

# **CONSOLIDATED FINANCIAL STATEMENTS**

**OF THE FINANCIAL YEAR 2012/2013**

## **OF AB LINAS AGRO GROUP**

**(UNAUDITED)**

**FOR THE 6 MONTH PERIOD**

**ENDED 31 DECEMBER 2012**

**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 2012	As of 30 June 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	692	612
Property, plant and equipment	6	185,704	122,256
Investment property	7	9,670	9,513
Animals and livestock		18,261	11,852
Non-current financial assets			
Investments into associates	8	310	286
Investments into joint ventures	8	-	29,887
Other investments	9	325	311
Non-current receivables		4,341	5,446
Non-current receivables from related parties	14	10,406	3,230
Total non-current financial assets		15,382	39,160
Deferred income tax asset		6,281	6,289
<b>Total non-current assets</b>		<b>235,990</b>	<b>189,682</b>
<b>Current assets</b>			
Crops		7,505	36,395
Inventories		398,292	136,947
Prepayments		11,075	16,407
Accounts receivable			
Trade receivables		215,820	190,888
Receivables from related parties	14	71,764	3,605
Income tax receivable		4,752	1,043
Other accounts receivable		24,257	17,579
Total accounts receivable		316,593	213,115
Other current assets		4,874	43,575
Cash and cash equivalents		57,598	54,768
<b>Total current assets</b>		<b>795,937</b>	<b>501,207</b>
<b>Total assets</b>		<b>1,031,927</b>	<b>690,889</b>

(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 2012	As of 30 June 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1	158,940	158,940
Share premium	1	79,545	79,545
Legal reserve		7,851	4,401
Reserve for own shares		1,600	1,600
Own shares		(1,595)	-
Foreign currency translation reserve		(82)	(44)
Retained earnings		168,836	106,809
<b>Total equity attributable to equity holders of the parent</b>		<b>415,095</b>	<b>351,251</b>
<b>Non-controlling interest</b>		<b>3,442</b>	<b>4,805</b>
<b>Total equity</b>		<b>418,537</b>	<b>356,056</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		14,185	11,855
Non-current borrowings	10	43,302	36,749
Finance lease obligations		4,377	2,568
Trade payables		1,263	1,263
Non-current payables to related parties		-	54
Deferred income tax liability		2,398	899
Other non-current liabilities		566	280
<b>Total non-current liabilities</b>		<b>66,091</b>	<b>53,668</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	10, 14	9,519	10,075
Current portion of finance lease obligations		1,545	1,067
Current borrowings	10	404,565	179,465
Trade payables		79,764	48,994
Payables to related parties	14	1,260	3,642
Income tax payable		20,567	12,812
Derivative financial instruments		2,410	7,572
Other current liabilities		27,669	17,538
<b>Total current liabilities</b>		<b>547,299</b>	<b>281,165</b>
<b>Total equity and liabilities</b>		<b>1,031,927</b>	<b>690,889</b>

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	2012/2013 6 month	2011/2012 6 month
Sales	4	1,122,922	868,668
Cost of sales		(1,034,121)	(814,473)
<b>Gross profit</b>		<b>88,801</b>	<b>54,195</b>
Operating (expenses)	11	(39,862)	(27,313)
Other income	12	29,015	5,052
Other (expenses)	12	(963)	(247)
<b>Operating profit</b>		<b>76,991</b>	<b>31,687</b>
Income from financing activities		786	748
(Expenses) from financing activities		(4,313)	(5,271)
Share of profit of associates		24	128
Share of profit of joint ventures		4,093	1,104
<b>Profit before tax</b>		<b>77,581</b>	<b>28,396</b>
Income tax		(9,036)	(6,762)
<b>Net profit</b>		<b>68,545</b>	<b>21,634</b>
<b>Attributable to:</b>			
Equity holders of the parent		68,229	19,366
Non-controlling interest		316	2,268
		<b>68,545</b>	<b>21,634</b>
Basic and diluted earnings per share (LTL)		0.43	0.14
<b>Net profit</b>		<b>68,545</b>	<b>21,634</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(38)	4,175
<b>Total comprehensive income</b>		<b>68,507</b>	<b>25,809</b>
<b>Attributable to:</b>			
Equity holders of the parent		68,191	21,817
Non-controlling interest		316	3,992
		<b>68,507</b>	<b>25,809</b>

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





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Equity attributable to equity holders of the parent

	Notes	Share capital	Own shares	Share premium	Legal reserve	Reserve for own shares	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
<b>Balance as of 1 July 2011</b>		<b>158,940</b>	-	<b>79,545</b>	<b>4,151</b>	-	<b>(3,208)</b>	<b>23,930</b>	<b>263,358</b>	<b>16,591</b>	<b>279,949</b>
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	3	-	-	-	-	-	-	(4,714)	(4,714)	938	(3,776)
Declared dividends		-	-	-	-	-	-	-	-	(21)	(21)
Reserves made		-	-	-	250	-	-	(250)	-	-	-
Reserves made		-	-	-	-	1,600	-	(1,600)	-	-	-
<b>Balance as of 31 December 2011</b>		<b>158,940</b>	-	<b>79,545</b>	<b>4,401</b>	<b>1,600</b>	<b>(757)</b>	<b>36,732</b>	<b>280,461</b>	<b>21,500</b>	<b>301,961</b>
<b>Balance as of 1 July 2012</b>		<b>158,940</b>	-	<b>79,545</b>	<b>4,401</b>	<b>1,600</b>	<b>(44)</b>	<b>106,809</b>	<b>351,251</b>	<b>4,805</b>	<b>356,056</b>
Net profit for the year		-	-	-	-	-	-	68,229	68,229	316	68,545
Other comprehensive income		-	4	-	-	-	(38)	(4)	(38)	-	(38)
Total comprehensive income		-	-	-	-	-	(38)	68,225	68,191	316	68,507
Acquisition of minority interest		-	-	-	-	-	-	-	-	581	581
Declared dividends by Company		-	-	-	-	-	-	(4,500)	(4,500)	-	(4,500)
Declared dividends by subsidiaries		-	-	-	-	-	-	-	-	(36)	(36)
Reserves made		-	-	-	3,450	-	-	(3,450)	-	-	-
Acquisition of own shares		-	(1,599)	-	-	-	-	-	(1,599)	-	(1,599)
Acquisition of minority interest		-	-	-	-	-	-	1,752	1,752	(2,224)	(472)
<b>Balance as of 31 December 2012</b>		<b>158,940</b>	<b>(1,595)</b>	<b>79,545</b>	<b>7,851</b>	<b>1,600</b>	<b>(82)</b>	<b>168,836</b>	<b>415,095</b>	<b>3,442</b>	<b>418,537</b>

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





## CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2012/2013 6 month	2011/2012 6 month
<b>Cash flows from (to) operating activities</b>			
Net profit (loss)		68,545	21,634
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization		9,228	5,453
Subsidies amortization		(887)	(716)
Share of profit of associates and joint ventures		(4,036)	(1,214)
(Gain) on disposal of property, plant and equipment		(496)	(87)
(Gain) from acquisition of subsidiaries	3	(26,970)	-
Loss (gain) from disposal of investments		-	(1,066)
Change in accrued expenses		(1,424)	4,007
Change in allowance for receivables and prepayments		1,446	1,956
Change in fair value of biological assets		(11)	110
Change in impairment of investments		(8)	23
Change in deferred income tax		1,066	1,171
Current income tax expenses		7,928	6,321
Expenses (income) from change in fair value of financial instruments		1,152	-
Change of provision for onerous contracts		-	(267)
Dividend (income)		(155)	(36)
Interest (income)		(786)	(748)
Interest expenses		4,313	5,271
		58,905	41,812
<b>Changes in working capital:</b>			
Decrease in biological assets		38,062	24,552
(Increase) in inventories		(201,946)	(48,604)
Decrease in prepayments		7,211	29,417
(Increase) in trade and other accounts receivable		(36,113)	54,372
(Increase) in restricted cash		1,381	(3,453)
Increase in trade and other accounts payable		(13,462)	(14,869)
Income tax (paid)		(1,949)	(5,576)
<b>Net cash flows from (to) operating activities</b>		<b>(147,911)</b>	<b>77,651</b>

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





## CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	Notes	2012/2013 6 month	2011/2012 6 month
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(17,043)	(13,469)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		2,400	156
(Acquisition) of subsidiaries (less received cash balance in the Group)	3	(48,504)	-
(Acquisition) of non-controlling interests and other investments		(476)	(1,704)
Proceeds from reurchased of other investments		37,981	-
Disposal of joint venture		-	2,007
Loans (granted)		(1,445)	(370)
Repayment of granted loans		1,600	1,004
Interest received		1,205	930
Dividend received		155	36
<b>Net cash flows (to) investing activities</b>		<b>(24,127)</b>	<b>(11,410)</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		263,977	198,352
(Repayment) of loans		(77,717)	(227,276)
(Acquisition) of own shares		(1,599)	-
Finance lease (payments)		(846)	(641)
Interest (paid)		(4,416)	(6,418)
Dividend (paid)		(4,531)	-
<b>Net cash flows from (to) financing activities</b>		<b>174,868</b>	<b>(35,983)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2,830</b>	<b>30,258</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>54,768</b>	<b>7,624</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>57,598</b>	<b>37,882</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by finance lease		1,345	484
Property, plant and equipment acquisitions financed by grants and subsidies		3,431	383

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





## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

AB Linas Agro Group (hereinafter the Company or the parent) is a public limited liability company registered in the Republic of Lithuania. The Company was registered on 27 November 1995.

The address of its registered office is as follows: Smėlynės Str. 2C, LT-35143 Panevėžys, Lithuania.

The principal activities of the Group are described in Note 4.

The financial year of the Group starts on 1 July of the calendar year and ends on 30 June of the following calendar year.

As of 31 December 2012 and as of 30 June 2012 the shareholders of the Company were:

	As of 31 December 2012		As of 30 June 2012	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	87,670,551	55.16%	86,081,551	54.16%
Skandinaviska Enskilda Banken AB (Sweden)	14,906,061	9.38%	23,094,969	14.53%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank (Estonia) Clients	9,058,744	5.70%	9,184,040	5.78%
Other shareholders (private and institutional investors)	30,255,047	19.03%	23,529,843	14.80%
<b>Total</b>	<b>158,940,398</b>	<b>100.00%</b>	<b>158,940,398</b>	<b>100.00%</b>

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 31 December 2012 (LTL 1 each as of 30 June 2012) and were fully paid as of 31 December 2012 and as of 30 June 2012.

