

AB LINAS AGRO GROUP

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE 12 MONTH PERIOD OF THE YEAR
2011/2012 (UNAUDITED)**

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





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 30 June 2012	As of 30 June 2011
ASSETS			
Non-current assets			
Intangible assets	5	612	366
Property, plant and equipment	6	123,229	123,208
Investment property	7	9,513	9,012
Animals and livestock		11,852	14,007
Non-current financial assets			
Investments into associates	8	348	347
Investments into joint ventures	8	29,565	25,821
Other investments	9	311	365
Prepayments for financial assets	9	-	2,223
Non-current receivables		5,446	10,317
Non-current receivables from related parties	16	3,230	1,359
Total non-current financial assets		38,900	40,432
Deferred income tax asset		5,413	8,797
Total non-current assets		189,519	195,822
Current assets			
Crops		36,460	29,682
Inventories		136,668	128,226
Prepayments		16,504	49,674
Accounts receivable			
Trade receivables		191,138	160,768
Receivables from related parties	16	3,278	3,899
Other accounts receivable		18,619	29,257
Total accounts receivable		213,035	193,924
Other current assets		43,575	5,284
Cash and cash equivalents		54,768	7,624
Total current assets		501,010	414,414
Total assets		690,529	610,236

(cont'd on the next page)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

	Notes	As of 30 June 2012	As of 30 June 2011
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	158,940	158,940
Share premium	1	79,545	79,545
Legal reserve		4,401	4,151
Reserve for own shares		1,600	-
Foreign currency translation reserve		(47)	(3,208)
Retained earnings		106,185	23,930
Total equity attributable to equity holders of the parent		350,624	263,358
Non-controlling interest		4,818	16,591
Total equity		355,442	279,949
Liabilities			
Non-current liabilities			
Grants and subsidies		11,855	9,473
Non-current borrowings	10	36,749	28,295
Finance lease obligations		2,568	1,789
Deferred income tax liability		897	2,613
Payables to related parties		54	
Other non-current liabilities		1,543	2,329
Total non-current liabilities		53,666	44,499
Current liabilities			
Current portion of non-current borrowings	10, 16	9,839	14,814
Current portion of finance lease obligations		1,067	1,028
Current borrowings	10	179,701	180,884
Trade payables		49,213	47,280
Payables to related parties	16	3,634	5,482
Income tax payable		12,872	2,933
Derivative financial instruments		4,845	618
Other current liabilities		20,250	32,749
Total current liabilities		281,421	285,788
Total equity and liabilities		690,529	610,236

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 30 June)

	Notes	2011/2012 12 month	2010/2011 12 month
Sales	4	1,337,961	1,353,976
Cost of sales	11	(1,243,044)	(1,273,007)
Gross profit		94,917	80,969
Operating (expenses)	12	(48,494)	(65,618)
Other income	13	67,922	5,116
Other (expenses)	13	(1,502)	(5,252)
Operating profit		112,843	15,215
Income from financing activities	14	10,126	2,779
(Expenses) from financing activities	14	(9,791)	(8,278)
Share of profit of associates		-	63
Share of profit of joint ventures		2,552	4,743
Profit before tax		115,730	14,522
Income tax		22,209	4,448
Net profit		93,521	18,970
Attributable to:			
Equity holders of the parent		88,557	19,563
Non-controlling interest		4,964	(593)
		93,521	18,970
Basic and diluted earnings per share (LTL)		0.59	0.12
Net profit		93,521	18,970
Other comprehensive income			
Exchange differences on translation of foreign operations		92	(5,092)
Total comprehensive income		93,613	13,878
Attributable to:			
Equity holders of the parent		88,649	16,488
Non-controlling interest		4,964	(2,610)
		93,613	13,878

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 April to 30 June)

