

AB LINAS AGRO GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 12 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 June 2014 | As of 30 June 2013 |
|--|-------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 5 | 1,265 | 1,002 |
| Property, plant and equipment | 6 | 352,142 | 196,203 |
| Investment property | 7 | 5,384 | 11,927 |
| Animals and livestock | | 29,554 | 19,471 |
| Non-current financial assets | | | |
| Other investments | 8 | 170 | 9,106 |
| Non-current receivables | | 5,522 | 3,233 |
| Non-current receivables from related parties | 13 | (141) | 2,540 |
| Total non-current financial assets | | 5,551 | 14,879 |
| Deferred income tax asset | | 5,814 | 5,845 |
| Total non-current assets | | 399,710 | 249,327 |
| Current assets | | | |
| Crops | | 49,094 | 40,946 |
| Inventories | | 234,448 | 168,116 |
| Prepayments | | 17,403 | 9,009 |
| Accounts receivable | | | |
| Trade receivables | | 304,248 | 273,160 |
| Receivables from related parties | 13 | 914 | 15,515 |
| Income tax receivable | | 4,873 | 336 |
| Other accounts receivable | | 23,759 | 28,536 |
| Total accounts receivable | | 333,794 | 317,547 |
| Other current assets | | 1,381 | 2,202 |
| Cash and cash equivalents | | 30,451 | 34,240 |
| Total current assets | | 666,571 | 572,060 |
| Total assets | | 1,066,281 | 821,387 |

(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 2014 | 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 | | 8,148 | 7,851 |
| Reserve for own shares | | 6,300 | 1,600 |
| Own shares | | (1,581) | (1,581) |
| Foreign currency translation reserve | | (200) | (138) |
| Retained earnings | | 256,452 | 190,905 |
| Total equity attributable to equity holders of the parent | | 507,604 | 437,122 |
| Non-controlling interest | | 9,441 | 3,374 |
| Total equity | | 517,045 | 440,496 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Grants and subsidies | | 25,442 | 14,360 |
| Non-current borrowings | 9 | 96,644 | 31,885 |
| Finance lease obligations | | 5,235 | 5,390 |
| Trade payables | | 1,122 | 648 |
| Deferred income tax liability | | 5,036 | 2,341 |
| Other non-current liabilities | | 671 | 584 |
| Total non-current liabilities | | 134,177 | 55,208 |
| Current liabilities | | | |
| Current portion of non-current borrowings | 9, 13 | 28,076 | 19,935 |
| Current portion of finance lease obligations | | 2,676 | 2,445 |
| Current borrowings | 9 | 212,843 | 146,634 |
| Trade payables | | 111,306 | 96,053 |
| Payables to related parties | 13 | 7,458 | 3,201 |
| Income tax payable | | 1,565 | 6,250 |
| Derivative financial instruments | | – | 2,790 |
| Other current liabilities | | 51,135 | 48,375 |
| Total current liabilities | | 415,059 | 325,683 |
| Total equity and liabilities | | 1,066,281 | 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 June)

| | Notes | 2013/2014 12 month | 2012/2013 12 month |
|---|-------|-----------------------|-----------------------|
| Sales | 4 | 2,019,482 | 2,043,140 |
| Cost of sales | | (1,869,496) | (1,884,893) |
| Gross profit | | 149,986 | 158,247 |
| Operating (expenses) | 10 | (104,545) | (79,560) |
| Other income | 11 | 49,803 | 29,250 |
| Other (expenses) | 11 | (1,236) | (3,878) |
| Operating profit | | 94,008 | 104,059 |
| Income from financing activities | | 2,595 | 1,691 |
| (Expenses) from financing activities | | (9,601) | (8,753) |
| Share of profit of associates | | – | 72 |
| Share of profit of joint ventures | | – | 4,036 |
| Profit before tax | | 87,002 | 101,105 |
| Income tax | | (2,657) | (10,607) |
| Net profit | | 84,345 | 90,498 |
| Attributable to: | | | |
| Equity holders of the parent | | 75,635 | 90,250 |
| Non-controlling interest | | 8,710 | 248 |
| | | 84,345 | 90,498 |
| Basic and diluted earnings per share (LTL) | | 0.53 | 0.57 |
| Net profit | | 84,345 | 90,498 |
| Other comprehensive income | | | |
| Exchange differences on translation of foreign operations | | (62) | (94) |
| Net (loss) of own shares disposal | | – | – |
| Total comprehensive income | | 84,283 | 90,404 |
| Attributable to: | | | |
| Equity holders of the parent | | 75,573 | 90,156 |
| Non-controlling interest | | 8,710 | 248 |
| | | 84,283 | 90,404 |

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 January to 31 March)

| | Notes | 2013/2014 4 Q | 2012/2013 4 Q |
|---|-------|------------------|------------------|
| Sales | 4 | 438,568 | 385,364 |
| Cost of sales | | (386,786) | (350,760) |
| Gross profit | | 51,782 | 34,604 |
| Operating (expenses) | 10 | (33,085) | (23,279) |
| Other income | 11 | 19,720 | (1,972) |
| Other (expenses) | 11 | 441 | (3,194) |
| Operating profit | | 38,858 | 6,159 |
| Income from financing activities | | 690 | 73 |
| (Expenses) from financing activities | | (2,340) | (1,632) |
| Share of profit of associates | | – | – |
| Share of profit of joint ventures | | – | (57) |
| Profit before tax | | 37,208 | 4,543 |
| Income tax | | (1,358) | (99) |
| Net profit | | 35,850 | 4,444 |
| Attributable to: | | | |
| Equity holders of the parent | | 35,274 | 3,797 |
| Non-controlling interest | | 576 | 647 |
| | | 35,850 | 4,444 |
| Basic and diluted earnings per share (LTL) | | 0.22 | 0.03 |
| Net profit | | 35,850 | 4,444 |
| Other comprehensive income | | | |
| Exchange differences on translation of foreign operations | | (6) | 4 |
| Total comprehensive income | | 35,844 | 4,448 |
| Attributable to: | | | |
| Equity holders of the parent | | 35,268 | 3,801 |
| Non-controlling interest | | 576 | 647 |
| | | 35,844 | 4,448 |

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 | – | – | – | – | – | – | 90,250 | 90,250 | 248 | 90,498 |
| Other comprehensive income | – | 4 | – | – | – | (94) | – | (94) | – | (94) |
| Total comprehensive income | – | – | – | – | – | (94) | 90,250 | 90,156 | 248 | 90,404 |
| Acquisition of minority interest | – | – | – | – | – | – | – | – | 581 | 581 |
| Declared dividends by Company | – | – | – | – | – | – | (4,500) | (4,500) | – | (4,500) |
| Declared dividends | – | – | – | – | – | – | – | – | (36) | (36) |
| Reserves made | – | – | – | 3,450 | – | – | (3,450) | – | – | – |
| Acquisition/disposal of own shares | – | (1,581) | – | – | – | – | (4) | (1,585) | – | (1,585) |
| Acquisition of minority interest | – | – | – | – | – | – | 1,800 | 1,800 | (2,224) | (424) |
| Balance as of 30 June 2013 | 158,940 | (1,581) | 79,545 | 7,851 | 1,600 | (138) | 190,905 | 437,122 | 3,374 | 440,496 |
| 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 | – | – | – | – | – | – | 75,635 | 75,635 | 8,710 | 84,345 |
| Other comprehensive income | – | – | – | – | – | (62) | – | (62) | – | (62) |
| Total comprehensive income | – | – | – | – | – | (62) | 75,635 | 75,573 | 8,710 | 84,283 |
| Acquisition of minority interest | – | – | – | – | – | – | – | – | 9,089 | 9,089 |
| Declared dividends by Company | – | – | – | – | – | – | (5,994) | (5,994) | – | (5,994) |
| Declared dividends | – | – | – | – | – | – | – | – | (127) | (127) |
| Reserves made | – | – | – | 297 | 4,700 | – | (4,997) | – | – | – |
| Acquisition of minority interest | – | – | – | – | – | – | 903 | 903 | (11,605) | (10,702) |
| Balance as of 30 June 2014 | 158,940 | (1,581) | 79,545 | 8,148 | 6,300 | (200) | 256,452 | 507,604 | 9,441 | 517,045 |

