



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 Lithuanian Securities Commission, 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 six months of the financial year 2011/2012, ended December 31, 2011, 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 six months of the financial year 2011/2012 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 February 2012

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AB Linas Agro Group Finance Director

Tomas Tumėnas

29 February 2012

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AB LINAS AGRO GROUP

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE 6 MONTH PERIOD OF THE YEAR
2011/2012 (UNAUDITED)**

**PREPARED ACCORDING TO
ADDITIONAL INFORMATION PREPARING
AND PRESENTATION INSTRUCTIONS ISSUED
BY THE SECURITIES COMMISSION OF THE
REPUBLIC OF LITHUANIA**





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 31 December 2011	As of 30 June 2011
ASSETS			
Non-current assets			
Intangible assets	5	625	366
Property, plant and equipment	6	136,993	123,208
Investment property	7	9,087	9,012
Animals and livestock		13,905	14,007
Non-current financial assets			
Investments into associates	8	457	347
Investments into joint ventures	8	26,886	25,821
Other investments	9	305	365
Prepayments for financial assets	9	-	2,223
Non-current receivables		5,781	10,317
Non-current receivables from related parties	16	1,359	1,359
Total non-current financial assets		34,788	40,432
Deferred income tax asset		5,852	8,797
Total non-current assets		201,250	195,822
Current assets			
Crops		5,393	29,682
Inventories		178,188	128,226
Prepayments		20,256	49,674
Accounts receivable			
Trade receivables		120,702	160,768
Receivables from related parties	16	8,310	3,899
Other accounts receivable		10,682	29,257
Total accounts receivable		139,694	193,924
Other current assets		6,189	5,284
Cash and cash equivalents		37,882	7,624
Total current assets		387,602	414,414
Total assets		588,852	610,236

(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 31 December 2011	As of 30 June 2011
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		4,401	4,151
Reserve for own shares		1,600	-
Foreign currency translation reserve		(757)	(3,208)
Retained earnings		36,732	23,930
Total equity attributable to equity holders of the parent		280,461	263,358
Non-controlling interest		21,500	16,591
Total equity		301,961	279,949
Liabilities			
Non-current liabilities			
Grants and subsidies		8,961	9,473
Non-current borrowings	10	29,410	28,295
Finance lease obligations		1,875	1,789
Deferred income tax liability		839	2,613
Other non-current liabilities		3,701	2,329
Total non-current liabilities		44,786	44,499
Current liabilities			
Current portion of non-current borrowings	10, 16	15,170	14,814
Current portion of finance lease obligations		798	1,028
Current borrowings	10	150,109	180,884
Trade payables		41,409	47,280
Payables to related parties	16	3,249	5,482
Income tax payable		4,489	2,933
Derivative financial instruments		-	618
Other current liabilities		26,881	32,749
Total current liabilities		242,105	285,788
Total equity and liabilities		588,852	610,236

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 31 December)

	Notes	2011/2012	2010/2011
		6 month	6 month
Sales	4	868,668	796,135
Cost of sales	11	(814,473)	(753,931)
Gross profit		54,195	42,204
Operating (expenses)	12	(27,313)	(20,734)
Other income	13	5,052	619
Other (expenses)	13	(247)	(4,728)
Operating profit		31,687	17,361
Income from financing activities	14	748	1,094
(Expenses) from financing activities	14	(5,271)	(4,217)
Share of profit of associates		128	56
Share of profit of joint ventures		1,104	1,368
Profit before tax		28,396	15,662
Income tax		(6,762)	(2,835)
Net profit		21,634	12,827
Attributable to:			
Equity holders of the parent		19,366	12,851
Non-controlling interest		2,268	(24)
		21,634	12,827
Basic and diluted earnings per share (LTL)		0.14	0.08
Net profit		21,634	12,827
Other comprehensive income			
Exchange differences on translation of foreign operations		4,175	(2,278)
Total comprehensive income		25,809	10,549
Attributable to:			
Equity holders of the parent		21,817	11,412
Non-controlling interest		3,992	(863)
		25,809	10,549

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 October to 31 December)

	Notes	2011/2012 2 Q	2010/2011 2 Q
Sales	4	424,735	417,242
Cost of sales	11	(402,123)	(405,161)
Gross profit		22,612	12,081
Operating (expenses)	12	(15,616)	(10,807)
Other income	13	3,857	8
Other (expenses)	13	(105)	(1,095)
Operating profit		10,748	187
Income from financing activities	14	373	648
(Expenses) from financing activities	14	(2,018)	(2,283)
Share of profit of associates		45	17
Share of profit of joint ventures		(29)	(512)
Profit before tax		9,119	(1,943)
Income tax		(2,583)	(142)
Net profit		6,536	(2,085)
Attributable to:			
Equity holders of the parent		5,954	(2,201)
Non-controlling interest		582	116
		6,536	(2,085)
Basic and diluted earnings per share (LTL)		0.04	(0.014)
Net profit		6,536	(2,085)
Other comprehensive income			
Exchange differences on translation of foreign operations		2,080	632
Total comprehensive income		8,616	(1,453)
Attributable to:			
Equity holders of the parent		7,198	(1,793)
Non-controlling interest		1,418	340
		8,616	(1,453)

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Equity attributable to equity holders of the parent							Non-controlling interest	Total
	Share capital	Share premium	Legal reserve	Reserve for acquisition of own shares	Foreign currency translation reserve	Retained earnings	Subtotal		
Balance as of 1 July 2010	158,940	79,545	4,100	-	(133)	8,079	250,531	12,817	263,348
Net profit for the year	-	-	-	-	-	12,851	12,851	(24)	12,827
Other comprehensive income	-	-	-	-	(1,439)	-	(1,439)	(839)	(2,278)
Total comprehensive income	-	-	-	-	(1,439)	12,851	11,412	(863)	10,549
Dividends declared by Rosenkrantz A/S	-	-	-	-	-	-	-	(611)	(611)
Dividends declared by Company	-	-	-	-	-	(3,500)	(3,500)	-	(3,500)
Minority interest arising on acquisition of subsidiaries	-	-	-	-	-	-	-	10,918	10,918
Reserves made	-	-	(51)	-	-	(51)	-	-	-
Acquisition of minority interest	-	-	-	-	-	596	596	(2,987)	(2,391)
Balance as of 31 December 2010	158,940	79,545	4,151	-	(1,572)	17,975	259,039	19,274	278,313
Balance as of 1 July 2011	158,940	79,545	4,151	-	(3,208)	23,930	263,358	16,591	279,949
Net profit for the year	-	-	-	-	-	19,366	19,366	2,268	21,634
Other comprehensive income	-	-	-	-	2,451	-	2,451	1,724	4,175
Total comprehensive income	-	-	-	-	2,451	19,366	21,817	3,992	25,809
Acquisition of minority interest	-	-	-	-	-	(4,714)	(4,714)	938	(3,776)
Declared dividends	-	-	-	-	-	-	-	(21)	(21)
Reserves made	-	-	250	-	-	(250)	-	-	-
Reserves made	-	-	-	1,600	-	(1,600)	-	-	-
Balance as of 31 December 2011	158,940	79,545	4,401	1,600	(757)	36,732	280,461	21,500	301,961

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



CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2011/2012 6 month	2010/2011 6 month
Cash flows from (to) operating activities			
Net profit (loss)		21,643	12,827
Adjustments for non-cash items:			
Depreciation and amortization		5,453	5,227
Subsidies amortization		(716)	(741)
Share of profit of associates and joint ventures		(1,214)	(1,424)
(Gain) on disposal of property, plant and equipment		(87)	(89)
Loss from acquisition of subsidiary	3	-	670
Loss (gain) from disposal of investments		(1,066)	253
Change in accrued expenses		4,007	802
Change in allowance for receivables and prepayments		1,956	406
Change in inventories write down to net realizable value		-	(25)
Change in fair value of biological assets		110	(2,272)
Change in impairment of investments		23	(22)
Change in deferred income tax		1,171	(2,210)
Current income tax expenses		6,321	4,803
Expenses (income) from change in fair value of financial instruments		-	3,910
Change of provision for onerous contracts		(267)	-
Change in foreign currency translation reserve		-	(2,279)
Dividend (income)		(36)	
Interest (income)		(748)	(1,094)
Interest expenses		5,271	4,217
		41,812	22,959
Changes in working capital:			
Decrease in biological assets		24,552	13,337
(Increase) in inventories		(48,604)	(44,302)
Decrease in prepayments		29,417	(9,917)
(Increase) in trade and other accounts receivable		54,372	(64,538)
(Increase) in restricted cash		(3,453)	(20,621)
Increase in trade and other accounts payable		(14,869)	(799)
Income tax (paid)		(5,576)	(1,203)
Net cash flows from (to) operating activities		77,651	(105,084)

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



CONSOLIDATED STATEMENT OF CASH FLOW (cont'd)

	Notes	2011/2012 6 month	2010/2011 6 month
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(13,469)	(6,537)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		156	320
Acquisition of subsidiaries (less received cash balance in the Group)	3	-	7,657
Disposal of subsidiaries		-	477
(Acquisition) of non-controlling interests and other investments		(1,704)	(2,390)
Disposal of joint venture		2,007	-
Loans (granted)		(370)	(150)
Repayment of granted loans		1,004	7,879
Interest received		930	738
Dividend received		36	-
Net cash flows (to) investing activities		(11,410)	7,994
Cash flows from (to) financing activities			
Proceeds from loans		198,352	448,353
(Repayment) of loans		(227,276)	(353,403)
Finance lease (payments)		(641)	(542)
Interest (paid)		(6,418)	(4,455)
Dividends (paid) to non-controlling shareholders		-	(611)
Dividends (paid) to shareholders of the Company		-	(3,500)
Net cash flows from (to) financing activities		(35,983)	85,842
Net increase (decrease) in cash and cash equivalents		30,258	(11,248)
Cash and cash equivalents at the beginning of the year		7,624	34,014
Cash and cash equivalents at the end of the year		37,882	22,766
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by finance lease		484	452
Property, plant and equipment acquisitions financed by grants and subsidies		383	734

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. On 12 September 2008 the Company changed its name from UAB Agriveta to AB Linas Agro Group and the legal form from private to public limited liability company.

