

## 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 period ended 31 December 2010, 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 Annual Report for the six months period ended 31 December 2010 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

AB Linas Agro Group Finance Director

Tomas Tumėnas

25 February 2011



**LINAS AGRO GROUP AB  
CONSOLIDATED INTERIM  
REPORT  
FOR FY 2010/2011**

FOR 6 MONTHS PERIOD  
ENDED DECEMBER 31, 2010





## CONTENT

<b>1. REPORTING PERIOD OF THE REPORT</b>	<b>2</b>
<b>2. REFERENCES AND OTHER EXPLANATORY NOTES ON THE INFORMATION DISCLOSED IN THE FINANCIAL STATEMENTS</b>	<b>2</b>
<b>3. COMPANY DETAILS</b>	<b>2</b>
<b>4. THE MAIN ACTIVITY</b>	<b>2</b>
<b>5. AGREEMENTS CONCLUDED WITH INTERMEDIARIES OF THE PUBLIC SECURITIES MARKET</b>	<b>3</b>
<b>6. AUTHORISED CAPITAL OF THE COMPANY</b>	<b>3</b>
<b>7. INFORMATION ABOUT OWN SHARES OF THE COMPANY</b>	<b>4</b>
<b>8. INFORMATION ABOUT TRADE IN THE COMPANY'S SECURITIES IN THE CONTROLLED MARKETS</b>	<b>4</b>
<b>9. SHAREHOLDERS</b>	<b>5</b>
<b>10. EMPLOYEES</b>	<b>5</b>
<b>11. MANAGEMENT BODIES</b>	<b>6</b>
<b>12. INFORMATION ABOUT SECONDARY COMPANIES OF THE COMPANY</b>	<b>11</b>
<b>13. INFORMATION ON ACTIVITY RESULTS OF THE COMPANY</b>	<b>15</b>
<b>14. SCOPE OF RISK AND MANAGEMENT THEREOF</b>	<b>18</b>
<b>15. THE PUBLICLY DISCLOSED INFORMATION AND OTHER EVENTS OF THE REPORTING PERIOD</b>	<b>20</b>
<b>16. PROCEDURE OF AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION</b>	<b>22</b>
<b>17. INFORMATION ABOUT THE COMPLIANCE WITH THE COMPANY MANAGEMENT CODE</b>	<b>22</b>
<b>18. SUBSEQUENT EVENTS</b>	<b>23</b>



## 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 2010/2011, and all the figures are stated as at 31 December 2010, unless otherwise indicated. AB Linas Agro Group is also referred to as the Company and its group of companies is referred to as Group in this report.

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

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

## 3. COMPANY DETAILS

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

## 4. THE MAIN ACTIVITY

AB Linas Agro Group together with its subsidiaries and joint ventures is an integrated agribusiness developing Group of companies engaged in the production of and trade in agricultural produce, feed raw materials and other agriculture-related products. The Group consists of international trading companies Linas Agro, AB and Rosenkrantz A/S (Denmark), Latvian trade company Linas Agro, SIA, grain storage company UAB Linas Agro Grūdų centras KŪB that controls grain storages in Kėdainiai, Joniškis, Šiauliai and Vilkaviškis, a group of agricultural companies UAB Linas Agro Konsultacijos, Ukrainian based fertilizers production and trade company CJ-SC UKRAGRO NPK and other companies.



Together with partners, the controlling company owns seed production and agricultural machinery trade company Dotnuvos Projektai UAB, and plant protection products trade company Kustodija UAB, also logistics and spedition company Jungtine ekspedicija UAB.

The Group is the leading exporter of grains and secondary products of food industry in the Baltic countries and the leader in supplies of agricultural inputs (such as certified seeds, fertilizers and agricultural machinery) in Lithuania. The Group carries out its trading operations mostly through its Denmark-registered subsidiary Rosenkrantz A/S. The Group is a major grains and milk producer in Lithuania. In order to improve its operations, the Group has formed an extensive network of grain storages and logistics network for road, railway, and seaborne transportation.

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

The financial year of most of the companies of the Group begin on 1 July.

## 5. AGREEMENTS CONCLUDED WITH INTERMEDIARIES OF THE PUBLIC SECURITIES MARKET

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

## 6. AUTHORISED CAPITAL OF THE COMPANY

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

On 31 December 2010, 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.

## 7. INFORMATION ABOUT OWN SHARES OF THE COMPANY

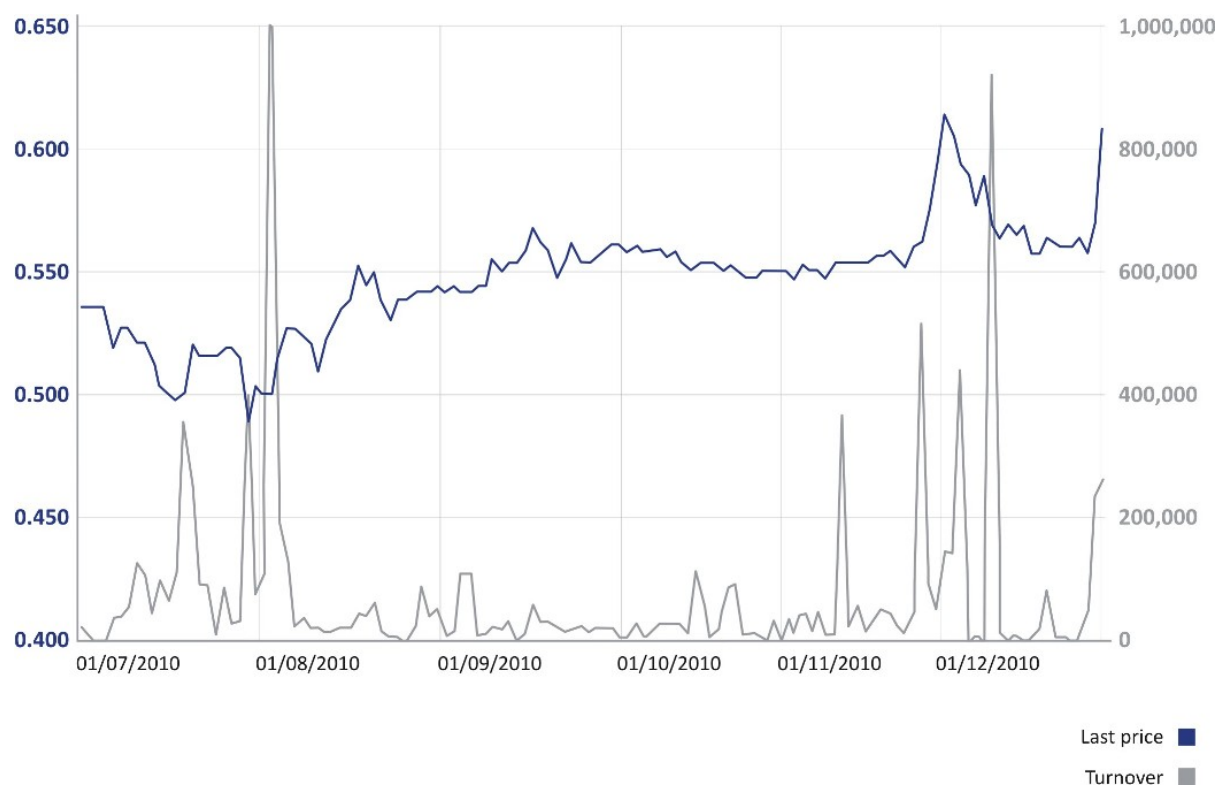
The Company and its subsidiaries have not acquired any shares of the Company, nor have they acquired or transferred any shares of the Company during the reporting period.

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

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

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

### AB LINAS AGRO GROUP SHARE PRICE AND TURNOVER



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



## 9. SHAREHOLDERS

According to the list of shareholders provided by AB Linus Agro Group securities account operator AB Swedbank (data for end of 31 December 2010), the number of Company's shareholders totaled 1,024 at the end of the reporting period

Shareholders controlling more than 5 % of Company's shares as at 31 December 2010:

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)	86,081,551	54.16%	54.16%	–
Skandinaviska Enskilda Banken AB (code 502032908101, Sergels Torg 2, 10640 Stokholm, Sweden)	24,103,841	15.17%	15.17%	–
Darius Zubas	17,049,995	10.73%	10.73%	–
Other shareholders (private and institutional investors)	31,705,011	19.94%	19.94%	–
<b>Total</b>	<b>158,940,398</b>	<b>100.00%</b>	<b>100.00%</b>	<b>–</b>

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

## 10. EMPLOYEES

As at 31 December 2010 AB Linus Agro Group and its subsidiaries had 722 employees or 204 employees more than as at 31 December 2009 (518 employees).

This increase is the result of acquiring 50% of shares of CJ-SC UKRAGRO NPK. As at 31 December 2010 Linus Agro Group AB owned 61.04% of shares, thus 201 employees of CJ-SC UKRAGRO NPK were included in the total number of employees of the Group

AB Linus Agro Group does not have any collective agreement.



## 11. MANAGEMENT BODIES

In accordance with the Articles of Association of AB Linus 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.

On 28 October 2010 Ordinary General Meeting of Shareholders was held.

The Head of the Company and the composition of the Board remained unchanged during the six months period of financial year 2010/2011 ended 31 December 2010.

### 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 2010:

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





**Darius Zubas** (b. 1965) – Chairman of the Management Board and Managing Director of the Company, shareholder of the company – has 17,049,995 shares of the Company equal to 10.73% of all shares and votes of the Company. Graduated from Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) in 1988 and obtained a diploma of Veterinarian. Darius Zubas has twenty one year of experience in strategic management and business organization. The main founder of AB Linas Agro Group. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Chairman of the Management Board and Managing Director of AB Linas Agro; Chairman of the Management Board and shareholder of UAB MESTILLA – 8,457,703 shares equal to 14.3% of all shares and votes; shareholder of Akola ApS – 101,557,618 shares or 71% shares and votes; Chairman of the Management Board of Rosenkrantz A/S; shareholder of ŽŪB Dotnuvos Agroservisas – 300 Lt shares and votes or 0.015% shares and votes.