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



CONSOLIDATED STATEMENT OF CASH FLOW

| | Notes | 2013/2014 12 month | 2012/2013 12 month |
|--|-------|-----------------------|-----------------------|
| Cash flows from (to) operating activities | | | |
| Net profit (loss) | | 84,345 | 90,498 |
| Adjustments for non-cash items: | | | |
| Depreciation and amortization | | 28,937 | 19,174 |
| Subsidies amortization | | (2,490) | (1,802) |
| Share of profit of associates and joint ventures | | – | (4,108) |
| (Gain) on disposal of property, plant and equipment | | (1,188) | (670) |
| Change in impairment of property, plant and equipment | | 161 | (97) |
| (Gain) from acquisition of subsidiary | 3 | (26,192) | (25,465) |
| Gain) on disposal of subsidiary | | (5,587) | – |
| (Gain) on disposal of other investments | | – | (34) |
| Change in accrued expenses | | 3,504 | 7,952 |
| Inventories write down to net realizable value | | 59 | 215 |
| Change in allowance for receivables and prepayments | | 9,248 | 3,720 |
| Change in fair value of biological assets | | 1,284 | (4,982) |
| Liabilities write down | | (14,142) | – |
| Change in deferred income tax | | (600) | 40 |
| Current income tax expenses | | 6,100 | 10,568 |
| Expenses (income) from change in fair value of financial instruments | | (3,440) | 1,096 |
| Change of provision for onerous contracts | | (56) | 56 |
| Dividend (income) | | (434) | (155) |
| Interest (income) | | (2,595) | (1,691) |
| Interest expenses | | 9,601 | 8,753 |
| | | 86,515 | 103,068 |
| Changes in working capital: | | | |
| Decrease in biological assets | | (188) | 10,138 |
| (Increase) in inventories | | (34,623) | 24,523 |
| Decrease in prepayments | | (5,068) | 9,469 |
| (Increase) in trade and other accounts receivable | | 10,832 | (20,521) |
| (Increase) in restricted cash | | 30 | 1,912 |
| (Decrease) in trade and other accounts payable | | (122,102) | (5,277) |
| Income tax (paid) | | (9,894) | (15,613) |
| Net cash flows from (to) operating activities | | (74,498) | 107,699 |

(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 | 2013/2014 12 month | 2012/2013 12 month |
|--|-------|-----------------------|-----------------------|
| Cash flows from (to) investing activities | | | |
| (Acquisition) of intangible assets, property, plant and equipment and investment property | | (24,087) | (28,941) |
| Proceeds from sale of intangible assets, property, plant and equipment and investment property | | 4,735 | 3,625 |
| Acquisition of subsidiaries (less received cash balance in the Group) | 3 | (37,588) | (48,679) |
| Proceeds from disposals of held to maturity financial assets | | – | 38,099 |
| Proceeds from disposals of subsidiary | | 4,532 | – |
| Prepayments for financial assets | | – | (7,373) |
| Loans (granted) | | (18,152) | (15,660) |
| Repayment of granted loans | | 14,550 | 18,616 |
| Interest received | | 528 | 2,263 |
| Dividend received | | 434 | 155 |
| Net cash flows (to) investing activities | | (55,048) | (37,895) |
| Cash flows from (to) financing activities | | | |
| Proceeds from loans | | 326,158 | 101,054 |
| (Repayment) of loans | | (181,058) | (174,813) |
| Acquisition of own shares | | – | (1,581) |
| Finance lease (payments) | | (4,033) | (2,531) |
| Interest (paid) | | (8,783) | (7,501) |
| Dividends (paid) to non-controlling shareholders | | (127) | (36) |
| Dividend (paid) | | (5,994) | (4,500) |
| Acquisition of non-controlling interest | | (406) | (424) |
| Net cash flows from (to) financing activities | | 125,757 | (90,332) |
| Net increase (decrease) in cash and cash equivalents | | (3,789) | (20,528) |
| Cash and cash equivalents at the beginning of the year | | 34,240 | 54,768 |
| Cash and cash equivalents at the end of the year | | 30,451 | 34,240 |
| Supplemental information of cash flows: | | | |
| Non-cash investing activity: | | | |
| Property, plant and equipment acquisitions financed by finance lease | | 2,822 | 5,054 |
| Property, plant and equipment acquisitions financed by grants and subsidies | | 2,253 | 4,804 |
| Unpaid acquisition of financial assets | | 5,213 | 1,500 |

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 June 2014 and as of 30 June 2013 the shareholders of the Company were:

| | As of 30 June 2014 | |
|--|-----------------------|----------------|
| | Number of shares held | Percentage |
| Akola ApS (Denmark) | 88,984,443 | 55.99% |
| Darius Zubas | 17,049,995 | 10.73% |
| SEB AS OMNIBUS (Luxembourg) clients | 12,866,897 | 8.10% |
| Swedbank AS (Estonia) clients | 10,404,440 | 6.55% |
| Other shareholders (private and institutional investors) | 29,634,623 | 18.63% |
| Total | 158,940,398 | 100.00% |

| | As of 30 June 2013 | |
|--|-----------------------|----------------|
| | Number of shares held | Percentage |
| Akola ApS (Denmark) | 87,784,443 | 55.23% |
| Darius Zubas | 17,049,995 | 10.73% |
| Skandinaviska Enskilda Banken AB (Sweden) | 15,131,697 | 9.52% |
| Swedbank AS (Estonia) clients | 9,824,712 | 6.18% |
| Other shareholders (private and institutional investors) | 29,149,551 | 18.34% |
| Total | 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 2014 (LTL 1 each as of 30 June 2013) and were fully paid as of 30 June 2014 and as of 30 June 2013.

The Company holds 790,972 of its own shares, percentage 0.50%, as at 30 June 2014 and as at 30 June 2013. Subsidiaries and other related companies did not hold any shares of the Company as of 30 June 2014 and as of 30 June 2013.

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 2014 the number of employees of the Group was 2,269 (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 June 2014

No changes in share capital occurred during the year ending 30 June 2014.





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 June 2014 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 June 2014 | 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% | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 4 | Lithuania | – | 100% | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 5 | Lithuania | – | 100% | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 6 | Lithuania | – | 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 |
| AS Putnu Fabrika Kekava | Latvia | 84,36% | – | Broiler breeding, slaughtering and sale of products |
| SIA PFK Trader | Latvia | 84,36% | – | Retail trade of food production |
| SIA Lielzeltini | Latvia | 100% | – | Broiler breeding, slaughtering and sale of products, feedstuffs |
| SIA Cerova | Latvia | 100% | – | Egg incubation and chicken sale |
| SIA Broileks | Latvia | 100% | – | Chicken breeding and sale |
| 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% | Manufacturing of lignin |
| UAB Fossio | Lithuania | 100% | – | Manufacturing of lignin |
| ŽŪB Landvesta 3 | Lithuania | 100% | – | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 4 | Lithuania | 100% | – | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 5 | Lithuania | 100% | – | Rent and management of agricultural purposes land |
| ŽŪB Landvesta 6 | Lithuania | 100% | – | Rent and management of agricultural purposes land |





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

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

| | | | | |
|-------------------------------------|-----------|--------|--------|---|
| ŽŪK KUPIŠKIO GRŪDAI | Lithuania | 98.28% | 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 | 93.40% | 87.23% | Mixed agricultural activities |
| Kėdianiai district Labūnavos ŽŪB | Lithuania | 98.64% | 98.64% | 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 |
| UAB Žemės ūkio investicijos | Lithuania | 100% | – | Management services |
| Panevėžys district Žibartonių ŽŪB | Lithuania | 99.80% | – | Mixed agricultural activities |

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 Panevėžys district Žibartonių ŽŪB)

| | | | | |
|-------------------------------|-----------|---------|---|---|
| Karčemos kooperatinė bendrovė | Lithuania | 19.96%* | – | Preparation and warehousing of grains for trade |
|-------------------------------|-----------|---------|---|---|

*The Group indirectly controls 39.96% 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 12 month period ended 30 June 2014

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 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, intangible assets and investment property | 18,493 |
| Animals and livestock | 7,024 |
| Crops | 2,594 |
| Inventories | 9,420 |
| Prepayments and other current assets | 2,271 |
| Cash and cash equivalents | 268 |
| Total assets | 40,070 |



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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

| | |
|--|-----------------|
| Deferred tax liability | (604) |
| Grants and subsidies | (556) |
| Non-current borrowings | (2,919) |
| Current borrowings | (1,814) |
| Trade payables | (4,274) |
| Other liabilities | (1,412) |
| Total liabilities | (11,579) |
| Total identifiable net assets at fair value | 28,491 |
| Non-controlling interest measured at the proportionate share of net assets at fair value | (349) |
| Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11) | 9,540 |
| Total purchase consideration | 18,602 |
| Cash consideration transferred | 13,389 |
| Less: cash acquired | (268) |
| Total purchase consideration, net of cash acquired | 13,121 |

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.

On 28 October 2013 the Group acquired 86.97% shares of AS Putnu Fabrika Kekava for LTL 7,350 thousand. On 7 November 2013 according to restructuring plan share capital of AS Putnu Fabrika Kekava was increased by capitalization of payable amounts.

