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, Managing 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 June 30, 2013, 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 2012/2013 financial year.

AB Linas Agro Group Managing Director Darius Zubas

30 September 2013 ....

AB Linas Agro Group Finance Director Tomas Tumėnas

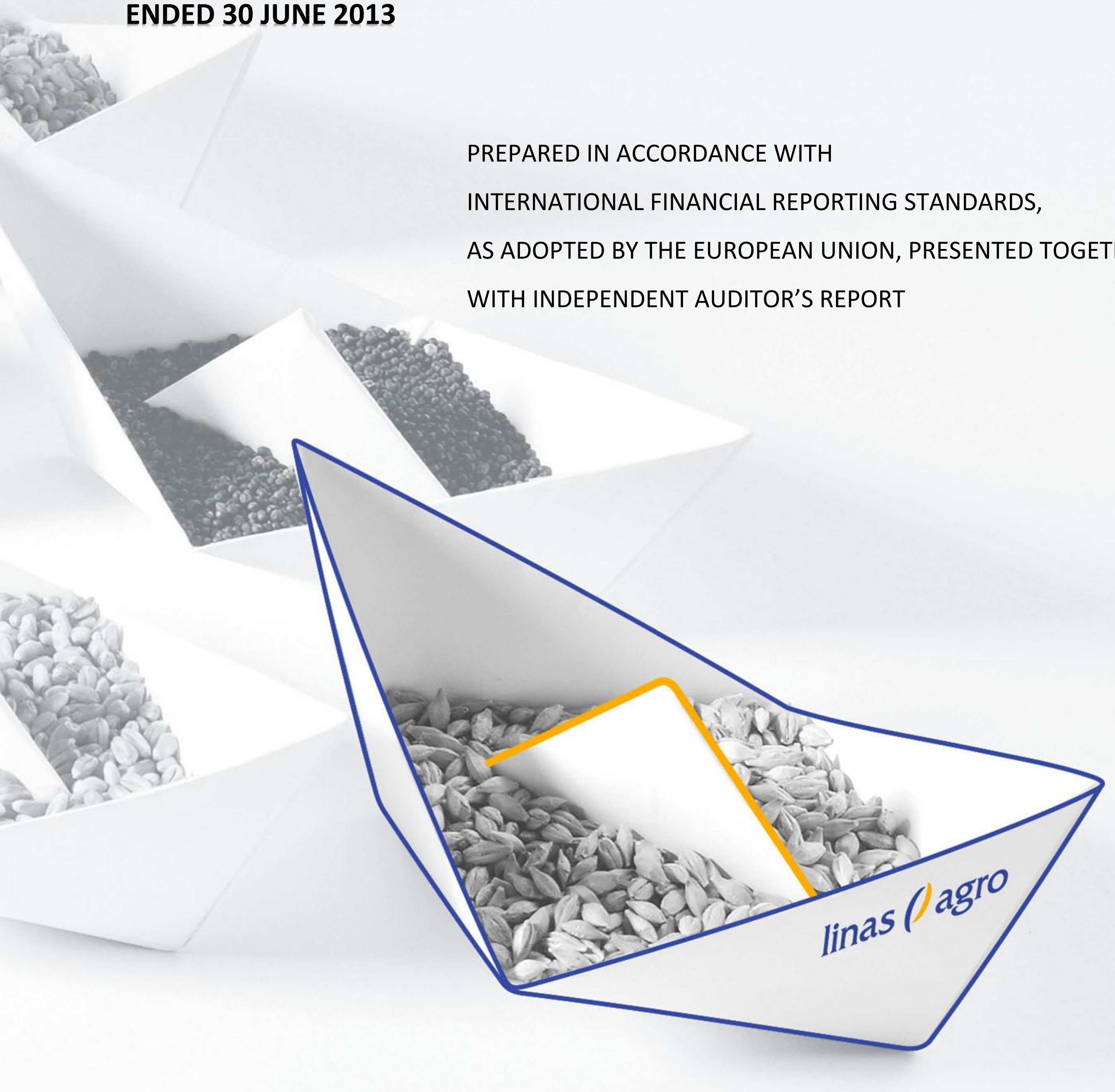
30 September 2013 ....

AB LINAS AGRO GROUP

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR 2012/2013
ENDED 30 JUNE 2013

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER
WITH INDEPENDENT AUDITOR'S REPORT



Building a better
working world

UAB „Ernst & Young Baltic"
Subačiaus g. 7
LT-01302 Vilnius
Lietuva
Tel.: (8 5) 274 2200
Faks.: (8 5) 274 2333
Vilnius@lt.ey.com
www.ey.com

Juridinio asmens kodas 110878442
PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

Ernst & Young Baltic UAB
Subačiaus St. 7
LT-01302 Vilnius
Lithuania
Tel.: +370 5 274 2200
Fax: +370 5 274 2333
Vilnius@lt.ey.com
www.ey.com

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

Independent auditor's 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 at 30 June 2013, 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 information).

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about 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 at 30 June 2013, 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 2013 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 30 June 2013.

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

Asta Štreimikienė
Auditor's licence
No. 000382

The audit was completed on 30 September 2013.

STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		As at 30 June 2013	As at 30 June 2012	As at 30 June 2013	As at 30 June 2012
ASSETS					
Non-current assets					
Intangible assets	5	1,002	612	323	300
Property, plant and equipment	6	196,203	122,256	–	–
Investment property	7	11,927	9,513	486	515
Animals and livestock	11	19,471	11,852	–	–
Non-current financial assets					
Investments into subsidiaries	3	–	–	249,067	202,864
Investments into associates	8	–	286	3,907	4,038
Investments into joint ventures	8	–	29,887	–	4,902
Other investments and prepayments for financial assets	9	9,106	311	30,026	4,905
Non-current receivables	10	3,233	5,446	403	781
Non-current receivables from related parties	33	2,540	3,230	–	–
Total non-current financial assets		14,879	39,160	283,403	217,490
Deferred income tax asset	29	5,845	6,289	8	18
Total non-current assets		**249,327**	**189,682**	**284,220**	**218,323**
Current assets					
Crops	11	40,946	36,395	–	–
Inventories	12	168,116	136,947	–	–
Prepayments	13	9,009	16,407	66	61
Accounts receivable					
Trade receivables	14	273,160	190,888	–	5
Receivables from related parties	33	15,515	3,605	38,346	31,976
Income tax receivable		336	1,043	264	3
Other accounts receivable	15	28,536	17,579	533	180
Total accounts receivable		317,547	213,115	39,143	32,164
Other current financial assets	16	2,202	43,575	–	37,981
Cash and cash equivalents	17	34,240	54,768	3,252	43,919
Total current assets		**572,060**	**501,207**	**42,461**	**114,125**
Total assets		**821,387**	**690,889**	**326,681**	**332,448**

(cont'd on the next page)

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

EQUITY AND LIABILITIES	Notes	Group		Company	
		As at 30 June 2013	As at 30 June 2012	As at 30 June 2013	As at 30 June 2012
Equity attributable to equity holders of the parent					
Share capital	1	158,940	158,940	158,940	158,940
Share premium	1	79,545	79,545	79,545	79,545
Legal reserve	18	7,851	4,401	7,851	4,401
Reserve for own shares	18	1,600	1,600	1,600	1,600
Own shares	18	(1,581)	–	(1,581)	–
Foreign currency translation reserve	18	(138)	(44)	–	–
Retained earnings		190,905	106,809	70,191	72,204
Total equity attributable to equity holders of the parent		**437,122**	**351,251**	**316,546**	**316,690**
Non-controlling interest		**3,374**	**4,805**	**–**	**–**
Total equity		**440,496**	**356,056**	**316,546**	**316,690**
Liabilities					
Non-current liabilities					
Grants and subsidies	19	14,360	11,855	–	–
Non-current borrowings	20	31,885	36,749	–	4,163
Finance lease obligations	21	5,390	2,568	–	–
Non-current trade payables		648	1,263	–	–
Non-current payables to related parties	33	–	54	167	158
Deferred income tax liability	29	2,341	899	–	–
Non-current employee benefits		584	280	–	–
Total non-current liabilities		**55,208**	**53,668**	**167**	**4,321**
Current liabilities					
Current portion of non-current borrowings	20	19,935	10,075	–	–
Current portion of finance lease obligations	21	2,445	1,067	–	–
Current borrowings	20	146,634	179,465	8,227	–
Trade payables	23	96,053	48,994	1,500	–
Payables to related parties	33	3,201	3,642	–	–
Income tax payable		6,250	12,812	–	11,185
Derivative financial instruments	16	2,790	7,572	–	–
Other current liabilities	24	48,375	17,538	241	252
Total current liabilities		**325,683**	**281,165**	**9,968**	**11,437**
Total equity and liabilities		**821,387**	**690,889**	**326,681**	**332,448**

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

Managing Director	Darius Zubas		30 September 2013
Finance Director	Tomas Tumėnas		30 September 2013
Chief Accountant	Ramutė Masiokaitė		30 September 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended	
		30 June 2013	**30 June 2012**
Sales	4	2,043,140	1,337,961
Cost of sales	25	(1,884,893)	(1,243,098)
Gross profit		**158,247**	**94,863**
Operating (expenses)	26	(79,560)	(48,868)
Other income	27	29,250	69,919
Other (expenses)	27	(3,878)	(1,333)
Operating profit		**104,059**	**114,581**
Income from financing activities	28	1,691	8,030
(Expenses) from financing activities	28	(8,753)	(9,779)
Share of profit of associates		72	–
Share of profit of joint ventures	8	4,036	2,744
Profit before tax		**101,105**	**115,576**
Income tax	29	(10,607)	(21,277)
Net profit		**90,498**	**94,299**
Attributable to:			
Equity holders of the parent		90,250	89,394
Non-controlling interest		248	4,905
		90,498	**94,299**
Basic and diluted earnings per share (LTL)	30	0.57	0.56
Net profit		**90,498**	**94,299**
Other comprehensive income			
Exchange differences on translation of foreign operations		(94)	3,520
Total comprehensive income		**90,404**	**97,819**
Attributable to:			
Equity holders of the parent		90,156	91,477
Non-controlling interest		248	6,342
		90,404	**97,819**

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

COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended	
		30 June 2013	**30 June 2012**
Income	4	5,036	77,831
Operating (expenses)	26	(2,025)	(1,708)
Other income		–	1,913
Operating profit		**3,011**	**78,036**
Income from financing activities	28	3,334	2,277
(Expenses) from financing activities	28	(190)	(278)
Profit before tax		**6,155**	**80,035**
Income tax	29	(214)	(11,122)
Net profit		**5,941**	**68,913**
Other comprehensive income		**–**	**–**
Total comprehensive income		**5,941**	**68,913**

