

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

**FOR 3 MONTHS PERIOD
ENDED 30 SEPTEMBER 2011**





1. COMPANY DETAILS

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

2. ABOUT AB LINAS AGRO GROUP

AB Linas Agro Group is an agribusiness parent company engaged in the production and trade of grains, oilseeds, feedstuff and agricultural inputs. It controls companies in Lithuania, Latvia, Estonia, Denmark and Ukraine. The group consists of international trading company in Lithuania AB Linas Agro, grain storage company UAB Linas Agro Grūdų Centras KŪB (controlling grain storages in Joniškis, Kėdainiai, Kupiškis, Pasvalys, Šakiai district, Šiauliai and Vilkaviškis), Latvian trading company SIA Linas Agro, international trading company Linas Agro A/S in Denmark, Ukrainian based fertilizer production and trade company PJ-SC UKRAGRO NPK, group of companies ŽŪB Landvesta, managing agricultural land, group of five agricultural companies UAB Linas Agro Konsultacijos, operator of lignin biofuel accumulation UAB Lignineko and other companies.

The total headcount of the Group amounts to 834 employees. The financial year of most of the companies of the Group begin on 1 July.

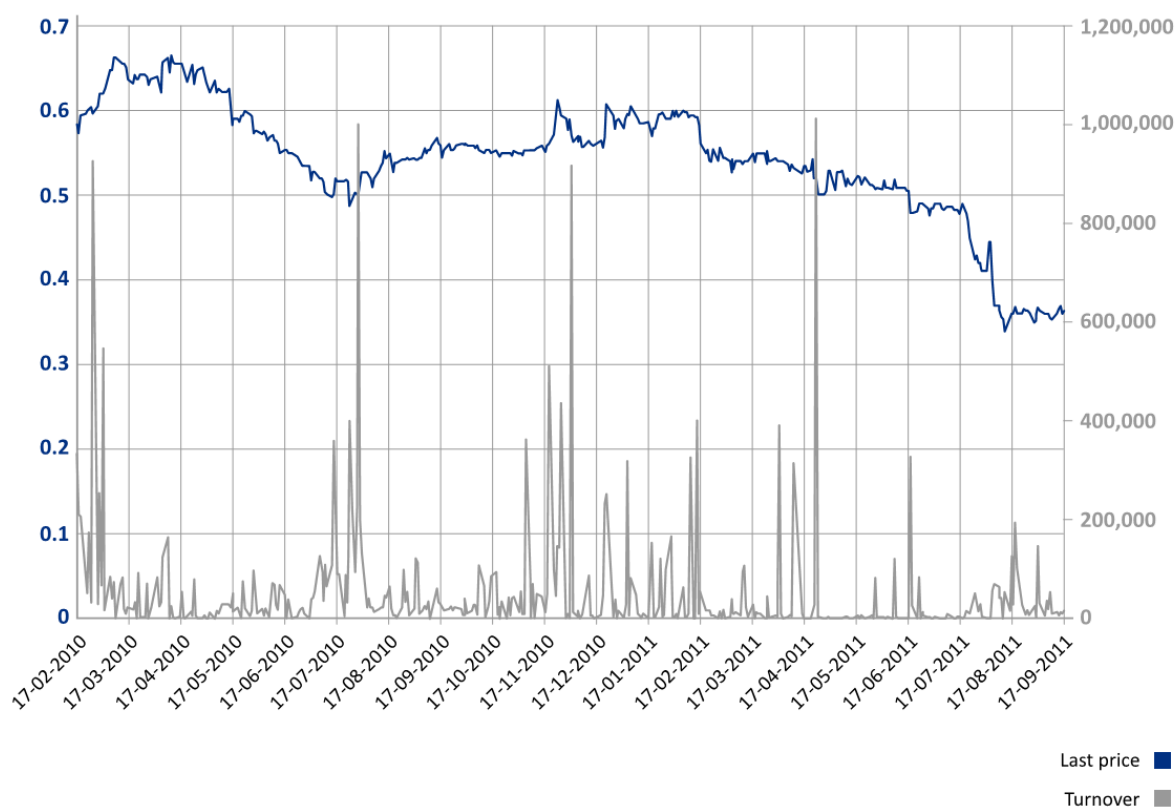
Together with partners, the controlling company owns agriculture-related products providing companies UAB Dotnuvos Projektai and UAB Kustodija and logistics company UAB Jungtinė Ekspedicija.