**Vytautas Šidlauskas** (b. 1963) – Member of the Management Board (Deputy Chairman of the Management Board), shareholder of the Company – owns 6,003,521 shares of the Company or 3.78% of all shares and votes of the Company. Graduated from Faculty of Chemistry of Kaunas University of Technology (former Kaunas Polytechnic Institute) in 1987 obtaining a diploma in Public Nutrition Technology and Management. He has twenty years of experience in business management. Has been employed with the Group since 1991. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Managing Director of UAB Gerera; Member of the Management Board and Trade Director of AB Linas Agro; Member of the Management Board and shareholder of UAB MESTILLA – 2,978,065 shares or 5% of all shares and votes; shareholder of Akola ApS – owns 35,759,724 shares or 25% of all shares and votes; Member of the Management Board of Rosenkrantz A/S; shareholder of ŽŪB Dotnuvos Agroservisas – 170 Lt shares and votes or 0.009% shares and votes.

**Dainius Pilkauskas** (b. 1966) – Member of the Management Board, shareholder of the Company – owns 480,281 shares of the Company or 0.3 % of all shares and votes of the Company. He is a graduate of Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) where in 1991 he obtained a diploma of Zoo Engineer. He is highly experienced in business management and business organization. Has been employed with the Group since 1991. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Member of the Management Board and Trade Director for Baltic States of AB Linas Agro; shareholder of UAB MESTILLA – 238,245 shares or 0.4% of all shares and votes; shareholder of Akola ApS – 2,860,778 shares or 2% of all shares and votes; shareholder of ŽŪB Dotnuvos Agroservisas – 15 Lt shares and votes or 0.001% shares and votes.



**Arūnas Zubas** (b. 1962) – Member of the Management Board, shareholder of the Company – owns 480,281 shares of the Company or 0.3% of all shares and votes of the Company. Graduated from Kaunas University of Technology (former Kaunas Polytechnic Institute) in 1985 and holds a diploma in Chemical Technology. Arūnas Zubas has over twenty one year of experience in project, production and business management. He was employed with the Group from 1996 to 2005. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Member of the Management Board of AB Linas Agro; Managing Director of UAB MESTILLA, a shareholder of UAB MESTILLA – 238,245 shares or 0.4 % of all shares and votes; a shareholder of Akola ApS – 2,860,778 shares or 2% of all shares and votes; shareholder of ŽŪB Dotnuvos Agroservisas – 15 Lt shares and votes or 0.001% shares and votes.

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

**Tomas Tumėnas** (b. 1972) – Member of the Management Board and Finance Director, shareholder of the Company – owns 1,500 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. Since 2007 he studies at Manchester Business School and expects to obtain MBA in finance. Tomas Tumėnas works in the spheres of investments and finance management for more than sixteen years. Has been employed with the Group since 2001. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Member of the Management Board and Finance Director of AB Linas Agro; Director of UAB Baltic Fund Investments.

**Arūnas Jarmolavičius** (b. 1964) – Member of the Management Board and shareholder of the Company – owns 39,272 shares of the Company or 0.02% of all shares and votes of the Company. In 1991 graduated from Vilnius University and holds a diploma in Economics and Industry Planning. His experience in business, marketing and investments fields already counts for eighteen years. Has been employed with the



Group since 2001. No records of conviction for crimes related to ownership, management procedures, finances. Management in other companies: Member of the Management Board and Project Director of AB Linas Agro; Member of the Management Board of UAB MESTILLA; a person authorized to act on behalf of Akola ApS in Ukraine and Lithuania.

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

## THE COMPANY MANAGEMENT

### Company Management as of 31 December 2010:

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

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

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

**Ramutė Masiokaitė** (b. 1971) – Chief Accountant, shareholder of the Company – owns 670 shares of the Company or 0.0004% of all shares and votes of the Company. Graduated from Vilnius University in 1994 and acquired the qualifications of an economics, financial and credit specialist. She started her employment with the Group in 1998. Management in other companies: Finance Controller of AB Linas Agro. No records of conviction for crimes related to ownership, management procedures, finances.

The amount paid by the companies of the Group (AB Linas Agro Group, AB Linas Agro, UAB Gerera) to the members and the Management of the Board (eight persons) totaled 2,556 thousand LTL, i.e. approximately 320 thousand LTL to each, during the reporting period.

## 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.



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**THE MEMBERS OF AUDIT COMMITTEE as of 31 December 2010:**

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

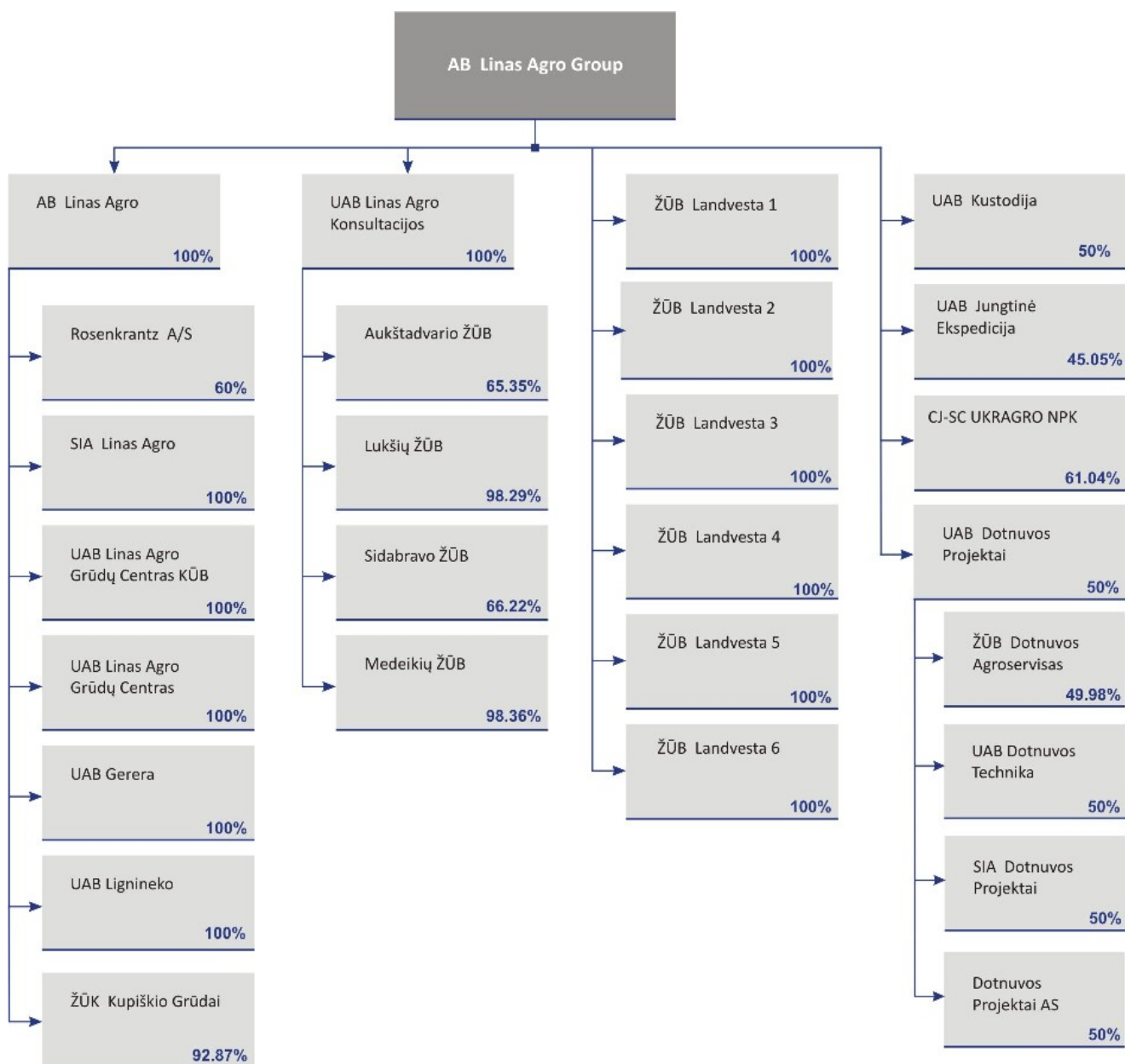
**Artūras Pribušauskas – member of the Audit Committee.** Term of office began on 28 October 2010, term of office ends on 27 October 2014. Treasury Manager of the Company and shareholder of the Company – owns 5,000 shares of the Company or 0.003% of all shares and votes of the Company. Also employed as a Treasury Manager at AB Linas Agro.

