AB LINAS AGRO GROUP

CONSOLIDATED ANNUAL REPORT

FOR THE FINANCIAL YEAR 2009/2010

PREPARED ACCORDING TO THE INSTRUCTIONS
FOR THE PREPARATION AND PRESENTATION
OF PERIODICAL AND ADDITIONAL INFORMATION
ISSUED BY THE SECURITIES COMMISSION
OF THE REPUBLIC OF LITHUANIA

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and submission of Periodical and Additional Information of the Lithuanian Securities Commission, we, Darius Zubas, General Director of AB Linas Agro Group and Tomas Tumėnas, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, AB Linas Agro Group Audited consolidated and parent company's Financial Statements for the financial year ended 30 June 2010, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or losses and cash flow of AB Linas Agro Group and the Group as well. We also confirm that review of the business development and activities, together with the description of the major risks and indeterminations incurred, are correctly revealed in the consolidated annual report for the 2009/2010 financial year.

AB Linas Agro Group Managing Director	Darius Zubas
30 September 2010	....
AB Linas Agro Group Finance Director	Tomas Tumėnas
30 September 2010	....

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1. MANAGING DIRECTOR'S ADDRESS

Dear shareholders,

On behalf of the Company management, I would like to express my pleasure of having the opportunity to present to you the results of AB Linas Agro Group for 2009/2010 financial year.

This financial year was a special one for us: we completed an initial public offering and were included in the main list of NASDAQ OMX Vilnius Stock Exchange. Less than six months later, already during the first review of OMX Baltic Benchmark index, shares of Linas Agro Group complied with the requirements of the index by the criteria of trade turnover and floating shares capitalisation. On 1 July, right after the end of the financial year, the company was included in the composition of OMX Baltic Benchmark comparative index. This is positive news both for investors and us, the company.

Even during a crisis period, before markets started to recover, we had managed to succeed in competing in the markets of Europe and other countries of the world. In 2009/2010, our turnover reached LTL 834 million. The group earned a net profit of LTL 33.5 million, i.e. 5 % more compared to the previous year (LTL 31.8 million). We are proud that we managed to achieve these results during a difficult period, when prices of agricultural products dropped and a global credit market crisis combusted.

As a result of the fall in prices of grains and shrinking demand for certain raw materials for feedstuffs, the sales of our companies decreased by 25 % (LTL 834 million) from the previous year (LTL 1,114 million). Profits grew owing to successful trade in grains, oilseeds and fertilisers as well as profitable operation of the joint ventures (UAB Dotnuvos Projektai and UAB Kustodija).

Exports remained to be a strategic are of the activities of our company and accounted for 71 % of all sales. Our business connections stretch out to more than 40 countries of the world. Are our key business partners are based in Europe; however, we also export products to Asian and African countries. Usually, we export a major part of our products to our traditional “home” market – Scandinavian countries; however, in 2009/2010 exports to African and Asian countries amounted to similar volumes. Major part of products was shipped through Baltic Sea and Black Sea ports. Overall, we loaded our cargoes in six Baltic Sea ports, five Black Sea ports, three North Sea ports, and one Mediterranean Sea port as well as in one port on the Volga River. In order to strengthen our positions in the seaport of Klaipėda, we signed a long-term cooperation agreement regarding the expansion of the bulk grain terminal with the AB Klaipėdos Jūrų Krovinių Kompanija (SC Klaipėda Stevedoring Company (KLASCO).

Activities of agricultural companies was one of the areas that were affected by the global prices most of all because low price of grains and milk, especially in the first half-year operating period, had a direct impact on the profitability of agricultural businesses. However, even these activities were profit-making and generated LTL 3.9 million in net profit for the Company.

We made a significant increase in sales of fertilisers in the Baltic countries. We sold 95 thousand tonnes of fertilisers, i.e. 2.9 times more as compared to the previous financial year. A successful initial public offering of shares and the funds received for acquiry of Farmer Service Centres with fertiliser warehouses allowed us to develop these activities.

We are making a good progress in the planned investment programme: by acquiring farmer servicing centres with warehouses, we strengthened the resource base for the trade in fertilisers in Lithuania and Latvia. We acquired a biofuel feedstock operator and plan to sell 50 thousand tons of lignin biofuel every year. After the end of the financial year we acquired a controlling stake in the Ukrainian fertiliser trading and manufacturing company CJSC UKRAGRO NPK and increased the number of controlled shares in ŽŪK Kupiškio Grūdai.

What has already been accomplished allows us to face the future of the Company and its Group companies with confidence. Our business is diversified and, therefore, sustainable. We will develop all areas of our activities, will launch new products, and will consistently approach our main goal – to become the leader of the agribusiness in the Baltic countries.

Sincerely yours,

Managing Director

Darius Zubas

2. REPORTING PERIOD OF THE ANNUAL REPORT

Financial year of AB Linas Agro Group starts on 1 July of each calendar year and ends on 30 June of the next year; therefore, this Report has been prepared for 2009/2010 financial year, and all the figures are stated as of 30 June 2010 unless it is indicated otherwise.

3. REFERENCES AND ADDITIONAL EXPLANATORY NOTES ON THE INFORMATION DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS

All the financial data disclosed in this Annual Report have been calculated in accordance with the International Accounting Standards and have been audited unless it is indicated otherwise.

The auditor of the Company is UAB Ernst & Young Baltic.

In this Annual Report, AB Linas Agro Group is referred to as the Company or the Group as the context may require.

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4. ABOUT THE COMPANY

4. 1. AB LINAS AGRO GROUP AND ITS GROUP OF COMPANIES

AB Linas Agro Group together with its subsidiaries and joint ventures is an integrated agribusiness developing Group of companies engaged in the production of and trade in agricultural produce, feed raw materials and other agriculture-related products. The Group is the leading exporter of grains and secondary products of food industry in the Baltic countries and the leader in supplies of agricultural inputs (such as certified seeds, fertilisers and agricultural machinery) in Lithuania. The Group carries out its trading operations mostly through its Denmark-registered subsidiary Rosenkrantz A/S. The latter company enhances the international reputation of the Group and ensures its position among the key players of the European market. The Group is a major grains and milk producer in Lithuania. In order to improve its operations, the Group has formed an extensive network of grain storages and logistics network for road, railway, and seaborne transportation.

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.

The total headcount of the Group, including its joint ventures and associates, amounts to 761 employees performing their functions in three countries. The financial year of most of the companies of the Group begin on 1 July.

4. 2. HISTORY AND DEVELOPMENT OF LINAS AGRO GROUP

The Group's history dates back to 8 July 1991, when several Lithuanian individuals lead by Darius Zubas established UAB Linas ir Viza (currently named AB Linas Agro) in Lithuania. Darius Zubas remains to be actively involved in business development and currently shares the positions of the Board Chairman of the Company and the Head of the Company. During the initial years of operations, UAB Linas ir Viza was engaged in international trade in agricultural produce, mostly rapeseed. UAB Linas ir Viza, renamed as AB Linas Agro in 2006, is the Group's oldest enterprise.

With a view to ensuring supplies of grains and rapeseed, in 1993 the Group started concluding cooperation agreements with Lithuanian farmers, which later on developed into the Rapeseed and Grains Cultivation Programme. The Programme was aimed at developing the relationships with farmers by consulting them on yield improvement issues as well as at expanding the Group's activities in the area of agricultural inputs covering such products as certified seeds, fertilisers, agricultural machinery etc. In 1998, by acquiring a 50 % stake in UAB Dotnuvos Projektai, the Group started its operations in the agri-supplies market. The initial business model of UAB Dotnuvos Projektai was based on the distribution of agricultural machinery and agricultural produce of other producers to Lithuanian farmers; however, in 2001 the company put into operation its own seed processing factory and started trade in certified seeds of own processing.

In 2002, the Group continued the expansion in the area of agricultural produce by starting trade in plant protection products and microelement fertilisers through another joint venture, UAB Kustodija. The same year, the Group constructed it's first brand new grain elevator and started to provide grain processing and storage services.

In 2003, the Group entered the market of primary agricultural production and for the purpose acquired several Lithuania farms engaged in dairy farming, crop production, and cultivation of rape and sugar beet.

In 2006, the Group started trading in solid biofuel. The same year, the legal form of UAB Linas ir Viza was changed, and the company was renamed as AB Linas Agro. The new name provided a better reflection of the direction and activities of the Group.

In 2007, the Group strengthened its positions in the area of rapeseed processing by launching UAB Mestilla, the operator of the biggest rapeseed processing and bio-diesel production facility in the Baltic countries (the company operates in Klaipėda). Shareholders of UAB Mestilla include Akola ApS (the majority holder in AB Linas Agro Group) and Statoil. UAB Mestilla is not a part of the Group although remains an important trading partner and client.

In 2008, the Group acquired a grain elevator in Šiauliai, which is currently the biggest grain storage facility of the Group. The same year, the Company was reorganised by changing its legal form and was renamed from UAB Agriveta into AB Linas Agro Group. In September 2008, all shares of AB Linas Agro were contributed to the authorised capital as an asset contribution. Finally, in 2008, the Group acquired 60 % of its long-term trading partner Rosenkrantz A/S. From then on, Rosenkrantz A/S is the main trading representative of the Group for West Europe and North Africa.

In 2010, AB Linas Agro Group completed initial public offering of shares and attracted LTL 98 million. Starting from 17 February 2010, the Company has been listed on NASDAQ OMX Vilnius Stock Exchange.

In 2010, the Company acquired UAB Lignineko, a lignin biofuel feedstock operator and Farmer Service centres in Joniškis and Kėdainiai.

4. 3. STRATEGY AND GOALS

The long-term goal of Linas Agro Group is to develop in the markets of the Baltic countries and neighbouring markets, becoming the leader of the agribusiness in the Baltic countries. The development is implemented by expanding the available market shares and acquiring promising companies and recruiting best specialists in their respective fields. In the subsidiaries and other controlled companies, the Company implements its management model based on decentralised management, advanced internal culture, and professionalism. The main emphasis is placed on the quality of services in order to ensure that our key customers will wish to cooperate with us and that such cooperation would be carried out on a long-term and win-win basis.

The goal of the Group of companies AB Linas Agro Group is to achieve the trade turnover of agricultural raw materials amounting to 1.6 million tons and to carry out activities in four countries: Lithuania, Latvia, Denmark, and Ukraine in 2012/2013.

4.4. MISSION AND VISION

The mission of the Group covers the following three aspects important to the company management: creation of value for the clients, creation of value for the Company, and creation of a valuable workplace. All components of the mission are mutually related, and each of them is no less important than the others.

The mission of the Group:

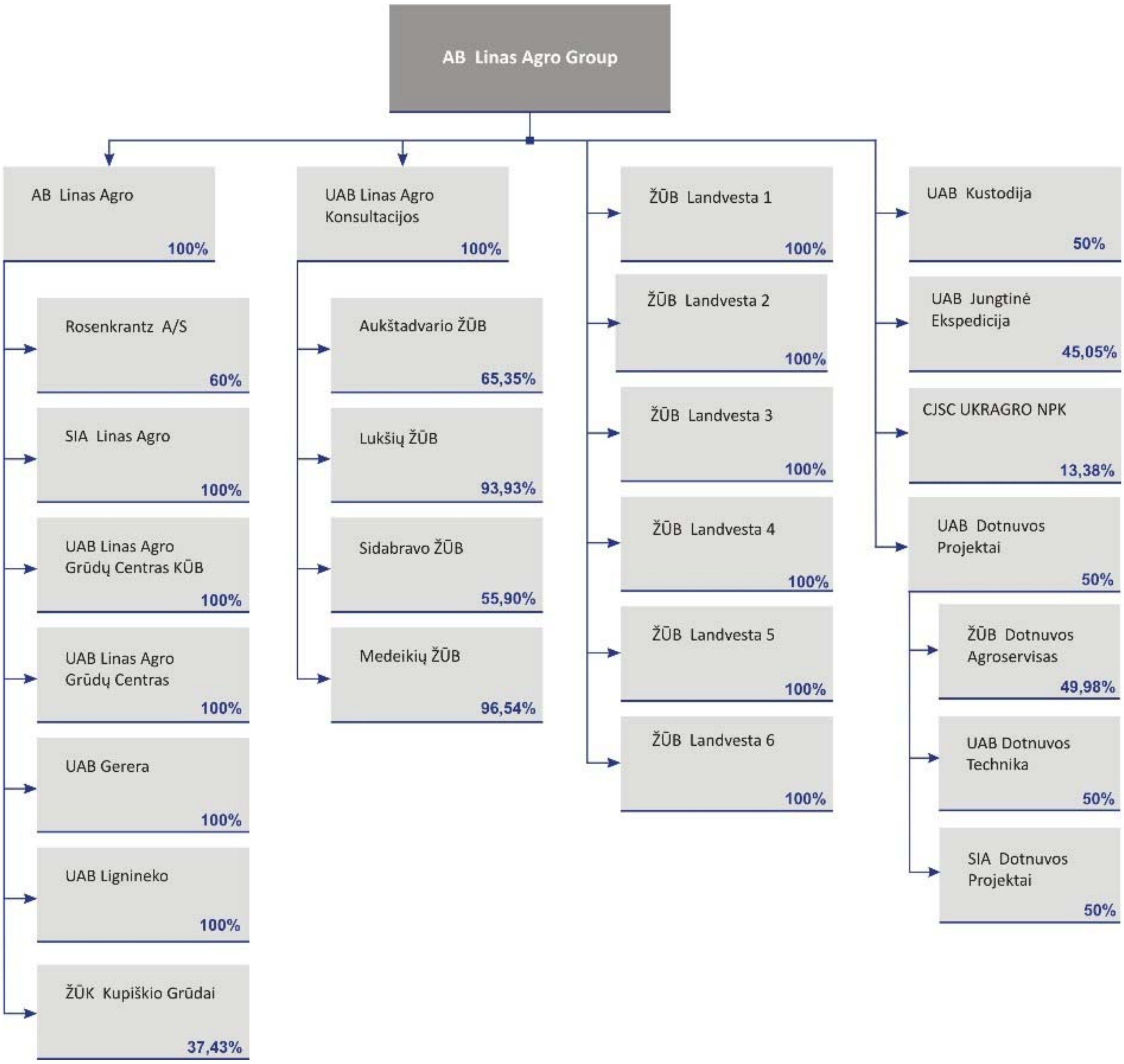
- to create value for clients along the chain of production, processing, and trading of agricultural produce;
- to seek constant growth of the company’s value while ensuring maximum return on investments for shareholders and investors;
- to seek opportunities for professional development for employees in the organisation maintaining a high level of internal culture.

The latter part of the mission, i.e. the creation of an organisation with a high level of culture, is inseparable from the values which are cherished and implemented by the holding Company in its subsidiaries with the purpose to ensure that the values, which have been fostered during the nineteen years of the existence of the Group, are of importance for each employee of the Group in each country where the Group operates. No matter how the Group may develop and grow, the values fostered within the Group will never change. They include striving for progress, teamwork, long-term partnership, attention, tolerance, and respect to every person and the society.

The Company's vision is the ambitious dream to become the leader of the agribusiness in the Baltic countries not only in terms of size or turnover, but also in terms of the number of satisfied customers and employees as well as constant innovation.

4.5. STRUCTURE OF THE GROUP OF COMPANIES

Structure of AB Linas Agro Group (as of 30 June 2010):



4.6. KEY EVENTS

On 17 February 2010, AB Linas Agro Group was included in the main list of companies whose securities are traded on NASDAQ OMX Vilnius Stock Exchange.

On 30 March 2010, AB Klaipėdos Jūrų Krovinių Kompanija (SC Klaipėda Stevedoring Company (KLASCO)) and AB Linas Agro, a company controlled by AB Linas Agro Group, signed a long-term cooperation agreement regarding the expansion of the bulk grain terminal. The agreement provides that AB Linas Agro shall participate in the co-financing of the expansion of KLASCO bulk grain terminal, and will have an exclusive right to use silos warehouses with a capacity of approximately 40 thousand tons of grain and to ship grains through the terminal.

On 9 April 2010, AB Linas Agro, a company controlled by AB Linas Agro Group, acquired for LTL 1.95 million a 100 % interest of UAB Lignineko (total acquisitions costs including additional expense amounted to LTL 2.05 million). The acquired enterprise is the owner of lignin deposit in Zabieliškis village of Kėdainiai district.

On 26 April 2010, the joint venture UAB Dotnuvos Projektai set up a subsidiary in Latvia, SIA Dotnuvos Projektai, which will consolidate Latvian operations that were started five years ago.

On 11 May 2010, UAB Linas Agro Grūdų Centras KŪB, a company controlled by AB Linas Agro Group, signed an agreement of purchase and sale with UAB Arvi Fertis, under which purchased Joniškis Farmer Servive Centre and Kėdainiai Farmer Servive Centre for LTL 6,4 million.

On 12 May 2010, AB Linas Agro Group and UAB Arvi ir ko signed a preliminary agreement, under which AB Linas Agro Group was expected to purchase 50 % of shares of the Ukrainian company CJSC UKRAGRO NPK from UAB Arvi.

Most Recent Events

On 29 June 2010, AB Linas Agro Group and UAB Arvi ir ko signed a shares sale and purchase agreement, under which AB Linas Agro Group on July 1st, 2010 purchased 50 % of shares of the Ukrainian company CJSC UKRAGRO NPK from UAB Arvi for EUR 3,694,800 (LTL 12,757,405).

On 27 July 2010, Biržai district Medeikių ŽŪB acquired 36.36 % of shares of ŽŪK Kupiškio Grūdai for LTL 920,000 thus increasing the Group’s shareholding to 72.53 %.

On 9 August 2010, SEB Bank increased the credit limit to AB Linas Agro, a subsidiary of Linas Agro Group engaged in international trade in agricultural products, owing to which the financing available for the company's business development and working capital went up from LTL 80 million to LTL 132 million, i.e. by more than fifty per cent.

5. THE COMPANY'S ACTIVITY RESULTS

In 2009/2010 financial year, the Group's activities were affected by fluctuating product prices of the agricultural sector both on the international markets and in the Baltic region. The beginning of the season was marked by extremely low purchasing prices of grains and milk, which recovered slightly, especially those of milk, in the course of the year. This factor became one of the main causes of a decrease in the Group's sales in terms of litas: over 12 months, the Group's sales totalled to LTL 834 million, a slump of 25 % compared to 2008/2009 season (LTL 1,114 million). The Group's sales in terms of tons dropped by 13 % to 1.21 million(as compared to 1.39 million tons in 2008/2009). The Group virtually managed to maintain pre-crisis sales in terms of tonnage despite of an overall weakening of the purchasing power in the agricultural sector, shrinking financing from banks and actually complete disappearance of debtor insurance for Baltic companies.

The specifics of the trading season formed a major factor of influence on the decrease in trade volumes: although each season differs from the previous one, the trading season of 2009/2010 distinguished by the prevailing downward trend in prices. This is why most of trade transactions were made on the spot basis. Besides, customers purchased goods in especially small lots in order to secure themselves against price fluctuations or due to the lack of financing.

Farming was one of the areas that were affected by the global prices most of all because low price of grains and milk, especially in the first half-year operating period, had a direct impact on the profitability of agricultural businesses.

The Group managed to increase the gross profitability from 6.8 % last year to 8.4 % this year and significantly surpassed the sector's currently prevailing gross profitability level of 5.5-6.5 %. However, lower sales caused the gross profit to drop by 7 % from LTL 75.7 million last year to LTL 70.3 million this year.

In response to tough economic conditions, the Group sought effective management solutions and cut its operating expenses by 8 %. The reduction in the Group's operating expenses, even despite the cost related to the initial public offering (IPO), down to LTL 32 million (LTL 35 million in 2008/2009 financial year) testify the efficiency of the cost-cutting policy.

With the gross profit having plunged, the Group's EBITDA fell respectively to LTL 49.7 million, an 11 % drop from 2008/2009. However, despite of the economic downturn and a fall in the purchasing power of the agricultural sector, the Group managed to earn a net profit of LTL 33.5 million. The profitability was also positively influenced by the successful initial public offering completed in February since the attracted funds enabled the Group to implement the investment programme, whose positive outcomes, especially in the fertilisers trade sector, showed up as soon as in the results of 2009/2010 financial year.

Lithuania was the Group's biggest supply market, providing 530 thousand tons of products, mostly wheat (284 thousand tons) and rapeseed (105 thousand tons). The second largest supplier was represented by the CIS member countries, where 354 thousand tons of various products were sourced, with protein raw materials for feedstuffs accounting for 40 % of the volume. European countries (other than Scandinavian countries and Lithuania) were the third largest supply market with a purchase volume of 291 tons of products, mostly maize, soybean meal and wheat.

Highest export volumes were taken by Scandinavian and African countries (196 thousand tons each), while most of cargoes were shipped through Baltic Sea and Black Sea ports. Major part of products was shipped through Baltic Sea and Black Sea ports. Cargoes dispatched through Baltic Sea ports amounted to 660 thousand tons, with the biggest volumes transhipped by the ports of Ventspils, Klaipėda, and Liepaja. Black Sea ports handled goods from Ukraine, Russia, and Romania totalling to 198 thousand tons. Overall, the Group loaded cargoes in six Baltic Sea ports, five Black Sea ports, three North Sea ports, and one Mediterranean Sea port as well as in one port on the Volga River.

Key performance indicators

	12 months of 2009/2010	12 months of 2008/2009
Turnover (in tons)	**1,211,865**	**1,386,721**
Sales (LTL)	**834,116,000**	**1,113,880,000**
Turnover (in tons) by segments:		
Grains and oilseeds	770,618	868,486
Feedstuffs	284,072	412,688
Agricultural inputs	95,595	33,971
Farming	42,335	49,332
Other products and services	19,245	22,244
Net profit (LTL)	**33,510,000**	**31,771,000**

The Group's activities are subdivided into five basic operating segments: Grains and Oilseeds, Feedstuffs, Farming; Agricultural Inputs; and Other Products and Services. Division into separate segments is dictated by different types of products and character of related activities. Activities of the segments are often interconnected. For example, activities of the Crop production programmes in Lithuania and Latvia involve the sectors of Agricultural Inputs, Farming, and Other Activities. The final product of the crops production programmes – the agricultural produce of farmers – already form a part of the supply chain of another segment, Grains and Oilseeds.

5.1. GRAINS AND OILSEEDS

The segment of grains and oilseeds is formed by supplies of and international marketing of various grains and oilseeds. Grains mean wheat, barley, maize, and some other types of grains. Oilseeds mean rapeseed, sunflower seed, and linseed. The Company has been operating in this sector since 1991, and this activity generates its biggest incomes.

The Group's activities in this segment were profitable and generated LTL 26.9 million of gross profit; however, this figure is 20 % smaller than that of the previous year. Although profitability went up from 5.1 to 5.97 %, lower amounts in tons and turnover generated lower gross profit. The Group's sales in this segment of activities amounted to LTL 451 million (LTL 662 in 2008/2009). 771 thousand tons of various grains were sold. The biggest contributors to this volume included wheat (394 thousand tons), rapeseed (171 thousand tons) and maize (119 thousand tons). The sale volumes of the two former products grew by 6 %, and the Group remained the leader in sales of rapeseeds in Lithuania. In the meanwhile, sale volumes of feed grains decreased: trade in terms of tons in maize dropped 34 %, and that in barley slashed 53 % down to 52 thousand tons. Such a decrease in trade volumes was caused by a sharp shrinkage of trade in feed grains in the markets since prices of feed grains were very low due to unusually low international prices of food grains. For example, prices of barley fell to the intervention level and, therefore, exports of barley became economically unreasonable. Imports of maize into the EU member states were limited by changing import duties, which resulted in a decrease in the volume of maize sold by the Group compared to the record 2008/2009 year.

A considerable part of export products was purchased in Lithuania. An amount of 380 tons of grain and oilseeds of the 2009 harvest was purchased from Lithuanian farmers, i.e. 36 % more than a year before. The growth in the purchase volumes was achieved owing to bigger contracted areas of crops, subsidies to producers of energy rapeseed and wheat, and implementation of new effective logistics solutions.

A major part of products purchased in Lithuania was cultivated on a contractual basis with advance payments for the future harvest. These activities, called the Crop production or Rapeseed and Grain

Cultivation Programmes, have been carried out in the Company since 1993. At that time, the Company was the first in Lithuania to start provision of credits to rape producers and, several years later, to cereals producers. Every year, more than one thousand agricultural companies and farmers participate in the Rape and Grain Cultivation Programmes, and in 2009/2010 the Company had 1,330 contracted agricultural producers. For 2010 harvest the Company signed contracts for a 102 thousand ha or 3 % more as year ago. Most of the contracts were signed for the cultivation of winter wheat – for an area of 37 thousand ha, winter oilseed rape – for an area of 22 thousand ha, and spring oilseed rape – for an area of 23 thousand ha.

5.2. FEEDSTUFFS

This segment of activities includes international supply of and trade in and secondary products of the food industry (such as sunflower cake and sunflower meal, sugar beet pulp, rapeseed cake etc). Such feed-related products as soya beans, soybean cake and vegetable oil also fall within the scope of this segment. The Group purchases various secondary products of the food industry and consolidates them into bigger lots suitable for export.

The gross profit of this activity dropped 34 % from the level of the previous period to LTL 12 million. The repercussions of the world crisis continued to affect buyers in this segment – with limited or no financing in hand, buyers purchased products in especially small lots. Trading in feedstuffs in the Baltic countries started to recover only in late autumn.

Sale volumes of feedstuffs amounted to 284 thousand tons, or 31 % less than in the corresponding period of the previous year (413 thousand tons). The biggest drop was recorded in the trade in sugar beet pulp pellets where just over 2 thousand tons of the products were sold (36 thousand tons in 2008/2009). Low international grain prices significantly reduced the demand for this alternative intended for feed production since cheap grain allowed feed producers to abandon the use of any grain substitutes.

As a result of unfavourable market condition, sugar factories suspended the production of sugar beet pulp pellets, and no trade in this product was actually carried out during January – June. Trade in soybean meal dropped by 14 % – as a measure of risk management, the Company itself reduced sale amounts due to sharp fluctuation in prices.

As a result of low market prices, trade volumes of rapeseed cake plunged by 81 % to 17 thousand tons. In the meantime, trade in sunflower cake and sunflower meal increased by 15 % to a record 163 thousand tons.

5.3. AGRICULTURAL INPUTS

This segment covers supplies of such important products for crop production as certified seeds, fertilisers, plant protection products, and agricultural machinery to farmers. The Group provides consultancy on the latest trends in agriculture and, in cooperation with scientists, prepares and improves crop production technology for those farmers with whom the Group concluded Crop production contracts. This activity was started back in 1993 by crediting rapeseed producers.

A major part of agricultural inputs are sold through the joint ventures UAB Dotnuvos Projektai and UAB Kustodija. The operating results of these companies are not shown on the segment reports because they are not consolidated in the Group (their results are accounted by the equity method).

This year, agricultural inputs were one of the most successful business segments in terms of turnover and profitability: sales rocketed by 75 % to LTL 102 million as compared to LTL 58 million in 2008/2009 financial year. Such growth in turnover was achieved owing to higher sales of fertilisers: nearly 3 times more fertilisers were sold in Lithuania and Latvia than during the same period than a year before, i.e. 95 thousand tons. Sale volumes of fertilisers grew as a result of expansion of wholesaling and effective solutions in sales promotion and logistics.

Sales of plant protection products amounted to LTL 17 million as compared to the corresponding number of more than LTL 10 million a year before. Sales of seeds generated LTL 4 million as compared to LTL 1.6 million in the previous year. The increase in sales of these products was achieved owing to the development of crop production programmes and higher demand preconditioned by meteorological conditions – for reseeding of seeds of winter crops damaged by frosts and for pesticides for fighting an outbreak of weedage and plant diseases.

Gross Profit earned in this segment totalled to LTL 12.6 million, i.e. 3.3 times more than a year before. The Group continues expanding its activities and market share in this business segment. In May, the Group acquired farmer servicing centres and fertiliser warehouses in Joniškis and Kėdainiai from UAB Arvi Fertis in order to strengthen its positions in fertiliser imports and retailing in fertilisers in supplying them to farmers involved in crop production programmes. The newly acquired warehouses, which can accommodate 13 thousand tons of fertilisers, increased the total capacity of Linas Agro fertiliser warehouses to 35 thousand tons. Currently, fertilisers are stored in the Grain centres of Linas Agro in Joniškis, Kėdainiai, Šiauliai, and Vilkaviškis as well as in the elevator of Kupiškio Grūdai. The investment in the farmer servicing centres with fertiliser warehouses allows the Group to consolidate its positions on the fertiliser trade market not only in Lithuania, but also in Latvia. In 2010/2011, it is planned to start packaging of fertilisers into big-bag in Joniškis farmer servicing centre for shipping them to Latvia. The Company plans to increase its sales of fertilisers to 160 thousand tons over the two upcoming seasons.

UAB Dotnuvos Projektai, one of the biggest Lithuanian sellers of agricultural machinery, seeds and elevator equipment operated by the Group jointly with its partners, set up its subsidiary SIA Dotnuvos Projektai in Jelgava (Latvia) which will strengthen the activities started in Latvia five years ago. It is planned that the Company's sales will increase by 25-30 %.

