

**AB LINAS AGRO GROUP**  
**CONSOLIDATED INTERIM REPORT**  
**FOR THE TWELVE MONTHS PERIOD**  
**OF THE FINANCIAL YEAR 2012/2013**  
**ENDED 30 JUNE 2013**



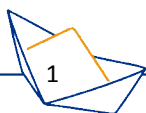
## 1. COMPANY DETAILS

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
Fax	+370 45 50 73 04
E-mail	<i>group@linasagro.lt</i>
Website	<i>www.linasagro.lt</i>
Bank account	LT07 7044 0600 0263 7111, AB SEB bank, bank code 70440
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, trading company in Latvia SIA Linas Agro, international trading



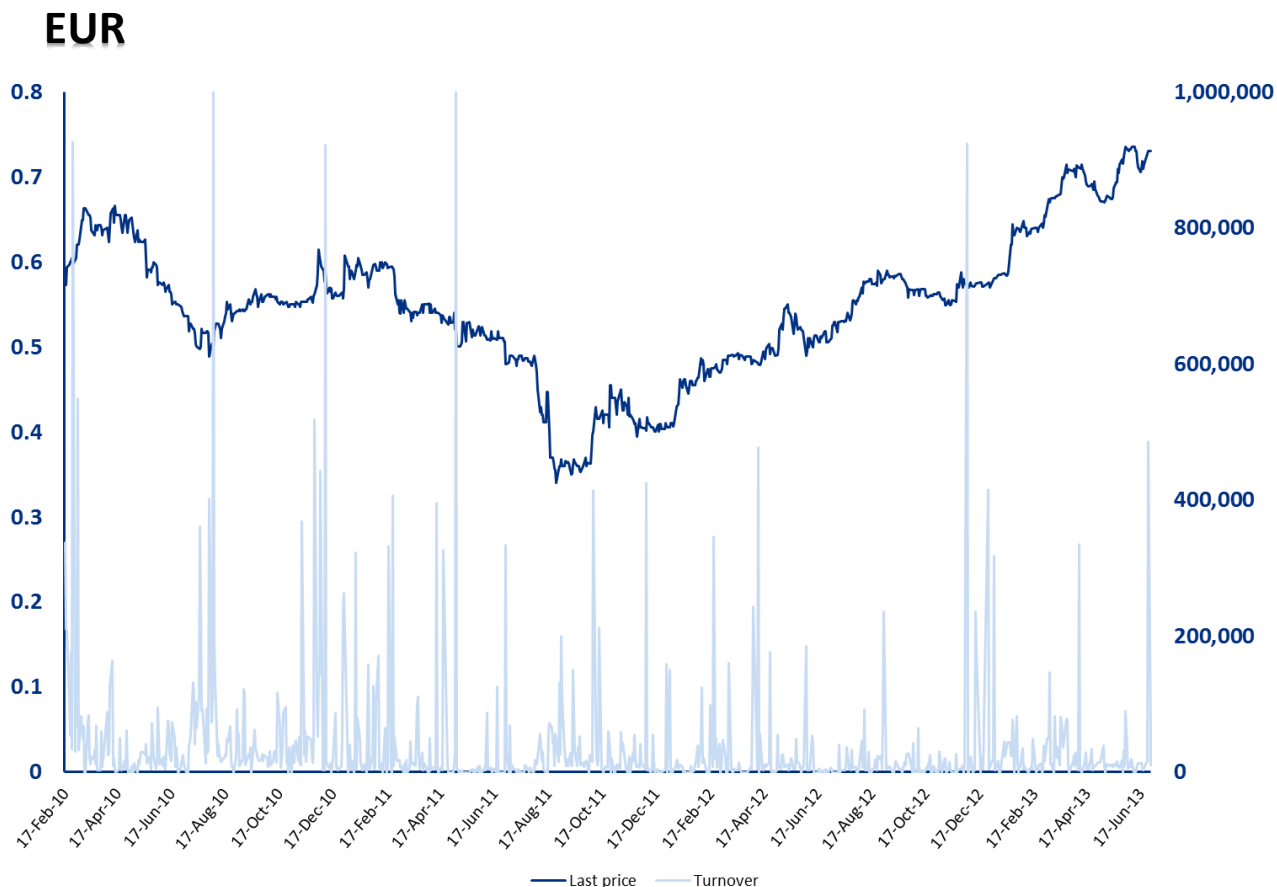
company Linas Agro A/S in Denmark, agricultural machinery, grain elevators equipment and seeds trading company UAB Dotnuvos Projektai, group of companies ŽŪB Landvesta, managing agricultural land, group of agricultural companies UAB Linas Agro Konsultacijos, logistics company UAB Jungtinė Ekspedicija, operator of lignin biofuel accumulation UAB Lignineko, and other companies. Together with partners the parent 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 1,039 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. 30 June 2013, is presented in the following diagram:



