žemės Ūkio Investicijos that owns farming company Panevėžys district Žibartoniai ŽŪB.
1/8/2013	The share capital of UAB Lineliai was increased from LTL 60,000 to LTL 1,060,000.
24/7/2013	SEB bank has increased its credit line issued a year before to AB Linas Agro by LTL 50 million to LTL 200 million.



SUBSEQUENT EVENTS

- 14/11/2013 AB Linas Agro Group increased the share capital of ŽŪB Landvesta 1 by LTL 100,000 by additional monetary contribution.
- 28/10/2013 Having received the permission of the Competition Council of the Republic of Latvia, AB Linas Agro Group acquired 87% of shares in Latvian company AS Putnu fabrika Kekava together with all rights granted by the shares. The company has paid 1.4 million euros for the shares.
- 4/10/2013 The share capital of UAB Linas Agro Konsultacijos increased from LTL 10,144,600 to LTL 38,400,000.

CONTACT PERSONS

Finance Director

Tomas Tumėnas

Ph. + 370 45 507 393

Email t.tumenas@linasagro.lt

Investor Relations Specialist

Agnė Barauskaitė

Ph. + 370 45 507 346

Email a.barauskaite@linasagro.lt