AB LINAS AGRO GROUP AUDIT COMMITTEE ACTIVITY REPORT FOR ACTIVITIES PERFORMED FROM 1ST JULY 2012 UNTIL 30TH OF JUNE 2013

27 September 2013

INTRODUCTORY PART

AB Linas Agro Group (hereinafter – „Company“) Audit Committee (hereinafter – „Committee“) for the term of office of 2010 – 2014 was elected by Ordinary General Shareholders Meeting held on 28 October 2010.

3 members were working (1 of them independent) in the Committee during the reporting period:

1. Arturas Pribusauskas (chairman);
2. Kristina Prusiene;
3. Andrius Drazdys (independent member).

While performing its activity the Committee acts according to internal rules of the Committee defining rights and duties, size, period of membership of the Committee, requirements for education, professional experience of the members of the Committee, principles of independence applied to the independent member of the Committee, and other issues related to composition of the Committee and work organization (hereinafter – „Rules“).

The Rules establishes main functions of the Committee:

1. to provide the Board of the Company with recommendations regarding the selection, appointment and recall of an external audit company and regarding conditions of the contract with the audit company;
2. to observe the process and efficiency of the external audit;
3. to observe how the external auditor or audit company follows the principles of independence and objectivity;
4. to observe the process of preparation of the Company’s financial reports;
5. to inform the Board of the Company about significant shortcomings of internal control related to financial reports identified during external and internal audit and provide recommendations on corrections of the shortcomings.
6. to review the systems of internal control, risk management and internal audit at least once a year to ensure that the main risks (including risk related to observing the laws and rules in force) are clearly defined, controlled and the information about them is revealed;
7. to fulfill other functions specified in the legal acts of the Republic of Lithuania and the Code of Management of the Companies listed on Vilnius Stock Exchange.

ISSUES RELATED TO EORK ORGANIZATION OF THE COMMITEE

The meetings of the Committee are convoked as such demand emerges. During the reporting period 3 meeting of the Committee were held (9 November 2012, 31 January 2013, 21 June 2013), they resolved issues assigned for the competence of the Committee.

REVIEW OF CONFORMITY OF THE COMMITEE MEMBERS TO THE REQUIREMENTS OF THE RULES

Following article 7 of the Rules, members of the Committee performed review of their conformity to requirements of the Rules on 9 November 2012. Evaluation of independence of the independent Committee member Andrius Drazdys was performed, after this evaluation the conclusion was made that he satisfies all independence requirements. Andrius Drazdys signed confirmation on his independence.

The key criterions for establishing whether member of the Committee can be considered independent are the following:

1. the person shall not be the head of the Company or an associated company and shall not have occupied such a position within the last 5 (five) years;
2. the person shall not be the employee of the Company or an associated company and shall not have occupied such a position within the last 3 (three) years;
3. the person shall not receive or has received significant additional remuneration from the Company or an associated company, except for the remuneration for post of the member of the Committee;
4. the person shall not be a controlling shareholder or represent such a shareholder;
5. the person shall not have or has had important business relations with the Company or an associated company within the last year either directly or as a partner, shareholder, head or employee of administration of a subject with such relations. The following subjects shall be deemed subjects having business relations with the Company or an associated company: a subject that is considered an important supplier of goods, services or works (including financial, legal, advisory or consulting services) or an important client or organization receiving significant contributions from the Company or its group;
6. the person shall not be and shall not have been a partner or employee of the current or former audit firm of the Company or an associated company within the last 3 (three) years;
7. the person shall not have held the position of a member of the Committee of the Company for a period of at least 12 (twelve) years;
8. the person shall not be a close family member of the head of the Company or the person specified in Paragraphs 18.1. through 18.6. The spouse (cohabitant), children and parents shall be considered as close family members.

A company associated with the Company is the one which:

1. a company, which directly or indirectly controls the Company or is controlled by it;
2. a company, which has a significant influence on the Company;
3. a company, which takes part in the control of the Company under a joint activity agreement;
4. a company, which is controlled by the same legal or natural person (or their group) as the Company;
5. a company, which is an associate company;
6. a company, which is a company controlled under a joint activity agreement;
7. a company, which accumulates and pays pensions and other benefits at the end of the service.

During conformity to requirement review it was also established that qualification and work experience of all members of the Committee satisfy requirements of the Rules (persons with appropriate qualification are persons with university degree in economics, finances or law; persons with appropriate experience are persons with at least 3 years of work experience in the sphere of finances, accounting or law. Independent member must have at least 5 years of work experience in the sphere of accounting or finances).

PRESENTATION OF RECOMMENDATIONS

RECOMMENDATION TO THE MANAGEMENT OF THE COMPANY ON AGREEMENT WITH AUDIT COMPANY

While performing its duty to issue recommendation on agreement with audit company specified in article 22.1 of the Rules, the Committee on 21st of June 2013 issued such recommendation to the management of the Company suggesting to sign agreement on audit assignment with UAB Ernst & Young Baltic (hereinafter – "EY"). The Committee became familiar with draft of audit assignment agreement and submitted its comments regarding this draft before issue of recommendation.

RECOMMENDATION TO MANAGEMENT BOARD OF THE COMPANY ON PRESENTATION OF ANNUAL INFORMATION FOR 2012/2013 FOR SHAREHOLDERS' APPROVAL

The Committee prepared recommendation to the Management Board of the Company on annual information for 2012/2013 on 27 of September 2013. In this recommendation the Committee proposed to the Management Board of the Company to present annual information for 2012/2013 for shareholders' approval. Before presenting recommendation to the Management Board, the members of the Committee became familiar with audited annual information for 2012/2013, analysed information on process of preparation of annual information for 2012/2013 presented by the Company's Finance Director Tomas Tumėnas, heard out information on audit of annual information for 2012/2013 and problems related to it presented by EY, observed the process of carrying out this audit, analysed whether auditors follow the principles of independence and impartiality.

EFFICIENCY OF INTERNAL AUDIT SYSTEM

The Committee didn't have an opportunity to evaluate efficiency of internal audit system whereas there is no this function in the Company. However, the Committee recommends to implement this function as such possibility emerges.

Chairman of the Committee Artūras Pribušauskas

(signature)

Members of the Committee Kristina Prūsiene

(signature)

Andrius Drazdys

(signature)