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

Managing Director	Darius Zubas		30 September 2013
Finance Director	Tomas Tumėnas		30 September 2013
Chief Accountant	Ramutė Masiokaitė		30 September 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Own shares	Equity attributable to equity holders of the parent						Non-controlling interest	Total
				Share premium	Legal reserve	Reserve for own shares	Foreign currency translation reserve	Retained earnings	Subtotal		
Balance as at 1 July 2011		**158,940**	**–**	**79,545**	**4,151**	**–**	**(3,208)**	**23,930**	**263,358**	**16,591**	**279,949**
Net profit for the year		–	–	–	–	–	–	89,394	89,394	4,905	94,299
Other comprehensive income		–	–	–	–	–	2,083	–	2,083	1,437	3,520
Total comprehensive income		–	–	–	–	–	2,083	89,394	91,477	6,342	97,819
Transfer to legal reserve		–	–	–	250	–	–	(250)	–	–	–
Transfer to reserve for own shares	18	–	–	–	–	1,600	–	(1,600)	–	–	–
Disposal of subsidiaries	3	–	–	–	–	–	1,081	(1,081)	–	(20,780)	(20,780)
Expiration of put option	3	–	–	–	–	–	–	109	109	1,844	1,953
Acquisition of subsidiaries	3	–	–	–	–	–	–	–	–	81	81
Acquisition of non-controlling interests	3	–	–	–	–	–	–	(3,693)	(3,693)	749	(2,944)
Dividends declared by subsidiaries		–	–	–	–	–	–	–	–	(22)	(22)
Balance as at 30 June 2012		**158,940**	**–**	**79,545**	**4,401**	**1,600**	**(44)**	**106,809**	**351,251**	**4,805**	**356,056**
Balance as at 1 July 2012		**158,940**	**–**	**79,545**	**4,401**	**1,600**	**(44)**	**106,809**	**351,251**	**4,805**	**356,056**
Net profit for the year		–	–	–	–	–	–	90,250	90,250	248	90,498
Other comprehensive income		–	–	–	–	–	(94)	–	(94)	–	(94)
Total comprehensive income		–	–	–	–	–	(94)	90,250	90,156	248	90,404
Acquisition of subsidiaries	3	–	–	–	–	–	–	–	–	581	581
Declared dividends by the Parent	30	–	–	–	–	–	–	(4,500)	(4,500)	–	(4,500)
Declared dividends by subsidiaries		–	–	–	-	–	–	–	–	(36)	(36)
Transfer to legal reserve		–	–	–	3,450	–	–	(3,450)	–	–	–
Acquisition/disposal of own shares	3	–	(1,581)	–	–	–	–	(4)	(1,585)	–	(1,585)
Acquisition of minority interest		–	–	–	–	–	–	1,800	1,800	(2,224)	(424)
Balance as at 30 June 2013		**158,940**	**(1,581)**	**79,545**	**7,851**	**1,600**	**(138)**	**190,905**	**437,122**	**3,374**	**440,496**

(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	Own shares	Share premium	Legal reserve	Reserve for own shares	Retained earnings	Total
Balance as at 1 July 2011		**158,940**	**–**	**79,545**	**4,151**	**–**	**5,141**	**247,777**
Net profit for the year		–	–	–	–	–	68,913	68,913
Total comprehensive income		–	–	–	–	–	68,913	68,913
Transfer to legal reserve		–	–	–	250	–	(250)	–
Transfer to reserve for own shares	18	–	–	–	–	1,600	(1,600)	–
Balance as at 30 June 2012		**158,940**	**–**	**79,545**	**4,401**	**1,600**	**72,204**	**316,690**
Balance as at 1 July 2012		**158,940**	**–**	**79,545**	**4,401**	**1,600**	**72,204**	**316,690**
Net profit for the year		–	–	–	–	–	5,941	5,941
Total comprehensive income		–	–	–	–	–	5,941	5,941
Declared dividends by Company	30	–	–	–	–	–	(4,500)	(4,500)
Transfer to legal reserve		–	–	–	3,450	–	(3,450)	–
Acquisition/disposal of own shares		–	(1,581)	–	–	–	(4)	(1,585)
Balance as at 30 June 2013		**158,940**	**(1,581)**	**79,545**	**7,851**	**1,600**	**70,191**	**316,546**

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

Managing Director	Darius Zubas		30 September 2013
Finance Director	Tomas Tumėnas		30 September 2013
Chief Accountant	Ramutė Masiokaitė		30 September 2013

CASH FLOW STATEMENTS

	Notes	Group		Company	
		Financial year ended		Financial year ended	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
Cash flows from (to) operating activities					
Net profit		90,498	94,299	5,941	68,913
Adjustments for non-cash items:					
Depreciation and amortisation	5, 6, 7	19,174	9,890	30	30
Subsidies amortisation	19	(1,802)	(1,328)	–	–
Share of profit of associates and joint ventures	8	(4,108)	(2,744)	–	–
(Gain) on disposal of property, plant and equipment	27	(670)	(289)	–	–
Change in impairment of property, plant and equipment	6, 7	(97)	(180)	–	–
Change in impairment of investments	26	–	–	–	(431)
Group (gain) loss on acquisition of subsidiaries	3, 27	(25,465)	1,020	–	–
(Gain) on disposal of subsidiary	27	–	(62,010)	–	(74,391)
(Gain) on disposal of assets held for sale	27	–	(1,060)	–	(2,200)
(Gain) on disposal of other investments		(34)	–	–	–
Change in allowance and write-offs for receivables and prepayments	26	3,720	3,575	–	–
Inventories write down to net realisable value	12	215	13	–	–
Change in accrued expenses		7,952	3,926	(133)	168
Change in fair value of biological assets	25	(4,982)	(7,746)	–	–
Change in deferred income tax	29	40	2,009	10	(63)
Current income tax expenses	29	10,568	19,268	204	11,185
Expenses (income) from change in fair value of financial instruments		1,096	491	–	–
Change of provision for onerous contracts	25	56	(267)	–	–
Dividend (income)		(155)	(36)	(4,756)	(960)
Interest (income)	28	(1,691)	(8,030)	(3,334)	(2,277)
Interest expenses	28	8,753	9,779	190	278
		103,068	**60,580**	**(1,848)**	**252**
Changes in working capital:					
Decrease in biological assets		10,138	4,503	–	–
Decrease (increase) in inventories		24,523	(45,273)	–	–
Decrease (increase) in prepayments		9,469	6,990	(5)	(53)
(Increase)decrease in trade and other accounts receivable		(20,521)	(28,191)	237	168
Decrease (increase) in restricted cash	16	1,912	(2,072)	–	–
(Decrease) increase in trade and other accounts payable		(5,277)	52,522	119	(160)
Income tax (paid)		(15,613)	(5,398)	(11,625)	–
Net cash flows from (to) operating activities		**107,699**	**43,661**	**(13,122)**	**207**

(cont'd on the next page)

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

CASH FLOW STATEMENTS (CONT'D)

	Notes	Group		Company	
		Financial year ended		Financial year ended	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
Cash flows from (to) investing activities					
(Acquisition) of intangible assets, property, plant and equipment and investment property	5, 6, 7	(28,941)	(23,111)	(23)	–
Proceeds from sale of intangible assets, property, plant and equipment and investment property		3,625	822	–	–
(Acquisition) of subsidiaries (less received cash balance in the Group)	3, 8	(48,679)	(873)	(35,804)	(1,368)
Disposal of subsidiaries (less disposed cash balance in the Group)	3	–	69,759	–	90,754
Disposal of assets held for sale		–	2,000	–	2,000
Proceeds (acquisition) from disposals of held to maturity financial assets	16	38,099	(37,981)	37,981	(37,981)
Prepayments for financial assets	9	(7,373)	–	(7,373)	–
Loans (granted)		(15,660)	(2,121)	(44,149)	(30,113)
Repayment of granted loans		18,616	1,427	13,464	17,154
Interest received		2,263	1,681	4,929	506
Dividends received		155	97	5,627	871
Net cash flows from (to) investing activities		**(37,895)**	**11,700**	**(25,348)**	**41,823**
Cash flows from (to) financing activities					
Proceeds from loans		101,054	131,349	4,000	–
(Repayment) of loans		(174,813)	(126,432)	–	–
(Acquisition) of own shares	30	(1,581)	–	(1,581)	–
Finance lease (payments)		(2,531)	(1,188)	–	–
Interest (paid)		(7,501)	(11,052)	(116)	(160)
Dividends (paid) to non-controlling shareholders		(36)	(22)	–	–
Dividends (paid)		(4,500)	–	(4,500)	-
Acquisition of non-controlling interest		(424)	(872)	–	–
Net cash flows from (to) financing activities		**(90,332)**	**(8,217)**	**(2,197)**	**(160)**
Net (decrease) increase in cash and cash equivalents		**(20,528)**	**47,144**	**(40,667)**	**41,870**
Cash and cash equivalents at the beginning of the year	17	**54,768**	**7,624**	**43,919**	**2,049**
Cash and cash equivalents at the end of the year	17	**34,240**	**54,768**	**3,252**	**43,919**
Supplemental information of cash flows:					
Non-cash investing activity:					
Property, plant and equipment acquisitions financed by finance lease		5,054	2,006	–	–
Property, plant and equipment acquisitions financed by grants and subsidies	19	4,804	4,153	–	–
Unpaid acquisition of property, plant and equipment and / or acquisitions netted with prepayments		–	4,699	–	–
Unpaid acquisition of financial assets		1,500	–	1,500	–

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

Managing Director	Darius Zubas		30 September 2013
Finance Director	Tomas Tumėnas		30 September 2013
Chief Accountant	Ramutė Masiokaitė		30 September 2013

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.

The address of its registered office is as follows: Smėlynės St. 2C, LT-35143 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 at 30 June 2013 and 30 June 2012 the shareholders of the Company were:

	As at 30 June 2013		**As at 30 June 2012**	
	Number of shares held	**Percentage**	**Number of shares held**	**Percentage**
Akola ApS (Denmark)	87,784,443	55.23%	86,081,551	54.16%
Skandinaviska Enskilda Banken AB (Sweden)	15,131,697	9.52%	23,094,969	14.53%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank AS (Estonia) clients	9,824,7120	6.18%	9,184,040	5.78%
Other shareholders (private and institutional investors)	29,149,551	18.34%	23,529,843	14.80%
Total	158,940,398	100.00%	158,940,398	100.00%

All the shares of the Company are ordinary shares with the par value of LTL 1 each as at 30 June 2013 and 30 June 2012 and were fully paid as at 30 June 2013 and 30 June 2012.

The Company holds 790,972 of its own shares , percentage 0.50%, as at 30 June 2013. Subsidiaries and other related companies did not hold any shares of the Company as of 30 June 2013. The Company, its subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2012.

