

Translation

Linus Agro AB annual consolidated report for the year 2006/2007 ending 30 June 2007

2006/2007 season for the companies of Linus Agro, AB (hereinafter referred to as the Company) was changeable and complicated. Major companies run business in agricultural sector therefore the performance of the companies was strongly affected by the summer draught in 2006, followed by poor harvest which had negative impact on trade. Nevertheless, Linus Agro, AB managed to evade planned losses and finished the year at a profit.

The main and the biggest company of the group is Linus Agro, AB, therefore the analysis of the group mostly consists of analysis of Linus Agro AB. The last year's draught had negative impact on the grain harvest in Lithuania in general, it dropped down by approximately 50%. Taking into consideration the forecasted universal crop failure in 2006, the target turnover of the Company was maximum LTL 140 million. But the earnings of the Company in the last economic year amounted to LTL 212 million and were smaller than in the previous period by only 11%. During the above-mentioned period, Linus Agro, AB sold approximately 303 thousand tons of various grain crops, i.e. 32% less than in the economic year 2005/2006. Smaller harvest induced the rise in agricultural produce prices, therefore the decrease of sales was smaller than expected. It had a favourable impact on gross profit rate, which stayed within the usual range of 8-9%.

Trade in wheat gave the best results to the Company (gross profit rate of 8%), followed by sunflower seed cake (gross profit rate of 10%), barley (gross profit rate of 7%). The above-mentioned product groups together with trade in fertilisers and plant protection products brought 75% of the gross profit of the Company.

Linus Agro, AB carried out active trade on international market, export accounted for about 54% of the sales in total. Biggest volumes of products were exported to the EU – 35% of the total export.

The Company is organising grain cultivating programs, therefore trade in grain crops is and will remain the key source of earnings of the Company. Trade in oilseeds (rapeseed) and vegetable oils will gain strength and remain one of the main business fields of the Company, since the Company will supply these products to the largest rapeseed processor and biodiesel manufacturer in the Baltic region – Mestilla, UAB. The Company is also engaged in development of new businesses, such as trade in solid biofuel (wood pellets, briquettes, chips, firewood).

Though losses were forecasted because of the poor harvest, nevertheless the Company managed to ear LTL 5.64 million profit from its main business activities, i.e. only 14% less than during the good year of 2005/2006 (when the profit was LTL 6.592 million). One of the reasons was growing prices of the produce and positive sales margins, as well as efficient management and control of fixed costs. During the reporting period, the operating expenses of the Company amounted to LTL 12.73 million, i.e. 3% smaller than the expenses in the previous period. Operating expenses have decreased mostly due to the control of administrative expenditure – the latter dropped by 9.3 pct as compared to previous period.

Expenses related with the main business activities accounted for the major part of the operating expenses: labour and tax expenses accounting for 52% of the total operating costs or LTL 6.28 million and decreased by 18%, if compared with the previous period; depreciation and amortisation accounted for 7% or amounted to LTL 0.844 million; expenses of the consulting services dropped down by 8% and amounted to LTL 0.875 million (7.2% of the total expenses); insurance cost LTL 0.418 million (3.4% of the total expenses). Quite big financial costs of the Company (LTL 4.14 million) were caused by aggressive borrowing policy and growing interest base rates.

These expenses increased by 13% in the course of the year. The Company is planning to cut down this share of expenses by increasing equity through the profit and reducing borrowing volumes. Linas Agro, AB sustains the role of an active player of the capital market, in July 2007, the issue of the Company's bonds was successfully distributed for the fourth time – 2-year bonds of the value of LTL 15 million were sold.

During the reporting period, the Company earned LTL 15.52 million profit before taxes, i.e. 4 times more than in the last period. High profit rate resulted from incomes earned from investment activities. Linas Agro, AB sold subsidiary company Veterinary Centre of Linas Agro, AB. The sale was caused by the changes in the strategy of Linas Agro Group - the companies of the Group decided to focus their activities on renewing energy. The sale of Linas Agro Veterinarijos centras, UAB has had the biggest influence on the consolidated results of the group's activities.