At the end of 2009/2010 financial year, the Group has signed a share purchase agreement regarding acquisition of 50 % of shares of the Ukrainian fertiliser producer and trader CJSC UKRAGRO NPK, and AB Linas Agro Group directly controls 63.38 % in the company from 1 July 2010. CJSC UKRAGRO NPK is engaged in production of blended NPK fertilizers as well as wholesale and retail trade of various fertilizers. Thirteen fertilizer distribution warehouses run by CJSC UKRAGRO NPK are located in the most important Ukraine's agricultural regions. NPK fertilizers blends are being produced in production units located in West, Central and East Ukraine. The acquisition of a controlling stake in the company will allow AB Linas Agro Group to increase volumes of trade in fertilisers and consolidate its foothold in Ukraine.

5.4. FARMING

This segment covers primary production of agricultural produce: diary production as well as cultivation of grains, rape, and sugar beet. The Group controls four agricultural companies which are based in the most yielding Lithuanian areas – Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB and Sidabravo ŽŪB (Radviliškis district). These enterprises provide a part of resources required by the Grains and Oilseed Segment. They also produce various types of feedstuffs which are mostly used for feeding the Company's own livestock.

Agricultural companies controlled by UAB Linas Agro Konsultacijos faced a high market price fluctuations: fertilisers, which were purchased at high market prices a year earlier, increased the cost of the cultivated produce, while purchase price of agricultural produce went down significantly. For example, purchase prices of grains dropped by 28 %, and rapeseed purchase prices fell by 34 %.

Milk purchase prices in July – August were of the lowest during the recent three years down at LTL 0.58/l; therefore, each litre of sold milk brought a loss of 10 – 12 cents. In October, milk price increased to LTL 0.68/l, and the upward trend continued into November and December with prices reaching LTL 0.75/l and LTL 0.83/l, correspondingly. In the second half-year period, milk prices stabilised, and the average base-indicator milk price was LTL 0.83/l. Growing prices of grain in spring had no impact on the results because grain had been sold earlier at lower prices. In the winter of 2010, 450 ha of winter wheat and 600 ha of winter oilseed rape froze, and they had to be reseeded with spring wheat and oilseed rape.

The total turnover of the group of companies of UAB Linas Agro Konsultacijos over the year amounted to LTL 31 million, i.e. 16 % lower than in the corresponding period of 2008/2009 (LTL 37 million). The companies together produced more than 31 thousand tons of grains, mostly wheat (over 15 thousand tons), barley (8.6 thousand tons), and rapeseed (6.1 thousand tons). Winter and spring wheat matched best of all, with yields reaching 6.5 t/ha and 5.5 t/ha, correspondingly (while the average yield in Lithuania was 4.6 t/ha). The overall yield of spring and winter oilseed rape reached 3.1 t/ha (as compared to the average Lithuanian yield of 2.5 t/ha).

The Group's output of milk amounted to 11.1 thousand tons or 12 % more than in 2008/2009 (9.9 thousand tons). A growth in milk production was achieved owing to a 6 % increase in the herd and improved average milk yield per cow (herd amounts to 1467).

In autumn 2009, the agricultural companies sowed more than 4.1 thousand ha, and largest areas of crops were covered with winter wheat (2.1 thousand ha). In spring 2010, almost 4.9 thousand ha were sowed for crops, with the largest areas being occupied by summer oilseed rape (1.7 thousand ha) and wheat (1.5 thousand ha). The Company sowed over than 9 thousand ha of various cultures, similar to previous year, and 502 ha left for the greenlands.

In the fourth quarter of the year, the companies received planned subsidies and ended the financial year with a total net profit of LTL 3.9 million.

5.5. OTHER PRODUCTS AND SERVICES

This segment includes all other activities which cannot be attributed to any of the aforementioned key segments. This segment covers sales of solid biofuel, services of grain storage facilities as well as other products and services.

The activities of this segment were less profitable than during the previous year, with the total profit decreasing 32 % to LTL 10 million over the year.

Already during a second year in succession, trading in solid biofuel has been affected by the global crisis. As a result of unfavourable market condition and zero demand, next to no trade was carried out in 2009/2010 financial year. Sales turnover in tons dropped by 16 %, and only one product, sunflower husk granules, was traded. The sales of this product, which amounted to 19 thousand tons, generated a gross profit of LTL 633 thousand.

However, trade in solid biofuel remains to be a promising business. The Group expects improvements in this area of activities in 2010/2011 financial years and thereafter; therefore, it invested in this promising business by acquiring Lignineko, the operator and owner of lignin biofuel feedstock. It is planned to annually supply 50 thousand tons to the markets of Lithuania and neighbouring countries to an amount of LTL 7 million.

Another big portion of income in this segment is generated by providing value-added services such as cleaning, drying, storage, transportation and sales of grains and oilseeds, which form the link between the supply markets of the Group and its customers. These services are rendered by the elevators operated by the Group in Joniškis, Kėdainiai, Kupiškis, Šiauliai, and Vilkaviškis, which can store more than 148 thousand tons of grain at a time.

Income of the elevators from services amounted to LTL 18 million (including sales with related parties), a level similar to the previous year, while net profit reached LTL 5.3 million. A major part of the income was generated by grain processing services. Overall, during the reporting period, elevators handled 408 thousand tons of various products including grains, rapeseed, feedstuffs, and fertilisers, or by 9 % more than a year earlier. The quantity of wheat accepted and processed in the elevators amounted to 201 thousand tons, and it became the biggest contributor to the general volume. Operating results of the elevators located in different regions of Lithuania differed depending on the yields of grains in the relevant region and local competition between grain processing entities. The biggest amount of products, 116 thousand tons or 23 % up from the same period of the previous year, was handled by Kėdainiai elevator; Vilkaviškis elevator increased its volumes by 5 % from the previous year, to 100 thousand tons; the quantity of products processed by Joniškis elevator decreased by 5.6 % to 85 thousand tons; and Šiauliai elevator improved its results by 28 % to 69 thousand tons. The elevator of the agricultural cooperative Kupiškio Grūdai handled 38 thousand tons of products, or 10 % less than in the record previous year.

The growth in turnover of grains was furthered by the operations of grain acceptance sites that were commissioned in Lukšiai, Medeikiai, Sidabravas, and Kuršėnai at the beginning of the season. However, a low grain price level prevented from reaching even higher turnover, which prompted farmers to store grains in expectation of intervention purchases and higher prices rather than to sell them.

As well as every year, the modernisation of elevators continued: new platform truck scales were purchased in order to equip season grain acceptance sites in Sidabravas and Kuršėnai. Šiauliai elevator acquired a new laboratory furnace, which has facilitated the work of the laboratory, and a new telescopic loader. A similar telescopic loader was purchased by Vilkaviškis elevator. Renovation of Šiauliai elevator started; the facade of the administration building was renewed; and construction work of the administration building of ŽŪK Kupiškio Grūdai with a new spacious laboratory and modern personnel facilities were almost completed.

The project on the modernisation of the drier of Šiauliai elevator, the cost of which amounted to approximately LTL 1.98 million, was implemented. A new high-capacity grain drier was installed; a part of the transporting equipment was replaced; and an automation and control system was implemented.

After the acquisition of Joniškis and Kėdainiai farmer servicing centres and expansion of its own storage facilities, the Group's storage facilities increased by 20 thousand tons to 148.7 thousand tons by the end of the year.

As a part of the customer service improvement programme, Linas Agro continued the electronic communication project launched at the beginning of 2009, the first step of which was the creation of e-mail boxes of the crop production sector customers and abandonment of traditional paper documents by switching to electronic documentation. This effort allowed to save money, accelerated the speed of communication, and contributed to environmental protection. In 2009/2010, the improvement of electronic communications was continued, and publication of certain information intended for customers, for example, the Company's electronic product catalogue, was started in the internet site www.rapsai.lt.

A wide range of measures for the improvement of customer relations were implemented: in order to form conditions for farmers to insure themselves against market fluctuations, contracts for the advance purchase of a part of the harvest were offered and various trading campaigns were arranged. Farmers were offered the programme of accruing discounts on elevator services "Bring More Grains and Pay Less for Services".

Certain technological changes allowed improving customer service: for example, grain acceptance tracks were rearranged in Šiauliai elevator by redirecting barley to the wheat elevator, which allowed acceptance of rapeseed at two points while significantly improving their unloading and preventing queues. A new service, transhipment of buckwheat, was launched in Kėdainiai.

Alongside with traditional measures for the improvement of cooperation with crops cultivating farms (visiting of farms together with scientific consultants and trips to the field days to Latvia), customer relations were consolidated at the exhibitions *Agrovision 2009* and *As You Sow 2010*. The companies of the Group participated in the annual international grain trading conference *European Commodities Exchange*, where they established many useful contacts.

During years 2008–2010, the Company presented to Lithuanian farmers the cereal cultivation technologies applied in demonstration farms, which disclosed the advantages of separate varieties of winter rye, triticale, wheat and malting barley. Taking into consideration the farmers' interest in the solutions implemented in the demonstration farms, the Company plans to renew its demonstration farm in Aukštadvaris Agricultural Company in Panevėžys district. There, AB Linas Agro jointly with Aukštadvario ŽŪB and UAB Dotnuvos Projektai will implement intensive oilseed rape cultivation technologies and present their results for the assessment of crops producers. Rapeseed producers will be able to assess the effect of agrotechnical solutions offered and agrochemical products sold by AB Linas Agro as well as the advantages of specific linear and hybrid varieties of oilseed rape.

In 2009, AB Linas Agro Group was elected the best production company of Panevėžys County, while AB Linas Agro became the best innovative company of Panevėžys in 2009. Rosenkrantz A/S became Denmark's Gazelle in 2009.

The next season for the Group will be full of challenges, which will be preconditioned by a sharp rise in grain prices and harsh natural conditions in the Baltics and other European countries as well as in Russia and Byelorussia. However, the Group plans further growth in trading volumes of fertilisers and grains and implementation of its investment programme which covers the trade in new products, grain storage facilities and geographic expansion.

6. FINANCIAL REVIEW

Main financial indicators	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	Change (09/10)/ (08/09)	Change (09/10)/ (08/09) (%)
Sales	**661,371**	**907,006**	**1,113,880**	**834,116**	**(279,764)**	**-25**
Gross profit	42,767	75,929	75,739	70,341	(5,398)	-7
EBITDA	**32,826**	**66,331**	**56,001**	**49,740**	**(6,261)**	**-11**
Profit from operations	26,469	52,201	44,531	39,684	(4,847)	-11
Earnings before taxes (EBT)	22,222	49,986	40,348	39,988	(360)	-1
Net profit	**18,023**	**41,269**	**31,771**	**33,510**	**1,739**	**5**
Margins						
Gross margin	6.5%	8.4%	6.8%	8.4%	1.6%	24
EBITDA margin	5.0%	7.3%	5.0%	6.0%	1.0%	19
Operating profit margin	4.0%	5.8%	4.0%	4.8%	0.8%	19
Earnings before taxes margin	3.4%	5.5%	3.6%	4.8%	1.2%	32
Net profit margin	2.7%	4.6%	2.9%	4.0%	1.1%	41
Solvency ratios						
Current ratio	1.0	1.2	1.2	1.95	0.74	61
Debt / Equity ratio	1.1	1.4	1.0	0.5	-0.5	-46
Net financial debt / EBITDA	3.0	2.7	2.6	2.1	-0.5	-18
ROE	18.7%	31.2%	20.4%	12.7%	-7.7%	-37
ROCE	14.8%	20.0%	16.0%	10.6%	-5.4%	-34
Basic and diluted earnings per share (LTL) (EPS)	0.41	0.94	0.69	0.30	-0.39	-57
Main financial indicators according to business segments						
Grains and oilseeds						
Volume (tons)	300,535	564,324	868,486	770,618	-97,868	-11

Main financial indicators	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	Change (09/10)/ (08/09)	Change (09/10)/ (08/09) (%)
Sales (LTL in thousands)	197,432	476,096	662,145	450,736	-211,409	-32
Gross margin (LTL in thousands)	8,600	17,679	33,513	26,925	-6,588	-20
Gross margin (%)	4.4%	3.7%	5.1%	6.0%	0.9%	18
Feedstuffs						
Volume (tons)	539,078	420,791	412,688	284,072	-128,616	-31
Sales (LTL in thousands)	382,592	329,983	349,382	254,745	-94,637	-27
Gross margin (LTL in thousands)	15,780	30,628	18,395	12,156	-6,239	-34
Gross margin (%)	4.1%	9.3%	5.3%	4.8%	-0.5%	-9
Agricultural inputs						
Volume (tons)	55,821	52,840	33,971	95,595	61,624	181
Sales (LTL in thousands)	52,326	73,314	58,176	101,644	43,468	75
Gross margin (LTL in thousands)	5,279	7,560	3,817	12,638	8,821	231
Gross margin (%)	10.1%	10.3%	6.6%	12.4%	5.8%	89
Farming						
Volume (tons)	28,069	36,628	49,332	42,335	-6,997	-14
Sales (LTL in thousands)	22,849	32,644	37,056	31,021	-6,035	-16
Gross margin (LTL in thousands)	6,869	11,978	5,368	8,694	3,326	62
Gross margin (%)	30.1%	36.7%	14.5%	28.0%	13.5%	93
Other products and services						
Volume (tons)	4,877	13,933	22,244	19,245	-2,999	-13
Sales (LTL in thousands)	25,566	32,172	43,216	33,039	-10,177	-24
Gross margin (LTL in thousands)	6,239	8,084	14,645	9,928	-4,717	-32
Gross margin (%)	24.4%	25.1%	33.9%	30.0%	-4%	-11
Total volume (in tons)	**928,380**	**1,088,516**	**1,386,721**	**1,211,865**	**-174,856**	**-13**

Review

In 2009/2010 financial year, the Group's activities were affected by fluctuating product prices of the agricultural sector both on the international markets and in the Baltic region. The beginning of the season was marked by extremely low purchasing prices of grains and milk, which recovered slightly, especially those of milk, in the course of the year. This factor became one of the main causes of a decrease in the Group's sales in terms of litas: over 12 months, the Group's sales totalled to LTL 834 million, a slump of 25 % compared to 2008/2009 season (LTL 1,114 million). Sales dropped almost in all sectors of activities except for Agricultural Inputs. The latter segment of activities was the most successful for sales in terms of revenue and tons in 2009/2010 operating season owing to a triple growth in trade in fertilisers. The overall downturn both in the Baltic region and on the international markets had an adverse impact on the demand for agricultural produce. Other factors that affected sales included weakening of the general purchasing power in the agricultural sector, shrinking financing from banks and actually complete abandonment of insurance debtors for Baltic companies. As a result, the Group's sales in terms of tons dropped by 13 % to 1.21 million (as compared to 1.39 million tons in 2008/2009).

Alongside with lower sales, the cost of the Group's products and services also decreased to LTL 764 million (in 2008/2009, it reached LTL 1,038 million). The cost of inventory dropped from LTL 882 million to LTL 678 million, i.e. by 23 %. Logistics expenses, which normally account for up to 11 % of the total cost, amounted to LTL 72 million, i.e. 42 % down from the previous year (LTL 125.9 million) as a result of lower transportation rates and volumes. The Group earned LTL 70.3 in gross profit, or 7 % less than in 2008/2009 season (LTL 75.7 million). The Group managed to increase the gross profitability from 6.8 % last year to 8.4 % and surpassed the sector's currently prevailing gross profitability level of 5.5-6.5 %. The profit margin was of the highest in the operating history of Linas Agro Group.

Operating expenses decreased from LTL 35 million to LTL 32 million. The decrease is attributed to lower expenses on consulting, administration and rent of premises, telecommunications, stationary and office services. During the reporting period, these expenses dropped by 41 %, 16 %, 35 %, and 14 %, correspondingly. In response to tough economic conditions, the Group sought effective management solutions and cut its operating expenses by 8 %. The reduction in the Group's operating expenses, even despite the cost related to the initial public offering (IPO), testify the efficiency of the cost-cutting policy. Despite of this fact, the Groups operating profit amounted to LTL 39.7 million, i.e. 11 % less than in 2008/2009 season (LTL 44.5 million).

With the gross profit having plunged, the Group's EBITDA fell respectively to LTL 49.7 million, an 11 % drop from 2008/2009.

Operating profit from associates and joint ventures slumped to LTL 2.7 million, or by 34 %, from 2008/2009 season (LTL 4.1 million). The sales and profitability of the aforementioned companies were affected by the overall economic downturn.

As a result of falling prices of grains, the Group's demand for working capital decreased correspondingly. This became one of the main reasons that predetermined lower financial expenses. Interest expenses went down from LTL 11.3 million to LTL 5.1 million. Interest of banking loans decreased correspondingly (from 5.55 % to 3.35 %). The pre-tax operating profit of the Group amounted to LTL 40 million, i.e. stayed almost at the same level as the profit for the previous year (LTL 40.3 million).

The net profit of the whole Group reached LTL 33.5 million and was 5 % higher than that of 2008/2009 season (LTL 31.8 million). In addition to the aforementioned factors, the profitability was positively influenced by the successful initial public offering completed in February since the attracted funds enabled the Group to implement the investment programme, whose positive outcomes, especially in the fertilisers trade sector, showed up as soon as in the results of 2009/2010 financial year.

During the previous season, the Group did not implement any significant scientific research projects.

Cash flow and liquidity

The objective of the Group is to have sufficient financial resources, to maintain high liquidity and quality of the balance sheet, to have sufficient flexibility and space for borrowing and satisfying the Group's needs in working capital and investments.

As of the balance-sheet date, the Group had LTL 34 million in cash and money equivalents, and its current solvency ratio was 1.95 (compared to 1.2 in 2008/2009 season). The debt to equity ratio was 0.5 (in the previous year, it was equal to 1). The Group's relative net debt to EBITDA ratio was 2.1.

The Group's net cash flow was positive and amounted to LTL 25.8 million (LTL 0.36 million in 2008/2009). Cash flows from operating activities before the changes in the working capital amounted to LTL 38 million and minus LTL 21.9 million after the changes (LTL 64.5 million in 2008/2009 financial year). Such changes were mainly caused by in an increase in trade receivable and decrease in trade payable accounts. The increase in trade receivable amounts is related to the expansion of the fertilisers activities. Farmers are the main buyers of fertilisers, and this service is critical for them; however, they lack financial resources for making payments within a short period of time. Such form of providing credits to farmers enables the Group to expand its client base and to plan larger volumes of grain purchase in the future. The decrease in trade payables is related the changes in policies of credit insurance institutions and banks. After debtor insurance was virtually cancelled for companies of the Baltic countries, terms of payment for suppliers were shortened, which influenced the decrease in the Group's trade debts.

The Group's investment cash flow was negative and amounted to LTL 6.8 million, which was predetermined by the implementation of the Group's expansion programme. The Group acquired Farmer Servicing Centres (LTL 6.4 million) in order to strengthen its fertiliser activities in Lithuania and Latvia and concluded a preliminary agreement regarding the acquisition of the fertiliser producer and trader CJSC UKRAGRO NPK (Ukraine) (LTL 12.8 million). UAB Lignineko, a company which has biofuel raw materials, was also acquired (LTL 2.05 million).

The Group's cash flows from financial activities were positive and amounted to LTL 54.6 million. Such cash flows were determined by capital consolidation (successfully completed initial public offering of shares) and decreased demand for working capital. The Group finances its working capital in three banks: AB SEB Bankas, BNP Paribas, and ABN Amro Bank N.V, Bank of Netherlands. The credit limits in the aforementioned banks total to LTL 177 million. As a result of the fall in prices of grain crops, the Group utilised approximately 48 % of the credit limits approved by it and redeemed a debenture issue worth LTL 15 million.

7. SCOPE OF RISK AND MANAGEMENT THEREOF

In 2009/2010 financial year, the Company succeeded in avoiding the risks declared by the Company.

7. 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 unfavourable. 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 company 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 2009/2010 financial year, this risk did not manifest itself as regards the Company and its Group companies.

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.

7. 2. RISK RELATED TO ACTIVITIES OF CONTROLLED COMPANIES

The companies controlled by the Group are involved in trade in agricultural inputs, implementation of crop programmes, 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 analyse 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.

7. 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.

7. 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.

8. EMPLOYEES

As of 30 June 2010 the number of employees of the Group was 532 or 10 employees less as of 30 June 2009 (at that time was 542). As of 30 June 2010 the number of employees of the Company was 9 (4 as of 30 June 2009).

Distribution of employees of the Group by positions and average monthly salary before taxes:

	The number of employees at the end of financial year		Average monthly salary before taxes in LTL	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Managers	36	32	7,639	8,184
Specialists	164	164	3,037	3,064
Workers	332	346	2,060	1,767
Total for the Group	**532**	**542**		

Distribution of employees of the Group by education degree held:

	Employee education	
	30 June 2010	30 June 2009
Graduate academic	151	149
Higher education	104	106
Secondary education	251	259
Primary	26	28
Total for the Group	**532**	**542**

Distribution of employees of the Group by business segments:

	Employees of the Group by business segments	
	30 June 2010	30 June 2009
Grains and oilseeds	20	20
Feedstuffs	25	23
Farming	349	371
Agricultural inputs	109	99
Other products and services	1	1
Administration not attributed to any specific segment	28	28
Total for the Group	**532**	**542**

Distribution of employees of the Group by geographical locations:

	Geographical distribution employees	
	30 June 2010	30 June 2009
Lithuania	515	525
Latvia	9	11
Denmark	8	6
Total for the Group	**532**	**542**

AB Linas Agro Group has no collective agreement.

All employment contracts concluded by AB Linas Agro Group with the Company's employees are entered into in accordance with the Labour Code of the Republic of Lithuania. Both hiring and dismissal of employees is carried out pursuant to the requirements of the Labour Code. No special rights or obligations of employees are provided for in employment contracts.

Employees have undertaken the obligation of non-disclosure of confidential information. Some Board members and key executives have signed confidentiality and non-competition agreements.

8.1. AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF ITS BODIES, MEMBERS OF ESTABLISHED COMMITTEES, OR EMPLOYEES THAT PROVIDE FOR COMPENSATIONS IN CASE OF RESIGNATION OR DISMISSAL OF THE AFOREMENTIONED PERSONS WITHOUT A JUSTIFIED REASON, OR IF THEIR EMPLOYMENT IS TERMINATED AS A RESULT OF THE CHANGE IN THE CONTROL OVER THE COMPANY

There are no separate agreements between the Company and either its Board members or employees that would provide for any compensations in case of their resignation or dismissal without a justified reason.

9. MANAGEMENT BODIES AND COMPANY MANAGEMENT

9.1. STRUCTURE OF THE BOARD

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

Name	Position within the Company
Darius Zubas	Chairman of the Management Board, Managing Director
Vytautas Šidlauskas	Deputy Chairman of the Management Board
Arūnas Zubas	Member of the Management Board
Dainius Pilkauskas	Member of the Management Board
Arūnas Jarmolavičius	Member of the Management Board
Andrius Pranckevičius	Member of the Management Board, Deputy Managing Director
Tomas Tumėnas	Member of the Management Board, Finance Director

As of 30 June 2010 (as well as currently), the Board of the Company consisted of the following members:

Darius Zubas, born in 1965, is the main founder of the Group. 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 20 years of experience in strategic management and business organization.

Since 1997, he is Managing Director of the Company. Managing Director of AB Linas Agro since 1991 and occupies the position of the Chairman of the Management Board of said company since 2006. In 1993–1999 he was the Deputy Managing Director of UAB Gerera. Chairman of the Management Boards of UAB Mestilla and Rosenkrantz A/S.

Responsible for the organization and strategy, development and expansion of the Group.

Vytautas Šidlauskas, Member of the Management Board, born in 1963, is a graduate of Faculty of Chemistry, Kaunas University of Technology (former Kaunas Polytechnic Institute), where in 1987 obtained a diploma in Public Nutrition Technology and Management. Vytautas Šidlauskas has nineteen years of experience in business management.

Since 1993 he acts as the Managing Director in UAB Gerera. Since 1999 he acts as the Trade Director of AB Linas Agro, and in addition since 2006 serves as the Member of the Management Board. He serves as a Member of the Management Board in UAB Mestilla and Rosenkrantz A/S.

Vytautas Šidlauskas is responsible for the international trading strategy of the Group and trade risk management.

Dainius Pilkauskas, Member of the Management Board, born in 1966, 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.

Serving for the Group for 19 years, started as the Commerce Director in AB Linas Agro (former UAB Linas ir Viza) in 1991. Since 2006 he was promoted to and currently serves as the Trade Director for Baltic States and a Member of the Management Board in AB Linas Agro.

Responsible for the formation and implementation of plant cultivation programs' strategy in the Baltic States.

Arūnas Zubas, Member of the Management Board, born in 1962, graduated from Kaunas University of Technology (former Kaunas Polytechnic Institute) in 1985 and holds a diploma in Chemical Technology. Arūnas Zubas has over twenty years of experience in project, production and business management.

He worked as the Technologist in Panevėžys Meat Processing Factory (1985–1988), as well as the Project Manager of the factory (1989–1992), later, as the Director in AB Krekenavos agrofirma (1992–1994).

He joined the Group in 1995 as the Commerce Director in AB Linas Agro (1996–2005). Since 2006 he serves as a Member of the Management Board in AB Linas Agro, and since 2005 he serves as Managing Director in biodiesel production company UAB Mestilla.

Responsible for the formation and implementation rapeseed processing strategy development.

Andrius Pranckevičius, Member of the Management Board, born in 1976, 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).

Prior to joining the Group, he was the Customer Service Manager UAB DHL International Lietuva (1998-1999).

Joined the Group in 1999, he served as the Marketing Manager (1999–2000) in AB Linas Agro (former UAB Linas ir Viza), 2000-2003 as the Project Manager, and Business Development Manager (2003–2005). Since 2005 he serves as the Deputy Managing Director and since 2006 as a Member of the Management Board in AB Linas Agro. Andrius Pranckevičius also occupies the position of the Deputy Managing Director in AB Linas Agro Group and holds the position of the Board Member of the Lithuanian Agricultural Companies Association.

Responsible for the coordination and management of agricultural supply companies, organization of investment projects of the Group.

Tomas Tumėnas, Member of the Management Board, born in 1972, holds the diploma in Economics from Vilnius University (in 1995) and a certificate in International Business Economics from Aalborg University (in 1995). Since 2007 he studies at Manchester Business School and expects to obtain MBA in finance. Tomas Tumėnas works in the spheres of investments and finance management for more than 15 years.

Prior to joining the Group he was the Financial Broker Analyst in AB Akcinis inovacinis bankas (1995-1996), Insurance Analyst in ADB Preventa (1996) and the Financial Analyst in the Representative Office of Baltic Management LLC (1996-2001). Since 2003 he was the Director in UAB Baltic Fund Investments.

Tomas Tumėnas started his carrier within the Group since 2001 by becoming Finance Director in AB Linas Agro and serves in this position since then. Since 2006 acts as a Member of the Management Board in AB Linas Agro, since 2009 serves as Finance Director in AB Linas Agro Group.

Responsible for the management of finance, formation of the Group's financial strategy.

Arūnas Jarmolavičius, Member of the Management Board, born in 1964, 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 17 years.

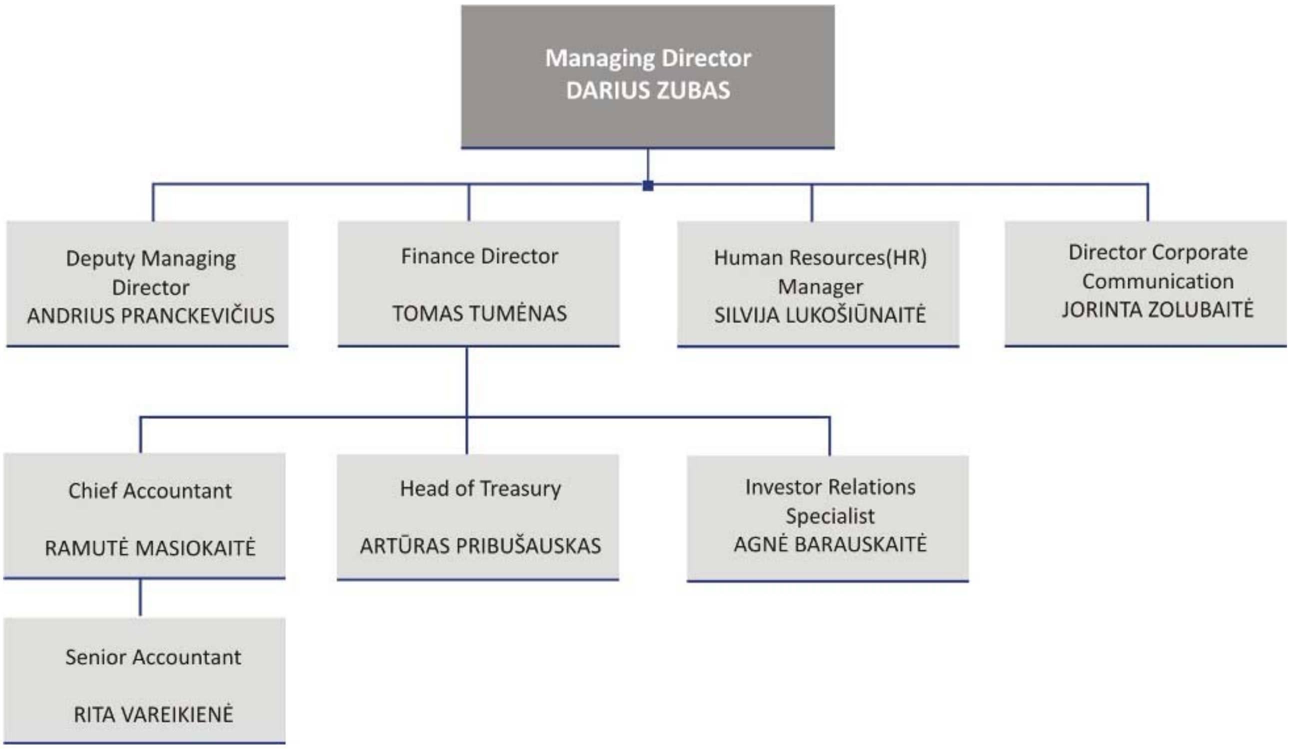
In 1991–1992 he was the Controller in the State Control Department, 1993–1994 – the Sales Manager in UAB Prieglius, 1994–1997 – the Sales and Marketing Director in AB Kalnapilis, 1997–1999 – the Sales and Marketing Director in AB Baltic Beverage Holding, 1999–2001 – Director in UAB Jungtinis Alaus Centras.

