

AB LINAS AGRO GROUP

CONSOLIDATED INTERIM REPORT

FOR THE NINE MONTHS PERIOD

OF THE FINANCIAL YEAR 2012/2013

ENDED 31 MARCH 2013





1. 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
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E-mail	<i>group@linasagro.lt</i>
Website	<i>www.linasagro.lt</i>
ISIN code	LT0000128092
Ticker in NASDAQ OMX Vilnius	LNA1L

2. ABOUT AB LINAS AGRO GROUP

AB Linas Agro Group together with its subsidiaries and associates is an agribusiness developing Group of companies engaged in the production of and trade in agricultural produce, feed raw materials and agricultural inputs.

AB Linas Agro Group owns companies in Lithuania, Latvia, Estonia and Denmark. The Group consists of international agricultural production 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, agricultural machinery, grain elevators equipment and seeds trading company UAB Dotnuvos Projektai, group of companies ŽŪB Landvesta, managing agricultural land, group of agricultural companies UAB Linas Agro Konsultacijos, logistic company UAB Jungtinė Ekspedicija, operator of lignin biofuel accumulation UAB Lignineko, and other companies.

Together with partners the controlling company owns grain storage company Karčemos kooperatinė bendrovė.

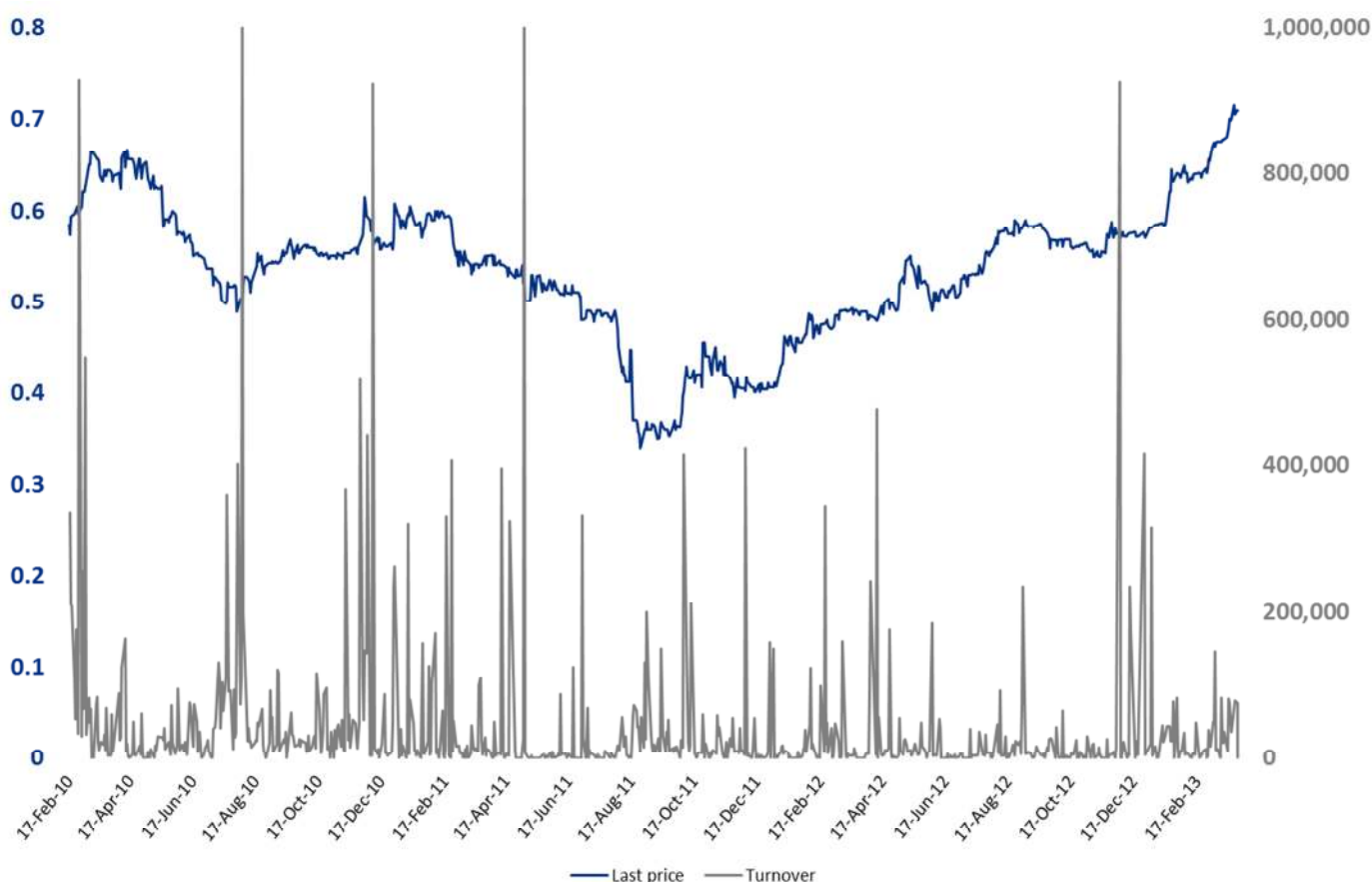
The Group's activities are subdivided into six basic operating segments: Grains and Oilseeds, Feedstuffs, Farming, Agricultural Inputs, Machinery and Equipment and Other Activities. Division into separate segments is dictated by different types of products and character of related activities; however,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