The address of its registered office is as follows:

Smėlynės Str. 2C
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 31 December and as of 30 June 2011 the shareholders of the Company were:

	As of 31 December 2011		As of 30 June 2011	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	86,081,551	54.16%	86,081,551	54.16%
Skandinaviska Enskilda Banken AB (Sweden)	22,774,330	14.33%	21,221,849	13.35%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank (Estonia) Clients	11,063,527	6.96%	9,816,217	6.18%
Other shareholders (private and institutional investors)	21,970,995	13.82%	24,770,786	15.58%
Total	158,940,398	100.00%	158,940,398	100.00%

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 31 December 2011 (LTL 1 each as of 30 June 2011) and were fully paid as of 31 December and as of 30 June 2011. The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 31 December and as of 30 June 2011.

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 31 December 2011 the number of employees of the Group was 803 (775 as of 30 June 2011).

Changes in share capital during the year ended 30 June 2011

No changes in share capital occurred during the year ending 30 June 2011.

Changes in share capital during the year ended 31 December 2011

No changes in share capital occurred during the year ending 31 December 2011.

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 2010/2011 financial year.



3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As of 31 December and as of 30 June 2011 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
		31 December 2011	30 June 2011	
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
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100%	100%	Rent and management of agricultural purposes land
PC-JS UKRAGRO NPK	Ukraine	58.04%	58.04%	Manufacturing of fertilizers, wholesale of grains and oilseeds

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
Linas Agro A/S	Denmark	100%	60%	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	100%	100%	Manufacturing of lignin

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

ŽŪK KUPIŠKIO GRŪDAI	Lithuania	95.71%	92.88%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.36%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.69%	98.37%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	96.03%	65.35%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	66.22%	66.22%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	70%	Growing and sale of crops
UAB Edfermus 2	Lithuania	100%	-	Growing and sale of crops



3. GROUP STRUCTURE AND CHANGES IN THE GROUP (cont'd)

Changes in the Group during the year ended 30 June 2011

On 1 July 2010 the Company acquired additional 50% shares of PC-JS UKRAGRO NPK for EUR 3,694 thousand (LTL 12,757 thousand equivalent) from UAB Arvi ir Ko. After the share acquisition the Group directly controlled 63.38% of the investee. The mentioned company is consolidated to the Group from 1 July 2010.

At the acquisition date the fair value was higher than the carrying value of the net assets by LTL 9,029 thousand representing the differences on non-current assets. 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	1 July 2010
Non-current assets	16,442
Inventories	46,735
Prepayments and other current assets	27,676
Cash and cash equivalents	7,407
Total assets	98,260
Deferred tax liability	(3,090)
Interest bearing financial liabilities	(54,445)
Trade payables	(8,417)
Other current liabilities	(4,488)
Total liabilities	(70,440)
Total identifiable net assets at fair value	27,820
Attributable to non-controlling interests	10,188
Attributable to the equity holders of the parent	17,632
Acquisition date fair value of initially held equity interest	3,414
Cost	(5,545)
Group (loss) on remeasuring to fair value the initially held equity interest	(2,131)
Consideration transferred	12,757
Fair value of initially held equity interest	3,414
Total fair value of investment	16,171
Gain from a bargain purchase	1,461
Group (loss) on remeasuring to fair value the initially held equity interest	(2,131)
(Loss) recognized on acquisition of subsidiary, recognised under Other (expenses)	(670)
Purchase consideration*	12,757
Less: cash acquired	7,407
Total purchase consideration, net of cash acquired	5,350
Revenue for the year ended 30 June 2011	356,027
Profit for the year ended 30 June 2011	11,786

**As at 30 June 2010 the Company had a payment amounting to LTL 12,757 thousand made for the acquired additional 50% shares of PJ-SC UKRAGRO NPK.*



3. GROUP STRUCTURE AND CHANGES IN THE GROUP (cont'd)

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of the value of the net identifiable assets acquired.

The acquisition resulted in LTL 1,461 thousand gain. The entity is not listed and no active market for fair value estimation exists. The sales price of the shares was determined by the previous equity interest holders. The gain from transaction resulted due to the fact that the sales price of the business was determined based on the historic EBITDA, which was relatively low due to the economic slowdown in the year, preceding to the acquisition.

On 27 July 2010 Biržai district Medeikių ŽŪB has acquired additional 36.36% shares of ŽŪK KUPIŠKIO GRŪDAI for LTL 920 thousand. On 18 October 2010 AB Linas Agro has acquired additional 18.18% shares of ŽŪK KUPIŠKIO GRŪDAI for LTL 460 thousand. After the acquisition the effective share of ŽŪK KUPIŠKIO GRŪDAI owned by the Group increased to from 37.24% to 92.88%. The difference of LTL 303 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity due to the below mentioned reasons.

On 1 July 2008 the Group companies signed a shareholders' agreement with the members of ŽŪK KUPIŠKIO GRŪDAI. The total shareholding of the members that entered into the agreement is 63.63%. According to the clauses of the agreement AB Linas Agro obtained control over ŽŪK KUPIŠKIO GRŪDAI's operations and financial decisions and as a result of the agreement of the other shareholders to transfer their rights to appoint the board of directors. AB Linas Agro was able to appoint the chairman and the majority of the board members of ŽŪK KUPIŠKIO GRŪDAI and, therefore, the mentioned company is consolidated to the Group from 1 July 2008. After the above described acquisition the shareholder agreement was terminated (as at 7 October 2010), however, the control remained within the Group and investment remained consolidated.

As at 30 December 2010 and 10 January 2011 the Company sold 2.34% and 3% of PJ-SC UKRAGRO NPK shares for LTL 477 thousand and LTL 612 thousand, respectively, to the management of PJ-SC UKRAGRO NPK. For the Group consolidation purposes the difference of LTL 577 thousand between the considerations received and the carrying value of the interest disposed has been recognised within equity.

In addition, AB Linas Agro Group entered to the Shareholders' agreement with the non-controlling shareholders of its subsidiary. According to the agreement AB Linas Agro Group has an obligation to acquire the shares from the non-controlling shareholders, if put option is exercised. The Group has accounted the financial liability amounting to LTL 1,953 thousand under other non-current liabilities as at 30 June 2011 in relation to this and accounted for the difference of LTL 109 thousand between the liability and the derecognised non-controlling interest in equity.

On 6 April 2011 UAB Linas Agro Konsultacijos together with other shareholders established new subsidiary Užupės ŽŪB. The total share capital of the company is LTL 10 thousand. The effective share of the stock held by the Group is 70%.

During the year ended 30 June 2011 the Group acquired 4.44% of Šakiai district Lukšių ŽŪB share capital for LTL 139 thousand, 10.32% of Sidabravo ŽŪB share capital for LTL 53 thousand. All the shares were acquired from the non-controlling shareholders. UAB Linas Agro Konsultacijos increased Biržai district Medeikių ŽŪB share capital by LTL 920 thousand. Due to the changes in the shareholders of Biržai district Medeikių ŽŪB the effective Group ownership increased from 96.54% to 98.36%. The difference of LTL 828 thousand between the consideration transferred and the carrying value of the interests acquired has been recognised within equity.

Changes in the Group during the 6 month period ended 31 December 2011

On 1 July 2011 the Group company Rosenkrantz A/S (registered and operating in Denmark) changed its name to Linas Agro A/S.

On 1 July 2011 the Group acquired additional 40% interest of the voting shares of Linas Agro, A/S increasing its ownership interest to 100%. Purchase price EUR 800 thousand (LTL 2,762 thousand equivalent) will be paid by schedule till 15 July 2014. The difference of LTL 7,129 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

As part of the purchase agreement a contingent consideration has been agreed with the previous owner of Linas Agro A/S. There will be additional cash payment to the previous owner amounting to maximum EUR 400 thousand (undiscounted). Contingent consideration is related to collection of doubtful Linas Agro A/S trade receivables. The due date of contingent consideration arrangement is 1 October 2014.



3. GROUP STRUCTURE AND CHANGES IN THE GROUP (cont'd)

The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between EUR 0 and EUR 400 thousand. The fair value of the contingent consideration arrangement is EUR 173 thousand as at acquisition date. It was estimated using probability-weighted payout approach.