Arūnas Jarmolavičius joined the Group 9 years ago. In 2001 he started his carrier within the Group as the Project Director in AB Linas Agro. In 2008 he was elected as a Member of the Management Board.

Responsible for the production companies' strategy development and activity control, organization of investment projects of the Group.

9.2. COMPANY ADMINISTRATION

The Scheme of Administrative Management



Company Management

Name and surname	Position	Main areas of activities
Darius Zubas	Managing Director	Strategy, development and expansion of the Group of Companies; organisation of everyday activities; and representation of the Group.
Andrius Pranckevičius	Deputy Managing Director	Expansion and development of the Group of Companies; implementation and development of investment projects of the Group; coordination and management of the activities of the companies providing services and supplying goods to agriculture entities in the Baltic states.

Name and surname	Position	Main areas of activities
Tomas Tumėnas	Finance Director	Formation of the financial policy of the Group; management of financial resources; cooperation with financial and credit institutions.
Ramutė Masiokaitė	Chief Accountant	Accounting and financial control of the Group of Companies.

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

Ramutė Masiokaitė, Chief Accountant, born in 1971, graduated from Vilnius University in 1994 and acquired the qualifications of an economics, financial and credit specialist.

Prior to starting her employment with the Group, she worked as the Deputy Chief Accountant in AB Lietuvos Taupomasis Bankas (AB Lithuanian Savings Bank, currently AB Swedbank). She started her employment with the Group in 1998 in the capacity of the Chief Accountant of AB Linas Agro. In 2001, she was appointed as the Finance Controller of AB Linas Agro and holds this position so far.

Information on the payments to the managers during the reporting period is provided in the following table:

	Group company	Position	Amount LTL in thousand	Type of payment
MANAGEMENT BOARD				
Darius Zubas	AB Linas Agro Group	Chairman of the Management Board, Managing Director	12	Salary
	AB Linas Agro	Chairman of the Management Board, Managing Director	311	Salary
			77	Other
	Rosenkrantz A/S	Chairman of the Management Board	53	Bonus
Total			**453**	
Vytautas Šidlauskas	AB Linas Agro	Deputy Chairman of the Management Board, Trade Director	220	Salary
			54	Other
	UAB Gerera	Managing director	12	Salary
	Rosenkrantz A/S	Member of the Management Board	53	Bonus

	Group company	Position	Amount LTL in thousand	Type of payment
Total			**339**	
Dainius Pilkauskas	AB Linas Agro	Member of the Management Board, Trade Director for Baltic States	179	Salary
			298	Bonus
			44	Other
Total			**521**	
Arūnas Zubas	–	–	–	–
Total			–	
Andrius Pranckevičius	AB Linas Agro Group	Member of the Management Board, Deputy Managing Director	0,7	Salary
	AB Linas Agro	Member of the Management Board, Deputy Managing Director	212	Salary
			169	Bonus
			53	Other
Total			**434,7**	
Tomas Tumėnas	AB Linas Agro Group	Member of the Management Board, Finance Director	0,7	Salary
	AB Linas Agro	Member of the Management Board, Finance Director	149	Salary
			92	Bonus
			37	Other
Total			**278,7**	
Arūnas Jarmolavičius	AB Linas Agro	Member of the Management Board, Project Director	123	Salary
			79	Bonus
			30	Other
Total			**232**	
		ADMINISTRATION (CHIEF ACCOUNTANT)		
Ramutė Masiokaitė	AB Linas Agro Group	Chief Accountant	0,7	Salary
	AB Linas Agro	Finance Controller	130	Salary
			32	Other
Total			**162,7**	

Activities of the Board Members and Company Management in other companies

Person / Companies	Position	Since	Until	Held currently
Darius Zubas				
Group companies:				
AB Linas Agro	Managing Director	1991	-	Yes
	Chairman of the Management Board	2006	-	Yes
Rosenkrantz A/S	Chairman of the Management Board	2005	-	Yes
Other companies:				
UAB Mestilla	Chairman of the Management Board	2006	-	Yes
Vytautas Šidlauskas				
Group companies:				
AB Linas Agro	Trade Director	1999	-	Yes
	Deputy Chairman of the Management Board	2006	-	Yes
UAB Gerera	Managing Director	1993	-	Yes
Rosenkrantz A/S	Member of the Management Board	2004	-	Yes
Other companies:				
UAB Mestilla	Member of the Management Board	2006	-	Yes
Arūnas Zubas				
Group companies:				
AB Linas Agro	Member of the Management Board	2006	-	Yes
	Commerce Director	1995	2005	-
Other companies*:*				
UAB Mestilla	Managing Director	2005	-	Yes
Dainius Pilkauskas				
Group companies:				
AB Linas Agro	Trade Director for Baltic States	2006	-	Yes
	Member of the Management Board	2006	-	Yes
	Commerce Director	1991	2006	-
Arūnas Jarmolavičius				
Group companies:				
AB Linas Agro	Project Director	2001	-	Yes
	Member of the Management Board	2006	-	Yes
Other companies:				
UAB Mestilla	Member of the Management Board	2006	-	Yes
Akola ApS	Authorised Representative in Lithuania and Ukraine	2001	-	Yes
Andrius Pranckevičius				
Group companies:				
AB Linas Agro	Deputy Managing Director	2005	-	Yes
	Member of the Management Board	2006	-	Yes
	Business Development Manager	2003	2005	-
Other companies:				
Lithuanian agricultural companies association	Member of the Management Board	2008	-	Yes
Tomas Tumėnas				

Person / Companies	Position	Since	Until	Held currently
Group companies:				
AB Linas Agro	Finance Director	2001	-	Yes
	Member of the Management Board	2009	-	Yes
Other companies:				
UAB Baltic Fund Investments	Director	2003	-	Yes
Ramutė Masiokaitė				
Group companies:				
AB Linas Agro	Finance Controller	2001	-	Yes

10. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

10.1. SOCIAL RESPONSIBILITY

AB Linas Agro Group pays sufficient attention to public activities, sponsorship and charity. Projects related to sports, education, culture, healthcare, and social activities are of great importance to the Group.

For five successive years, the Group in cooperation with the 5th Secondary School of Panevėžys have been arranging the competition *the School's Citizen* for pupils. Within the framework of this project, school student leaders, who are capable of combining outstanding learning performance and active participation in social activities, are elected. Those pupils who appear to be the best citizens are granted scholarships established by the companies of the Group.

Also, there is a tradition of supporting companies' base city celebrations and various harvest festivals held in Joniškis, Akmenė, Radviliškis, Kaunas, and Panevėžys districts.

The Company and its Group companies contributed to the financing of the Lithuanian national environment cleaning campaign "We Do It 2010" and invited employees of the companies of the Group, partners and customers to take an active part in and contribute to the cleaning of Lithuania's environment.

Employees of the companies of the Group are granted social guarantees: allowance in case of death of a family member; allowance in case of birth of a child; benefit on the occasion of the 50th birthday of the employee; and benefit on the occasion of 20 years of uninterrupted employment with the Company.

Employees are provided with conditions for education, qualification improvement, participation in various seminars and various trainings.

Employees of the companies of the Group are granted the possibility of using medical services and they are insured with voluntary health insurance.

10.2. ENVIRONMENTAL RESPONSIBILITY

In the course of performing their activities, the companies of the Group follow various environmental regulations stipulating the marking, use, storage, and disposal of various hazardous substances used in the activities of a certain company (with application of the Procedure for the Classification and Marking of Hazardous Chemical Substances and Preparations approved in the Republic of Lithuania by Order No 532/742 of the Minister of Environment and the Minister of Health of 29 December 2000 with regard to Directives 67/548/EEC and 1999/45/EC and others).

Because of increasingly stringent environmental requirements in Lithuania, some companies of the Group need additional investments for modernisation in order to comply with the environmental requirements stipulated by Lithuanian authorities since failure to comply with such requirements may entail significant penalties on the companies.

Wherever necessary, the companies of the Group concluded agreements regarding the recycling of packaging. Relevant costs may increase depending on trade volumes and tasks for the use and recycling of packaging.

11. INFORMATION ABOUT TRADE IN THE COMPANY'S SECURITIES IN REGULATED MARKETS

All the shares of the Company are ordinary shares with the nominal value of LTL 1 as of 30 June 2010. The shares are subscribed and were fully paid as of 30 June 2010.

During the reporting period from 1 July 2009 to 30 June 2010, 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.

11. 1. TRADE IN THE COMPANY'S SHARES

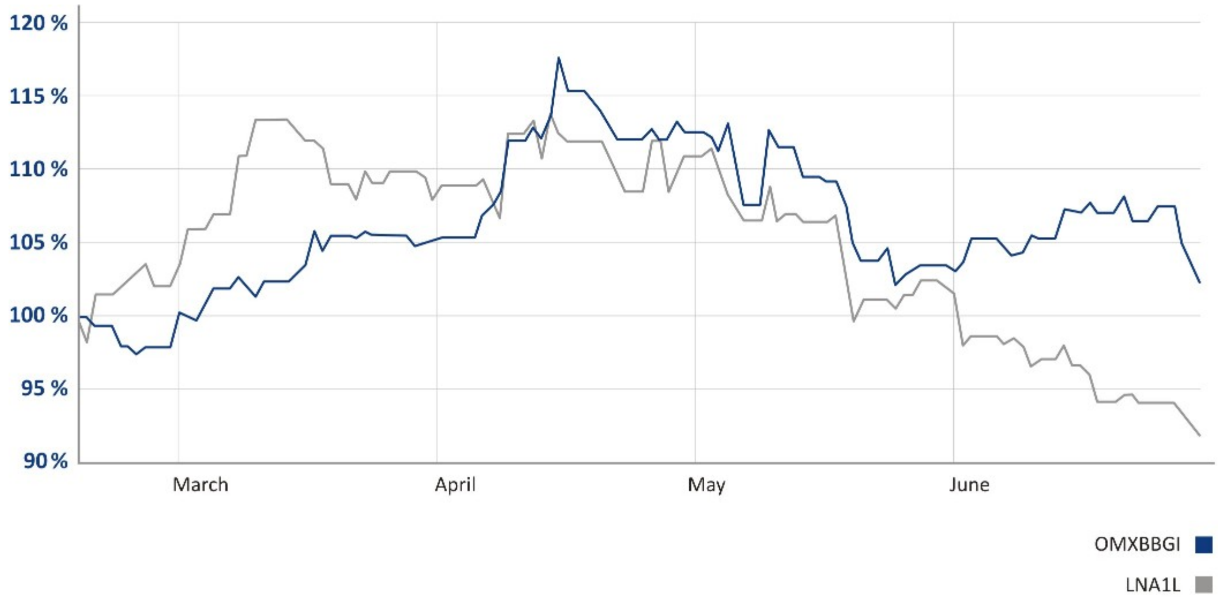
During the reporting period, the highest price of the Company's shares was LTL 2.30, the lowest one was LTL 1.76, and the average price was LTL 2.05.

Information on the automated execution transactions, prices of shares sold on Vilnius Stock Exchange and turnovers during the period from 17 February 2010 to 30 June 2010 is provided in the table below:

Year and quarter	Price		Turnover		Last trading days of the period			Total turnover	
	Maximum	Minimum	Maximum	Minimum	Price	Turnover	Date	Units	LTL
2010 I	2.30	1.97	3,196,078.70	0.00	2.18	24,534.57	31.03.2010	5,936,112	12,407,807.92
2010 II	2.30	1.76	565,650.30	0.00	1.86	64,659.29	30.06.2010	2,672,285	5,584,531.08

AB Linas Agro Group share price and turnover

AB Linas Agro Group share price vs OMX Baltic Benchmark GI index fluctuation



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.

11. 2. CAPITALISATION OF THE COMPANY'S SHARES

The capitalisation of ordinary registered shares in 2010 is provided in the following table:

Date	Capitalization, Lt	Share Price, Lt
2010-03-31	346,490,067.64	2,18
2010-06-30	295,629,140.28	1,86

11. 3. COMPANY'S SECURITIES TRADING ON THE OTC (OVER-THE-COUNTER) MARKET

Information on OTC transactions in ordinary registered shares of AB Linas Agro Group is provided in the following table:

Year and quarter	Price, LTL		Total turnover for the quarter units	
	Max.	Min.	Cash payments	Non-cash payments
2008 III	-	-	-	-
2008 IV	-	-	-	-
2009 I	1.00	1.00	7,752	-
2009 II	1.00	1.00	7,752	37,030,088
2009 III	-	-	-	37,033,919
2009 IV	-	-	-	-
2010 I	2.28	0.59	40,286,194	1,533,505
2010 II	2.27	1.05	5,107,610	290,617

11. 4. 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).

12. STRUCTURE OF THE AUTHORISED CAPITAL AND SHARES OF THE COMPANY

On 30 June 2010, the authorised 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).

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Portion in the authorised capital (%)
Ordinary registered shares	158,940,398	1	158,940,398	100
Total	**158,940,398**	**-**	**158,940,398**	**100**

All the shares of the Company are fully paid and they are not subject to any restrictions of the transfer of securities with the exception of those specified in Part 14 *RESTRICTIONS OF THE TRANSFER OF SECURITIES AND RESTRICTIONS OF VOTING RIGHTS* of this Annual Report.

All shares issued by the Company grant equal rights to the Company's shareholders. The Company has not issued any shares of a class other than the aforementioned ordinary shares.

During the period from 01 July 2009 to 30 June 2010, the Company's authorised capital was increased twice:

1. At the Annual General Meeting of Shareholders held on 30 October 2009, a decision was made to increase the Company's authorised capital from LTL 41,000,000.00 to LTL 120,000,000.00. The increase in the Company's authorised capital was registered in the Register of Legal Entities on 16 November 2009;
2. At the Extraordinary General Meeting of Shareholders held on 20 November 2009, a decision was made to increase the Company's authorised capital from LTL 120,000,000.00 to LTL 158,940,398.00. The increase in the Company's authorised capital was registered in the Register of Legal Entities on 17 February 2010.

Neither limitations of the rights granted by the Company's shares nor special control rights for shareholders are provided for in the Company's Articles of Association.

The Company and its subsidiaries (or other companies acting on their own behalf under instructions of the former) have not acquired any shares of the Company, nor acquired or transferred any shares of the Company during the reporting period. Also, the Company's bodies have not issued any authorisations for the issue or redemption of the Company's shares. The Company has not issued any convertible, variable-value, guaranteed or other securities.

The Company's ordinary shares shall grant the following rights to the shareholders:

Property rights of the shareholders:

1) to receive a part of the Company's profit (dividend);
2) to receive a part of the funds of the Company when the authorised capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
3) to receive a part of the shares without payment when the authorised capital of the Company is increased from the funds of the Company, with the exception of the cases stipulated in the Law on Companies of the Republic of Lithuania;
4) to have the pre-emption right in acquiring newly issued shares or convertible debentures of the Company except in case when the General Meeting of Shareholders decides, in accordance with the procedure stipulated by the Law on Companies of the Republic of Lithuania, to withdraw the pre-emption right for all shareholders;
5) to lend money to the Company in the manners and in accordance with the procedure stipulated by the laws of the Republic of Lithuania; however, the Company shall not have the right to pledge its assets to its shareholders when borrowing from the shareholders. When the Company borrows from a shareholder, the interest rate may not exceed the average interest

rate of commercial banks located in the place of residence or business of the lender effective at the moment of the conclusion of the loan agreement. In this case, the Company and shareholders shall be prohibited to agree on higher interest rates;

6) to receive a part of the assets of the Company in liquidation;
7) other property rights provided for by the laws and the Articles of Association.

Non-property rights of the shareholders:

8) to take part in the General Meeting of Shareholders;
9) to submit in advance to the Company any questions related to the issues of the agenda of the General Meetings of Shareholders;
10) to vote at the General Meetings of Shareholders in accordance with the rights granted by the shares;
11) to receive information on the business activities of the Company to the extent as stipulated in the Law on Companies of the Republic of Lithuania;
12) to file a claim with the court for the reparation to the Company of damage resulting from non-execution or improper execution by the Manager or Members of the Board of the Company of their duties stipulated in the laws of the Republic of Lithuania and in the Articles of Association as well as in other cases stipulated by laws;
13) other non-property rights provided for by the laws and the Articles of Association.

The voting right at the General Meeting of Shareholders shall be granted only by fully paid shares. A shareholder's right to vote at the General Meeting of Shareholders may be prohibited or limited in the cases stipulated by the laws of the Republic of Lithuania as well as when the right of ownership of the share is disputed.

Each share of the Company shall grant one vote at the General Meeting of Shareholders.

The shareholders shall have no property obligations towards the Company with the exception of the obligation to pay all subscribed shares at the issue price in the established procedure.

13. SHAREHOLDERS POSSESSING SPECIAL CONTROL RIGHTS AND AGREEMENTS BETWEEN SHAREHOLDERS

13. 1. SHAREHOLDERS POSSESSING SPECIAL CONTROL RIGHTS

There are no Company shareholders possessing special control rights; the Company's ordinary non-certificated shares grant equal rights to all shareholders of the Company.

13. 2. AGREEMENTS BETWEEN SHAREHOLDERS

The General Meeting of Shareholders of the Company has approved the Company's Dividend Payment Plan, according to which up to 20 (twenty) per cent of the net consolidated Company's profit of each financial year will be allocated for paying dividends to shareholders during 3 years in succession starting from the approval of the Company's Set of Annual Financial Statements for 2009/2010.

The Company does not have any further information about any other agreements between shareholders due to which the shareholders' and/or voting rights might be limited.

14. RESTRICTIONS OF THE TRANSFER OF SECURITIES AND RESTRICTIONS OF VOTING RIGHTS

AB Linas Agro Group Public Share Offering Prospectus of 7 January 2010 stipulates that the Company and Akola ApS, the shareholder of the Company that provided the Company's shares for the public share offering, have agreed that without a prior written consent of AB Swedbank (code: 112029651), none of the aforementioned persons will issue, offer, sell, contract to sell, or otherwise dispose of any shares of the Company owned by them at any time or any securities convertible into or exercisable or exchangeable for the shares of the Company, or enter into any swap or other agreement or any transaction to transfer the economic consequence of ownership of the shares of the Company, or publicly announce an intention to effect any such transaction, during the period commencing on the date of approval of the aforementioned Prospectus (07 January 2010) and ending 9 months after the commencement of trading in the shares of the Company on NASDAQ OMX Vilnius. This Agreement shall not apply to the shares of the Company that were offered at the time of the initial public offering.

The Company is not aware of any other restrictions of the transfer of the Company's shares or voting rights.

15. PROCEDURE FOR AMENDING 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 and the Company's Articles of Association. 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 of the Republic of Lithuania on Companies.

Following the decision by the General Meeting of Shareholders to amend the Articles of Association of the Company, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting of Shareholders.

All and any amendments to the Articles of Association of the Company shall enter into force only after registering them in accordance with the procedure stipulated by the legal acts of the Republic of Lithuania.

16. THE COMPANY'S MANAGEMENT BODIES AND THEIR COMPETENCE

The Company's bodies shall be as follows:

1. The supreme body of the Company – the General Meeting of Shareholders;
2. The collegial management body – the Board;
3. The single-person management body – the Head of the Company (Managing Director).

The Supervisory Board shall not be formed in the Company.

The Audit Committee or any other committees have not been formed in the Company. The Audit Committee will be elected at the Annual General Meeting of Shareholders after the end of the Company's 2009–2010 financial year.

In their activities, the Company's bodies must follow the following principles:

1. The activities of all bodies of the Company should be focused on the implementation of the strategic goals of the Company taking into account the need of increasing the equity of the Company's shareholders.
2. The Company's management and supervisory bodies should maintain close mutual cooperation seeking maximum possible benefit to the Company and shareholders.
3. The Company's bodies should ensure that not only the rights and interests of the shareholders would be respected, but also those of other persons participating in the activities of the Company or related to those activities (employees, creditors, suppliers, customers, and local communities).
4. A member of a management body of the Company may not use the assets of the Company for private purposes, the use whereof was not discussed with him/her specifically, with his/her own assets or to use such assets or information received by such person in the capacity of a

member of a body of the Company for personal benefit or for the benefit of a third person without consent of the Board of the Company.

5. A member of a management body of the Company should refrain from voting when decisions related to transactions or other issues, wherewith he/she is related by personal or business interest, are to be adopted.
6. The Company's bodies should act in a fair, diligent and responsible manner in respect to the benefits and interests of the Company and its shareholders taking into account the interests of the employees and public welfare.
7. The Company's management bodies, when adopting decisions assigned to their competence, should follow the recommendations specified in the Management Code for companies listed on Vilnius Stock Exchange as far as it is reasonable and relevant according to the activities carried out by the Company and its objectives.

16. 1. THE COMPANY'S SHAREHOLDERS

The Company's General Meeting of Shareholder shall be the Company's supreme body.

The rights of the shareholders are specified in Part 12 *STRUCTURE OF THE AUTHORISED CAPITAL AND SHARES OF THE COMPANY* of this Annual Report.

In addition to the exclusive rights of a general meeting of shareholders specified in Article 20 of the Law of the Republic of Lithuania on Companies, the Company's General Meeting of Shareholders, with the right of consultative vote (which is not obligatory unless it is approved by the Company's Board) shall consider and approve, at an Annual General Meeting of Shareholders, the following:

1. The Company's Remuneration Policy or any material change in the Company's Remuneration Policy as well as the report on the Remuneration Policy;
2. Schemes (including changes thereof), under which the Head of the Company and Board Members of the Company are to be remunerated in the form of the Company's shares, share options or other rights for the acquisition of shares, or are to be remunerated on the basis of changes in share prices. The approval should be related to the scheme itself, and the shareholders shall not be entitled to decide on the share-based benefit to be granted to separate persons according to that scheme;
3. In addition to the aforementioned schemes and changes thereof:
    a. Allocation of the remuneration to the Head of the Company and Board Members of the Company on the basis of share-based schemes including share options;
    b. Establishment of the maximum number of shares and basic conditions of the procedure for the granting of shares;

c. The period during which options can be exercised;

d. Conditions for establishing the change in the price of each further exercise of options provided that it is allowed by laws;

e. All other long-term schemes for the motivation of the Head of the Company and Board Members of the Company which are not offered to all other employees of the Company on similar conditions.

As of the end of the reporting period, i.e. 30 June 2010, the number of the Company's shareholders totalled to 882.

The shareholders controlling more than 5 % of the Company's shares directly on the basis of the right of ownership or jointly with other related parties included Akola ApS, Company Code: 2517487; registration address: Dampfaergevej 3, DK-2100 Copenhagen, Denmark; as well as the natural persons related to the aforementioned company as of 30 June 2010, who are indicated in the table below.

As of 30 June 2010, the Company's shareholders were as follows:

	Financial year ended on 30 June 2010	
	Number of shares held	Portion in the authorised capital and voting rights
Akola ApS (Danija)	87,641,551	55.14%
Darius Zubas	17,049,995	10.73%
Other shareholders (private and institutional investors)	54,248,852	34.13%
Total	158,940,398	100.00%

16. 2. THE COMPANY'S BOARD

The Company's Board shall be responsible for the strategic management of the Company and other essential management functions.

The Company's Board consists of 7 (seven) members to be elected for a period of 4 (four) years. The Company's Board shall be elected by the Company's General Meeting of Shareholders pursuant to the following procedure and rules:

1. The Company shall be obliged to disclose to the Company's General Meeting of Shareholders all reasonably required information about the candidates to the Company's board members in order to enable the Company's General Meeting of Shareholders to adopt a document decision on the election of the Company's board members. The information should be provided prior to

the Company's General Meeting of Shareholders, while providing the shareholders with a sufficient time reserve for deciding as for which candidate to vote.

2. During the election of the Company's board members, each shareholder of the Company shall have the number of votes which is equal to the number of votes carried by the shares held by him/her as multiplied by the number of members of the Board being elected. The shareholder shall distribute the votes at his/her own discretion, giving them for one or several candidates. Candidates who receive the greatest number of votes shall be elected.
3. If the number of candidates who received an equal number of votes is larger than the number of vacancies on the Company's Board, a repeat voting shall be held in which each shareholder may vote only for one of the candidates who received an equal number of votes.

The Board shall perform its functions during the term for which it was elected, or until the new board has is elected and starts functioning; however, not longer than until the Company's General Meeting of Shareholders to be held in the year of the expiration of the term of the Board.

The number of terms of Board members shall be unlimited.

The General Meeting of Shareholders may remove from office the entire Board in corpore or its individual members before the expiry of their term.

A member of the Company's Board shall have the right to resign from his/her office in the Company's Board prior to the expiry of his/her term upon giving a written notice thereof to the Company's Board Chairperson 14 (fourteen) calendar days prior to the resignation.

The Board shall perform the functions and have authorities provided for in the Law of the Republic of Lithuania on Companies and other legal acts of the Republic of Lithuania, the Company's Articles of Association and decisions of the General Meeting of Shareholders.

The Company's Board shall elect the Chairperson of the Board from among its members.

As of 30 June 2010, the number of the Company's board members was 7.

Name	Participation in Company's authorized capital	Cadence starts	Cadence ends
Darius Zubas	10,73 % shares and votes	12 September 2008	12 September 2012
Vytautas Šidlauskas	3,78 % shares and votes	12 September 2008	12 September 2012
Andrius Pranckevičius	-	12 September 2008	12 September 2012
Arūnas Jarmolavičius	0,025 % shares and votes	12 September 2008	12 September 2012

Name	Participation in Company's authorized capital	Cadence starts	Cadence ends
Arūnas Zubas	0,3 % shares and votes	12 September 2008	12 September 2012
Dainius Pilkauskas	0,3 % shares and votes	12 September 2008	12 September 2012
Tomas Tumėnas	0,001 % shares and votes	1 October 2008	12 September 2012

Darius Zubas is the Company's Board Chairperson.

Tomas Tumėnas combines his capacity with the post of the Company's Finance Director.

The Board shall consider and approve the following:

1. The Company's business strategy. The Board shall be responsible for preparing the Company's Business strategy. The Company's business strategy and objectives shall be made public. Shareholders shall be familiarised with the implementation of the strategy at the General Meeting of Shareholders.
2. The Company's annual report.
3. The Company's management structure and personnel positions.
4. Positions to which employees shall be employed only by holding competitions.
5. The Company's Remuneration Policy.
6. Reports on the Company's Remuneration Policy (with regard to the voting of the General Meeting of Shareholders).
7. The regulations of the Company's branches and representative offices.

The Board shall elect and remove from the office the Head of the Company, establish his/her remuneration and other conditions of his/her employment contract, approve his/her office regulations, motivate and impose penalties on him/her.

The Board shall stipulate the information to be treated as commercial (industrial) secret of the Company. No information which must be public in accordance with the Law of the Republic of Lithuania on Companies and other laws of the Republic of Lithuania may be treated as commercial (industrial) secret.

The Board shall adopt the following:

1. Decisions on the Company's becoming an incorporator or participant of other legal entities;
2. Decisions on the establishment of branches and representative offices of the Company;

3. Decisions on the investment, transfer, and lease of fixed assets, the book value whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas) (to be calculated separately for each type of the transactions).
4. Decisions on the pledge or mortgage of fixed assets, the book value whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas) (to be calculated for the total amount of the transactions).
5. Decisions on offering surety or guarantee for the discharge of obligations of third persons, the amount whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas).
6. Decisions on the acquisition of fixed assets, the price whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas).
7. Decisions on the Company's transactions, the value whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas).
8. Decisions on taking and providing loans, the value whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas).
9. Decisions to issue the Company's debentures.
10. Decisions to restructure the Company in the cases stipulated by the Law of the Republic of Lithuania on Restructuring of Enterprises.
11. Other decisions assigned to the competence of the Board in the Articles of Association and decisions of the General Meeting of Shareholders.

The Board shall analyse and evaluate the materials provided by the Head of the Company on the following:

1. Implementation of the business strategy of the Company.
2. Organisation of the activities of the Company.
3. Financial condition of the Company.
4. Results of the business activities, estimates of incomes and expenses, and data of inventorying and other data of other accounting of changes in the assets.

The Board shall analyse and evaluate the set of the annual financial statements and the draft of the profit (loss) appropriation of the Company, and shall provide them to the General Meeting of Shareholders alongside with the Annual Report of the Company. The Board shall establish the calculation methods for depreciation of tangible assets and amortisation of intangible assets to be applied in the Company.

The Board shall be responsible for the timely convening and arrangement of the General Meetings of Shareholders.

16. 3. THE HEAD OF THE COMPANY

The Head of the Company shall be the single-person management body of the Company.

Darius Zubas is the Head (Managing Director) of the Company and combines this capacity with the post of the Board Chairperson of the Company.