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 at 30 June 2013 and 30 June 2012 the number of employees of the Group was 1,039 and 595 respectively.
As at 30 June 2013 and 30 June 2012 the number of employees of the Company was 9.

The Company's management approved these financial statements on 30 September 2013. 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.

No changes in share capital occurred during the year ending 30 June 2013 and 30 June 2012.

2. ACCOUNTING POLICIES

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 2013 are as follows:

2. ACCOUNTING POLICIES (CONT'D)

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 IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

During the year the Group has adopted the following IFRS amendments:

- Amendment to IAS 1 *Financial Statement Presentation* - Presentation of Items of Other Comprehensive Income (OCI). This amendment changes the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. Since the Group has just one OCI item, the change to its presentation is minimal.
- Amendment *to IAS 12 Income tax* - Deferred tax - Recovery of Underlying Assets. This amendment did not impact the financial statements of the Group, because the Group does not have investment properties accounted at fair value.

Standards issued but not yet effective

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

Amendment to IAS 19 *Employee Benefits* (effective for financial years beginning on or after 1 January 2013)

There are numerous amendments to IAS 19, they range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Implementation of this amendment will not have any significant impact for the Group's financial statements.

Amendment to IAS 27 *Separate Financial Statements* (effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 Separate Financial Statements requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. Implementation of this amendment will not have any impact for the Group's financial statements.

Amendment to IAS 28 *Investments in Associates and Joint Ventures* (effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates. The implementation of this amendment will not have any impact on the financial statements of the Group as the Group does not have any investment to joint ventures and associates as at 30 June 2013.

Amendment to IAS 32 *Financial Instruments: Presentation* - Offsetting Financial Assets and Financial Liabilities (effective for financial years beginning on or after 1 January 2014)

This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group has not yet evaluated the impact of the implementation of this amendment.

Amendment to IAS 36 *Impairment of Assets* (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

2. ACCOUNTING POLICIES (CONT'D)

2.1. BASIS OF PREPARATION (CONT'D)

Standards issued but not yet effective and not early adopted (cont'd)

This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures. The amendment will not have any impact on the financial position or performance of the Group, however may result in additional disclosures.

Amendment to IAS 39 *Financial Instruments: Recongnition and Measurement* (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not yet evaluated the impact of the implementation of this amendment.

Amendment to IFRS 7 *Financial Instruments: Disclosures* - Offsetting Financial Assets and Financial Liabilities (effective for financial years beginning on or after 1 January 2013)

The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. The amendments will affect only the disclosures in the Group's financial statements.

IFRS 9 *Financial Instruments* – Classification and Measurement (effective for financial years beginning on or after 1 January 2015, once endorsed by the EU)

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

IFRS 10 *Consolidated Financial Statements* (effective for financial years beginning on or after 1 January 2014)

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 11 *Joint Arrangements* (effective for financial years beginning on or after 1 January 2014)

IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 12 *Disclosures of Interests in Other Entities* (effective for financial years beginning on or after 1 January 2014)

IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 27 - *Investment Entities* (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

The amendments apply to entities that qualify as investment entities. The amendments provide an exception to the consolidation requirements of IFRS 10 by requiring investment entities to measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The implementation of this amendment will not have any impact on the financial statements of the Group, as the parent of the Group is not an investment entity.

2. ACCOUNTING POLICIES (CONT'D)

2.1. BASIS OF PREPARATION (CONT'D)

Standards issued but not yet effective and not early adopted (cont'd)

IFRS 13 Fair Value Measurement (effective for financial years beginning on or after 1 January 2013)

The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. The Group has not yet evaluated the impact of the implementation of this standard.

Improvements to IFRSs (effective for financial years beginning on or after 1 January 2013)

In May 2012 IASB issued omnibus of necessary, but non-urgent amendments to its five standards:

- IFRS 1 First-time adoption of IFRS;
- IAS 1 Presentation of Financial Statements;
- IAS 16 Property, Plant and Equipment;
- IAS 32 Financial instruments: Presentation;
- IAS 34 Interim Financial Reporting.

The adoption of these amendments may result in changes to accounting policies but will not have any impact on the financial position or performance of the Group.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (effective for financial years beginning on or after 1 January 2013)

This interpretation applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Interpretation will have no impact on the Group's financial statements, as the Group is not involved in mining activity.

IFRIC Interpretation 21 Levies (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognized in the financial statements when the activity that triggers the payment of the levy occurs. The Group has not yet evaluated the impact of the implementation of this intepretation.

The Group plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed 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 currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

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 date of the statement of financial position. Translation difference is presented under other activities caption in the Group's financial statements and under operating expenses caption in the Company's separate financial statements.

The assets and liabilities of foreign subsidiaries are translated into Litas at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on this translation are recognised in a separate component of equity. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other equity relating to that foreign operation is recognised in the statement of comprehensive income under other activities caption.

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.

2. ACCOUNTING POLICIES (CONT'D)

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 statement of comprehensive income.

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.

From 1 January 2010 losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. Prior to 1 January 2010 losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these losses. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through statement of comprehensive income.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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.

2. ACCOUNTING POLICIES (CONT'D)

2.4. INVESTMENTS INTO ASSOCIATES (CONT'D)

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.

2.6. 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 Group and the Company and the cost of asset can be measured reliably.

The useful lives of intangible assets can be either definite or indefinite.

After initial recognition intangible assets with finite lives 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 with finite lives 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.

Intangible assets with indefinite lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from the indefinite to finite is made on a prospective basis.

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. ACCOUNTING POLICIES (CONT'D)

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 statement of comprehensive income 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 statement of comprehensive income 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.

2.8. 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 statement of comprehensive income 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 statement of comprehensive income in the year the asset is derecognised.

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

2. ACCOUNTING POLICIES (CONT'D)

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. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on investments held for trading are recognised in the statement of comprehensive income.

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 statement of comprehensive income 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 impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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 in other comprehensive income 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 other comprehensive income is included in the statement of comprehensive income. Where the fair value of the available for sale financial assets cannot be measured reliably, these assets are accounted for at cost.

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.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. ACCOUNTING POLICIES (CONT'D)

2.10 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

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 the statement of comprehensive income.

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 produce 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 2.16.).

2.13. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash in bank accounts. 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. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2. ACCOUNTING POLICIES (CONT'D)

2.15. 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 statement of comprehensive income over the period of the borrowings, except for the capitalized part which is presented below.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Other borrowing costs are expensed as incurred. The Group capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 July 2009.

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.

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 contracts

Financial guarantee contracts 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 less cumulative amortisation.

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 the statement of comprehensive income when the trade liabilities are derecognised, as well as through the amortisation process.

2.16. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group engages in derivative financial instruments transactions, such as futures contracts, to hedge purchase and sale 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 statement of comprehensive income.

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.

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 statement of comprehensive income. 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 statement of comprehensive income.

2. ACCOUNTING POLICIES (CONT'D)

2.16. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D)

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 statement of comprehensive income.

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 statement of comprehensive income 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.

2.17. 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 statement of comprehensive income 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.

2.18. 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.

2.19. 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.

2. ACCOUNTING POLICIES (CONT'D)

2.19. PROVISIONS (CONT'D)

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 or to sell the goods to a third party in the future for a price lower than the market purchase price at the reporting date. The difference between the value of the contract and its market price at the reporting date is charged to cost of sales in the statement of comprehensive income.

2.20. NON-CURRENT EMPLOYEE BENEFITS

Acording to the requirements of Lithuanian Labour Code, each employee leaving the Group at the age of retirement is entitled to a one-off payment in the amount of 2 months' salary.

Current year cost of employee benefits is recognised as incurred in the statement of comprehensive income. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognized in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognized in the statement of comprehensive income as incurred.

2.21. SHARE-BASED PAYMENT TRANSACTIONS

Certain Group managers received remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date. This is then capitalised to the cost of investment in the Parents financial statements or expensed in the Consolidated Group accounts.

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest (Note 3).

2.22. GRANTS AND SUBSIDIES

Government grants and subsidies (hereinafter "grants") are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

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 statement of comprehensive income, 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)

2.23. 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 2013 and 30 June 2012 the standard income tax rate for the Group companies operating 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 are subject to reduced income tax of 5%. The entities of the Group which are subject to reduced income tax are Šakiai district Lukšių ŽŪB, Radviliškis district Sidabravo ŽŪB, Biržai district Medeikių ŽŪB, Panevėžys district Aukštadvario ŽŪB, Užupės ŽŪB, Kėdainiai district Labūnavos ŽŪB.

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 not designated for hedge (as described in note 2.16) 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. For companies operating in Latvia, Denmark and Ukraine tax losses can be carried forward for indefinite period.

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:

	Financial year ended	
	30 June 2013	**30 June 2012**
Republic of Latvia	15%	15%
Republic of Ukraine*	21%	21%
Republic of Estonia**	–	–
Kingdom of Denmark	25%	25%

**Effective from 1 January 2012, the corporate income tax rate is 21%.*
***In Estonia, the taxation of profit of operating subsidiaries is deferred until the profit appropriation moment, i.e. payment of dividends. Furthermore, the dividends paid by the Group's companies in Estonia are taxed at the withholding tax rate of 21 %, if the ownership share of the non resident recipient of the dividends does not exceed 10 % and another tax rate is not mentioned in the conventions on avoidance of double taxation.*

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. ACCOUNTING POLICIES (CONT'D)

2.24. 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.

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.

2.25. 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. ACCOUNTING POLICIES (CONT'D)

2.26. 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 statement of comprehensive income. 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 statement of comprehensive income. 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 the statement of comprehensive income 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 statement of comprehensive income.

2. ACCOUNTING POLICIES (CONT'D)

2.27. 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.

2.28. 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 as follows.

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 2.16).

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 or directly pays to agricultural produce growers (Notes 13 and 14). 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.

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 11) and impairment evaluation (Notes 2.26, 3, 6, 7, 8, 9, 10, 12, 13, 14 and 15). 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.

2. ACCOUNTING POLICIES (CONT'D)

2.28. USE OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Valuation of biological assets

As at 30 June 2013 and 30 June 2012 the Group did not have an independent appraisal of its biological assets. According to IFRS, such assets must be recorded at fair 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 less cost to sell at the reporting date. Crops are valued at market prices less costs to sell at the reporting date.

Milking cows

As at 30 June 2013 the key assumptions used to determine fair value of milking cows are the estimated gross margin (21% for the year ending 30 June 2014 and 23% for the year ending 30 June 2015) used to calculate the expected future cash inflows as well as pre-tax discount rate (11%). As at 30 June 2012 the key assumptions used to determine fair value of milking cows are the estimated gross margin (23% for the year ending 30 June 2013 and 28% for the year ending 30 June 2014) used to calculate the expected future cash inflows as well as pre-tax discount rate (11%).

