

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

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





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## 1. REPORTING PERIOD OF THE REPORT

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

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

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

## 3. COMPANY DETAILS

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

## 4. THE MAIN ACTIVITY

AB Linas Agro Group together with its subsidiaries and joint ventures is agribusiness developing Group of companies engaged in the production of and trade in agricultural produce, feedstuff and agricultural inputs. The Group is the leading exporter of grains and secondary products of food industry in the Baltic



countries and is of the leaders in supplies of agricultural inputs (such as certified seeds, fertilizers, plant protection products and agricultural machinery) in Lithuania. The Group carries out its trading operations mostly through AB Linas Agro (Lithuania) and Linas Agro A/S (Denmark). Both companies are GTP (European Good Trading Practice) certified and ensure the position of the Group among the key players of the European market. The Group is a major grains and milk producer in Lithuania, it owns five farming companies. In order to improve its operations, the Group has formed and further expands an extensive network of grain storage, it controls grain storages in Joniškis, Kėdainiai, Kupiškis, Pasvalys, Šakiai district, Šiauliai and Vilkaviškis.

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

The total headcount of the Group amounts to 803 employees performing their functions in five countries (Lithuania, Latvia, Estonia, Denmark and Ukraine). The financial year of most of the companies of the Group begin on 1 July.

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

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

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

## **6. AUTHORISED CAPITAL OF THE COMPANY**

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

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



Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Portion in the authorized capital (%)
Ordinary registered shares	158,940,398	1	158,940,398	100
<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 Linas Agro Group securities account operator AB Swedbank (data for end of 31 December 2011), the number of Company's shareholders totaled 1,049 at the end of the reporting period

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

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



legal company), code

25174879, Harbour

House, Sundkrogsgade 21,

2100 Copenhagen,

Denmark)

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

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

## 10. EMPLOYEES

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

AB Linas Agro Group does not have any collective agreement.

## 11. MANAGEMENT BODIES

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

- The General Meeting of Shareholders;
- The Board of the Company;



- The Head of the Company (Managing Director).

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

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

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

## THE BOARD OF THE COMPANY

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

The members of the Board as of 31 December 2011:

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

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





Sciences (former Lithuanian Veterinary Academy) in 1988 and obtained a diploma of Veterinarian. Darius Zubas has twenty two years of experience in strategic management and business organization. The main founder of AB Linas Agro Group. No records of conviction for crimes related to ownership, management procedures, finances. Shareholding and management in other companies: Chairman of the Management Board and Managing Director of AB Linas Agro; Chairman of the Management Board and shareholder of UAB MESTILLA – 8,457,703 shares equal to 14.3% of all shares and votes; shareholder of Akola ApS – 101,557,618 shares or 71% shares and votes; Chairman of the Management Board of Linas Agro A/S.

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

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

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



related to ownership, management procedures, finances. Shareholding and management in other companies: Member of the Management Board of AB Linas Agro; Managing Director of UAB MESTILLA, a shareholder of UAB MESTILLA – 238,245 shares or 0.4 % of all shares and votes; a shareholder of Akola ApS – 2,860,778 shares or 2% of all shares and votes.