AB Linas Agro Group didn't participate in the increasing of share capital, part of the shares owned by AB Linas Agro Group decreased from 86.97% to 54.59%. The net assets at balance value on 31 October 2013 are calculated including the payable amounts of capitalization and AB Linas Agro Group controls 54.59% of shares as *de facto*.

The only 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. AS Putnu Fabrika Kekava is consolidated to the Group from 1 November 2013. Differences between the purchase consideration at balance values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

| Acquisition date | 31 October 2013 |
|---|------------------------|
| Property, plant and equipment | 83,144 |
| Poultry | 6,068 |
| Inventories | 8,521 |
| Prepayments and other current assets | 7,013 |
| Cash and cash equivalents | 577 |
| Total assets | 105,323 |
| Deferred tax liability | (2,292) |
| Grants and subsidies | (7,701) |
| Non-current borrowings | (7,116) |
| Other non-current liabilities | (4,723) |
| Current borrowings | (35,913) |
| Trade payables | (16,650) |
| Other liabilities | (15,871) |
| Total liabilities | (90,266) |
| Total identifiable net assets at balance value | 15,057 |



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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

| | |
|--|--------------|
| Non-controlling interest measured at the proportionate share of net assets at fair value | (6,837) |
| Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11) | 870 |
| Total purchase consideration | 7,350 |
| Cash consideration transferred | 2,516 |
| Less: cash acquired | (577) |
| Total purchase consideration, net of cash acquired | 1,939 |

On 7 February 2014 the Group acquired 100% shares of SIA Lielzeltini for LTL 20,213 thousand. The only unaudited financial information on the acquired subsidiary as at 31 January 2014 is available as at the date of the release of these financial statements and is presented below. SIA Lielzeltini is consolidated to the Group from 1 February 2014. Differences between the purchase consideration at balance values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

| Acquisition date | 31 January 2014 |
|---|------------------------|
| Property, plant and equipment | 45,791 |
| Financial assets | 12,891 |
| Poultry | 1,669 |
| Inventories | 10,902 |
| Prepayments and other current assets | 16,840 |
| Cash and cash equivalents | 1,214 |
| Total assets | 89,307 |
| Deferred tax liability | (276) |
| Grants and subsidies | (2,657) |
| Non-current borrowings | (36,899) |
| Current borrowings | (2,834) |
| Trade payables | (9,990) |
| Other liabilities | (2,357) |
| Total liabilities | (55,013) |
| Total identifiable net assets at balance value | 34,294 |
| Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11) | 14,081 |
| Total purchase consideration | 20,213 |
| Purchase consideration | 20,213 |
| Less: cash acquired | (1,214) |
| Total purchase consideration, net of cash acquired | 18,999 |

On 7 February 2014 the Group acquired 100% shares of SIA Cerova for LTL 2,728 thousand. The only unaudited financial information on the acquired subsidiary as at 31 January 2014 is available as at the date of the release of these financial statements and is presented below. SIA Cerova is consolidated to the Group from 1 February 2014. Differences between the purchase consideration at balance values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

| Acquisition date | 31 January 2014 |
|--------------------------------------|------------------------|
| Property, plant and equipment | 3,510 |
| Inventories | 415 |
| Prepayments and other current assets | 3,209 |
| Cash and cash equivalents | 46 |
| Total assets | 7,180 |
| Deferred tax liability | (33) |
| Grants and subsidies | (477) |
| Non-current borrowings | (2,110) |
| Other non-current liabilities | (27) |
| Trade payables | (36) |



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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

| | |
|---|----------------|
| Other liabilities | (340) |
| Total liabilities | (3,023) |
| Total identifiable net assets at balance value | 4,157 |
| Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11) | 1,429 |
| Total purchase consideration | 2,728 |
| Purchase consideration | 2,728 |
| Less: cash acquired | (46) |
| Total purchase consideration, net of cash acquired | 2,682 |

On 7 February 2014 the Group acquired 100% shares of SIA Broileks for LTL 162 thousand. The only unaudited financial information on the acquired subsidiary as at 31 January 2014 is available as at the date of the release of these financial statements and is presented below. SIA Broileks is consolidated to the Group from 1 February 2014. Differences between the purchase consideration at balance values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

| Acquisition date | 31 January 2014 |
|---|------------------------|
| Property, plant and equipment | 1,450 |
| Inventories | 121 |
| Prepayments and other current assets | 519 |
| Cash and cash equivalents | 6 |
| Total assets | 2,096 |
| Grants and subsidies | (582) |
| Non-current borrowings | (151) |
| Current borrowings | (365) |
| Trade payables | (521) |
| Other liabilities | (31) |
| Total liabilities | (1,650) |
| Total identifiable net assets at balance value | 446 |
| Gain recognized on acquisition of subsidiary, recognised under Other income (Note 11) | 284 |
| Total purchase consideration | 162 |
| Purchase consideration | 162 |
| Less: cash acquired | (6) |
| Total purchase consideration, net of cash acquired | 156 |

During the 12 month period, ended 30 June 2014, the Group acquired 6.17% Sidabravo ŽŪB share capital for LTL 160 thousand, 1.1% Panevėžys district Žibartonių ŽŪB share capital for LTL 44 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 1,103 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

Acquisition off non-controlling interest in Sidabravo ŽŪB and Panevėžys district Žibartonių ŽŪB have resulted in an increase of the effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 0.56% up to 98.28%, and an increase of the effective Group ownership of Karčemos kooperatinė bendrovė by 0.20% up to 39.96% as at 30 June 2014 with a result of LTL 23 thousand of gain accounted directly in equity.

Acquisition of SIA Lielzeltini have resulted in an increase of the effective Group ownership of AS Putnu Fabrika Kekava by 29.77% up to 84.36% as at 30 June 2014 with a result of LTL 10,479 thousand of gain accounted directly in equity.

On 9 January 2014 the Group separated UAB Lignineko to 2 companies: UAB Lignineko and UAB Fossio.



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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

On 30 April 2014 the Group sold all shares of UAB Lignineko. Differences between the sales consideration and the net assets disposed at the disposal date is the following:

| | 30 April 2014 |
|---|----------------------|
| Non-current assets | 1,818 |
| Current assets | 980 |
| Liabilities | (3,835) |
| Other liabilities | (31) |
| Net asset of subsidiary sold by Group | (1,037) |
| Sales price (received in cash) | 4,550 |
| Gain recognized on disposal of subsidiary, recognised under Other income (Note 11) | 5,587 |
| Less: cash disposed in subsidiary | (18) |
| Sell price less cash disposed | 4,532 |

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 | 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 | 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) | (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 five 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;
- food products segment includes poultry and other food products;
- 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 | Food products | Other products and services | Not attributed to any specified segment | Adjustments and eliminations | Total |
|--|--|-------------------------|-----------------------------------|----------------|-----------------------------|---|------------------------------|------------------|
| Financial year ended 30 June 2014 | | | | | | | | |
| Revenue | | | | | | | | |
| From one client UAB MESTILLA | 57,562 | – | 70 | – | – | – | – | 57,632 |
| Other third parties | 1,364,961 | 57,451 | 416,505 | 117,140 | 5,793 | – | – | 1,961,850 |
| Intersegment | 33,274 | 37,856 | 25,253 | – | – | – | (96,383) ¹⁾ | – |
| Total revenue | 1,455,797 | 95,307 | 441,828 | 117,140 | 5,793 | – | (96,383)¹⁾ | 2,019,482 |
| Results | | | | | | | | |
| Operating expenses | (26,965) | (8,700) | (40,301) | (13,175) | (666) | (14,738) | – | (104,545) |
| Segment operating profit (loss) | 38,126 | 6,757 | 5,420 | 48,165 | 9,659 | (14,119) | – | 94,008 |

| 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 June 2013 | | | | | | | |
| Revenue | | | | | | | |
| From one client UAB MESTILLA | 119,843 | – | 12 | – | – | – | 119,855 |
| Other third parties | 1,509,161 | 44,183 | 368,733 | 1,208 | – | – | 1,923,285 |
| Intersegment | 2,872 | 36,284 | 28,019 | 9,530 | – | (76,705) ¹⁾ | – |
| Total revenue | 1,631,876 | 80,467 | 396,764 | 10,738 | – | (76,705)¹⁾ | 2,043,140 |
| Results | | | | | | | |
| Operating expenses | (19,779) | (8,607) | (20,794) | (936) | (29,444) | – | (79,560) |
| Segment operating profit (loss) | 80,723 | 28,425 | 26,396 | (247) | (31,238) | – | 104,059 |