The total headcount of the Group amounts to 977 employees. The financial year of most of the companies of the Group begin on 1 July.

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. 31 March 2013, is presented in the following diagram:

EUR





4. ACTIVITY RESULTS OF THE GROUP



Consolidated revenues of AB Linas Agro Group during nine months of financial year 2012/2013 totaled LTL 1,658 million and were 53% more as compared to the corresponding period of the previous year (LTL 1,083 million).



The Group's sales tonnage reached 1.57 million tons of various grains and agricultural inputs and was 48% more as compared to previous year (1.06 million tons).



The Group exports increased from 77 to 79% of total sales. The main export destinations were Asia (37%), European (20%) and Scandinavian countries (29%).



The Group's operating profit reached LTL 97 million or was by 3% less as compared to the respective period of the previous financial year (LTL 100 million). In fact operating profit increased 2.7 times as 2011/2012 financial year's profit has been boosted by the sale of shares of Ukrainian subsidiary PJ-SC UKRAGRO NPK for 64 million litas.



Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to LTL 116 million (compared to LTL 109 million previous year).



The net profit attributable to the Group grew by 10 % from LTL 75 million previous year to LTL 83 million.



Grain storage facilities owned by AB Linas Agro Group processed 551 thousand tons of various grains or 56% more than over the respective period of the previous year (355 thousand tons).



In March 2013 The Group acquired logistics company UAB Jungtine Ekspedicija, the principal activity of which is freight forwarding and ship agency in the Baltic Sea ports.

FINANCIAL RATIOS

	2012/2013	2011/2012	2010/2011
	9 months	9 months	9 months
Sales revenues (000 LTL)	1,657,702	1,083,305	1,140,194
Turnover (in tons)	1,571,060	1,062,503	1,230,000

Net profit, attributable to the Group (000 LTL)	83,170	75,334	11,229
Operating profit (000 LTL)	96,657	99,815	17,491
Operating profit (000 LTL) by segments :			
Grains and oilseeds	37,925	4,456	(12,567)
Feedstuffs	25,492	11,984	7,578
Agricultural inputs	7,188	87,740	21,421
Farming	15,706	(2,436)	2,460
Machinery and equipment	13,491	n. d.	n. d.
Other products and services	18,272	10,406	5,414

OVERVIEW

The sales revenues of AB Linas Group amounted to LTL 1,658 million and were 53% more as compared to LTL 1,083 million earned over the respective period last year. The Group's trading volume in tons reached 1.57 million and was 48% more as compared to previous year. Trade growth was favorably affected by growth of sales in all business segments, what in turn was supported by high grain harvest in the Baltic States. Moreover, consolidation of UAB Dotnuvos Projektai increased Group's revenues by more than LTL 100 million. Only during the third quarter of the fiscal year consolidated revenues increased almost 2.5 times from LTL 215 million to LTL 535 million, and the gross profit increased 2.8 times from LTL 12 million to LTL 34 million.