The Company hold 798,000 shares of the Company, percentage 0.50%. Subsidiaries and other related companies did not hold any shares of the Company as of 31 December 2012.

The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 30 June 2012.

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 2012 the number of employees of the Group was 951 (595 as of 30 June 2012).

#### ***Changes in share capital during the year ended 30 June 2012***

No changes in share capital occurred during the year ending 30 June 2012.

#### ***Changes in share capital during the year ended 31 December 2012***

No changes in share capital occurred during the year ending 31 December 2012.

### 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 2011/2012 financial year.







### 3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As of 31 December 2012 and as of 30 June 2012 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 2012	30 June 2012	
<b>Investments into directly controlled subsidiaries</b>				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
UAB Dotnuvos projektai	Lithuania	100%	-	Trade of machinery and equipment, certified seeds.
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
UAB Labūnava 2	Lithuania	100%	-	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	90%	-	Rent and management of agricultural purposes land
<b>Investments into indirectly controlled subsidiaries (through AB Linas Agro)</b>				
SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linus Agro A/S	Denmark	100%	60%	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	100%	100%	Manufacturing of lignin
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)</b>				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	97.70%	96.16%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.39%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.82%	98.80%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	96.76%	96.76%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	87.23%	70.28%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	Growing and sale of crops
UAB Paberžėlė (former -UAB Edfermus 2)	Lithuania	100%	100%	Rent and management of agricultural purposes land
Kėdianiai district Labūnavos ŽŪB	Lithuania	98.64%	-	Mixed agricultural activities
Noreikiškių ŽŪB	Lithuania	10%	-	Rent and management of agricultural purposes land





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

#### Investments into indirectly controlled subsidiaries (through UAB Dotnuvos projektai)

SIA DOTNUVOS PROJEKTAI	Latvia	100%	-	Trade of machinery and equipment, certified seeds
AS Dotnuvos Projektai	Estonia	100%	-	Trade of machinery and equipment, certified seeds
SIA BUVNIECIBAS DIZAINA GRUPA	Latvia	100%	-	Rent and management of buildings, premises
UAB Dotnuvos technika	Lithuania	100%	-	Not operating company

#### Investments into indirectly controlled subsidiaries (through UAB Linas Agro grūdų centras KŪB)

Karčemos KB	Lithuania	20%*	-	Preparation and warehousing of grains for trade
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\*The Group indirectly controls 20% of shares of Karčemos KB, however, the Group has control over this entity and, therefore, it has been consolidated when preparing these financial statements.

#### Changes in the Group during the 6 month period ended 31 December 2012

On 13 July 2012 the Group acquired 98.55% shares of Kėdainiai district Labūnavos ŽŪB for LTL 22,545 thousand from previous owners. After the share acquisition the Group directly controls 98.64% of the investee. The only unaudited financial information on the acquired subsidiary as at 30 June 2012 is available as at the date of the release of these financial statements and is presented below. Kėdainiai district Labūnavos ŽŪB is consolidated to the Group from 1 July 2012. 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 2012
Property, plant and equipment	24,288
Animals and livestock	5,718
Crops	9,456
Inventories	2,770
Prepayments and other current assets	2,058
Cash and cash equivalents	3,067
<b>Total assets</b>	<b>47,357</b>
Deferred tax liability	(691)
Grants and subsidies	(1,306)
Trade payables	(1,326)
Other liabilities	(1,297)
<b>Total liabilities</b>	<b>(4,620)</b>
<b>Total identifiable net assets at fair value</b>	<b>42,737</b>
Attributable to non-controlling interests	582
Attributable to the equity holders of the parent	42,155
<b>Gain recognized on acquisition of subsidiary, recognised under Other income (Note 12)</b>	<b>19,608</b>
Purchase consideration	22,547
Less: cash acquired	3,067
<b>Total purchase consideration, net of cash acquired</b>	<b>19,480</b>

On 11 October 2012 the Company acquired 50% shares of UAB Dotnuvos projektai for 32,000 thousand, and increased its ownership interest to 100%. The mentioned company and subsidiaries are consolidated to the Group from 1 October 2012. The only unaudited financial information on the acquired subsidiary as at 30 September 2012 is available as at the date of the release of these financial statements and is presented below. The fair values of the net assets acquired have not yet been assessed by the Group.





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

Acquisition date	1 October 2012
<b>Carrying values</b>	
Property, plant and equipment	47,038
Inventories	62,709
Prepayments and other current assets	69,828
Cash and cash equivalents	2,976
<b>Total assets</b>	<b>182,551</b>
Deferred tax liability	(41)
Grants and subsidies	(889)
Trade payables	(39,253)
Other liabilities	(68,374)
<b>Total liabilities</b>	<b>(108,557)</b>
<b>Total identifiable net assets</b>	<b>73,994</b>
Attributable to share acquired before	33,890
Attributable to new acquired share	40,104
<b>Gain recognized on acquisition of subsidiary, recognised under Other income (Note 12)</b>	<b>8,104</b>
Purchase consideration	32,000
Less: cash acquired	2,976
<b>Total purchase consideration, net of cash acquired</b>	<b>29,024</b>

On 16 August 2012 the Group established Noreikiškių ŽŪB with LTL 10 thousand share capital.

During the 6 month period, ended 31 December 2012 the Group acquired 0.02% Šakių district Lukšių ŽŪB share capital for 1 LTL thousand, 16.95% Sidabravo ŽŪB share capital for LTL 423 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 1 752 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

#### **Changes in the Group during the year ended 30 June 2012**

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.

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.





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

On 6 February 2012 the Company sold all shares of PC-JS UKRAGRO NPK. Differences between the sales consideration and the net assets disposed at the disposal date is the following:

	31 January 2012
Non-current assets	22,265
Current assets	92,175
Liabilities	(64,916)
Net asset of subsidiary sold	49,524
Non-controlling interest	20,780
Net assets sold by the Group	28,744
Sales price (received in cash)	90,754
<b>Gain on disposal of subsidiary in the Group*</b>	<b>62,010</b>
Cash disposed in the subsidiary	20,995
<b>Sales price less cash disposed</b>	<b>69,759</b>

*\*Recorded under other income caption in Group's statement of comprehensive income.*

The Shareholders' agreement between AB Linas Agro Group and PC-JS UKRAGRO NPK non-controlling shareholders expired on 6 February 2012, according to which the Company had an obligation to acquire the shares of PC-JS UKRAGRO NPK from the non-controlling shareholders, if put option is exercised. The non-controlling interest was recognised as though the put option had never been granted and the financial liability was derecognised, with a corresponding credit to the same component of equity.

During the year ended 30 June 2012 the Group acquired 0.43% of Šakiai district Lukšių ŽŪB share capital for LTL 14 thousand, 0.03% Biržai district Medeikių ŽŪB share capital for LTL 1 thousand, 31.41% Panevėžys district Aukštadvario ŽŪB share capital for LTL 143 thousand, 30% Užupės ŽŪB share capital for LTL 3 thousand, 4.06% Sidabravo ŽŪB share capital for LTL 21 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 3,375 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

Acquisition of non-controlling interest in Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB, Panevėžys district Aukštadvario ŽŪB and Sidabravo ŽŪB have resulted in increase of effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 3.28% up to 96.16% as at 30 June 2012 with a result of LTL 61 thousand of gain accounted directly in equity.

During the year ended 30 June 2012 the Group acquired 100% UAB Edfermus 2 share capital for LTL 10 thousand and 20% of Karčemos KB for LTL 977 thousand. Difference between the fair value of net assets acquired of both entities and consideration paid in amount of LTL 1,020 thousand was recorded directly in the income statement, as amount is considered by the management as immaterial.



## 4. SEGMENT INFORMATION

For management purpose the Group is organized into six 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 machinery and equipment is a new segment of the company which includes wholesale and retail of new and used agricultural and forest machinery and spare parts, also projection and installation of grain cleaning, drying and storage facilities;
- 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 2012	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Machinery and equipment	Other products and services	Not attributed to any specified segment	Adjustments and elimina- tions	Total
<b>Revenue</b>									
From one client UAB MESTILLA	77,906	-	-	-	9	-	-	-	77,915
Other third parties	505,058	317,564	130,867	18,422	51,028	22,068	-	-	1,045,007
Intersegment	-	1,426	4,982	31,694	6,207	32,970	-	(77,279) <sup>1)</sup>	-
<b>Total revenue</b>	<b>582,964</b>	<b>318,990</b>	<b>135,849</b>	<b>50,116</b>	<b>57,244</b>	<b>55,038</b>	-	<b>(77,279)<sup>1)</sup></b>	<b>1,122,922</b>
<b>Results</b>									
Operating expenses	3,611	4,548	3,662	6,513	4,552	3,839	13,137	-	39,862
Segment operating profit (loss)	18,769	18,379	8,805	16,634	9,721	17,439	(12,756)	-	76,991
<b>6 month period ended 31 December 2011</b>									
<b>Revenue</b>									
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) <sup>1)</sup>	-
<b>Total revenue</b>	<b>361,518</b>	<b>143,710</b>	<b>344,591</b>	<b>28,062</b>	-	<b>30,270</b>	-	<b>(39,483)<sup>1)</sup></b>	<b>868,668</b>
<b>Results</b>									
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

1) Intersegment revenue is eliminated on consolidation.