The Head of the Company shall be responsible for the following:

1. Organisation of the Company’s activities and implementation of its objectives.
2. Drawing up of the set of the annual financial statements and preparation of the Annual Report of the Company.
3. Conclusion of the agreement with the firm of auditors when audit is obligatory in accordance with the laws or the Company’s Articles of Association.
4. Submission of information and documents to the General Meeting of Shareholders and the Board in the cases stipulated by Law of the Republic of Lithuania on Companies or at the request of the aforementioned bodies.
5. Submission of documents and particulars of the Company to the Administrator of the Register of Legal Entities.
6. Provision of the Company’s documents to the Securities Commission and the Central Securities Depository of Lithuania if it is required according to the effective legal acts.
7. Publication of the information stipulated by the Law of the Republic of Lithuania on Companies in the daily specified in the Company’s Articles of Association.
8. Provision of information to shareholders.
9. Performance of other duties stipulated in the Law on Companies and other laws and legal acts of the Republic of Lithuania as well as in the Company’s Articles of Association and office regulations of the Head of the Company.

The Head of the Company, within the scope of his/her competence, shall conclude transactions with third persons and represent the Company in all institutions and relations with third persons. The Head of the Company shall be obliged to receive a written approval of the Board of the Company for transactions to be concluded on behalf of the Company with third persons when the approval of such transactions lies within the scope of the competence of the Board. The Board’s approval shall not annul the responsibility of the Head of the Company for the conclusion of the transactions specified in this Clause.

The Head of the Company shall organise daily activities of the Company, employ and dismiss employees, conclude and terminate employment contracts with them, and motivate and impose penalties on them.

Board shall elect and remove from the office the Head of the Company, establish his/her remuneration and other conditions of his/her employment contract, approve his/her office regulations, motivate and impose penalties on him/her.

The Head of the Company shall establish the rates of depreciation of assets to be applied in the Company and has the right to issue procuratories.

In his/her activities, the Head of the Company shall follow laws, other legal acts, the Articles of Association, decisions of the General Meeting of Shareholders and the Board, and his/her office regulations.

16.4. COMMITTEES FORMED BY THE COMPANY

Currently, there are no committees formed by the Company. The following General Meeting of Shareholders will elect the Audit Committee, which will follow in its activities the Procedure for the Activities of the Audit Committee to be approved by the General Meeting of Shareholders.

17. ESSENTIAL AGREEMENT TO WHICH THE COMPANY IS A PARTY AND WHICH MAY BE IMPORTANT IN CASE OF CHANGE IN THE CONTROL OF THE COMPANY

During the reporting period, no essential agreements to which the Company is a party and which entered into force, were amended or expired in case of change in the control of the Company.

18. MAJOR TRANSACTIONS WITH RELATED PARTIES

Major transactions of the Company with related parties are provided in Note No.35 of the Explanatory Note to the Consolidated Annual Financial Statements for 2009/2010 financial year.

19. INFORMATION ABOUT THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company complies with the company management procedures stipulated in the Law of the Republic of Lithuania on Companies. The Company complies with the essential management principles for the company listed on NASDAQ OMX Vilnius; however, the Company complies with the Code partially. The information about compliance with the Management Code for companies listed on Vilnius Stock Exchange is disclosed in Annex 1 to this Annual Report in accordance with the form approved by the Stock Exchange.

20. DATA ON THE PUBLICLY DISCLOSED INFORMATION

From the starting date of the listing of the Company's shares, i.e. from 17 February 2010, to the end of the reporting period, i.e. to 30 June 2010, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system the following information:

CORRECTION: Linas Agro Group, AB notification about interim 12 month financial results of the financial year 2009/2010	Interim information	En	2010-08-30 11:56:31 EEST
Linas Agro Group, AB notification about interim 12 month financial results of the financial year 2009/2010	Interim information	En, Lt	2010-08-30 09:00:30 EEST
SEB Bank increased lending volume to PLC "Linas Agro Group" up to LTL 132 million	Other information	En, Lt	2010-08-16 09:00:30 EEST
Linas Agro Group, AB completed the takeover of Ukraine-based producer and trader of fertilisers	Notification on material event	En, Lt	2010-07-01 17:56:30 EEST
Inclusion of the stock exchange's newcomer into the list of OMX Baltic Benchmark index - a good sign to investors	Other information	En, Lt	2010-07-01 09:00:31 EEST
Linas Agro Group, AB takes over control of Ukraine-based producer and trader of fertilisers for EUR 3.7 million	Notification on material event	En, Lt	2010-06-14 09:00:30 EEST
Linas Agro Group, AB group's company Dotnuvos Projektai, UAB expanding in Latvia	Notification on material event	En, Lt	2010-05-31 09:00:30 EEST
Linas Agro Group AB presentation for investors	Other information	En, Lt	2010-05-25 15:00:30 EEST
Linas Agro Group, AB strengthens trade of fertilisers	Notification on material event	En, Lt	2010-05-24 09:00:30 EEST
Linas Agro Group AB Notification about interim nine months financial results of the season 2009/2010	Interim information	En, Lt	2010-05-18 09:00:30 EEST
Linas Agro Group, AB invests into biofuel production	Notification on material event	En, Lt	2010-05-03 09:00:30 EEST

SC Klaipėda Stevedoring Company and Linas Agro Group, AB to jointly expand KLASCO Bulk grain terminal	Notification on material event	En, Lt	2010-04-26 09:00:30 EEST
Linas Agro Group AB Notification about interim six months financial results of the season 2009/2010	Interim information	En, Lt	2010-03-25 18:05:30 EET
CORRECTION: Notification about interim six months financial results of the season 2009/2010	Interim information	En, Lt	2010-03-09 09:48:30 EET
Notification about interim six months financial results of the season 2009/2010	Interim information	En, Lt	2010-02-26 16:39:30 EET
Linas Agro Group AB Notification about acquisition (disposal) of voting rights	Notification about acquisition (disposal) of a block of shares	En, Lt	2010-02-22 14:47:30 EET
Registration of the increased share capital with the Register of legal entities	Notification on material event	En, Lt	2010-02-17 11:07:30 EET

21. GENERAL INFORMATION ABOUT AB LINAS AGRO GROUP, AND THE GROUP OF COMPANIES OF AB LINAS AGRO GROUP

21. 1. AB LINAS AGRO GROUP, AND ITS CONTACT INFORMATION

Company name:	AB Linas Agro Group
Legal form:	Public company (limited liability legal person)
Date of registration:	27-11-1995
Company code:	148030011
Company VAT code:	LT480300113
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT07 7044 0600 0263 7111, AB SEB bankas, bank code 70440
The registered 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
NASDAQ OMX ISIN code:	LT0000128092
Trading code:	LNA1L

21.2. GROUP OF COMPANIES LINAS AGRO GROUP AND ITS CONTACT INFORMATION

As of 30 June 2010, AB Linas Agro Group controlled, either directly or indirectly, the following companies:

Company	Status	Share of the stock held by companies					Share of the stock held by the Group
		AB Linas Agro Group	AB Linas Agro	UAB Linas Agro Konsultacijos	UAB Linas Agro Grūdų Centras	UAB Dotnuvos Projektai	
AB Linas Agro	Subsidiary	100%					100%
Rosenkrantz A/S	Subsidiary		60%				60%
SIA Linas Agro	Subsidiary		100%				100%
UAB Linas Agro Grūdų Centras	Subsidiary		100%				100%
UAB Linas Agro Grūdų Centras KŪB	Subsidiary	0,025%	99.95%		0,025%		100%
UAB Gerera	Subsidiary		100%				100%
UAB Lignineko	Subsidiary		100%				100%
UAB Linas Agro Konsultacijos	Subsidiary	100%					100%
Panevėžys district Aukštadvario ŽŪB	Subsidiary			65,35%			65,35%
Sidabravo ŽŪB	Subsidiary			55,90%			55,90%
Šakiaidistrict Lukšių ŽŪB	Subsidiary			93,93%			93,93%
Biržai district Medeikių ŽŪB	Subsidiary			96,54%			96,54%
ŽŪB Landvesta 1	Subsidiary	99%	1%				100%
ŽŪB Landvesta 2	Subsidiary	99%	1%				100%
ŽŪB Landvesta 3	Subsidiary	99%	1%				100%
ŽŪB Landvesta 4	Subsidiary	80%	20%				100%
ŽŪB Landvesta 5	Subsidiary	80%	20%				100%
ŽŪB Landvesta 6	Subsidiary	80%	20%				100%
UAB Kustodija	Joint ventures	50%					50%

UAB Dotnuvos Projektai	Joint venture	50%		50%
SIA Dotnuvos Projektai	Joint venture		100%	50%
ŽŪB Dotnuvos Agroservisas	Joint venture		99,95%	49,975%
UAB Dotnuvos Technika	Joint venture		100%	50%
ZAT UKRAGRO NPK	Joint venture	13,38%		13,38%
UAB Jungtinė Ekspedicija	Associate	45,05%		45,05%
ŽŪK Kupiškio Grūdai**	Subsidiary	AB Linas Agro, Lukšių, Aukštadvario, Medeikių and Sidabravo ŽŪB helds 9,09% of ŽŪK Kupiškio Grūdai each		37,43%

** AB Linas Agro Group and UAB Linas Agro Grūdų Centras hold 50 % of votes each in UAB Linas Agro Grūdų Centras KŪB;*
*** On 1 July 2008, AB Linas Agro and other shareholders of the cooperative Kupiškio Grūdai signed the joint management agreement, according to which AB Linas Agro carries out business and financial control of ŽŪK Kupiškio Grūdai, appoints the chairperson of the cooperative and a majority of its board members. Owing to this reason, ŽŪK Kupiškio Grūdai has been included in the consolidation of the results of AB Linas Agro since 1 July 2008.*

Acquisitions after the reporting period:

On 1 July 2010, the Company acquired a 50 % shareholding in the Ukrainian fertiliser producer and trader CJSC UKRAGRO NPK (code: 31961067) from UAB Arvi ir ko for EUR 3,694,800 (LTL 12,757,405).

On 27 July 2010, the Company, through its subsidiary Biržai district Medeikių ŽŪB, acquired 36.36 % of the shares of the agricultural cooperative ŽŪK Kupiškio Grūdai (code: 160189745) for LTL 920,000.

Subsidiaries operating in Lithuania:

Name:	AB Linas Agro
Legal form:	Public company (limited liability legal company)
Registration date:	08-07-1991
Company code:	1473 28026
Company VAT code:	LT473280219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT63 7044 0600 0263 5812, AB SEB bankas, bank code 70440

The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 73 33
Fax:	+370 45 50 74 44
E-mail:	info@linasagro.lt
Website:	www.linasagro.lt
Activity:	Grain and rapeseed contracting, agricultural products trading company
Certificates:	GTP certified company

Name:	UAB Linas Agro Grūdų Centras
Legal form:	Limited liability company
Registration date:	05-07-2002
Company code:	148450944
Company VAT code:	LT484509415
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT67 7044 0600 0280 9952, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507 365
Fax:	+370 45 507 344
E-mail:	grudai@linasagro.lt
Website:	www.linasagro.lt
Activity:	Management services

Name:	UAB Linas Agro Grūdų Centras KŪB
Legal form:	Limited partnership
Registration date:	10-07-2002
Company code:	148451131
Company VAT code:	LT484511314
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT18 7044 0600 0281 0640, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507 343
Fax:	+370 45 507 344
E-mail:	grudu.centras@linasagro.lt
Website:	www.linasagro.lt
Activity:	Grain processing and storage

Branches of UAB Linas Agro Grūdų Centras KŪB:

Name:	Joniškis elevator
Address:	Vilniaus St. 62, Joniškis LT-84166, Lithuania
Phone:	+370 426 605 76
Fax:	+370 426 605 84
E-mail:	joniskis@linasagro.lt
Name:	Kėdainių elevator
Address:	Žibuoklių St. 1A, Kėdainiai LT-57130, Lithuania
Phone:	+370 347 415 20
Fax:	+370 347 415 21
E-mail:	kedainiai@linasagro.lt
Name:	Šiaulių elevator
Address:	Bačiūnų St. 156, Šiauliai LT-79241, Lithuania
Phone:	+370 614 35052
Fax:	+370 41 519070
E-mail:	siauliai@linasagro.lt
Name:	Vilkaviškio elevator
Address:	Bučiūnų vill, LT-70192, Vilkaviškio district, Lithuania
Phone:	+370 342 207 03
Fax:	+370 342 207 01
E-mail:	vilkaviskis@linasagro.lt

Name:	UAB Linas Agro Konsultacijos
Legal form:	Limited liability company
Registration date:	23-06-2003
Company code:	248520920
Company VAT code:	LT485209219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT11 4010 0419 0010 9807, DnB NORD bankas, bank code 40100
The principal place of business:	Kėdainių elevator, Žibuoklių St. 1A, Kėdainiai, LT-57130, Lithuania
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 688 67 429
Fax:	+370 347 41 528
E-mail:	konsultavimas@linasagro.lt
Website:	www.linasagro.lt
Activity:	Farming companies management and consulting company

Name:	Panevėžys district Aukštadvario ŽŪB
Legal form:	Agricultural company
Registration date:	09-03-1993
Company code:	168573274
Company VAT code:	LT685732716
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT94 4010 0412 0000 0143, AB DnB Nord bankas, bank code 40100
The registered address	Pirties St. 3, Aukštadvario vill., Panevėžys district, LT-38255, Lithuania
Phone:	+370 45 59 26 51
Fax:	+370 45 59 26 51
E-mail:	aukstadvaris@linasagro.lt
Website:	www.linasagro.lt
Activity:	Growing and sale of crops and cattle growing, including milk production

Name:	Biržai district Medeikių ŽŪB
Legal form:	Agricultural company
Registration date:	05-10-1992
Company code:	154771488
Company VAT code:	LT547714811
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT59 4010 0413 0001 0198, AB DnB Nord bankas, bank code 40100
The registered address	Biržų St.32, Medeikių vill., Biržai district, LT-41462, Lithuania
Phone:	+370 450 58 422
Fax:	+370 450 58 412
E-mail:	medeikiai@linasagro.lt
Website:	www.linasagro.lt
Activity:	Growing and sale of crop

Name:	Sidabravo ŽŪB
Legal form:	Agricultural company
Registration date:	20-04-1993
Company code:	171331516
Company VAT code:	LT713315113
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras

Information on bank account:	LT40 4010 0448 0006 0085, AB DnB Nord bankas, bank code 40100
The registered address	Pergalės St. 1A, Sidabravas, Radviliškis district, LT-82251, Lithuania
Phone:	+370 422 47 727
Fax:	+370 422 47 618
E-mail:	sidabravas@linasagro.lt
Website:	www.linasagro.lt
Activity:	Growing and sale of crops and cattle growing, including milk production

Name:	Šakiai district Lukšių ŽŪB
Legal form:	Agricultural company
Registration date:	30-10-1992
Company code:	174317183
Company VAT code:	LT743171811
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT12 4010 0421 0005 0263, AB DnB Nord bankas, bank code 40100
The registered address	Lukšių vill., Šakiai district, LT-71176, Lithuania
Phone:	+370 345 44 288
Fax:	+370 345 44 225
E-mail:	luksiai@linasagro.lt
Website:	www.linasagro.lt
Activity:	Growing and sale of crops and cattle growing, including milk production

Name:	UAB Gerera
Legal form:	Limited liability company
Registration date:	15-01-1993
Company code:	147676584
Company VAT code:	Not VAT payer
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT47 7044 0600 0263 5809, AB SEB bankas, bank code 70440
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507302
Fax:	+370 45 507499
E-mail:	gerera@linasagro.lt
Website:	www.linasagro.lt
Activity:	Lease of real estate

Name:	UAB Lignineko
Legal form:	Limited liability company
Registration date:	05-10-1994
Company code:	134231520
Company VAT code:	LT342315219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT82 7044060003200204, AB SEB bankas, bank code 70440
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 73 33
Fax:	+370 45 50 74 44
E-mail:	info@lignineko.lt
Website:	www.linasagro.lt
Activity:	Lignin biofuel trading company

Name:	ŽŪK Kupiškio grūdai
Legal form:	Cooperative society
Registration date:	08-04-1999
Company code:	160189745
Company VAT code:	LT601897417
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT37 7400 0154 3382 3810, Danske bankas A/S Lithuania branch
The registered address	Technikos St. 6, LT-40122 Kupiškis, Lithuania
Phone:	+370 688 67477
Fax:	+370 688 67471
E-mail:	info@kupiskiogrudai.lt
Website:	www.linasagro.lt
Activity:	Preparation and warehousing of grains for trade

Name:	ŽŪB Landvesta 1
Legal form:	Agricultural company
Registration date:	21-10-2005
Company code:	300501060
Company VAT code:	LT100002055516
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT 62 4010 0412 0035 3120, AB Dnb NORD Bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania

Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Website:	www.linasagro.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 2
Legal form:	Agricultural company
Registration date:	21-10-2005
Company code:	300501085
Company VAT code:	LT100003415619
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT 29 4010 0412 0036 3123, AB Dnb NORD Bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Website:	www.linasagro.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 3
Legal form:	Agricultural company
Registration date:	21-10-2005
Company code:	300501092
Company VAT code:	LT100002615717
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT52 4010 0412 0033 3124, AB Dnb NORD Bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Website:	www.linasagro.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 4
Legal form:	Agricultural company

Registration date:	23-04-2007
Company code:	300709428
Company VAT code:	LT100003415710
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT59 7290 0000 0064 3914, AB „Parex“ bankas, bank code 72900
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Website:	www.linasagro.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 5
Legal form:	Agricultural company
Registration date:	16-08-2007
Company code:	301019661
Company VAT code:	LT100003415810
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT80 7290 0000 0064 3924, AB Parex bankas, bank code 72900
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Website:	www.linasagro.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 6
Legal form:	Agricultural company
Registration date:	14-01-2008
Company code:	301520074
Company VAT code:	Ne PVM mokėtoja
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT79 4010 0412 0044 9717,AB DnB NORD bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt

Website:	www.linasagro.lt
Activity:	Rent and management of agricultural purposes land

Joint ventures and associates operating in Lithuania:

Name:	UAB Kustodija
Legal form:	Limited liability company
Registration date:	18-07-1995
Company code:	123229863
Company VAT code:	LT232298610
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT15 7044 0600 0109 4182, AB SEB bankas, bank code 70440
The registered address	Laisvės av. 117A, LT-06118 Vilnius, Lithuania
Phone:	+370 5 230 17 25
Fax:	+370 5 230 17 24
E-mail:	info@kustodija.lt
Website:	www.kustodija.lt
Activity:	Sale of plant protection products

Name:	UAB Jungtinė Ekspedicija
Legal form:	Limited liability company
Registration date:	17-02-1998
Company code:	141642963
Company VAT code:	LT416429610
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT58 7044 0600 0053 4300, AB SEB bankas, bank code 70440
The registered address	I. Kanto St. 12-3, LT-92235, Klaipėda, Lithuania
Phone:	+370 46 310163
Fax:	+370 46 312529
E-mail:	info@je.lt
Website:	www.je.lt
Activity:	Expedition and representation services

Name:	UAB Dotnuvos Projektai
Legal form:	Limited liability company
Registration date:	05-03-1996
Company code:	261415970
Company VAT code:	LT614159716

Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT62 7044 0600 0180 5025, AB SEB bankas, bank code 70440
The registered address	Parko St. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
Phone:	+370 347 37030
Fax:	+370 347 37040
E-mail:	dotnuva@dotpro.lt
Website:	www.dotpro.lt
Activity:	Sale of seeds, agricultural machinery

Name:	UAB Dotnuvos Technika
Legal form:	Limited liability company
Registration date:	11-05-1998
Company code:	161452398
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT02 7044 0610 3510 9275, AB SEB bankas, bank code 70440
The registered address	Parko st. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
Phone:	+370 347 37030
Fax:	+370 347 37040
Activity:	Dormant

Name:	UAB Dotnuvos Agroservisas
Legal form:	Agricultural company
Registration date:	24-10-2005
Company code:	300153440
Company VAT code:	LT100001988413
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT41 7044 0600 0522 5041, AB SEB bankas, bank code 70440
The registered address	Parko St. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
Phone:	+370 347 77016
Fax:	+370 347 37114
E-mail:	dotnuva@dotpro.lt
Website:	www.dotpro.lt
Activity:	Agricultural equipment maintenance and related services

Subsidiaries operating in foreign countries:

Name:	Rosenkrantz A/S
Legal form:	Limited liability company
Registration date:	15-03-1994
Company code:	CVR 17689037
Company VAT code:	17689037
Company register:	Danish Commerce and Companies Agency
Information on bank account:	9380 3828850562, Sparnord Bank A/S, SWIFT: SPNODK22
The registered address	Vinkel Alle 1, DK-9000 Aalborg, Denmark
Phone:	+45 98 84 30 70
Fax:	+45 98 84 40 07
E-mail:	rosenkrantz@rosenkrantz.dk
Website:	www.rosenkrantz.dk
Activity:	Wholesales trade of grains and oilseeds, feedstuffs and other similar products and services
Certificates:	GTP certified company

Name:	SIA Linas Agro
Legal form:	Limited liability company
Registration date:	23-04-2003
Company code:	53603019011
Company VAT code:	LV53603019011
Company register:	Register of Enterprises of Republic of Latvia
Information on bank account:	LV53HABA0551007915427, A/s Swedbank
The registered address	Bauskas iela 2, Jelgava, LV-3001, Latvia
Phone:	+371 630 840 24
Fax:	+371 630 842 24
E-mail:	info@linasagro.lv
Website:	www.linasagro.lv
Activity:	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs

Joint ventures and associates operating in foreign countries:

Name:	SIA Dotnuvos Projektai
Legal form:	Limited liability company
Registration date:	26-04-2010
Company code:	43603041881
Company VAT code:	LV43603041881
Company register:	Register of Enterprises of Republic of Latvia

Information on bank account:	LV88 UNLA 0050 0153 60381 ,AS „SEB Banka"
The principal place of business:	Jūrmalas iela 13c, Pinki, Babītes novads, LV–2107, Latvia
The registered address	Bauskas iela 2, Jelgava, LV-3001, Latvia
Phone:	+371 679 131 61
Fax:	+371 677 602 52
E-mail:	info@dotpro.lv
Website:	www.dotpro.lv
Activity:	Sale of seeds, agricultural machinery

ANNEX 1

TO ANNUAL REPORT

OF AB LINAS AGRO GROUP

FOR FY 2009-2010

INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR THE COMPANIES LISTED ON NASDAQ OMX

AB Linas Agro Group, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of AB NASDAQ OMX Vilnius, discloses its compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY

Principle I: Basic Provisions

The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.

1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	The main trends and objectives of the Company's development are announced in the Company's Annual Report 2008-2009. Also, the trends of the Company's development are disclosed by its corporate actions and reports to investors about the activities of the Company, periodical reports, communications presented in the statements of the Company's management in the press and general shareholders' meetings.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	The Board of the Company has formed the long-term and short-term strategic objectives of the development of the Company's activities. The Company's management and managers of respective fields make every effort for the implementation of those objectives. Managers of the Company and the Group's companies are responsible for the furtherance of the objectives and the optimization of shareholder value.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	YES	The Board is formed in the Company, which represents the interests of the Company's shareholders. The Board makes the strategic decisions, adopts the strategy of the Company's activities, annual budget, main material contracts, etc. The decisions adopted by the Board are implemented by the Company's Director General, who is directly responsible to the Board, and responsible

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
		managers of respective fields, who are subordinate to him. The Company's Board also acts as a supervisor of the implementation of the mentioned strategic decisions. The Board representing the shareholders' interests holds sessions according to the need and continuously maintains the direct contact with the Company's Director General and the Finance Director.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	YES	The Company's managing bodies seek, in their activities, to ensure the interests of all people related to the Company's operations. The Company's management and managers of separate fields of the Group's companies give much time to communication with clients, suppliers, creditors in order to find the most optimum solutions. The Company follows the obligations undertaken and set in the legal acts, and it helps to maintain the long-term development of the Company's activities. The Company's employees are continuously informed by the management and managers of separate fields about news in the Company's activities, achievements, losses and other internal changes via the Company's channels of internal communication.

Principle II: The corporate governance framework

The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	NO	There is one collegiate managing body in the Company – the Board, which consists of 7 (seven) members. The collegiate supervisory body, or the Supervisory Board, is not formed. The Board of the Company performs certain functions of the Supervisory Board as far as it concerns the supervision of the activities of the Company and complies with the provisions of the Law on Companies. The Company's Director General is responsible to the Board and periodically reports to the Board on the Company's activities and implementation of the strategic decisions.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	NOT APPLICABLE	The Board performs these functions in the Company, as specified in Clause 2.1.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NO	So far the Board is able to properly perform the supervision of implementation of adopted strategic decisions and the control of the management of the Company. If needed, the Supervisory Board may be formed in the future.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the	YES	The set principles are followed as specified in Clauses 2.1. and 2.3. The essential requirements are not violated.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
board as long as that does not contradict the essence and purpose of this body.[1]		
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	YES	The Board of the Company consists of 7 (seven) members responsible for different fields of activities. The Board can adopt a decision only when at least two thirds of its members are in attendance and with a majority vote. It means that at least 3 votes of the Board's members are required to make the decision.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	NOT APPLICABLE	The Supervisory Board is not formed in the Company, and the Company's general manager can be removed according to the decision of the Company's Board.

[1] *Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board (e.g. formation of the committees), should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.*

[2] *Definitions 'executive director' and 'non-executive director' are used in cases when a company has only one collegial body.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	NO	The head of the Company – Director General - and the Chairman of the Board is the same person. Thus the impartiality of the decision-making is ensured. The decisions are adopted in compliance with the order stipulated in the Articles of the Association of Company, which clearly indicates the competence as well as its limits of the manager's decision-making.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting

The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]

3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	YES	The mechanism of the formation of the Company's Board, set in the Articles of the Association of Company, ensures the objective supervision of managing bodies.

[3] *Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	YES	These provisions are set in the Articles of the Association of Company and are followed.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	YES	The Company follows this provision.
3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks	YES	The composition of the Board and the number of its members meets the scope of the Company's activities and the size of the current structure. The members of the Company's Board have sufficient experience in the fields, where the Company performs its main activities; also, all members have versatile knowledge in the fields of finance, economics, investment management and maintenance.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.		The Audit and Remuneration Committees have not been formed yet.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	NOT APPLICABLE	Members of the Company's Board are employees of the Group's companies; therefore, they are well aware of the Company's activities. The Board's members update their skills and knowledge while performing their functions.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[4] number of independent[5] members.	NO	The issue of independent members as well as their sufficient number in the collegiate managing body may be discussed in the future.

[4] *The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.*

[5] *It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6] The general shareholders' meeting should approve the	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

[6] *It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the only form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY

amount of such remuneration.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.

4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	YES	The member of the Board responsible for the finance policy and its supervision in the Company continuously maintains the contact and holds regular meetings with the Company's Chief Accountant, the Group's Head of Treasury to discuss the financial state of the Company as well as last essential financial changes, if any. The Chairman of the Board continuously maintain the contact and regularly meets with the managers to discuss the changes that occurred or are occurring in the activities of the Company, essential issues of organization of operations, the development of the Company's activities. The Company's Board analyses and assesses the material about the Company's activities and finance supplied by the Company's Director General and Finance Director, if necessary give recommendations and suggestions, initiate urgent meetings and visits.

[7] *See Footnote 3.*

[8] *See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	YES	The members of the Board act responsibly and in goodwill in favor of the Company and its shareholders, seek to maintain their independence in making the decisions and taking into consideration the interests of the third parties.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half [9] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	YES	Members of the Company's Board, each individually and all collectively, pay sufficient time and attention to have the function attributed to the competence of the Board duly performed. The members of the Board take part in the sessions, the time of which is agreed among the members so that all members of the Board could take part in the session. If any of the members cannot participate in the session due to a valid excuse, the conditions are arranged for the member to cast his advance vote in writing.

[9] *It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.*

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	YES	The Board of the Company seeks, in its work, to conduct in good faith and impartially with all shareholders, and, according to the available data, there has been no case, so far, that it were vice versa. The Chairman of the Board is, by adjusting and coordinating interactions with other members of the Board and managers, obliged and authorized to, in the name of the Board, communicate with the shareholders, inform the shareholders about the Company's activities, strategy, other essential matters and provide official binding clarifications.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	YES	All transactions specified in this recommendation, if they are not insignificant due to their low value, are concluded upon the decision and agreement of the Board. The decision of the Board can be adopted only in case of the required quorum and majority and following the provisions of the Article of the Association of Company that comply with the Law on Companies. The same order is applied in all the Group's companies.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies[10]. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	YES	The Board of the Company adopts the decision following only the interests of the Company, therefore, the independence of the members in making the decision significant to the activities and strategy of the Company have to be assessed in accordance with the interest of the Company and its shareholders. The members of the Board are provided with all possibilities and they have the right to all resources necessary to properly perform their duties, including the possibilities to apply to the independent external legal, accounting and other specialists. The Company's Director General ensures that the managers or employees of separate fields provide the members of the Board with all required information directly or through the Director General so that they are able to duly perform their functions and solve the issues attributed to their competence.

[10] *In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.*

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees[11]. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	NOT APPLICABLE	In order to implement the requirements of the Law on Audit and this Code, the Company will form the Audit Committee in the nearest general shareholders' meeting. According to the scope of the Company's activities, results and objective needs as well as the fact that the Board consists of 7 (seven) members, the Company is not in need of establishment of other committees indicated in this recommendation though the foundation of Nomination and Remuneration Committees will be considered in the future.