All Groups' business segments were profitable. The Group's gross profit reached LTL 123 million and was up by almost 87% as compared to the respective period of 2011/2012 financial year (LTL 66 million). Gross profit growth was obtained by increase in trading volume and increased profitability in agricultural commodity trade, successful risk management and rise of a new business segment in the Group's activities – Machinery and Equipment. Group managed to increase gross profitability from 6.1% last year to 7.4% this year. The net profit amounted to LTL 83 million and was 8% more as compared to LTL 77 million earned during the respective period of financial year 2011/2012.

Group's consolidated operating costs amounted to LTL 56 million and were 68% higher than during the respective period of the last year (LTL 33 million). Operating cost growth is mainly explained by acquisition and consolidation of the new companies within the Group.





ACTIVITY RESULTS BY SEGMENTS

GRAINS AND OILSEEDS

The largest business segment of the Group generated the record high sales revenues of LTL 914 million during nine months of the financial year (LTL 455 million in 2011/2012 financial year) and the operating profit amounted to LTL 37.9 million (LTL 4.4 million in FY 2011/2012). The operating profit growth was obtained by significant increase in trade volume: 945 thousand tons of various agricultural commodities were sold (compared to 493 thousand tons in FY 2011/2012). Only during the third quarter the Group sold around 357 thousand tons of various grains. The gross margin was 4.4% as compared to 2.3% in financial year 2011/2012.

FEEDSTUFFS

The revenues from feedstuffs sales reached LTL 463 million compared to LTL 239 million in 2011/2012 financial year. The operating profit totaled LTL 25 million (LTL 12 million in FY 2011/2012). Approximately 409 thousand tons of feedstuffs were sold, i.e. 70% more than during the respective period last year (243 thousand tons). Growing demand for feedstuffs on European market was the key driving factor for such growth. The gross margin was 6.9% as compared to 4.5% in financial year 2011/2012.

AGRICULTURAL INPUTS

Revenues from agricultural inputs and services declined from LTL 367 million to LTL 164 million and operating profit from LTL 88 million to LTL 7 million. Please note that the decline was due to sale of shares of Ukrainian subsidiary PJ-SC UKRAGRO NPK, because, excluding profit gained from the company, operating profit of previous year was LTL 4 million. Only during the third quarter of the financial year goods worth LTL 28 million have been sold – 27% more than the previous year (LTL 22 million). Fertilizer trade volume in litas in the Baltic region increased more than 2 times. Seed trading volume also increased 2.8 times, to a large extent due to consolidation of UAB Dotnuvos Projektai. The gross margin was 8% as compared to 9% in financial year 2011/2012.

FARMING

Due to good crop harvest and consolidation of Kėdainiai district Labūnavos ŽŪB into the Group the consolidated revenues of the farming segment grew from LTL 37 million to LTL 63 million. The operating profit amounted to LTL 16 million (LTL 2 million loss was recorded in FY 2011/2012). The profit increase is mainly explained by a positive impact of asset market value of Kėdainiai district Labūnavos ŽŪB compared to its acquisition cost. During the third quarter of the financial year the segment booked loss of LTL 1 million, caused by seasonality of the business, because EU subsidies received by the farming companies of the Group are accounted into the last quarter of the financial year.

MACHINERY AND EQUIPMENT

This is a new Segment of the Group activity, which appeared this financial year, after the Group acquired 100% shares of UAB Dotnuvos Projektai. This segment includes wholesale and retail of new and used agricultural and forest machinery and spare parts, also designing and installation of grain cleaning, drying and storage facilities. Business is being run in three countries – Lithuania, Latvia and Estonia. The results of UAB Dotnuvos Projektai for the first quarter are not consolidated because UAB Dotnuvos Projektai became a part of the Group on 1 October 2012 only.

Sales revenues from this Segment for 6 months period from 1/10/2012 to 31/03/2013 reached LTL 86 million, operating profit exceeded LTL 13 million. The gross margin of the segment was 13%.