#### 4. SEGMENT INFORMATION (CONT'D)

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

Revenue from external customers	6 month period ended	
	31 December 2012	31 December 2011
Lithuania	282,960	212,781
Europe (except for Scandinavian countries, CIS and Lithuania)	255,875	144,430
Scandinavian countries	227,589	88,763
Africa	16,778	42,520
Asia	325,585	96,423
CIS	14,135	283,751
	<b>1,122,922</b>	<b>868,668</b>

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

Non-current assets	As of 31 December 2012	As of 30 June 2012
Lithuania	185,165	132,084
Latvia	6,312	118
Estonia	4,459	-
Denmark	79	179
	<b>196,015</b>	<b>132,381</b>

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





## 5. INTANGIBLE ASSETS

Group	Software	Other intangible assets	Total
<b>Cost:</b>			
Balance as of 30 June 2011	1,512	157	1,669
Additions	366	13	379
Exchange differences	2	-	2
Disposal of subsidiary	(73)	-	(73)
Balance as of 30 June 2012	1,807	170	1,977
Additions	62	6	68
Acquisition of subsidiaries	36	38	74
Balance as of 31 December 2012	1,905	214	2,119
<b>Accumulated amortization:</b>			
Balance as of 30 June 2011	1,179	124	1,303
Charge for the year	87	11	98
Disposal of subsidiary	(36)	-	(36)
Balance as of 30 June 2012	1,230	135	1,365
Charge for the year	46	15	61
Write-offs	-	-	-
Balance as of 31 December 2012	1,276	151	1,427
<b>Net book value as of 31 December 2012</b>	<b>629</b>	<b>63</b>	<b>692</b>
<b>Net book value as of 30 June 2012</b>	<b>577</b>	<b>35</b>	<b>612</b>
<b>Net book value as of 30 June 2011</b>	<b>333</b>	<b>33</b>	<b>366</b>

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
<b>Cost:</b>							
Balance as of 30 June 2011	6,923	95,986	52,601	7,049	10,155	15,247	187,961
Additions	3,236	1,940	6,749	1,488	782	16,951	31,146
Acquisition of subsidiaries	200	-	-	-	-	-	200
Disposals and write-offs	(177)	(210)	(341)	(234)	(28)	(10)	(1,000)
Transfers to/from investment property	610	-	-	-	-	-	610
Reclassifications	176	15,585	4,092	18	411	(20,282)	-
Exchange differences	21	1,298	300	97	118	67	1,901
Disposal of subsidiary	(228)	(17,049)	(4,246)	(1,454)	(1,687)	(298)	(24,962)
Balance as of 30 June 2012	10,761	97,550	59,155	6,964	9,751	11,675	195,856
Additions	309	1 715	1,867	1 693	544	6,592	12,720
Acquisition of subsidiaries	5,012	30,171	18,745	4,407	1 168	2 246	61,749
Disposals and write-offs	-	(145)	(1 645)	(150)	(110)	-	(2 050)
Transfers to/from investment property	186	-	-	-	-	-	186
Reclassifications	-	12 984	5,786	-	89	(18,810)	49
Exchange differences	(3)	(7)	-	(1)	-	-	(11)
Balance as of 31 December 2012	16,265	142,268	83,908	12,913	11,442	1,703	268,499
<b>Accumulated depreciation:</b>							
Balance as of 30 June 2011	-	24,202	29,883	3,730	6,416	-	64,231
Charge for the year	-	5,588	4,470	871	1,068	-	11,997
Disposals and write-offs	-	(16)	(303)	(185)	(28)	-	(532)
Reclassifications	-	-	(459)	-	459	-	-
Exchange differences	-	66	40	13	36	-	150
Disposal of subsidiary	-	(1,118)	(735)	(316)	(567)	-	(2,736)
Balance as of 30 June 2012	-	28,717	32,896	4,113	7,384	-	73,110
Charge for the year	-	4,244	4,986	872	509	-	10,611
Disposals and write-offs	-	(68)	(882)	(168)	(399)	-	(1 517)
Balance as of 31 December 2012	-	32,893	37,000	4,817	7,494	-	82,204
<b>Impairment losses:</b>							
Balance as of 30 June 2011	50	449	19	3	1	-	522
(Reversal) charge for the year	(32)	-	-	-	-	-	(32)
Balance as of 30 June 2012	18	449	19	3	1	-	490
(Reversal) charge for the year	-	-	1	-	2	-	3
Transfer from investment property	8	-	124	-	17	-	149
Balance as of 31 December 2012	26	449	144	3	20	-	642
<b>Net book value as of 31 December 2012</b>							
	<b>16,239</b>	<b>108,926</b>	<b>46,764</b>	<b>8,093</b>	<b>3,928</b>	<b>1,703</b>	<b>185,653</b>
<b>Net book value as of 30 June 2012</b>							
	<b>10,743</b>	<b>68,384</b>	<b>26,240</b>	<b>2,848</b>	<b>2,366</b>	<b>11,675</b>	<b>122,256</b>
<b>Net book value as of 30 June 2011</b>							
	<b>6,873</b>	<b>71,335</b>	<b>22,699</b>	<b>3,316</b>	<b>3,738</b>	<b>15,247</b>	<b>123,208</b>







## 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
<b>Cost:</b>			
Balance as of 30 June 2011	7,781	3,297	11,078
Additions	1,122	-	1,122
Disposals and write-offs	(65)	-	(65)
Transfers to/from property, plant and equipment	(610)	-	(610)
Balance as of 30 June 2012	8,228	3,297	11,525
Additions	570	373	943
Acquisition of subsidiaries	13	-	13
Disposals and write-offs	(570)	-	(570)
Transfers to/from property, plant and equipment	(186)	-	(186)
Balance as of 31 December 2012	8,055	3,670	11,725
<b>Accumulated depreciation:</b>			
Balance as of 30 June 2011	-	696	696
Charge for the year	-	94	94
Balance as of 30 June 2012	-	790	790
Charge for the year	-	51	51
Balance as of 31 December 2012	-	841	841
<b>Impairment losses:</b>			
Balance as of 30 June 2011	242	1,128	1,370
(Reversal) charge for the year	(148)	-	(148)
Balance as of 30 June 2012	94	1,128	1,222
Transfer to property, plant and equipment	(8)	-	(8)
Balance as of 31 December 2012	86	1,128	1,214
<b>Net book value as of 31 December 2012</b>	<b>7,969</b>	<b>1,701</b>	<b>9,670</b>
<b>Net book value as of 30 June 2012</b>	<b>8,134</b>	<b>1,379</b>	<b>9,513</b>
<b>Net book value as of 30 June 2011</b>	<b>7,539</b>	<b>1,473</b>	<b>9,012</b>

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 2012 and as of 30 June 2012 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 2012	As of 30 June 2012	
<b>Associates</b>				
UAB Jungtinė Ekspedicija	Lithuania	45.05%	45.05%	Expedition and ship's agency services
<b>Joint ventures</b>				
UAB Dotnuvos Projektai	Lithuania	-	50%	Sale of seeds, agricultural machinery
<b>Companies controlled by UAB Dotnuvos Projektai</b>				
UAB Dotnuvos technika	Lithuania	-	50%	Dormant
SIA DOTNUVOS PROJEKTAI	Latvia	-	50%	Sale of seeds, agricultural machinery
AS Dotnuvos Projektai	Estonia	-	50%	Sale of seeds, agricultural machinery

Information on associates and joint ventures of the Group as of 31 December 2012 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
<b>Investments into associates</b>							
UAB Jungtinė Ekspedicija	310	53	1,323	189	2,812	104	2,209

Information on associates and joint ventures of the Group as of 30 June 2012 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
<b>Investments into associates</b>							
UAB Jungtinė Ekspedicija	286	1	4,416	235	1,269	100	769
<b>Investments into joint ventures</b>							
UAB Dotnuvos Projektai (consolidated)	29,887	8,131	174,067	33,790	124,834	4,398	94,447



## 9. OTHER INVESTMENTS

Other investments of the Group consist of:

	Share held by the Group	As of 31 December 2012	As of 30 June 2012
Panevėžys district Ėriškių ŽŪB	24.97%	173	173
Other investments		152	138
		<b>325</b>	<b>311</b>

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 2012	As of 30 June 2012
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	41,911	35,393
Other non-current borrowings	1,391	1,356
	<b>43,302</b>	<b>36,749</b>
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	8,199	8,765
Current portion of other non-current borrowings	1,321	1,310
Current bank borrowings secured by the Group assets	350,727	156,235
Factoring with recourse liability	38,525	21,511
Other current borrowings	15,312	1,719
	<b>414,084</b>	<b>189,540</b>
	<b>457,386</b>	<b>226,289</b>

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

## 11. OPERATING EXPENSES

	2012/2013 6 month	2011/2012 6 month
Wages and salaries and social security	22,429	17,382
Consulting expenses	775	879
Depreciation and amortization	3,972	773
Other	12,686	8,279
	<b>39,862</b>	<b>27,313</b>





## 12. OTHER INCOME (EXPENSES)

	2012/2013 6 month	2011/2012 6 month
<b>Other income</b>		
Currency exchange gain	-	2,110
Rental income from investment property and property, plant and equipment	494	423
Gain from disposal of investment property and property, plant and equipment	513	88
Gain from disposal of joint venture	-	1,060
Gain from acquisition of subsidiaries (Note 3)	26,970	-
Other income	1,038	1,371
	<b>29,015</b>	<b>5,052</b>
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties	(116)	(193)
Loss from disposal of property, plant and equipment	(116)	(2)
Currency exchange loss	(702)	-
Other expenses	(29)	(52)
	<b>(963)</b>	<b>(247)</b>

## 13. COMMITMENTS AND CONTINGENCIES

As of 31 December 2012 the Group is committed to purchase property, plant and equipment for the total amount of LTL 1,598 thousand (LTL 2,754 thousand as of 30 June 2012).

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 as of as of 30 June 2012.

A few Group companies (Biržų district Medeikių ŽŪB, 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. Biržų district Medeikių ŽŪB is committed not to discontinue operations related to agricultural up to 2014, Šakiai district Lukšių ŽŪB - up to 2015, Sidabravo ŽŪB – up to 2014. 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, KB Karčena are 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 11,395 thousand as of 31 December 2012 (LTL 10,145 thousand as of 30 June 2012).

As of 31 December 2012 the Company signed the agreements for acquisition of the rest 54.95% of the voting shares of UAB Jungtinė ekspedicija increasing its ownership interest to 100%. Purchase price of LTL 1,045 thousand will be paid till the end of February. additional information on the associated acquired is presented in Note 8. The fair values of the net assets acquired have not yet been assessed by the Group.





## 14. 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 2012 and 30 June 2012 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 Prancėvičius;  
Arūnas Jarmolavičius;  
Tomas Tumėnas.

### Subsidiaries:

List provided in Note 3.