	Notes	2011/2012 4 Q	2010/2011 4 Q
Sales	4	254,656	215,933
Cost of sales	11	(225,511)	(194,921)
Gross profit		29,145	21,012
Operating (expenses)	12	(15,051)	(25,503)
Other income	13	(1,762)	3,898
Other (expenses)	13	696	976
Operating profit		13,028	383
Income from financing activities	14	9,143	513
(Expenses) from financing activities	14	(2,842)	(1,365)
Share of profit of associates		(24)	1
Share of profit of joint ventures		1,356	3,959
Profit before tax		20,661	3,491
Income tax		3,996	4,900
Net profit		16,665	8,391
Attributable to:			
Equity holders of the parent		13,223	8,661
Non-controlling interest		3,442	(270)
		16,665	8,391
Basic and diluted earnings per share (LTL)		0.10	0.05
Net profit		16,665	8,391
Other comprehensive income			
Exchange differences on translation of foreign operations		92	(854)
Total comprehensive income		16,757	7,537
Attributable to:			
Equity holders of the parent		13,315	8,019
Non-controlling interest		3,442	(482)
		16,757	7,537

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Equity attributable to equity holders of the parent							Non-controlling interest	Total
	Share capital	Share premium	Legal reserve	Reserve for acquisition of own shares	Foreign currency translation reserve	Retained earnings	Subtotal		
Balance as of 1 July 2010	158,940	79,545	4,100	-	(133)	8,079	250,531	12,817	263,348
Net profit for the year	-	-	-	-	-	19,563	19,563	(593)	18,970
Other comprehensive income	-	-	-	-	(3,075)	-	(3,075)	(2,017)	(5,092)
Total comprehensive income	-	-	-	-	(3,075)	19,563	16,488	(2,610)	13,878
Reserves made	-	-	(51)	-	-	(51)	-	-	-
Dividends declared by Rosenkrantz A/S	-	-	-	-	-	-	-	(611)	(611)
Dividends declared by Company	-	-	-	-	-	(3,500)	(3,500)	-	(3,500)
Minority interest arising on acquisition of subsidiaries	-	-	-	-	-	416	416	(4,862)	(4,446)
Acquisition of minority interest	-	-	-	-	-	(577)	(577)	1,666	1,089
Balance as of 30 June 2011	158,940	79,545	4,151	-	(3,208)	23,930	263,358	16,591	279,949
Balance as of 1 July 2011	158,940	79,545	4,151		(3,208)	23,930	263,358	16,591	279,949
Net profit for the year	-	-	-	-	-	88,557	88,557	4,964	93,521
Other comprehensive income	-	-	-	-	92	-	92	-	92
Total comprehensive income	-	-	-	-	92	88,557	88,649	4,964	93,613
Disposals of subsidiaries	-	-	-	-	3,069	109	3,178	(17,500)	(14,322)
Declared dividends	-	-	-	-	-	-	-	(22)	(22)
Reserves made	-	-	250	1,600	-	(1,850)	-	-	-
Acquisition of minority interest	-	-	-	-	-	(4,561)	(4,561)	785	(3,776)
Balance as of 30 June 2012	158,940	79,545	4,401	1,600	(47)	106,185	350,624	4,818	355,442

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



CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2011/2012 12 month	2010/2011 12 month
Cash flows from (to) operating activities			
Net profit (loss)		93,522	18,970
Adjustments for non-cash items:			
Depreciation and amortization		9,899	10,347
Subsidies amortization		(1,311)	(1,375)
Share of profit of associates and joint ventures		(3,783)	(4,806)
(Gain) on disposal of property, plant and equipment		(276)	48
Loss from acquisition of subsidiary		939	670
Loss (gain) from disposal of investments		(63,076)	-
Change in accrued expenses		6,733	1,384
Change in allowance for receivables and prepayments		2,286	18,870
Change in inventories write down to net realizable value		13	32
Change in fair value of biological assets		(2,749)	(8,932)
Change in impairment of investments		19	11
Change in impairment of property, plant and equipment and investment property		(181)	(586)
Change in deferred income tax		2,881	(8,596)
Current income tax expenses		19,327	4,148
Expenses (income) from change in fair value of financial instruments		(584)	(43)
Change of provision for onerous contracts		(267)	267
Change in foreign currency translation reserve		-	-
Dividend (income)		(36)	-
Interest (income)		(10,126)	(2,779)
Interest expenses		9,791	8,277
		63,021	35,907
Changes in working capital:			
Decrease in biological assets		(326)	(6,461)
(Increase) in inventories		(45,497)	(22,355)
(Increase) in prepayments		6,892	(11,439)
(Increase) in trade and other accounts receivable		(24,442)	(63,904)
(Increase) in restricted cash		(2,072)	(77)
Increase in trade and other accounts payable		49,864	37,664
Income tax (paid)		(7,260)	(3,988)
Net cash flows from (to) operating activities		40,180	(34,653)