[11] *The Law of the Republic of Lithuania on Audit (Official Gazette, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).*

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	NO	The Company has not yet formed the Audit Committee. The Company will form the Audit Committee in the nearest general meeting of the shareholders; it will operate in accordance with the Regulations of the Audit Committee confirmed in the general shareholders' meeting.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	NO	The Company has not yet formed any committees. The Audit Committee meeting the requirements of this provision will be formed in the nearest general meeting of the shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	NO	The Company has not yet formed any committees. The Audit Committee meeting the requirements of this provision will be formed in the nearest general meeting of the shareholders.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	NO	The Company has not yet formed any committees. The Audit Committee meeting the requirements of this provision will be formed in the nearest general meeting of the shareholders.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate	NOT APPLICABLE	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management.		
4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy for executive directors or	NOT APPLICABLE	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
members of management body, including the policy regarding share-based remuneration, and its implementation; 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial	NOT APPLICABLE	The Company has not yet formed any committees. The Audit Committee meeting the requirements of this provision will be formed in the nearest general meeting of the shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	NO	So far there has been no practice in the Company for the Board to perform the assessment of its activities and to separately inform the shareholders about it as the controlling shareholder, by appointing the members of the Board, thoroughly checked and evaluated each member's experience, competence and determination to act for the interest of the Company. The Company's management structure is announced in the Company's report.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY

Principle V: The working procedure of the company’s collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company’s bodies.

5.1. The company’s supervisory and management bodies (hereinafter in this Principle the concept ‘collegial bodies’ covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	YES	The Chairman of the Board heads the Board, he implements all the requirements set out in this clause.
5.2. It is recommended that meetings of the company’s collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company’s supervisory board should be convened at least once in a quarter, and the	YES	The sessions of the Company‘s Board are held once a month according to the Schedule approved in advance. In need, the sessions of the Board are held more frequently.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
company's board should meet at least once a month[12].		
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	YES	The work procedure of the Board is stipulated in the regulations of the Board's work and ensures the compliance with this clause's provisions. So far there have been no cases of absenteeism of Board's members in the Board's sessions.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	NOT APPLICABLE	Only one collegiate managing body – the Board - is formed in the Company.

[12] *The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	The Company's capital consists only of ordinary nominal intangible shares which grant the same rights to the Company's shareholders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Articles of the Association of Company which complies with the Law on Companies guarantee the rights to shareholders. The Company's Articles of the Association are publicly accessed to all investors on the Company's website in the Lithuanian and English languages.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	NO	The approval of the indicated decisions in the general shareholders' meeting could interfere with the effectiveness and efficiency of the Company's acitivities.

[13] *The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	The information about the general meeting of shareholders will be announced through the information system of NASDAQ OMX Globe Newswire as well as on the Company's website in the Lithuanian and English languages. The place for the general shaereholders' meeting will be selected according to the shareholders' interests so that everyone willing to participate will be able to do that. The meetings will be held on the working day at 10 a.m. so that all shareholders could easily arrive and participate in the session.
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	YES	The Company announces to the general meeting of shareholders the prepared draft decisions through the information system NASDAQ OMX Globe Newswire and on the Company's website in the Lithuanian and English languages. The decisions adopted by the general shareholders' meeting are announced through the information system NASDAQ OMX Globe Newswire no later than within one day since their adoption in the Lithuanian and English languages. The decisions adopted by the general meeting of shareholders are also provided on the Company's website.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their righ to take part in the general shreholders' meeting both in person and through a representative, if the latter has a due authority or the contract on transfer of the voting right which was concluded according to the order stipulated by the legal acts. The Company provides the shareholders with the possibility to vote by completing a voting ballot as is indicated in the Law on Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	In the future the Company will discuss such possibilities by taking into account necessary financial resources, current legal regulations and objective distribution of the Company's shareholders as well as their wishes.

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform	YES	The members of the Board avoid situations where their personal interests may conflict with the interests of the Company. The members of the Board abstain from voting or refuse to vote when the matter is related to his person.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.		
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	YES	The members of the Boart act in favour of the Company's interests, and their competence as well as their personal traits allow to claim that they conduct so that the conflicts of interest would not arise and they did not occur in the practice so far.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	YES	The members of the Company's Board have not concluded the transactions of high value of those under non-standrad conditions with the Company.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	YES	The Law on Companies stipulates that the member of the Board has no right to vote when the session of the Board deals with the question related to his activities or that of his liability. The members of the Board are aware of this provision and apply it broader than required by the Law, i.e. they abstain from voting of refuse to vote when it is related to

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
		his person and the Company or when it may cause the conflict of interest.

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	NO	The Company has not prepared the remuneration statement; therefore, it cannot execute this recommendation. The information about the Company's payments to the members of the issuer's managing bodies and the senior management during the previous period is announced according to the order stipulated by the legal acts. In the opinion of the Company and the Board, such information is off-the-record (confidential) and is currently considered as a trade secret of the Company according to the competitive environment and economic conditions for activities in Lithuania and other markets where the Company operates. The issue on the need for and preparation of the remuneration policy report is expected to be dealt with in the future alongside with the change of market conditions and competitive environment.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
be manifestly misstated.		
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.20. The following issues should be subject to approval by the shareholders' annual	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.		
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	YES	The Company performs its activities and is managed following the legal and other normative acts of the Republic of Lithuania, according to the reasonable and lawful interests of the community and the third

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
		parties, which do not contradict and and do not cause the threat to violate the reasonable and lawful interests of the Company.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	YES	All persons concerned and the third parties may access the announceable public information about the activities of the Company on the websites of NASDAQ OMX Vilnius Stock Exchange or the Company. All persons concerned can address the Company's Investor Relations Specialist orally or in written form.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	All necessary information can be accessed on the websites of NASDAQ OMX Vilnius Stock Exhange and the Company.

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	YES	The information about the Company specified in this clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange, the reports (periodical information) of the Company prepared according to the order stipulated by the legal acts of the Republic of Lithuania, also, on the website of the Company. By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	YES	The company supplies the information specified in this clause in its annual report.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	YES	The company supplies the information specified in this clause in its annual report.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	The information specified in this clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange and on the Company's website in the Lithuanian and English languages. All corporate actions and information to investors are presented not during the trade session, in all cases – before the session starts or after it ends.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	The Company ensures impartial, timely and inexpensive access to the information by announcing it on the Company's website or through NASDAQ OMX Vilnius Stock Exchange's information system in the Lithuanian and English languages.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES	This recommendation is fully implemented in the Company.

Principle XI: The selection of the company's auditor

The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.

11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	YES	This recommendation is implemented partly. The independent firm of auditors assesses the annual report and the annual statements. Since the legal acts of the Republic of Lithuania do not stipulate the assessment of interim financial reports and since it would cause additional costs and time expenses, the Company does not audit interim reports. Despite that, the Company's interim reports are prepared according to TFAS requirements.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	YES	This recommendation is fully implemented.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	YES	The firm of auditors provided the Company with the consultations on tax issues in the financial year 2009-2010.

AB LINAS AGRO GROUP

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION,
PRESENTED TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

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Juridinių asmenų registras

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Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

Independent auditors' report to the shareholders of AB Linas Agro Group

Report on the Financial Statements

We have audited the accompanying financial statements of AB Linas Agro Group, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated financial statements of AB Linas Agro Group and subsidiaries (hereinafter the Group), which comprise the statements of financial position as of 30 June 2010, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory notes).

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 30 June 2010, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated Annual Report for the year ended 30 June 2010 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 30 June 2010.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335
Vilnius, Lithuania

Jonas Akelis
Auditor's licence
No. 000003
President

Asta Štreimikienė
Auditor's licence
No. 000382

The audit was completed on 30 September 2010.

Statements of financial position

	Notes	Group		Company	
		As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
ASSETS					
Non-current assets					
Intangible assets	5	194	85	-	-
Property, plant and equipment	6	95,326	94,132	-	-
Investment property	7	8,398	8,176	602	604
Animals and livestock	12	9,534	6,502	-	-
Non-current financial assets					
Investments into subsidiaries	3	-	-	160,709	160,443
Investments into associates	8	284	207	132	132
Investments into joint ventures	8	22,888	21,561	5,602	5,602
Other investments	9	5,884	5,919	5,552	5,552
Prepayments for financial assets	10	12,757	-	36,757	-
Non-current receivables	11	7,614	4,727	-	-
Non-current receivables from related parties	35	1,303	16,991	2,605	-
Total non-current financial assets		50,730	49,405	211,357	171,729
Deferred income tax asset	31	1,897	1,950	-	-
Total non-current assets		**166,079**	**160,250**	**211,959**	**172,333**
Current assets					
Crops	12	17,786	17,214	-	-
Inventories	13	62,785	63,918	-	-
Prepayments	14	19,530	17,380	8	23
Accounts receivable					
Trade receivables	15	121,152	98,128	-	-
Receivables from related parties	35	6,930	12,842	24,094	1,164
Other accounts receivable	16	18,721	8,339	75	116
Total accounts receivable		146,803	119,309	24,169	1,280
Other financial assets	17	1,304	967	-	-
Cash and cash equivalents	18	34,014	8,190	15,202	23
Total current assets		**282,222**	**226,978**	**39,379**	**1,326**
Total assets		**448,301**	**387,228**	**251,338**	**173,659**

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

Statements of financial position (cont'd)

	Notes	Group		Company	
		As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	1	158,940	41,000	158,940	41,000
Share premium	1	79,545	121,911	79,545	121,911
Legal reserve	19	4,100	10	4,100	10
Other reserves	19	-	-	-	8,691
Foreign currency translation reserve	19	(133)	(297)	-	-
Retained earnings		8,079	(18,657)	3,976	(1,636)
Total equity attributable to equity holders of the parent		**250,531**	**143,967**	**246,561**	**169,976**
Non-controlling interest		**12,817**	**12,104**	-	-
Total equity		**263,348**	**156,071**	**246,561**	**169,976**
Liabilities					
Non-current liabilities					
Grants and subsidies	20	10,557	11,810	-	-
Non-current borrowings	21, 35	26,805	27,972	-	1,790
Finance lease obligations	22	1,578	2,308	-	-
Non-current payables to related parties	35	-	-	-	97
Deferred income tax liability	31	1,372	1,871	-	-
Total non-current liabilities		**40,312**	**43,961**	-	**1,887**
Current liabilities					
Current portion of non-current borrowings	21	15,045	40,787	-	-
Current portion of finance lease obligations	22	928	1,138	-	-
Current borrowings	21	94,749	80,336	4,663	1,129
Derivative financial instruments	17	3,091	-	-	-
Trade payables	24	14,142	39,992	28	13
Payables to related parties	35	3,112	4,608	-	600
Income tax payable		1,415	4,248	-	-
Provisions	25	-	5,433	-	-
Other current liabilities	26	12,159	10,654	86	54
Total current liabilities		**144,641**	**187,196**	**4,777**	**1,796**
Total equity and liabilities		**448,301**	**387,228**	**251,338**	**173,659**

The accompanying notes are an integral part of these financial statements.

Managing Director	Darius Zubas		30 September 2010
Finance Director	Tomas Tumėnas		30 September 2010

Consolidated statement of comprehensive income

	Notes	Financial year ended	
		30 June 2010	30 June 2009
Sales	4	834,116	1,113,880
Cost of sales	27	(763,775)	(1,038,141)
Gross profit		**70,341**	**75,739**
Operating (expenses)	28	(32,079)	(35,025)
Other income	29	1,585	5,253
Other (expenses)	29	(163)	(1,436)
Operating profit		**39,684**	**44,531**
Income from financing activities	30	2,808	3,338
(Expenses) from financing activities	30	(5,179)	(11,599)
Share of profit of associates		122	113
Share of profit of joint ventures		2,553	3,965
Profit before tax		**39,988**	**40,348**
Income tax	31	(6,478)	(8,577)
Net profit		**33,510**	**31,771**
Attributable to:			
Equity holders of the parent		30,826	28,114
Non-controlling interest		2,684	3,657
		33,510	**31,771**
Basic and diluted earnings per share (LTL)	32	0.30	0.69
Net profit		**33,510**	**31,771**
Other comprehensive income			
Exchange differences on translation of foreign operations		164	(162)
Total comprehensive income		**33,674**	**31,609**
Attributable to:			
Equity holders of the parent		30,990	27,947
Non-controlling interest		2,684	3,662
		33,674	**31,609**

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

Company's statement of comprehensive income

	Notes	Financial year ended 30 June 2010	Financial year ended 30 June 2009
Income	4	2,778	1,418
Operating (expenses)	28	(1,909)	(3,003)
Other income		8	161
Other (expenses)		-	(40)
Operating profit (loss)		**877**	**(1,464)**
Income from financing activities		385	14
(Expenses) from financing activities		(251)	(182)
Profit (loss) before tax		**1,011**	**(1,632)**
Income tax		-	(4)
Net profit (loss)		**1,011**	**(1,636)**
Other comprehensive income		-	-
Total comprehensive income		**1,011**	**(1,636)**

The accompanying notes are an integral part of these financial statements.

Managing Director	Darius Zubas	30 September 2010
Finance Director	Tomas Tumėnas	30 September 2010

Consolidated statement of changes in equity

		Equity attributable to equity holders of the parent							
	Notes	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as of 1 July 2008		**86**	**-**	**10**	**(130)**	**121,848**	**121,814**	**10,361**	**132,175**
Net profit for the year		-	-	-	-	28,114	28,114	3,657	31,771
Other comprehensive income		-	-	-	(167)	-	(167)	5	(162)
Total comprehensive income		-	-	-	(167)	28,114	27,947	3,662	31,609
Issue of share capital	1	40,914	121,911	-	-	(157,202)	5,623	-	5,623
Payment for Rosenkrantz A/S shares	1	-	-	-	-	(9,000)	(9,000)	-	(9,000)
Dividends declared by Rosenkrantz A/S		-	-	-	-	(1,740)	(1,740)	(1,158)	(2,898)
Acquisition of non-controlling interest		-	-	-	-	(677)	(677)	(1,307)	(1,984)
Non-controlling interest arising on acquisition of subsidiaries		-	-	-	-	-	-	546	546
Balance as of 30 June 2009		**41,000**	**121,911**	**10**	**(297)**	**(18,657)**	**143,967**	**12,104**	**156,071**
Balance as of 1 July 2009		**41,000**	**121,911**	**10**	**(297)**	**(18,657)**	**143,967**	**12,104**	**156,071**
Net profit for the year		-	-	-	-	30,826	30,826	2,684	33,510
Other comprehensive income		-	-	-	164	-	164	-	164
Total comprehensive income		-	-	-	164	30,826	30,990	2,684	33,674
Issue of share capital	1	117,940	(38,113)	-	-	-	79,827	-	79,827
Shares issue transaction costs	1	-	(4,253)	-	-	-	(4,253)	-	(4,253)
Transfer to legal reserve		-	-	4,090	-	(4,090)	-	-	-
Dividends declared by Rosenkrantz A/S		-	-	-	-	-	-	(1,971)	(1,971)
Balance as of 30 June 2010		**158,940**	**79,545**	**4,100**	**(133)**	**8,079**	**250,531**	**12,817**	**263,348**

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

Company's statement of changes in equity

	Notes	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 1 July 2008		**86**	**-**	**10**	**4,440**	**4,251**	**8,787**
Net (loss) for the year		-	-	-	-	(1,636)	(1,636)
Total comprehensive income		-	-	-	-	(1,636)	(1,636)
Issue of share capital	1	40,914	121,911	-	-	-	162,825
Transfer to other reserves	19	-	-	-	4,251	(4,251)	-
Balance as of 30 June 2009		**41,000**	**121,911**	**10**	**8,691**	**(1,636)**	**169,976**
Balance as of 1 July 2009		**41,000**	**121,911**	**10**	**8,691**	**(1,636)**	**169,976**
Net profit for the year		-	-	-	-	1,011	1,011
Total comprehensive income		-	-	-	-	1,011	1,011
Issue of share capital	1	117,940	(38,113)	-	-	-	79,827
Shares issue transaction costs	1	-	(4,253)	-	-	-	(4,253)
Transfer to legal reserve and retained earnings	19	-	-	4,090	(8,691)	4,601	-
Balance as of 30 June 2010		**158,940**	**79,545**	**4,100**	**-**	**3,976**	**246,561**

The accompanying notes are an integral part of these financial statements.

Managing Director	Darius Zubas	30 September 2010
Finance Director	Tomas Tumėnas	30 September 2010

Cash flow statements

	Notes	Group		Company	
		Financial year ended		Financial year ended	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
Cash flows from (to) operating activities					
Net profit (loss)		33,510	31,771	1,011	(1,636)
Adjustments for non-cash items:					
Depreciation and amortisation	5, 6, 7	7,939	7,839	2	2
Subsidies amortisation	20	(1,164)	(1,425)	-	-
Share of profit of associates and joint ventures	8	(2,675)	(4,078)	-	-
(Gain) on disposal of property, plant and equipment	29	(239)	(488)	(8)	(121)
Change in impairment of property, plant and equipment and investment property	6, 7	(394)	1,425	-	-
Change in impairment of investments	28	(6)	27	258	926
Negative goodwill recognised as income	3	-	(6)	-	-
Loss (gain) from disposal of investments	29	3	(2,142)	-	55
Change in allowance for receivables and prepayments	28	2,948	3,485	61	144
Inventories write down to net realisable value	13	200	868	-	-
Change in accrued expenses	26	(497)	2,180	23	(174)
Change in fair value of biological assets	27	(5,269)	345	-	-
Change in deferred income tax	31	(388)	241	-	-
Current income tax expenses	31	6,866	8,336	-	4
Expenses (income) from change in fair value of financial instruments	17	169	(967)	-	-
Change of provision for onerous contracts	27	(5,433)	5,433	-	-
Dividend (income)	4	-	-	(2,392)	(1,180)
Interest (income)	30	(2,808)	(3,338)	(385)	(14)
Interest expenses	30	5,179	11,599	251	182
		37,941	61,105	(1,179)	(1,812)
Changes in working capital:					
Decrease (increase) in biological assets		2,917	(2,070)	-	-
Decrease in inventories		6,017	39,904	-	-
(Increase) decrease in prepayments		(3,460)	(489)	15	(23)
(Increase) decrease in trade and other accounts receivable		(31,892)	14,218	(71)	(344)
(Increase) decrease in restricted cash	17	(1,304)	2,315	-	-
(Decrease) increase in trade and other accounts payable		(25,386)	(42,617)	24	(1,385)
Income tax (paid)		(6,785)	(7,851)	-	(38)
Net cash flows from (to) operating activities		**(21,952)**	**64,515**	**(1,211)**	**(3,602)**

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

Cash flow statements (cont'd)

		Group		Company	
		Financial year ended		Financial year ended	
	Notes	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Cash flows from (to) investing activities					
(Acquisition) of intangible assets, property, plant and equipment and investment property	5, 6, 7	(10,449)	(20,645)	-	-
Proceeds from sale of intangible assets, property, plant and equipment and investment property		594	1,788	8	217
Acquisition of subsidiaries (less received cash balance in the Group)	3	(2,046)	(8,895)	(528)	(7,338)
Disposal of subsidiaries (less disposed cash balance in the Group)	3	-	(180)	-	-
(Acquisition) of other investments	3	-	(7,529)	(524)	-
Prepayments for financial assets	10	(12,757)	-	(36,757)	-
Proceeds from sales of other investments		-	197	-	-
Loans (granted)		(14,261)	(2,998)	(30,620)	-
Repayment of granted loans		27,763	9,606	6,764	-
Interest received		3,229	1,550	104	14
Dividends received	8	1,045	1,180	1,045	1,880
Net cash flows (to) investing activities		**(6,882)**	**(25,926)**	**(60,508)**	**(5,227)**
Cash flows from (to) financing activities					
Issue of share capital	1	75,574	5,623	75,574	5,623
Proceeds from loans		27,104	61,724	6,183	2,740
(Repayment) of loans		(23,080)	(89,513)	(4,439)	(200)
Finance lease (payments)		(1,225)	(1,562)	-	-
Interest (paid)		(7,044)	(11,599)	(420)	(43)
Dividends (paid) to non-controlling shareholders		(1,971)	(2,898)	-	-
Repurchase of bonds issued	21	(14,700)	-	-	-
Net cash flows from (to) financing activities		**54,658**	**(38,225)**	**76,898**	**8,120**
Net increase (decrease) in cash and cash equivalents		**25,824**	**364**	**15,179**	**(709)**
Cash and cash equivalents at the beginning of the year	18	**8,190**	**7,826**	**23**	**732**
Cash and cash equivalents at the end of the year	18	**34,014**	**8,190**	**15,202**	**23**
Supplemental information of cash flows:					
Non-cash investing activity:					
Property, plant and equipment acquisitions financed by finance lease		308	1,411	-	-
Property, plant and equipment acquisitions financed by grants and subsidies	20	622	1,442	-	-

The accompanying notes are an integral part of these financial statements.

Managing Director	Darius Zubas		30 September 2010
Finance Director	Tomas Tumėnas		30 September 2010

Notes to the financial statements

1. General information

AB Linas Agro Group (hereinafter the Company or the parent) is a public limited liability company registered in the Republic of Lithuania. The Company was registered on 27 November 1995. On 12 September 2008 the Company changed its name from UAB Agriveta to AB Linas Agro Group and the legal form from private to public limited liability company.

The address of its registered office is as follows:

Smėlynės Str. 2C,
Panevėžys,
Lithuania.

The Company is a holding Company and its main activity is related to holding activities: rendering business management services and legal consultations to subsidiaries and other related parties and lease of property, plant and equipment.

The principal activities of the Group are described in Note 4.

The financial year of the Group and the Company starts on 1 July of the calendar year and ends on 30 June of the following calendar year.

As of 30 June 2010 and 2009 the shareholders of the Company were:

	As of 30 June 2010		As of 30 June 2009	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	87,641,551	55.14 %	32,795,190	79.99 %
Darius Zubas	17,049,995	10.73 %	5,822,000	14.20 %
Other shareholders (private and institutional investors)	54,248,852	34.13 %	2,382,810	5.81 %
Total	158,940,398	100.00 %	41,000,000	100.00 %

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 30 June 2010 (LTL 1 each as of 30 June 2009) and were fully paid as of 30 June 2010 and 2009. The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 30 June 2010 and 2009.

All of the Company's 158,940,398 ordinary shares are included in the Official list of NASDAQ OMX Vilnius stock exchange (ISIN code LT0000128092). The Company's trading ticker in NASDAQ OMX Vilnius stock exchange is LNA1L.

As of 30 June 2010 the number of employees of the Group was 532 (542 as of 30 June 2009). As of 30 June 2010 the number of employees of the Company was 9 (4 as of 30 June 2009).

The Company's management approved these financial statements on 30 September 2010. The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of a new set of financial statements.

Changes in share capital during the year ended 30 June 2009

On 30 July 2008 the Company's share capital was increased by issuing 31,931 ordinary shares with the par value of LTL 2 each (in total LTL 64 thousand), which were fully paid by the main shareholder Akola ApS. The new share capital and the Company's by-laws were registered on 12 September 2008.

On 29 September 2008 the Company's share capital was increased by issuing 20,425,000 ordinary shares with the par value of LTL 2 each.

The issued shares acquired by Akola ApS were paid in cash in the amount of LTL 5,559 thousand. The shares acquired by other persons were paid by contributing 100 % of AB Linas Agro shares as a contribution in kind valued at LTL 157,202 thousand. As the price of the share issue was LTL 162,761 thousand, the amount of LTL 121,911 thousand was accounted for as share premium. The new share capital and the Company's by-laws were registered on 1 October 2008.

On 15 January 2009 the par value of the Company's shares was decreased from LTL 2 to LTL 1.

As of 30 June 2009 part of the shares of the Company was contributed by the individuals to the share capital of Akola ApS.

1. General information (cont'd)

Changes in share capital during the year ended 30 June 2010

On 30 October 2009 the Company's share capital was increased by issuing 79 million ordinary shares with the par value of LTL 1 each (in total LTL 79 million), which were fully paid from the Company's share premium. The new share capital of LTL 120 million and the Company's by-laws were registered on 16 November 2009. The new share premium was equal to LTL 42,911 thousand.

On 20 November 2009 the Company's shareholders decided to increase the share capital from LTL 120,000 thousand to LTL 158,940 thousand by issuing 38,940,398 ordinary shares with the par value of LTL 1 each (in total LTL 38,940,398), with issue price of LTL 2.05 each (in total LTL 79,827,816). The newly issued shares were fully paid by Akola ApS. The new share capital and the Company's by-laws were registered on 17 February 2010. Difference between the issue price and the par value equal to LTL 40,888 thousand was accounted for as share premium less LTL 4,253 thousand of shares issue transaction costs.

On 12 February 2010 the shareholder Akola ApS has sold 47,284,769 of the Company's shares during the initial public offering for LTL 2.05 each, in total LTL 96,934 thousand.

Trade in shares in NASDAQ OMX Vilnius stock exchange started on 17 February 2010.

2. Accounting principles

If not stated otherwise, the Company's standalone financial statements are prepared using the same accounting policies as the ones used by the Group.

The principal accounting policies adopted in preparing the Group's financial statements for the year ended 30 June 2010 are as follows:

2.1. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for biological assets, commitments to purchase agricultural produce, derivative financial instruments and financial instruments held for trading which have been measured at fair value.

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU).

Adoption of new and/or changed IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year:

- Amendment to IAS 1 *Presentation of Financial Statements*;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements*;
- Amendment to IFRS 2 *Share-based Payment*;
- Amendments to IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*;
- Amendments to IFRS 7 *Financial Instruments: Disclosures*;
- Amendment to IAS 23 *Borrowing Costs*;
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation;
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Items;
- Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* – Embedded derivatives;
- IFRIC 12 *Service Concession Arrangements*;
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- IFRIC 15 *Agreement for the Construction of Real Estate*;
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*;
- IFRIC 17 *Distributions of Non-cash Assets to Owners*;
- IFRIC 18 *Transfers of Assets from Customers*;
- Improvements to IFRS (issued in 2008 and effective on 1 January 2009).

2. Accounting policies (cont’d)

2.1. Basis of preparation (cont’d)

The principal effects of these changes are as follows:

Amendment to IAS 1 *Presentation of Financial Statements*.

This amendment introduces a number of changes, including introduction of a new terminology, revised presentation of equity transactions and introduction of a new statement of comprehensive income as well as amended requirements related to the presentation of the financial statements when they are restated retrospectively. The Group and the Company has elected to present its comprehensive income in a single statement.

Amendments to IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*.

Revised IFRS 3 (IFRS 3R) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*. In accordance with the transitional requirements of these amendments, the Group adopted them as a prospective change. Accordingly, assets and liabilities arising from business combinations prior to the date of application of the revised standards were not restated.

Amendment to IAS 23 Borrowing Costs

The amendment requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group’s previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions, the Group has adopted the standard on a prospective basis. Therefore, borrowing costs should be capitalised on qualifying assets with a commencement date on or after 1 July 2009. For the year ended 30 June 2010 the Group added LTL 22 thousand of borrowing costs to the value of long preparation assets.

The other standards and interpretations and their amendments adopted in the year ended 30 June 2010 did not impact the financial statements of the Group, because the Group did not have the respective financial statement items and transactions addressed by these changes.

Standards issued but not yet effective

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

Amendments to IFRS 2 *Share-based Payment* (effective for financial years beginning on or after 1 January 2010, once adopted by the EU).

The amendment clarifies the scope and the accounting for group cash-settled share-based payment transactions. The amendment will have no impact on the financial position or performance of the Group, as the Group does not have share-based payments.

Improvements to IFRSs

In April 2009 and May 2010 IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard, furthermore, the omnibus issued in 2010 has to be adopted by the EU. The adoption of the following amendments may result in changes to accounting policies but is not expected to have any impact on the financial position or performance of the Group.

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2013, once adopted by the EU).

IFRS 9 will eventually replace IAS 39. The IASB has issued the first part of the standard, establishing a new classification and measurement framework for financial assets. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 24 *Related Party Disclosures* (effective for financial years beginning on or after 1 January 2011).

The amendments simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. They also provide a partial exemption from the disclosure requirements for government-related entities. The implementation of these amendments will have no impact on the financial position or performance of the Group, however it may impact the related parties disclosures.

2. Accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues (*effective for financial years beginning on or after 1 February 2010).

The amendment changes the definition of a financial liability to exclude certain rights, options and warrants. The amendment will have no impact on the financial position or performance of the Group as the Group does not have such instruments.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for financial years beginning on or after 1 April 2010).

The interpretation provides guidance on accounting for extinguishing financial liabilities with equity instruments. Since the Group does not have such transactions, IFRIC 19 will not have any impact on its financial statements.

The Group plans to adopt the above mentioned standards and interpretations on their effectiveness date if they are adopted by the EU.

2.2. Functional and presentation currency

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, Litas (LTL). The functional currency of the Group companies operating in Lithuania is Litas. The functional currency of Rosenkrantz A/S, which operates in Denmark, is Danish Krone (DKK). The functional currency of SIA Linas Agro, which operates in Latvia, is Latvian Lat (LVL).

Starting from 2 February 2002 Lithuanian Litas is pegged to EUR at the rate of 3.4528 Litas for 1 EUR, and the exchange rates of Litas in relation to other currencies are set daily by the Bank of Lithuania.

Transactions in foreign currencies are initially recorded in the functional currency as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the reporting date.

As applicable, the assets and liabilities of foreign subsidiaries are translated into Litas at the reporting date using the rate of exchange as of the reporting date, and their income statements are translated at the average annual exchange rates. The exchange differences arising on this translation are taken directly to a separate component of equity. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in equity relating to that foreign operation is recognised in the income statement.

2.3. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date, using consistent accounting policies.

Subsidiaries are consolidated from the date from which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the statement of financial position and the income statement.