### Joint ventures (Note 8):

UAB Dotnuvos Projektai (till 30 September 2012, from 1 October 2012 is consolidated subsidiary);  
ŽŪB Dotnuvos Agroservisas (till 28 December 2011, reorganized);  
UAB DOTNUVOS TECHNIKA (till 30 September 2012, from 1 October 2012 is consolidated subsidiary);  
SIA DOTNUVOS PROJEKTAI (till 30 September 2012, from 1 October 2012 is consolidated subsidiary);  
AS DOTNUVOS PROJEKTAI (till 30 September 2012, from 1 October 2012 is consolidated subsidiary);  
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);  
PAT UKRAGRO NPK (Ukraine) (same ultimate controlling shareholders, subsidiary starting from 1 July 2010 till 6 February 2012).

UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company);  
UAB CEY (Arūnas Jarmolavičius is a director of this company).

The Group's transactions with related parties in 6 month period ended 31 December 2012 were as follows:

2012 6 month	Purchases	Sales	Receivables			Payables	Current loans received
			Trade receivables	Current loans receivable	Non-current loans receivable		
Members of the board	13	-	-	-	-	-	656
Joint ventures	6,886	392	-	-	-	-	-
Associates	7,145	77	77	-	-	1,118	-
Akola ApS group companies	7,137	261	69,896	1,791	10,406	142	10,085
	21,181	730	69,973	1,791	10,406	1,260	10,741

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



## 14. RELATED PARTIES TRANSACTIONS (CONT'D)

As of 31 December 2012 and as of 30 June 2012 annual interest rate of the Group's loans borrowed is fixed 7%. Non-current loans receivable from related parties are equal 3.7% and 3 month EURIBOR + 2.45% 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 2012 and 30 June 2012.

## 15. SUBSEQUENT EVENTS

SIA BUVNIECIBAS DIZAINA GRUPA was affiliated to SIA DOTNUVOS PROJEKTAI by way of reorganisation on 15 January 2013.

On 17 January 2013 AB Linas Agro Group sold 7,028 units, of acquired own common shares, sale price of unit was LTL 2,04 for unit, total amount LTL 14 thousand.

On 18 January 2013 UAB Linas Agro Konsultacijos has signed credit agreement with AB DnB bank. Total credit limit is LTL 3 000 thousand.



# **CONSOLIDATED INTERIM REPORT**

**OF THE FINANCIAL YEAR 2012/2013**

**OF AB LINAS AGRO GROUP**

**FOR 6 MONTHS PERIOD**

**ENDED 31 DECEMBER 2012**



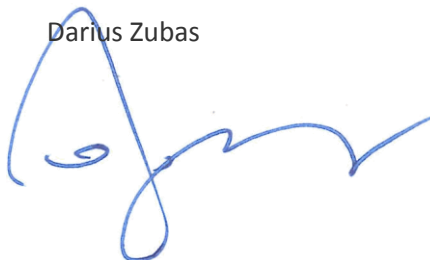
## CONFIRMATION OF RESPONSIBLE PERSONS

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 2012/2013, 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 2012/2013 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

28 February 2013



AB Linas Agro Group Finance Director

Tomas Tumėnas

28 February 2013





## CONTENT

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<b>1. REPORTING PERIOD OF THE REPORT</b>	<b>1</b>
<b>2. REFERENCES AND OTHER EXPLANATORY NOTES ON THE INFORMATION DISCLOSED IN THE FINANCIAL STATEMENTS</b>	<b>1</b>
<b>3. COMPANY DETAILS</b>	<b>1</b>
<b>4. THE MAIN ACTIVITY</b>	<b>2</b>
<b>5. INFORMATION ABOUT SECONDARY COMPANIES OF THE COMPANY</b>	<b>3</b>
<b>6. EMPLOYEES</b>	<b>7</b>
<b>7. KEY EVENTS</b>	<b>7</b>
<b>8. ACTIVITY RESULTS OF THE GROUP</b>	<b>11</b>
<b>9. SCOPE OF RISK AND MANAGEMENT THEREOF</b>	<b>18</b>
<b>10. AUTHORISED CAPITAL AND SHARES OF THE COMPANY</b>	<b>19</b>
<b>11. AGREEMENTS CONCLUDED WITH INTERMEDIARIES OF THE PUBLIC SECURITIES MARKET</b>	<b>20</b>
<b>12. INFORMATION ABOUT OWN SHARES OF THE COMPANY</b>	<b>20</b>
<b>13. INFORMATION ABOUT TRADE IN THE COMPANY'S SECURITIES IN THE CONTROLLED MARKETS</b>	<b>20</b>
<b>14. SHAREHOLDERS</b>	<b>21</b>
<b>15. MANAGEMENT BODIES</b>	<b>22</b>
<b>16. PROCEDURE OF AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION</b>	<b>26</b>
<b>17. INFORMATION ABOUT THE COMPLIANCE WITH THE COMPANY MANAGEMENT CODE</b>	<b>26</b>

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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 2012/2013, and all the figures are stated as at 31 December 2012, 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

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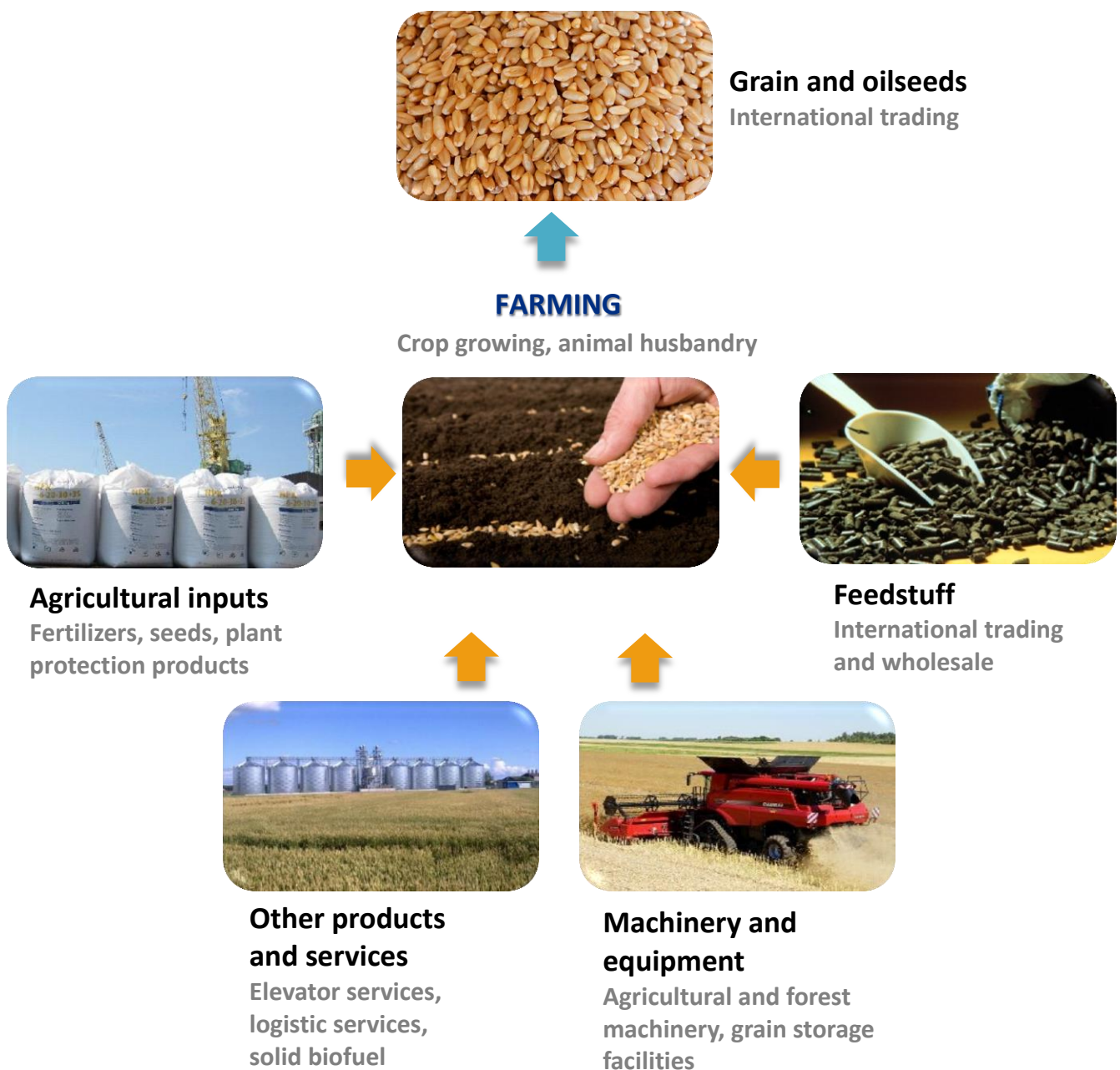
Company name	AB Linas Agro Group
Legal form	Public company
Date and place of registration	27-11-1995 in Panevezys
Code of legal entity	148030011
VAT identification number	LT480300113
Company register	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Address	Smėlynės St. 2C, LT-35143 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

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## 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.