## 4. ACTIVITY RESULTS OF THE GROUP

**53 %** Consolidated revenues of AB Linas Agro Group during twelve months of financial year 2012/2013 totaled LTL 2.043 billion and were 53% more as compared to the corresponding period of the previous year (LTL 1.338 billion).

**32 %** The Group sold 1.78 million tons of various agricultural products and agricultural inputs or 32% more as compared to previous year (1.35 million tons).

**65 %** Gross profit was record high and reached LTL 157 million or 65% more compared to LTL 95 million in fiscal year 2011/2012.

**10 %** The Group's operating profit reached LTL 103 million or was by 10% less as compared to the respective period of the previous financial year (LTL 115 million).

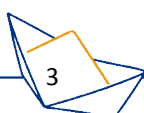
*In fact operating profit increased 2 times as 2011/2012 financial year's profit has been boosted by the sale of shares of Ukrainian subsidiary PJ-SC UKRAGRO NPK for 64 million litas.*

**0.7%** Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to LTL 126 million (compared to LTL 127 million previous year).

**2%** The net profit attributable to the Group remained almost unchanged and was LTL 87 million compared to previous year's LTL 89 million.

**53%** Grain storage facilities owned by AB Linas Agro Group processed 556 thousand tons of various grains or 53% more than over the respective period of the previous year (363 thousand tons).

During the reporting period, AB Linas Agro Group acquired farming company Kėdainiai district Labūnavos ŽŪB, logistics company UAB Jungtinė Ekspedicija, also the leading seller of agricultural machinery, seeds and grain storage equipment in Lithuania – UAB Dotnuvos Projektai.



## FINANCIAL RATIOS

	2009/2010	2010/2011	2011/2012	2012/2013	Change 2012/2013 compared to 2011/2012 (LTL in thousands)	Change 2012/2013 compared to 2011/2012 (%)
<b>Sales revenues (thousand LTL)</b>	<b>834,116</b>	<b>1,353,976</b>	<b>1,337,961</b>	<b>2,043,066</b>	<b>705,105</b>	<b>53%</b>
<b>Sales in tons</b>	<b>1,211,865</b>	<b>1,483,064</b>	<b>1,348,619</b>	<b>1,781,409</b>	<b>432,790</b>	<b>32%</b>
Gross profit (thousand LTL)	70,341	80,969	94,863	157,396	62,533	65%
<b>EBITDA (thousand LTL)</b>	<b>49,658</b>	<b>30,120</b>	<b>127,020</b>	<b>126,177</b>	<b>-843</b>	<b>-0.7 %</b>
Operating profit (thousand LTL)	39,684	15,215	114,581	102,816	-11,775	-10%
Earnings before taxes EBT (thousand LTL)	39,988	14,522	115,576	99,896	-15,680	-14%
<b>Net profit (thousand LTL)</b>	<b>33,510</b>	<b>18,970</b>	<b>94,299</b>	<b>87,604</b>	<b>-6,695</b>	<b>-7%</b>
<b>Margins</b>						
Gross profit margin	8.43%	5.98%	7.09%	7.70%	0.61%	9%
EBITDA margin	5.95%	2.22%	9.49%	6.18%	-3.31%	-35%
Operating profit margin	4.76%	1.12%	8.56%	5.03%	-3.53%	-41%
Earnings before taxes margin	4.79%	1.07%	8.64%	4.89%	-3.75%	-43%
Net profit margin	4.02%	1.40%	7.05%	4.29%	-2.76%	-39%
<b>Solvency ratios</b>						
Current ratio	1.95	1.44	1.78	1.75	-0.03	-2%
Debt / Equity ratio	0.53	0.81	0.65	0.47	-0.18	-28%
Net financial debt / EBITDA	2.10	7.28	1.38	1.36	-0.02	-1%
Return on equity (ROE)	12.72%	6.78%	26.48%	20.02%	-6.46%	-24%
Return on capital employed (ROCE)	10.60%	3.95%	20.02%	16.61%	-3.41%	-17%
Return on assets(ROA)	7.47%	3.11%	13.65%	10.67%	-2.98%	-22%
Basic and diluted earnings per share (LTL) (EPS)	0.30	0.12	0.56	0.55	-0.01	-2%
Price earnings ratio (P/E)*	6.23	14.56	3.10	4.64	1.54	50%