During the 6 month period ended 31 December 2011 the Group acquired 0.32% of Šakiai district Lukšių ŽŪB share capital for LTL 10 thousand, 0.03% Biržai district Medeikių ŽŪB share capital for LTL 1 thousand, 30.68% Panevėžys district Aukštadvario ŽŪB share capital for LTL 140 thousand, 30% Užupės ŽŪB share capital for LTL 3 thousand, 100% Edfermus 2 UAB share capital for LTL 10 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 2,413 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

4. SEGMENT INFORMATION

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

- the grains and oilseeds segment includes trade in wheat, rapeseed, barley and other grains and oilseeds;
- the feedstuffs segment includes trade in suncake and sunmeal, sugar beat pulp, soymeal, vegetable oil, rapeseed and other feedstuffs;
- the agricultural inputs segment includes sales of fertilizers, seeds, plant protection products and other related products to agricultural produce growers;
- the farming 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 other products and services segment includes sales of biofuel, provision of elevator services and other products and services.

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

6 month period ended 31 December 2011	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjust- ments and elimina- tions	Total
Revenue								
From one client UAB MESTILLA	88,228	38	-	-	72	-	-	88,337
Other third parties	273,290	142,242	340,014	11,842	12,943	-	-	780,331
Intersegment	-	1,430	4,577	16,220	17,255	-	(39,483) ¹⁾	-
Total revenue	361,518	143,710	344,591	28,062	30,270	-	(39,483)¹⁾	868,668
Results								
Operating expenses	5,509	2,259	8,487	2,178	1,893	6,987	-	27,313
Segment operating profit (loss)	3,307	6,140	22,073	(3,550)	9,385	(5,668)	-	31,687
6 month period ended 31 December 2010								
Revenue								
From one client UAB MESTILLA	11,860	13	-	-	125	-	-	119,998
Other third parties	299,666	123,515	231,815	11,122	10,019	-	-	676,137
Intersegment	-	875	4,812	13,630	14,838	-	(34,155) ¹⁾	-
Total revenue	419,526	124,403	236,627	24,752	24,982	-	(34,155)¹⁾	796,135
Results								
Operating expenses	4,773	3,010	5,752	1,811	1,784	3,604	-	20,734
Segment operating profit (loss)	(8,390)	4,177	17,230	1,763	7,147	(4,566)	-	17,361

1) Intersegment revenue is eliminated on consolidation.



4. SEGMENT INFORMATION (cont'd)

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

	6 month period ended	
	31 December 2011	31 December 2010
Revenue from external customers		
Lithuania	212,781	241,531
Europe (except for Scandinavian countries, CIS and Lithuania)	144,430	162,681
Scandinavian countries	88,763	70,947
Africa	42,520	46,755
Asia	96,423	77,664
CIS	283,751	196,557
	<u>868,668</u>	<u>796,135</u>

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

	As of 31 December 2011	As of 30 June 2011
	Non-current assets	
Lithuania	123,561	113,730
Ukraine	22,807	18,444
Denmark	152	207
Latvia	185	205
	<u>146,705</u>	<u>132,586</u>

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



5. INTANGIBLE ASSETS

	Software	Other intangible assets	Total
Cost:			
Balance as of 30 June 2010	1,343	201	1,544
Additions	170	17	187
Acquisition of subsidiaries	57	-	57
Write-offs	(50)	(60)	(110)
Exchange differences	(8)	(1)	(9)
Balance as of 30 June 2011	1,512	157	1,669
Additions	312	-	312
Write-offs	-	-	-
Exchange differences	2	-	2
Balance as of 31 December 2011	1,826	157	1,983
Accumulated amortization:			
Balance as of 30 June 2011	1,179	124	1,303
Charge for the year	47	5	52
Write-offs	-	-	-
Exchange differences	-	2	2
Balance as of 31 December 2011	1,226	131	1,357
Net book value as of 31 December 2011	599	26	625
Net book value as of 30 June 2011	333	33	366
Net book value as of 30 June 2010	156	38	194

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 2010	6,381	79,102	46,948	5,561	9,140	2,388	149,520
Additions	190	3,291	5,748	1,252	666	15,394	26,541
Acquisition of subsidiaries	249	13,221	671	874	1,035	335	16,385
Disposals and write-offs	(13)	(420)	(370)	(527)	(518)	(205)	(2,053)
Transfers to/from investment property	156	-	-	-	-	-	156
Reclassifications	-	2,797	(299)	26	-	(2,524)	-
Exchange differences	(40)	(2,006)	(97)	(137)	(168)	(141)	(2,589)
Balance as of 30 June 2011	6,923	95,985	52,601	7,049	10,155	15,247	187,960
Additions	2,043	3,505	6,032	852	321	4,804	17,557
Acquisition of subsidiaries	194	-	-	-	-	-	194
Disposals and write-offs	-	(6)	(60)	(100)	(8)	-	(174)
Transfers to/from investment property	164	-	-	-	-	-	164
Reclassifications	-	14,028	4,636	-	208	(18,872)	-
Exchange differences	23	1,912	394	131	130	(271)	2,319
Balance as of 31 December 2011	9,347	115,424	63,603	7,932	10,806	908	208,020
Accumulated depreciation:							
Balance as of 30 June 2010	-	19,068	25,915	3,120	5,594	-	53,697
Charge for the year	-	5,355	4,238	914	1,235	-	11,742
Disposals and write-offs	-	(182)	(249)	(293)	(389)	-	(1,113)
Exchange differences	-	(39)	(21)	(11)	(24)	-	(95)
Balance as of 30 June 2011	-	24,202	29,883	3,730	6,416	-	64,231
Charge for the year	-	2,925	2,374	447	480	-	6,226
Disposals and write-offs	-	(6)	(60)	(97)	(7)	-	(170)
Reclassifications	-	-	(459)	-	459	-	-
Exchange differences	-	101	56	26	36	-	219
Balance as of 31 December 2011	-	27,222	31,794	4,107	7,384	-	70,506
Impairment losses:							
Balance as of 30 June 2010	206	266	19	4	2	-	497
(Reversal) charge for the year	(156)	182	-	(1)	(1)	-	24
Balance as of 30 June 2011	50	448	19	3	1	-	521
(Reversal) charge for the year	-	-	-	-	-	-	-
Balance as of 31 December 2011	50	448	19	3	1	-	521
Net book value as of 31 December 2011	9,297	87,755	31,790	3,822	3,421	908	136,993
Net book value as of 30 June 2011	6,873	71,335	22,699	3,316	3,738	15,247	123,208
Net book value as of 30 June 2010	6,175	59,768	21,014	2,437	3,544	2,388	95,326



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 2010	7,674	3,297	10,971
Additions	263	-	263
Transfers from property, plant and equipment	(156)	-	(156)
Balance as of 30 June 2011	7,781	3,297	11,078
Additions	351	-	351
Disposals	(64)	-	(64)
Transfers to/from property, plant and equipment	(164)	-	(164)
Balance as of 31 December 2011	7,904	3,297	11,201
Accumulated depreciation:			
Balance as of 30 June 2010	-	593	593
Charge for the year	-	103	103
Balance as of 30 June 2011	-	696	696
Charge for the year	-	48	48
Transfers to/from property, plant and equipment	-	-	-
Balance as of 31 December 2011	-	744	744
Impairment losses:			
Balance as of 30 June 2010	591	1,389	1,980
Charge for the year	(349)	(261)	(610)
Balance as of 30 June 2011	242	1,128	1,370
Balance as of 31 December 2011	242	1,128	1,370
Net book value as of 31 December 2011	7,662	1,425	9,087
Net book value as of 30 June 2011	7,539	1,473	9,012
Net book value as of 30 June 2010	7,083	1,315	8,398

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. INVESTMENTS INTO ASSOCIATES AND JOINT VENTURES

As of 31 December and as of 30 June 2011 the Group had investments into the following associates and joint ventures:

	Place of registration	Effective share held by the Group		Main activities
		As of 31 December 2011	As of 30 June 2011	
Associates				
UAB Jungtinė Ekspedicija	Lithuania	45.05%	45.05%	Expedition and ship's agency services
Joint ventures				
UAB Dotnuvos Projektai	Lithuania	50.00%	50.00%	Sale of seeds, agricultural machinery
Companies controlled by UAB Dotnuvos Projektai				
UAB Dotnuvos Technika	Lithuania	50.00%	50.00%	Dormant
SIA DOTNUVOS PROJEKTAI	Latvia	50.00%	50.00%	Sale of seeds, agricultural machinery
AS Dotnuvos Projektai	Estonia	50.00%	50.00%	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisas	Lithuania	-	49.98%	Agricultural equipment maintenance and related services

Information on associates and joint ventures of the Group as of 31 December 2011 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė Ekspedicija	457	244	2,893	130	2,050	-	1,167
	<u>457</u>						
Investments into joint ventures							
UAB Dotnuvos Projektai (consolidated)	26,886	2,131	87,334	37,176	86,653	4,631	65,108
	<u>26,886</u>						

Information on associates and joint ventures of the Group as of 30 June 2011 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė Ekspedicija	347	139	4,315	166	1,112	-	507
	<u>347</u>						
Investments into joint ventures							
UAB Kustodija	1,802	(83)	38,787	689	30,220	102	27,204
UAB Dotnuvos Projektai (consolidated)	25,821	9,823	176,194	35,689	133,218	5,413	111,851
	<u>27,623</u>						
Classified as held for sale	(1,802)						
	<u>25,821</u>						



9. OTHER INVESTMENTS

Other investments of the Group consist of:

	Share held by the Group	As of 31 December 2011	As of 30 June 2011
Panevėžys district Ėriškių ŽŪB	24.97%	173	173
Other investments		131	192
		304	365

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.