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

	30 June 2013		30 June 2012	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Gross margin	+ 3%	1,156	+ 3%	743
Gross margin	- 3%	(1,070)	- 3%	(743)
Discount rate	+ 1%	(177)	+ 1%	(118)
Discount rate	- 1%	180	- 1%	97

Crops

As at 30 June 2013 the key assumptions used to determine fair value of crops are the estimated yield ranges depending on the type of crops (3.0 – 5.5 tones/ha for the year ending 30 June 2013 and 2.46 – 6.25 tones/ha for the year ending 30 June 2012) and the expected sales price, which was based on the estimated future grain and oilseeds sales price of the deliveries taking place September – December of respective year.

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 at 30 June 2013 and 30 June 2012 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 valuators.

As at 30 June 2013 and 30 June 2012 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of land to exceed its recoverable amount, except for already impaired assets.

2. ACCOUNTING POLICIES (CONT'D)

2.28. USE OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Impairment of the Company's investments

As at 30 June 2013 and 30 June 2012 the Company has investments in subsidiaries, associates and joint ventures. As at 30 June 2013 and 30 June 2012 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 five 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 at 30 June 2013 and 30 June 2012 the recoverable amount of the investment into AB Linas Agro is most sensitive to the pre-tax discount rate (12.4% and 12.4% respectively) 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 at 30 June 2013 and 30 June 2012 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 at 30 June 2013 and 30 June 2012 the Company accounted for impairment so as the carrying amount of the investments would not exceed their respective recoverable amounts (Note 3).

2.29. 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.

2.30. 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.

2.31. 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.

3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As at 30 June 2013 and 30 June 2012 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		Cost of investment in the Company		Profit (loss) for the year ended 30 June 2013	Equity as of 30 June 2013	Main activities
		30 June 2013	30 June 2012	30 June 2013	30 June 2012			
Investments into directly controlled subsidiaries								
AB Linas Agro	Lithuania	100%	100%	195,277	195,277	32,698	171,165	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	10,168	3,132	1,471	13,144	Management of the subsidiaries engaged in agriculture
UAB Dotnuvos Projektai	Lithuania	100%	50%	36,902	–*	5,448	78,711	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Jungtinė Ekspedicija	Lithuania	100%	45%	1,177	–*	22	817	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	900	900	188	1,442	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	1,443	1,443	128	857	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100%	100%	689	689	39	171	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	100%	378	367	35	(20)	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100%	100%	975	975	150	866	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100%	100%	285	276	252	276	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	100%	–	1,009	–	(12)	998	Rent and management of agricultural purposes land
UAB Lineliai (former-UAB Labūnava 2)	Lithuania	100%	–	59	–	(6)	58	Rent and management of agricultural purposes land
				249,262	203,059			
Less: impairment				(195)	(195)			
				249,067	202,864			
Investments into indirectly controlled subsidiaries (through AB Linas Agro)								
SIA Linas Agro	Latvia	100%	100%	–	–	5,727	12,332	Wholesale trade of grains and oilseeds, agricultural inputs
UAB Gerera	Lithuania	100%	100%	–	–	(12)	189	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	–	–	(6)	269	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	–	–	11,044	57,315	Preparation and warehousing of grains for trade
Linas Agro A/S	Denmark	100%	100%	–	–	2,599	7,952	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	100%	100%	–	–	(1,125)	(728)	Manufacturing of lignin

**Accounted as investments into associates/joint ventures as at 30 June 2012.*

3. GROUP STRUCTURE AND CHANGES IN THE GROUP (CONT'D)

	Place of registration	Effective share of the stock held by the Group		Cost of investment in the Company		Profit (loss) for the year ended 30 June 2013	Equity as of 30 June 2013	Main activities
		30 June 2013	30 June 2012	30 June 2013	30 June 2012			
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)								
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	97.72%	96.16%	–	–	783	2,846	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.39%	–	–	2,194	8,749	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.82%	98.80%	–	–	4,326	28,295	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	96.92%	96.76%	–	–	1,940	9,774	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	87.23%	70.28%	–	–	3,062	13,154	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	–	–	1,685	8,504	Growing and sale of crops
UAB Paberžėlė (former-Edfermus 2)	Lithuania	100%	100%	–	–	(6)	201	Rent and management of agricultural purposes land
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.64%	0.09%	–	–	(346)	38,979	Mixed agricultural activities
Investments into indirectly controlled subsidiaries (through UAB Dotnuvos Projektai)								
SIA DOTNUVOS PROJEKTAI	Latvia	100%	50%*	–	–	(1,459)	(581)	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuvos Projektai	Estonia	100%	50%*	–	–	115	(296)	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos technika	Lithuania	100%	50%*	–	–	–	–	Not operating company
Investment into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)								
Karčemos kooperatinė bendrovė	Lithuania	20%**	20%**	–	–	24	32	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu centrs	Latvia	100%	–	–	–	(28)	(18)	Preparation and warehousing of grains for trade

**Accounted as investments into joint ventures as at 30 June 2012.*

*** The Group indirectly controls 20% of shares of Karčemos kooperatinė bendrovė, however, the Group has control over this entity and, therefore, it has been consolidated when preparing these financial statements.*

3. GROUP STRUCTURE AND CHANGES IN THE GROUP (CONT'D)

Changes in the Group during the year ended 30 June 2013

On 13 July 2012 the Group acquired 98.55% shares of Kėdainiai district Labūnavos ŽŪB for LTL 22,545 thousand from previous owners to further expand business activities. After the share acquisition the Group directly controls 98.64% of the investee. Fair value of previously held equity interest is immaterial, therefore not taken into consideration. As at acquisition date Labūnavos ŽŪB did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represent its fair value. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingnt liabilities at the acquisition date were the following:

Property, plant and equipment, intangible assets and investment property	24,288
Animals and livestock	5,718
Crops	9,456
Inventories	2,770
Prepayments and other current assets	2,058
Cash and cash equivalents	3,067
Total assets	**47,357**
Deferred tax liability	(870)
Grants and subsidies	(1,315)
Trade payables	(1,326)
Other liabilities	(1,110)
Total liabilities	**(4,621)**
Total identifiable net assets at fair value	**42,736**
Non-controlling interest measured at the proportionate share of net assets at fair value	(581)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 27)	19,608
Total purchase consideration	**22,547**
Cash consideration transferred	22,547
Less: cash acquired	(3,067)
Total cash consideration transferred, net of cash acquired	**19,480**

Kėdainiai district Labūnavos ŽŪB revenue and profit or loss since acquisition date were:

	Since acquisition date
Revenue	17,978
Profit (loss)	(346)

The bargain purchase resulted due to the former shareholders' approach to the business from the book value point of view rather than fair value of total identifiable net assets. In addition, the ownership of Kėdainiai district Labūnavos ŽŪB was dispersed into large number of small interests before acquisition what resulted in more favourable transaction for the buyer.

3. GROUP STRUCTURE AND CHANGES IN THE GROUP (CONT'D)

Changes in the Group during the year ended 30 June 2013 (cont'd)

On 11 October 2012 the Company acquired 50% shares of UAB Dotnuvos Projektai for 32,000 thousand to further expand business activities, and increased its ownership interest from 50% to 100%. Before this acquisition the Company had 50% of UAB Dotnuvos Projektai (joint-venture) and accounted for this investment using the equity method in the consolidated financial statements. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingnt liabilities at the acquisition date were the following:

Property, plant and equipment, intangible assets and investment property	38,977
Other non-current assets	9,225
Inventories	58,675
Prepayments and other current assets	73,413
Cash and cash equivalents	2,976
Total assets	**183,266**
Non-current liabilities	(6,851)
Grants and subsidies	(885)
Deferred tax liability	(999)
Current borrowings	(41,027)
Trade payables	(38,740)
Other liabilities	(22,409)
Total liabilities	**(110,911)**
Total identifiable net assets at fair value	**72,355**
Cost (previously accounted at equity method) of initially held equity interest	33,890
Group (loss) re-measuring to fair value the initially held equity interest	(1,890)
Acquisition date fair value of initially held equity interest	**32,000**
Cash consideration transferred	32,000
Total purchase consideration	**64,000**
Gain from a bargain purchase	8,355
Group (loss) on remeasuring to fair value the initially held equity interest	(1,890)
Gain recognized on acquisition of subsidiary, recognized under Other Income (Note 27)	**6,465**
Cash consideration transferred	32,000
Less: cash acquired	(2,976)
Total cash consideration transferred, net of cash acquired	**29,024**

UAB Dotnuvos Projektai sub-group fair value of the receivables as at the date of acquisition were:

	Trade receivables	**Other current receivables**
The gross contractual amounts receivable	63,065	2,076
The best estimate at the acquisition date of the contractual cash flows not expected to be collected	(2,112)	(339)
The fair value of the receivables	**60,953**	**1,737**

UAB Dotnuvos Projektai sub-group revenue and profit or loss since acquisition date and from the beginning of the annual reporting period were:

	Since acquisition date	**Since 1 July 2012**
Revenue	201,449	274,032
Profit (loss)	4,104	12,128

The bargain purchase resulted due to the former shareholders' approach to the business from the book value point of view rather than fair value of total identifiable net assets.

3. GROUP STRUCTURE AND CHANGES IN THE GROUP (CONT'D)

Changes in the Group during the year ended 30 June 2013 (cont'd)

On 28 February 2013 the Company acquired 54.95% shares of UAB Jungtinė Ekspedicija for LTL 1,045 thousand to further expand business activities, and increased its ownership interest to 100%. As at acquisition date UAB Jungtinė Ekspedicija did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represent its recoverable amount. Revenue and profit or loss since acquisition date and from the beginning of the annual reporting period are not disclosed as they are not material to the financial statements.
Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingnt liabilities at the acquisition date were the following:

Property, plant and equipment, intangible assets and investment property	201
Trade receivables and other current assets	917
Cash and cash equivalents	867
Total assets	**1,985**
Trade payables	(905)
Other liabilities	(285)
Total liabilities	**(1,190)**
Total identifiable net assets at fair value	**795**
Fair value of initially held equity interest	358
Total purchase consideration	1,045
Difference written-off to profit (loss) (Note 27)	**(608)**
Cash consideration transferred	1,045
Less: cash acquired	(867)
Total cash consideration transferred, net of cash acquired	**178**

On 16 August 2012 the Group established Noreikiškių ŽŪB with LTL 10 thousand share capital and increased share capital up to LTL 1,009 thousand.

On 2 May 2013 a subsidiary of AB Linas Agro Group UAB Linas Agro Grūdų centras KŪB established subsidiary in Latvia SIA Linas Agro Graudu Centrs for LTL 10 thousand share capital.