(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	2011/2012 12 month	2010/2011 12 month
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(20,855)	(23,766)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		1,895	916
Acquisition of subsidiaries (less received cash balance in the Group)		(10)	7,407
Disposal of subsidiary subsidiaries (less received cash balance in the Group)		69,759	1,089
Prepayment for financial assets		-	(2,223)
(Acquisition) of non-controlling interests and other investments		(41,713)	(1,572)
Disposal of joint venture		2,044	-
Loans (granted)		(2,715)	(4,626)
Repayment of granted loans		2,605	8,042
Interest received		3,059	2,406
Dividend received		36	1,500
Net cash flows (to) investing activities		14,105	10,827
Cash flows from (to) financing activities			
Proceeds from loans		128,001	74,770
(Repayment) of loans		(123,147)	(42,061)
Finance lease (payments)		(1,221)	(1,391)
Interest (paid)		(10,762)	(8,117)
Dividends (paid) to non-controlling shareholders		(12)	(611)
Dividends (paid) to shareholders of the Company		-	(3,500)
Net cash flows from (to) financing activities		(7,141)	19,090
Net increase (decrease) in cash and cash equivalents		47,144	(26,390)
Cash and cash equivalents at the beginning of the year		7,624	34,014
Cash and cash equivalents at the end of the year		54,768	7,624
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by finance lease		2,026	1,701
Property, plant and equipment acquisitions financed by grants and subsidies		4,152	740

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 30 June 2012 and as of 30 June 2011 the shareholders of the Company were:

	As of 30 June 2012		As of 30 June 2011	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	86,081,551	54.16%	86,081,551	54.16%
Skandinaviska Enskilda Banken AB (Sweden)	23,094,969	14.53%	21,221,849	13.35%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank (Estonia) Clients	9,184,040	5.78%	9,816,217	6.18%
Other shareholders (private and institutional investors)	23,529,843	14.80%	24,770,786	15.58%
Total	158,940,398	100.00%	158,940,398	100.00%

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 30 June 2012 (LTL 1 each as of 30 June 2011) and were fully paid as of 30 June 2012 and as of 30 June 2011. The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 30 June 2012 and as of 30 June 2011.

All of the Company's 158,940,398 ordinary shares are included in the Official list of NASDAQ OMX Vilnius stock exchange (ISIN code LT0000128092). The Company's trading ticker in NASDAQ OMX Vilnius stock exchange is LNA1L.

As of 30 June 2012 the number of employees of the Group was 595 (775 as of 30 June 2011).

Changes in share capital during the year ended 30 June 2011

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

Changes in share capital during the year ended 30 June 2012

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

2. ACCOUNTING PRINCIPLES

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU), which include IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2010/2011 financial year.



3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As of 30 June 2012 and as of 30 June 2011 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 June 2012	30 June 2011	
Investments into directly controlled subsidiaries				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100%	100%	Rent and management of agricultural purposes land
PC-JS UKRAGRO NPK	Ukraine	-	58.04%	Manufacturing of fertilizers, wholesale of grains and oilseeds

Investments into indirectly controlled subsidiaries (through AB Linas Agro)

SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linus Agro A/S	Denmark	100%	60%	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	100%	100%	Manufacturing of lignin

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

ŽŪK KUPIŠKIO GRŪDAI	Lithuania	96.16%	92.88%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.36%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.80%	98.37%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	96.76%	65.35%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	70.28%	66.22%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	70%	Growing and sale of crops
UAB Edfermus 2	Lithuania	100%	-	Growing and sale of crops



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

Changes in the Group during the year ended 30 June 2011

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

At the acquisition date the fair value was higher than the carrying value of the net assets by LTL 9,029 thousand representing the differences on non-current assets. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

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

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



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

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

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

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

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

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

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

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

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

Changes in the Group during the 12 month period ended 30 June 2012

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

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

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



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

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

On 6 February 2012 the Company sold all shares of PC-JS UKRAGRO NPK. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the followings:

	31 January 2012 (unaudited)
Non-current assets	22,267
Current assets	92,173
Liabilities	(64,916)
Net asset of subsidiary sold	49,524
Minority interest	20,780
Net assets sold by the Group	28,744
Sales price (received in cash)	90,754
Gain on disposal of subsidiaries in the Group	62,010
Cash disposed in the subsidiaries	20,995
Sales price less cash disposed	69,759

The Shareholders' agreement between AB Linas Agro Group and PC-JS UKRAGRO NPK non-controlling shareholders expired on 6 February 2012, according to which the Company has an obligation to acquire the shares of PC-JS UKRAGRO NPK from the non-controlling shareholders, if put option is exercised.

During the 12 month period ended 30 June 2012 the Group acquired 0.43% of Šakiai district Lukšiu ŽŪB share capital for LTL 14 thousand, 0.03% Biržai district Medeikių ŽŪB share capital for LTL 1 thousand, 31.41% Panevėžys district Aukštadvario ŽŪB share capital for LTL 144 thousand, 30% Užupės ŽŪB share capital for LTL 3 thousand, 100% UAB Edfermus 2 share capital for LTL 10 thousand, 4.06% Sidabravo ŽŪB share Capital for LTL 21 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 3,303 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

4. SEGMENT INFORMATION

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

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

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

12 month period ended 30 June 2012	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjust- ments and elimina- tions	Total
Revenue								
From one client UAB MESTILLA	93,216	175	-	-	181	-	-	93,572
Other third parties	440,453	359,001	402,690	28,204	14,041	-	-	1,244,389
Intersegment	-	2,503	12,239	18,830	26,293	-	(59,865) ¹⁾	-
Total revenue	533,669	361,679	414,929	47,034	40,515	-	(59,865)¹⁾	1,337,961



Results

Operating expenses	4,769	3,398	11,936	3,792	3,186	21,413	-	48,494
Segment operating profit (loss)	5,676	17,465	88,896	8,902	10,392	(18,488)	-	112,843

12 month period ended 30 June 2011	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjust- ments and elimina- tions	Total
Revenue								
From one client UAB MESTILLA	138,357	13	-	-	770	-	-	139,140
Other third parties	441,123	263,061	469,269	25,276	16,107	-	-	1,214,836
Intersegment	-	2,064	11,991	14,170	21,403	-	(49,628) ¹⁾	-
Total revenue	579,480	265,138	481,260	39,446	38,280	-	(49,628)¹⁾	1,353,976
Results								
Operating expenses	19,677	8,823	17,859	3,968	3,251	12,040	-	65,618
Segment operating profit (loss)	(23,048)	3,909	26,251	15,475	6,061	(13,433)	-	15,215

1) Intersegment revenue is eliminated on consolidation.

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

Revenue from external customers	12 month period ended	
	30 June 2012	30 June 2011
Lithuania	321,104	376,486
Europe (except for Scandinavian countries, CIS and Lithuania)	299,213	321,587
Scandinavian countries	239,702	110,214
Africa	57,192	44,917
Asia	136,097	100,774
CIS	284,653	399,998
	<u>1,337,961</u>	<u>1,353,976</u>

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

Non-current assets	As of 30 June	As of 30
	2012	June 2011
Lithuania	133,057	113,730
Ukraine	-	18,444
Denmark	118	207
Latvia	179	205
	<u>133,354</u>	<u>132,586</u>

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



5. INTANGIBLE ASSETS

	Software	Other intangible assets	Total
Cost:			
Balance as of 30 June 2010	1,343	201	1,544
Additions	170	17	187
Acquisition of subsidiaries	57	-	57
Write-offs	(50)	(60)	(110)
Exchange differences	(8)	(1)	(9)
Balance as of 30 June 2011	1,512	157	1,669
Additions	366	13	379
Write-offs	-	-	-
Exchange differences	2	-	2
Disposal of subsidiary	(73)	-	(73)
Balance as of 30 June 2012	1,807	170	1,977
Accumulated amortization:			
Balance as of 30 June 2011	1,179	124	1,303
Charge for the year	85	11	96
Write-offs	-	-	-
Exchange differences	-	-	-
Disposal of subsidiary	(34)	-	(34)
Balance as of 30 June 2012	1,230	135	1,365
Net book value as of 30 June 2012	577	35	612
Net book value as of 30 June 2011	333	33	366
Net book value as of 30 June 2010	156	38	194

The Group has no internally generated intangible assets. Amortization expenses of intangible assets are included within operating expenses in the income statement.