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



## 12. INFORMATION ABOUT SECONDARY COMPANIES OF THE COMPANY

### Summarized structure of AB Linas Agro Group





As of 31 December 2010, AB Linus Agro Group controlled, either directly or indirectly, the following companies:

Company name	Principal activities	Registration date, company code, company register	Contact data	Share of the stock held by the Group
AB Linus Agro	Agricultural products trading, grain and rapeseed contracting	1991-07-08, Code of legal entity 1473 28026, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 333, fax +370 45 507 444, e-mail info@linusagro.lt, www.linusagro.lt , www.rapsai.lt	100%
Rosenkrantz A/S	Wholesales trade of grains and oilseeds, feedstuffs and other similar products and services	1994-03-15, 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 rosenkrantz@rosenkrantz.dk, www.rosenkrantz.dk	60%
SIA Linus Agro	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs	2003-04-23, Code of legal entity 53603019011, Register of Enterprises of Republic of Latvia	Bauskas iela 2, Jelgava, LV-3001, Latvia. Ph. +371 630 840 24, fax +371 630 842 24, e-mail info@linusagro.lv	100%
UAB Linus Agro Grūdų centras	Management services	2002-07-05, Code of legal entity 148450944, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 365, fax +370 45 507 344, e-mail grudai@linusagro.lt	100%
UAB Linus Agro Grūdų centras KŪB	Grain processing and storage	2002-07-10, Code of legal entity 148451131, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 343, fax +370 45 507 344, e-mail grudu.centras@linusagro.lt	100%
UAB Gerera	Lease of real estate	1993-01-15, Code of legal entity 147676584, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 302, fax +370 45 507 499, e-mail gerera@linusagro.lt	100%
UAB Lignineko	Lignin biofuel production	1994-10-05, Code of legal entity 134231520, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 333, fax +370 45 507 444, e-mail info@lignineko.lt , www.linusagro.lt	100%
UAB Linus Agro Konsultacijos	Management of subsidiary farming companies	2003-06-23, 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, Kėdainiai, LT-57130, Lithuania. The registered address: Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 688 674 29, fax +370 347 415 28, e-mail konsultavimas@linusagro.lt	100%
Panevėžys district Aukštadvario ŽŪB	Mixed agricultural activities	1993-03-09, Code of legal entity 168573274, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pirties g. 3, Aukštadvario vill., Panevėžys district, LT-38255, Lithuania. Ph./fax +370 45 592 651, e-mail aukstadvaris@linusagro.lt	65.35%



Company name	Principal activities	Registration date, company code, company register	Contact data	Share of the stock held by the Group
Sidabravo ŽŪB	Mixed agricultural activities	1993-04-20, Code of legal entity 171331516, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pergalės g. 1A, Sidabravas, Radviliškis district, LT-82251, Lithuania. Ph. +370 422 477 27, fax +370 422 476 18, e-mail sidabravas@linasagro.lt	66.22%
Šakiai district Lukšių ŽŪB	Mixed agricultural activities	1992-10-30, Code of legal entity 174317183, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Lukšių vill., Šakiai district, LT-71176, Lithuania. Ph. +370 345 442 88, fax +370 345 442 25, e-mail luksiai@linasagro.lt	98.29%
Biržai district Medeikių ŽŪB	Growing and sale of crop	1992-10-05, Code of legal entity 154771488, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Biržų g.32, Medeikių vill., Biržai district, LT-41462, Lithuania. Ph. +370 450 584 22, fax +370 450 584 12, e-mail medeikiai@linasagro.lt	98.36%
ŽŪB Landvesta 1	Rent and management of agricultural purposes land	2005-10-21, Code of legal entity 300501060, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 2	Rent and management of agricultural purposes land	2005-10-21, Code of legal entity 300501085, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 3	Rent and management of agricultural purposes land	2005-10-21, Code of legal entity 300501092, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 4	Rent and management of agricultural purposes land	2007-04-23, Code of legal entity 300709428, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 5	Rent and management of agricultural purposes land	2007-08-16, Code of legal entity 301019661, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
ŽŪB Landvesta 6	Rent and management of agricultural purposes land	2008-01-14, Code of legal entity 301520074, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės g. 2C, LT-35143, Panevėžys, Lithuania. Ph. +370 45 507 406, fax +370 45 507 404, e-mail info@landvesta.lt	100%
UAB Kustodija	Sale of plant protection products	1995-07-18, Code of legal entity 123229863, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Laisvės pr. 117A, LT-06118 Vilnius, Lithuania. Ph. +370 5 230 1725, fax +370 5 230 1724, e-mail info@kustodija.lt, www.kustodija.lt	50%
UAB Dotnuvos Projektai	Sale of seeds, agricultural machinery	1996-03-05, Code of legal entity 261415970, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Parko g. 6, Akademija, 58351 Kėdainių district, Lithuania. Ph.+370 347 370 30, fax+370 347 370 40, e-mail info@dotnuvosprojektai.lt, www.dotnuvosprojektai.lt	50%



Company name	Principal activities	Registration date, company code, company register	Contact data	Share of the stock held by the Group
SIA DOTNUVOS PROJEKTAI	Sale of seeds, agricultural machinery	2010-04-26, Code of legal entity 43603041881, Register of Enterprises of Republic of Latvia	The principal place of business: Jūrmalas iela 13c, Pinki, Babītes novads, LV-2107, Latvia. The registered address: Bauskas iela 2, Jelgava, LV-3001, Latvia. Ph. +371 679 131 61, fax +371 677 602 52, e-mail info@dotnuvosprojekta.lv, www.dotnuvosprojekta.lv	50%
ŽŪB Dotnuvos agroservisas	Agricultural equipment maintenance and related services	2005-10-24, Code of legal entity 300153440, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Parko g. 6, Akademija, LT-58351 Kėdainių district, Lithuania. Ph. +370 347 770 16, fax +370 347 371 14, e-mail info@dotnuvosprojekta.lt, www.dotnuvosprojekta.lt	49.975%
DOTNUVOS PROJEKTAI AS	Sale of seeds, agricultural machinery	2010-11-11, Code of legal entity 12019737, Estonian Central Register of Securities, Eesti Väärtpaberikeskus AS	Vaksali 17, Viljandi, 71020 Estonia. Ph. +372 661 2800, fax +372 661 8004, e-mail info@dotnuvosprojekta.ee	50%
UAB Dotnuvos technika	Dormant	1998-05-11, Code of legal entity 161452398, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Parko g. 6, Akademija, LT-58351 Kėdainių district, Lithuania. Ph. +370 347 370 30, fax +370 347 370 40	50%
CJ-SC UKRAGRO NPK	Fertilizers production and trade	2002-03-28, Code of legal entity 31961067, Unified State Register of Legal Entities and Natural Persons-Entrepreneurs of Ukraine	The principal place of business: 19200 Silver Centr, bul. I. Lepse 4, 03680 Kiev, Ukraine. The registered address: Promyslova Ul. 1, Cherkassy region, Ukraine. Ph.+ 380 044 351 1597, fax + 380 044 351 1599, e-mail info@urozhai.ua, www.urozhai.ua	61.04%
UAB Jungtinė ekspedicija	Expedition and representation services	1998-02-17, Code of legal entity 141642963, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	The principal place of business: I. Kanto g. 12-3, LT-92235, Klaipėda, Lithuania. The registered address: Plytų g. 10 Klaipėda, Lithuania. Ph. +370 46 310 163, fax +370 46 312 529, e-mail info@je.lt, www.je.lt	45.05%
ŽŪK Kupiškio grūdai	Preparation and warehousing of grains for trade	1999-04-08, Code of legal entity 160189745, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Technikos g. 6, LT-40122 Kupiškis, Lithuania. Ph. +370 688 67477, fax +370 688 67 471, e-mail info@kupiiskiogrūdai.lt	92.87%





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

Consolidated turnover of the Group rose 44% during July-December 2010 and totaled LTL 796 million. AB Linas Agro Group increased the trading volumes to 869 thousand tons, up 3.2% from 843 thousand tons in the same period of last season. The biggest turnover was in grains and oilseeds, amounting to LTL 419 million (51% of total sales), and agricultural inputs, amounting to LTL 237 million (28% of total sales). The increase in turnover is the result of growing sales volumes of fertilizers and higher worldwide prices of grains. However, due to especially unfavorable market situation, the consolidated non-audited profit of the Group before tax (EBT) totaled LTL 15.7 million and decreased 52% as compared to the respective prior period (LTL 32.4 million).

One of the major negative factors affecting profitability of the Group was an extremely rapid rise in worldwide agricultural commodity prices placing the Company at higher risk of breach of contracts by counterparties and generating unexpected loss. The UN's Food Price Index indicated sharp price rise throughout 2010 and reached its highest level since its records began in 1990 (it was 107). The index rose to 231 in December 2010, up 33% during the last six months of 2010. The increase in worldwide grain prices was different for each grain type, exceeding 55% on the average. The price increase of the Group's most important segment of wheat and rapeseed was respectively 88% and 55%. Another important factor that negatively impacted the profitability of the Group was very poor grain harvest in Lithuania and Latvia – decrease of 30% from the 2009/2010 season and non-standard quality of grains related to unfavorable weather conditions.

The above mentioned reasons caused the decline of gross profit of the Group from 8.1% to 5.3%, it totaled to LTL 42.2 million. Gross profit margin, regardless of unfavorable market conditions, is in line with industry average.

The major part of production is sold abroad, 70% of total sales. The main export regions are Europe (30%), CIS (25%), Asia (10%).

To control the risk of price fluctuations, the Group follows conservative risk management policy and hedges major part of its forward contracts at commodity exchange (NYSE Euronext). Under bullish market conditions, accounting losses from commodity exchange contracts grew correspondingly. Usually, such losses are compensated when commodities are sold in the physical market (spot market). However, the Group faced the risk of contract breach when part of the clients did not deliver their production at the contracted prices that were markedly lower than current market prices. Part of the above mentioned accounting losses caused by rising market is already included in the results of the reporting period.



Over the accounting period the Group's consolidated operating expenses totaled LTL 20.7 million, up 64% from LTL 12.6 million in the prior period. The increase is primarily due to consolidation effect of the Ukraine based company CJ-SC UKRAGRO NPK (LTL 4.9 million).

The major part of operating expenses included expenses related to the main activities: expenses for salaries and taxes totaled 6 % of all operating costs (LTL 12.9 million) and due to the above mentioned reason increased by 63% if compared with the same period in 2009/2010.