In the parent's separate financial statements investments into subsidiaries are accounted for at cost. The carrying value of investments is reduced to recognise an impairment loss of the value of the investments, such reduction being determined and made for each investment individually.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The excess of the acquired interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the investment remaining after the reassessment of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination is recognised in the income statement immediately.

2. Accounting policies (cont'd)

2.3. Principles of consolidation (cont'd)

Business combinations involving entities under common control

Business combination involving entities under common control is a transaction in which all of the combining entities are controlled by the same party or parties before and after the transaction and that control is not transitory.

As business combinations involving entities under common control are excluded from IFRS 3 scope, the Group's management applies judgment to determine an appropriate accounting policy for such transactions and applied a pooling of interest method for accounting for acquisition of AB Linas Agro and Rosenkrantz A/S shares (Note 3).

The previous carrying values of AB Linas Agro subgroup (per its consolidated IFRS financial statements) and Rosenkrantz A/S (per its separate IFRS financial statements) were used for inclusion in the consolidated financial statements of the Group.

2.4. Investments into associates

An associate is an entity in which the Group has significant influence. The Group recognises its interests in the associates applying the equity method. The financial statements of the associates are prepared for the same reporting year as the Group, using consistent accounting policies. Adjustments are made to bring in line any dissimilar accounting policies that may exist. Impairment assessment of investments into associates is performed when there is an indication that the asset may be impaired or the impairment losses recognised in prior years no longer exist.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Investments into associates in the Company's separate financial statements are carried at cost less impairment.

2.5. Investments into joint ventures

The Group has some interests in jointly controlled entities (hereinafter joint ventures). A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interests in the joint ventures applying the equity method. The financial statements of the joint ventures are prepared for the same reporting year as the Group, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Impairment assessment of investments into joint ventures is performed when there is an indication that the asset may be impaired or the impairment losses recognised in prior years no longer exist.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits of the joint venture from the transaction until it resells the asset to an independent party.

Investments into joint ventures in the Company's separate financial statements are carried at cost less impairment.

2. Accounting policies (cont'd)

2.6. Intangible assets other than goodwill

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.

The useful lives of intangible assets can be either definite or indefinite. The Group does not have any intangible assets with indefinite useful life.

After initial recognition intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

Licenses

Amounts paid for licences are capitalised and then amortised over their validity period of 3 - 4 years.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period of 3 - 4 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group expects from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

2.7. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the income statement in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following useful lives:

Buildings and structures	15 - 40 years
Machinery and equipment	4 - 15 years
Vehicles	4 - 10 years
Other property, plant and equipment	3 - 20 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and put into operation.

2. Accounting policies (cont'd)

2.8. Investment property

Investment property is stated at cost less accumulated depreciation and is adjusted for recognised impairment loss.

The initial cost of investment property comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the investment property is ready for its intended use, such as repair and maintenance costs, are normally charged to the income statement in the period the costs are incurred.

Depreciation is calculated on the straight-line method to write-off the cost of each asset to their residual values over their estimated useful life of 20 - 40 years.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Transfers to and from investment property are made only when there is an evidence of change in an asset's use.

2.9. Financial assets (except for derivative financial instruments designated as hedging instruments)

According to IAS 39 *Financial Instruments: Recognition and Measurement* the Group's financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, or available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

The category of financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given. Loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Allowance for doubtful receivables is evaluated when there are indications leading to the impairment of accounts receivable. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised (written off) when they are assessed as uncollectible.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with unrealised gains or losses (except for impairment and gain or losses from foreign currencies exchange) being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. Where the fair value of the available for sale financial assets cannot be measured reliably these assets are accounted for at cost.

2. Accounting policies (cont'd)

2.10. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11. Biological assets

The Group's biological assets include animals and livestock and crops.

Animals and livestock are accounted for at fair value less costs to sell. The fair value of milking cows is measured using discounted cash flows method. Other livestock is measured at comparable market prices.

Crops are accounted for at fair value less costs to sell. The fair value of crops is measured at comparable market prices.

Agricultural production harvested from an entity's biological assets is measured at its fair value less estimated costs to sell at the point of harvest. Such measurement is further the cost of inventories.

2.12. Inventories

Inventories are valued at the lower of cost and net realisable value, after impairment evaluation for obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost of raw materials that are not ordinarily interchangeable and are segregated for specific projects is determined using specific identification method; cost of other inventory is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory has been fully written-off.

Under inventories caption the Group also accounts for commitments to purchase agricultural produce (Note 2.15.).

2.13. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flows statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term of three months or less.

2.14. Financial liabilities

Interest bearing loans and borrowings

Borrowings are initially recognised at fair value of proceeds received less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings. Borrowing costs related with an asset demanding long preparation, acquisition, construction or production of which commenced after 1 July 2009, are capitalised to the value of this asset. Other borrowing costs are expensed as incurred. Borrowings are classified as non-current if the completion of a refinancing agreement before the reporting date provides evidence that the substance of the liability at the reporting date was non-current.

2. Accounting policies (cont'd)

2.14. Financial liabilities (cont'd)

Factoring

A factoring transaction is a funding transaction where the Group transfers to the factor claim rights from a debtor for a determined reward. The Group alienates the rights to receivables due at a future date according to invoices. The Group's factoring transactions comprise factoring transactions with recourse (the factor is entitled to selling the overdue claim back to the Group). The factoring expenses comprise the lump-sum contract fee charged on the conclusion of the contract, commission fees charged for processing the invoices, and interest expenses depending on the duration of the payment term set by the debtor. Factored accounts receivable with recourse are recorded under current borrowings and trade receivables captions in the financial statements. The Group derecognises the borrowings and the trade receivables at the moment when the debtor settles the liability with the factor.

Financial guarantee liabilities

Financial guarantee liabilities issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issue of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised.

Trade liabilities

Trade liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such liabilities are carried at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the trade liabilities are derecognised, as well as through the amortisation process.

2.15. Derivative financial instruments and hedge accounting

The Group engages in derivative financial instruments transactions, such as futures contracts, to hedge rapeseed and wheat purchase price fluctuation risk. On the agreement date and subsequently derivative financial instruments are accounted for at fair value. Fair value is derived from quoted market prices. The estimated fair values of these contracts are reported in the statement of financial position as assets for contracts having a positive fair value and liabilities for contracts with a negative fair value. Gain or losses from changes in the fair value of derivative financial instruments are recognised in the income statement.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

For futures contracts which were concluded after 1 July 2009 the Group applies hedge accounting.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or losses from re-measuring the hedging instrument to fair value is recognised immediately in the income statement. The hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.

Any gains or losses arising from changes in the fair value of the hedging instruments, which do not qualify for hedge accounting, are taken directly to the income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

2. Accounting policies (cont'd)

2.16. Finance and operating lease obligations

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance lease – the Group as a lessee

Leases where the lessor transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. The Group recognises finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate implicit in the lease, when it is possible to determine it, in other cases, the Group's incremental interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets are not depreciated over the period longer than the lease term, unless the Group, according to the lease contract, gets transferred their ownership after the lease term is over.

Operating lease – the Group as a lessee

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Operating lease – the Group as a lessor

Assets leased out under operating leases are included in property, plant and equipment and investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment of the Group. Rental income is recognised on a straight-line basis over the lease term.

2.17. Share capital

Ordinary shares are stated at their par value. Any excess of the consideration received for the shares sold over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

2.18. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group re-evaluates provisions at each reporting date and adjusts them in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Onerous contracts provision

Onerous contracts provision is recognised when the Group has a present obligation (legal or constructive) to purchase the goods from a third party in the future for a price higher than the market selling price at the reporting date. The difference between the value of the contract and its selling price at the reporting date is charged to cost of sales in the income statement.

2.19. Grants and subsidies

Grants and subsidies (hereinafter "grants") received in the form of cash intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. The amount of the asset related grants is recognised as deferred income in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the income statement, a relevant expense account is reduced by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2. Accounting policies (cont'd)

2.20. Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and respective countries, where the Group companies are registered.

In the year ended 30 June 2010 the standard income tax rate for the Group companies operating in Lithuania was 20 %, starting from 1 July 2010 – 15 %. In the year ended 30 June 2009 the standard income tax rate in Lithuania was 15 %.

Certain tax provisions are applicable to the agricultural entities: if the share of agricultural products supplied and services provided to the entities engaged in agricultural activities exceeded 50 % of the total sales of the legal entities producing agricultural products and specialised service companies, these entities were not subject to income tax till 1 January 2009. The entities of the Group which were not subject to income tax were Šakiai district Lukšiai ŽŪB, Sidabravas ŽŪB, Biržai district Medeikiai ŽŪB, Panevėžys district Aukštadvaris ŽŪB. For the year ended 30 June 2010 the income tax rate for these companies is 5 % (10 % and 15 % for the years ended 30 June 2011 and 2012 and afterwards, respectively).

For companies operating in Lithuania tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the company changes its activities due to which these losses were incurred except when the company does not continue its activities due to reasons which do not depend on the company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Income tax for the foreign subsidiaries is accounted for according to tax legislation of those foreign countries. The standard income tax rates in the foreign countries are as follows:

Republic of Latvia	15 %
Kingdom of Denmark	25 %

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.21. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

The Group sells seeds, fertilisers and other related inputs to agricultural produce growers on the deferred payment terms until the harvest is taken and then receivable is paid or offset with harvested grain by the agricultural produce growers. The Group recognises the sale of inputs at the moment of transfer to agricultural produce growers as the risk and rewards are transferred at that moment while revenue is measured at the fair value of the consideration received or receivable.

Revenue from services is recognised when services are rendered.

When the Group is acting as an agent for the supplier in its relationship with the customer, only the net amount of commission retained is recognised as revenue.

Interest income is recognised on an accrual basis (by using effective interest rate). Dividend income is recognised when dividends attributable to the Group are declared.

2. Accounting policies (cont'd)

2.22. Expense recognition

Expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due to be paid, excluding VAT. In those cases when long period of payment is established and the interest is not distinguished, the amount of expenses is estimated by discounting the amount of payment using the market interest rate.

2.23. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each reporting date.

For financial assets carried at amortised cost, whenever it is probable that the Group will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the income statement. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the income statement. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

In relation to trade and other receivables, an allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Other assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required (e.g. goodwill), the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by independent valuations, valuation multiples, or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.24. Segment information

In these financial statements an operating segment means a constituent part of the Group participating in production of an individual product or provision of a service or a group of related products or services, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

In these financial statements information about geographical areas means a constituent part of the Group revenue from external customers attributed to the Group's country of domicile and attributed to all foreign countries in total from which the Group derives revenue and non-current assets other than financial assets and deferred tax assets located in the Group's country of domicile and located in all foreign countries in total in which the Group holds assets.

2. Accounting policies (cont'd)

2.25. Use of significant accounting judgments and estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies.

Significant accounting judgments

The significant areas of judgment used in the preparation of these financial statements are described below.

Business combination involving entities under common control

The Company's management applied a pooling of interest method for accounting for acquisition of AB Linas Agro and Rosenkrantz A/S shares (Note 3).

Acquisition of shares of UAB Lignineko

UAB Lignineko possesses raw material which is used in production of lignin but does not have any business processes. The Company's management applied judgment when determining whether the acquisition should be accounted for as a business combination according to IFRS 3 or as an acquisition of an asset and, as a result, accounted for the transaction as an acquisition of an asset (Note 3).

Accounting for trading contracts

Within grains and oilseeds as well as feedstuffs segments, the Group's activity is an agricultural goods intermediary (buying and selling different types of grain, oilseeds, rapeseed, etc.). The Group buys and sells agricultural goods at a fixed price for a specified delivery period in the future. The terms of the Group's contracts permit net settlement; however, in practice, contracts result in physical delivery. The Group acts as an intermediary by entering into purchase and sales contracts with producers and users of the agricultural goods, creating links within the value chain for the agricultural goods for a stable customer base, making profits from a distributor margin rather than from fluctuations in price or a broker traders' margin. As a result, the Group's purchases and sales contracts are entered into in accordance with the expected purchase and sale requirements and, therefore, have not been accounted for as derivatives within the scope of IAS 39, except for those contracts which are hedged (Note 2.15.).

Receivables from agricultural produce growers and payments on agricultural produce growers' behalf

Within its agricultural inputs segment, the Group is engaged in selling fertilisers and plant protection products to agricultural produce growers as well as pays on behalf of agricultural produce growers to suppliers of seeds (Notes 14 and 15). The balances arising from these transactions are non-interest bearing and are generally settled within 120 - 360 days by delivering grain to the Group. These transactions constitute common arrangements in the industry, they are entered into between distributors and agricultural produce growers under similar terms, and usual settlement is by delivery of grain, as opposed to an unconditional right to receive cash; therefore, no discounting is performed on these balances. Trade receivables arising on sales of fertilisers and plant protection products are presented within trade receivables caption in the statement of financial position, while payments on behalf of agricultural produce growers, which do not derive from sales transactions, are presented as prepayments in the statement of financial position.

Revenue recognition gross versus net

If the Group is acting as the principal in the relationship between the supplier and the customer, the revenue is recognised on a gross basis, with the amount remitted to the supplier being accounted for as a cost of sale. However, if the Group is acting as an agent for the supplier in its relationship with the customer, only the net amount of commission retained is recognised as revenue.

Whether the Group is acting as principal or agent in the transaction with the customer is a matter of judgment that depends on the relevant facts and circumstances. However, the Group considers the following indicators of gross revenue recognition (i.e., indicators that the Group is acting as principal in the transaction with the customer):

- The Group is the primary obligor under the terms of the contracts;
- The Group bears any general and physical inventory risks;
- The Group is able to determine the sales price;
- The Group is able to change the product;
- The Group has discretion in supplier selection;
- The Group is involved in the determination of product or service specifications;
- The Group bears any credit risks.

2. Accounting policies (cont'd)

2.25. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

Significant accounting estimates

The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation (Notes 2.7., 2.8., 6 and 7), fair value estimation of biological assets (Note 12) and impairment evaluation (Notes 2.23., 6, 7, 13, 14, 15 and 16). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of biological assets

As of 30 June 2010 and 2009 the Group did not have an independent appraisal of its biological assets. According to IFRS, such assets must be recorded at market value. Biological assets consist of two groups: animals and livestock and crops which are accounted for at fair value less costs to sell (Note 2.11.).

Animals and livestock are valued in two ways: milking cows are valued using discounted cash flows method less costs to sell and other groups of livestock – at market prices at the reporting date. Crops are valued at market prices at the reporting date.

As of 30 June 2010 the key assumptions used to determine fair value of milking cows are the estimated gross margin (24 % for the year ending 30 June 2011 and 26 % for the year ending 30 June 2012) used to calculate the expected future cash inflows as well as discount rate (11 %). As of 30 June 2009 the key assumptions used to determine fair value of milking cows are the estimated gross margin (17 % for the year ending 30 June 2010 and 21 % for the year ending 30 June 2011) used to calculate the expected future cash inflows as well as discount rate (16 %).

The following table demonstrates the sensitivity of the fair value of milking cows to a reasonably possible change in key assumptions:

	30 June 2010		30 June 2009	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Gross margin	+ 3 %	680	+ 3 %	496
Gross margin	- 3 %	(564)	- 3 %	(407)
Discount rate	+ 1 %	(90)	+ 2 %	(119)
Discount rate	- 1 %	91	- 5 %	316

Impairment of property, plant and equipment (excluding land)

The Group makes an assessment, at least annually, whether there are any indications that property, plant and equipment have suffered impairment. If that is the case, the Group makes an impairment test. The recoverable amount of cash-generating units is determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

As of 30 June 2010 and 2009 the recoverable amount is most sensitive to the discount rate (11 % as of 30 June 2010 and 16 % as of 30 June 2009) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (1 %) used for extrapolation purposes.

As of 30 June 2010 and 2009 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of property, plant and equipment to exceed its recoverable amount, except for already impaired assets.

Impairment of land (accounted for as property, plant and equipment and investment property)

The Group makes an assessment, at least annually, whether there are any indications that land accounted for as property, plant and equipment and investment property has suffered impairment. If that is the case, the Group makes an impairment test. The recoverable amount of land is determined as fair value less cost to sell based on comparable market prices for similar land provided by independent valuers.

2. Accounting policies (cont'd)

2.25. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

Significant accounting estimates (cont'd)

Impairment of investment in ZAT UkrAgro NPK

On 9 September 2008 the Group acquired 13.38 % of ZAT UkrAgro NPK (Ukraine) shares for LTL 5,545 thousand from Akola ApS. Furthermore, as of 30 June 2010 the Group had a prepayment paid for acquisition of additional 50 % shares for LTL 12,757 thousand. As of 30 June 2010 and 2009 the Group made an assessment whether the value of this investment should be impaired. The recoverable amount of investment in ZAT UkrAgro NPK was determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next four years and do not include restructuring activities that ZAT UkrAgro NPK is not yet committed to or significant future investments that will enhance the asset base of the investee being tested.

As of 30 June 2010 and 2009 the recoverable amount is most sensitive to the discount rate (20 %) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (2 %) used for extrapolation purposes.

As of 30 June 2010 and 2009 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment to exceed its recoverable amount.

Impairment of the Company's investment (except for investment in ZAT UkrAgro NPK)

As of 30 June 2010 and 2009 the Company has investments in subsidiaries, associates and joint ventures. As of 30 June 2010 and 2009 the Company made an assessment whether the value of the investments should be impaired. The recoverable amount of investment in AB Linas Agro was determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next three years and do not include restructuring activities that AB Linas Agro is not yet committed to or significant future investments that will enhance the asset base of the investee being tested.

As of 30 June 2010 and 2009 the recoverable amount of the investment into AB Linas Agro is most sensitive to the discount rate (11 % and 16 %, respectively) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (1 %) used for extrapolation purposes.

As of 30 June 2010 and 2009 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment into AB Linas Agro to exceed its recoverable amount.

Where necessary, the Company also performed an impairment test for other investments in subsidiaries, associates and joint ventures using possible selling prices method. According to the test performed as of 30 June 2010 and 2009 the Company accounted for impairment so as the carrying amount of the investments would not exceed their respective recoverable amounts (Note 3).

2.26. Contingencies

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.27. Subsequent events

Post-balance sheet events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

2.28. Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except for the cases when certain IFRS specifically requires or allows such set-off.

Where necessary, comparative figures have been adjusted to correspond to the presentation of the current year.

For the year ended 30 June 2009 information in the Group's cash flow statement on proceeds from loans and repayment of loans was adjusted by showing the movements in the credit line and overdraft accounts net instead of gross.

3. Group structure and changes in the Group

As of 30 June 2010 and 2009 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of regist-ration	Effective share of the stock held by the Group 30 June 2010	Effective share of the stock held by the Group 30 June 2009	Cost of investment in the Company 30 June 2010	Cost of investment in the Company 30 June 2009	Profit (loss) for the year ended 30 June 2010	Equity as of 30 June 2010	Main activities
Investments into directly controlled subsidiaries								
AB Linas Agro	Lithuania	100 %	100 %	157,277	157,277	19,691	89,629	Wholesale trade of grains and oilseeds, feedstuffs and agricultural programs
UAB Linas Agro Konsultacijos	Lithuania	100 %	100 %	2,023	2,023	93	3,447	Management of the subsidiaries engaged in agriculture
ŽŪB Landvesta 1	Lithuania	100 %	100 %	679	679	282	651	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100 %	100 %	689	689	(32)	(72)	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100 %	100 %	689	689	65	21	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100 %	100 %	236	4	(13)	(259)	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100 %	100 %	158	4	87	(322)	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100 %	100 %	142	4	19	(359)	Rent and management of agricultural purposes land
				161,893	161,369			
	Less: allowances for impairment			(1,184)	(926)			
				160,709	160,443			
Investments into indirectly controlled subsidiaries (through AB Linas Agro)								
SIA Linas Agro	Latvia	100 %	100 %	-	-	1,557	7,582	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100 %	100 %	-	-	(20)	218	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100 %	100 %	-	-	52	142	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100 %	100 %	-	-	4,854	34,214	Preparation and warehousing of grains for trade
Rosenkrantz A/S	Denmark	60 %	60 %	-	-	3,605	10,821	Wholesale trade of grains and oilseeds, feedstuffs
ŽŪK Kupiškio grūdai	Lithuania	37.43 %	37.43 %	-	-	416	1,782	Preparation and warehousing of grains for trade
UAB Lignineko	Lithuania	100 %	-	-	-	(18)	308	Manufacturing of lignin
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)								
Biržai district Medeikių ŽŪB	Lithuania	96.54 %	96.54 %	-	-	(424)	5,450	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	93.93 %	93.93 %	-	-	2,712	22,537	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	65.35 %	65.35 %	-	-	663	5,828	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	55.90 %	55.90 %	-	-	1,334	8,757	Mixed agricultural activities

3. Group structure and changes in the Group (cont'd)

Changes in the Group during the year ended 30 June 2009

During the year ended 30 June 2009 the Group acquired 20 % in each of the three companies (ŽŪB Landvesta 1, ŽŪB Landvesta 2 and ŽŪB Landvesta 3) for LTL 629 thousand each. All the shares were acquired from the non-controlling shareholders. The excess of the acquisition price over the share of carrying values of net assets of respective companies amounting to LTL 1,347 thousand arising on the acquisition was recognised directly in equity.

During the year ended 30 June 2009 the Group acquired 2.47 % of Šakiai district Lukšių ŽŪB share capital for LTL 82 thousand, 2.2 % of Biržai district Medeikių ŽŪB share capital for LTL 5 thousand and 2.13 % of Panevėžys district Aukštadvario ŽŪB share capital for LTL 10 thousand. All the shares were acquired from the non-controlling shareholders. The excess of the share of carrying values of net assets of respective companies over the acquisition price amounting to LTL 670 thousand arising on the acquisition was recognised directly in equity.

On 1 July 2008 the Group companies signed a shareholders' agreement with the members of ŽŪK Kupiškio grūdai. The total shareholding of the members that entered into the agreement is 63.63 %. According to the clauses of the agreement AB Linas Agro has obtained control over ŽŪK Kupiškio grūdai's operations and financial decisions and as a result of the agreement of the other shareholders to transfer their rights to appoint the board of directors, AB Linas Agro is able to appoint the chairman and the majority of the board members of ŽŪK Kupiškio grūdai and, therefore, the mentioned company is consolidated to the Group from 1 July 2008. At the acquisition date carrying value of net assets of ŽŪK Kupiškio grūdai did not differ materially from their fair value. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition were the following:

	ŽŪK Kupiškio grūdai
Acquisition date	1 July 2008
Non-current assets	5,401
Current assets	507
Liabilities	(5,035)
Fair value of net assets of subsidiary acquired	873
Non-controlling interest (62.57 % in the acquired subsidiary)	(546)
Fair value of net assets acquired by the Group	327
Negative goodwill recognised in other income	(6)
Total carrying value of investment (transferred from investments into associates)	321
Less: cash acquired	(105)
Acquisition price less cash acquired	(105)
Revenue for the year ended 30 June 2009	2,233
Profit for the year ended 30 June 2009	492

On 21 July 2008 AB Linas Agro acquired 60 % of the share capital of Rosenkrantz A/S from Akola ApS (Denmark) for LTL 9 million. At the date of transaction and throughout the earlier periods both AB Linas Agro and Akola ApS were controlled by the same individual shareholders (Note 35) operating under a common control agreement. According to the agreement all the companies in which these individuals have direct or indirect control (in their combined share) are managed collectively under the terms of the agreement.

As a result, acquisition of shares of Rosenkrantz A/S did not result in a change of an ultimate controlling party and, therefore, was considered to be a common control transaction. Such business combination is not within the scope of IFRS 3. Therefore, the Group's management applied judgment to determine an appropriate accounting policy for this transaction and applied a pooling of interest method for accounting for acquisition of Rosenkrantz A/S shares (Note 2.3.).

The shares were acquired for LTL 9,000 thousand. All purchase consideration has been settled in cash.

As mentioned in Note 1, part of the Company's share capital issue was paid by contributing 100 % of AB Linas Agro shares as a contribution in kind. At the date of the contribution and throughout the earlier periods both AB Linas Agro and the Company were controlled by the same individual shareholders (Notes 1 and 35) operating under a common control agreement. According to the agreement all the companies in which these individuals have direct or indirect control (in their combined share) are managed collectively under the terms of the agreement.

As a result, acquisition of shares of AB Linas Agro did not result in a change of an ultimate controlling party and, therefore, was considered to be a common control transaction. Such business combination is not within the scope of IFRS 3. Therefore, the Company's management applied judgment to determine an appropriate accounting policy for this transaction and applied a pooling of interest method for accounting for acquisition of AB Linas Agro shares (Note 2.3.).

3. Group structure and changes in the Group (cont'd)

Changes in the Group during the year ended 30 June 2009 (cont'd)

As of 31 March 2009 the Group entities sold all the shares held in the following subsidiaries:

	UAB Invisco	**UAB Sinrena**	**UAB Consonus**
Disposal date	31 March 2009	31 March 2009	31 March 2009
Non-current assets	3,838	3,354	3,764
Current assets	98	123	114
Liabilities	(4,848)	(4,103)	(4,488)
Net assets of subsidiaries sold	(912)	(626)	(610)
Sales price (received in cash)	0.06	0.07	0.07
Gain on disposal of subsidiaries in the Group	912	626	610
Cash disposed in the subsidiaries	(90)	(90)	-
Sales price less cash disposed	(90)	(90)	-

Changes in the Group during the year ended 30 June 2010

During the year ended 30 June 2010 the Company together with AB Linas Agro participated in share capital increase of ŽŪB Landvesta 4, ŽŪB Landvesta 5 and ŽŪB Landvesta 6 for the total amount of LTL 654 thousand.

On 30 April 2010 AB Linas Agro acquired 100 % of UAB Lignineko shares for LTL 2,046 thousand. UAB Lignineko possesses raw material which is used in production of lignin but does not have any business processes, therefore the Group accounted for purchase of UAB Lignineko shares not as a business combination but as an acquisition of assets, and attributed most of the purchase price to inventory cost.

4. Segment information

For management purpose the Group is organized into five operating segments based on their products and services as follows:

- the grains and oilseeds segment includes trade in wheat, rapeseed, barley and other grains and oilseeds;
- the feedstuffs segment includes trade in suncake and sunmeal, sugar beat pulp, soybean and soymeal, vegetable oil, rapecake and other feedstuffs;
- the agricultural inputs segment includes sales of fertilizers, seeds, plant protection products and other related products to agricultural produce growers;
- the farming segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- the other products and services segment includes sales of biofuel, provision of elevator services and other products and services.

Transfer prices between the Group companies are based on normal selling prices in a manner similar to transactions with third parties.

Group **Financial year ended 30 June 2010**	**Grains and oilseeds**	**Feedstuffs**	**Agricul-tural inputs**	**Farming**	**Other products and services**	**Not attributed to any specified segment**	**Adjust-ments and elimina-tions**	**Total**
Revenue								
From one client UAB Mestilla	81,808	-	-	-	986	-	-	82,794
Other third parties	368,928	253,122	94,460	21,044	13,768	-	-	751,322
Intersegment	-	1,623	7,184	9,977	18,285	-	(37,069)[1)]	-
Total revenue	**450,736**	**254,745**	**101,644**	**31,021**	**33,039**	**-**	**(37,069)**	**834,116**
Results								
Operating expenses	14,374	8,405	2,216	3,006	2,875	1,203	-	32,079
Depreciation and amortisation	523	217	63	1,786	4,184	2	-	6,775
Provisions for onerous contracts	(159)	(5,274)	-	-	-	-	-	(5,433)
Impairment of property, plant and equipment	-	-	-	(190)	-	-	-	(190)
Impairment of investment property	-	-	-	-	(204)	-	-	(204)
Segment operating profit (loss)	11,657	5,069	10,428	5,856	7,994	(1,316)	-	39,688
Share of profit of associates	-	-	122	-	-	-	-	122
Share of profit of joint ventures	-	-	2,553	-	-	-	-	2,553
Assets								
Investments into associates	-	-	284	-	-	-	-	284
Investments into joint ventures	-	-	22,888	-	-	-	-	22,888
Capital expenditure[2)]	554	164	62	1,144	9,283	104	-	11,311
Non-current assets (excluding investments into associates and joint ventures)	1,690	603	5,393	48,942	63,742	22,537[3)]	-	142,907
Current assets	29,757	63,873	110,152	30,317	749	47,374[4)]	-	282,222
Total assets	**31,447**	**64,476**	**138,717**	**79,259**	**64,491**	**69,911**	**-**	**448,301**
Current liabilities	10,287	29,158	66,958	8,087	5,077	25,074[5)]	-	144,641

4. Segment information (cont'd)

Group Financial year ended 30 June 2009	Grains and oilseeds	Feedstuffs	Agricultural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Revenue								
From one client UAB Mestilla	110,985	9,995	-	-	1,162	-	-	122,142
Other third parties	551,160	337,192	52,815	20,560	30,011	-	-	991,738
Intersegment	-	2,194	5,361	16,496	12,043	-	(36,094)[1)]	-
Total revenue	**662,145**	**349,381**	**58,176**	**37,056**	**43,216**	**-**	**(36,094)**	**1,113,880**
Results								
Operating expenses	15,996	8,075	728	4,737	4,158	1,331	-	35,025
Depreciation and amortisation	514	245	31	1,707	3,986	35	-	6,518
Provisions for onerous contracts	159	5,274	-	-	-	-	-	5,433
Impairment of property, plant and equipment	-	-	-	568	-	-	-	568
Impairment of investment property	-	-	-	-	857	-	-	857
Segment operating profit (loss)	18,353	10,937	3,089	1,175	9,901	1,076	-	44,531
Share of profit of associates	-	-	113	-	-	-	-	113
Share of profit of joint ventures	-	-	3,965	-	-	-	-	3,965
Assets								
Investments into associates	-	-	207	-	-	-	-	207
Investments into joint ventures	-	-	21,561	-	-	-	-	21,561
Capital expenditure[2)]	487	275	52	5,911	16,770	3	-	23,498
Non-current assets (excluding investments into associates and joint ventures)	2,411	1,772	5,220	43,442	60,051	25,586[3)]	-	138,482
Current assets	50,293	52,180	70,003	30,545	2,925	21,032[4)]	-	226,978
Total assets	**52,704**	**53,952**	**96,991**	**73,987**	**62,976**	**46,618**	**-**	**387,228**
Current liabilities	34,633	43,528	65,500	15,281	12,914	15,340[5)]	-	187,196

1) Intersegment revenue are eliminated on consolidation.
2) Capital expenditure consists of additions of intangible assets, property, plant and equipment and investment property.
3) The amount includes not rented investment property, other investments, prepayments for financial assets, non-current loans receivable from related parties, non-current loans receivable from employees and deferred income tax asset.
4) The amount includes current loans receivable from related parties, part of other accounts receivable (excluding receivable from National Paying Agency), restricted cash as well as part of cash and cash equivalents.
5) As of 30 June 2010 and 2009 the amount mainly includes income and other taxes payable, and part of borrowings, which are managed on the Group basis.