\* The last close price of AB Linas Agro Group financial year

## OVERVIEW

The consolidated sales revenues of AB Linas Agro Group amounted to LTL 2.043 billion and were 53% more as compared to LTL 1.338 billion earned over the respective period last year. The Group's trading volume in tons reached 1.78 million and was 32% more as compared to previous year. Trade growth was favorably affected by growth of sales in all business segments, high grain harvest in the Baltic States also had great influence. Moreover, consolidation of UAB Dotnuvos Projektai increased Group's revenues by more than LTL 190 million. Only during the fourth quarter of the fiscal year consolidated revenues increased by 51% from LTL 255 million to LTL 386 million, and the gross profit increased by 51% from LTL 29 million to LTL 35 million.

All Groups' business segments were profitable. The Group's gross profit reached LTL 157 million and was up by 65% as compared to the respective period of 2011/2012 financial year (LTL 95 million). Gross profit growth was obtained by increase in trading volume and increased profitability in agricultural commodity trade, successful risk management and consolidation of a new business segment in the Group's activities – Machinery and Equipment. Group managed to increase gross profitability from 7.09% last year to 7.70% this year. The operating profit of the Group was LTL 103 million or 10% less, as compared to LTL 115 million in 2011/2012 financial year. The net profit amounted to LTL 88 million and was 7% less as compared to LTL 94 million earned during the respective period of financial year 2011/2012. If eliminating the income from the sales of the Ukrainian company PJ-SC UKRAGRO NPK, the Group's net profit was up almost 2 times from LTL 42 million to LTL 88 million.

Group's consolidated operating costs amounted to LTL 80 million and were 63% higher than during the respective period of the last year (LTL 49 million). Operating cost growth is mainly explained by acquisition and consolidation of the new companies within the Group.

## ACTIVITY RESULTS BY SEGMENTS

### ACTIVITY SEGMENT OPERATING PROFIT (LOSS), THOUSAND LTL

	2012/2013 12 months	2011/2012 12 months	2010/2011 12 months	2009/2010 12 months
Grains and oilseeds	32,900	5,763	-23,048	11,657
Feedstuffs	30,472	17,108	3,909	5,069
Agricultural inputs	10,879	88,831	26,251	10,428
Farming	27,202	8,441	15,475	5,856
Machinery and equipment	16,298	n. a.	n. a.	n. a.
Other products and services	14,214	10,733	6,061	7,994

## GRAINS AND OILSEEDS

The largest business segment of the Group generated the record high sales revenues of LTL 991 million during financial year (LTL 534 million in 2011/2012 financial year) and the operating profit amounted to LTL 33 million (LTL 6 million in FY 2011/2012). The operating profit growth was obtained by significant increase in trade volume: over 1 million tons of grain and oilseeds were sold (compared to 592 thousand tons in FY 2011/2012).

## FEEDSTUFFS

The revenues from feedstuffs sales reached LTL 627 million compared to LTL 361 million in 2011/2012 financial year. The operating profit totaled LTL 30 million (LTL 17 million in FY 2011/2012). Approximately 542 thousand tons of feedstuffs were sold, i.e. almost 46% more than during the respective period last year (371 thousand tons). Growing demand for feedstuffs on European market was the key driving factor for such growth.