The performance of Group's joint-ventures UAB Dotnuvos Projektai, UAB Kustodija and UAB Jungtinė Ekspedicija was profitable. The net profit of the above-mentioned companies totaled almost LTL 3 million. UAB Dotnuvos Projektai continued its successful business expansion in the Baltic region with the establishment of its subsidiary company in Estonia. The newly established subsidiaries in Latvia and Estonia will add to company's sales volumes and profitability over the next few years.

## KEY PERFORMANCE INDICATORS

	6 months of 2010/2011	6 months of 2009/2010
<b>Sales, LTL</b>	<b>796,135,000</b>	<b>554,357,000</b>
<b>Gross profit, LTL</b>	<b>42,204,000</b>	<b>45,067,000</b>
<b>Segment operating profit (loss), LTL:</b>		
Grains and oilseeds	(10,549,000)	18,150,000
Feedstuffs	3,387,000	2,004,000
Agricultural inputs	16,757,000	5,783,000
Farming	1,763,000	(1,564,000)
Other products and services	7,140,000	8,758,000
<b>Net profit, attributable to the Group, LTL</b>	<b>12,851,000</b>	<b>24,962,000</b>
<b>Turnover, in tons</b>	<b>869,526</b>	<b>842,770</b>

## GRAINS AND OILSEEDS

Traditionally the largest business segment of the Group generated the sales of LTL 419 million during six months of the sales season (LTL 337 million in 2009/2010 season) and the operating losses totaled LTL 10,5 million. The biggest losses were recorded in wheat from the Baltic region and corn purchased in Serbia (LTL 5.3 million and LTL 2.9 million). Over 471 thousand tons of various grain crops were sold (551 thousand tons



in 2009/2010 season). The biggest volumes were recorded in rapeseed, wheat and barley. Losses were experienced due to wash-outs that the Group had to pay for failing to fulfill its obligations to the buyers. Commodities had to be repurchased because farmers and commercial enterprises, the suppliers of the Group, did not deliver the products or they were of non-standard quality. The quality was also affected by unfavorable weather conditions. To minimize its losses, the Group transferred part of the supplier's debts accumulated from contract breach to the following year. Losses are also expected to be covered by compensations from the suppliers and through legal proceedings in courts of arbitration and other courts.

It should be noted that the majority of losses is included in the first six months of this season, thus the second half of the year will be more profitable for this segment and the whole season will generate profitable results, because relatively cheap commodities will be sold in bullish market.

## **FEEDSTUFFS**

The sales of feedstuffs reached LTL 124 million and operating profit totaled LTL 3.4 million. Total profitability of the segment was 8%, which is a positive result. Sales volumes totaled 118 thousand tons, down 42% from almost 204 thousand tons in the corresponding period last year. This was the result of decreased sales volumes of vegetable oil (32%) due to export bans for this product in Russia and Belarus. Growing demand for sugar beet pulp pellets in European markets increased sales volumes of this product almost six times to approximately 12 thousand tons.

## **AGRICULTURAL INPUTS**

Growing grain prices favorably impacted sales volumes of agricultural inputs. This still remains one of the largest and most successful business segments. Over 75 thousand tons of fertilizers were sold in Lithuania and Latvia, almost twice as much as over the same period last year. Rising grain prices increased the prices of seeds, the turnover of which rose 20%. After acquisition of the Ukrainian fertilizer production and trade company CJ-SC UKRAGRO NPK at the beginning of the financial year, the segment's turnover totaled LTL 237 million (LTL 48.5 million last year) and sales volumes of fertilizers rose to 230 thousand tons. The rise reflects positive impact of the investments made, including newly purchased fertilizer warehouses in Lithuania. Over the reporting period CJ-SC UKRAGRO NPK opened the fourteenth regional distribution warehouse, which will allow to further increase annual sales volumes.

## **FARMING**

Sales volumes of agricultural companies for the first six months increased from LTL 17 million to LTL 25 million due to growing grain prices and sales volumes in tons. The latter rose 8% from the last season up to 33 thousand tons. Due to higher grain and milk purchase prices, overall profitability of the segment reached



14%. Similar level of profitability is also expected during the second half of the financial year. Over the reporting period, the companies invested in new agricultural machinery, Šakiai district Lukšių ŽŪB rebuilt a cow-shed suitable for keeping 150 breeding heifers.

## **OTHER PRODUCTS AND SERVICES**

Total sales revenue of this segment reached LTL 25 million, which was similar in the corresponding period in 2009/2010 season (LTL 25.9 million). It was mainly the revenue from Group's grain storage facilities. Overall profitability of the segment remained at the highest level and rose to 35%. First sales in lignin took place in October. The sales were successful and growth of sales volumes is expected over the second half of the financial year.

UAB Linas Agro Grūdų centras KŪB modernized wheat storage in Šiauliai. Modernization works included construction of a new grain dryer, renewal of grain acceptance pit, replacement of part of the transportation equipment and automation of equipment control system. Improvement and optimization of drying capacity will ensure better quality of grains and cut energy expenses.

## **FINANCIAL COSTS**

Rising grain prices resulted in corresponding increase in the Group's demand for working capital. It was one of the main factors that impacted the increase of financial costs. Bank interest expenses increased from LTL 3.1 million to LTL 4.2 million.

## **CASH FLOW**

Group's Cash flow from operating activities before the changes in working capital was LTL 22.9 million, as compared to LTL 33.6 million of the corresponding period of the prior financial year. Cash flow from operating activities after changes in working capital was minus LTL 105.1 million (minus LTL 31.5 million in 2009/2010 accordingly). This was the result of this season's sales activities that were dominated by increase in stock and debts. Group's cash balance at the end of the reporting season totaled LTL 22.8 million (LTL 14.3 million in 2009/2010).

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

### **14. 1. MARKET RISK**

Market risk shall be understood as a risk to generate a profit lower than planned if the tone of market prices is unfavorable. This may happen if market price fell below the intervention prices (minimal purchase prices for grains established by state authorities) as it would prevent the Company from receiving surplus



profit. In a market situation when grain purchase prices fall due to certain reasons, intervention prices are used as a leverage to uphold a certain price level and thus to ensure guaranteed income to farmers. When intervention prices are higher than or identical to market prices, the companies of the Group sell the purchased grains to the agency and thus earn certain income which under regular market conditions would be lower than market prices. Starting from 2005, intervention prices are set by the EU and are calculated for two years in advance. The mechanism has not been applied so far; however, if intervention prices were applied, the Group would have been deprived of surplus profit.

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

#### **14. 2. RISK RELATED TO ACTIVITIES OF CONTROLLED COMPANIES**

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

#### **14. 3. POLITICAL RISK**

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

#### **14. 4. SOCIAL RISK**

The experience and knowledge of the management determine the ability of the Group to retain its competitive status and implement its growth strategy. However, there are no guarantees that all key employees of the Group will stay with the Group in the future. Loss of such employees or the Group's failure



to recruit new employees possessing appropriate knowledge may have a significant adverse impact on the business outlook and financial position of the Group. Non-competition agreements are signed with some executives.

#### 14.5. COUNTERPARTY RISK

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

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

#### THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended December 21, 2010, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system and in Company's website the following information:

AB Linas Agro Group Notification about acquisition of voting rights	Notification about acquisition (disposal) of a block of shares	En, Lt	2010-12-01 09:00:33 EET
Linus Agro Group, AB notification about interim 3 month financial results of the financial year 2010-2011	Interim information	En, Lt	2010-11-22 09:00:30 EET
Procedure for the payout of dividends for the financial year ended 30 June 2010	Notification on material event	En, Lt	2010-10-29 09:49:35 EEST
AB Linas Agro Group notification about the Annual information of the financial year 2009/2010	Annual information	En, Lt	2010-10-29 09:48:36 EEST
Decisions of the Annual General Meeting of AB Linas Agro Group Shareholders, held on 28 October 2010	Notification on material event	En, Lt	2010-10-29 09:45:35 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	En, Lt	2010-10-06 17:15:32 EEST



AB Linus Agro Group sells a part of Ukrainian company's shares to its management	Other information	En, Lt	2010-10-04 09:00:30 EEST
CORRECTION: Linus Agro Group, AB notification about interim 12 month financial results of the financial year 2009-2010	Interim information	En	2010-08-30 11:56:31 EEST
Linus Agro Group, AB notification about interim 12 month financial results of the financial year 2009-2010	Interim information	En, Lt	2010-08-30 09:00:30 EEST
SEB Bank increased lending volume to PLC "Linus Agro Group" up to LTL 132 million	Other information	En, Lt	2010-08-16 09:00:30 EEST
Linus Agro Group, AB completed the takeover of Ukraine-based producer and trader of fertilizers	Notification on material event	En, Lt	2010-07-01 17:56:30 EEST
Inclusion of the stock exchange's newcomer into the list of OMX Baltic Benchmark index - a good sign to investors	Other information	En, Lt	2010-07-01 09:00:31 EEST

#### OTHER EVENTS OF THE REPORTING PERIOD

On 10 July 2010 AB Linus Agro increased share capital of UAB Lignineko LTL 500 thousand, from LTL 1,229.6 thousand to LTL 1,729.6 thousand.

On 13 July 2010 authorized capital of AB Linus Agro increased from LTL 7 million to LTL 31 million.

In July 2010 share capital of Medeikių ŽŪB increased from LTL 828 thousand to LTL 1,748 thousand.

In July–October 2010 Biržai district Medeikių ŽŪB AB Linus Agro has acquired additional 54.54% shares of ŽŪK Kupiškio grūdai for LTL 1,380 thousand. The effective share of ŽŪK Kupiškio grūdai owned by the Group increased to 92.87% (as of 30 June 2010 – 37.43%).