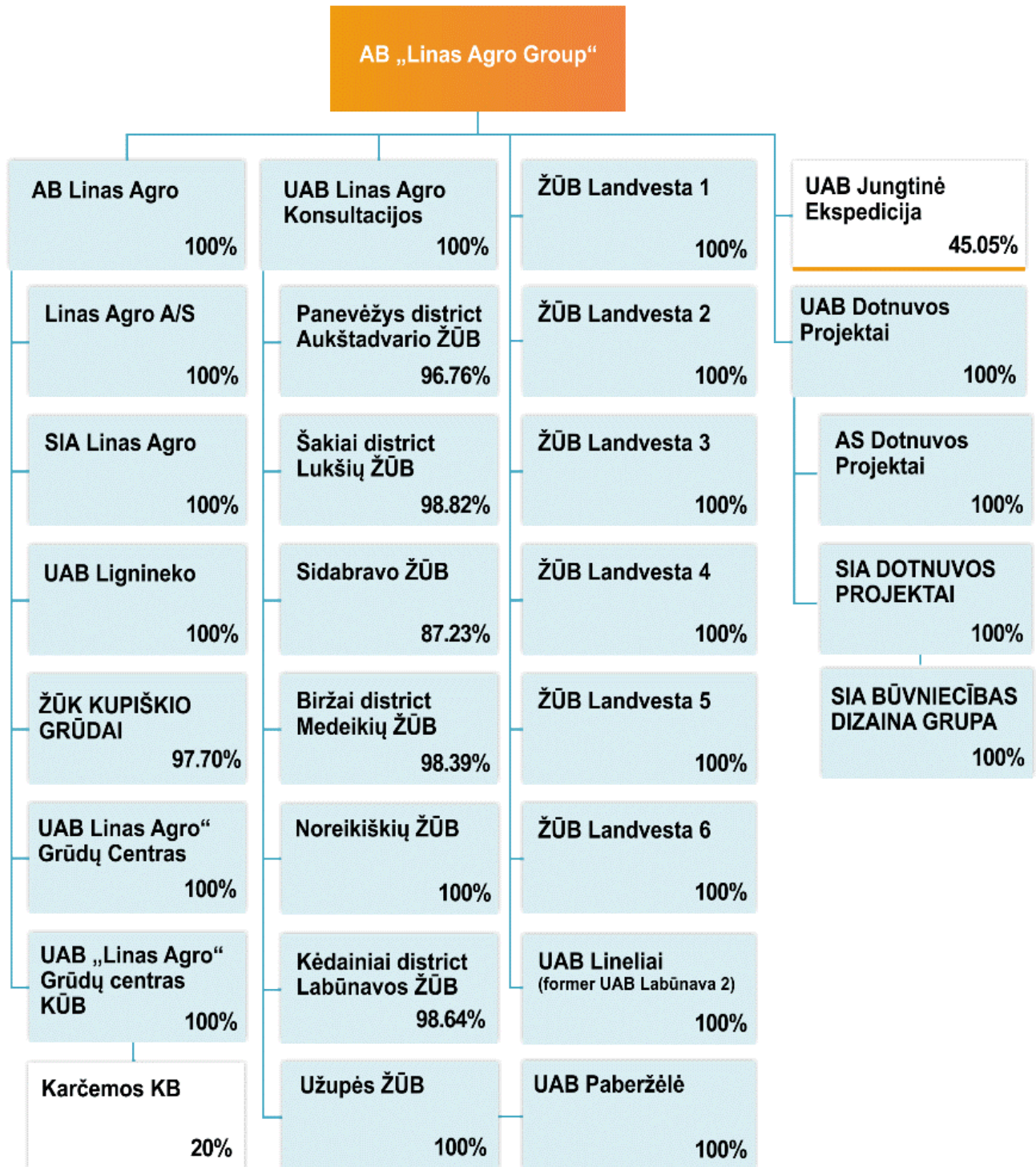
The Group's activities are subdivided into six basic operating segments: Grains and Oilseeds, Feedstuffs, Farming, Agricultural Inputs, Machinery and equipment and Other Activities. Division into separate segments is dictated by different types of products and character of related activities; however, 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. INFORMATION ABOUT SECONDARY COMPANIES OF THE COMPANY

Summarized structure of AB Linas Agro Group as of 31 December, 2012\*



\* Dormant companies UAB Gerera (100% shares) and UAB Dotnuvos technika (100% shares) not included.



## ACTIVITIES AND CONTACT DATA OF THE COMPANIES OF THE GROUP \*

\* Dormant companies UAB Gerera (100% shares) and UAB Dotnuvos technika (100% shares) not included.

Company name, share of the stock held by the Group	Principal activities	Registration date, company code, company register	Contact data
<b>AB Linas Agro</b> <b>100%</b>	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs supply	8/7/1991, 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 <a href="mailto:info@linasagro.lt">info@linasagro.lt</a> <a href="http://www.linasagro.lt">www.linasagro.lt</a> , <a href="http://www.rapsai.lt">www.rapsai.lt</a>
<b>UAB Linas Agro Grūdų Centras</b> <b>100%</b>	Management services	5/7/2002, 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 <a href="mailto:grudai@linasagro.lt">grudai@linasagro.lt</a>
<b>Linus Agro A/S</b> <b>100%</b>	Wholesale trade of grains and oilseeds, feedstuffs and other similar products and services	15/3/1994, 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 <a href="mailto:info@linasagro.dk">info@linasagro.dk</a> <a href="http://www.linasagro.dk">www.linasagro.dk</a>
<b>SIA Linas Agro</b> <b>100%</b>	Wholesale trade of grains and oilseeds, agricultural inputs supply	23/4/2003, 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 <a href="mailto:info@linasagro.lv">info@linasagro.lv</a> <a href="http://www.rapsim.lv">www.rapsim.lv</a>
<b>UAB Linas Agro Grūdų Centras KŪB</b> <b>100%</b>	Grain processing and storage	10/7/2002, 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 <a href="mailto:grudu.centras@linasagro.lt">grudu.centras@linasagro.lt</a>
<b>UAB Lignineko</b> <b>100%</b>	Lignin biofuel stock operator	5/10/1994, 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 <a href="mailto:info@lignineko.lt">info@lignineko.lt</a>



Company name, share of the stock held by the Group	Principal activities	Registration date, company code, company register	Contact data
<b>UAB Linas Agro Konsultacijos</b>  <b>100%</b>	Management of subsidiary farming companies	23/6/2003, 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 <a href="mailto:konsultavimas@linasagro.lt">konsultavimas@linasagro.lt</a>
<b>ŽŪB Landvesta 1</b>  <b>100%</b>	Rent and management of agricultural 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 <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
<b>ŽŪB Landvesta 2</b>  <b>100%</b>	Rent and management of agricultural 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 <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
<b>ŽŪB Landvesta 3</b>  <b>100%</b>	Rent and management of agricultural 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 <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
<b>ŽŪB Landvesta 4</b>  <b>100%</b>	Rent and management of agricultural pland	23/4/2007, 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 <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
<b>ŽŪB Landvesta 5</b>  <b>100%</b>	Rent and management of agricultural land	16/8/2007, 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 <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>
<b>ŽŪB Landvesta 6</b>  <b>100%</b>	Rent and management of agricultural land	14/1/2008, 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 <a href="mailto:info@landvesta.lt">info@landvesta.lt</a>

Company name, share of the stock held by the Group	Principal activities	Registration date, company code, company register	Contact data
<b>UAB Dotnuvos Projektai</b>  <b>100%</b>	Sale of seeds, agricultural machinery	5/3/1996, Code of legal entity 261415970, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Parko g. 6, Akademija, LT-58351 Kėdainiai district, Lithuania Ph. +370 347 370 30 Fax +370 347 370 40 E-mail <a href="mailto:info@dotnuvosprojektai.lt">info@dotnuvosprojektai.lt</a> <a href="http://www.dotnuvosprojektai.lt">www.dotnuvosprojektai.lt</a>
<b>SIA DOTNUVOS PROJEKTAI</b>  <b>100%</b>	Sale of seeds, agricultural machinery	26/4/2010, 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 <a href="mailto:info@dotnuvosprojektai.lv">info@dotnuvosprojektai.lv</a> <a href="http://www.dotnuvosprojektai.lv">www.dotnuvosprojektai.lv</a>
<b>SIA BUVNIECIBAS DIZAINA GRUPA</b>  <b>100%</b>	Rent of buildings and premises	27/12/1993, Code of legal entity 40103110968, Register of Enterprises of Republic of Latvia	Jūrmalas iela 13C, Pinki, LV-2107 Babītes novads, Latvia Ph. +371 673 215 79
<b>AS Dotnuvos Projektai</b>  <b>100%</b>	Sale of seeds, agricultural machinery	11/11/2010, Code of legal entity 12019737, Estonian Central Register of Securities (Eesti Väärtpaberikeskus AS)	Savimäe 7, Vahi 60534 Tartu vald., Estonia Ph. +372 661 2800 Fax +372 661 8004 E-mail <a href="mailto:info@dotnuvosprojektai.ee">info@dotnuvosprojektai.ee</a> <a href="http://www.dotnuvosprojektai.ee">www.dotnuvosprojektai.ee</a>
<b>Noreikiškių ŽŪB</b>  <b>100%</b>	Growing and sale of crop	16/8/2012, Code of legal entity 302841649, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių g. 70, Žibartoniai vill. LT-38323 Panevėžys district, Lithuania Ph. +370 45 507 333 Fax +370 45 507 444 Email <a href="mailto:noreikiskes@linasagro.lt">noreikiskes@linasagro.lt</a>
<b>Užupės ŽŪB</b>  <b>100%</b>	Growing and sale of crop	6/4/2011, 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 <a href="mailto:uzupe@linasagro.lt">uzupe@linasagro.lt</a>
<b>UAB Paberžėlė</b>  <b>100%</b>	Rent and management of agricultural purposes land	30/6/2008, Code of legal entity 301772627, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Liaudės g. 81, Užupės vill. LT-58311 Kėdainiai district, Lithuania Ph. +370 698 58583 E-mail <a href="mailto:paberzele@linasagro.lt">paberzele@linasagro.lt</a>





