

## CONFIRMATION OF RESPONSIBLE PERSONS

Following the Article No. 22 and No. 20 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and submission of Periodical and Additional Information of the Lithuanian Securities Commission, we, Darius Zubas, General 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, information provided in this AB Linas Agro Group 2009-2010 interim Consolidated financial statements for the first twelve months of the financial year 2009-2010 is correct and accurately describes company's business and development and the common consolidated corporate status including the principal risks and uncertainties.

AB Linas Agro Group Managing Director      Darius Zubas



A handwritten signature in black ink, written over a horizontal dotted line. The signature is stylized and appears to be "Darius Zubas".

AB Linas Agro Group Finance Director      Tomas Tumėnas

30 August 2010

A handwritten signature in black ink, written over a horizontal dotted line. The signature is stylized and appears to be "Tomas Tumėnas".

LINAS AGRO GROUP, AB



2009-2010 FINANCIAL YEAR

12 MONTH

FINANCIAL RESULTS



Another part of this segment's income was generated by services of the Group-owned grain elevators. Their activities produced LTL 4.8 million of net profit.

## Financial costs

Falling grain prices resulted in corresponding decrease in the Group's demand for working capital. It was one of the main reasons which determined the drop in financial expenditures. Bank interest expenses decreased from LTL 11.3 million down to LTL 5 million. Bank interest margins fell respectively, too. These expenses are expected to rise in the next season; however, bank interest margins should remain on the same level or are even believed to drop slightly due to the strengthening of the Group's equity.

## Cash Flow

The Group's net cash flow was positive and amounted to LTL 26.8 million (LTL 0.36 million in 2008-2009). Cash provided by operating activities before the changes in the working capital were LTL 38 million and a minus of LTL 24.8 million after (LTL 64.5 million in 2008-2009 financial year). These changes are mainly explained due to the increase in the trade receivable and decrease in trade payable accounts. The increase in trade receivable amounts is related to expansion of fertilizers trade. Farmers are the main buyers of fertilizers, and this service is crucial to them but they lack financial resources to pay for the goods during a short period of time. Therefore, credits to farmers enable the Group to expand its client base and plan larger volumes of grain purchase in the future. The drop in trade payables is related to the policy changes of credit insurance companies and banks'. After debtor insurance to the companies of the Baltic countries was cancelled, the suppliers' payment terms shortened. It influenced the decrease in the Group's trade debts.

## About Linas Agro Group, AB

Linas Agro Group, AB is an integrated agribusiness company engaged in international agricultural business, production and trade in agricultural produce and raw materials. It controls companies in Lithuania, Latvia and Denmark. The Group consists of the following companies: Linas Agro, AB, a Lithuanian company engaged in international trade in agricultural plant produce; Linas Agro, UAB Grūdų centras KŪB (controlling grain elevators and fertilizer warehouses in Kėdainiai, Kupiškis, Joniškis, Šiauliai and Vilkaviškis), grain trade company in Latvia - Linas Agro, SIA; international trade company in Denmark - Rosenkrantz A/S; Landvesta, ŽŪB, a group of companies controlling agricultural land; and Linas Agro Konsultacijos, UAB controlling agricultural companies. Financial year of the companies starts on the 1st of July. As of February 17, 2010 Linas Agro Group, AB is listed on NASDAQ OMX Vilnius stock exchange.

Contact persons:

Financial director  
Tomas Tumenas  
+370 45 507 393  
[t.tumenas@linasagro.lt](mailto:t.tumenas@linasagro.lt)

Investor relations specialist  
Agne Barauskaite  
+370 45 507 346  
[a.barauskaite@linasagro.lt](mailto:a.barauskaite@linasagro.lt)

## Financial results of Linas Agro Group, AB of twelve month of 2009-2010 financial year

Linas Agro Group, AB - LNA 1 L (NASDAQ OMX Vilnius)

- The Group earned LTL 32.2 million in net profit, i.e. 1.4% more as compared to the last year (LTL 31.77 million);
- The sales of the Group amounted to LTL 836 million and were 25% lower compared to the respective figures of last financial year (LTL 1.113 million);
- Export remains the strategic business activity and accounts for 71% of the total sales;
- The Group has finished the fourth quarter of 2009-2010 season profitably earning LTL 11.2 million in net profit, i.e. 43% more than in 2008-2009 financial year (LTL 7.8 million). The growth in the profit has been influenced by profitable trade of grains, oilseeds and fertilizers as well as profitable activities of joint ventures (Dotnuvos projektai, UAB and Kustodija, UAB);
- The Group has significantly increased the fertilizers trade in the Baltic countries. 88 thousand tons of fertilizers were traded, i.e. 2.7 times more compared to the last financial year (33 thousand tons).
- The Group has successfully implemented its investment programme: it strengthened fertilizers trade in Lithuania and Latvia (acquired fertilizer production units in Kėdainiai and Joniškis), bought company Lignineko, UAB that owns raw material for biofuel – lignin and at the end of the year acquired the controlling share of Ukraine-based producer and trader of fertilizers ZAT “UkrAgro NPK”;
- In order to fortify its positions in Klaipėda seaport, the Group has signed a long-term cooperation agreement with the stevedoring company AB KLASCO on expansion of the bulk grain terminal.