10. BORROWINGS

	As of 31 December 2011	As of 30 June 2011
Non-current borrowings		
Bank borrowings secured by the Group assets	28,343	27,228
Other non-current borrowings	1,067	1,067
	29,410	28,295
Current borrowings		
Current portion of non-current bank borrowings	13,128	12,814
Current portion of other non-current borrowings (Note 16)	2,042	2,000
Current bank borrowings secured by the Group assets	134,711	160,109
Factoring with recourse liability	13,748	18,894
Other current borrowings	1,650	1,881
	165,279	195,698
	194,689	223,993

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

11. COST OF SALES

	2011/2012 6 month	2010/2011 6 month
Cost of inventories recognized as an expense	755,872	689,828
Logistics expenses	44,622	50,047
Wages and salaries and social security	7,185	7,557
Depreciation	3,977	3,520
Utilities expenses	2,296	1,849
(Income) expense from change in fair value of biological assets	110	(2,272)
Other	411	3,402
	814,473	753,931



12. OPERATING EXPENSES

	2011/2012	2010/2011
	6 month	6 month
Wages and salaries and social security	17,382	12,961
Consulting expenses	879	545
Depreciation and amortization	773	870
Other	8,279	6,358
	<u>27,313</u>	<u>20,734</u>

13. OTHER INCOME (EXPENSES)

	2011/2012	2010/2011
	6 month	6 month
Other income		
Currency exchange gain	2,110	-
Rental income from investment property and property, plant and equipment	423	461
Gain from disposal of investment property and property, plant and equipment	88	98
Gain from disposal of joint venture	1,060	-
Other income	1,371	60
	<u>5,052</u>	<u>619</u>
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(193)	(118)
Loss from disposal of property, plant and equipment	(2)	(9)
Currency exchange loss	-	(3,577)
Loss recognized on acquisition of subsidiary (Note 3)	-	(670)
Loss recognized on disposal of subsidiary (Note 3)	-	(253)
Other expenses	(52)	(101)
	<u>(247)</u>	<u>(4,728)</u>

14. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	2011/2012	2010/2011
	6 month	6 month
Income from financing activities		
Interest income	720	842
Income from overdue payments	28	252
	<u>748</u>	<u>1,094</u>
(Expenses) from financing activities		
Interest expenses	(5,271)	(4,217)
	<u>(5,271)</u>	<u>(4,217)</u>



15. COMMITMENTS AND CONTINGENCIES

As of 31 December 2011 the Group is committed to purchase property, plant and equipment for the total amount of LTL 395 thousand (LTL 9,960 thousand as of 30 June 2011).

Additional investments are required for cattle farms located in Panevėžys district Aukštadvario ŽŪB and Sidabravo ŽŪB due to stiffening environmental regulation in Lithuania. Incompliance with such regulations may result in significant fines. Total estimated investment value for modernization till compliance level with the environmental regulations set by the Republic of Lithuania amounts to LTL 1,300 thousand (Panevėžys district Aukštadvario ŽŪB – LTL 650 thousand and Sidabravo ŽŪB – LTL 650 thousand).

A few Group companies (Šakiai district Lukšių ŽŪB and Sidabravo ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Šakiai district Lukšių ŽŪB is committed not to discontinue operations related to agriculture up to 2015, Sidabravo ŽŪB – up to 2013. UAB Linas Agro Grūdų Centras KŪB received grant from the European Union and National Paying Agency for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2015. 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 4,157 thousand as of 31 December 2011 (LTL 2,854 thousand as of 30 June 2011).

16. 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 31 December and 30 June 2011 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;
Arūnas Jarmolavičius;
Tomas Tumėnas (member of the board from 1 October 2008).

Subsidiaries:

List provided in Note 3;

Joint ventures (Note 8):

UAB Dotnuvos Projektai;
ŽŪB Dotnuvos agroservisas“ (till 28 December 2011, reorganized);
UAB Dotnuvos Technika;
SIA DOTNUVOS PROJEKTAI (related from 26 April 2010);
AS Dotnuvos projektai (related from 11 November 2010);
UAB Kustodija (till 19 October 2011).

Associates (Note 8):

UAB Jungtinė Ekspedicija.

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);
UAB MESTILLA (same ultimate controlling shareholders);
OOO Ukrkalyj (Ukraine), in liquidation status (same ultimate controlling shareholders);
PJ-SC UKRAGRO NPK (Ukraine) (same ultimate controlling shareholders, subsidiary since 1 July 2010);

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



16. RELATED PARTIES TRANSACTIONS (cont'd)

The Group's transactions with related parties in 6 month period ended 31 December, 2011 were as follows:

	Purchases	Sales	Receivables			Payables	Current loans received
			Trade receivables	Current loans receivable	Non-current loans receivable		
Members of the board	23	-	-	-	-	-	679
Joint ventures	6,117	826	23	-	-	2,498	-
Associates	4,749	72	72	-	-	550	-
Akola ApS group companies	7,580	94,671	6,127	2,087	1,359	201	691
	18,469	95,569	6,223	2,087	1,359	3,249	1,370

* Loans borrowed from related parties are accounted for under current portion of non-current borrowings in the statements of financial position (Note 10).

As of 31 December and as of 30 June 2011 annual interest rate of the Group's loans borrowed and non-current loans receivable from related parties are fixed and equal to 7% and 8%, respectively. Current loans receivable from related parties bear 1m EURIBOR + 4.1% margin annual interest rate.

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 31 December and 30 June 2011.

17. SUBSEQUENT EVENTS

As of 6 February 2012 Company sold 58.04% of shares of the PJ-SC UKRAGRO NPK for LTL 90.505 thousand.

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

**FOR 6 MONTHS PERIOD
ENDED 31 DECEMBER 2011**





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1. REPORTING PERIOD OF THE REPORT

Financial year of AB Linas Agro Group starts on 1 July of the calendar year and ends on 30 June of the next year, therefore this report is prepared for the first six months of the financial year 2011/2012, and all the figures are stated as at 31 December 2011, unless otherwise indicated. AB Linas Agro Group is also referred to as the Company and its group of companies is referred to as Group in this report.

2. REFERENCES AND OTHER EXPLANATORY NOTES ON THE INFORMATION DISCLOSED IN THE FINANCIAL STATEMENTS

All the financial data disclosed in interim six months financial report are presented in accordance with the International Standards on Auditing, unless otherwise indicated. Financial data is not audited.

3. 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	group@linasagro.lt
Website	www.linasagro.lt
ISIN code	LT0000128092
Ticker in NASDAQ OMX Vilnius	LNA1L

4. THE MAIN ACTIVITY

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 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 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. In order to improve its operations, the Group has formed and further expands an extensive network of grain storage, it controls grain storages in Joniškis, Kėdainiai, Kupiškis, Pasvalys, Šakiai district, Šiauliai and Vilkaviškis.

Together with partners, the Company owns agricultural input supply company UAB Dotnuvos Projektai and logistics and forwarding company UAB Jungtine Ekspedicija.

The total headcount of the Group amounts to 803 employees performing their functions in five countries (Lithuania, Latvia, Estonia, Denmark and Ukraine). 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.

5. AGREEMENTS CONCLUDED WITH INTERMEDIARIES OF THE PUBLIC SECURITIES MARKET

On 11 November 2009, the Company signed the Issuer's Securities Accounting Management Agreement with AB Swedbank represented by the Securities Transactions Department (Code: 112029651; address: Konstitucijos ave. 20A, LT-03502 Vilnius).

6. AUTHORISED CAPITAL OF THE COMPANY

The size of authorized capital of the company has not changed since 17 February 2010.

On 31 December 2011, the authorized capital of the Company amounts to LTL 158,940,398.00 (one hundred and fifty-eight million, nine hundred and forty thousand, three hundred and ninety-eight litas). The authorized capital of the Company is divided into 158,940,398 ordinary registered non-certificated shares. The nominal value of one share is LTL 1.00 (one litas). The ISIN code of the share is LT0000128092.



Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Portion in the authorized capital (%)
Ordinary registered shares	158,940,398	1	158,940,398	100
Total	158,940,398	–	158,940,398	100

All the shares of the Company are fully paid.

The company is not aware of any limitations of transfer of securities or other shareholders' agreements on limitation of transfer of securities and/or voting rights.

The Company's bodies have not issued any authorizations for the issue or redemption of the Company's shares.

7. INFORMATION ABOUT OWN SHARES OF THE COMPANY

The Company and its subsidiaries have not acquired any shares of the Company, nor have they acquired or transferred any shares of the Company during the reporting period.