In order to control accounts receivable and reduce dependence on natural conditions, the Company insured approximately 80% of the main farmers-suppliers by debtors insurance with Coface insurance company. At present, only a very small number of agricultural produce buyers has insurance of such scale in Lithuania.

The shareholders of the Company approved a new auditor of the Company - international audit company KPMG Baltics, UAB. The latter company is the main audit company of Linas Agro group.

Last year witnessed successful implementation of the shareholders activity strategy approved a couple of years ago and aimed at enhancement of management efficiency and expenditure control. Operating expenses control and management of subsidiary companies showed in particular good results. The Company sold a number of subsidiary companies, where no active business was carried out. Subsidiary companies in the Ukraine and Estonia were sold.

Linas Agro, AB sustained the subsidiary companies that have direct impact on and supplement the main business activity of the company, i.e. trade in agricultural produce. The sustained companies included Latvian trading company Linas Agro, SIA (analogue of Linas Agro, AB in Latvia), UAB "Linas Agro" Grūdu centras KŪB – a company controlling the chain of elevators, Landvesta 4, ŽŪB, asset management companies Consonus UAB and Sinrena UAB.

Last season the consolidated turnover of Linas Agro Group, AB totalled to LTL 282.2 million, which is by 7% lower as compared to that of previous season in 2005/2006 (LTL 304.8 million). The main reason for the decrease in the turnover was lower turnover volumes in trading companies Linas Agro, AB and Linas Agro, SIA (Latvia). The above mentioned decrease was determined by poor harvest.

The group's consolidated net profit stood at LTL 9.72 million and grew 2.2 times as compared to last season's profit (LTL 4.4 million). The net profit by the major part was generated by financial investment activities. The activities of the main Linas Agro, AB subsidiaries were also variable as

Linas Agro, SIA (Latvia) suffered the loss (LTL 0.8 million) at the end of the season and Linas Agro Grūdu Centras KŪB, UAB (the chain of elevators) calculated its profit (LTL 0.86 million). Recently founded investment and property management Consonus, UAB and Sinrena, UAB finished the year with a minimum loss, which is explained by the start of the companies' activities.

In 2007/2008, the Company is planning to increase its consolidated turnover mainly due to the growing trade activities of the parent company. Consolidated position of the Company on the international agricultural produce market, trade in new products, consolidation in new markets and increased global market prices of grain crops will determine substantial turnover growth of the Company - up to LTL 655 million. EBITDA of the Company should reach LTL 20 million, while net profit - LTL 11 million.

No major events, apart from the above-mentioned, are expected to take place in the current financial year before the ordinary general meeting of shareholders.

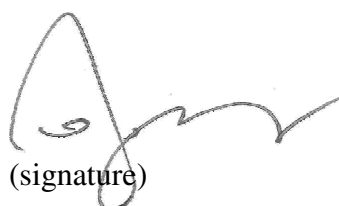
Key consolidated financial rates of the Company are presented in the table below:

Key financial rates of Linas Agro, AB	2006/2007	2005/2006
Sales, LTL	282,240,068	304,845,911
Earnings before interest, taxation, depreciation - EBITDA, LTL	12,920,411	16,25,458
EBITDA/sales, %	4.6	5.3
Earnings before interest and taxation - EBIT, LTL	8,845,282	10,237,558
Earnings before interest and taxation - EBIT, %	3.1	3.4
Gross profit, LTL	28,567,230	30,943,053
Gross profit, %	10.1	10.2
Net profit, LTL	9,716,908	4,442,269
Net profit, %	3.4	1.5
Return on equity, %	25.0	14.9
Return on capital employed, %	4.6	6.3

Key solvency ratios	2006/2007	2005/2006
Current ratio	1.04	1.04
Accounts receivable turnover in days	131	125
Accounts payable turnover in days	104	68
Inventory turnover in days	61	19
Cash turnover in days	87	76
Financial lever, %	81.2	83.2

General director

(title of the head of the company's administration)



(signature)

Darius Zubas

(forename and surname)