### Financial rates

|   | 12 months of 2009-2010 | 12 months of 2008-2009 |
|---|------------------------|------------------------|
| <b>Turnover (in tons)</b>               | <b>1 277 146</b>       | <b>1 386 721</b>       |
| <b>Sales (LTL)</b>                      | <b>835 944 000</b>     | <b>1 113 880 000</b>   |
| <b>Turnover (in tons) by segments :</b> |                        |                        |
| Grains and oilseeds                     | 780 618                | 868 486                |
| Feedstuffs                              | 345 891                | 412 688                |
| Agricultural inputs                     | 89 298                 | 33 971                 |
| Farming                                 | 42 763                 | 49 332                 |
| Other                                   | 18 576                 | 22 244                 |
| <b>Net profit (LTL)</b>                 | <b>32 249 000</b>      | <b>31 771 000</b>      |

## Overview

The Group's activities in 2009-2010 season were influenced by falling prices of agricultural products both on the international markets and the Baltic region. The beginning of the season was marked by very low prices of grain crops and milk which recovered slightly, especially those of milk, in the course of the year. It was one of the main reasons for the drop of the Group's sales volumes in Litas. The 12-month sales of the Group totaled to LTL 836 million, a slump of 25% as compared to 2008-2009 season (LTL 1 113 million). The Group's sales in tons decreased by only 8% and reached 1.28 million tons (1.38 million tons in 2008-2009 season). Despite of the decreased purchasing power and banks' financing of the Baltic farmers, and almost complete absence of insurance of debtors related to the Baltic companies, the Group has virtually managed to maintain pre-crisis sales volumes in tons.

The Group succeeded increasing the gross profitability from 6.8% in the last year to 8.1% this year, noticeably exceeding the gross profitability of 5.5-6.5%, currently prevailing in the sector. However, due to lower sales volumes the gross profit dropped 10% from LTL 75.7 million last year to LTL 67.8 million this year.

Reacting to tough economic conditions, the Group has sought efficiency improvements on the cost side cutting its operating expenses by 9%. Operating expenses have been reduced to LTL 31.7 million (LTL 35 million in 2008-2009 financial year), even despite significant one-time costs related to the initial public offering (IPO).

The gross profit having plunged, respectively the Group's EBITDA fell and stood at LTL 48.6 million, i.e. 13% less compared to the 2008-2009 season. The Group's ability to earn net profit of LTL 32.2 million in a tough economic environment caused by general downturn and lower purchasing power of the agricultural sector is considered a positive achievement. It exceeded the forecasts of the Group's results which were rather conservative after the unsuccessful third quarter. The profitability was also positively influenced by the successful initial public offering completed in February since attracted funds enabled the Group to implement the investment program. However, the positive results of this program would be fully seen only in the 2009-2010 season.

The new season is expected to have its own challenges determined by significantly higher prices of grains and oilseeds and complicated weather conditions in the Baltic's and other European countries as well as Russia. Nevertheless, the Group plans to continue expanding sales volumes of fertilizers, grains and oilseeds and further implement its investment programme, which covers expansion of grain elevators network, trade of new products as well as geographical diversification.

## Twelve months result

### Grains and oilseeds segment

Traditionally the largest business segment of the Group generated the sales of LTL 450.6 million (LTL 662 million in 2008-2009 season). 780 thousand tons of various grains were sold. The biggest were wheat (404 thousand tons) and rapeseeds (170 thousand tons). The sales volumes of the latter products rose 8% and 6% correspondingly. The Group remained the

leader in sales of rapeseeds in Lithuania. The general tonnage of barley trade plunged 53% down to 52 thousand tons. Such a decrease in trade volumes of barley was influenced by the fall of barley prices to interventional level and very little quantities traded in general. Further, the sales volumes also dropped in trade of corn because of unfavorable price situation. The Group traded 118 thousand tons of corn, i.e. 34% less than the last season.

### **Feedstuffs segment**

346 thousand tons of feedstuffs were sold, i.e. 16% less than during the same period last year (412 thousand tons). The highest drop was recorded in the trade in sugar beet pulp pellets, since low grain prices significantly reduced the demand for this product – cheap grains allowed the feed manufacturers to use feed grain instead. No trade in this product was actually carried out during January – June. In the meantime, the trade of one of the main product groups – sunflower extraction and cake - sharply rose by 15% to 163 thousand tons.

### **Agricultural inputs**

Agricultural inputs (trade of various seeds and plant protection products, agricultural machinery and fertilizers to farmers) were one of the most successful business segments in terms of sales and profitability: 3 times more fertilizers were sold in Lithuania and Latvia than during the same period last year, the sales exceeded 88 thousand tons. The Group continues expanding its activities and its market share in this business segment (fertilizers production and logistics units were acquired in Kėdainiai and Joniškis as well as ZAT “Ukragro NPK”- fertilizers producer and trader in Ukraine); therefore similar trends are expected in the following year too.

### **Farming**

This segment covers the agricultural production (the Group controls 4 agricultural companies). Activities of the agricultural enterprises were among the businesses affected most severely by low worldwide prices of agricultural commodities, since low prices of grains and milk have had direct impact on the profitability of the agricultural companies, especially in the first half of the year. Nevertheless, the companies finished the financial year profitably due to received subsidies in the fourth quarter. It made a positive effect on the entire Group’s results of the fourth quarter.

### **Other**

The sales of this business segment are predominated essentially by solid biofuel trade. Unfavorable market situation and absence of demand resulted in hardly any sales carried out in January – June. The sale volumes of the segment dropped down by 16% to 19 thousand tons. But the Group is expecting its business improvement in the financial year of 2010-2011 and plans to sell around 50 thousand tons of biofuel annually; thus, it has invested into this promising business field and acquired a company Lignineko, UAB owning resources of lignin biofuel.