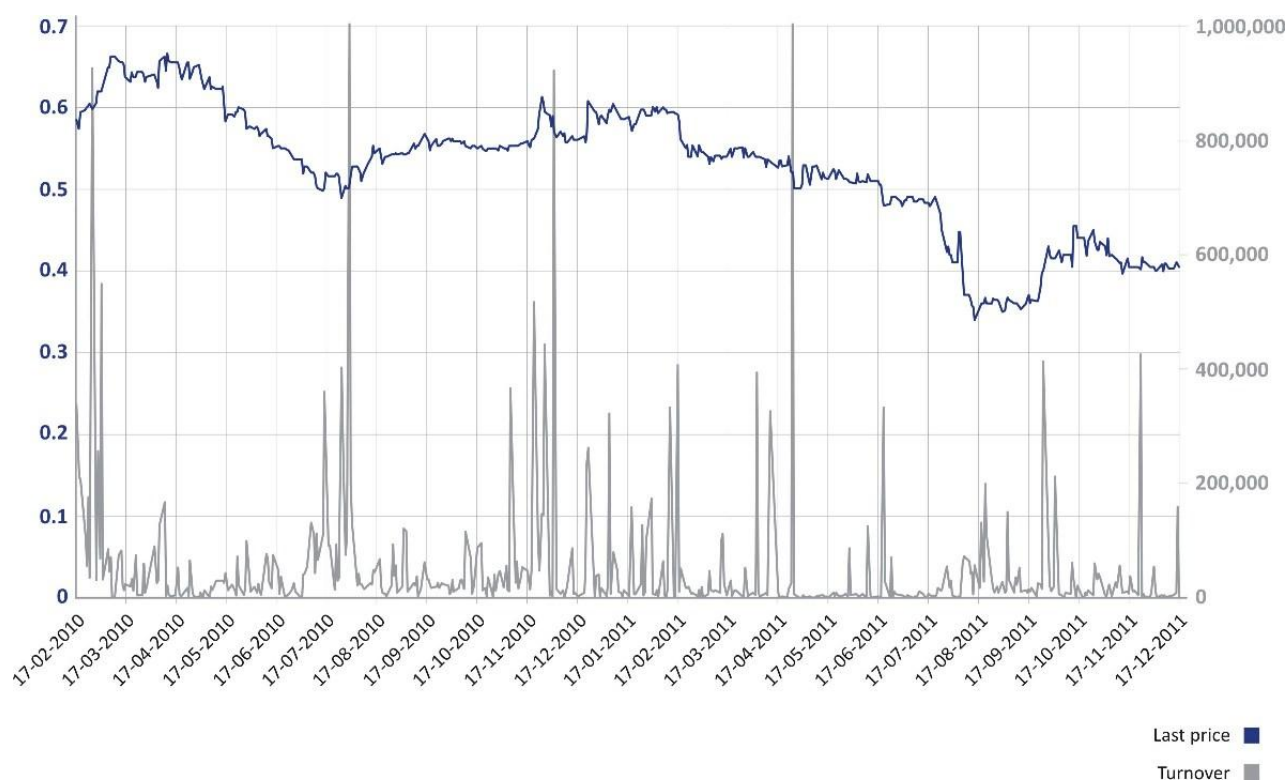
8. INFORMATION ABOUT TRADE IN THE COMPANY'S SECURITIES IN THE CONTROLLED MARKETS

All 158,940,398 ordinary registered shares of the Company were included in the Official List of NASDAQ OMX Vilnius Stock Exchange (ISIN Code of the shares is LT0000128092). The ticker of the shares on NASDAQ OMX Vilnius Stock Exchange is LNA1L.

Trading in the Company's shares on NASDAQ OMX Vilnius Stock Exchange started on 17 February 2010.



AB LINAS AGRO GROUP SHARE PRICE AND TURNOVER



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.

9. SHAREHOLDERS

According to the list of shareholders provided by AB Linas Agro Group securities account operator AB Swedbank (data for end of 31 December 2011), the number of Company's shareholders totaled 1,049 at the end of the reporting period

Shareholders controlling more than 5% of Company's shares as at 31 December 2011:

Name of shareholder / company name, legal form, code, Office address	Number of shares held on the basis of the right of ownership	Portion in the authorized capital and voting rights	Portion of votes provided by shares held on the basis of the right of ownership	Portion of indirectly held votes
Akola ApS (limited liability legal company), code	86,081,551	54.16%	54.16%	–



25174879, Harbour

House, Sundkrogsgade 21,

2100 Copenhagen,

Denmark)

Skandinaviska Enskilda Banken AB (code 5020329081SE, Sergels Torg 2, 10640 Stockholm, Sweden)	22,774,330	14.33%	14.33%	–
Darius Zubas	17,049,995	10.73%	10.73%	–
Swedbank AS (code 10060701, Liivalaia 8, 15040 Tallinn, Estonia)	11,063,527	6.96%	6.96%	–
Other shareholders (private and institutional investors)	21,970,995	13.82%	13.82%	–
Total	158,940,398	100.00%	100.00%	–

All shares issued by the Company grant equal rights to the Company's shareholders. Each ordinary share equals to one vote at General Meeting of Shareholders of the Company.

10. EMPLOYEES

As at 31 December 2011 AB Linas Agro Group and its subsidiaries had 803 employees or 81 employees more than as at 31 December 2010 (722 employees).

AB Linas Agro Group does not have any collective agreement.

11. MANAGEMENT BODIES

In accordance with the Articles of Association of AB Linas Agro Group, the managing bodies are the following:

- The General Meeting of Shareholders;
- The Board of the Company;
- The Head of the Company (Managing Director).



The Company does not have the Supervisory Board. From 28 October 2010 the Audit Committee operates in the Company.

On 27 October 2011 Ordinary General Meeting of Shareholders was held.

The Head of the Company and the composition of the Board remained unchanged during the six months period of financial year 2011/2012 ended 31 December 2011.

THE BOARD OF THE COMPANY

The Board of the Company consists of seven members elected for a period of four years.

The members of the Board as of 31 December 2011:

Name	Position within the Board	Cadence started	Cadence ends
Darius Zubas	Chairman of the Management Board	12 September 2008	12 September 2012
Vytautas Šidlauskas	Deputy Chairman of the Management Board	12 September 2008	12 September 2012
Andrius Pranckevičius	Member of the Management Board	12 September 2008	12 September 2012
Arūnas Jarmolavičius	Member of the Management Board	12 September 2008	12 September 2012
Arūnas Zubas	Member of the Management Board	12 September 2008	12 September 2012
Dainius Pilkauskas	Member of the Management Board	12 September 2008	12 September 2012
Tomas Tumėnas	Member of the Management Board	1 October 2008	12 September 2012

Darius Zubas (b. 1965) – Chairman of the Management Board and Managing Director of the Company, shareholder of the company – has 17,049,995 shares of the Company equal to 10.73% of all shares and votes of the Company. Graduated from Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) in 1988 and obtained a diploma of Veterinarian. Darius



Zubas has twenty two years of experience in strategic management and business organization. The main founder of AB Linas Agro Group. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Chairman of the Management Board and Managing Director of AB Linas Agro; Chairman of the Management Board and shareholder of UAB MESTILLA – 8,457,703 shares equal to 14.3% of all shares and votes; shareholder of Akola ApS – 101,557,618 shares or 71% shares and votes; Chairman of the Management Board of Linas Agro A/S.

Vytautas Šidlauskas (b. 1963) – Member of the Management Board (Deputy Chairman of the Management Board), shareholder of the Company – owns 6,003,521 shares of the Company or 3.78% of all shares and votes of the Company. Graduated from Faculty of Chemistry of Kaunas University of Technology (former Kaunas Polytechnic Institute) in 1987 obtaining a diploma in Public Nutrition Technology and Management. He has twenty one year of experience in business management. Has been employed with the Group since 1991. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Managing Director of UAB Gerera; Member of the Management Board and Trade Director of AB Linas Agro; Member of the Management Board and shareholder of UAB MESTILLA – 2,978,065 shares or 5% of all shares and votes; shareholder of Akola ApS – owns 35,759,724 shares or 25% of all shares and votes; Member of the Management Board of Linas Agro A/S.

Dainius Pilkauskas (b. 1966) – Member of the Management Board, shareholder of the Company – owns 480,281 shares of the Company or 0.3 % of all shares and votes of the Company. He is a graduate of Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) where in 1991 he obtained a diploma of Zoo Engineer. He is highly experienced in business management and business organization. Has been employed with the Group since 1991. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Member of the Management Board and Trade Director for Baltic States of AB Linas Agro; shareholder of UAB MESTILLA – 238,245 shares or 0.4% of all shares and votes; shareholder of Akola ApS – 2,860,778 shares or 2% of all shares and votes.

Arūnas Zubas (b. 1962) – Member of the Management Board, shareholder of the Company – owns 480,281 shares of the Company or 0.3% of all shares and votes of the Company. Graduated from Kaunas University of Technology (former Kaunas Polytechnic Institute) in 1985 and holds a diploma in Chemical Technology. Arūnas Zubas has over twenty two years of experience in project, production and business management. He was employed with the Group from 1996 to 2005. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other



companies: Member of the Management Board of AB Linas Agro; Managing Director of UAB MESTILLA, a shareholder of UAB MESTILLA – 238,245 shares or 0.4 % of all shares and votes; a shareholder of Akola ApS – 2,860,778 shares or 2% of all shares and votes.