Subsidiary UAB Lineliai was acquired from Kėdainiai district Labūnavos ŽŪB in amount of LTL 9 thousand.

During the 12 month period, ended 30 June 2013 the Group acquired 0.02% Šakių district Lukšių ŽŪB share capital for LTL 1 thousand, 16.95% Sidabravo ŽŪB share capital for LTL 423 thousand, 0.16% Panevėžio district Aukštadvario ŽŪB for LTL 1 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 1,768 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

The Company increased share capital of UAB Linas Agro Konsultacijos, UAB Lineliai, ŽŪB Landvesta 4 and ŽŪB Landvesta 6 in amount of LTL 7,036 thousand, LTL 50 thousand, LTL 11 thousand and LTL 9 thousand, respectively.

Acquisition off non-controlling interest in Šakiai district Lukšių ŽŪB and Sidabravo ŽŪB have resulted in an increase of the effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 1.56% up to 97.72% as at 30 June 2013 with a result of LTL 32 thousand of gain accounted directly in equity.

3. GROUP STRUCTURE AND CHANGES IN THE GROUP (CONT'D)

Changes in the Group during the year ended 30 June 2012

On 1 July 2011 the Group acquired additional 40% interest of the voting shares of Linas Agro A/S increasing its ownership interest to 100%. Purchase price EUR 800 thousand (LTL 2,762 thousand equivalent) will be paid by schedule till 15 July 2014. The difference of LTL 7,129 thousand of loss between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

As part of the purchase agreement a contingent consideration has been agreed with the previous owner of Linas Agro A/S. There will be additional cash payment to the previous owner amounting to maximum EUR 400 thousand (undiscounted). Contingent consideration is related to collection of doubtful Linas Agro A/S trade receivables. The due date of contingent consideration arrangement is 1 October 2014.

The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between EUR 0 and EUR 400 thousand. The fair value of the contingent consideration arrangement is EUR 0 thousand as at acquisition date. It was estimated using probability-weighted payout approach.

On 6 February 2012 the Company sold all shares of PC-JS UKRAGRO NPK. Differences between the sales consideration and the net assets disposed at the disposal date is the following:

	31 January 2012
Non-current assets	22,265
Current assets	92,175
Liabilities	(64,916)
Net asset of subsidiary sold	**49,524**
Non-controlling interest	20,780
Net assets sold by the Group	28,744
Sales price (received in cash)	90,754
Gain on disposal of subsidiary in the Group*	**62,010**
Cash disposed in the subsidiary	20,995
Sales price less cash disposed	**69,759**

**Recorded under other income caption in Group's statement of comprehensive income.*

The Shareholders' agreement between AB Linas Agro Group and PC-JS UKRAGRO NPK non-controlling shareholders expired on 6 February 2012, according to which the Company had an obligation to acquire the shares of PC-JS UKRAGRO NPK from the non-controlling shareholders, if put option is exercised. The non-controlling interest was recognised as though the put option had never been granted and the financial liability was derecognised, with a corresponding credit to the same component of equity.

During the year ended 30 June 2012 the Group acquired 0.43% of Šakiai district Lukšių ŽŪB share capital for LTL 14 thousand, 0.03% Biržai district Medeikių ŽŪB share capital for LTL 1 thousand, 31.41% Panevėžys district Aukštadvario ŽŪB share capital for LTL 143 thousand, 30% Užupės ŽŪB share capital for LTL 3 thousand, 4.06% Sidabravo ŽŪB share capital for LTL 21 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 3,375 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

Acquisition of non-controlling interest in Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB, Panevėžys district Aukštadvario ŽŪB and Sidabravo ŽŪB have resulted in increase of effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 3.28% up to 96.16% as at 30 June 2012 with a result of LTL 61 thousand of gain accounted directly in equity.

During the year ended 30 June 2012 the Group acquired 100% UAB Edfermus 2 share capital for LTL 10 thousand and 20% of Karčemos kooperatinė bendrovė for LTL 977 thousand. Difference between the fair value of net assets acquired of both entities and consideration paid in amount of LTL 1,020 thousand was recorded directly in the statement of comprehensive income, as amount is considered by the management as immaterial.

During the year ended 30 June 2012 the Company increased share capital of AB Linas Agro by LTL 14,000 thousand. The company also increased share capital of ŽŪB Landvesta 1, ŽŪB Landvesta 2, ŽŪB Landvesta 4, ŽŪB Landvesta 5, ŽŪB Landvesta 6 by LTL 1,367 thousand.

4. SEGMENT INFORMATION

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

- the grain and feedstuff handling and merchandising includes trade in wheat, rapeseed, barley and other grains and oilseeds, suncake and sunmeal, sugar beat pulp, soyameal, vegetable oil, rapecake and other feedstuffs, grain storage and logistics services.
- the products and services for farming segment includes sales of fertilizers, seeds, plant protection products, machinery and equipment, grain storage facilities, spare parts and other equipments to agricultural produce growers and grain storage companies.
- the agricultural production 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 and other products and services;

Group financing (including finance cost and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

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 2013**	**Grain and feedstuff handling and merchandising**	**Products and services for farming**	**Agricultural production**	**Other**	**Not attributed to any specified segment**	**Adjust-ments and elimina-tions**	**Total**
Revenue							
From one client UAB MESTILLA	119,843	12	–	–	–	–	119,855
Other third parties	1,509,161	368,733	44,183	1,208	–	–	1,923,285
Intersegment	2,872	28,019	36,284	9,530	–	(76,705)[1)]	–
Total revenue	**1,631,876**	**396,764**	**80,467**	**10,738**	**–**	**(76,705)**	**2,043,140**
Results							
Operating expenses	19,779	20,794	8,607	936	29,444[6)]	–	79,560
Depreciation and amortisation	5,766	2,344	7,228	230	1,804	–	17,372
Provisions for onerous contracts	56	–	–	–	–	–	56
Write-off bad debts and provisions for doubtful debts	2,170	974	1	2	573	–	3,720
Gain (loss) on acquisition of subsidiary companies	(608)	6,465	19,608	–	–	–	25,465
Segment operating profit (loss)	**80,723**	**26,396**	**28,425**	**(247)**	**(31,238)**	–	**104,059**
Share of profit of joint ventures	–	4,036	–	–	–	–	4,036
Assets							
Capital expenditure[2)]	17,843	4,228	9,232	2,351	5,149	–	38,803
Non-current assets (excluding investments into associates and joint ventures)	85,923	34,084	84,371	11,294	33,655[3)]	–	249,327
Current assets	134,424	336,205	56,912	4,861	39,658[4)]	–	572,060
Total assets	**220,347**	**370,289**	**141,283**	**16,155**	**73,313**	**–**	**821,387**
Current liabilities	66,016	190,910	8,485	1,347	58,925[5)]	–	325,683

4. SEGMENT INFORMATION (CONT'D)

Group **Financial year ended 30 June 2012**	**Grain and feedstuff handling and merchandising**	**Products and services for farming**	**Agricultural production**	**Other**	**Not attributed to any specified segment**	**Adjust-ments and elimina-tions**	**Total**
Revenue							
From one client UAB MESTILLA	93,389	–	–	–	–	–	93,389
Other third parties	810,590	402,697	28,204	3,081	–	-	1,244,572
Intersegment	2,511	12,232	18,830	6,061	–	(39,634)[1)]	–
Total revenue	**906,490**	**414,929**	**47,034**	**9,142**	**–**	**(39,634)**	**1,337,961**
Results							
Operating expenses	10,520	12,015	3,832	813	21,688[6)]	–	48,868
Depreciation and amortisation	5,183	1,021	1,862	146	350	–	8,562
Provisions for onerous contracts	(267)	–	–	–	–	–	(267)
Write-off bad debts and provisions for doubtful debts	558	1,729	4	(5)	–	–	2,286
Gain (loss) on disposal of subsidiary companies	–	62,010	–	–	–	–	62,010
Segment operating profit (loss)	**31,727**	**89,202**	**8,621**	**1,540**	**(16,509)**	**–**	**114,581**
Share of profit of joint ventures	–	2,744	–	–	–	–	2,744
Assets							
Investments into associates	286	–	–	–	–	–	286
Investments into joint ventures	–	29,887	–	–	–	–	29,887
Capital expenditure[2)]	14,266	3,537	11,732	2,638	474	–	32,647
Non-current assets (excluding investments into associates and joint ventures)	77,946	716	54,546	8,175	18,126[3)]	–	159,509
Current assets	150,110	192,534	47,365	1,906	109,292[4)]	–	501,207
Total assets	**228,342**	**223,137**	**101,911**	**10,081**	**127,418**	**–**	**690,889**
Current liabilities	99,039	131,329	8,860	336	41,601[5)]	–	281,165

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, part of property, plant and equipment, 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 at 30 June 2013 and 2012 the amount mainly includes income and other taxes payable, current payables to and current loans payable to related parties, and part of borrowings, which are managed on the Group basis.
6) The operating expenses of administration, management departments are shown in Not attributed to any specified segment. The operating expenses of agricultural department are shown in the following order: ½ share in Grain and feedstuff handling and merchandising segment , the rest share in Products and services for farming.
7) During the financial year ended 30 June 2013, the Group's management decided to change reporting business segments:
- Grain and feedstuff handling and merchandising segment will combine the former segments Grains and Oilseeds, Feedstuffs, also are added grain storage and logistics services from the former segment Other products and services;
- Products and services for farming segment will combine the former segments Agricultural inputs and Machinery and equipment;
- Agricultural production segment changed the name of segment from previous name Farming;
- Other segment will combine the sales of biofuel, other products and services not attributed to mentioned segments;
Change in reporting business segments was made restrospectively and disclosed in current year financial statements.

4. SEGMENT INFORMATION (CONT'D)

Sales / Income includes:

	Group		Company	
	Financial year ended			
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Sales of goods*	2,017,606	1,321,302	–	–
Sales of services	25,534	16,659	100	100
Gain on disposal of subsidiary companies (Note 3)	–	–	–	74,391
Gain on disposal of assets held for sale	–	–	–	2,200
Dividends from subsidiaries	–	–	4,756	–
Rental income from investment and other property	–	–	180	180
Dividends from associates	–	–	–	960
	2,043,140	1,337,961	5,036	77,831

**Increase in sales of goods is influenced by good harvest, increased purchase price of commodities in current year and acquisitions of new subsidiaries.*

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

	Group	
	Financial year ended	
Revenue from external customers	**30 June 2013**	**30 June 2012**
Lithuania	533,255	320,907
Europe (except for Scandinavian countries, CIS and Lithuania)	425,090	299,213
Scandinavian countries	427,310	239,854
Africa	20,336	57,191
Asia	605,426	136,143
CIS	31,723	284,653
	2,043,140	1,337,961

Revenue from two largest customers amounted to LTL 288,363 thousand and LTL 264,816 thousand, respectively for the year ended 30 June 2013. Sales are accounted for under grain and feedstuff handling and merchandising caption of business segments. There are no individual customers exceeding 10% of sales of the Group in the year ended 30 June 2012.