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

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

Starting from 17 February 2010, the Company has been listed on NASDAQ OMX Vilnius Stock Exchange. Information on changes in the prices of Company's shares and turnover from starting trade until the end of the reporting period, i. e. 30 September 2011, is presented in the following diagram:





4. ACTIVITY RESULTS OF THE GROUP

- Growing worldwide grain prices had a positive effect on Group's sales volumes. The revenues of the Group amounted to LTL 444 million and were 17% higher as compared to the first quarter of 2010/2011 financial year (LTL 379 million);
- The Group's gross profit reached LTL 31.6 million or was up by 5% as compared to the respective period of the previous financial year (LTL 30.1 million) and the net profit before tax amounted to LTL 19.3 million (LTL 17.6 million last year). The net profit attributable to the Group reached LTL 13.4 million (LTL 15 million last year);
- Grain storage facilities owned by AB Linas Agro Group processed 292 thousand tons of various grains or 28% more than over the respective period of the last year. The growth in volumes is mainly explained by opening new elevators in Pasvalys and Lukšiai (Šakiai district). Both elevators processed and prepared almost 34 thousand tons of grains and exceeded the expected storage capacity, which proves the efficiency of the investments made.

5. FINANCIAL RATES

	3 months of 2011/2012	3 months of 2010/2011
Sales (LTL)	443,933,000	378,893,000
Operating profit (LTL)	20,936,000	17,174,000
Operating profit (LTL) by segments :		
Grains and oilseeds	(1,868,000)	7,170,000
Feedstuffs	1,292,000	1,570,000
Agricultural inputs	16,527,000	8,053,000
Farming	(2,918,000)	(1,976,000)
Other products and services	7,897,000	3,155,000
Net profit (loss) attributable to the Group (LTL)	13,412,000	15,052,000
Turnover (in tons)	393,279	405,765



OVERVIEW

The total harvest of grain crops was different on the markets operated by the Group. It was similar to the last year's harvest and considered as average in the Baltic States (Lithuania and Latvia), while in Russia and Ukraine it was quite high. Worldwide grain prices remained fluctuating as last year but the overall price fluctuation was lower as compared to the respective period of the last year. The price tendencies of the last six months were opposite to last year's tendencies - the prices of the main products (wheat and rapeseed) dropped from spring until autumn.

The sales of the Group amounted to LTL 444 million and were 17% higher as compared to LTL 379 million earned during the same period of the last year. The Group managed to maintain its gross profitability level almost unchanged – 7.1% as compared to 8.0% of the last financial year. The Group's gross profit reached LTL 31.6 million or was up by almost 5% as compared to the respective period of 2010/2011 financial year (LTL 30.1 million). The Group is not expecting any unplanned losses related to product non-delivery because the Company implemented more strict risk management policy.

The operating costs incurred by the Group were LTL 11.7 million, i.e. 18% higher than during the respective period last year (LTL 10 million). It is mainly explained due to construction of new elevators, expansion of storage facilities and consolidation of Užupės agricultural company into the Group.

The performance of companies owned by the Group together with partners (UAB Dotnuvos Projektai, UAB Kustodija and UAB Jungtinė Ekspedicija) was profitable. The companies jointly earned approx. LTL 2.4 million of net profit (LTL 3.7 million in 2010/2011 financial year).