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 | 12 month period ended | |
|---|-----------------------|------------------|
| | 30 June 2014 | 30 June 2013 |
| Lithuania | 522,300 | 533,255 |
| Europe (except for Scandinavian countries, CIS and Lithuania) | 514,898 | 425,090 |
| Scandinavian countries | 387,956 | 427,310 |
| Africa | 92,928 | 20,336 |
| Asia | 472,629 | 605,426 |
| CIS | 28,771 | 31,723 |
| | 2,019,482 | 2,043,140 |

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

| Non-current assets | As of 30 June 2014 | As of 30 June 2013 |
|--------------------|--------------------|--------------------|
| Lithuania | 209,951 | 196,140 |
| Latvia | 144,143 | 7,751 |
| Estonia | 4,641 | 5,152 |
| Denmark | 56 | 89 |
| | 358,791 | 209,132 |

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

5. INTANGIBLE ASSETS

| Group | 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 |
| Additions | 348 | 2 | 350 |
| Additions of subsidiaries | 121 | 1 | 122 |
| Write-offs | (3) | (15) | (18) |
| Balance as of 30 June 2014 | 2,529 | 332 | 2,861 |
| 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 | 182 | 23 | 205 |
| Write-offs | (1) | (14) | (15) |
| Balance as of 30 June 2014 | 1,515 | 80 | 1,595 |
| Net book value as of 30 June 2014 | 1,014 | 252 | 1,266 |
| 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 | 6,569 | (271) | 10,895 | 1,274 | 2,145 | 10,898 | 31,510 |
| Acquisition of subsidiaries | 10,697 | 112,535 | 27,780 | 2,246 | 2,352 | 834 | 156,444 |
| Disposals and write-offs | (365) | (566) | (4,503) | (1,993) | (859) | (283) | (8,569) |
| Transfers from investment property | 5,631 | 823 | – | – | – | – | 6,454 |
| Reclassifications | 170 | 10,822 | 1,878 | 110 | 149 | (13,130) | (1) |
| Exchange differences | – | (5) | (2) | (3) | – | – | (10) |
| Disposals of subsidiaries | – | – | (2,187) | – | (290) | – | (2,477) |
| Balance as of 30 June 2014 | 40,384 | 273,249 | 120,807 | 16,182 | 17,226 | 6,143 | 473,991 |
| 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 | – | 14,592 | 12,627 | 3,070 | 1,968 | – | 32,257 |
| Disposals and write-offs | – | (320) | (1,563) | (1,693) | (815) | – | (4,391) |
| Transfers from investment property | – | 105 | – | – | – | – | 105 |
| Reclassifications | – | – | (58) | 58 | – | – | – |
| Exchange differences | – | 19 | (4) | – | – | – | 15 |
| Disposals of subsidiaries | – | – | (499) | – | (162) | – | (661) |
| Balance as of 30 June 2014 | – | 53,046 | 51,494 | 6,627 | 8,980 | – | 120,147 |
| 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 |
| (Reversal) charge for the year | 160 | (77) | 3 | 1 | – | – | 87 |
| Balance as of 30 June 2014 | 160 | 1,500 | 38 | 1 | 3 | – | 1,702 |
| Net book value as of 30 June 2014 | 40,224 | 218,703 | 69,275 | 9,554 | 8,243 | 6,143 | 352,142 |
| 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 | 7 | 15 | 22 |
| Acquisition of subsidiaries | – | 39 | 39 |
| Disposals and write-offs | (209) | – | (209) |
| Transfers to property, plant and equipment | (5,631) | (823) | (6,454) |
| Balance as of 30 June 2014 | 4,940 | 611 | 5,551 |
| 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 | – | 65 | 65 |
| Transfers to property, plant and equipment | – | (124) | (124) |
| Balance as of 30 June 2014 | – | 167 | 167 |
| 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 June 2014 | – | – | – |
| Net book value as of 30 June 2014 | 4,940 | 444 | 5,384 |
| 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:

| | As of 30 June 2014 | | As of 30 June 2013 | |
|--|-------------------------|------------|-------------------------|--------------|
| | Share held by the Group | Investment | Share held by the Group | Investment |
| Prepayment for financial assets to be acquired | | – | | 8,873 |
| Panevėžys district Ėriškių ŽŪB | – | – | 24.97% | 173 |
| Other investments | | 170 | | 60 |
| | | 170 | | 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. As June 30 2014 the investment into Panevėžys district Ėriškių ŽŪB shown as current investment for sale.

9. BORROWINGS

| | As of 30 June 2014 | As of 30 June 2013 |
|---|--------------------|--------------------|
| Non-current borrowings | | |
| Bank borrowings secured by the Group assets | 95,968 | 31,742 |
| Other non-current borrowings | 676 | 143 |
| | 96,644 | 31,885 |
| Current borrowings | | |
| Current portion of non-current bank borrowings | 27,985 | 19,935 |
| Current bank borrowings secured by the Group assets | 183,879 | 107,226 |
| Factoring with recourse liability | 23,977 | 34,106 |
| Other current borrowings | 5,078 | 5,302 |
| | 240,919 | 166,569 |
| | 337,563 | 198,454 |

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

10. OPERATING EXPENSES

| | 12 month period ended | |
|--|-----------------------|---------------|
| | 30 June 2014 | 30 June 2013 |
| Wages and salaries and social security | 56,321 | 49,383 |
| Consulting expenses | 4,370 | 2,800 |
| Depreciation and amortization | 5,366 | 3,993 |
| Other | 37,349 | 23,384 |
| | 103,406 | 79,560 |



11. OTHER INCOME (EXPENSES)

| | 12 month period ended | |
|--|------------------------------|---------------------|
| | 30 June 2014 | 30 June 2013 |
| Other income | | |
| Fees from farmers for grain non-deliveries | – | 593 |
| Rental income from investment property and property, plant and equipment | 741 | 1,000 |
| Gain from disposal of investment property and property, plant and equipment | 1,451 | 792 |
| Gain from acquisition of subsidiaries | 26,192 | 26,073 |
| Gain from disposal of subsidiaries | 5,587 | – |
| Change in fair value of currency financial instruments | (58) | – |
| Write-off of liabilities | 14,142 | – |
| Other income | 1,748 | 792 |
| | 49,803 | 29,250 |
| Other (expenses) | | |
| Direct operating expenses arising on rental and non-rental earning investment properties | (494) | (463) |
| Loss from acquisition of subsidiaries | – | (608) |
| Change in impairment of investment property | – | 86 |
| Loss from disposal of property, plant and equipment | (322) | (122) |
| Currency exchange loss | (1,212) | (485) |
| Change in fair value of currency financial instruments | 816 | (1,840) |
| Other expenses | (24) | (446) |
| | (1,236) | (3,878) |

12. COMMITMENTS AND CONTINGENCIES

As of 30 June 2014 the Group is committed to purchase property, plant and equipment for the total amount of LTL 4,994 thousand (LTL 2,826 thousand as of 30 June 2013).

A few Group companies (Biržai district Medeikių ŽŪB, Kėdainiai district Labūnavos ŽŪB and Šakiai district Lukšių 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. UAB Linas Agro Grūdų Centras KŪB, Karčemos kooperatinė bendrovė received grants from the European Union and National Paying Agency (Lithuania) 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 2017.

SIA Lielzeltini, AS Putnu fabrika Kekava, SIA Cerova and SIA Broileks received grants from the European Union and Rural Support Service (Latvia) for poultry farm, feedstuffs production and storages upgrade. SIA Lielzeltini is committed not to discontinue broiler breeding, slaughtering and sale of products, feedstuffs up to 2016, AS Putnu fabrika Kekava – up to 2017, SIA Cerova – up to 2018, SIA Broileks – up to 2016.

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 23,786 thousand as of 30 June 2014 (LTL 15,225 thousand as of 30 June 2013).

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 June 2014 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 June 2014 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;
 Artūras Pribušauskas (since 25 October 2013).

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 12 month period ended 30 June 2014 were as follows:

| | Purchases | Sales | Receivables | | Non-current loans | Payables | Current |
|---------------------------|-----------|--------|-------------|---------------|-------------------|----------|---------------|
| | | | Trade | Current loans | receivable | | payable loans |
| | | | receivables | receivable | receivable | | |
| Akola ApS group companies | 24,096 | 57,941 | 24 | 889 | – | 7,458 | – |
| Members of the board | – | 29 | 1 | – | 1,198 | – | – |

As at 30 June 2014 and as at 30 June 2013 interest rates of the Group for non-current loans receivable from related parties are equal to 4% + 4.2% and 3 month EURIBOR + 2.45% margin, interest rates of the Group for current loans receivable from related parties are equal to 3 month EURIBOR + 2.45% 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 June 2014 and 30 June 2013.