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

Non-current assets	**Group**	
	As at 30 June 2013	**As at 30 June 2012**
Lithuania	196,140	132,084
Latvia*	7,751	179
Estonia*	5,152	–
Denmark	89	118
	209,132	132,381

** Increase is influenced by acquisition of UAB Dotnuvos Projektai sub-group.*

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 2011	1,512	157	1,669
Additions	366	13	379
Exchange differences	2	–	2
Disposal of subsidiary	(73)	–	(73)
Balance as of 30 June 2012	1,807	170	1,977
Additions	219	242	461
Additions of subsidiaries (Note 3)	39	32	71
Write-offs	(2)	(100)	(102)
Balance as of 30 June 2013	2,063	344	2,407
Accumulated amortization:			
Balance as of 30 June 2011	1,179	124	1,303
Charge for the year	85	11	96
Disposal of subsidiary	(34)	–	(34)
Balance as of 30 June 2012	1,230	135	1,365
Charge for the year	106	22	128
Write-offs	(2)	(86)	(88)
Balance as of 30 June 2013	1,334	71	1,405
Net book value as of 30 June 2013	**729**	**273**	**1,002**
Net book value as of 30 June 2012	**577**	**35**	**612**
Net book value as of 30 June 2011	**333**	**33**	**366**

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

Part of the intangible assets of the Group with the acquisition value of LTL 1,504 thousand as at 30 June 2013 was fully amortized (LTL 1,251 thousand as at 30 June 2012) 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 2011	6,923	95,986	52,601	7,049	10,155	15,247	187,961
Additions	3,236	1,940	6,749	1,488	782	16,951	31,146
Acquisition of subsidiaries	200	–	–	–	–	–	200
Disposals and write-offs	(177)	(210)	(341)	(234)	(28)	(10)	(1,000)
Transfers to/from investment property	610	–	–	–	–	–	610
Reclassifications	176	15,585	4,092	18	411	(20,282)	–
Exchange differences	21	1,298	300	97	118	67	1,901
Disposal of subsidiary	(228)	(17,049)	(4,246)	(1,454)	(1,687)	(298)	(24,962)
Balance as of 30 June 2012	10,761	97,550	59,155	6,964	9,751	11,675	195,856
Additions	1,928	6,057	6,533	4,169	2,699	13,321	34,707
Acquisition of subsidiaries (Note 3)	4,568	31,182	18,744	4,694	1,502	2,247	62,937
Disposals and write-offs	(2)	(8)	(3,397)	(1,288)	(827)	(41)	(5,563)
Transfers to/from investment property (Note 7)	427	2,317	–	–	–	–	2,744
Reclassifications	–	12,838	5,913	19	608	(19,378)	–
Exchange differences	–	(25)	(2)	(10)	(4)	–	(41)
Balance as of 30 June 2013	17,682	149,911	86,946	14,548	13,729	7,824	290,640
Accumulated depreciation:							
Balance as of 30 June 2011	–	24,202	29,883	3,730	6,416	–	64,231
Charge for the year	–	5,588	4,470	871	1,068	–	11,997
Disposals and write-offs	–	(16)	(303)	(185)	(28)	–	(532)
Reclassifications	–	–	(459)	–	459	–	–
Exchange differences	–	61	40	13	36	–	150
Disposal of subsidiary	–	(1,118)	(735)	(316)	(567)	–	(2,736)
Balance as of 30 June 2012	–	28,717	32,896	4,113	7,384	–	73,110
Charge for the year	–	9,271	9,666	2,069	1,225	–	22,231
Disposals and write-offs	–	(8)	(1,573)	(990)	(620)	–	(3,191)
Transfers from investment property	–	671	–	–	–	–	671
Exchange differences	–	(1)	2	–	–	–	1
Balance as of 30 June 2013	–	38,650	40,991	5,192	7,989	–	92,822
Impairment losses:							
Balance as of 30 June 2011	50	449	19	3	1	–	522
(Reversal) charge for the year	(32)	–	–	–	–	–	(32)
Balance as of 30 June 2012	18	449	19	3	1	–	490
(Reversal) charge for the year	(26)	-	16	(3)	2	–	(11)
Transfers from investment property	8	1,128	–	–	–	–	1,136
Balance as of 30 June 2013	–	1,577	35	–	3	–	1,615
Net book value as of 30 June 2013	**17,682**	**109,684**	**45,920**	**9,356**	**5,737**	**7,824**	**196,203**
Net book value as of 30 June 2012	**10,743**	**68,384**	**26,240**	**2,848**	**2,366**	**11,675**	**122,256**
Net book value as of 30 June 2011	**6,873**	**71,335**	**22,699**	**3,316**	**3,738**	**15,247**	**123,208**

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's depreciation charge for the years ended 30 June 2013 and 30 June 2012 was included into the following captions of the statement of financial position and the statement of comprehensive income:

	Financial year ended	
	30 June 2013	**30 June 2012**
Cost of sales	15,069	7,784
Biological assets	2,561	1,654
Operating expenses	3,865	1,803
Other expenses	5	113
Raw materials and other inventories	731	643
	22,231	11,997

Depreciation amount was decreased in the statement of comprehensive income by LTL 1,802 thousand for the year ended 30 June 2013 (LTL 1,328 thousand for the year ended 30 June 2012) by the amortisation of grants received by the Group (Note 19).

As at 30 June 2013 part of property, plant and equipment of the Group with the net book value of LTL 120,796 thousand (LTL 84,810 thousand as at 30 June 2012), was pledged to banks as a collateral for the loans (Note 20).

Part of property, plant and equipment with the acquisition cost of LTL 33,054 thousand was fully depreciated as at 30 June 2013 (LTL 15,335 thousand as at 30 June 2012), 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 and land and buildings which were not used in the Group's activities as at 30 June 2013.

	Land	Buildings	Total
Cost:			
Balance as of 30 June 2011	7,781	3,297	11,078
Additions	1,122	–	1,122
Disposals	(65)	–	(65)
Transfers to property, plant and equipment	(610)	–	(610)
Balance as of 30 June 2012	8,228	3,297	11,525
Additions	3,239	400	3,639
Acquisition of subsidiaries (Note 3)	456	–	456
Disposals and write-offs	(716)	–	(716)
Transfers to property, plant and equipment	(427)	(2,317)	(2,744)
Exchange differences	(7)	–	(7)
Balance as of 30 June 2013	10,773	1,380	12,153
Accumulated depreciation:			
Balance as of 30 June 2011	–	696	696
Charge for the year	–	94	94
Balance as of 30 June 2012	–	790	790
Charge for the year	–	107	107
Transfers to property, plant and equipment	–	(671)	(671)
Balance as of 30 June 2013	–	226	226
Impairment losses:			
Balance as of 30 June 2011	242	1,128	1,370
(Reversal) charge for the year	(148)	–	(148)
Balance as of 30 June 2012	94	1,128	1,222
(Reversal) charge for the year	(86)	–	(86)
Transfers to property, plant and equipment	(8)	(1,128)	(1,136)
Balance as of 30 June 2013	–	–	–
Net book value as of 30 June 2013	**10,773**	**1,154**	**11,927**
Net book value as of 30 June 2012	**8,134**	**1,379**	**9,513**
Net book value as of 30 June 2011	**7,539**	**1,473**	**9,012**

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

	Buildings
Cost:	
Balance as at 30 June 2011, 30 June 2012 and 30 June 2013	626
Accumulated depreciation:	
Balance as at 30 June 2011	81
Charge for the year	30
Balance as at 30 June 2012	111
Charge for the year	29
Balance as at 30 June 2013	140
Net book value as at 30 June 2013	**486**
Net book value as at 30 June 2012	**515**
Net book value as at 30 June 2011	**545**

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

7. INVESTMENT PROPERTY (CONT'D)

As at 30 June 2013 part of investment property of the Group with the net book value of LTL 8,427 thousand (LTL 8,694 thousand as at 30 June 2012), was pledged to banks as a collateral for the loans (Note 20). As at 30 June 2013 and 2012 the Company has pledged all its investment property to the bank as collateral for the loan received by its subsidiary AB Linas Agro (Note 20).

As at 30 June 2013 part of investment property of the Group and the Company with the net book value of LTL 2,370 thousand and LTL 438 thousand, respectively (LTL 676 thousand and LTL 465 thousand, respectively as at 30 June 2012) was not used in the Group's and the Company's activities.

Fair value of the Group's and the Company's investment property as at 30 June 2013 is LTL 18,612 thousand and LTL 1,710 thousand, respectively (as at 30 June 2012 LTL 12,077 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 at 30 June 2013 and 30 June 2012 the Group had investments into the following associates and joint ventures:

	Place of registration	Effective share held by the Group		Main activities
		As at 30 June 2013	As at 30 June 2012	
Associates				
UAB Jungtinė Ekspedicija	Lithuania	–*	45.05%	Expedition and ship's agency services
Joint ventures				
UAB Dotnuvos Projektai	Lithuania	–*	50.00%	Sale of seeds, agricultural machinery
Companies controlled by UAB Dotnuvos Projektai				
UAB Dotnuvos Technika	Lithuania	–*	50.00%	Dormant
SIA DOTNUVOS PROJEKTAI	Latvia	–*	50.00%	Sale of seeds, agricultural machinery
AS Dotnuvos Projektai	Estonia	–*	50.00%	Sale of seeds, agricultural machinery

** Change in ownership resulted due to additional acquisitions disclosed in Note 3.*

Information on associates and joint ventures of the Group as at 30 June 2012 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	286	1	4,416	235	1,269	100	769
Investments into joint ventures							
UAB Dotnuvos Projektai (consolidated)	29,887	8,131	174,067	33,790	124,834	4,398	94,447

8. INVESTMENTS INTO ASSOCIATES, JOINT VENTURES (CONT'D)

Movements of investments into associates and joint ventures for the years ended 30 June 2013 and 30 June 2012 are the following:

Balance as at 30 June 2011	26,168
Share profit of associates and joint ventures (after eliminations of unrealised gains)	2,744
Deferred income (unrealised gains on sale of property, plant and equipment to the Group)	1,322
Dividends received from associates	(61)
Balance as at 30 June 2012	30,173
Share profit of associates and joint ventures (after eliminations of unrealised gains)	4,108
Associates and joint ventures transferred to subsidiaries	(34,281)
Balance as at 30 June 2013	–

Information on associates and joint ventures of the Company as at 30 June 2013 and 30 June 2012 was as follows:

	Share of the stock held by the Company		Cost of investment	
	As at 30 June 2013	As at 30 June 2012	As at 30 June 2013	As at 30 June 2012
Investments into associates				
UAB Jungtinė Ekspedicija	–	45.05%	–	131
UAB Linas Agro Grūdų centras KŪB	24.70%	24.70%	3,907	3,907
			3,907	4,038
Investments into joint ventures				
UAB Dotnuvos Projektai	–	50.00%	–	4,902
				4,902

9. OTHER INVESTMENTS AND PREPAYMENTS FOR FINANCIAL ASSETS

Other investments and prepayments of the Group and the Company consist of:

	Share held by the Group	Group		Company	
		As at 30 June 2013	As at 30 June 2012	As at 30 June 2013	As at 30 June 2012
Prepayment for financial assets to be acquired		8,873	–	8,873	–
Prepayment for increase of share capital of UAB Linas Agro Konsultacijos		–	–	21,153	4,905
Investment into Panevėžys district Ėriškių ŽŪB	24.97%	173	173	–	–
Other investments		60	138	–	–
		9,106	311	30,026	4,905

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 the significant influence.