In August-September 2010 authorized capital of UAB Linus Agro Konsultacijos increased from LTL 2 million to LTL 3.1 million.

In August–December 2010 share capital of ŽŪB Landvesta 4 increased from LTL 295 thousand to LTL 355 thousand.

In September–October share capital of ŽŪB Landvesta 1 increased from LTL 102 thousand to LTL 201 thousand.

In September–December 2010 share capital of ŽŪB Landvesta 5 increased from LTL 197 thousand to LTL 391 thousand.



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In December 2010 share capital of ŽŪB Landvesta 2 increased from LTL 102 thousand to LTL 199 thousand, share capital of ŽŪB Landvesta 6 increased from LTL 177 thousand to LTL 275 thousand.

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In September–December 2010 UAB Linas Agro Konsultacijos acquired 225,772 shares or 4.36% of shares of Lukšiu ŽŪB from the non-controlling shareholders for LTL 136 thousand.

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On 28 October 2010 Ordinary General Meeting of Shareholders of AB Linas Agro Group was held with the following outcomes: approval of the consolidated and the Company's set of financial statements for the financial year ended 30 June, 2010; distribution of the Company's profit and allocation of LTL 3,500,000 (EUR 1,013,670.06) for the payment of dividends (or LTL 0.022 (EUR 0.0063) for each share of the Company before tax); election of UAB Ernst & Young Baltic as Auditor of the Company, approval of formation of the Company's Audit Committee, election of its members and approval of the Regulations of its Activity.

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On 11 November 2010 UAB Dotnuvos Projektai established its subsidiary in Estonia AS DOTNUVOS PROJEKTAI.

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In December 2010 UAB Linas Agro Konsultacijos acquired 133,490 shares or 10.32% of shares of Sidabravo ŽŪB from the non-controlling shareholders.

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On 30 December 2010 Linas Agro Group sold 381 shares or 2.34% of shares of CJ-SC UKRAGRO NPK to the management of CJ-SC UKRAGRO NPK.

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## **16. PROCEDURE OF AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION**

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

## **17. INFORMATION ABOUT THE COMPLIANCE WITH THE COMPANY MANAGEMENT CODE**

The Company complies with the company management procedures stipulated in the Law on Companies of the Republic of Lithuania. The Company complies with the essential management principles for the companies listed on NASDAQ OMX Vilnius. The managing bodies of the company are the General Meeting of Shareholders, the Board of the Company and the Head of the Company (Managing Director). The Company does not have the Supervisory Board. The Company's Board consists of seven members to be elected for a period of four years, but the Chairman of the Board is also the Head of the Company (Managing Director). In order to implement the recommendations of the Company Management Code, the Audit Committee of three members (including one independent member) was also established and formed in the General Meeting of Shareholders held on 28 October 2010.





## **18. SUBSEQUENT EVENTS**

On 10 January 2011 AB Linus Agro Group sold 489 shares or 3% of shares of CJ-SC UKRAGRO NPK to the management of CJ-SC UKRAGRO NPK.



**AB LINAS AGRO GROUP  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE 6 MONTH PERIOD  
OF FY 2010/2011  
(UNAUDITED)**

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 31 December 2010	As of 30 June 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	257	194
Property, plant and equipment	6	112,157	95,326
Investment property	7	8,627	8,398
Animals and livestock		12,556	9,534
Non-current financial assets			
Investments into associates	8	340	284
Investments into joint ventures	8	24,163	22,888
Other investments	9	361	5,884
Prepayments for financial assets	9	-	12,757
Non-current receivables		1,964	7,614
Non-current receivables from related parties	16	1,303	1,303
Total non-current financial assets		28,131	50,730
Deferred income tax asset		3,650	1,897
<b>Total non-current assets</b>		<b>165,379</b>	<b>166,079</b>
<b>Current assets</b>			
Crops		3,902	17,786
Inventories		151,282	62,785
Prepayments		48,306	19,530
Prepayments for related parties		108	-
Accounts receivable			
Trade receivables		169,824	121,152
Receivables from related parties	16	19,138	6,930
Other accounts receivable		28,237	18,721
Total accounts receivable		217,199	146,803
Other current assets		24,170	1,304
Cash and cash equivalents		22,766	34,014
<b>Total current assets</b>		<b>467,733</b>	<b>282,222</b>
<b>Total assets</b>		<b>633,112</b>	<b>448,301</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 2010	As of 30 June 2010
<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		4,151	4,100
Foreign currency translation reserve		(1,572)	(133)
Retained earnings		17,975	8,079
<b>Total equity attributable to equity holders of the parent</b>		<b>259,039</b>	<b>250,531</b>
<b>Non-controlling interest</b>		<b>19,274</b>	<b>12,817</b>
<b>Total equity</b>		<b>278,313</b>	<b>263,348</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		10,382	10,557
Non-current borrowings	10	24,735	26,805
Finance lease obligations		1,618	1,578
Deferred income tax liability		4,005	1,372
<b>Total non-current liabilities</b>		<b>40,740</b>	<b>40,312</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	10,16	13,262	15,045
Current portion of finance lease obligations		809	928
Current borrowings	10	247,762	94,749
Derivative financial instruments		3,910	3,091
Trade payables		21,058	14,142
Payables to related parties	16	7,480	3,112
Income tax payable		5,800	1,415
Other current liabilities		13,978	12,159
<b>Total current liabilities</b>		<b>314,059</b>	<b>144,641</b>
<b>Total equity and liabilities</b>		<b>633,112</b>	<b>448,301</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	2010/2011 I half	2009/2010 I half
Sales	4	796,135	554,357
Cost of sales	11	(753,931)	(509,290)
<b>Gross profit</b>		<b>42,204</b>	<b>45,067</b>
Operating (expenses)	12	(20,734)	(12,651)
Other income	13	619	673
Other (expenses)	13	(4,728)	(329)
<b>Operating profit</b>		<b>17,361</b>	<b>32,760</b>
Income from financing activities	14	1,094	1,455
(Expenses) from financing activities	14	(4,217)	(3,184)
Share of profit of associates		56	135
Share of profit of joint ventures		1,368	1,278
<b>Profit before tax</b>		<b>15,662</b>	<b>32,444</b>
Income tax		(2,835)	(6,703)
<b>Net profit</b>		<b>12,827</b>	<b>25,741</b>
<b>Attributable to:</b>			
Equity holders of the parent		12,851	24,962
Non-controlling interest		(24)	779
		12,827	25,741
Basic and diluted earnings per share (LTL)		0.08	0.22
<b>Net profit</b>		<b>12,827</b>	<b>25,741</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(2,278)	(51)
<b>Total comprehensive income</b>		<b>10,549</b>	<b>25,690</b>
<b>Attributable to:</b>			
Equity holders of the parent		11,412	24,911
Non-controlling interest		(863)	779
		10,549	25,690

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (for the period 1 October to 31 December)

	Notes	2010/2011 2 <sup>nd</sup> Q	2009/2010 2 <sup>nd</sup> Q
Sales		417,242	269,709
Cost of sales		(405,161)	(249,094)
<b>Gross profit</b>		<b>12,081</b>	<b>20,615</b>
Operating (expenses)		(10,807)	(6,578)
Other income		8	294
Other (expenses)		(1,095)	226
<b>Operating profit</b>		<b>187</b>	<b>14,557</b>
Income from financing activities		648	1,107
(Expenses) from financing activities		(2,283)	(1,351)
Share of profit of associates		17	42
Share of profit of joint ventures		(512)	(964)
<b>Profit before tax</b>		<b>(1,943)</b>	<b>13,391</b>
Income tax		(142)	(2,013)
<b>Net profit</b>		<b>(2,085)</b>	<b>11,378</b>
<b>Attributable to:</b>			
Equity holders of the parent		(2,201)	11,244
Non-controlling interest		116	134
		(2,085)	11,378
Basic and diluted earnings per share (LTL)		(0.014)	0.09
<b>Net profit</b>		<b>(2,085)</b>	<b>11,378</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		632	(81)
<b>Total comprehensive income</b>		<b>(1,453)</b>	<b>11,297</b>
<b>Attributable to:</b>			
Equity holders of the parent		(1,793)	11,163
Non-controlling interest		340	134
		<b>(1,453)</b>	<b>11,297</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Equity attributable to equity holders of the parent					Non-controlling interest	Total	
		Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Retained earnings			Subtotal
<b>Balance as of 1 July 2009</b>		<b>41,000</b>	<b>121,911</b>	<b>10</b>	<b>(297)</b>	<b>(18,657)</b>	<b>143,967</b>	<b>12,104</b>	<b>156,071</b>
Net profit for the year		-	-	-	-	24,962	24,962	779	25,741
Other comprehensive income		-	-	-	(51)	-	(51)	-	(51)
Total comprehensive income		-	-	-	(51)	24,962	24,911	779	25,690
Issue of share capital		79,000	(79,000)	-	-	-	-	-	-
Transfer to legal reserve		-	-	4,090	-	(4,090)	-	-	-
Dividends declared by Rosenkrantz A/S		-	-	-	-	-	-	(1,971)	(1,971)
<b>Balance as of 31 December 2009</b>		<b>120,000</b>	<b>42,911</b>	<b>4,100</b>	<b>(348)</b>	<b>2,215</b>	<b>168,878</b>	<b>10,912</b>	<b>179,790</b>
<b>Balance as of 1 July 2010</b>		<b>158,940</b>	<b>79,545</b>	<b>4,100</b>	<b>(133)</b>	<b>8,079</b>	<b>250,531</b>	<b>12,817</b>	<b>263,348</b>
Net profit for the year		-	-	-	-	12,851	12,851	(24)	12,827
Other comprehensive income		-	-	-	(1,439)	-	(1,439)	(839)	(2,278)
Total comprehensive income		-	-	-	(1,439)	12,851	11,412	(863)	10,549
Dividends declared by Rosenkrantz A/S		-	-	-	-	-	-	(611)	(611)
Dividends declared by parent		-	-	-	-	(3,500)	(3,500)	-	(3,500)
Minority interest arising on acquisition of subsidiaries	3	-	-	-	-	-	-	10,918	10,918
Reserves made		-	-	51	-	(51)	-	-	-
Acquisition of minority interest	3	-	-	-	-	596	596	(2,987)	(2,391)
<b>Balance as of 31 December 2010</b>		<b>158,940</b>	<b>79,545</b>	<b>4,151</b>	<b>(1,572)</b>	<b>17,975</b>	<b>259,039</b>	<b>19,274</b>	<b>278,313</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2010/2011 I half	2009/2010 I half
<b>Cash flows from (to) operating activities</b>			
Net profit (loss)		12,827	25,741
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization		5,227	4,859
Subsidies amortization		(741)	(1,571)
Share of profit of associates and joint ventures		(1,424)	(1,365)
(Gain) on disposal of property, plant and equipment		(89)	(133)
Loss from acquisition of subsidiary	3	670	-
Change in impairment of investments		(22)	(11)
Loss (gain) from disposal of investments		253	-
Change in allowance for receivables and prepayments		406	-
Change in inventories write down to net realizable value		(25)	(685)
Change in foreign currency translation reserve		(2,279)	(51)
Change in accrued expenses		802	2,180
Change in fair value of biological assets		(2,272)	-
Change of provision for onerous contracts		-	(4,606)
Change in deferred income tax		(2,210)	(216)
Current income tax expenses		4,803	6,743
Expenses (income) from change in fair value of financial instruments		3,910	967
Interest (income)		(1,094)	(1,455)
Interest expenses		4,217	3,184
		<u>22,959</u>	<u>33,581</u>
<b>Changes in working capital:</b>			
Decrease in biological assets		13,337	12,665
(Increase) in inventories		(44,302)	(24,061)
Decrease in prepayments		(9,917)	8,781
(Increase) in trade and other accounts receivable		(64,538)	(6,404)
(Increase) in restricted cash		(20,621)	(315)
Increase in trade and other accounts payable		(799)	12,893
Income tax (paid)		(1,203)	(5,601)
<b>Net cash flows from (to) operating activities</b>		<b><u>(105,084)</u></b>	<b><u>31,539</u></b>