14. SUBSEQUENT EVENTS

On 6 August 2014, the President of the Russian Federation enacted an import embargo on most of agricultural produce imported to Russia from the European Union, the United States, Australia, Canada and Norway. The import embargo has influence to milk sales price and indirectly to the fair value of milking cows. On 30 June 2014 the Group management evaluated the decrease of milk sales price in measurement of the fair value of milking cows.

On 28 July 2014 SEB and DNB banks in Latvia granted the credit line for working capital need of SIA Linas Agro by 30 million euros.

On 9 July 2014 AB SEB bankas increased credit line allocated to finance the working capital need of AB Linas Agro by LTL 28 million.

On 1 July 2014 AS Putnu Fabrika Kekava increased the share capital from EUR 12,769 thousand to EUR 18,947 thousand by capitalization of payable amount to AB Linas Agro Group, SIA Lielzeltini. The Group increased its ownership from 84.36% to 89.46%.

CONSOLIDATED INTERIM REPORT

OF THE FINANCIAL YEAR 2013/2014

OF AB LINAS AGRO GROUP

FOR 12 MONTHS PERIOD ENDED 30 JUNE 2014

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 twelve 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 twelve 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

29 August 2014

AB Linas Agro Group Finance Director

Tomas Tumėnas

29 August 2014



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 | group@linasagro.lt |
| Website | www.linasagro.lt |
| Bank account | LT07 7044 0600 0263 7111, AB SEB bank, bank code 70440 |
| ISIN code | LT0000128092 |
| Ticker in NASDAQ OMX Vilnius | LNA1L |

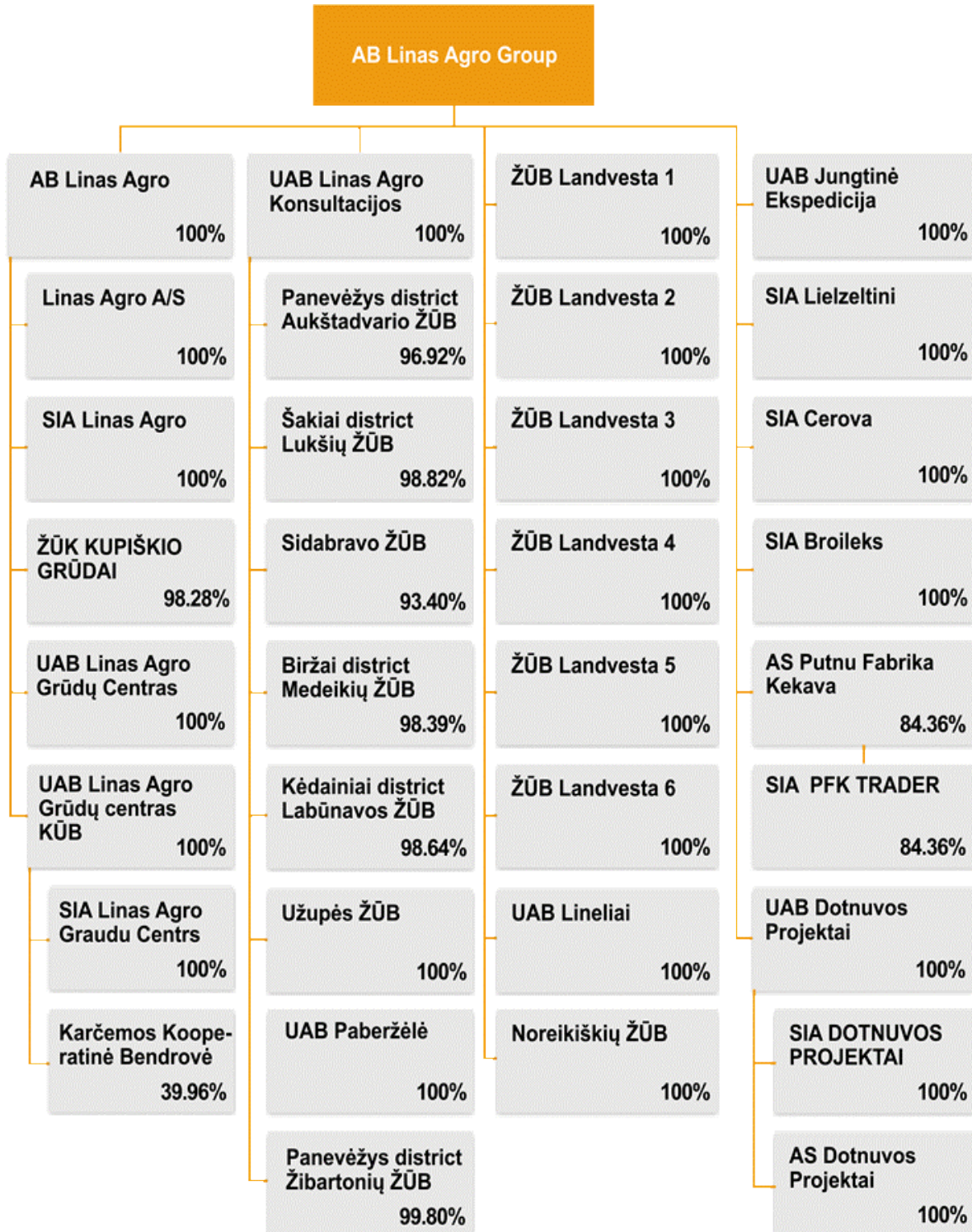
ABOUT THE GROUP

AB Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and had 38 companies at the end of the reporting period, and operates in four countries – Lithuania, Latvia, Estonia and Denmark. As at 30 June, 2014 the total headcount of the Group amounted to 2,269 employees. The financial year of the Group begins 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 JUNE 2014)*:



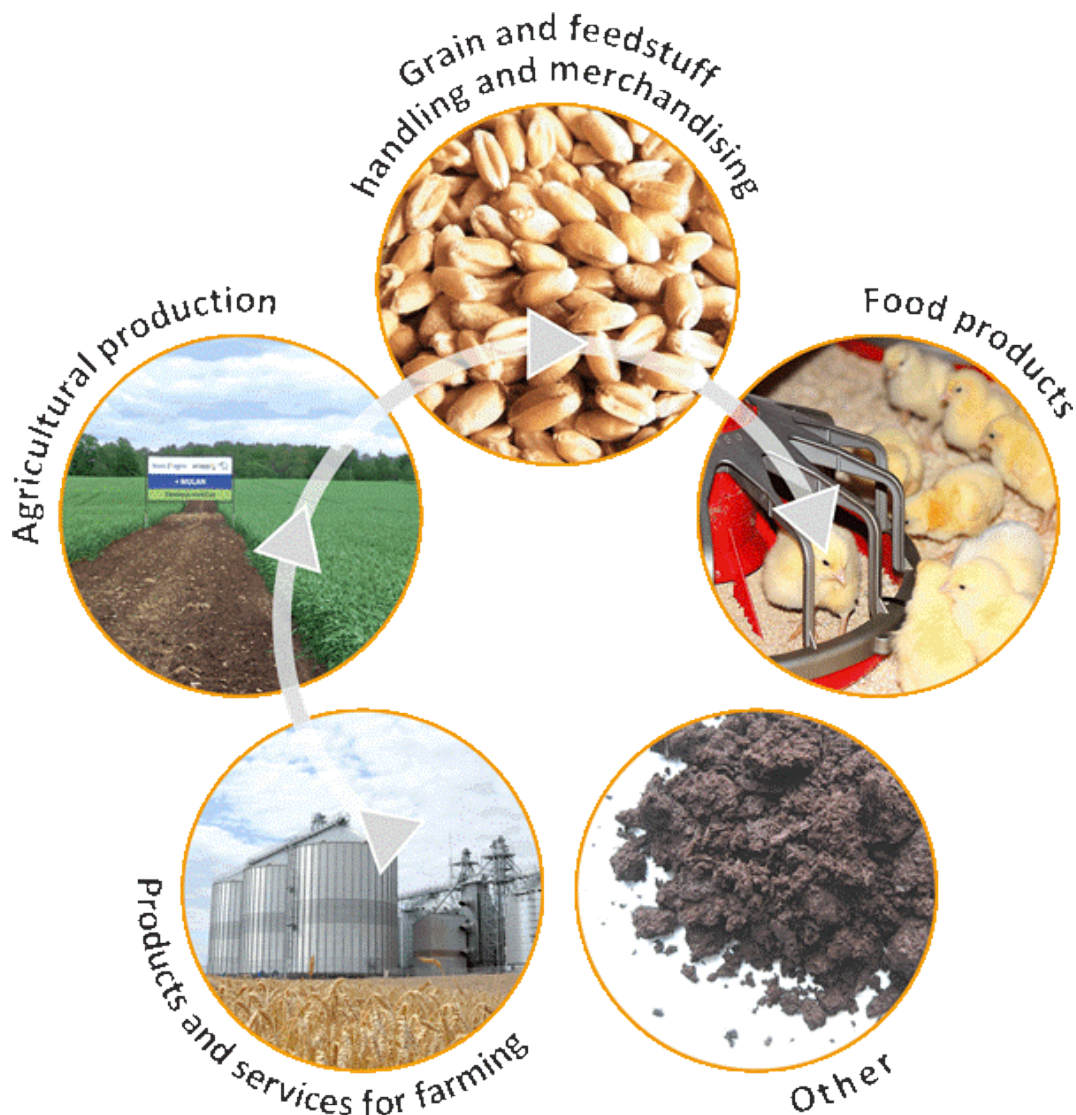
* Dormant companies UAB Gerera (100% shares), UAB Fossio (100% shares), UAB Dotnuvos Technika (100% shares) and UAB Žemės Ūkio Investicijos (100% shares) not included.