The Company is going to increase the share capital of UAB Linas Agro Konsultacijos by covering with loans granted by the Company 21,153 as at 30 June 2013. The Company has increased share capital of UAB Linas Agro Konsultacijos by LTL 6,611 thousand as at 16 August 2012. Part of share capital increase in the amount of LTL 4,905 thousand was covered with loans granted by the Company and is disclosed as other investments as at 30 June 2012.

During the year ended 30 June 2013 the Group and the Company have made LTL 8,873 thousand prepayment for financial assets to be acquired.

10. NON-CURRENT RECEIVABLES

	Group		Company	
	As at 30 June 2013	**As at 30 June 2012**	**As at 30 June 2013**	**As at 30 June 2012**
Trade receivables from agricultural produce growers due after one year	468	691	–	–
Loans receivable after one year	2,098	3,713	–	–
Other non-current receivable	485	844	403	781
Loans to employees	182	198	–	–
	3,233	5,446	403	781

On 30 March 2010 AB Linas Agro and AB Klaipėdos jūrų krovinių kompanija (hereinafter – KLASCO) signed a long term cooperation agreement for expansion of a grain terminal. AB Linas Agro participates by partly financing (in total LTL 4,450 thousand) expansion of the grain terminal and will have an exclusive right for five years to use the silage warehouses stowing 40 thousand tons of grain and to use the terminal for loading.

As at 30 June 2013 the balance of AB Linas Agro receivable from KLASCO amounted to LTL 2,670 thousand. The amount is disclosed as non-current loans receivable (LTL 1,780 thousand, respectively as at 30 June 2012 – LTL 2,818 thousand) and current loans receivable (LTL 890 thousand, respectively as at 30 June 2012 – LTL 890 thousand).

The Group's and Company's non-current receivables were neither due nor impaired as at 30 June 2013 and 2012.

11. BIOLOGICAL ASSETS

Fair value of the Group's animals and livestock:

	Milking cows	Heifers	Bulls and fattening cattle	Horses	Total livestock
Fair value as at 30 June 2011	10,784	2,479	744	–	14,007
Acquisitions	–	–	–	–	–
Births	–	143	140	–	283
Makeweight	–	2,144	959	–	3,103
Transfers between groups	79	(1,838)	1,759	–	–
Disposals	(73)	(196)	(2,862)	–	(3,131)
Write-offs and falls	(184)	(20)	(26)	–	(230)
Change in fair value of biological assets	(2,246)	(1)	67	–	(2,180)
Fair value as at 30 June 2012	8,360	2,711	781	–	11,852
Acquisition of subsidiary (Note 3)	2,990	1,041	1,676	11	5,718
Births	–	228	277	–	505
Makeweight	5	3,860	2,018	3	5,886
Transfers between groups	843	(3,029)	2,186	–	–
Disposals	(96)	(513)	(4,382)	(8)	(5,000)
Write-offs and falls	(195)	(50)	(37)	–	(282)
Change in fair value of biological assets (Note 25)	1,049	513	(770)	–	792
Fair value as at 30 June 2013	12,956	4,760	1,749	6	19,471
Quantity according to biological assets group:					
As at 30 June 2013	2,244	2,184	995	8	5,431
As at 30 June 2012	1,522	1,488	434	1	3,445
As at 30 June 2011	1,590	1,383	463	1	3,437

Fair value of the Group's crops:

	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
Fair value as at 30 June 2011	7,181	12,586	7,124	2,791	29,682
Additions	12,559	8,536	6,414	4,014	31,523
Transfers between groups	–	8	(8)	–	–
Harvested assets	(8,247)	(14,598)	(8,162)	(3,632)	(34,639)
Write-offs	–	–	(97)	–	(97)
Fair value adjustment on biological assets	3,641	2,846	3,439	–	9,926
Fair value as at 30 June 2012	15,134	9,378	8,710	3,173	36,395
Additions	17,878	12,867	11,187	4,116	46,048
Acquisitions of subsidiaries (Note 3)	3,170	1,761	3,830	695	9,456
Transfers between groups	4	(4)	–	–	–
Harvested assets	(22,558)	(14,353)	(13,856)	(4,376)	(55,143)
Fair value adjustment on biological assets (Note 25)	1,543	1,965	682	–	4,190
Fair value as at 30 June 2013	15,171	11,614	10,553	3,608	40,946

11. BIOLOGICAL ASSETS (CONT'D)

Crops under groups:	**Winter cultures**	**Summer cultures**	**Rapeseeds**	**Feeding cultures**	**Total crops**
Total sowed (ha) as at 30 June 2012	4,292	3,499	2,166	1,201	11,158
Total sowed (ha) as at 30 June 2013	5,124	3,897	3,309	1,618	13,948

As at 30 June 2013 and 30 June 2012 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 statement of comprehensive income.

As at 30 June 2013 part of animals and livestock of the Group with the carrying value of LTL 8,371 thousand (LTL 11,852 thousand as at 30 June 2012) was pledged to banks as a collateral for the loans (Note 20).

12. INVENTORIES

	Group	
	As at 30 June 2013	**As at 30 June 2012**
Purchased goods for resale (at cost or net realizable value)	157,777	126,496
Raw materials and other inventories (at cost)	11,796	7,579
Commitments to purchase agricultural produce (Note 16)	(1,457)	2,872
	168,116	136,947

The carrying value of the Group's inventories accounted for at net realizable value as at 30 June 2013 amounted to LTL 350 thousand (LTL 188 thousand as at 30 June 2012). The amount of write-down of inventories to net realizable value recognized as an expense in the year ended 30 June 2013 is LTL 215 thousand (LTL 13 thousand in the year ended 30 June 2012), and is recognized in cost of sales of the statement of comprehensive income.

As at 30 June 2013 part of inventories of the Group with the carrying value of LTL 88,301 thousand (LTL 107,539 thousand as at 30 June 2012) was pledged to banks as collateral for the loans (Note 20).

13. PREPAYMENTS

	Group	
	As at 30 June 2013	**As at 30 June 2012**
Prepayments to agricultural produce growers	2,464	6,551
Prepayments to other suppliers	6,551	9,856
Less: allowance for doubtful prepayments to other suppliers	(6)	–
	9,009	16,407

During year ended 30 June 2013 and 30 June 2012, prepayments were made directly to agricultural produce growers 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.

13. PREPAYMENTS (CONT'D)

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

	Individually impaired
Balance as at 30 June 2011	262
Written-down during the year	(262)
Balance as at 30 June 2012	–
Written-down during the year	6
Balance as at 30 June 2013	(6)

14. TRADE RECEIVABLES

	Group	
	As at 30 June 2013	**As at 30 June 2012**
Trade receivables from agricultural produce growers	169,045	143,806
Trade receivables from other customers	129,832	70,097
Less: allowance for doubtful trade receivables	(25,717)	(23,015)
	273,160	190,888

Changes in allowance for trade receivables for the years ended 30 June 2013 and 30 June 2012 were included into operating expenses in the statement of comprehensive income.

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 at 30 June 2013 the Group's trade receivables with the nominal value of LTL 23,893 thousand (LTL 21,079 thousand as at 30 June 2012) 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 at 30 June 2011	20,435
Charge for the year	3,980
Reversed during the year	(405)
Written-off during the year	(995)
Balance as at 30 June 2012	23,015
Charge for the year	4,219
Reversed during the year	(962)
Written-off during the year	(555)
Balance as at 30 June 2013	25,717

14. TRADE RECEIVABLES (CONT'D)

The ageing analysis of the Group's trade receivables as at 30 June 2013 and 30 June 2012 is as follows:

	Trade receivables neither past due nor impaired	Past due but not impaired				Total
		Less than 90 days	91 - 180 days	180 - 270 days	More than 271 days	
2012	177,643	7,034	549	496	5,166	190,888
2013	250,818	17,739	1,329	827	2,447	273,160

As at 30 June 2013 the Group transferred rights to part of its trade receivables with the value of LTL 213,271 thousand (LTL 179,598 thousand as at 30 June 2012) to banks as collateral for the loans (Note 20). Factorised trade receivables in amount of LTL 34,105 thousand as at 30 June 2013 (LTL 19,000 thousand as at 30 June 2012) are included in aggregate amount of collateral for the loans. Additionally, as collateral for the loans as at 30 June 2013 the Group transferred rights to the banks for future receivables with the value of LTL 1,253 thousand (LTL 5,431 thousand as at 30 June 2012) arising from the investment property rent contracts.