(cont'd on the next page)

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



## CONSOLIDATED STATEMENT OF CASH FLOW (cont'd)

	Notes	2010/2011 I half	2009/2010 I half
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(6,537)	(924)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		320	390
Acquisition of subsidiaries (less received cash balance in the Group)	3	7,657	–
Disposal of subsidiaries		477	–
(Acquisition) of other investments		(2,390)	–
Loans (granted)		(150)	–
Repayment of granted loans		7,879	–
Interest received		738	1,223
<b>Net cash flows (to) investing activities</b>		<b>7,994</b>	<b>689</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		448,353	186,765
(Repayment) of loans		(353,403)	(192,412)
Finance lease (payments)		(542)	(601)
Interest (paid)		(4,455)	(3,184)
Dividends (paid) to non-controlling shareholders		(611)	(1,971)
Dividends (paid) to shareholders of the Company		(3,500)	–
Repurchase of bonds issued		–	(14,700)
<b>Net cash flows from (to) financing activities</b>		<b>85,842</b>	<b>(26,103)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(11,248)</b>	<b>6,125</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>34,014</b>	<b>8,190</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>22,766</b>	<b>14,315</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by finance lease		452	151
Property, plant and equipment acquisitions financed by grants and subsidies		734	1,141

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

## Notes to the financial statements

### 1. General information

AB Linas Agro Group (hereinafter the Company or the parent) is a public limited liability company registered in the Republic of Lithuania. The Company was registered on 27 November 1995. On 12 September 2008 the Company changed its name from UAB Agriveta to AB Linas Agro Group and the legal form from private to public limited liability company.

The address of its registered office is as follows:

Smėlynės Str. 2C,  
Panevėžys,  
Lithuania.

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

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

As of 31 December 2010 and as of 30 June 2010 the shareholders of the Company were:

	As of 31 December 2010		As of 30 June 2010	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	86,081,551	54.16 %	87,641,551	55.14 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Other shareholders (private and institutional investors)	55,808,852	35.11 %	54,248,852	34.13 %
Total	158,940,398	100.00 %	158,940,398	100.00 %

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 31 December 2010 (LTL 1 each as of 30 June 2010) and were fully paid as of 31 December 2010 and as of 30 June 2010. The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 31 December 2010 and as of 30 June 2010.

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 2010 the number of employees of the Group was 722 (532 as of 30 June 2010).

#### ***Changes in share capital during the year ended 30 June 2010***

On 30 October 2009 the Company's share capital was increased by issuing 79 million ordinary shares with the par value of LTL 1 each (in total LTL 79 million), which were fully paid from the Company's share premium. The new share capital of LTL 120 million and the Company's by-laws were registered on 16 November 2009. The new share premium was equal to LTL 42,911 thousand.

On 20 November 2009 the Company's shareholders decided to increase the share capital from LTL 120,000 thousand to LTL 158,940 thousand by issuing 38,940,398 ordinary shares with the par value of LTL 1 each (in total LTL 38,940,398), with issue price of LTL 2.05 each (in total LTL 79,827,816). The newly issued shares were fully paid by Akola ApS. The new share capital and the Company's by-laws were registered on 17 February 2010. Difference between the issue price and the par value equal to LTL 40,888 thousand was accounted for as share premium less LTL 4,253 thousand of shares issue transaction costs.

On 12 February 2010 the shareholder Akola ApS has sold 47,284,769 of the Company's shares during the initial public offering for LTL 2.05 each, in total LTL 96,934 thousand.

Trade in shares in NASDAQ OMX Vilnius stock exchange started on 17 February 2010.

## 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 2009/2010 season.

## 3. Group structure and changes in the Group

As of 31 December 2010 and as of 30 June 2010 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 2010	30 June 2010	
<b>Investments into directly controlled subsidiaries</b>				
AB Linas Agro	Lithuania	100 %	100 %	Wholesale trade of grains and oilseeds, feedstuffs and agricultural programs
UAB Linas Agro Konsultacijos	Lithuania	100 %	100 %	Management of the subsidiaries engaged in agriculture
ŽŪB Landvesta 1	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
CJ-SC UKRAGRO NPK	Ukraine	61.04%	-	Manufacturing of fertilizers, wholesale of grains and oilseeds
<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
Rosenkrantz A/S	Denmark	60 %	60 %	Wholesale trade of grains and oilseeds, feedstuffs
ŽŪK Kupiškio grūdai	Lithuania	92.87 %	37.43 %	Preparation and warehousing of grains for trade
UAB Lignineko	Lithuania	100 %	100 %	Manufacturing of lignin
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)</b>				
Biržai district Medeikių ŽŪB	Lithuania	98.36 %	96.54 %	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.29 %	93.93 %	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	65.35 %	65.35 %	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	66.22 %	55.90 %	Mixed agricultural activities

### 3. Group structure and changes in the Group (cont'd)

#### *Changes in the Group during the year ended 30 June 2010*

During the year ended 30 June 2010 the Company together with AB Linas Agro participated in share capital increase of ŽŪB Landvesta 4, ŽŪB Landvesta 5 and ŽŪB Landvesta 6 for the total amount of LTL 654 thousand.

On 30 April 2010 AB Linas Agro acquired 100 % of UAB Lignineko shares for LTL 2,046 thousand. UAB Lignineko possesses raw material which is used in production of lignin but does not have any business processes, therefore the Group accounted for purchase of UAB Lignineko shares not as a business combination but as an acquisition of assets, and attributed most of the purchase price to inventory cost.

#### *Changes in the Group during the 6 month period ended 31 December 2010*

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

At the acquisition date carrying value of net assets of CJ-SC UKRAGRO NPK did not differ materially from their fair value. Differences between the purchase consideration and fair values of the acquires assets, liabilities and contingent liabilities at the acquisition date were the following:

	<b>CJ-SC UKRAGRO NPK</b>
	1 July 2010
	Fair values (unaudited)
Non-current assets	16,442
Current assets	78,808
Non-current liabilities	(3,090)
Current liabilities	(64,340)
Fair value of net assets of subsidiary acquired	27,820
Non-controlling interest (36.62 % in the acquired subsidiary)	(10,188)
Fair value of net assets acquired by the Group	17,632
Fair value of previous held equity interest	3,414
Cost	(5,545)
Group (loss) on derecognition of investment	(2,131)
Consideration transferred	12,757
Fair value of previous held equity interest	3,414
<b>Total fair value of investment</b>	<b>16,171</b>
Negative goodwill recognized as income	1,461
(Loss) on derecognition of investment	(2,131)
(Loss) recognized on acquisition of subsidiary as Other (expenses) (Note 13)	(670)
<b>Consideration paid in cash*</b>	<b>12,757</b>
Less: cash in the subsidiary	7,657
<b>Acquisition price less cash acquired</b>	<b>5,100</b>
Revenue for the year ended 30 June 2010	181,558
Profit for the year ended 30 June 2010	1,291

The Group measured the non-controlling interest in the acquire at the proportionate share of the acquiree's identifiable net assets.