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

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

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



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

## THE COMPANY MANAGEMENT

### Company Management as of 31 December 2011:

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

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

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

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

## AUDIT COMMITTEE

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

### THE MEMBERS OF AUDIT COMMITTEE as of 31 December 2011:

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



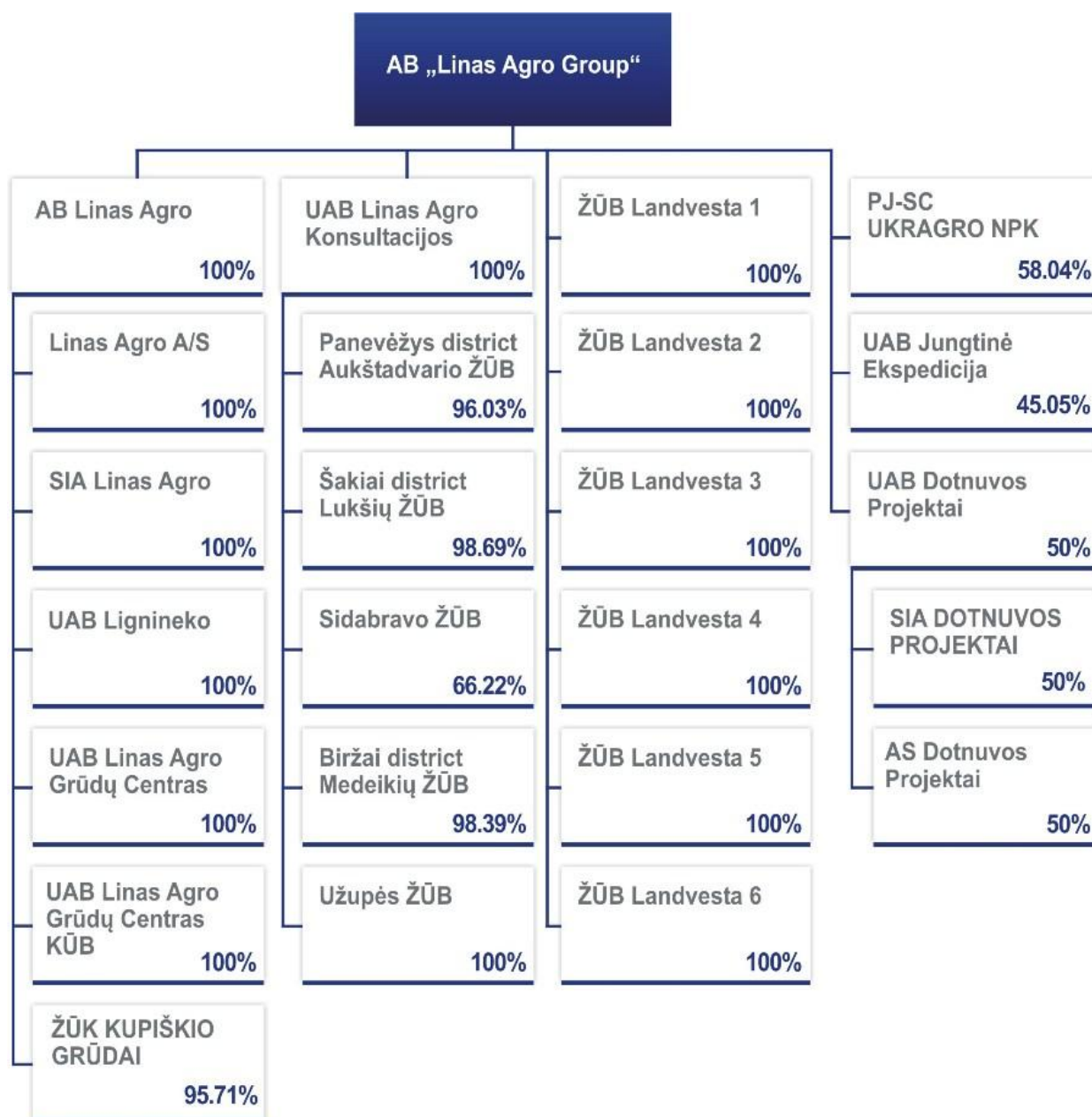
**Artūras Pribušauskas** – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Treasury Manager of the Company and shareholder of the Company – owns 15,000 shares of the Company or 0.01% of all shares and votes of the Company. Also employed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

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



## 12. INFORMATION ABOUT SUBSIDIARY COMPANIES OF THE COMPANY

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



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



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

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



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



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





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



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

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



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

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

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

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

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

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

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



## KEY PERFORMANCE INDICATORS

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

## GRAINS AND OILSEEDS

The most important business segment of the Group generated the sales of LTL 362 million during six months of the financial year (LTL 420 million during the corresponding period in 2010/2011) and the operating profit totaled LTL 3.3 million. The Group sold 391 thousand tons of various agricultural raw materials, i. e. 17% less than during the previous year (471 thousand tons). The decrease of total trade tonnage was conditioned by termination of corn trading in Serbia to manage the price risk more efficiently. Poor rapeseed harvest in the Baltic region resulted in drop of trading this product from 112 to 83 thousand tons. Trade in wheat was successful – the sales volumes grew from 219 to 230 thousand tons. Gross profit of the major Group's activity segment reached LTL 8.8 million, compared to last year's loss of LTL 2.8 million.

## FEEDSTUFFS



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

### **AGRICULTURAL INPUTS**

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

### **FARMING**

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

### **OTHER PRODUCTS AND SERVICES**

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

### **FINANCIAL COSTS**



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

## **CASH FLOW**

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

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

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

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

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

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



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

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

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

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

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

#### **14.5. COUNTERPARTY RISK**

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



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

### THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended December 31, 2011, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system and in Company's website the following information:

AB Linas Agro Group	Notification about acquisition	En, Lt	2011-12-13 09:00:33
Notification about acquisition of voting rights	(disposal) of a block of shares		EET
CORRECTION: AB Linas Agro Group	Interim information	En, Lt	2011-11-29 08:31:32
Group notification about interim three months financial results of the financial year 2011/2012			EET
AB Linas Agro Group	Interim information	En, Lt	2011-11-28 09:00:30
notification about interim three months financial results of the financial year 2011/2012			EET
AB Linas Agro Group takes over agricultural company	Notification on material event	En, Lt	2011-11-02 09:00:36
			EET
AB Linas Agro Group	Annual information	En, Lt	2011-10-28 09:03:37
notification about the Annual information of the financial year 2010/2011			EEST
Results of voting of the Annual General Meeting of AB "Linas Agro Group" Shareholders, held on 27 October 2011	Notification on material event	En, Lt	2011-10-28 09:00:37
			EEST
AB Linas Agro Group sells shares of UAB Kustodija	Notification on material event	En, Lt	2011-10-21 09:00:33
			EEST
Notice on Annual General Meeting of Shareholders of AB	Notification on material event	En, Lt	2011-10-05 10:30:32
			EEST






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Linias Agro Group

Notification on transactions concluded by manager of the company	Notifications on transactions concluded by managers of the companies	En, Lt	2011-09-13 09:00:33 EEST
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Linias Agro Group, AB

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

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

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

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

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

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



## 18. SUBSEQUENT EVENTS

On 6 February 2012 the Company sold 58.04% of PJ-SC UKRAGRO NPK shares worth LTL 90,505 thousand.

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