Andrius Pranckevičius (b. 1976) – Member of the Management Board and Deputy Managing Director. Does not own any shares of the Company. Is a graduate of Kaunas Technological University where in 1998 he obtained a bachelor's degree in Business Administration and, in 2000, master's degree in Marketing Management. He also took executive education programs in Harvard Business School, Wharton Business School, Stanford and Berkeley Business School (2004–2007) and program of leadership development in Harvard Business School (2009). He is highly experienced in project management, marketing, investment and finance. Joined the Group in 1999. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Member of the Management Board and Deputy Managing Director of AB Linas Agro; the member of Presidium of the Lithuanian Association of Agricultural Companies; the member of Supervisory Board of AS Dotnuvos Projektai.

Tomas Tumėnas (b. 1972) – Member of the Management Board and Finance Director, shareholder of the Company – owns 2,200 shares of the Company or 0.001 % of all shares and votes of the Company. In 1995 obtained the diploma in Economics from Vilnius University and a certificate in International Business Economics from Aalborg University. In 2011 obtained MBA (Master of Business Administration, Program for (Full) Financial Specialist & Managers) at Manchester Business School, The University of Manchester. Tomas Tumėnas works in the spheres of investments and finance management for more than seventeen years. Has been employed with the Group since 2001. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Member of the Management Board and Finance Director of AB Linas Agro; Director of UAB Baltic Fund Investments.

Arūnas Jarmolavičius (b. 1964) – Member of the Management Board and shareholder of the Company – owns 39,272 shares of the Company or 0.02% of all shares and votes of the Company. In 1991 graduated from Vilnius University and holds a diploma in Economics and Industry Planning. His experience in business, marketing and investments fields already counts for nineteen years. Has been employed with the Group since 2001. No records of conviction for crimes related to ownership, management procedures, finances. Management in other companies: Member of the Management Board and Project Director of AB Linas Agro; Member of the Management Board of UAB MESTILLA; a person authorized to act on behalf of Akola ApS in Ukraine and Lithuania.



The Company has not granted any loans, guarantees or surety ships to the members of the Board that would ensure fulfillment of their obligations.

THE COMPANY MANAGEMENT

Company Management as of 31 December 2011:

Name and surname	Position	Employed since
Darius Zubas	Managing Director	01-09-1996
Andrius Pranckevičius	Deputy Managing Director	19-11-2009
Tomas Tumėnas	Finance Director	19-11-2009
Ramutė Masiokaitė	Chief Accountant	19-11-2009

The Management of the Company work under open-ended contracts of employment.

Information about Darius Zubas, Andrius Pranckevičius, and Tomas Tumėnas is provided in the chapter *THE BOARD OF THE COMPANY*.

Ramutė Masiokaitė (b. 1971) – Chief Accountant, shareholder of the Company – owns 6,070 shares of the Company or 0.004% of all shares and votes of the Company. Graduated from Vilnius University in 1994 and acquired the qualifications of an economics, financial and credit specialist. She started her employment with the Group in 1998. Management in other companies: Finance Controller of AB Linas Agro. No records of conviction for crimes related to ownership, management procedures, finances.

AUDIT COMMITTEE

The Ordinary General Meeting of the Company's Shareholders, held on 28 October 2010 formed the Company's Audit Committee of three members, elected the members and approved the Regulations of Activity of the Audit Committee. The members of the Committee are elected for the term of office of 4 (four) years. The elected members of the Committee began their service from the moment the General Meeting of the Company's Shareholders during which they had been elected was over.

THE MEMBERS OF AUDIT COMMITTEE as of 31 December 2011:

Andrius Drazdys – independent member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Does not own any shares of the Company. Employed at UAB Vilniaus margarino gamykla as a Chief Finance Officer.



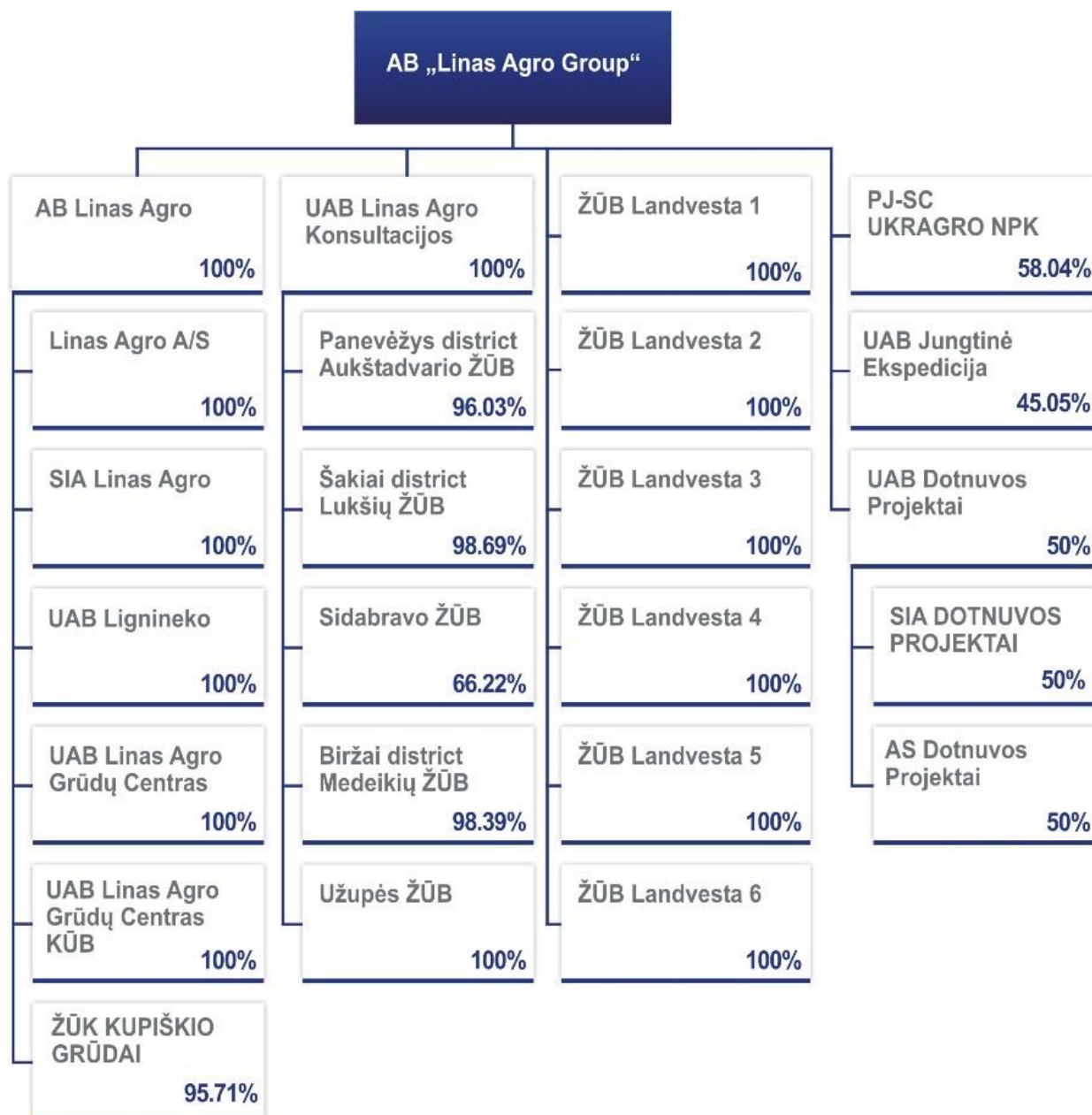
Artūras Pribušauskas – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Treasury Manager of the Company and shareholder of the Company – owns 15,000 shares of the Company or 0.01% of all shares and votes of the Company. Also employed as a Treasury Manager at AB Linas Agro.

Kristina Prūsienė – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Does not own any shares of the Company. Employed at AB Linas Agro as an Accountant.



12. INFORMATION ABOUT SUBSIDIARY COMPANIES OF THE COMPANY

Summarized structure of AB Linas Agro Group as of 31 December, 2011*



* Dormant companies UAB Gerera (100% shares), UAB Edfermus 2 (100% shares), UAB Dotnuvos technika (50% shares) not included.