*\*The Group was prepaid the acquired additional 50 % shares of CJ-SC UKRAGRO NPK LTL 12,757 thousand until 30 June 2010, on the acquisition date was made settlement of liability.*

### 3. Group structure and changes in the Group (cont'd)

On 27 July 2010 Biržai district Medeikių ŽŪB has acquired additional 36.36 % shares of ŽŪK Kupiškio grūdai for LTL 920 thousand. On 12 October 2010 AB Linas Agro has acquired additional 18.18 % shares of ŽŪK Kupiškio grūdai for LTL 460 thousand. After the acquisition the effective share of ŽŪK Kupiškio grūdai owned by the Group increased to 92.87 % (as of 30 June 2010-37.43 %). This subsidiary was already consolidated to the Group in the years ended 30 June 2010 and 2009.

During the 6 month period ended 31 December 2010 the Group acquired 4.36 % of Šakiai district Lukšių ŽŪB share capital for LTL 136 thousand, 10.32 % of Sidabravo ŽŪB share capital for LTL 53 thousand, shares were acquired from the non-controlling shareholders. The subsidiary UAB Linas Agro Konsultacijos increased of Biržai district Medeikių ŽŪB share capital for LTL 920 thousand. The excess of the share of carrying values of net assets of respective companies over the acquisition price amounting to LTL 596 thousand arising on the acquisition was recognized directly in equity.

During the 6 month period ended 31 December 2010 the Parent increased of AB Linas Agro share capital for LTL 24,000 thousand. The Parent increased of ŽŪB Landvesta 1, ŽŪB Landvesta 4, ŽŪB Landvesta 5 and ŽŪB Landvesta 6 for the total amount of LTL 548 thousand.

The Parent increased of UAB Linas Agro Konsultacijos share capital for LTL 1,109 thousand. Subsidiary AB Linas Agro increased of UAB Lignineko share capital for LTL 475 thousand.

As of 30 December 2010 the Parent sold 2.34% shares of CJ-SC UKRAGRO NPK for LTL 477 thousand, net assets sold by the Group LTL 730 thousand, loss on disposal of CJ-SC UKRAGRO NPK LTL 253 thousand recognized as Other (expenses) (Note 13).

### 4. Segment information

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

- the grains and oilseeds segment includes trade in wheat, rapeseed, barley and other grains and oilseeds;
- the feedstuffs segment includes trade in suncake and sunmeal, sugar beat pulp, soybean and soymeal, vegetable oil, rapeseed and other feedstuffs;
- the agricultural inputs segment includes sales of fertilizers, seeds, plant protection products and other related products to agricultural produce growers;
- the farming segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- the other products and services segment includes sales of biofuel, provision of elevator services and other products and services.

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

6 month period ended 31 December 2010	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
<b>Revenue</b>								
From one client UAB MESTILLA	119,860	13	-	-	125	-	-	119,998
Other third parties	299,666	123,515	231,815	11,122	10,019	-	-	676,137
Intersegment	-	875	4,812	13,630	14,838	-	(34,155) <sup>1)</sup>	-
<b>Total revenue</b>	<b>419,526</b>	<b>124,403</b>	<b>236,627</b>	<b>24,752</b>	<b>24,982</b>	<b>-</b>	<b>(34,155)</b>	<b>796,135</b>
<b>Results</b>								
Operating expenses	6,932	3,799	6,225	1,811	1,791	176	-	20,734
Segment operating profit (loss)	(10,549)	3,387	16,757	1,763	7,140	(1,137)	-	17,361

#### 4. Segment information (cont'd)

6 month period ended 31 December 2009	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
<b>Revenue</b>								
From one client UAB MESTILLA	82,616	-	-	-	220	-	-	82,836
Other third parties	255,126	152,201	44,986	7,883	11,325	-	-	471,521
Intersegment	-	710	3,490	9,564	14,404	-	(28,168) <sup>1)</sup>	-
<b>Total revenue</b>	<b>337,742</b>	<b>152,911</b>	<b>48,476</b>	<b>17,447</b>	<b>25,949</b>	<b>-</b>	<b>(28,168)</b>	<b>554,357</b>
<b>Results</b>								
Operating expenses	5,698	2,774	636	1,748	1,434	361	-	12,651
Segment operating profit (loss)	18,150	2,004	5,783	(1,564)	8,758	(371)	-	32,760

1) Intersegment revenue are eliminated on consolidation.

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

Revenue from external customers	2010-2011 I half	2009-2010 I half
Lithuania	241,531	147,056
Europe (except for Scandinavian countries, CIS and Lithuania)	162,681	137,032
Scandinavian countries	70,947	110,391
Africa	46,755	41,424
Asia	77,664	77,553
CIS	196,557	40,291
Other	-	610
	<b>796,135</b>	<b>554,357</b>

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

Non-current assets	As of 31 December 2010	As of 30 June 2010
Lithuania	103,576	103,410
Ukraine	17,012	-
Denmark	259	354
Latvia	195	154
	<b>121,042</b>	<b>103,918</b>

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

## 5. Intangible Assets

	Software	Other intangible assets	Total
<b>Cost:</b>			
Balance as of 30 June 2009	1,204	684	1,888
Additions	147	-	147
Write-offs	(8)	(483)	(491)
Balance as of 30 June 2010	1,343	201	1,544
Additions	48	-	48
Acquisition of subsidiaries	57	-	57
Write-offs	(50)	(35)	(85)
Exchange differences	(3)	(1)	(4)
Balance as of 31 December 2010	1,395	165	1,560
<b>Accumulated amortization:</b>			
Balance as of 30 June 2009	1,184	619	1,803
Charge for the year	11	27	38
Write-offs	(8)	(483)	(491)
Balance as of 30 June 2010	1,187	163	1,350
Charge for the year	25	13	38
Write-offs	(50)	(35)	(85)
Balance as of 31 December 2010	1,162	141	1,303
<b>Net book value as of 31 December 2010</b>	<b>233</b>	<b>24</b>	<b>257</b>
<b>Net book value as of 30 June 2010</b>	<b>156</b>	<b>38</b>	<b>194</b>
<b>Net book value as of 30 June 2009</b>	<b>20</b>	<b>65</b>	<b>85</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 2009	5,877	72,304	46,962	6,259	7,824	1,043	140,269
Additions	238	6,070	561	332	1,311	2,570	11,082
Disposals and write-offs	(1)	-	(465)	(1,057)	(131)	-	(1,654)
Transfers to investment property	257	(434)	-	-	-	-	(177)
Reclassifications	10	1,162	(110)	27	136	(1,225)	-
Balance as of 30 June 2010	6,381	79,102	46,948	5,561	9,140	2,388	149,520
Additions	190	2,202	1,005	872	253	3,390	7,912
Acquisition of subsidiaries	249	13,357	1,135	995	314	334	16,384
Disposals and write-offs	-	(15)	(80)	(346)	(386)	-	(827)
Transfers to investment property	(89)	-	-	-	-	-	(89)
Reclassifications	-	2,175	(210)	26	-	(1,991)	-
Exchange differences	(21)	(909)	(34)	(94)	(27)	(210)	(1,295)
Balance as of 31 December 2010	6,710	95,912	48,764	7,014	9,294	3,911	171,605
<b>Accumulated depreciation:</b>							
Balance as of 30 June 2009	-	15,010	22,390	3,332	4,780	-	45,512
Charge for the year	-	4,113	3,976	725	879	-	9,693
Disposals and write-offs	-	-	(449)	(937)	(93)	-	(1,479)
Transfers to investment property	-	(29)	-	-	-	-	(29)
Reclassifications	-	(26)	(2)	-	28	-	-
Balance as of 30 June 2010	-	19,068	25,915	3,120	5,594	-	53,697
Charge for the year	-	2,665	2,159	567	501	-	5,892
Disposals and write-offs	-	(8)	(80)	(202)	(340)	-	(630)
Exchange differences	-	-	(3)	(3)	(2)	-	(8)
Balance as of 31 December 2010	-	21,725	27,991	3,482	5,753	-	58,951
<b>Impairment losses:</b>							
Balance as of 30 June 2009	278	266	21	3	57	-	625
Charge for the year	62	-	-	-	-	-	62
(Reversal) charge for the year	(134)	-	(2)	1	(55)	-	(190)
Balance as of 30 June 2010	206	266	19	4	2	-	497
(Reversal) charge for the year	-	-	-	-	-	-	-
Balance as of 31 December 2010	206	266	19	4	2	-	497
<b>Net book value as of 31 December 2010</b>	<b>6,504</b>	<b>73,921</b>	<b>20,754</b>	<b>3,528</b>	<b>3,539</b>	<b>3,911</b>	<b>112,157</b>
<b>Net book value as of 30 June 2010</b>	<b>6,175</b>	<b>59,768</b>	<b>21,014</b>	<b>2,437</b>	<b>3,544</b>	<b>2,388</b>	<b>95,326</b>
<b>Net book value as of 30 June 2009</b>	<b>5,599</b>	<b>57,028</b>	<b>24,551</b>	<b>2,924</b>	<b>2,987</b>	<b>1,043</b>	<b>94,132</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 2009	8,086	2,863	10,949
Additions	82	-	82
Disposals	(237)	-	(237)
Transfers from property, plant and equipment	(257)	434	177
Balance as of 30 June 2010	7,674	3,297	10,971
Additions	166	-	166
Disposals	-	-	-
Transfers to investment property	89	-	89
Balance as of 31 December 2010	7,929	3,297	11,226
<b>Accumulated depreciation:</b>			
Balance as of 30 June 2009	-	527	527
Charge for the year	-	37	37
Transfers from property, plant and equipment	-	29	29
Balance as of 30 June 2010	-	593	593
Charge for the year	-	26	26
Transfers from property, plant and equipment	-	-	-
Balance as of 31 December 2010	-	619	619
<b>Impairment losses:</b>			
Balance as of 30 June 2009	857	1,389	2,246
Charge for the year	(204)	-	(204)
Transfers to property, plant and equipment	(62)	-	(62)
Balance as of 30 June 2010	591	1,389	1,980
Balance as of 31 December 2010	591	1,389	1,980
<b>Net book value as of 31 December 2010</b>	<b>7,338</b>	<b>1,289</b>	<b>8,627</b>
<b>Net book value as of 30 June 2010</b>	<b>7,083</b>	<b>1,315</b>	<b>8,398</b>
<b>Net book value as of 30 June 2009</b>	<b>7,229</b>	<b>947</b>	<b>8,176</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 2010 and as of 30 June 2010 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 2010	As of 30 June 2010	
<b>Associates</b>				
UAB Jungtinė ekspedicija	Lithuania	45.05 %	45.05 %	Expedition and ship's agency services
<b>Joint ventures</b>				
UAB Kustodija	Lithuania	50.00 %	50.00 %	Sale of fertilizers and plant protection products
UAB Dotnuvos Projektai	Lithuania	50.00 %	50.00 %	Sale of seeds, agricultural machinery
<b>Companies controlled by UAB Dotnuvos Projektai</b>				
UAB Dotnuvos Technika	Lithuania	50.00 %	50.00 %	Dormant
SIA Dotnuvos Projektai	Latvia	50.00 %	50.00 %	Sale of seeds, agricultural machinery
AS Dotnuvos Projektai	Estonia	50.00 %	-	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisas	Lithuania	49.98 %	49.98 %	Agricultural equipment maintenance and related services