6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as of 30 June 2010	6,381	79,102	46,948	5,561	9,140	2,388	149,520
Additions	190	3,291	5,748	1,252	666	15,394	26,541
Acquisition of subsidiaries	249	13,220	671	874	1,035	335	16,385
Disposals and write-offs	(13)	(419)	(370)	(527)	(518)	(205)	(2,053)
Transfers to/from investment property	156	-	-	-	-	-	156
Reclassifications	-	2,797	(299)	26	-	(2,524)	-
Exchange differences	(40)	(2,005)	(97)	(137)	(168)	(141)	(2,588)
Balance as of 30 June 2011	6,923	95,986	52,601	7,049	10,155	15,247	187,960
Additions	3,236	2,707	7,237	1,488	967	17,618	33,253
Acquisition of subsidiaries	200	-	-	-	-	-	200
Disposals and write-offs	(177)	(210)	(1,461)	(247)	(28)	(10)	(2,133)
Transfers to/from investment property	610	-	-	-	-	-	610
Reclassifications	176	14,486	4,694	18	411	(19,785)	-
Exchange differences	21	1,302	299	97	117	68	1,904
Disposal of subsidiary	(228)	(16,716)	(4,215)	(1,454)	(1,718)	(631)	(24,962)
Balance as of 30 June 2012	10,761	97,555	59,155	6,951	9,904	12,507	196,833
Accumulated depreciation:							
Balance as of 30 June 2010	-	19,068	25,915	3,120	5,594	-	53,697
Charge for the year	-	5,355	4,238	914	1,235	-	11,742
Disposals and write-offs	-	(182)	(249)	(293)	(389)	-	(1,113)
Exchange differences	-	(39)	(21)	(11)	(24)	-	(95)
Balance as of 30 June 2011	-	24,202	29,883	3,730	6,416	-	64,231
Charge for the year	-	5,588	4,470	871	1,068	-	11,997
Disposals and write-offs	-	(16)	(303)	(185)	(28)	-	(532)
Reclassifications	-	-	(459)	-	459	-	-
Exchange differences	-	66	40	11	35	-	152
Disposal of subsidiary	-	(1,118)	(735)	(314)	(567)	-	(2,734)
Balance as of 30 June 2012	-	28,722	32,896	4,113	7,383	-	73,114
Impairment losses:							
Balance as of 30 June 2010	206	266	19	4	2	-	497
(Reversal) charge for the year	(156)	183	-	(1)	(1)	-	25
Balance as of 30 June 2011	50	449	19	3	1	-	522
(Reversal) charge for the year	(32)	-	-	-	-	-	(32)
Balance as of 30 June 2012	18	449	19	3	1	-	490
Net book value as of 30 June 2012	10,743	68,384	26,240	2,835	2,520	12,507	123,229
Net book value as of 30 June 2011	6,873	71,335	22,699	3,316	3,738	15,247	123,208
Net book value as of 30 June 2010	6,175	59,768	21,014	2,437	3,544	2,388	95,326



7. INVESTMENT PROPERTY

Investment property of the Group consists of land and buildings leased out under the operating lease which generates lease income.

	Land	Buildings	Total
Cost:			
Balance as of 30 June 2010	7,674	3,297	10,971
Additions	263	-	263
Transfers from property, plant and equipment	(156)	-	(156)
Balance as of 30 June 2011	7,781	3,297	11,078
Additions	1,122	-	1,122
Disposals	(65)	-	(65)
Transfers to/from property, plant and equipment	(610)	-	(610)
Balance as of 30 June 2012	8,228	3,297	11,525
Accumulated depreciation:			
Balance as of 30 June 2010	-	593	593
Charge for the year	-	103	103
Balance as of 30 June 2011	-	696	696
Charge for the year	-	94	94
Transfers to/from property, plant and equipment	-	-	-
Balance as of 30 June 2012	-	790	790
Impairment losses:			
Balance as of 30 June 2010	591	1,389	1,980
Charge for the year	(349)	(261)	(610)
Balance as of 30 June 2011	242	1,128	1,370
Charge for the year	(148)	-	(148)
Balance as of 30 June 2012	94	1,128	1,222
Net book value as of 30 June 2012	8,134	1,379	9,513
Net book value as of 30 June 2011	7,539	1,473	9,012
Net book value as of 30 June 2010	7,083	1,315	8,398

The Group's management considers that the difference between the carrying value and fair value of investment property is not significant. Fair value has been determined based on valuations performed by independent valutors at near reporting date using the comparable prices method.



