

AB LINAS AGRO GROUP AUDIT COMMITTEE ACTIVITY REPORT

For activities performed from 1st July, 2018 until 30th of June, 2019

7 October 2019

INTRODUCTORY PART

AB Linas Agro Group (hereinafter – „Company“) Audit Committee (hereinafter – „Committee“) for the term of office of 2018/2022 was elected by Annual General Shareholders Meeting held on 31 October 2018.

3 members were working (2 of them independent) in the Committee during the reporting period:

1. Andrius Drazdys (independent member);
2. Agne Preidyte (independent member);
3. Irma Antanaitiene.

While performing its activity the Committee acts according to Regulations of the Audit Committee of AB Linas Agro Group approved by Annual General Meeting of Shareholders on October 31, 2018, defining formation of the Committee and work procedures, rights and obligations, number of its members, requirements for education and professional experience, the principles of independence and other issues related to formation of the Committee and work organization thereof (hereinafter – „Regulations“).

ISSUES RELATED TO WORK ORGANIZATION OF THE COMMITTEE

The meetings of the Committee are convoked as such demand emerges.

During the reporting period 3 meeting of the Committee were held (5 November 2018, 31 January 2019, 25 June 2019), they resolved issues assigned for the competence of the Committee.

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

Evaluation of independence of the independent Committee member Andrius Drazdys and Agne Preidyte were performed, after this evaluation the conclusion was made that boths members satisfies all independence requirements. Andrius Drazdys and Agne Preidyte have signed confirmation on their independence.

The key criteria for establishing whether a member of the Committee can be considered independent shall be described by the requirements for the Audit Committee, the composition of the bodies of the Audit Committee and the composition of the Audit Committee.

During conformity to requirement review it was also established that qualification and work experience of all members of the Committee satisfy requirements of the Regulations (persons with appropriate qualification are persons having university social science degree in law, economics, business, finances or management; persons shall be deemed to have appropriate experience if they have at least 1 year in the field of audit, accounting, finance or law.).

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 s, the Committee issued such recommendation to the management of the Company on 25th of June 2019 suggesting to sign agreement on audit assignment with a new Company's auditor's elected from "TOP 3" international audit companies (UAB „KPMG Baltic“, UAB „PricewaterhouseCoopers“ ir UAB „Deloitte Lietuva“) as UAB Ernst & Young, current Company's auditor's five year's rotation term has expired.

RECOMMENDATION TO MANAGEMENT BOARD OF THE COMPANY ON PRESENTATION OF ANNUAL INFORMATION FOR 2018/2019 FOR SHAREHOLDERS' APPROVAL

The Committee prepared recommendation to the Management Board of the Company on annual information for 2018/19 on 2nd October 2019. In this recommendation the Committee proposed to the Management Board of the Company to present annual information for 2018/19 for shareholders' approval. Before presenting recommendation to the Management Board, the members of the Committee became familiar with audited annual information for 2018/19, analysed information on process of preparation of annual information for 2018/19 presented by the Company's Finance director Tomas Tumenas, heard out information on audit of annual information for 2018/2019 and problems related to it presented by UAB Ernst & Young, 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	(signature)	Andrius Drazdys
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Members of the Committee	(signature)	Agne Preidyte
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	(signature)	Irma Antanaitiene
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