OTHER PRODUCTS AND SERVICES

This segment includes grain warehousing services, logistics services, trade in lignin biofuel and other categories of goods and services. The sales of this business segment are predominated essentially by activities of grain storage facilities controlled by the Group. Due to the high harvest in Lithuania and Latvia and increased own grain storage capacity sales revenue of this segment was up 68% and reached almost LTL 60 million as compared to LTL 36 million in FY 2011/2012. The gross profit of the segment was LTL 23 million (LTL 13 million in previous year), while operating profit – LTL 18 million and was 75% higher compared to respective period of the previous year (LTL 10 million). The gross margin was 38% as compared to 36% in financial year 2011/2012.

FINANCIAL COSTS

Financial expenses over referenced period amounted to LTL 7 million and were unchanged as compared to the previous year. Due to high harvest in Baltic countries Group's demand for working capital increased 2 times, although sufficient own capital and comparatively low interest rates on financial loans allowed the Group to control all over its financial expenses.

CASH FLOWS

Group's cash flow from operating activities before the changes in working capital increased to LTL 82 million as compared to LTL 43 million over the respective period of the previous year. Cash flow from operating activities after changes in working capital was negative amounting to LTL 94 million (positive LTL 60 million over the respective period of 2011/2012 financial year). This is mainly explained due to the growing sales of the Group and substantially increased stocks and accounts receivable (due to active purchase of grains stocks increased by LTL 76 million and accounts receivable by LTL 115 million). Group's cash and cash equivalents at the end of the reporting period amounted to LTL 77 million (LTL 56 million over the respective period of 2011/2012 financial year).





5. THE PUBLICLY DISCLOSED INFORMATION AND OTHER EVENTS OF THE REPORTING PERIOD

THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended 31 March 2013, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system and in Company's website the following information:

AB Linas Agro Group took over management of UAB Jungtine Ekspedicija	Notification on material event	2013-03-15 09:00:32 EET
AB Linas Agro Group notification about interim six months financial results of the financial year 2012/2013	Interim information	2013-02-28 09:00:32 EET
Notice on sales of own shares	Notification on material event	2013-01-14 09:00:30 EET
AB Linas Agro Group is planning to acquire 54.95% shares of UAB Jungtine Ekspedicija	Notification on material event	2012-12-28 09:00:31 EET
Notice on acquisition of own shares	Notification on material event	2012-12-28 08:09:31 EET
Notice on acquisition of own shares	Notification on material event	2012-12-06 08:13:32 EET
AB Linas Agro Group notification about interim three months financial results of the financial year 2012/2013	Interim information	2012-11-30 09:00:32 EET
AB Linas Agro Group investor's calendar for the end of 2012 and 2013	Other information	2012-11-21 09:09:32 EET
Procedure for the payout of dividends for the financial year ended 30 June 2012	Notification on material event	2012-10-26 08:39:35 EEST

AB Linas Agro Group notification about the Annual information of the financial year 2011/2012	Annual information	2012-10-26 08:30:37 EEST
Results of voting of Annual General Meeting of AB Linas Agro Group, held on 25 of October, 2012	Notification on material event	2012-10-26 08:26:35 EEST
AB Linas Agro Group took over management of UAB Dotnuvos Projektai	Notification on material event	2012-10-12 09:00:32 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	2012-10-03 09:00:32 EEST
AB Linas Agro Group notification about interim twelve months financial results of the financial year 2011/2012	Interim information	2012-08-30 10:05:32 EEST
AB Linas Agro Group is planning the purchase of 50% of shares of UAB Dotnuvos Projektai	Notification on material event	2012-08-06 11:48:30 EEST
Linas Agro Group acquired Labūnavos agricultural company	Notification on material event	2012-07-16 09:00:30 EEST

OTHER EVENTS DURING THE REPORTING PERIOD

On 5 March 2013 the share capital of Noreikiškių ŽŪB was increased from LTL 425,000 to LTL 525,000.

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

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

On 2 January 2013 UAB Labūnava 2 was renamed into UAB Lineliai, also registration address of the company and the start of the financial year was changed. On 13 March 2013 share capital increased from LTL 10,000 to LTL 60,000.

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

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





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

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

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

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

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

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

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

6. SUBSEQUENT EVENTS

On 2 May 2013 UAB „Linus Agro“ Grūdų centras KŪB established subsidiary in Latvia SIA “Linus Agro” Graudu centrs.

On April and May months of 2013 share capital of Noreikiškių ŽŪB increased from LTL 525,000 to LTL 1,010,000.

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