Company name, share of the stock held by the Group	Principal activities	Registration date, company code, company register	Contact data
<b>UAB Lineliai (former UAB Labūnava 2)</b> <b>100%</b>	Rent and management of agricultural purposes land	9/3/2012, Code of legal entity 302740714, 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 <a href="mailto:lineliai@linasagro.lt">lineliai@linasagro.lt</a>
<b>Šakiai district Lukšių ŽŪB</b> <b>98.82%</b>	Mixed agricultural activities	30/10/1992, Code of legal entity 174317183, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Lukšių vill. 2, Lukšiai subdistrict LT-71176 Šakiai district, Lithuania Ph. +370 345 442 88 Fax +370 345 442 25 E-mail <a href="mailto:lukšiai@linasagro.lt">lukšiai@linasagro.lt</a>
<b>Kėdainiai district Labūnavos ŽŪB</b> <b>98.64%</b>	Mixed agricultural activities	9/3/1993, Code of legal entity 161228959, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Barupės g. 9, Labūnavos vill. LT-58173 Kėdainiai district, Lithuania Tel./faks. (8 347) 34 180 E. p. <a href="mailto:labunava@linasagro.lt">labunava@linasagro.lt</a>
<b>Biržai district Medeikių ŽŪB</b> <b>98.39%</b>	Growing and sale of crop	5/10/1992, Code of legal entity 154771488, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Medeikių vill., Parovėjos subdistrict LT-41462 Biržai district, Lithuania Ph. +370 450 584 22 Fax +370 450 584 12 E-mail <a href="mailto:medeikiai@linasagro.lt">medeikiai@linasagro.lt</a>
<b>ŽŪK KUPIŠKIO GRŪDAI</b> <b>97.70%</b>	Grain processing and storage	8/4/1999, 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 <a href="mailto:info@kupiskiogrudai.lt">info@kupiskiogrudai.lt</a>
<b>Panevėžys district Aukštadvario ŽŪB</b> <b>96.76%</b>	Mixed agricultural activities	9/3/1993, Code of legal entity 168573274, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pirties g. 3, Aukštadvario vill. Ramygalos subdistrict LT-38255 Panevėžys district, Lithuania Ph./fax +370 45 592 651 E-mail <a href="mailto:aukstadvaris@linasagro.lt">aukstadvaris@linasagro.lt</a>
<b>Sidabravo ŽŪB</b> <b>87.23%</b>	Mixed agricultural activities	20/4/1993, 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 <a href="mailto:sidabravas@linasagro.lt">sidabravas@linasagro.lt</a>



Company name, share of the stock held by the Group	Principal activities	Registration date, company code, company register	Contact data
<b>UAB Jungtinė Ekspedicija</b>  <b>45%</b>	Logistics and forwarding services	17/2/1998, Code of legal entity 141642963, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	I. Kanto g. 12-3, LT-92235 Klaipėda, Lithuania Ph. +370 46 310 163 Fax +370 46 312 529 E-mail <i>info@je.lt, www.je.lt</i>
<b>Karčemos kooperatinė bendrovė</b>  <b>20%</b>	Grain processing and storage	9/3/2010, Code of legal entity 302487798, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Šiaulių g. 72, Gustonių vill. Naujamiesčio subdistrict LT-38355 Panevėžys district, Lithuania Ph. +370 45 454 051 Fax +370 45 454 054 E-mail <i>priemimas@karcemoskb.lt</i>

## 6. EMPLOYEES

As of 31 December 2012 AB Linas Agro Group and subsidiaries employed 951 employees or 148 employees more than in December 31, 2011 (803).

AB Linas Agro Group does not have a collective agreement.

## 7. KEY EVENTS

### DATA ON THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended 31 December 2012, the Company publicly announced through both the NASDAQ OMX Vilnius Stock Exchange GlobeNewswire information system and on its website the following information:

AB Linas Agro Group is planning to acquire 54.95% shares of UAB Jungtine Ekspedicija	Notification on material event	2012-12-28 09:00:31 EET
Notice on acquisition of own shares	Notification on material event	2012-12-28 08:09:31 EET
Notice on acquisition of own shares	Notification on material event	2012-12-06 08:13:32 EET





AB Linas Agro Group notification about interim three months financial results of the financial year 2012/2013	Interim information	2012-11-30 09:00:32 EET
AB Linas Agro Group investor's calendar for the end of 2012 and 2013	Other information	2012-11-21 09:09:32 EET
Procedure for the payout of dividends for the financial year ended 30 June 2012	Notification on material event	2012-10-26 08:39:35 EEST
AB Linas Agro Group notification about the Annual information of the financial year 2011/2012	Annual information	2012-10-26 08:30:37 EEST
Results of voting of Annual General Meeting of AB Linas Agro Group, held on 25 of October, 2012	Notification on material event	2012-10-26 08:26:35 EEST
AB Linas Agro Group took over management of UAB Dotnuvos Projektai	Notification on material event	2012-10-12 09:00:32 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	2012-10-03 09:00:32 EEST
AB Linas Agro Group notification about interim twelve months financial results of the financial year 2011/2012	Interim information	2012-08-30 10:05:32 EEST
AB Linas Agro Group is planning the purchase of 50% of shares of UAB Dotnuvos projektai	Notification on material event	2012-08-06 11:48:30 EEST
Linus Agro Group acquired Labūnavos agricultural company	Notification on material event	2012-07-16 09:00:30 EEST

## OTHER EVENTS DURING THE REPORTING PERIOD

On 13 July 2012 UAB Linas Agro Konsultacijos purchased LTL 2,304,984 worth of shares of Kėdainiai district Labūnavos ŽŪB.

On 31 July 2012 share capital of Užupės ŽŪB increased from LTL 10,000 to LTL 6,314,000.

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On 16 August 2012 Noreikiškių ŽŪB was established and on 28 November 2012 share capital increased from LTL 10,000 to LTL 155,000.

On 23 October 2012 share capital of ŽŪB Landvesta 6 increased from LTL 310,000 to LTL 320,000.

On October and November months of 2012 share capital of ŽŪB Landvesta 4 increased from LTL 426,000 to LTL 437,000.

On October and November months of 2012 UAB Linas Agro Konsultacijos additionally purchased LTL 219,365.6 worth of shares of Sidabravo ŽŪB.

On 1 November 2012 UAB Linas Agro Konsultacijos additionally purchased LTL 1,041 worth of shares of Šakių rajono Lukšių ŽŪB.

On 28 November 2012 the authorized capital of UAB Linas Agro Konsultacijos increased from LTL 9,720,200 to LTL 10,144,600.

On 18 December 2012 UAB EDFERMUS 2 renamed into UAB Paberžėlė and authorized capital of the company increased from LTL 10,000 to LTL 271,000.

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## SUBSEQUENT EVENTS

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On 2 January 2013 UAB Labūnava 2 was renamed into UAB Lineliai, also registration address of the company and the start of the financial year was changed.

On 15 January 2013 SIA BUVNIECIBAS DIZAINA GRUPA was affiliated to SIA DOTNUVOS PROJEKTAI by the way of reorganisation.

On 17 January 2013 AB Linas Agro Group sold part (7,028 units) of acquired own common shares.

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## 8. ACTIVITY RESULTS OF THE GROUP



Consolidated revenue of AB Linas Agro Group in the first half of financial year 2012/2013 totaled LTL 1,123 million and was 29% more as compared to previous year (LTL 869 million) that included revenues of Ukrainian company PJ-SC UKRAGRO NPK.



The Group's sales volume reached 1 million tons of various grains and agricultural inputs and was 22% more as compared to previous year (0.8 million tons). Excluding PJ-SC UKRAGRO NPK sales volumes, Group's sales volume in tons grew by 1.5 times.



Exports of the Group increased. The Group reached a historic high, having dispatched 5 Panamax type vessels (average vessel tonnage – 60 thousand tonnes).



The Group's operating profit reached LTL 77 million or was 2.4 times higher as compared to the respective period of the previous financial year (LTL 32 million). The net profit before tax amounted to LTL 78 million (compared to LTL 28 million previous year). The net profit attributable to the Group reached LTL 68 million (LTL 19 million previous year).



Grain storage facilities owned by AB Linas Agro Group processed 518 thousand tons of various grains or 61% more than over the respective period of the previous year.



In July 2012 The Group acquired agricultural company Kėdainiai district Labūnavos ŽŪB, which revenues during the reporting period has been consolidated and amounted to LTL 10 million.



In October 2012 The Group acquired and consolidated UAB Dotnuvos Projektai, this increased Group's revenues by LTL 74 million and the gross profit by LTL 8 million. UAB Dotnuvos Projektai is among the leading sellers of agricultural machinery, seeds and grain storage equipment in Lithuania.



## FINANCIAL RATIOS

	2012/2013	2011/2012	2010/2011	2009/2010
	6 months	6 months	6 months	6 months
Sales in tons	1,026,114	843,845	869,526	842,770
Sales revenues (thousand LTL)	1,122,922	868,668	796,135	554,357
Gross profit (thousand LTL)	88 801	54,195	42,204	45,067
Gross profit margin	8%	6%	5%	8%
EBITDA (thousand LTL)	91,104	38,400	24,277	38,008
EBITDA margin	8%	4%	3%	7%
Operating profit (thousand LTL)	76,991	31,687	17,361	32,760
Operating profit margin	7%	4%	2%	6%
Profit before taxes EBT (thousand LTL)	77,581	28,396	15,662	32,444
Profit before taxes margin	7%	3%	2%	6%
Net profit (thousand LTL)	68,545	21,634	12,827	25,741
Net profit margin	6.1%	2.5%	1.6%	4.6%
Current ratio	1.5	1.8	1.5	1.3
Debt / Equity ratio	1.1	0.6	1.1	0.7
Net financial debt / EBITDA	4.4	4.6	10.9	3.1
Return on equity (ROE)	16.4%	5.5%	4.9%	14.7%
Return on assets (ROA)	9.2%	5.7%	3.5%	10.9%
Earnings per share (LTL)	0.43	0.14	0.08	0.22





## OVERVIEW

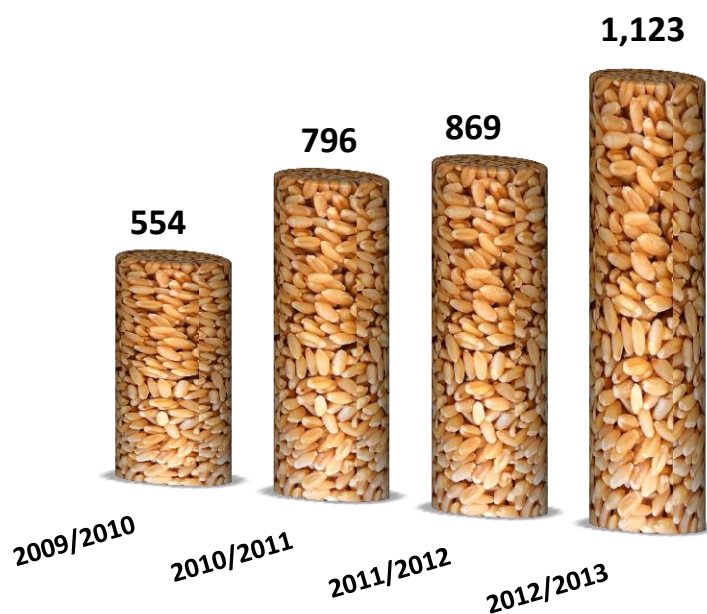
The financial results of AB Linas Agro Group over first six months of FY 2012/2013 are the best for the past three years. Group's consolidated revenues amounted to LTL 1,123 million or grew up by 29% if compared to the corresponding period of previous year. Despite of the sale of Ukrainian company, the total trading volume exceeded 1 million tons (22% more as compared to 2011/2012). Trade growth has been positively affected by a big cereal harvest in Lithuania and Latvia – the highest in the last five years. According to preliminary data, yields for wheat and rapeseed grew by 28% in Lithuania and by 27% in Latvia if compared to 2011. Growing demand for feedstuffs and solid market presence were other factors which influenced sales growth. After consolidation of UAB Dotnuvos Projektai in the second quarter of the financial year, Group's revenues grew up by LTL 74 million as well.