Sales include:

	Group		Company	
	Financial year ended			
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Sales of goods	821,885	1,100,212	-	-
Sales of services	12,231	13,668	225	25
Dividends from joint-ventures	-	-	1,500	1,000
Dividends from subsidiaries	-	-	847	-
Rental income from investment and other property	-	-	161	213
Dividends from associates	-	-	45	180
	834,116	1,113,880	2,778	1,418

4. Segment information (cont'd)

Below is the information relating to the geographical segments of the Group:

	Group	
	Financial year ended	
Revenue from external customers	**30 June 2010**	**30 June 2009**
Lithuania	239,222	234,626
Europe (except for Scandinavian countries, CIS and Lithuania)	191,874	327,173
Scandinavian countries	152,789	222,994
Africa	91,994	135,953
Asia	84,868	100,106
CIS	73,369	92,230
Other	-	798
	834,116	1,113,880

The revenue information above is based on the location of the customer.

	Group	
Non-current assets	**As of 30 June 2010**	**As of 30 June 2009**
Lithuania	103,410	102,008
Denmark	354	199
Latvia	154	186
	103,918	102,393

Non-current assets for this purpose consist of property, plant and equipment, investment property and intangible assets.

5. Intangible Assets

Group	Software	Other intangible assets	Total
Cost:			
Balance as of 30 June 2008	1,191	725	1,916
Additions	14	20	34
Write-offs	(1)	(61)	(62)
Balance as of 30 June 2009	1,204	684	1,888
Additions	147	-	147
Write-offs	(8)	(483)	(491)
Balance as of 30 June 2010	1,343	201	1,544
Accumulated amortisation:			
Balance as of 30 June 2008	1,174	658	1,832
Charge for the year	11	22	33
Write-offs	(1)	(61)	(62)
Balance as of 30 June 2009	1,184	619	1,803
Charge for the year	11	27	38
Write-offs	(8)	(483)	(491)
Balance as of 30 June 2010	1,187	163	1,350
Net book value as of 30 June 2010	**156**	**38**	**194**
Net book value as of 30 June 2009	**20**	**65**	**85**
Net book value as of 30 June 2008	**17**	**67**	**84**

The Group has no internally generated intangible assets. Amortisation expenses of intangible assets are included within operating expenses in the income statement.

Part of the intangible assets of the Group with the acquisition value of LTL 1,301 thousand as of 30 June 2010 was fully amortised (LTL 1,733 thousand as of 30 June 2009) but was still in active use.

6. Property, plant and equipment

Group	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as of 30 June 2008	4,897	49,334	45,364	6,199	6,600	3,503	115,897
Additions	1,467	15,478	2,233	835	971	1,799	22,783
Acquisition of subsidiaries (Note 3)	-	2,321	2,518	12	519	-	5,370
Disposals and write-offs	-	(164)	(2,097)	(787)	(133)	(113)	(3,294)
Transfers to investment property	(487)	-	-	-	-	-	(487)
Reclassifications	-	5,335	(1,056)	-	(133)	(4,146)	-
Balance as of 30 June 2009	5,877	72,304	46,962	6,259	7,824	1,043	140,269
Additions	238	6,070	561	332	1,311	2,570	11,082
Disposals and write-offs	(1)	-	(465)	(1,057)	(131)	-	(1,654)
Transfers to/from investment property	257	(434)	-	-	-	-	(177)
Reclassifications	10	1,162	(110)	27	136	(1,225)	-
Balance as of 30 June 2010	6,381	79,102	46,948	5,561	9,140	2,388	149,520
Accumulated depreciation:							
Balance as of 30 June 2008	-	10,916	19,810	3,271	4,111	-	38,108
Charge for the year	-	3,671	4,277	738	791	-	9,477
Disposals and write-offs	-	(18)	(1,339)	(677)	(39)	-	(2,073)
Reclassifications	-	441	(358)	-	(83)	-	-
Balance as of 30 June 2009	-	15,010	22,390	3,332	4,780	-	45,512
Charge for the year	-	4,113	3,976	725	879	-	9,693
Disposals and write-offs	-	-	(449)	(937)	(93)	-	(1, 479)
Transfers to investment property	-	(29)	-	-	-	-	(29)
Reclassifications	-	(26)	(2)	-	28	-	-
Balance as of 30 June 2010	-	19,068	25,915	3,120	5,594	-	53,697
Impairment losses:							
Balance as of 30 June 2008	-	-	1	-	56	-	57
Charge for the year	278	266	20	3	1	-	568
Balance as of 30 June 2009	278	266	21	3	57	-	625
Transfers from investment property	62	-	-	-	-	-	62
(Reversal) charge for the year	(134)	-	(2)	1	(55)	-	(190)
Balance as of 30 June 2010	206	266	19	4	2	-	497
Net book value as of 30 June 2010	**6,175**	**59,768**	**21,014**	**2,437**	**3,544**	**2,388**	**95,326**
Net book value as of 30 June 2009	**5,599**	**57,028**	**24,551**	**2,924**	**2,987**	**1,043**	**94,132**
Net book value as of 30 June 2008	**4,897**	**38,418**	**25,553**	**2,928**	**2,433**	**3,503**	**77,732**

6. Property, plant and equipment (cont'd)

The Group's depreciation charge for the years ended 30 June 2010 and 2009 was included into the following captions of the statement of financial position and the income statement:

	Financial year ended	
	30 June 2010	**30 June 2009**
Cost of sales	6,272	6,699
Biological assets	1,711	1,506
Operating expenses	1,463	872
Other expenses	129	119
Raw materials and other inventories	118	281
	9,693	9,477

Depreciation amount was decreased in the income statement by LTL 1,164 thousand for the year ended 30 June 2010 (LTL 1,321 thousand for the year ended 30 June 2009) by the amortisation of grants received by the Group (Note 20).

As of 30 June 2010 part of property, plant and equipment of the Group with the net book value of LTL 74,887 thousand (LTL 82,603 thousand as of 30 June 2009), was pledged to banks as a collateral for the loans (Note 21).

Part of property, plant and equipment with the acquisition cost of LTL 8,362 thousand was fully depreciated as of 30 June 2010 (LTL 6,698 thousand as of 30 June 2009) but was still in active use.

7. Investment property

Investment property of the Group consists of land and buildings leased out under the operating lease which generates lease income.

	Land	Buildings	Total
Cost:			
Balance as of 30 June 2008	18,158	2,863	21,021
Additions	681	-	681
Disposals	(284)	-	(284)
Disposals of subsidiaries (Note 3)	(10,956)	-	(10,956)
Transfers from property, plant and equipment	487	-	487
Balance as of 30 June 2009	8,086	2,863	10,949
Additions	82	-	82
Disposals	(237)	-	(237)
Transfers to/from property, plant and equipment	(257)	434	177
Balance as of 30 June 2010	7,674	3,297	10,971
Accumulated depreciation:			
Balance as of 30 June 2008	-	411	411
Charge for the year	-	116	116
Balance as of 30 June 2009	-	527	527
Charge for the year	-	37	37
Transfers from property, plant and equipment	-	29	29
Balance as of 30 June 2010	-	593	593
Impairment losses:			
Balance as of 30 June 2008	204	1,389	1,593
Charge for the year	857	-	857
Disposals of subsidiaries (Note 3)	(204)	-	(204)
Balance as of 30 June 2009	857	1,389	2,246
Charge for the year	(204)	-	(204)
Transfers to property, plant and equipment	(62)	-	(62)
Balance as of 30 June 2010	591	1,389	1,980
Net book value as of 30 June 2010	**7,083**	**1,315**	**8,398**
Net book value as of 30 June 2009	**7,229**	**947**	**8,176**
Net book value as of 30 June 2008	**17,954**	**1,063**	**19,017**

7. Investment property (cont'd)

Investment property of the Company consists of buildings leased out under the operating lease which generates lease income.

	Buildings
Cost:	
Balance as of 30 June 2008	722
Additions	11
Disposals	(107)
Balance as of 30 June 2009	626
Additions	-
Disposals	-
Balance as of 30 June 2010	626
Accumulated depreciation:	
Balance as of 30 June 2008	20
Charge for the year	2
Balance as of 30 June 2009	22
Charge for the year	2
Balance as of 30 June 2010	24
Net book value as of 30 June 2010	**602**
Net book value as of 30 June 2009	**604**
Net book value as of 30 June 2008	**702**

Depreciation expenses of investment property are included within other expenses in the income statement.

As of 30 June 2010 part of investment property of the Group with the net book value of LTL 8,243 thousand (LTL 8,176 thousand as of 30 June 2009), was pledged to banks as a collateral for the loans (Note 21). As of 30 June 2010 and 2009 the Company has pledged all its investment property to the bank as a collateral for the loan received by its subsidiary AB Linas Agro (Note 21).

Fair value of the Group's and the Company's investment property as of 30 June 2010 is LTL 9,795 thousand and LTL 1,710 thousand, respectively (as of 30 June 2009 LTL 9,190 thousand and LTL 1,710 thousand, respectively). Fair value has been determined based on valuations performed by independent valuators at near reporting date using the comparable prices method.

8. Investments into associates and joint ventures

As of 30 June 2010 and 2009 the Group had investments into the following associates and joint ventures:

	Place of registration	Effective share held by the Group: As of 30 June 2010	Effective share held by the Group: As of 30 June 2009	Main activities
Associates				
UAB Jungtinė ekspedicija	Lithuania	45.05 %	45.05 %	Expedition and ship's agency services
Joint ventures				
UAB Kustodija	Lithuania	50.00 %	50.00 %	Sale of fertilizers and plant protection products
UAB Dotnuvos Projektai	Lithuania	50.00 %	50.00 %	Sale of seeds, agricultural machinery
Companies controlled by UAB Dotnuvos Projektai				
UAB Dotnuvos Technika	Lithuania	50.00 %	50.00 %	Dormant
SIA Dotnuvos Projektai	Latvia	50.00 %	-	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisas	Lithuania	49.98 %	49.98 %	Agricultural equipment maintenance and related services

8. Investments into associates and joint ventures (cont'd)

Information on associates and joint ventures of the Group as of 30 June 2010 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė ekspedicija	284	272	5,614	174	1,453	-	995
	284						
Investments into joint ventures							
UAB Kustodija	1,843	503	39,890	660	32,380	37	29,317
UAB Dotnuvos Projektai (consolidated)	21,045	5,316	143,089	34,641	82,624	7,815	67,359
	22,888						

Information on associates and joint ventures of the Group as of 30 June 2009 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė ekspedicija	207	252	6,193	222	1,059	44	777
	207						
Investments into joint ventures							
UAB Kustodija	1,592	(527)	31,498	552	28,304	105	25,568
UAB Dotnuvos Projektai (consolidated)	19,969	8,205	150,539	35,171	78,750	12,807	61,347
	21,561						

Movements of investments into associates and joint ventures for the years ended 30 June 2010 and 2009 are the following:

Balance as of 30 June 2008	19,230
Dividends received from associates and joint ventures	(1,180)
Share profit of associates and joint ventures (before eliminations of unrealised gains)	4,039
Transfer to subsidiaries	(321)
Balance as of 30 June 2009	21,768
Dividends received from associates and joint ventures	(1,545)
Share profit of associates and joint ventures (before eliminations of unrealised gains)	2,949
Balance as of 30 June 2010	23,172

Information on associates and joint ventures of the Company as of 30 June 2010 and 2009 was as follows:

	Share of the stock held by the Company		Cost of investment	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Investments into associates				
UAB Jungtinė ekspedicija	45.05 %	45.05 %	132	132
			132	132
Investments into joint ventures				
UAB Dotnuvos Projektai	50.00 %	50.00 %	4,902	4,902
UAB Kustodija	50.00 %	50.00 %	700	702
			5,602	5,602

9. Other investments

Other investments of the Group consist of:

	Share held by the Group	As of 30 June 2010	As of 30 June 2009
ZAT UkrAgro NPK (Ukraine)	13.38 %	5,545	5,545
Panevėžys district Ėriškių ŽŪB	25.05 %	173	173
Other investments		166	201
		5,884	5,919

Other investments of the Company consist of:

	Share held by the Company	As of 30 June 2010	As of 30 June 2009
ZAT UkrAgro NPK (Ukraine)	13.38 %	5,545	5,545
Other investments		7	7
		5,552	5,552

The investment into Panevėžys district Ėriškių ŽŪB is not classified as an associate and therefore not accounted for using the equity method because the Group does not have voting rights in the company and does not have the ability to exercise significant influence.

10. Prepayments for financial assets

	Group		Company	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Prepayment for acquisition of 50 % of shares of ZAT UkrAgro NPK (Note 36)	12,757	-	12,757	-
Prepayment for increase of share capital of AB Linas Agro (Note 36)	-	-	24,000	-
	12,757	-	36,757	-

11. Non-current receivables

	Group	
	As of 30 June 2010	As of 30 June 2009
Trade receivables from agricultural produce growers due after one year	7,422	4,548
Loans to employees	192	179
	7,614	4,727

12. Biological assets

Fair value of the Group's livestock:

	Milking cows	Heifers	Bulls	Horses	Total livestock
Fair value as of 30 June 2008	4,331	2,824	22	11	7,188
Acquisitions	-	4	-	-	4
Births	-	188	191	-	379
Makeweight	357	2,437	747	2	3,543
Transfers between groups	1,842	(1,842)	-	-	-
Disposals	(1,590)	(346)	(697)	(5)	(2,638)
Write-offs and falls	(305)	(35)	(24)	(1)	(365)
Change in fair value of biological assets	(261)	(1,497)	149	-	(1,609)
Fair value as of 30 June 2009	4,374	1,733	388	7	6,502
Acquisitions	4	153	21	-	178
Births	-	153	170	-	323
Makeweight	114	2,092	795	-	3,001
Transfers between groups	2,105	(2,105)	-	-	-
Disposals	(1,663)	(273)	(822)	(4)	(2,762)
Write-offs and falls	(219)	(39)	(27)	(1)	(286)
Change in fair value of biological assets	2,334	140	104	-	2,578
Fair value as of 30 June 2010	7,049	1,854	629	2	9,534
Quantity according to biological assets group (unaudited):					
As of 30 June 2010	1,467	1,371	499	3	3,340
As of 30 June 2009	1,381	1,438	411	7	3,237
As of 30 June 2008	1,443	1,536	317	6	3,302

Fair value of the Group's crops:

	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
As of 30 June 2009					
Total sowed (ha) (unaudited)	3,269	2,583	2,103	1,928	9,883
Total cost incurred	6,021	3,846	4,495	1,588	15,950
Change in fair value of biological assets	601	(464)	1,127	-	1,264
Total fair value	6,622	3,382	5,622	1,588	17,214
As of 30 June 2010					
Total sowed (ha) (unaudited)	3,233	3,158	2,134	1,007	9,532
Total cost incurred	5,663	4,422	3,864	1,146	15,095
Change in fair value of biological assets	881	1,207	603	-	2,691
Total fair value	6,544	5,629	4,467	1,146	17,786

As of 30 June 2010 and 2009 the management of the Group treats all animals and livestock as non-current assets and all crops as current.

All changes in fair value of biological assets were accounted for under cost of sales caption in the income statement.

As of 30 June 2010 part of animals and livestock of the Group with the value of LTL 7,132 thousand (LTL 4,427 thousand as of 30 June 2009) was pledged to banks as a collateral for the loans (Note 21).

13. Inventories

	Group	
	As of 30 June 2010	As of 30 June 2009
Purchased goods for resale (at cost or net realisable value)	51,451	58,618
Raw materials and other inventories (at cost)	8,412	5,300
Commitments to purchase agricultural produce (Note 17)	2,922	-
	62,785	63,918

The carrying value of the Group's inventories accounted for at net realisable value as of 30 June 2010 amounted to LTL 21 thousand (LTL 2,765 thousand as of 30 June 2009). The amount of write-down of inventories to net realisable value recognised as an expense in the year ended 30 June 2010 is LTL 200 thousand (LTL 868 thousand in the year ended 30 June 2009), and is recognised in cost of sales of the income statement.

As of 30 June 2010 part of inventories of the Group with the value of LTL 26,486 thousand (LTL 45,047 thousand as of 30 June 2009) was pledged to banks as a collateral for the loans (Note 21).

14. Prepayments

	Group	
	As of 30 June 2010	As of 30 June 2009
Payments on behalf of agricultural produce growers	12,472	8,860
Prepayments to other suppliers	10,309	10,436
Less: allowance for doubtful prepayments to other suppliers	(3,251)	(1,916)
	19,530	17,380

AB Linas Agro pays on behalf of agricultural produce growers to suppliers of seeds and also to suppliers of production. These payments are non-interest bearing and are generally collectible from the agricultural produce growers within 120 - 360 days by delivering grain to the Group.

As of 30 June 2010 Group payments on behalf of agricultural produce growers in amount of LTL 9,525 thousand were pledged to banks as a collateral for the loans (as of 30 June 2009 – LTL 8,860 thousand) (Note 21).

Changes in allowance for prepayments for the years ended 30 June 2010 and 2009 were included into operating expenses in the income statement.

As of 30 June 2010 the Group's prepayments with the nominal value of LTL 3,251 thousand (LTL 1,395 thousand as of 30 June 2009) were impaired and fully provided for.

Movements in the allowance for impairment of the Group's prepayments were as follows:

	Individually impaired
Balance as of 30 June 2008	1,916
Charge for the year	-
Balance as of 30 June 2009	1,916
Charge for the year	1,335
Balance as of 30 June 2010	3,251

15. Trade receivables

	Group	
	As of 30 June 2010	As of 30 June 2009
Trade receivables from agricultural produce growers	79,196	61,400
Trade receivables from other customers	43,783	37,944
Less: allowance for doubtful trade receivables	(1,827)	(1,216)
	121,152	98,128

Changes in allowance for trade receivables for the years ended 30 June 2010 and 2009 were included into operating expenses in the income statement.

Trade receivables from other customers are non-interest bearing and are generally collectible on 30 - 90 days term. Trade receivables from agricultural produce growers are non-interest bearing and are generally settled within 120 - 360 days by delivering grain to the Group.

As of 30 June 2010 the Group's trade receivables with the nominal value of LTL 1,651 thousand (LTL 898 thousand as of 30 June 2009) were impaired and fully provided for.

Movements in the allowance for impairment of the Group's trade receivables were as follows:

	Individually impaired
Balance as of 30 June 2008	780
Charge for the year	635
Written-off during the year	(80)
Reversed during the year	(119)
Balance as of 30 June 2009	1,216
Charge for the year	797
Reversed during the year	(186)
Balance as of 30 June 2010	1,827

The ageing analysis of the Group's trade receivables as of 30 June 2010 and 2009 is as follows:

		Past due but not impaired				
	Trade receivables neither past due nor impaired	Less than 90 days	91 - 180 days	180 - 270 days	More than 271 days	Total
2009	90,482	4,938	2,708	-	-	98,128
2010	107,520	8,011	2,777	1,021	1,823	121,152

As of 30 June 2010 the Group transferred rights to part of its trade receivables with the value of LTL 77 034 thousand (LTL 87,442 thousand as of 30 June 2009) to banks as a collateral for the loans (Note 21). Additionally, as collateral for the loans to banks, the Group transferred rights to future receivables with the value of LTL 4,095 thousand arising from the investment property rent contracts.

16. Other accounts receivable

	Group	
	As of 30 June 2010	**As of 30 June 2009**
Financial assets		
National Paying Agency	4,357	4,420
Loans receivable	13,348	3,971
Loans to the Group employees	207	162
Other receivables	250	384
Less: allowance for doubtful loans receivable	(3,971)	(2,969)
	14,191	5,968
Non-financial assets		
VAT receivable	2,571	1,999
Import VAT receivable	1,190	278
Other recoverable taxes	769	94
	4,530	2,371
	18,721	8,339

As of 30 June 2010 the Group's loans receivable include loans provided to UAB Sinrena, UAB Consonus and UAB Invisco for the total amount of LTL 3,971 thousand (LTL 3,971 thousand as of 30 June 2009). As of 30 June 2010 the Group accounted for LTL 3,971 thousand allowance for these loans receivable (LTL 2,969 thousand as of 30 June 2009).

Changes in allowance for other accounts receivable for the years ended 30 June 2010 and 2009 were included into operating expenses in the income statement.

Movements in the allowance for impairment of the Group's other accounts receivable were as follows:

	Individually impaired
Balance as of 30 June 2008	-
Charge for the year	2,969
Balance as of 30 June 2009	2,969
Charge for the year	1,002
Balance as of 30 June 2010	3,971

The ageing analysis of the Group's other receivables (except for non-financial assets) as of 30 June 2010 and 2009 is as follows:

		Past due but not impaired				
	Other accounts receivable neither past due nor impaired	**Less than 90 days**	**91 - 180 days**	**181 - 270 days**	**More than 271 days**	**Total**
2009	5,968	-	-	-	-	5,968
2010	14,098	61	5	25	2	14,191

17. Other financial assets

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

		Group	
		As of 30 June 2010	**As of 30 June 2009**
Financial instruments, held for trading	Level 1	-	967
Restricted cash		1,304	-
		1,304	967

17. Other financial assets (cont'd)

The Group concludes forward agreements (with fixed price) with Lithuanian and Latvian agricultural produce growers for purchase of rapeseeds and wheat. For part of such agreements the Group does not have agreed sales contracts with fixed price. As of 30 June 2010 the Group's total amount of such purchase commitments to buy rapeseeds and wheat was LTL 59,296 thousand (LTL 22,133 thousand as of 30 June 2009). To hedge the arising risk of price fluctuations, for the total amount of such purchase commitments the Group concluded futures contracts that are traded on NYSE Euronext Paris SA exchange.

For futures contracts which were concluded after 1 July 2009 the Group has started to apply hedge accounting. For the purpose of hedge, the Group's management attributed the concluded futures contracts to the category of fair value hedge. As of 30 June 2010 the fair value of futures contracts was LTL 3,091 thousand losses (Level 1). These losses are accounted for in cost of sales in the income statement. Hedged item (commitments to purchase agricultural produce) of LTL 2,922 thousand is accounted for as inventories in the statements of financial position and in cost of sales in the income statement by netting with losses arising from the hedge instrument.

As of 30 June 2009 financial instruments held for trading consist of rapeseeds' futures contracts. Change in fair value of these financial instruments for the year ended 30 June 2009, equal to LTL 967 thousand, was included into cost of sales in the income statement.

As of 30 June 2010 restricted cash balance mostly consists of cash at bank account, held as a deposit for trading in the futures exchange.

18. Cash and cash equivalents

	Group		Company	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Cash at bank	18,955	8,089	202	23
Money market instruments with maturity of less than three months	15,000	-	15,000	-
Cash on hand	59	25	-	-
Deposits with maturity of less than three months	-	76	-	-
	34,014	8,190	15,202	23

As of 30 June 2010 the Company has money market instruments, with interest rate of 1.5 % and residual value of LTL 15,000 thousand.

Original maturities for all deposits of the Group are up to three months and the weighted average of the annual interest rate as of 30 June 2009 was 6.4 %.

Part of the Group's accounts at banks and cash inflows is pledged to banks as a collateral for the loans. As of 30 June 2010 and 2009 there were no restrictions on use of cash balances held in the pledged accounts (Note 21).

19. Reserves

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with International Financial Reporting Standards, are compulsory until the reserve reaches 10 % of the share capital.

Foreign currency translation reserve

The foreign currency translation reserve results from translation differences arising on consolidation of SIA Linas Agro and Rosenkrantz A/S (Note 2.2.).

Other reserves

Other reserves are formed based on the decision of the General Shareholders' Meeting on appropriation of distributable profit. These reserves can be used only for the purposes approved by the General Shareholders' Meeting. As of 30 June 2009 these reserves were included in retained earnings in the Group.

20. Grants and subsidies

The movement of grants received by the Group is as follows:

Balance as of 30 June 2008	11,849
Acquisition of subsidiary	1,125
Received	1,442
Amortisation	(2,606)
Balance as of 30 June 2009	11,810
Received	622
Amortisation	(1,875)
Balance as of 30 June 2010	10,557

The major part of the Group's grants consists of the funds received from the European Union and National Paying Agency for the purpose of an acquisition of machinery and equipment (property, plant and equipment).

The amortisation of grants of the Group for the years ended 30 June 2010 and 2009 was included into the following captions of the statement of financial position and the income statement:

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Cost of sales (reduces the depreciation expenses of related assets)	1,159	1,321
Biological assets	688	1,181
Operating expenses (reduces the depreciation expenses of related assets in the year ending 30 June 2010)	5	104
Raw materials and other inventories	23	-
	1,875	2,606

For the year ended 30 June 2010 the Group also received subsidies for animals and livestock, crops and milk in the total amount of LTL 5,572 thousand (LTL 6,029 thousand for the year ended 30 June 2009), which were accounted for in the sales caption of the income statement.

21. Borrowings

	Group		Company	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Non-current borrowings				
Bank borrowings secured by the Group assets	25,770	26,585	-	-
Other non-current borrowings (Note 35)	1,035	1,387	-	1,790
	26,805	27,972	-	1,790
Current borrowings				
Current portion of non-current bank borrowings	12,733	22,112	-	-
Current portion of other non-current borrowings (Note 35)	2,312	2,851	-	-
Current bank borrowings secured by the Group assets	83,111	75,425	-	-
Factoring with recourse liability	9,946	3,433	-	-
Bonds issued	-	14,700	-	-
Accumulated bonds interest	-	1,124	-	-
Other current borrowings (Note 35)	1,692	1,478	4,663	1,129
	109,794	121,123	4,663	1,129
	136,599	149,095	4,663	2,919

21. Borrowings (cont'd)

On 21 July 2007 AB Linas Agro issued bonds emission with the par value of LTL 15 million. On 21 July 2009 AB Linas Agro has redeemed the bonds emission together with accrued interest.

In 2006/2007 ŽŪB Landvesta 1 received non-current interest free loans amounting to LTL 1,400 thousand from non-controlling shareholders. These loans were discounted to their fair value using 8 % discount rate. The discounting effect amounting to LTL 648 thousand was accounted for directly in equity in the non-controlling interest caption. Discount unwinding effect is accounted for under finance expenses caption (Note 30).

Interest payable is normally settled monthly throughout the financial year. Accrued interest on bonds issued is settled annually.

Weighted average effective interest rates of borrowings outstanding at the year-end:

	Group		Company	
	As of 30 June 2010	**As of 30 June 2009**	**As of 30 June 2010**	**As of 30 June 2009**
Current borrowings	3.35 %	5.55 %	4.56 %	8.00 %
Non-current borrowings	3.54 %	4.71 %	-	8.00 %

Borrowings at the end of the year in national and foreign currencies:

	Group		Company	
	As of 30 June 2010	**As of 30 June 2009**	**As of 30 June 2010**	**As of 30 June 2009**
Borrowings denominated in:				
EUR (LTL equivalent)	92,326	96,204	4,663	-
LTL	35,300	47,352	-	2,919
USD (LTL equivalent)	7,111	4,673	-	-
DKK (LTL equivalent)	1,851	692	-	-
GBP (LTL equivalent)	11	174	-	-
	136,599	149,095	4,663	2,919

As of 30 June 2010 unutilised part of credit lines of the Group comprises LTL 106,259 thousand (LTL 132,635 thousand as of 30 June 2009).

As of 30 June 2010 property, plant and equipment, investment property, biological assets, inventories, prepayments, trade receivables and bank accounts were pledged to banks as a collateral for the loans (Notes 6, 7, 12, 13, 14, 15 and 18). Also as of 30 June 2010 and 2009 UAB Linas Agro Konsultacijos pledged shares of Biržai district Medeikių ŽŪB, Šakiai district Lukšių ŽŪB, Panevėžys district Aukštadvario ŽŪB, Sidabravo ŽŪB, Panevėžys district Ėriškių ŽŪB and Panevėžys district Žibartonių ŽŪB to bank as a collateral for the loans.