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 five basic operating segments: *Grain and Feedstuff Handling and Merchandising*, *Products and Services for Farming*, *Agricultural Production*, *Food products* 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.

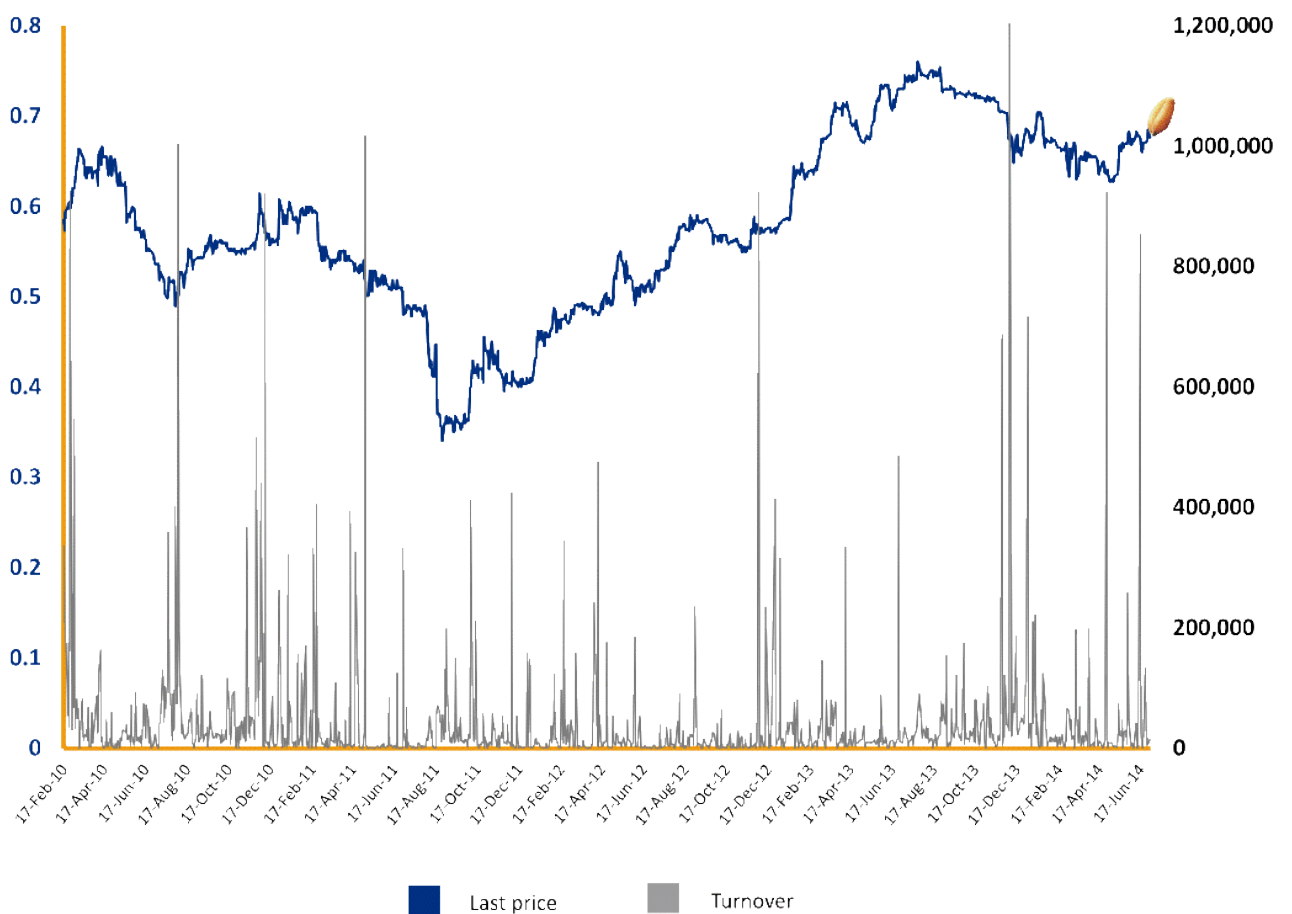
Food products – a new activity segment that appeared in 2013/2014 financial year after the Company acquired a group of Latvian poultry companies.





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 June 2014, is presented in the following diagram:





ACTIVITY RESULTS OF THE GROUP

- Consolidated revenue of AB Linas Agro Group totaled LTL 2,019 million during twelve months of 2013/2014 financial year and was almost the same as compared to previous year (LTL 2,043 million). Revenue for the fourth quarter totaled LTL 439 million and grew 14% as compared to previous year (LTL 385 million).
- The Group's sales volume in tons reached a record amount or 2.3 million tons of various grains, agricultural inputs and other products and was 32% more as compared to previous year (1.7 million tons).
- AB Linas Agro Group consolidated gross profit amounted to LTL 150 million compared to LTL 158 million in previous year and gross profit margin remained almost the same or 7.4%. The gross profit of the fourth quarter grew up 48% from LTL 35 million to LTL 52 million as compared to the respective period of the previous year.
- Consolidated Group's EBITDA decreased from LTL 127 million to LTL 123 million as compared to previous year. EBITDA for the fourth quarter was LTL 48 million and accelerated by almost 4 times as compared to LTL 10 million in previous year.
- The Group's operating profit reached LTL 94 million and was 9.7% less as compared to the respective period of the previous year (LTL 104 million) and the net profit before tax amounted to LTL 87 million as compared to LTL 101 million in previous year. The net profit attributable to the Group reached LTL 76 million (LTL 90 million previous year).
- During the respective period AB Linas Agro Group acquired Latvian poultry companies AS Putnu fabrika Kekava, SIA Broileks, SIA Cerova and SIA Lielzeltini, farming company Panevėžys district Žibartonių ŽŪB, also sold accumulation of raw lignin sold together with one of its operators.





1. FINANCIAL RATIOS

| | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 | Change 2013/2014 compared to 2012/2013 | Change 2013/2014 compared to 2012/2013 |
|--|------------------|------------------|------------------|------------------|---|---|
| | 12 months | 12 months | 12 months | 12 months | (LTL in thousands) | (%) |
| Sales revenues (thousand LTL) | 1,353,976 | 1,337,961 | 2,043,066 | 2,019,482 | -23,658 | -1.16 |
| Sales in tons | 1,483,064 | 1,348,619 | 1,767,224 | 2,337,758 | 570,534 | 32.28 |
| Gross profit (thousand LTL) | 80,969 | 94,863 | 158,247 | 149,986 | -8,261 | -5.22 |
| EBITDA (thousand LTL) | 30,120 | 127,020 | 127,158 | 123,224 | -3,934 | -3.09 |
| Operating profit (thousand LTL) | 15,215 | 114,581 | 104,059 | 94,008 | -10,051 | -9.66 |
| Earnings before taxes EBT (thousand LTL) | 14,522 | 115,576 | 101,105 | 87,002 | -14,103 | -13.95 |
| Net profit (thousand LTL) | 18,970 | 94,299 | 90,498 | 84,345 | -6,153 | -6.80 |
| Margins, % | | | | | | |
| Gross profit margin | 5.98 | 7.09 | 7.75 | 7.43 | -0.32 | -4.11 |
| EBITDA margin | 2.22 | 9.49 | 6.22 | 6.10 | -0.12 | -1.96 |
| Operating profit margin | 1.12 | 8.56 | 5.09 | 4.66 | -0.44 | -8.60 |
| Earnings before taxes margin | 1.07 | 8.64 | 4.95 | 4.31 | -0.64 | -12.94 |
| Net profit margin | 1.40 | 7.05 | 4.43 | 4.18 | -0.25 | -5.71 |
| Solvency ratios | | | | | | |
| Current ratio | 1.44 | 1.78 | 1.76 | 1.61 | -0.15 | -8.57 |
| Debt / Equity ratio | 0.81 | 0.65 | 0.47 | 0.67 | 0.20 | 42.68 |
| Net financial debt / EBITDA | 7.28 | 1.38 | 1.35 | 2.56 | 1.21 | 88.95 |
| Return on equity (ROE), % | 6.78 | 26.48 | 20.54 | 16.31 | -4.23 | -20.60 |
| Return on capital employed (ROCE), % | 3.95 | 20.02 | 16.72 | 10.09 | -6.63 | -39.65 |
| Return on assets(ROA), % | 3.11 | 13.65 | 11.02 | 7.91 | -3.11 | -28.21 |
| Basic and diluted earnings per share (LTL) (EPS) | 0.12 | 0.56 | 0.57 | 0.53 | -0.04 | -0.81 |
| Price earnings ratio (P/E)* | 14.56 | 3.10 | 4.42 | 4.40 | -0.04 | -0.81 |