As of 31 December 2011, AB Linas Agro Group controlled, either directly or indirectly, the following companies*:

Company name	Principal activities	Registration date, company code, company register	Contact data	Share of the stock held by the Group
AB Linas Agro	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs supply	08-07-1991, Code of legal entity 1473 28026, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 333, fax +370 45 507 444, e-mail info@linasagro.lt, www.linasagro.lt , www.rapsai.lt	100%
Linus Agro A/S	Wholesale trade of grains and oilseeds, feedstuffs and other similar products and services	15-03-1994, Code of legal entity CVR 17689037, register of the company – Danish Commerce and Companies Agency	Vinkel Allé 1, DK-9000 Aalborg, Denmark. Ph. +45 988 430 70, fax +45 988 440 07, e-mail info@linasagro.dk, www.linasagro.dk	100%
SIA Linas Agro	Wholesale trade of grains and oilseeds, agricultural inputs supply	23-04-2003, Code of legal entity 53603019011, Register of Enterprises of Republic of Latvia	Bauskas iela 2, LV-3001 Jelgava, Latvia. Ph. +371 630 840 24, fax +371 630 842 24, e-mail info@linasagro.lv, www.rapsim.lv	100%
UAB Linas Agro Grūdų Centras	Management services	05-07-2002, Code of legal entity 148450944, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 365, fax +370 45 507 344, e-mail grudai@linasagro.lt	100%
UAB Linas Agro Grūdų Centras KŪB	Grain processing and storage	10-07-2002, Code of legal entity 148451131, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 343, fax +370 45 507 344, e-mail grudu.centras@linasagro.lt	100%



Company name	Principal activities	Registration date, company code, company register	Contact data	Share of the stock held by the Group
UAB Lignineko	Lignin biofuel stock operator	05-10-1994, Code of legal entity 134231520, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 333, fax +370 45 507 444, e-mail info@lignineko.lt	100%
UAB Linas Agro Konsultacijos	Management of subsidiary farming companies	23-06-2003, Code of legal entity 248520920, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	The principal place of business: Kėdainių elevator, Žibuoklių g. 1A, LT-57130 Kėdainiai, Lithuania. The registered address: Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 688 674 29, fax +370 347 415 28, e-mail konsultavimas@linasagro.lt	100%
Panevėžys district Aukštadvario ŽŪB	Mixed agricultural activities	09-03-1993, Code of legal entity 168573274, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pirties g. 3, Aukštadvario vill., LT-38255 Panevėžys district, Lithuania. Ph./fax +370 45 592 651, e-mail aukstadvaris@linasagro.lt	96.03%
Sidabravo ŽŪB	Mixed agricultural activities	20-04-1993, Code of legal entity 171331516, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Sidabravas, LT-82251 Radviliškis district, Lithuania. Ph. +370 422 477 27, fax +370 422 476 18, e-mail sidabravas@linasagro.lt	66.22%
Šakiai district Lukšių ŽŪB	Mixed agricultural activities	30-10-1992, Code of legal entity 174317183, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Lukšių vill. 2, LT-71176 Šakiai district, Lithuania. Ph. +370 345 442 88, fax +370 345 442 25, e-mail luksiai@linasagro.lt	98.69%



Company name	Principal activities	Registration date, company code, company register	Contact data	Share of the stock held by the Group
Biržai district Medeikių ŽŪB	Growing and sale of crop	05-10-1992, Code of legal entity 154771488, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Medeikių vill., LT-41462 Biržai district, Lithuania. Ph. +370 450 584 22, fax +370 450 584 12, e-mail medeikiai@linasagro.lt	98.39%
Užupės ŽŪB	Growing and sale of crop	06-04-2011, Code of legal entity 302612561, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 333, fax +370 45 507 444, e-mail uzupe@linasagro.lt	100%
ŽŪB Landvesta 1	Rent and management of agricultural purposes land	21-10-2005, Code of legal entity 300501060, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 2	Rent and management of agricultural purposes land	21-10-2005, Code of legal entity 300501085, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 3	Rent and management of agricultural purposes land	21-10-2005, Code of legal entity 300501092, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%



Company name	Principal activities	Registration date, company code, company register	Contact data	Share of the stock held by the Group
ŽŪB Landvesta 4	Rent and management of agricultural purposes land	23-04-2007, Code of legal entity 300709428, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 5	Rent and management of agricultural purposes land	16-08-2007, Code of legal entity 301019661, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 6	Rent and management of agricultural purposes land	14-01-2008, Code of legal entity 301520074, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143 Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪK KUPIŠKIO GRŪDAI	Grain processing and storage	08-04-1999, Code of legal entity 160189745, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Technikos g. 6, LT-40122 Kupiškis, Lithuania. Ph. +370 688 67477, fax +370 688 67 471, e-mail info@kupiskiogrudai.lt	95.71%
PJ-SC UKRAGRO NPK	Fertilizer production and trade	28-03-2002, Code of legal entity 31961067, Unified State Register of Legal Entities and Natural Persons-Entrepreneurs of Ukraine	The principal place of business: 19200 Silver Centr, bul. I. Lepse 4, 03680 Kiev, Ukraine. The registered address: Promyslova Ul. 1, Cherkassy region, Ukraine. Ph. + 380 044 351 1597, fax + 380 044 351 1599, e-mail info@urozhai.ua, www.urozhai.ua	58.04%



Company name	Principal activities	Registration date, company code, company register	Contact data	Share of the stock held by the Group
UAB Dotnuvos Projektai	Sale of seeds, agricultural machinery	05-03-1996, Code of legal entity 261415970, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Parko g. 6, Akademija, 58351 Kėdainių district, Lithuania. Ph.+370 347 370 30, fax +370 347 370 40, e-mail info@dotnuvosprojektai.lt, www.dotnuvosprojektai.lt	50%
SIA DOTNUVOS PROJEKTAI	Sale of seeds, agricultural machinery	26-04-2010, Code of legal entity 43603041881, Register of Enterprises of Republic of Latvia	The principal place of business: Jūrmalas iela 13C, Pinki, LV-2107 Babītes novads, Latvia. The registered address: Bauskas iela 2, LV-3001 Jelgava, Latvia. Ph. +371 679 131 61, fax +371 677 602 52, e-mail info@dotnuvosprojektai.lv, www.dotnuvosprojektai.lv	50%
AS Dotnuvos Projektai	Sale of seeds, agricultural machinery	11-11-2010, Code of legal entity 12019737, Estonian Central Register of Securities (Eesti Väärtpaberikeskus AS)	Vaksali 17, 71020 Viljandi, Estonia. Ph. +372 661 2800, fax +372 661 8004, e-mail info@dotnuvosprojektai.ee	50%
UAB Jungtinė Ekspedicija	Logistics and forwarding services	17-02-1998, Code of legal entity 141642963, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	The principal place of business: I. Kanto g. 12-3, LT-92235 Klaipėda, Lithuania. The registered address: Plytų g. 10, LT-92121 Klaipėda, Lithuania. Ph. +370 46 310 163, fax +370 46 312 529, e-mail info@je.lt, www.je.lt	45.05%

* Dormant companies UAB Gerera (100% shares), UAB Edfermus2 (100% shares), UAB Dotnuvos technika (50% shares) not included.



13. INFORMATION ON ACTIVITY RESULTS OF THE COMPANY

Consolidated turnover of AB Linas Agro Group rose 9% during July-December 2011 as compared to the corresponding period last year and totaled LTL 867 million. Although the harvest in the Baltic countries was below average, the trading volumes of the Group remained almost unchanged and reached 844 thousand tons, down 3% from 869 thousand tons in the same period of the previous year. The biggest turnover was in grains and oilseeds, amounting to LTL 362 million (42% of total sales), and agricultural inputs, amounting to LTL 345 million (40% of total sales). The increase in turnover is the result of growing sales volumes of fertilizers, wheat and feedstuffs.

The six month financial results in all business segments of the company were profitable; therefore, the Group's gross profit rose from LTL 42.2 million to LTL 54.2 million. Gross profit margin increased from 5.3% to 6.2% accordingly. The Group's profit from main activity totaled LTL 32 million and was twice as high as the last season's profit (LTL 17.4 million) and reached almost the same level of the corresponding period of financial year 2009/2010 (LTL 33 million). Net profit of AB Linas Agro Group amounted to almost LTL 22 million and was more than twice as high as that of the corresponding period in 2010/2011 (LTL 13 million).

The major part of production is traditionally sold abroad, 76% of total sales. The main export regions are CIS (33%), Europe (27%), Asia (10%).

To control the risk of price fluctuations, the Group follows conservative risk management policy and hedges major part of its forward contracts at commodity exchange (NYSE Euronext). Accounting profit losses from commodity exchange contracts grew correspondingly up to LTL 2.4 million.

Over the accounting period the Group's consolidated operating expenses totaled LTL 27.3 million, up 32% from LTL 20.7 million in the prior period. The increase is primarily due to activity expansion in elevator network controlled by the Group, Ukrainian company PJ-SC UKRAGRO NPK and farming sector. The Group's profit before tax grew almost twice from the corresponding period last year (LTL 15.7 million) and reached LTL 28.4 million. The growth of Group's profitability shows that negative factors resulting in poor 2010/2011 trading season were managed successfully and proves the efficiency of business strategy of AB Linas Agro Group. The 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 grew to LTL 12 million from the last year's LTL 5 million. The profit before taxes, interest and depreciation (EBITDA) grew from LTL 18.8 million to LTL 38.4 million and reached the level of one of the best seasons' 2009/2010 EBITDA (LTL 38 million).

The performance of Group's joint-ventures UAB Dotnuvos Projektai and UAB Jungtinė Ekspedicija was profitable. The net profit of the above-mentioned companies totaled almost LTL 2.4 million.