## AGRICULTURAL INPUTS

Revenues from agricultural inputs and services declined from LTL 415 million to LTL 257 million and operating profit from LTL 89 million to LTL 11 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, the operating profit of previous year has been LTL 7 million. Fertilizer trade volume in litas in the Baltic region increased more than 46%, seed trading volume increased 4 times, to a large extent due to consolidation of UAB Dotnuvos Projektai.

## 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 47 million to LTL 80 million. The operating profit amounted to LTL 27 million (LTL 8 million recorded in FY 2011/2012). The operating profit increase is mainly explained by a positive impact of evaluation of assets at market value of Kėdainiai district Labūnavos ŽŪB compared to its acquisition cost (positive effect of LTL 19 million). It is worth to be noted that evaluation of biological assets had a negative impact on segment's operating profit, by diminishing its results by almost LTL 8 million (mostly because of decrease in grain market prices on year to year basis).

## 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 were LTL 153 million, operating profit LTL 16 million.

## **OTHER PRODUCTS AND SERVICES**

This activity segment includes grain warehousing services, logistics services, trade in lignin biofuel and other categories of goods and services not attributable to other segments. Due to the high harvest in Lithuania and Latvia and increased own grain storage capacity of the Group sales revenue of this segment was up 81% and reached LTL 74 million as compared to LTL 41 million in FY 2011/2012. The operating profit of the segment was LTL 14 million (LTL 11 million in previous year).

## **FINANCIAL COSTS**

Financial expenses over referenced period amounted to LTL 8.6 million and were 12% lower as compared to the respective period of the 2011/2012 financial year (LTL 9.8 million). Due to high harvest in Baltic countries Group's demand for working capital increased almost 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 98 million as compared to LTL 61 million over the respective period of the previous year. Cash flow from operating activities after changes in working capital amounted to LTL 111 million (LTL 44 million over the respective period of 2011/2012 financial year). The growing sales of the Group decreased stocks (due to accelerated sales of grains stocks decreased by LTL 31 million). Group's cash and cash equivalents at the end of the reporting period amounted to LTL 34 million (LTL 55 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 30 June 2013, 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 interim nine months financial results of the financial year 2012/2013	Interim information	2013-05-29 09:06:31 EEST
Regarding resignation of the Board member of the Company	Notification on material event	2013-05-02 09:00:30 EEST
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 event	on	material	2012-10-26 08:26:35 EEST
AB Linas Agro Group took over management of UAB Dotnuvos Projektai	Notification event	on	material	2012-10-12 09:00:32 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification event	on	material	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 event	on	material	2012-08-06 11:48:30 EEST
Linas Agro Group acquired Labūnavos agricultural company	Notification event	on	material	2012-07-16 09:00:30 EEST

## OTHER EVENTS DURING THE REPORTING PERIOD

On 2 May 2013 UAB Linas Agro Grūdų centras KŪB established subsidiary in Latvia SIA Linas Agro Graudu centrs.

On 25 April 2013 AB Linas Agro Group signed agreement on acquisition of 87% of shares in Latvian company AS Putnu fabrika Kekava.

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.

In August and November 2012 the share capital of UAB Linas Agro Konsultacijos increased from LTL 3,109,000 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. Share capital of the company was increased several times from LTL 10,000 to LTL 1,010,000 during fiscal year 2012/2013.

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

On 12 July 2012 AB SEB bank increased credit limit to AB Linas Agro from LTL 103 to LTL 149.8 million.

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## SUBSEQUENT EVENTS

On 1 August 2013 share capital of UAB Lineliai was increased from LTL 60,000 to LTL 1,060,000.

On 24 July 2013 SEB bank has increased its credit limit issued a year before to AB Linas Agro by LTL 50 million to LTL 200 million.

On 22 July 2013 a subsidiary of AB Linas Agro Group UAB Linas Agro Konsultacijos signed purchase agreement on acquisition of 100% of shares of UAB Žemės Ūkio Investicijos that owns farming company.

On 2 July 2013 AB Linas Agro Group signed agreements on acquisition of 100% of shares in Latvian company SIA Broileks, acquisition of 100% of shares in Latvian company SIA Cerova and acquisition of 100% of shares in Latvian company SIA Lielzeltini.

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