Compliance with the covenants of the borrowings agreements

As of 30 June 2010 ŽŪB Landvesta 2 did not comply with the covenant of non-current borrowings agreement, that is did not reach the required EBITDA level and the ratio of rent income divided by total land value. The amount of the loan as of 30 June 2010 is LTL 1,170 thousand. According to the borrowing agreement with the bank, if the company does not comply with the covenant, the lender has a right to demand full or partial repayment of the loan. Therefore, the loan was classified as current in these financial statements.

As of 30 June 2010 AB Linas Agro did not comply with the covenant of one current borrowing agreement to maintain net debt and total equity ratio ((total financial debt – total cash and cash equivalents) / total equity) not more than 72 %. The amount of the loan as of 30 June 2019 is LTL 50 million. As described in Note 36, on 21 July 2010 AB Linas Agro prolonged the credit line agreement with AB SEB bank till 15 July 2011. The new terms of the agreement do not require to comply with the mentioned net debt and total equity ratio.

22. Finance lease obligations

The assets leased by the Group under finance lease contracts consist of land, buildings and structures, machinery and equipment, vehicles and other property, plant and equipment. Apart from the lease payments, the most significant liabilities under the lease contracts are maintenance and insurance. The terms of finance lease vary from 3 to 5 years. The split of the net book value of the assets acquired under finance lease is as follows:

	Group	
	As of 30 June 2010	As of 30 June 2009
Land	640	640
Investment property (land)	155	155
Buildings and structures	350	427
Machinery and equipment	1,511	1,831
Vehicles	1,461	2,092
Other property, plant and equipment	116	185
	4,233	5,330

Principal amounts of finance lease payables at the year-end denominated in national and foreign currencies are as follows:

	Group	
	As of 30 June 2010	As of 30 June 2009
EUR	1,890	2,783
LTL	616	663
	2,506	3,446

As of 30 June 2010 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR and EURIBOR and ranges from 1.76 % to 4.97 %. The interest rate for the remaining portion of the finance lease liability in LTL outstanding as of 30 June 2010 is fixed, i.e. from 2 % to 6.59 %.

As of 30 June 2009 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR and EURIBOR and ranges from 2.51 % to 5.92 %. The interest rate for the remaining portion of the finance lease liability in LTL outstanding as of 30 June 2009 is fixed, i.e. from 2 % to 5 %.

Future minimum lease payments under the above mentioned finance lease contracts are as follows:

	Group	
	As of 30 June 2010	As of 30 June 2009
Within one year	1,000	1,247
From one to five years	1,383	2,117
After five years	400	397
Total finance lease obligations	2,783	3,761
Interest	(277)	(315)
Present value of finance lease obligations	2,506	3,446
Finance lease obligations are accounted for as:		
- current	928	1,138
- non-current	1,578	2,308

23. Operating lease

The Group concluded several contracts of operating lease. The terms of lease do not include restrictions on the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. For the year ended 30 June 2010 the lease expenses of the Group amounted to LTL 2,409 thousand (LTL 1,869 thousand for the year ended 30 June 2009).

Future lease payments according to the signed lease contracts are as follows:

	Group	
	As of 30 June 2010	**As of 30 June 2009**
Within one year	1,381	1,442
From one to five years	2,953	2,583
After five years	1,604	1,872
Total	5,938	5,897
Denominated in:		
- EUR	2,510	3,235
- LTL	3,397	2,630
- LVL	31	32

The Company does not have operating lease agreements as of 30 June 2010 and 2009.

24. Trade payables

Trade payables are non-interest bearing and are normally settled on 60-day terms.

25. Provisions

During the year ended 30 June 2009 the Group companies concluded several goods purchase agreements according to which the purchase price is higher than the probable sales price after the reporting date. The estimated loss of the contracts was recognised as provisions for onerous contracts and was charged to cost of sales in the income statement. Based on the purchase contracts the Group companies were committed to purchase the goods according to the following schedule: July 2009, March 2010 and June 2010. The market price as of 30 June 2009 was used to estimate part of the provision amounting to LTL 5,274 thousand.

As of 30 June 2010 the Group did not have onerous contracts.

Movements in the provision for onerous contracts of the Group were as follows:

Balance as of 30 June 2008	80
Charge for the year	5,433
Realised during the year	(80)
Balance as of 30 June 2009	5,433
Charge for the year	-
Realised during the year	(5,433)
Balance as of 30 June 2010	-

26. Other current liabilities

	Group	
	As of 30 June 2010	As of 30 June 2009
Financial liabilities		
Accrual for professional services	285	259
Other	406	289
	691	548
Non-financial liabilities		
Accrued expenses (mainly bonuses to employees)	2,610	2,600
Vacation accrual	2,577	2,786
Advances received	1,866	232
Payroll related liabilities	1,803	2,147
Import VAT payable	1,190	278
VAT payable	1,155	1,472
Accrued bonuses to the board of Rosenkrantz A/S	267	591
	11,468	10,106
	12,159	10,654

Other current liabilities are non-interest bearing and have an average term of three months.

27. Cost of sales

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Cost of inventories recognised as an expense	678,144	882,177
Logistics expenses	71,774	125,908
Wages and salaries and social security	9,121	9,808
Provision for onerous contracts (Note 25)	(5,433)	5,433
Depreciation	5,113	5,378
Utilities expenses	1,997	2,822
(Income) expense from change in fair value of biological assets (Note 12)	(5,269)	345
(Income) expense from change in fair value of financial instruments (Note 17)	(241)	(907)
Other	8,569	7,177
	763,775	1,038,141

28. Operating expenses

	Group		Company	
	Financial year ended			
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Wages and salaries and social security	17,651	16,972	114	109
Change in allowance for receivables and prepayments (Notes 14, 15 and 16)	2,948	3,485	61	144
Consulting expenses	2,044	3,451	1,139	1,672
Depreciation and amortization	1,496	905	2	-
Change in impairment of property, plant and equipment (Note 6)	(190)	568	-	-
Change in impairment of investments into subsidiaries	-	-	258	926
Other	8,130	9,644	335	152
	32,079	35,025	1,909	3,003

29. Other income (expenses)

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Other income		
Currency exchange gain	299	1,453
Rental income from investment property and property, plant and equipment	932	531
Gain from disposal of investment property and property, plant and equipment	261	522
Gain from disposal of investments into subsidiaries (Note 3)	-	2,148
Other income	93	599
	1,585	5,253
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(164)	(262)
Loss from disposal of property, plant and equipment	(22)	(34)
Currency exchange loss	-	(3)
Change in impairment of investment property (Note 7)	204	(857)
Other expenses	(181)	(280)
	(163)	(1,436)

30. Income (expenses) from financing activities

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Income from financing activities		
Interest income	1,954	2,025
Income from overdue payments	854	1,313
	2,808	3,338
(Expenses) from financing activities		
Interest expenses	(5,169)	(11,353)
Expenses for overdue payments	(10)	(246)
	(5,179)	(11,599)

31. Income tax

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Current income tax expense	7,082	8,336
Income tax correction for prior periods	(216)	-
Deferred income tax (income) expense	(388)	241
Income tax expenses recorded in the income statement	6,478	8,577

	Group	
	As of 30 June 2010	As of 30 June 2009
Deferred income tax asset		
Tax loss carry forward (available indefinitely)	1,368	351
Accruals	573	390
Allowance for trade receivables	253	200
Impairment of investment property	208	278
Allowance for inventories	57	116
Impairment of property, plant and equipment	43	10
Fair value of financial instruments	29	-
Provision for onerous contracts	-	1,005
Deferred income tax asset	2,531	2,400
Deferred income tax liability		
Property, plant and equipment (difference between tax and accounting values)	(1,542)	(2,067)
Fair value of biological assets	(464)	(61)
Fair value of financial instruments	-	(193)
Deferred income tax liability	(2,006)	(2,321)
Deferred income tax, net	525	79
Accounted for as deferred income tax asset in the statements of financial position	1,897	1,950
Accounted for as deferred income tax liability in the statements of financial position	(1,372)	(1,871)

The Group's deferred income tax asset and liability were set-off to the extent they relate to the same tax administration institution and the same taxable entity.

As of 30 June 2010 and 2009 the Group has not recognised deferred tax asset for the following temporary differences:

	Group	
	As of 30 June 2010	As of 30 June 2009
Tax loss carry forward (available indefinitely)	357	724
Allowance for trade receivables	96	-
Impairment of investment property	89	111
Tax loss carry forward from investing activity (available till 30 June 2014)	41	55
Impairment of property, plant and equipment	31	116
Allowance for inventories	26	-
Accrued expenses	3	6
	643	1,012

Deferred tax asset has not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have a history of losses.

The temporary differences associated with investments in associates and joint ventures, for which deferred tax liability has not been recognized, aggregate to LTL 17,438 thousand and LTL 16,034 thousand as of 30 June 2010 and 2009, respectively.

31. Income tax (cont'd)

The income tax can be reconciled to the theoretical amount, which would be calculated by applying the basic income tax rate to the Group's profit before tax as follows:

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Profit before tax	39,988	40,348
Income tax expenses, applying the statutory rate in Lithuania (20 % and 15 %, respectively)	7,998	6,052
Effect of different tax rates in the Republic of Latvia and Denmark, 0 % and 5 % tax rate for the entities engaged in agricultural activities (Note 2.20.)	253	1,215
Deferred taxes in acquired subsidiaries	(58)	31
Income tax correction for prior periods	(216)	-
Temporary differences for which no deferred taxes were recognised	(369)	1,012
Permanent differences	(413)	711
Effect of change in income tax rate	(717)	(444)
Total income tax expenses	6,478	8,577

32. Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares for the years ended 30 June 2010 and 2009 was as follows:

Calculation of weighted average for the year ended 30 June 2010	Number of shares	Par value (LTL)	Issued/365 (days)	Weighted average
Shares issued as at 30 June 2009	41,000,000	1	365/365	41,000,000
16 November 2009	79,000,000	1	227/365	49,131,507
17 February 2010	38,940,398	1	134/365	14,295,927
Shares issued as at 30 June 2010	158,940,398	1	-	104,427,434

Calculation of weighted average for the year ended 30 June 2009	Number of shares	Par value (LTL)	Issued/365 (days)	Weighted average
Shares issued as at 30 June 2008	43,069	2	365/365	43,069
12 September 2008	31,931	2	292/365	25,545
1 October 2008	20,425,000	2	365/365	20,425,000
Shares issued before decrease of par value	20,500,000	2	-	20,493,614
Shares issued as at 30 June 2009 after decrease of par value on 15 January 2009	41,000,000	1	-	40,987,228

The Group does not have any potential shares, therefore basic and diluted earnings per share are the same. Calculation of the basic and diluted earnings per share is presented below:

	Financial year ended	
	30 June 2010	30 June 2009
Net profit, attributable to the shareholders of the parent	30,826	28,114
Weighted average number of ordinary shares outstanding for the year	104,427,434	40,987,228
Basic and diluted earnings per share (in LTL)	0.30	0.69

As of 30 October 2010 the shareholders meeting approved the dividends payment policy, according to which during the following three years the Company will distribute to its shareholders up to 20 % of the net profit of the Group as dividends annually. For the year ended 30 June 2010 the Company is going to pay LTL 3,500 thousand dividends, or LTL 0.02 per share.

33. Financial assets and liabilities and risk management

Credit risk

None of the Group's customers comprise more than 10 % of the Group's trade receivables, therefore there is no significant credit risk concentration in the Group.

The Group's procedures are in force to ensure that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. Part of Rosenkrantz A/S trade receivables are insured with the insurance limit equal to equivalent of LTL 11,340 thousand (LTL 12 million as of 30 June 2009).

The Group does not guarantee obligations of other parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statements of financial position. Consequently, the Group considers that its maximum exposure is reflected by the amount of trade, related party and other accounts receivable, net of allowance for doubtful accounts recognised at the reporting date.

Interest rate risk

The major part of the Group's borrowings is with variable rates, related to LIBOR, which creates an interest rate risk. There were no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as of 30 June 2010 and 2009.

The sensitivity analysis of the pretax profit of the Group to possible changes in the interest rates, considering that all other variables will remain constant, is presented in the table below.

		Effect on the profit before income tax for the year ended	
	Increase / decrease of basis points	**30 June 2010**	**30 June 2009**
EUR	+ 150	(1,413)	(1,485)
EUR	- 150	1,413	1,485
LTL	+ 350	(1,270)	(1,681)
LTL	- 350	1,270	1,681
USD	+ 150	(107)	(70)
USD	- 150	107	70
DKK	+ 150	(28)	(10)
DKK	- 150	28	10

33. Financial assets and liabilities and risk management (cont'd)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets – crops and inventories) / total current liabilities) ratios as of 30 June 2010 were 1.95 and 1.39, respectively (as of 30 June 2009 1.21 and 0.78, respectively).

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (scheduled payments including interest).

Group	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current borrowings	6,135	21,026	18,942	9,563	12,448	10,237	78,351
Lease liabilities	-	273	974	1,001	1,116	397	3,761
Current borrowings	28,226	7,127	46,291	-	-	-	81,644
Current trade payables	634	35,832	3,526	-	-	-	39,992
Payables to related parties	-	2,096	2,512	-	-	-	4,608
Other liabilities	-	417	131	-	-	-	548
Balance as of 30 June 2009	**34,995**	**66,771**	**72,376**	**10,564**	**13,564**	**10,634**	**208,904**
Non-current borrowings	1,270	2,196	12,718	9,200	11,294	8,630	45,308
Lease liabilities	-	218	782	951	432	400	2,783
Current borrowings	32,834	50,370	12,213	-	-	-	95,417
Derivative financial instruments	-	3,091	-	-	-	-	3,091
Current trade payables	335	13,139	668	-	-	-	14,142
Payables to related parties	78	3,001	33	-	-	-	3,112
Other liabilities	83	572	36	-	-	-	691
Balance as of 30 June 2010	**34,600**	**72,587**	**26,450**	**10,151**	**11,726**	**9,030**	**164,544**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (scheduled payments including interest).

Company	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current borrowings	-	-	-	1,983	-	-	1,983
Current borrowings	-	-	1,198	-	-	-	1,198
Current trade payables	-	13	-	-	-	-	13
Payables to related parties	-	-	600	97	-	-	697
Other liabilities	-	33	-	-	-	-	33
Balance as of 30 June 2009	**-**	**46**	**1,798**	**2,080**	**-**	**-**	**3,924**
Current borrowings	-	-	4,728	-	-	-	4,728
Current trade payables	-	28	-	-	-	-	28
Other liabilities	-	63	-	-	-	-	63
Balance as of 30 June 2010	**-**	**91**	**4,728**	**-**	**-**	**-**	**4,819**

33. Financial assets and liabilities and risk management (cont'd)

Foreign exchange risk

Major currency risks of the Group occur due to the fact that the Group borrows foreign currency denominated funds as well as is involved in imports and exports. The Group's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency. When the Group opens a position in USD (i.e., goods are bought for USD and sold for EUR or vice versa), it manages USD exposure by changing positions in its credit line, i.e., buys or sells USD to close the open position. The Group does not use any financial instruments to manage its exposure to foreign exchange risk other than aiming to borrow in EUR, to which LTL and LVL are pegged. Monetary assets and liabilities stated in various currencies as of 30 June 2010 and 2009 were as follows (LTL equivalent):

	As of 30 June 2010		As of 30 June 2009	
Group	**Assets**	**Liabilities**	**Assets**	**Liabilities**
LTL	132,158	52,172	85,447	80,490
EUR	48,255	102,915	60,910	111,553
USD	20,563	10,419	11,511	13,262
DKK	119	4,433	74	5,822
LVL	2,406	1,181	1,102	510
Other currencies	9	38	-	174
	203,510	171,158	159,044	211,811

The following table demonstrates the sensitivity to a reasonably possible change in respect of currency exchange rate, with all other variables held constant of the Group's profit before tax (due to change in the fair value of monetary assets and liabilities):

		Effect on the profit before income tax for the year ended	
	Increase/ decrease in exchange rate	**30 June 2010**	**30 June 2009**
USD	+ 15.00 %	1,522	(263)
USD	- 15.00 %	(1,522)	263
DKK	+ 5.00 %	(216)	(287)
DKK	- 5.00 %	216	287
LVL	+ 1.00 %	12	6
LVL	- 1.00 %	(12)	(6)

Financial risk, arising from biological assets, management strategy

The Group is engaged in wholesale trade of milk and grains and is, therefore, exposed to risks arising from changes in milk and grain prices. The Group's wholesale agreements for milk and grains do not represent financial instruments but represent a significant price risk. The Group does not anticipate that milk and grain prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of the decline in milk and grain prices. The Group reviews its outlook for milk and grain prices regularly in considering the need for active risk management.

33. Financial assets and liabilities and risk management (cont'd)

Fair value of financial instruments

The Group's principal financial instruments not carried at fair value are trade, related party and other accounts receivable, trade, related party and other payables, non-current and current borrowings.

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying amounts of financial assets and liabilities of the Group are approximately equal to their fair value.

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loans and other financial assets have been calculated using market interest rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) The carrying amount of trade, related party and other accounts receivable, current trade, related party and other accounts payable and current borrowings approximates fair value.
(b) The fair value of non-current debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current borrowings with variable and fixed interest rates approximates their carrying amounts.

Capital management

For capital management purposes the Group's capital includes share capital, share premium, legal reserve, foreign currency translation reserve and retained earnings amounting to LTL 250,531 thousand as of 30 June 2010 (LTL 143,967 thousand as of 30 June 2009).

The primary objective of the Group's capital management is to ensure that it maintains a strong creditworthiness and healthy capital ratios in order to support its business and maximise shareholder value. The Group holds high capital for possible future expansion and further development of the Group.

The Group manages its capital structure and makes adjustments to it in the light of changes in economics conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2010 and 2009.

The Company is obliged to keep its equity at no less than 50 % of its share capital, as imposed by the Law on Companies of the Republic of Lithuania. The Company complies with this requirement.

The Group manages capital using a leverage ratio, which is 1 minus total equity divided by total assets of the Group. The Group's policy is to keep the leverage ratio below 75 %.

	Group	
	As of 30 June 2010	**As of 30 June 2009**
Total equity	263,348	156,071
Total assets	448,301	387,228
Total equity / Total assets	59 %	40 %
Leverage ratio	41 %	60 %

34. Commitments and contingencies

As of 30 June 2010 the Group is committed to purchase property, plant and equipment for the total amount of LTL 1,194 thousand (LTL 409 thousand as of 30 June 2009).

Additional investments are required for cattle farms located in Panevėžys district Aukštadvario ŽŪB and Sidabravo ŽŪB due to stiffening environmental regulation in Lithuania. Incompliance with such regulations may result in significant fines. Total estimated investment value for modernisation till compliance level with the environmental regulations set by the Republic of Lithuania amounts to LTL 1,300 thousand (Panevėžys district Aukštadvario ŽŪB – LTL 650 thousand and Sidabravo ŽŪB – LTL 650 thousand)

A few Group companies (Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB and Sidabravo ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Panevėžys district Aukštadvario ŽŪB is committed not to discontinue operations related to agriculture up to September 2010, Šakiai district Lukšių ŽŪB – up to 2013, Biržai district Medeikių ŽŪB – up to 2014 and Sidabravo ŽŪB – up to 2013. In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania amounting to LTL 5,232 thousand as of 30 June 2010 (LTL 7,588 thousand as of 30 June 2009).

On 30 March 2010 AB Linas Agro and AB Klaipėdos Jūrų Krovinių Kompanija signed a long term cooperation agreement for expansion of a grain terminal. AB Linas Agro participates by partly financing (in total LTL 4,625 thousand) expansion of the grain terminal and will have an exclusive right for five years to use silage warehouses stowing 40 thousand tons of grain and to use the terminal for loading.

As of 30 June 2010 AB Linas Agro had bank guarantee contracts signed in favor of National Paying Agency for the total amount of LTL 283 thousand (as of 30 June 2009 – LTL 4,102 thousand). No restrictions on AB Linas Agro assets were imposed according to these agreements.

AB Linas Agro is a party to the Shareholders' agreement with the non-controlling shareholder of Rosenkrantz A/S. According to the agreement AB Linas Agro has an option to acquire the shares from the non-controlling shareholder if certain conditions are met. As of 30 June 2010 and 2009 the intrinsic value of the option was negative; therefore, the option was not accounted for.

As of 30 June 2010 the balance of guarantees and warranties issued by the Company to the banks for the controlled companies (directly and indirectly controlled subsidiaries) amounted to LTL 23,298 thousand (LTL 4,535 thousand as of 30 June 2009). The Company's guarantees are issued for the loans granted to these companies. The Company is obliged to repay the companies' liabilities to banks in full, if the companies are not able to do it themselves. Guarantees issued are not secured with the assets of the Company. The management of the Group believes that the companies on behalf of which guarantees and warranties were issued will meet their liabilities to the creditors, therefore, no provisions in respect of these guarantees were accounted for in the financial statements as of 30 June 2010 and 2009.

35. Related parties transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions.

The related parties of the Company and Group for the years ended 30 June 2010 and 2009 were as follows:

Members of the board of the Company:

Darius Zubas (chairman of the board, ultimate controlling shareholder);
Vytautas Šidlauskas;
Dainius Pilkauskas;
Arūnas Zubas;
Andrius Pranckevičius;
Arūnas Jarmolavičius;
Tomas Tumėnas (member of the board from 1 October 2008).

Subsidiaries:

List provided in Note 3;
UAB Invisco (related until 31 March 2009);
UAB Sinrena (related until 31 March 2009);
UAB Consonus (related until 31 March 2009).

35. Related parties transactions (cont'd)

Joint ventures (Note 8):

UAB Dotnuvos Projektai;
ŽŪB Dotnuvos Agroservisas;
UAB Dotnuvos Technika;
SIA Dotnuvos Projektai (related from 26 April 2010);
UAB Kustodija.

Associates (Note 8):

UAB Jungtinė ekspedicija.

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);
UAB Mestilla (same ultimate controlling shareholders);
OOO Ukrkalyj (Ukraine), in liquidation status (same ultimate controlling shareholders);
ZAT UkrAgro NPK (Ukraine) (same ultimate controlling shareholders);
OAO Rajagrohim (Ukraine) (same ultimate controlling shareholders; liquidated on 9 November 2009).

UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company).

The Group's transactions with related parties in 2010 were as follows:

2010			**Receivables**				
	Purchases	**Sales**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable**	**Payables**	**Current loans received**
Members of the board	47	-	-	-	-	-	656
Joint ventures	23,484	2,124	1,534	-	-	2,346	-
Associates	6,911	45	41	-	-	401	-
Akola ApS group companies	7,300	86,481	1,924	3,431	1,303	365	970
	37,742	88,740	3,499	3,431	1,303	3,112	1,626*

The Group's transactions with related parties in 2009 were as follows:

2009			**Receivables**				
	Purchases	**Sales**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable**	**Payables**	**Current loans received**
Members of the board	47	111	-	-	-	-	656
Joint ventures	13,511	2,955	1,477	-	-	4,463	-
Associates	5,662	-	-	-	-	145	-
Akola ApS group companies	13,015	125,063	1,991	9,374	16,991	-	1,609
	32,235	128,129	3,468	9,374	16,991	4,608	2,265*

* Loans borrowed from related parties are accounted for under current portion of non-current borrowings and current borrowings captions in the statements of financial position (Note 21).

35. Related parties transactions (cont'd)

The Company's transactions with related parties in 2010 were as follows:

2010			Receivables				
	Purchases	Sales and dividends	Trade receivables	Current loans receivable	Non-current loans receivable and prepayments for financial assets	Payables	Current loans received
Subsidiaries	317	1,472	1,121	21,473	26,605	-	4,663
Joint ventures	-	1,500	1,500	-	-	-	-
Associates	-	45	-	-	-	-	-
Akola ApS group companies	-	-	-	-	-	-	-
	317	3,017	2,621	21,473	26,605	-	4,663

The Company's transactions with related parties in 2009 were as follows:

2009	Purchases	Sales and dividends	Trade receivables	Non-current loans received	Non-current payables	Current loans received	Current payables
Subsidiaries	182	563	4	1,790	97	1,129	600
Joint ventures	-	1,000	1,000	-	-	-	-
Associates	-	180	-	-	-	-	-
Akola ApS group companies	-	160	160	-	-	-	-
	182	1,903	1,164	1,790	97	1,129	600

As of 30 June 2010 annual interest rate of the Group's loans borrowed and non-current loans receivable from related parties are fixed and equal to 7 % and 8 %, respectively. Current loans receivable from related parties bear 1m EURIBOR + 4.1 % margin annual interest rate.

As of 30 June 2009 annual interest rate of the Group's current loans receivable, non-current loans receivable from related parties and loans borrowed from related parties is fixed and equals to 8 %. The non-current loan provided to Akola ApS amounting to LTL 16,991 thousand bears 6m EURIBOR + 1.5 % annual interest rate.

Transactions with related parties include sales and purchases of goods and services, sales and purchases of property, plant and equipment as well as financing transactions in the ordinary course of business.

There were no guarantees or pledges related to the Group's payables to or receivables from related parties. Receivables and payables from / to related parties will be settled in cash or offset with the payables / receivables from / to respective related parties.

Terms and conditions of the financial assets and liabilities:
- Receivables from related parties are non-interest bearing and are normally settled on 30-day terms.
- Payables to related parties are non-interest bearing and are normally settled on 30-90-day terms.
- Interest payable is normally settled at the end of the loan term.

The Group's receivables from related parties were not past due as of 30 June 2010 and 2009.

Remuneration of the management and other payments

The Group's management consists of the Company's board of directors and directors of each of the company in the Group. The Group's management remuneration amounted to LTL 4,434 thousand (including LTL 638 thousand of bonuses to the board of directors of AB Linas Agro and LTL 160 thousand of bonuses to the board of directors of Rosenkrantz A/S) in the year ended 30 June 2010 (LTL 3,825 thousand (including LTL 591 thousand of bonuses to the board of directors of Rosenkrantz A/S) in the year ended 30 June 2009). For the year ended 30 June 2010 the Group's management has also received LTL 17 thousand of rent payments and LTL 295 thousand of payments to life insurance funds (LTL 22 thousand of rent payments for the year ended 30 June 2009).

35. Related parties transactions (cont'd)

The Company's management consists of the board of directors and a managing director. For the year ended 30 June 2010 the Company's management remuneration amounted to LTL 13 thousand (LTL 12 thousand for the year ended 30 June 2009).

No other payments or property transfers to/from the management were made or accrued; no other loans or guarantees were received/granted in the years ended 30 June 2010 and 2009.

36. Subsequent events

Group

On 1 July 2010 the Company acquired additional 50 % shares of ZAT UkrAgro NPK for EUR 3,694 thousand (LTL 12,757 thousand equivalent) from UAB Arvi Ir Ko. After the share acquisition the Group directly controls 63.38 % of the investee. The financial information on the acquired subsidiary as of 30 June 2010 is only available unaudited as of the date of the release of these financial statements and is presented below. The fair values of the net assets acquired have not yet been assessed by the Group.

	ZAT UkrAgro NPK
Acquisition date	1 July 2010
Carrying values	(unaudited)
Non-current assets	16,442
Current assets	78,808
Non-current liabilities	(3,090)
Current liabilities	(64,340)
Net assets	27,820
Cash in the subsidiary	7,657
Revenue for the year ended 30 June 2010	181,558
Profit for the year ended 30 June 2010	1,291

On 21 July 2010 AB Linas Agro prolonged the credit line agreement with AB SEB bank till 15 July 2011 and on 9 August 2010 the total credit line limit was increased from LTL 80 million to LTL 132 million. According to the new agreement AB Linas Agro has increased the amount of inventories pledged from LTL 90 million to LTL 140 million and decreased the amount of trade receivables pledged from LTL 70 million to LTL 60 million. Also, all current and future cash flows in AB SEB bank accounts up to LTL 83 million are pledged.

On 27 July 2010 Biržai district Medeikių ŽŪB has acquired additional 36.36 % shares of ŽŪK Kupiškio grūdai for LTL 920 thousand. After the acquisition the effective share of ŽŪK Kupiškio grūdai owned by the Group increased to 72.53 % (as of 30 June 2010 – 37.43 %). This subsidiary was already consolidated to the Group in the years ended 30 June 2010 and 2009 (Note 3).

On 25 August 2010 SIA Linas Agro prolonged factoring agreement with SIA Swedbank Lizings till 1 August 2011 and the total factoring limit was increased from EUR 6.5 million (equivalent of LTL 22.4 million) to EUR 9.8 million (equivalent of LTL 33.8 million)

During August-September 2010 Rosenkrantz A/S incurred losses of USD 600 thousand (equivalent of LTL 1,692 thousand as of 30 June 2010) according to the unexecuted sales contracts due to the fact that suppliers breached the contracts and did not supply grains after increase in grain prices in July-August. No provision for the losses was accounted for as of 30 June 2010 as such losses could not be foreseen at that time.

Company

On 12 July 2010 the Company granted a loan in the amount of LTL 920 thousand to Biržai district Medeikių ŽŪB to purchase additional shares of ŽŪK Kupiškio grūdai as described above.

On 13 July 2010 the Company has increased the share capital of AB Linas Agro by LTL 24 million.

On 3 August and 2 September 2010 the Company increased the share capital of UAB Linas Agro Konsultacijos by LTL 920 thousand and LTL 189 thousand, respectively.

On 3 August and 30 August 2010 the Company increased the share capital of ŽŪB Landvesta 4 by LTL 22 thousand.

On 16 August 2010 the Company granted a new loan to AB Linas Agro in the amount of LTL 8 million and additional one according to already existing agreement in the amount of EUR 782 thousand (LTL 2,700 thousand equivalent).
On 17 September 2010 the Company increased the share capital of ŽŪB Landvesta 5 by LTL 12 thousand.