* The last close price of AB Linas Agro Group financial year



2. OVERVIEW

The consolidated revenue of AB Linas Agro Group over twelve months of 2013/2014 financial year amounted to LTL 2,019 million and was 1% lower as compared to LTL 2,043 million earned during the same period of the previous year. The main reason explaining earnings close to that of a record financial year 2012/2013 was growth in sales of business segment *Products and services for farmers* and complete consolidation of UAB Dotnuvos Projektai (sales revenue of this company was LTL 210 million). In addition, the acquisition of Latvian poultry companies during this financial year has created new business segment *Food products* that generated revenue of LTL 117 million. The successful business diversification of the Group allowed counterbalance sales decline in its main business segment – *Grain and feedstuff handling and merchandising*.

The Group managed to maintain its gross profitability above 7% and earned LTL 150 million in gross profit (LTL 158 million in 2012/2013 financial year). The Group earned bigger gross profit (LTL 52 million) during the fourth quarter of financial year as compared to preceding reporting periods – the first, the second and the third quarters (LTL 36 million, LTL 22 million and LTL 41 million accordingly). The gross profit margin in fourth quarter stood at 12% (9% in the respective period of 2012/2013 financial year). The growth of margin resulted from increased profitability in feedstuffs trade and poultry business performance on overall profitability of the Group.

The Group's operating profit amounted to LTL 94 million and was 9.7% less if compared to the respective period of 2012/2013 financial year (LTL 104 million). Operating profit was negatively affected by the increase in operating costs from LTL 79.5 million to LTL 104.5 million, mostly due to the consolidation of UAB Dotnuvos Projektai and Latvian poultry companies (standalone operating expenditures of above companies amounted to LTL 34 million and LTL 14 million accordingly). It should be noted that in 2012/2013 financials a positive LTL 26 million goodwill has been accounted due to the acquisition of various companies and in this financial year the amount of positive goodwill amounted to the same LTL 26 million as well. If we omit the impact of the goodwill on the Group's financials and one-off income item of LTL 14 million (the write off of the liabilities of AS Putnu Fabrika Kekava), the operating profit of AB Linas Agro Group would stand at LTL 54 million, being less than LTL 78 million gained in 2012/2013 financial year. All Groups' business segments operated profitably.

Recent investments of the Group have been focused on enhancement of profitability of the Group.



3. ACTIVITY RESULTS BY SEGMENTS

OPERATING PROFIT (THOUSAND LTL) BY SEGMENTS:

| | 2013/2014 | 2012/2013 | 2011/2012 |
|--|-----------|-----------|-----------|
| | 12 months | 12 months | 12 months |
| Grain and Feedstuff Handling and Merchandising | 38,126 | 80,723 | 31,727 |
| Products and Services for Farming | 5,420 | 26,396 | 89,202 |
| Agricultural Production | 6,757 | 28,425 | 8,621 |
| Food products | 48,164 | n/a | n/a |
| Other | 9,659 | (247) | 1,540 |

GRAIN AND FEEDSTUFF HANDLING AND MERCHANDISING

Being the largest operating segment, this one includes the sale of grain, oilseeds and feedstuffs, as well as grain storage and logistics services.

Sales revenue of the segment over twelve months of financial year amounted to LTL 1,456 million (LTL 1,632 million in 2012/2013 financial year) and operating profit amounted to LTL 38.1 million (LTL 80.7 million in 2012/2013 financial year). The decline in revenue is explained by decrease in world grain prices within a range of 10-15% as traded volumes grew from 1,541 to 1,622 thousand tons. The drop in operating profit was influenced by less profitable sales in traditional products like wheat and oilseed rape if compared to the respective period of the previous year. The profitability was negatively influenced by the decrease in income gained from grain storage network. Good weather conditions during the harvest season decreased demand for grain drying service and this had a negative impact on income of grain elevators, which amounted to LTL 29 million (LTL 37 million previous year). As it was expected, the majority of profitable grain sales contracts have been shifted to the second half of 2013/2014 financial year, and the operating profit in the second half of financial year amounted to LTL 31 million being 3.7 times higher if compared to that of the first half of financial year (LTL 8.3 million).

Grain storage facilities owned by the Group processed 429 thousand tons of grain over the respective period or 23% less than previous year. This is explained by lower grain harvest in the region than previous



year that resulted in grain sourcing decrease, in addition, some grain was transported to the port directly from the farmers.

PRODUCTS AND SERVICES FOR FARMING

This business segment includes the sale of seeds, plant protection products, fertilizers, agricultural and forestry machinery, grain storage and other equipment.

Sales revenue of this segment during twelve months reached LTL 442 million and was 11% higher as compared to previous year (LTL 397 million). An increase in revenue is mainly attributable due to increased sales of fertilizers and seeding material also full consolidation of UAB Dotnuvos Projektai within the Group. Income generated from fertilizer trade was LTL 179 million, from seed trade – LTL 50 million; from plant protection products trade - LTL 41 million, from agricultural and forestry machinery as well grain storage equipment trade - LTL 172 million.

The gross profit of the segment increased from LTL 40.3 million to LTL 45.9 million while operating profit dropped five times from LTL 26.4 million to LTL 5.4 million. This was caused by 10% drop in sales margins in fertilizers and plant protection products trade due to increased competition, also diminished profitability in sale of agricultural machinery (operating profit decreased by LTL 5 million). Farmers' decision to buy less farm machinery and grain storage facilities was affected by fallen grain market prices and lack of funding from the EU, as vast majority of agricultural equipment is purchased using the EU funds. The market shrank significantly without funding (f. i., tractors market shrank 30% in Lithuania, 57% in Latvia and 27% in Estonia) – this had an impact on revenue as well as operating profit. UAB Dotnuvos Projektai has formed LTL 4.8 million in provision for bad debts, which also had negative impact on operating profit.

AGRICULTURAL PRODUCTION

This business segment covers cultivation of cereals, oilseed rape, sugar beet and other crops, production of milk and beef cattle farming. The Group owns seven agricultural companies.

Total revenue of this segment during twelve months amounted to LTL 95 million (LTL 80 million in 2012/2013 financial year). Though revenue from agricultural production sales decreased due to the fallen crop purchase prices, the acquisition of agricultural company Panevezys district Žibartonių ŽŪB enabled to





increase revenue of the segment by 18% percent as stand-alone revenues of that farm amounted to LTL 17.5 million.

The segment's gross profit decreased from LTL 16.9 million to LTL 14.5 million. The operating profit has shrunken from LTL 28.4 million in 2012/2013 financial year to LTL 6.7 million. In fact, performance was positively influenced by positive goodwill from acquisition of agricultural farms. And if we eliminate a positive impact of the goodwill this year and last year, the operating loss of the segment in this financial year would amount to LTL 2.8 million while operating profit of LTL 8.8 million was recorded previous year. The loss is mainly explained negative change in biological asset evaluation for cattle due to a recent drop in milk purchasing prices (LTL 6 million).

Over 71 thousand tons of crop production was sold during the reporting period.

In autumn 6,000 hectares were sown with winter wheat and 2,000 ha – with winter oilseed rape, respectively 25% and 28% more than the previous year. Due to adverse winter weather conditions 46% of winter crop was lost and farms accrued LTL 4.4 million of losses for re-planting.

The companies raise 2,996 dairy cows and have sold over 26 thousand tons of milk within twelve months or 64% more than the previous year. The average milk yield per cow per year is 7.9 tons.

FOOD PRODUCTS

This business segment includes a whole cycle poultry business, including incubation of hatching eggs, broiler breeding, production of poultry and its products, feed manufacturing for self-supply and retail sale of chicken meat and its products. The Group has acquired shares of Latvian poultry company AS Putnu Fabrika Kekava in October, 2013 and the companies SIA Broileks, SIA Cerova and SIA Lielzeltini in February, 2014.

The company SIA Putnu Fabrika Kekava is included in the Group as from November, 2013, and the other companies as from February, 2014, respectively, their results are consolidated in the Group's results since then.