Information on associates and joint ventures of the Group as of 31 December, 2010 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	340	124	1,511	149	1,223	-	617
	<u>340</u>						
<b>Investments into joint ventures</b>							
UAB Kustodija	1,896	(89)	14,537	579	24,314	37	21,259
UAB Dotnuvos Projektai (consolidated)	22,267	2,443	72,292	31,402	77,098	6,211	57,965
	<u>24,163</u>						

Information on associates and joint ventures of the Group as of 30 June 2010 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	284	272	5,614	174	1,453	-	995
	<u>284</u>						
<b>Investments into joint ventures</b>							
UAB Kustodija	1,843	503	39,890	660	32,380	37	29,317
UAB Dotnuvos Projektai (consolidated)	21,045	5,316	143,089	34,641	82,624	7,815	67,359
	<u>22,888</u>						

## 9. Other investments

Other investments of the Group consist of:

	Share held by the Group	As of 31 December 2010	As of 30 June 2010
CJ-SC UKRAGRO NPK (Ukraine)	13.38 %	-	5,545
Panevėžys district Ėriškių ŽŪB	25.05 %	173	173
Other investments		188	166
		<u>361</u>	<u>5,884</u>

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.

On 1 July 2010 the Company acquired additional 50 % shares of CJ-SC UKRAGRO NPK, after the share acquisition the Group directly controlled 63.38 % of the investee. The mentioned company is consolidated to the Group from 1 July 2010, and transferred from other investment to subsidiary (Note 3).

## 10. Borrowings

	As of 31 December 2010	As of 30 June 2010
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	23,658	25,770
Other non-current borrowings	1,077	1,035
	<u>24,735</u>	<u>26,805</u>
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	11,216	12,733
Current portion of other non-current borrowings (Note 16)	2,046	2,312
Current bank borrowings secured by the Group assets	220,033	83,111
Factoring with recourse liability	26,163	9,946
Other current borrowings	1,566	1,692
	<u>261,024</u>	<u>109,794</u>
	<u>285,759</u>	<u>136,599</u>

On 21 July 2007 AB Linas Agro issued bonds emission with the par value of LTL 15 million. On 21 July 2009 AB Linas Agro has redeemed the bonds emission together with accrued interest.

In 2006-2007 ŽŪB Landvesta 1 received non-current interest free loans amounting to LTL 1,400 thousand from non-controlling shareholders. These loans were discounted to their fair value using 8 % discount rate. The discounting effect amounting to LTL 648 thousand was accounted for directly in equity in the non-controlling interest caption. Discount unwinding effect is accounted for under finance expenses caption.

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

## 11. Cost of sales

	2010-2011 I half	2009-2010 I half
Cost of inventories recognized as an expense	689,828	457,083
Logistics expenses	50,047	50,362
Wages and salaries and social security	7,557	2,359
Provision for onerous contracts	-	(4,519)
Depreciation	3,520	1,918
Utilities expenses	1,849	1,263
(Income) expense from change in fair value of biological assets)	(2,272)	-
Other	3,402	824
	753,931	509,290

## 12. Operating expenses

	2010-2011 I half	2009-2010 I half
Wages and salaries and social security	12,961	7,933
Consulting expenses	545	550
Depreciation and amortization	870	679
Other	6,358	3,489
	20,734	12,651

## 13. Other income (expenses)

	2010-2011 I half	2009-2010 I half
<b>Other income</b>		
Rental income from investment property and property, plant and equipment	461	396
Gain from disposal of investment property and property, plant and equipment	98	93
Other income	60	184
	619	673
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties	(118)	(96)
Loss from disposal of property, plant and equipment	(9)	(13)
Currency exchange loss	(3,577)	(133)
Loss recognized on acquisition of subsidiary (Note3)	(670)	-
Loss recognized on disposal of subsidiary (Note3)	(253)	-
Other expenses	(101)	(87)
	(4,728)	(329)

## 14. Income (expenses) from financing activities

	2010-2011 I half	2009-2010 I half
<b>Income from financing activities</b>		
Interest income	842	916
Income from overdue payments	252	539
	1,094	1,455
<b>(Expenses) from financing activities</b>		
Interest expenses	(4,217)	(3,118)
Expenses for overdue payments	-	(66)
	(4,217)	(3,184)

## 15. Commitments and contingencies

As of 31 December 2010 the Group is committed to purchase property, plant and equipment for the total amount of LTL 12,506 thousand (LTL 1,194 thousand as of 30 June 2010).

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

A few Group companies (Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB and Sidabravo ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Šakiai district Lukšių ŽŪB is committed not to discontinue operations related to agriculture up to 2015, Biržai district Medeikių ŽŪB – up to 2014 and Sidabravo ŽŪB – up to 2013. 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 3,579 thousand as of 31 December 2010 (LTL 5,232 thousand as of 30 June 2010).

On 30 March 2010 AB Linas Agro and AB Klaipėdos Jūrų Krovinių Kompanija signed a long term cooperation agreement for expansion of a grain terminal. AB Linas Agro participates by partly financing (in total LTL 4,625 thousand) expansion of the grain terminal and will have an exclusive right for five years to use silage warehouses stowing 40 thousand tons of grain and to use the terminal for loading.

As of 31 December 2010 AB Linas Agro had bank guarantee contracts signed in favor of National Paying Agency for the total amount of LTL 1,298 thousand (as of 30 June 2010 – LTL 283 thousand). No restrictions on AB Linas Agro assets were imposed according to these agreements.

## 16. Related parties transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions.

The related parties of the Company and Group for the years ended 31 December 2010 and 30 June 2010 were as follows:

### Members of the Board of the Company:

Darius Zupas (Chairman of the Board, ultimate controlling shareholder);  
 Vytautas Šidlauskas;  
 Dainius Pilkauskas;  
 Arūnas Zupas;  
 Andrius Pranckevičius;  
 Arūnas Jarmolavičius;  
 Tomas Tumėnas (member of the Board from 1 October 2008).

### Subsidiaries:

List provided in Note 3.

## 16. Related parties transactions (cont'd)

### Joint ventures (Note 8):

UAB Dotnuvos Projektai;  
 ŽŪB Dotnuvos Agroservisas;  
 UAB Dotnuvos Technika;  
 SIA Dotnuvos Projektai (related from 26 April 2010);  
 AS Dotnuvos Projektai (related from 11 November 2010);  
 UAB Kustodija.

### Associates (Note 8):

UAB Jungtinė Ekspedicija.

### Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);  
 UAB MESTILLA (same ultimate controlling shareholders);  
 OOO Ukrkalyj (Ukraine), in liquidation status (same ultimate controlling shareholders);  
 ZAT UKRAGRO NPK (Ukraine) (same ultimate controlling shareholders, related until 30 June 2010);  
 OAO Rajagrohimi (Ukraine) (same ultimate controlling shareholders; liquidated on 9 November 2009).

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

The Group's transactions with related parties in 6 month period ended 31 December, 2010 were as follows:

2010 6 month	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current loans received
			Trade receivables	Current loans receivable			
Members of the board	-	-	-	-	-	-	656
Joint ventures	10,177	1,312	1,794	-	-	2,352	-
Associates	4,850	-	-	-	-	311	-
Akola ApS group companies	4,161	120,156	14,239	3,213	1,303	4,817	691
	19,188	121,468	16,033	3,213	1,303	7,480	1,347*

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

As of 31 December 2010 and as of 30 June 2010 annual interest rate of the Group's loans borrowed and non-current loans receivable from related parties are fixed and equal to 7 % and 8 %, respectively. Current loans receivable from related parties bear 1m EURIBOR + 4.1 % margin annual interest rate.

Transactions with related parties include sales and purchases of goods and services, sales and purchases of property, plant and equipment as well as financing transactions in the ordinary course of business.

There were no guarantees or pledges related to the Group's payables to or receivables from related parties. Receivables and payables from / to related parties will be settled in cash or offset with the payables / receivables from / to respective related parties.

Terms and conditions of the financial assets and liabilities:

- Receivables from related parties are non-interest bearing and are normally settled on 30-day terms.
- Payables to related parties are non-interest bearing and are normally settled on 30-90-day terms.
- Interest payable is normally settled at the end of the loan term.

The Group's receivables from related parties were not past due as of 31 December 2010 and 30 June 2010.

## 17. Subsequent events

As of 10 January 2011 the Parent sold 3 % shares of CJ-SC UKRAGRO NPK for LTL 612 thousand.