8. INVESTMENTS INTO ASSOCIATES AND JOINT VENTURES

As of 30 June 2012 and as of 30 June 2011 the Group had investments into the following associates and joint ventures:

	Place of registration	Effective share held by the Group		Main activities
		As of 30 June 2012	As of 30 June 2011	
Associates				
UAB Jungtinė Ekspedicija	Lithuania	45.05%	45.05%	Expedition and ship's agency services
Karcemos KB	Lithuania	20%	-	Preparation and warehousing of grains for trade
Joint ventures				
UAB Dotnuvos Projektai	Lithuania	50%	50%	Sale of seeds, agricultural machinery
Companies controlled by UAB Dotnuvos Projektai				
UAB Dotnuvos Technika	Lithuania	50%	50%	Dormant
SIA DOTNUVOS PROJEKTAI	Latvia	50%	50%	Sale of seeds, agricultural machinery
AS Dotnuvos Projektai	Estonia	50%	50%	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisas	Lithuania	-	49.98%	Agricultural equipment maintenance and related services

Information on associates and joint ventures of the Group as of 30 June 2012 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė Ekspedicija	348	-	4,416	235	1,269	100	769
	<u>348</u>						
Investments into joint ventures							
UAB Dotnuvos Projektai (consolidated)	29,565	7,488	169,937	33,790	120,693	4,398	90,636
	<u>29,565</u>						

*Karcemos KB consolidating associate.

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

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



9. OTHER INVESTMENTS

Other investments of the Group consist of:

	Share held by the Group	As of 30 June 2012	As of 30 June 2011
Panevėžys district Ėriškių ŽŪB	24.97%	173	173
Other investments		138	192
		<u>311</u>	<u>365</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.

10. BORROWINGS

	As of 30 June 2012	As of 30 June 2011
Non-current borrowings		
Bank borrowings secured by the Group assets	35,393	27,228
Other non-current borrowings	1,356	1,067
	<u>36,749</u>	<u>28,295</u>
Current borrowings		
Current portion of non-current bank borrowings	8,529	12,814
Current portion of other non-current borrowings (Note 16)	1,310	2,000
Current bank borrowings secured by the Group assets	156,471	160,109
Factoring with recourse liability	21,511	18,894
Other current borrowings	1,719	1,881
	<u>189,540</u>	<u>195,698</u>
	<u>226,289</u>	<u>223,993</u>

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

11. COST OF SALES

	2011/2012 12 month	2010/2011 12 month
Cost of inventories recognized as an expense	1,131,052	1,134,595
Logistics expenses	88,509	84,875
Wages and salaries and social security	12,281	11,253
Provision for onerous contracts	(267)	267
Depreciation	6,477	7,575
Utilities expenses	2,942	2,243
(Income) expense from change in fair value of biological assets	(2,749)	(8,932)
(Income) expense from change in fair value of financial instruments	(584)	(3,401)
Other	5,383	44,532
	<u>1,243,044</u>	<u>1,273,007</u>



12. OPERATING (EXPENSES)

	2011/2012	2010/2011
	12 month	12 month
Wages and salaries and social security	(31,048)	(29,943)
Change in allowance for receivables and prepayments	(2,286)	(18,870)
Consulting expenses	(2,168)	(1,719)
Depreciation and amortization	(1,518)	(1,169)
Other	(11,474)	(13,917)
	<u>(48,494)</u>	<u>(65,618)</u>