6. ACTIVITY RESULTS BY SEGMENTS

GRAINS AND OILSEEDS

Traditionally the largest business segment of the Group generated the turnover of LTL 141 million during three months of the financial year (LTL 166 million in 2010/2011 financial year) and the operating loss amounted to LTL 1.9 million (LTL 7.7 million of operating profit in 2010/2011). The operating loss was mainly conditioned by accounting principles because firstly grains having highest cost value were sold as their purchase price was at highest level at the beginning of harvest season. More than 147 thousand tons of various grains (mostly rapeseed and wheat) were sold. The fall in sales volumes of this business segment is explained by later harvest as compared to the last year, thus bigger sales were shifted to the second quarter of the financial year. The sales volumes also dropped due to termination of Serbian trade activities, which resulted in lower sales in maize.



FEEDSTUFFS

The turnover of feedstuffs segment reached LTL 57 million and the operating profit totaled LTL 1.3 million. Approx. 56 thousand tons of feedstuffs were sold, i.e. 19% less than during the respective period last year (69 thousand tons). The drop was conditioned by lower sales volumes in sugar beet pulp (55%) and vegetable oil (52%) over the first quarter as compared to the corresponding period last year. The main reasons were recurrence of demand for sugar beet pulp and partial export ban of vegetable oil from Belarus. Growing demand for sunflower cake on Scandinavian market resulted in 80% higher sales volumes of this product – approx. 40 thousand tons were sold on this market.

AGRICULTURAL INPUTS

Agricultural inputs remained one of the largest business segments. The operating turnover reached LTL 231 million and was 3 times as high as over the respective period last year (LTL 139 million). The increase in turnover was conditioned by growing worldwide fertilizer prices. The gross profit of the segment reached LTL 20.9 million over the reporting period (LTL 11.9 million in 2010/2011 financial year), while the gross profit from trade in fertilizers totaled LTL 19.7 million. The operating profit of the segment amounted to LTL 16.5 million (LTL 8.05 million in 2010/2011 financial year) and was almost twice as high as compared to the operating profit of the corresponding period last year.

FARMING

This segment covers the initial agricultural production. Due to high grain prices the sales volumes of agricultural companies grew from LTL 12.9 million to LTL 15.9 million during the first quarter, however, operating loss totaled LTL 2.9 million. The loss was caused by change in biological value because the actual value of crops is estimated, thus the change in value increased the cost price of products by LTL 3 million.

OTHER PRODUCTS AND SERVICES

The sales of this business segment are predominated essentially by activities of grain storage facilities controlled by the Group. Favorable climatic conditions and increased storage capacity resulted in LTL 7.9 million of operating revenue from this segment. Sales volumes increased 12% and reached LTL 24.5 million (LTL 22 million in 2010/2011 financial year). Operating profit of the segment totaled LTL 7.9 million and was 2.5 times as high as compared to the operating profit of the corresponding period last year.



7. FINANCIAL COSTS

Due to increased investments in fertilizer business, the Group's need for working capital grew correspondingly. The basis of interest rate also increased during the reporting period. This is one of the main reasons for increased financial costs. Bank interest costs grew from LTL 1.9 million to LTL 3.2 million. Similar trends are also expected for the second quarter of the financial year.

8. CASH FLOWS

Group's cash flow from operating activities before the changes in working capital grew to LTL 21.9 million as compared to LTL 15.7 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was LTL 23.8 million (minus LTL 17.1 million over the respective period of 2010/2011 financial year). This is mainly explained due to the beginning of trade season and decrease in receivables before the balance sheet date. Group's cash balance at the end of the reporting period amounted to LTL 11 million (LTL 35.7 million over the respective period of 2010/2011 financial year).

9. KEY EVENTS

On 1 July 2011, AB Linas Agro acquired additional 40% shares of Rosenkrantz A/S and controls 100% of this company. Company name Rosenkrantz A/S was changed into Linas Agro A/S.

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