All Groups' business segments were profitable. AB Linas Agro Group operating profit totaled LTL 77 million and was almost 2.4 times higher if compared to the same period of previous year (LTL 32 million). This is mainly explained due to growing sales volumes, increased profitability in grains and oilseeds, succesfull risk management and introduction of a new business segment into Group's activities – machinery and equipment. Group's gross profit marging increased from 6% last year to 8% this year. The Group does not expect to incur unexpected losses due to non-delivery of goods because it has implemented more strict risk management policy.

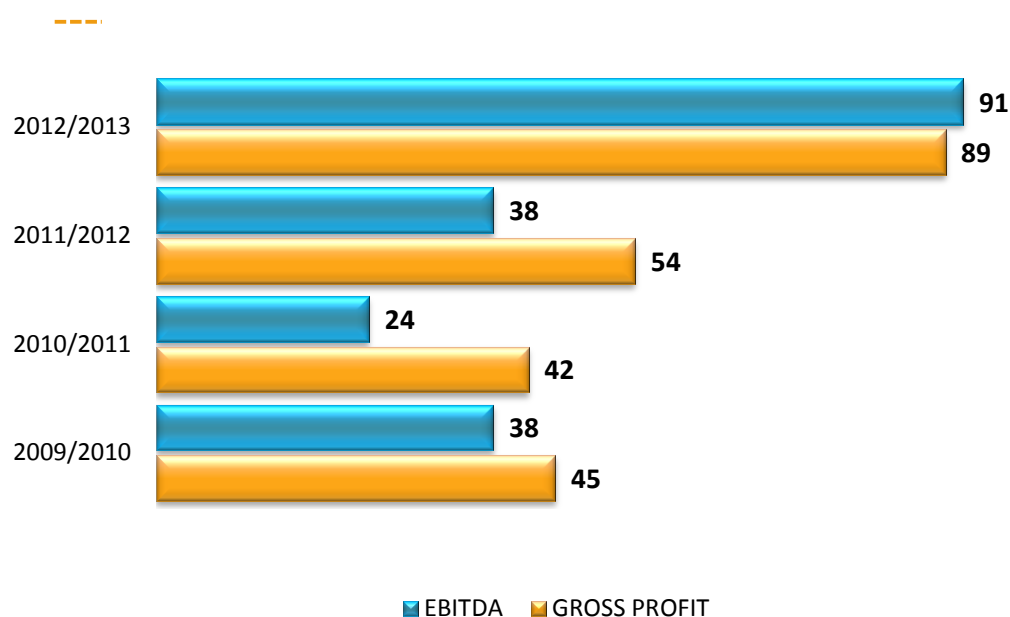
Group's operating costs amounted to LTL 40 million and were 46% higher than during the respective period of the last year (LTL 27 million). Operating cost growth is mainly explained by consolidation of the new companies within the Group (additional operating cost was LTL 11 million).

The performance of the companies owned by the Group together with partners (UAB Jungtinė Ekspedicija and Karčemos kooperatinė bendrovė) was profitable. The aggregated net profit of the companies was approx. LTL 0.5 million (LTL 0.15 million in 2011/2012 financial year).

## SALES REVENUES , LTL MILLION



## EBITDA & GROSS PROFIT , LTL MILLION



## ACTIVITY RESULTS BY SEGMENTS

### OPERATING PROFIT (THOUSAND LTL) BY SEGMENTS

	2012/2013	2011/2012	2010/2011
	6 months	6 months	6 months
Grains and oilseeds	18,769	3,307	(8,390)
Feedstuffs	18,379	6,140	4,177
Agricultural inputs	8,805	22,073	17,230
Farming	16,634	(3,550)	1,763
Machinery and equipment	9,721	n.d	n.d
Other products and services	17,439	9,385	7,147





## GRAINS AND OILSEEDS

Traditionally largest business segment of the Group generated growth in sales revenue to LTL 583 million during six months of the financial year (LTL 362 million in 2011/2012 financial year), the operating profit amounted to LTL 18.8 million (LTL 3.3 million operating profit in FY 2011/2012). The operating profit growth was mainly obtained by increased volume of trade: 588 thousand tons of various grains were sold (compared to 391 thousand tons in FY 2011/2012). The results of this business segment of half-year are the best over the past four years. Most of the trading took place between October and December. Only during the second quarter of the financial year various grains for more than 464 million litas were sold. The Company expects to maintain the gross profit margin of 4% during the entire trading season.



## FEEDSTUFFS

The sales revenue of feedstuffs segment reached LTL 319 million and the operating profit totaled LTL 18.4 million (LTL 6.1 million in FY 2011/2012). Approximately 282 thousand tons of feedstuffs were sold, 85% more than during the respective period last year (152 thousand tons). Strong demand for feedstuff on European market was the key driving factor for such trade volume growth. The Group expects quite successful activity results for this business segment over the other reporting periods of the financial year.



## AGRICULTURAL INPUTS

After the Group sold Ukrainian company PJ-SC UKRAGRO NPK, trade volume of the segment declined both in litas and tonnage, although profitability remained almost unchanged. The gross margin remained at 9% as compared to 8.6% in FY 2011/2012. The operating profit of the segment reached LTL 8.8 million and was 2.5 times less as compared to the respective period of the last year (LTL 22 million). Excluding fertilizers sales volumes of the sold Ukrainian company, the sales revenue of the segment grew up by almost 70% to LTL 136 million. Fertilizer trade volume in litas increased by 70%, seed trading volume – 68% (including 32% increase due to consolidation of UAB Dotnuvos Projektai), plant protection products sales increased by 51%.





## FARMING

This segment covers agricultural production. In July 2012 the Group acquired agricultural company Kėdainiai district Labūnavos ŽŪB. Due to the record harvest and consolidation of Kėdainiai district Labūnavos ŽŪB into the Group the aggregated revenues of the segment during the first half of the year grew from LTL 28 million to LTL 50 million. The operating profit amounted to LTL 16.6 million (LTL 3.6 million loss was recorded in FY 2011/2012). The profit increase is mainly explained by a positive impact of market asset value of Kėdainiai district Labūnavos ŽŪB as compared to its acquisition value.



## MACHINERY AND EQUIPMENT

This is a new Segment of Company activity, which appeared this financial year, after the Group acquired 100% shares of UAB Dotnuvos Projektai. This segment includes wholesale and retail of new and used agricultural and forest machinery and spare parts, also designing and installation of grain cleaning, drying and storage facilities. Segment activities are being developed in three countries-Lithuania, Latvia and Estonia. Only the financial results of the second quarter of the Group or respectively the fourth calendar quarter of the financial year of UAB Dotnuvos Projektai are consolidated.



Sales revenues from this segment reached LTL 57 million, operating profit was almost LTL 10 million.

During the reporting period the Company sold 343 units of new and second-hand machinery or 41% more than previous year. Installed and reconstructed 11 grain storage facilities, the revenues from this business were LTL 16 million or 4% higher as compared to the respective period of the previous year.

During the reporting period, the company strengthened its infrastructure by reconstructing administrative and storage facilities of 975 m<sup>2</sup> in Plunge.

## OTHER PRODUCTS AND SERVICES

This segment includes grain warehousing services, logistics services, trade in lignin biofuel and other categories of goods and services. The sales of this business segment are predominated essentially by activities of grain storage facilities controlled by the Group. Due to the high harvest in Lithuania and Latvia and increased own grain storage capacity sales revenue of this segment was up 83% and reached LTL 55 million as compared to previous year (LTL 30 million in FY 2011/2012). The gross profit of the segment was LTL 21 million (LTL 11 million in previous year) while operating profit – LTL 17 million that was 89% higher compared to respective period of the previous year (LTL 9 million).





## FINANCIAL COSTS

Financial expenses over referenced period amounted to LTL 4 million and were 17% less as compared to FY 2011/2012. Due to high harvest in Baltic countries Group's demand for working capital increased by 2.3 times, although sufficient own capital and comparatively low interest rates on financial loans allowed the Group to control all over its financial expenses. The main aim of the Group's treasury remains unchanged – to supply sufficient financial resources in order to maintain Group's demand for its working capital.

## CASH FLOWS

Group's cash flow from operating activities before the changes in working capital increased to LTL 59 million as compared to LTL 42 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was negative amounting to LTL 148 million (positive LTL 78 million over the respective period of 2011/2012 financial year). This is mainly explained due to the growing sales of the Group and substantially increased stocks (due to active purchase of grains stocks increased by 202 mln Lt). Group's cash balance at the end of the reporting period amounted to LTL 58 million (LTL 38 million over the respective period of 2011/2012 financial year).

## INVESTMENTS

The Group spent almost LTL 55 million on acquisitions (Kėdainiai district Labūnavos ŽŪB, UAB Dotnuvos Projektai and other).

Subsidiaries of the Group invested almost LTL 12 million over the referenced period. The breakdown of major investments are presented in the table.

Type of investments	Amount invested, LTL thousand
Grain storage facilities and equipment, warehouses and other	5,513
Investments into agricultural equipment ,machinery, buildings and agricultural land	4,388
Other investments	2,046

## **9. SCOPE OF RISK AND MANAGEMENT THEREOF**

### **MARKET RISK**

Market risk shall be understood as a risk to generate a profit lower than planned if the tone of market prices is unfavourable. Price fluctuation risk is relevant.

The Group trades in futures contracts in NYSE Euronext Paris SA to control 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 that analyses trade transactions of the Group as well as their amounts and limits. Some of the buyers are insured against insolvency risk by international insurance companies.