13. OTHER INCOME (EXPENSES)

	2011/2012	2010/2011
	12 month	12 month
Other income		
Fees from farmers for grain non-deliveries	272	3,916
Rental income from investment property and property, plant and equipment	886	912
Gain from disposal of investment property and property, plant and equipment	331	180
Gain from disposal of subsidiary	62,010	-
Gain from disposal of joint venture	1,060	-
Currency exchange gain	2,782	-
Other income	581	108
	<u>67,922</u>	<u>5,116</u>
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(213)	(233)
Loss from disposal of property, plant and equipment	(53)	(228)
Currency exchange loss	-	(4,517)
Loss recognized on acquisition of subsidiary (Note 3)	-	(670)
Loss recognized on disposal of subsidiary (Note 3)	-	-
Other expenses	(1,215)	396
	<u>(1,481)</u>	<u>(5,252)</u>

14. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	2011/2012	2010/2011
	12 month	12 month
Income from financing activities		
Interest income	7,780	2,132
Income from overdue payments	246	647
Other income	2,100	-
	<u>10,126</u>	<u>2,779</u>
(Expenses) from financing activities		
Interest expenses	(9,791)	(8,278)
	<u>(9,791)</u>	<u>(8,278)</u>



15. COMMITMENTS AND CONTINGENCIES

As of 30 June 2012 the Group is committed to purchase property, plant and equipment for the total amount of LTL 1,167 thousand (LTL 9,960 thousand as of 30 June 2011).

Additional investments are required for cattle farms located in Panevėžys district Aukštadvario 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 650 thousand (LTL 1,300 thousand as of 30 June 2011).

A few Group companies (Šakiai district Lukšių ŽŪB, Sidabravo ŽŪB and Biržai district Medeikių ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Šakiai district Lukšių ŽŪB is committed not to discontinue operations related to agriculture up to 2015, Sidabravo ŽŪB – up to 2014, Biržai district Medeikių ŽŪB – up to 2014. UAB Linas Agro Grūdų Centras KŪB received grant from the European Union and National Paying Agency for grain handling and storage facility upgrade.

UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2018. 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 10,145 thousand as of 30 June 2012 (LTL 2,854 thousand as of 30 June 2011).

16. RELATED PARTIES TRANSACTIONS

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

The related parties of the Company and Group for the years ended 30 June 2012 and 30 June 2011 were as follows:

Members of the board of the Company:

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

Subsidiaries:

List provided in Note 3;

Joint ventures (Note 8):

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

Associates (Note 8):

UAB Jungtinė Ekspedicija.

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);
 UAB MESTILLA (same ultimate controlling shareholders);
 OOO Ukrkalyj (Ukraine), in liquidation status (same ultimate controlling shareholders till 30 June 2011);
 PJ-SC UKRAGRO NPK (Ukraine) (same ultimate controlling shareholders, subsidiary since 1 July 2010 till 6 February 2012);

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



16. RELATED PARTIES TRANSACTIONS (cont'd)

The Group's transactions with related parties in 9 month period ended 30 June 2012 were as follows:

	Purchases	Sales	Receivables		Non-current loans receivable	Current payables	Current loans received
			Trade receivables	Current loans receivable			
Members of the board	47	1	-	-	-	-	656
Joint ventures	32,900	1,227	-	-	54	604	-
Associates	9,292	186	-	53	-	425	-
Akola ApS group companies	17,941	94,382	3,230	3,225	-	2,605	-
	60,180	95,796	3,230	3,278	54	3,634	656

* 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 30 June 2012 annual interest rate of the Group's loans borrowed is fixed and equal 7%. Current loans receivable from related parties are equal 8% and bear 3 month EURIBOR + 2.45% margin annual interest rate. As of 30 June 2011 annual interest rate of the Group's loans borrowed and non-current loans receivable from related parties are fixed and equal to 7.5% and 8%, respectively. Current loans receivable from related parties bear 1 month 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 30 June 2012 and 30 June 2011.

17. SUBSEQUENT EVENTS

On 16 July 2012 a subsidiary of AB Linas Agro Group, UAB Linas Agro Konsultacijos having received permission from Competition Council acquired 98.55% shares of Labūnavos agricultural company for LTL 22.5 million.

On 6 August 2012 AB Linas Agro Group signed agreements with natural persons, the shareholders of UAB Dotnuvos projektai, on acquisition of 50% of shares of the company. The agreements shall come into force if there are no objections from Competition Council. AB Linas Agro Group is planning to spend LTL 32 million on the acquisition of shares.