

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

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





## 1. COMPANY DETAILS

Company name:	AB Linas Agro Group
Legal form:	Public company
Date and place of registration:	27-11-1995 in Panevezys
Code of legal entity:	148030011
VAT identification number:	LT480300113
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Address	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania
Phone	+370 45 50 73 03
Fax	+370 45 50 73 04
E-mail	<i>group@linasagro.lt</i>
Website	<i>www.linasagro.lt</i>
ISIN code	LT0000128092
Ticker in NASDAQ OMX Vilnius	LNA1L

## 2. ABOUT AB LINAS AGRO GROUP

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

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



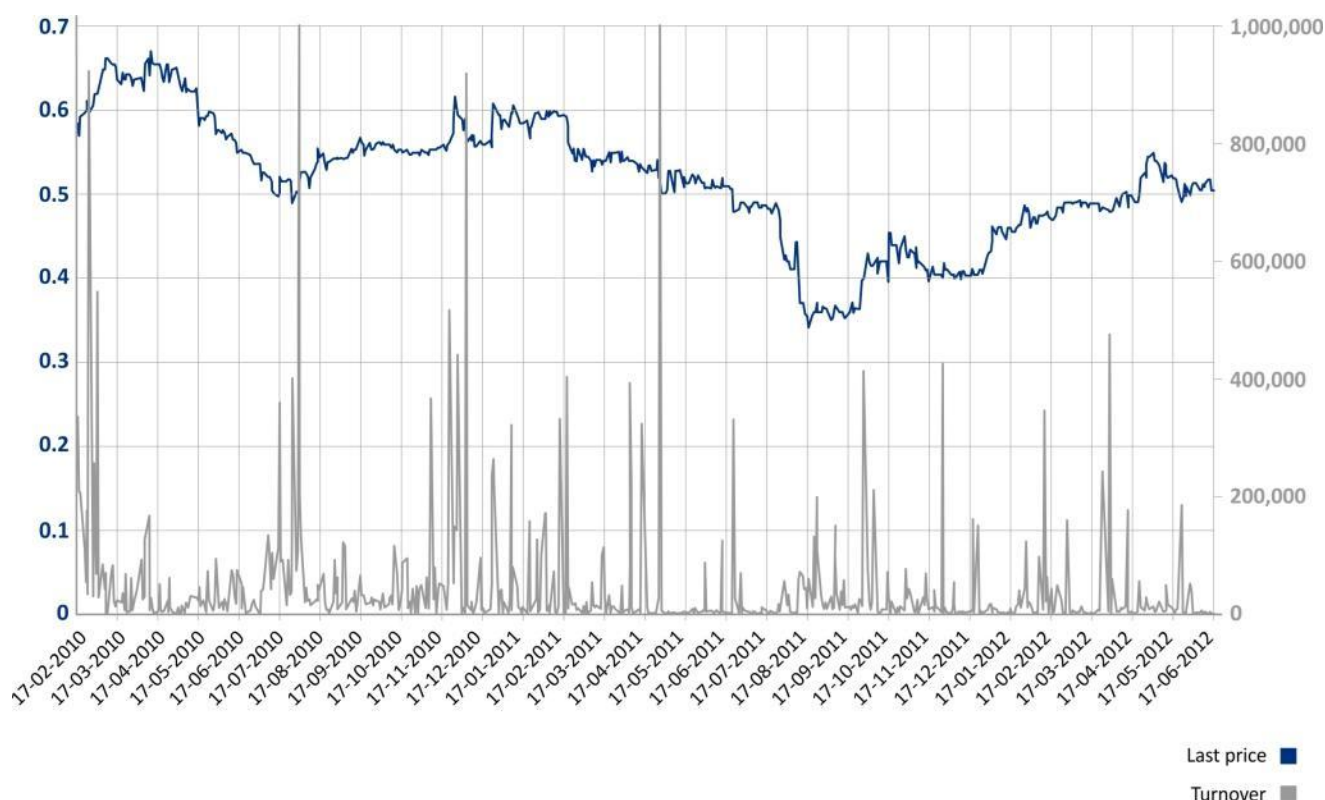
The total headcount of the Group amounts to 595 employees performing their functions in four countries (Lithuania, Latvia, Estonia and Denmark). The financial year of most of the companies of the Group begin on 1 July.

The Group's activities are subdivided into five basic operating segments: Grains and Oilseeds, Feedstuffs, Farming, Agricultural Inputs, and Other Activities. Division into separate segments is dictated by different types of products and character of related activities; however, activities of the segments are often interconnected. The holding company performs only the management function and is not involved in any trading or production activities.

### 3. PRICES OF SHARES AND TURNOVER OF AB LINAS AGRO GROUP

Starting from 17 February 2010, the Company has been listed on NASDAQ OMX Vilnius Stock Exchange. All 158,940,398 ordinary registered shares of the Company were included in the Official List of NASDAQ OMX Vilnius Stock Exchange.

Information on changes in the prices of Company's shares and turnover from starting trade until the end of the reporting period, i. e. 30 June 2012, is presented in the following diagram:



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



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

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



## MAIN FINANCIAL RATIOS

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

## OVERVIEW

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

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

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

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



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

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

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

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

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

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

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



## ACTIVITY SEGMENT OPERATING PROFIT (LOSS) LTL

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

### GRAINS AND OILSEEDS

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

### FEEDSTUFFS

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

### AGRICULTURAL INPUTS

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



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

## FARMING

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

## OTHER PRODUCTS AND SERVICES

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

## CASH FLOW

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

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

### THE PUBLICLY DISCLOSED INFORMATION

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

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





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



## OTHER EVENTS OVER THE REPORTING PERIOD

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

## SUBSEQUENT EVENTS

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

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