### **RISK RELATED TO ACTIVITIES OF CONTROLLED COMPANIES**

The companies controlled by the Group are involved in trade in agricultural commodities and agricultural inputs, 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 of the Group in charge of corresponding activities constantly monitor and analyse the activities of companies controlled by the Group, essential transactions, provide budgets of activities of the controlled companies to the Board of the Group and, correspondingly, control their execution and material changes.

### **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.

### **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 of the Group.





## COUNTERPARTY RISK

The Group enters forward contracts with the clients who commit the delivery of production under terms and conditions of the contract. As the prices of products increase, the risk of breach of forward contracts and non-delivery of production by counterparties 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 risk is low due to the favorable market situation this trading season.

## 10. AUTHORISED CAPITAL AND SHARES OF THE COMPANY

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

On 31 December 2012, 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 authorised capital (%)
Ordinary registered shares	158,940,398	1	158,940,398	100
<b>Total</b>	<b>158,940,398</b>	<b>–</b>	<b>158,940,398</b>	<b>100</b>

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.

The Board of the Company, in accordance with the decision of the Annual General Meeting of AB Linas Agro Group Shareholders from 27 October 2011 "The determination of the order of own share acquisition" and the Board powers, determined the precise share acquisition conditions and decided to purchase up to 798,000 (seven hundred ninety eight thousand) units of Company ordinary registered shares of 1 (one) litas per share nominal value for the price of 0.579 EUR per one ordinary registered share of the Company during the period from 7 December 2012 till 21 December 2012. The purchasing of the determined amount of the Company shares was fully completed during that period.

## **11. 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).

## **12. INFORMATION ABOUT OWN SHARES OF THE COMPANY**

As of 31 December 2012 the Company owned 798,000 ordinary registered shares of the Company or 0.5 % of all shares. The own shares acquired by the Company do not grant the right to vote, also the company is not entitled to use the granted property and non-property rights.

The subsidiaries of the company did not own shares in the Company. Subsidiaries of the Company did not buy or sell their own shares during the reporting period.

## **13. 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.

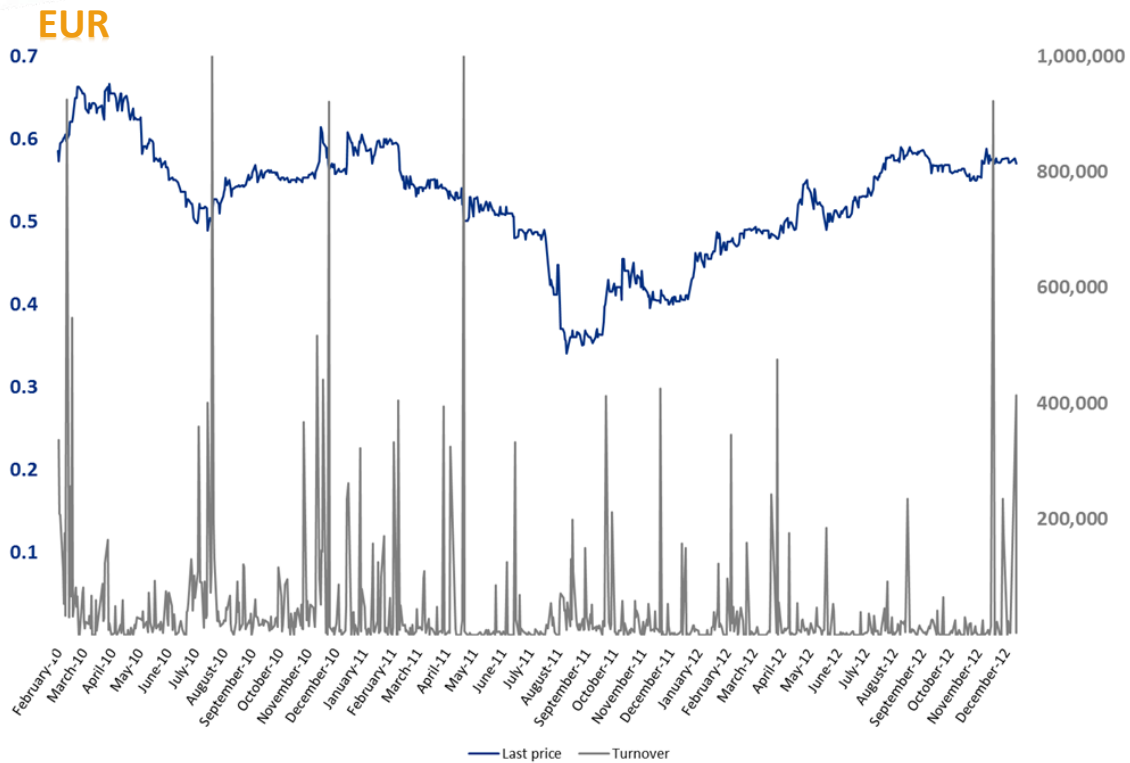
Trading in the Company's shares on NASDAQ OMX Vilnius Stock Exchange started on 17 February 2010.

## **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.

Information on the prices of shares and turnovers during the period from trade starting on 17 February 2010 to the end of the reporting period, 31 December 2012:





## 14. SHAREHOLDERS

According to the list of shareholders provided by AB Linas Agro Group securities account operator AB Swedbank (data for end of 31 December 2012), the number of Company's shareholders at the end of the reporting period totaled 995.

Shareholders controlling more than 5% of Company's shares as at 31 December 2012:

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 25174879, Harbour House, Sundkrogsgade 21, 2100 Copenhagen, Denmark)	87,670,551	55.16%	55.44%	—
Skandinaviska Enskilda Banken AB (code 5020329081SE, Sergels Torg 2, 10640 Stockholm, Sweden)	14,906,061	9.38%	9.43%	—
Darius Zubas	17,049,995	10.73%	10.78%	—

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
Swedbank AS (code 10060701, Liivalaia 8, 15040 Tallinn, Estonia)	9,058,744	5.70%	5.73%	–
Other shareholders (private and institutional investors)	30,255,047	19.03%	18.63%	–
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 of the Company shall grant one vote at the General Meeting of Shareholders (except 798,000 ordinary registered shares acquired by the Company that do not give the right to vote).

## 15. 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 25 October 2012 Ordinary General Meeting of Shareholders was held where all the members of the Board were re-elected for a new four-year term. On 12 November 2012 Darius Zubas was elected Chairman of the Board.

The Head of the Company and the composition of the Board remained unchanged during the six months period of financial year 2012/2013 ended 31 December 2012.

The members of the bodies of AB Linas Agro Group have never been convicted for the property, management procedures and financial offences.

## 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 2012:

<b>Name</b>	<b>Position within the Board</b>	<b>Cadence started</b>	<b>Cadence ends</b>
Darius Zubas	Chairman of the Management Board	25 October 2012	24 October 2016
Vytautas Šidlauskas	Deputy Chairman of the Management Board	25 October 2012	24 October 2016
Arūnas Zubas	Member of the Management Board	25 October 2012	24 October 2016
Dainius Pilkauskas	Member of the Management Board	25 October 2012	24 October 2016
Arūnas Jarmolavičius	Member of the Management Board	25 October 2012	24 October 2016
Andrius Pranckevičius	Member of the Management Board	25 October 2012	24 October 2016
Tomas Tumėnas	Member of the Management Board	25 October 2012	24 October 2016

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



**Darius Zubas** (b. 1965) – Chairman of the Management Board, shareholder – has 17,049,995 shares of the Company equal to 10.73% of all shares and votes of the Company. The main founder of the Group.

Graduated from Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) in 1988 and obtained a diploma of Veterinarian. Managing Director of the Company since 1997. Managing Director of AB Linas Agro since 1991 and Chairman of the Management Board since 2006. Chairman of the Board of Directors of Linas Agro A/S since 2004.



**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. Has been employed with the Group since 1991. Managing Director of UAB Gerera since 1993. Trade Director of AB Linas Agro since 1999 and Member of the Management Board since 2006. Member of the Board of Directors of Linas Agro A/S since 2004.





**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. Has been employed with the Group since 1991. Trade Director for Baltic States and Member of the Management Board of AB Linas Agro since 2006.

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**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. He was employed with the Group from 1995 to 2005 as Grain trading manager in AB Linas Agro. Member of the Management Board of AB Linas Agro since 2006.

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**Andrius Pranckevičius** (b. 1976) – Member of the Management Board. Does not own 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). Joined the Group in 1999. Deputy Managing Director of AB Linas Agro since 2005 and the Member of the Management Board since 2006. Deputy Managing Director of AB Linas Agro Group since 2009.

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**Tomas Tumėnas** (b. 1972) – Member of the Management Board, 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. Has been employed with the Group since 2001. Finance Director at AB Linas Agro since 2001 and Member of the Management Board since 2009. Finance Director of AB Linas Agro Group since 2009.

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**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. Has been employed with the Group since 2001 as Project Director of AB Linas Agro, is the Member of the Management Board since 2008.

## THE COMPANY MANAGEMENT

Company Management as of 31 December 2012:

Position	Name and surname	Employed since
Managing Director	Darius Zubas	01-09-1996
Deputy Managing Director	Andrius Pranckevičius	19-11-2009
Finance Director	Tomas Tumėnas	19-11-2009
Chief Accountant	Ramutė Masiokaitė	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. Does not own shares 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 in the capacity of the Chief Accountant of AB Linas Agro. In 2001 she became Finance Controller of AB Linas Agro and works so far, in 2009, was appointed as Chief Accountant of AB Linas Agro Group.

## 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 2012:**

**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 shares of the Company. Is employed as a Chief Finance Officer at UAB Vilniaus margarino gamykla.

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

## **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). The Company has the Audit Committee.





AB LINAS AGRO GROUP, CODE OF LEGAL ENTITY 148030011, SMELYNES G. 2C, PANEVEZYS, LITHUANIA

## CONTACT PERSONS:

Finance Director

Tomas Tumėnas

Ph. + 370 45 507 393

Email [t.tumenas@linasagro.lt](mailto:t.tumenas@linasagro.lt)

Investor Relations Specialist

Agnė Barauskaitė

Ph. + 370 45 507 346

Email [a.barauskaite@linasagro.lt](mailto:a.barauskaite@linasagro.lt)