KEY PERFORMANCE INDICATORS

	6 months of 2011/2012	6 months of 2010/2011
Sales, LTL	868,668,000	796,135,000
Gross profit, LTL	54,195,000	42,204,000
Segment operating profit (loss), LTL:		
Grains and oilseeds	3,307,000	(8,390,000)
Feedstuffs	6,140,000	4,177,000
Agricultural inputs	22,073,000	17,230,000
Farming	(3,550,000)	1,763,000
Other products and services	9,385,000	7,147,000
Net profit, attributable to the Group, LTL	19,366,000	12,851,000
Turnover, in tons	843,845	869,526

GRAINS AND OILSEEDS

The most important business segment of the Group generated the sales of LTL 362 million during six months of the financial year (LTL 420 million during the corresponding period in 2010/2011) and the operating profit totaled LTL 3.3 million. The Group sold 391 thousand tons of various agricultural raw materials, i. e. 17% less than during the previous year (471 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 112 to 83 thousand tons. Trade in wheat was successful – the sales volumes grew from 219 to 230 thousand tons. Gross profit of the major Group's activity segment reached LTL 8.8 million, compared to last year's loss of LTL 2.8 million.



FEEDSTUFFS

The turnover of feedstuffs trading reached LTL 144 million, operating profit grew by 47% and totaled LTL 6.1 million. Sales volumes grew 29% from 118 thousand tons in the corresponding period last year to 152 thousand tons. The growth of sales volumes was conditioned by favourable market situation and increasing demand for this product in Poland, Baltics and West European countries.

AGRICULTURAL INPUTS

Agricultural inputs still remain one of the largest business segments – the turnover of this activity reached LTL 345 million, which is a 46% jump compared to the corresponding period of the previous year (LTL 237 million). Such rise in turnover was conditioned by growing sales volumes of fertilizers on Ukrainian market and overall growth of fertilizer market prices. Gross profit of the segment totaled LTL 29.5 million (LTL 23 million in financial year 2010/2011) and gross profit from fertilizer trading reached LTL 27 million. Operating income of the segment totaled LTL 22 million (LTL 1.7 million in financial year 2010/2011) and exceeded the income of last year's corresponding period by 30%.

FARMING

Operating revenue from agricultural companies for the first six months increased from LTL 25 million to LTL 28 million due to consolidation of a new agricultural company Užupės ŽŪB, but the segment had operating loss of LTL 3.6 million. The loss was conditioned by change in biological value, as true value of crops was estimated and change in value increased the cost price of products by LTL 5.3 million. The third quarter results of this segment are expected to show neither profit nor loss but the fourth quarter's results due to expected subsidies and yearly overall results should be in line with expectations.

OTHER PRODUCTS AND SERVICES

The sales of this activity segment are dominated by grain storage network controlled by the Group. Favorable climatic conditions and increased storage capacity resulted in growing operating revenue from the segment that reached LTL 30 million. Sales volumes grew 20% as compared to 2010/2011 financial year (LTL 25 million). Operating income of the segment reached LTL 9.4 million and exceeded the operating income of the corresponding period of last year by 32% (LTL 7.1 million). The results of the first six months prove the efficiency and benefit of Group's investments in grain storage network development. The group's grain storages stored and prepared for export a record amount of grains – 324 thousand tons or 19% more than last year. The segment's financial activity results for this year are expected to be the best results over the last three years.



FINANCIAL COSTS

Increased investments in fertilizer business and grain storage network development resulted in Group's demand for working capital. Overall interest rate base also increased over the accounting period. It was one of the main factors that impacted the increase of financial costs. Bank interest expenses increased from LTL 4.2 million to LTL 5.3 million.

CASH FLOW

Group's Cash flow from operating activities before the changes in working capital was LTL 42 million, as compared to LTL 23 million of the corresponding period of the prior financial year. Cash flow from operating activities after changes in working capital was LTL 78 million (minus LTL 105 million in 2010/2011 accordingly). This was the result of profitable activity of the Group and decrease of sums receivable from buyers until balance date. Group's cash balance at the end of the reporting period totaled LTL 38 million (LTL 23 million in 2010/2011).

14. SCOPE OF RISK AND MANAGEMENT THEREOF

14. 1. MARKET RISK

Market risk shall be understood as a risk to generate a profit lower than planned if the tone of market prices is unfavorable. This may happen if market price fell below the intervention prices (minimal purchase prices for grains established by state authorities) as it would prevent the Company from receiving surplus profit. In a market situation when grain purchase prices fall due to certain reasons, intervention prices are used as a leverage to uphold a certain price level and thus to ensure guaranteed income to farmers. When intervention prices are higher than or identical to market prices, the companies of the Group sell the purchased grains to the agency and thus earn certain income which under regular market conditions would be lower than market prices. Starting from 2005, intervention prices are set by the EU and are calculated for two years in advance. The mechanism has not been applied so far; however, if intervention prices were applied, the Group would have been deprived of surplus profit.

In order to manage the price risk related to certain products, the Group concludes forward contracts on NYSE Euronext Paris SA. The Group trades in forwards in order to manage the price risk arising from purchasing rapeseeds and wheat from farmers. The Group has approved an internal trade risk management system and established the credit risk management committee which analyses trade transactions entered into by the company as well as their amounts and limits. A part of buyers (buyers' solvency risk) are insured with international insurance companies. The risk of price fluctuations is important.



14. 2. RISK RELATED TO ACTIVITIES OF CONTROLLED COMPANIES

The companies controlled by the Group are involved in trade in agricultural inputs, implementation of crop programs, warehousing of agricultural products and other activities. Although operations of a majority of controlled companies are profitable, negative changes in the markets, where the parent company and controlled companies operate, may affect its profitability. Managers in charge of corresponding activities constantly monitor and analyze the activities of companies controlled by the Group, essential transactions, provide budgets of activities of the controlled companies to the Group management and, correspondingly, control their execution and material changes.

14. 3. POLITICAL RISK

Agriculture is a strictly regulated and supervised sector of economy in the European Union. Although this regulation and control are mostly aimed at ensuring sufficient income for entities engaged in agricultural activities, political changes may affect the situation in the market where the Group operates. For example, reduction of subsidies to agriculture may affect the activities of agricultural companies controlled by the Group.

14. 4. SOCIAL RISK

The experience and knowledge of the management determine the ability of the Group to retain its competitive status and implement its growth strategy. However, there are no guarantees that all key employees of the Group will stay with the Group in the future. Loss of such employees or the Group's failure to recruit new employees possessing appropriate knowledge may have a significant adverse impact on the business outlook and financial position of the Group. Non-competition agreements are signed with some executives.

14.5. COUNTERPARTY RISK

The Group enters forward contracts with more than 1,700 clients who oblige to deliver production according to terms and conditions of the contract. As product prices are increasing, the risk of contract breach and failure to deliver production emerges. The bigger the difference between the contract price and the current market price on the day of delivery, the higher is the risk. This kind of risk is important throughout the whole season. To control the risk of contract performance, the Group checks the contracts, constantly analyzes and observes its clients, assesses possible losses and takes decisions to control the risk (e.g. setting limits on forward contracts before the start of each season, evaluation and assessment of the client's credit rating, capacity of cultivated land, etc.)



15. THE PUBLICLY DISCLOSED INFORMATION AND OTHER EVENTS OF THE REPORTING PERIOD

THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended December 31, 2011, 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 acquisition	En, Lt	2011-12-13 09:00:33
Notification about acquisition of voting rights	(disposal) of a block of shares		EET
CORRECTION: AB Linas Agro Group	Interim information	En, Lt	2011-11-29 08:31:32
Group notification about interim three months financial results of the financial year 2011/2012			EET
AB Linas Agro Group	Interim information	En, Lt	2011-11-28 09:00:30
notification about interim three months financial results of the financial year 2011/2012			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	Annual information	En, Lt	2011-10-28 09:03:37
notification about the Annual information of the financial year 2010/2011			EEST
Results of voting of the Annual General Meeting of AB "Linas 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	Notification on material event	En, Lt	2011-10-05 10:30:32
			EEST



Linās Agro Group

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
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notification about interim 12 month financial results of the financial year 2010-2011	Interim information	En, Lt	2011-08-31 16:49:34 EEST
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SEB Bank Increased Credit

Limit to Linās Agro Group by LTL 64 million	Notification on material event	En, Lt	2011-07-28 09:00:34 EEST
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16. PROCEDURE OF AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Company's Articles of Association shall be amended in accordance with the procedure provided for in the laws of the Republic of Lithuania. Adoption of a decision to amend the Company's Articles of Association shall be the jurisdiction of the Company's General Meeting of Shareholders subject to a qualified majority of 2/3 of votes of the shareholders participating in the Meeting, with the exception of cases specified in the Law on Companies of the Republic of Lithuania.

17. INFORMATION ABOUT THE COMPLIANCE WITH THE COMPANY MANAGEMENT CODE

The Company complies with the company management procedures stipulated in the Law on Companies of the Republic of Lithuania. The Company complies with the essential management principles for the companies listed on NASDAQ OMX Vilnius. The managing bodies of the company are the General Meeting of Shareholders, the Board of the Company and the Head of the Company (Managing Director).

The Company does not have the Supervisory Board. The Company's Board consists of seven members to be elected for a period of four years, but the Chairman of the Board is also the Head of the Company (Managing Director). In order to implement the recommendations of the Company Management Code, the Audit Committee of three members (including one independent member) was also established and formed in the General Meeting of Shareholders held on 28 October 2010.



18. SUBSEQUENT EVENTS

On 6 February 2012 the Company sold 58.04% of PJ-SC UKRAGRO NPK shares worth LTL 9,505 thousand.

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