The revenue of AS Putnu Fabrika Kekava for eight months period amounted to LTL 93 million and the total revenue of SIA Broileks, SIA Cerova and SIA Lielzeltini for five months was LTL 45 million. After acquisition of AS Putnu Fabrika Kekava, the company finished its restructuring procedure and 49% of old company's debts have been written off. Therefore the company recognized income of around LTL 14



million as *other income*. That also had a positive effect on profitability of the segment, which amounted to LTL 48 million during the reporting period. Operating profit of the segment in the fourth quarter of the financial year was LTL 15 million.

OTHER

This business segment includes small activities, not attributable to other segments. The sales of this business segment are predominated essentially by sales of raw lignin.

During the financial year the Group split the lignin stock into two parts and sold one of them together with UAB Lignineko for LTL 4.55 million and the other part together with the real estate for LTL 6 million in the fourth quarter. Therefore segment's operating profit amounted to LTL 9.6 million.

4. FINANCIAL COSTS

Financial expenses amounted to LTL 9.6 million over referenced period and were almost 10% more than that in 2012/2013 financial year (LTL 8.7 million). The main reasons affecting an increase in the expenses was consolidation of Latvian poultry companies and increased total loan portfolio, as credit institution loans to those companies amounted to LTL 54 million.

5. CASH FLOWS

Group's cash flow from operating activities before the changes in working capital decreased to LTL 87 million as compared to LTL 103 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was negative amounting to LTL 74 million (positive LTL 108 million over the respective period of 2012/2013 financial year). This is due decreased trade payables (LTL 122 million) and increased inventory (LTL 35 million). Group's cash and cash equivalents at the end of the reporting period amounted to LTL 30 million (LTL 34 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 June 30, 2014, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system and in Company's website the following information:

| | | | |
|--|--------------------------------|--------|-----------------------------|
| AB Linas Agro Group sold the rest of lignin accumulation | Notification on material event | En, Lt | 20/06/2014 09:00:30 EEST |
| Interim 9 months financial results of the financial year 2013/2014 | Interim information | En, Lt | 30/05/2014 09:00:30 EEST |
| AB Linas Agro Group sold UAB Lignineko | Notification on material event | En, Lt | 02/05/2014 09:00:30 EEST |
| AB Linas Agro Group notification about interim 6 months financial results of the financial year 2013/2014 | Interim information | En, Lt | 28/02/2014 09:00:34 EET |
| AB Linas Agro Group has completed the acquisition of Latvian poultry companies and extended loans to two of them | Notification on material event | En, Lt | 10/02/2014 15:00:33 EET |
| AB Linas Agro Group investor's calendar for the 2014 | Other information | En, Lt | 18/12/2013 11:00:33 EET |
| AB Linas Agro Group AB acquired claim in respect of Putnu Fabrika Kekava | Notification on material event | En, Lt | 6/12/2013 15:00:31 EET |
| | Interim information | En, Lt | 27/11/2013 09:48:32 EET |
| AB Linas Agro Group notification about interim 3 months financial results of the financial year 2013/2014 | | | |
| AB Linas Agro Group acquired shares of AS Putnu fabrika Kekava and rights granted thereby | Notification on material event | En, Lt | 30/10/2013 09:00:31 EET |
| AB Linas Agro Group received the permission to acquire poultry companies in Latvia | Notification on material event | En, Lt | 28/10/2013 5:00:31 EET |
| Procedure for the payout of dividends for the financial year ended 30 June 2013 | Notification on material event | En, Lt | 25/10/2013 09:19:33 EEST |



| | | | |
|---|--------------------------------|--------|------------------------------|
| AB Linas Agro Group notification about the Annual information of the financial year 2012/2013 | Annual information | En, Lt | 25/10/2013 09:16:33 EEST |
| Results of voting of the Annual General Meeting of AB Linas Agro Group, held on 24 of October, 2013 | Notification on material event | En, Lt | 25/10/2013 09:12:3 2 EEST |
| Notice on Annual General Meeting of Shareholders of AB Linas Agro Group | Notification on material event | En, Lt | 2/10/2013 09:00:31 EEST |
| Changes in AB Linas Agro group business segments | Notification on material event | En, Lt | 10/9/2013 09:15:31 EEST |
| AB Linas Agro Group acquired farming company, together with its owner | Notification on material event | En, Lt | 5/9/2013 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 | 30/8/2013 09:00:32 EEST |
| SEB Bank issued AB Linas Agro an LTL 200 million credit line | Notification on material event | En, Lt | 6/8/2013 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 | 22/7/2013 16:09:30 EEST |
| AB Linas Agro Group is planning to acquire poultry companies in Latvia | Notification on material event | En, Lt | 3/7/2013 13:16:31 EEST |
| AB Linas Agro Group received Exporter of the Year Award | Other information | En, Lt | 2/7/2013 08:30:31 EEST |

OTHER EVENTS DURING THE REPORTING PERIOD

Share capital of Noreikiškių ŽŪB was increased from LTL 1,010,000 to LTL 1,243,000.

UAB Linas Agro Konsultacijos additionally acquired 79,980.55 worth of shares of Sidabravo ŽŪB.

UAB Linas Agro Konsultacijos additionally acquired 31,611.12 worth of shares of Panevėžys district Žibartonių ŽŪB.



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| 06/05/2014 | UAB Linas Agro Konsultacijos acquired 3,089,046.33 worth of shares of Panevėžys district Žibartonių ŽŪB from subsidiary UAB Žemės Ūkio Investicijos. |
| 23/04/2014 | Shareholders of AS Putnu Fabrika Kekava decided to increase share capital of the company. |
| 05/03/2014 | AB Linas Agro Group became a member of Panevėžys District Žibartonių ŽŪB by increasing share capital of the company from LTL 3,149,746.49 to LTL 3,152,746.49. |
| 05/02/2014 | Share capital of SIA DOTNUVOS PROJEKTAI was increased from LVL 60,000 to EUR 2,000,000. |
| 2014 | In January-February months AB Linas Agro Group acquired 100 pct shares of SIA Lielzeltini (Latvia). |
| 27/01/2014 | Restructuring procedure of Latvian chicken meat producer AS Putnu Fabrika Kekava (PFK) was finalized. |
| 09/01/2014 | UAB Fossio was established after splitting part of the assets and liabilities from UAB Lignineko. |
| 2013 | In December share capital of ŽŪB Landvesta 2 was increased from LTL 855,000 to LTL 1,182,000. |
| 2013 | In November-December months share capital of ŽŪB Landvesta 1 increased from LTL 323,000 to LTL 2,422,000. |
| 2013 | In August-December months share capital of UAB Lineliai increased from LTL 60,000 to LTL 1,610,000. |
| 31/12/2013 | Share capital of ŽŪB Landvesta 3 increased from LTL 102,000 to LTL 726,000. |
| 31/12/2013 | Share capital of ŽŪB Landvesta 4 increased from LTL 437,000 to LTL 1,912,000. |
| 31/12/2013 | Share capital of ŽŪB Landvesta 5 increased from LTL 1,014,493 to LTL 2,353,000. |
| 31/12/2013 | Share capital of ŽŪB Landvesta 6 increased from LTL 320,000 to LTL 1,837,000. |
| 27/12/2013 | Share capital of AS Dotnuvos Projektai increased from EUR 100,000 to EUR 1,300,000. |
| 07/11/2013 | Share capital of AS Putnu Fabrika Kekava was increased from LVL 5,632,620 to LVL 8,973,944. |
| 08/10/2013 | Share capital of SIA Linas Agro increased from LVL 500,000 to LVL 1,554,206. |



- 04/10/2013 Share capital of UAB Linas Agro Konsultacijos increased from LTL 10,144,600 to LTL 38,400,000.
- 24/07/2013 AB SEB bank has increased its credit line to AB Linas Agro issued a year before by LTL 50 million to LTL 200 million.

SUBSEQUENT EVENTS

- 27/08/2014 Share capital of UAB Lineliai increased from LTL 1,610,000 to LTL 1,790,000.
- 25/08/2014 Share capital of Noreikiškių ŽŪB increased from LTL 1,243,000 to LTL 1,290,000.
- 28/07/2014 The credit line in the amount of 30 million euros has been granted by SEB and DNB banks in Latvia.
- 25/07/2014 UAB Linas Agro Konsultacijos additionally acquired 944.70 worth of shares of Sidabravo ŽŪB.
- 09/07/2014 AB SEB bank has increased its credit line to AB Linas Agro issued a year before by LTL 28 million to LTL 228 million.
- 2014-07-01 Share capital of AS Putnu Fabrika Kekava was increased from LVL 8,973,944 to LVL 13,316,240, the number of shares owned by the Group after share capital increase is 89.46 pct. of share capital.

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