15. OTHER ACCOUNTS RECEIVABLE

	Group	
	As at 30 June 2013	As at 30 June 2012
Financial assets		
National Paying Agency	6,358	8,096
Loans receivable*	7,740	2,838
Loans granted to the Group employees	141	51
Interest receivable	355	–
Accrued income*	4,555	–
Receivable for assets held for sale	425	–
Other receivables	3,001	465
Less: allowance for doubtful loans receivable	–	(205)
	22,575	11,245
Non-financial assets		
VAT receivable	5,946	6,257
Other recoverable taxes	15	77
	5,961	6,334
	28,536	17,579

**Increase of loans receivable and accrued income as at 30 June 2013 comparing to 30 June 2012 is influenced by acquisition of UAB Dotnuvos Projektai sub-group.*

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

	Individually impaired
Balance as at 30 June 2011	205
Charge for the year	–
Balance as at 30 June 2012	205
Written-down during the year	(205)
Balance as at 30 June 2013	–

15. OTHER ACCOUNTS RECEIVABLE (CONT'D)

The ageing analysis of the Group's other receivables (except for non-financial assets) as at 30 June 2013 and 30 June 2012 is as follows:

	Other accounts receivable neither past due nor impaired	Past due but not impaired				Total
		Less than 90 days	91 - 180 days	181 - 270 days	More than 271 days	
2012	11,245	–	–	–	–	11,245
2013	15,745	5,956	239	33	602	22,575

16. OTHER CURRENT FINANCIAL ASSETS AND DERIVATIVE FINANCIAL INSTRUMENTS

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 at 30 June 2013	As at 30 June 2012
Other current financial assets				
Other derivative financial instruments	Level 1	b)	593	2,141
Held-to-maturity financial assets		c)	–	37,981
Restricted cash		d)	1,541	3,453
Other			68	–
			2,202	43,575
Derivative financial instruments (liabilities)				
Derivative financial instruments designated as hedges	Level 1	a)	–	(2,797)
Foreign exchange forward and swap contracts	Level 2		(816)	(168)
Other derivative financial instruments	Level 1	b)	(1,974)	(4,607)
			(2,790)	(7,572)

The Group concludes forward agreements (with fixed price) with Lithuanian and Latvian agricultural production growers for purchase/sale of agricultural produce. For part of such agreements the Group does not have agreed sales/purchase contracts with fixed price. As at 30 June 2013 the Group's total amount of such purchase/sale commitments to buy/sell agricultural produce was LTL 52,772 thousand (LTL 55,442 thousand as at 30 June 2012). To hedge the arising risk of price fluctuations, for the total amount of such purchase/sale commitments the Group concluded futures contracts that are traded on NYSE Euronext Paris SA exchange.

a) Derivative financial instruments used to hedge the price risk were attributed to the category of fair value hedge. As at 30 June 2013 the fair value of such futures contracts was equal to LTL 0 (LTL 2,797 thousand of losses as at 30 June 2012). These results are accounted for in cost of sales in the statement of comprehensive income. Hedged item (commitments to purchase agricultural produce) of LTL 1,457 thousand of loss (LTL 2,872 thousand of gain as at 30 June 2012) is accounted for as inventories (Note 12) in the statement of financial position and in cost of sales in the statement of comprehensive income by netting with gain and losses arising from the hedge instrument.

16. OTHER CURRENT FINANCIAL ASSETS AND DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

b) Part of other derivative financial instruments for the year ended 30 June 2013 are traded by the Group on behalf of related party, with the respective receivable from related party in the amount of LTL 1,974 thousand (LTL 2,616 thousand as at 30 June 2012) and payable to related party in the amount of LTL 593 thousand recorded in Group's financial statements (Note 33).

c) As at 30 June 2012 the Group and the Company had deposits with interest rate of 1.2% and residual value of LTL 13,811 thousand, with interest rate of 0.98% and residual value of LTL 6,906 thousand and money market instrument with interest rate of 1.42% and residual value of LTL 17,264 thousand. All these instruments were accounted as held-to-maturity financial assets.

d) As at 30 June 2013 and 30 June 2012 restricted cash balance mostly consists of cash at bank account, held as a deposit for trading in the futures exchange.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 30 June 2013	As at 30 June 2012	As at 30 June 2013	As at 30 June 2012
Cash at bank	30,006	53,725	3,252	43,919
Money market instruments with maturity of less than three months	4,000	1,000	–	–
Cash in transit	145	–	–	–
Cash on hand	89	43	–	–
	34,240	54,768	3,252	43,919

As at 30 June 2013 the Group had money market instruments, with interest rate of 0.01% and residual value of LTL 4,000 thousand. Part of the Group's accounts at banks and cash inflows was pledged to banks as collateral for the loans (LTL 2,289 thousand and LTL 3,779 thousand as at 30 June 2013 and 2012 respectively). As at 30 June 2013 and 30 June 2012 there were no restrictions on use of cash balances held in the pledged accounts (Note 20).

18. 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. Legal reserve was not fully formed as at 30 June 2013 and 30 June 2012.

Reserve for own shares

A reserve for own shares acquisition was formed based on the decision of the annual general meeting of the Company's shareholders, held on 27 October 2011. Purpose of acquisition of own shares is to maintain and increase the price of the Company's shares. Period during which the Company may purchase own shares is from 27 October 2011 till 27 April 2013.

During the year ended 30 June 2013 the Company acquired 800,000 own shares for LTL 1,599 thousand and disposed 9,028 own shares for LTL 14 thousand, net result of this transaction is recognised directly to the statement of changes in equity.

Foreign currency translation reserve

The foreign currency translation reserve results from translation differences arising on consolidation of SIA Linas Agro, SIA DOTNUVOS PROJEKTAI and Linas Agro A/S as at 30 June 2013 and as 30 June 2012 (Note 3).

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.

19. GRANTS AND SUBSIDIES

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

Balance as at 30 June 2011	9,473
Received	4,153
Amortisation	(1,771)
Balance as at 30 June 2012	11,855
Received	4,804
Acquisition of subsidiaries (Note 3)	2,200
Amortisation	(2,325)
Balance as at 30 June 2013	16,534

The amount is disclosed in the statement of financial position as non-current liabilities (LTL 14,360 thousand) and other current liabilities (LTL 2,174 thousand).

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 2013 and 30 June 2012 was included into the following captions of the statement of financial position and the statement of comprehensive income:

	Group	
	Financial year ended	
	30 June 2013	30 June 2012
Cost of sales (reduces the depreciation expenses of related assets)	1,802	1,311
Biological assets	410	339
Raw materials and other inventories	113	104
Other income	–	17
	2,325	1,771

For the year ended 30 June 2013 and 30 June 2012 the Group also received subsidies for animals and livestock, crops and milk in the total amount of LTL 7,623 thousand and LTL 5,682 thousand, respectively, which were accounted for in the sales caption of the statement of comprehensive income.

20. BORROWINGS

	Group		Company	
	As at 30 June 2013	As at 30 June 2012	As at 30 June 2013	As at 30 June 2012
Non-current borrowings				
Bank borrowings secured by the Group assets	31,742	35,393	–	–
Other non-current borrowings*	143	1,356	–	4,163
	31,885	36,749	–	4,163
Current borrowings				
Current portion of non-current bank borrowings	19,935	8,765	–	–
Current portion of other non-current borrowings**	–	1,310	–	–
Current bank borrowings secured by the Group assets	107,226	156,235	–	–
Factoring with recourse liability	34,106	21,511	–	–
Other current borrowings*	5,302	1,719	8,227	–
	166,569	189,540	8,227	–
	198,454	226,289	8,227	4,163

** Other non-current and current borrowings of the Company stand for borrowings from related parties as at 30 June 2012 (Note 33).*
*** Current portion of other non-current borrowings of the Group in amount of LTL 656 thousand as at 30 June 2012 stands for borrowings from related parties (Note 33).*

20. BORROWINGS (CONT'D)

Interest payable is normally settled monthly throughout the financial year.

As at 30 June 2013 and 30 June 2012 property, plant and equipment, investment property, biological assets, inventories, trade receivables and bank accounts were pledged to banks as a collateral for the loans (Notes 6, 7, 11, 12, 14 and 17). Also as at 30 June 2013 and 30 June 2012 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 collateral for the loans.

Compliance with the covenants of the borrowings agreements

During the year ended 30 June 2013 several companies of the Group did not comply with the covenants of the current and non-current borrowing agreements. Current portion of such borrowing agreements comprised to LTL 35,978 thousand and non-current portion - LTL 11,373 thousand. By 30 June 2013 the management of the Group receiveid bank letters, in which banks confirmed that they are aware of the breaches and that no actions will be undertaken, except for the non–current borrowing in the amount of LTL 6,243 thousand which was reclassified to current financial liabilities in these financial statements.

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

	Group		Company	
	As at 30 June 2013	**As at 30 June 2012**	**As at 30 June 2013**	**As at 30 June 2012**
Current borrowings	2.24%	2.75%	3.29%	–
Non-current borrowings	2.44%	2.73%	–	3.12%

Borrowings at the end of the year in national and foreign currencies (LTL equivalent):

	Group		Company	
	As at 30 June 2013	**As at 30 June 2012**	**As at 30 June 2013**	**As at 30 June 2012**
Borrowings denominated in:				
EUR	119,724	177,281	4,163	4,163
USD	1,640	7,692	–	–
LTL	77,090	41,316	4,064	–
	198,454	226,289	8,227	4,163

As at 30 June 2013 Group not utilized credit lines comprise LTL 160,947 thousand (LTL 94,839 thousand as at 30 June 2012).

21. 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.

21. FINANCE LEASE OBLIGATIONS (CONT'D)

The split of the net book value of the assets acquired under finance lease is as follows:

	Group	
	As at 30 June 2013	As at 30 June 2012
Land	1,461	1,616
Buildings and structures	364	310
Machinery and equipment	2,131	2,313
Vehicles	5,662	1,270
Other property, plant and equipment	636	74
	10,254	5,583

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

	Group	
	As at 30 June 2013	As at 30 June 2012
EUR	6,381	2,054
LTL	1,454	1,581
	7,835	3,635

As at 30 June 2013 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR and EURIBOR and ranges from 1.22% to 3.41%. The interest rate for the remaining portion of the finance lease liability in LTL outstanding as at 30 June 2013 is fixed, i.e. 5%.

As at 30 June 2012 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR and EURIBOR and ranges from 1.91% to 4.48%. The interest rate for the remaining portion of the finance lease liability in LTL outstanding as at 30 June 2012 is fixed, i.e. from 2% to 5%.

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

	Group	
	As at 30 June 2013	As at 30 June 2012
Within one year	2,681	1,177
From one to five years	4,971	2,042
After five years	869	986
Total finance lease obligations	8,521	4,205
Interest	(686)	(570)
Present value of finance lease obligations	7,835	3,635
Finance lease obligations are accounted for as:		
- current	2,445	1,067
- non-current	5,390	2,568

22. 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 2013 the lease expenses of the Group amounted to LTL 1,626 thousand (LTL 1,076 thousand for the year ended 30 June 2012).

Minimal future lease payments according to the signed lease contracts are as follows:

	Group	
	As at 30 June 2013	**As at 30 June 2012**
Within one year	1,465	1,574
From one to five years	3,206	1,659
After five years	2,179	1,526
Total	6,850	4,759
Denominated in (LTL equivalent):		
- EUR	2,545	862
- LTL	4,305	3,355
- DKK	–	542

The Company does not have operating lease agreements as at 30 June 2013 and 30 June 2012.

23. TRADE PAYABLES

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

24. OTHER CURRENT LIABILITIES

	Group	
	As at 30 June 2013	**As at 30 June 2012**
Bonuses to employees	15,992	6,249
Vacation accrual	5,370	3,240
Advances received*	6,200	167
Payroll related liabilities	5,038	2,352
Import VAT payable	–	2,772
VAT payable	9,680	692
Current portion of grants (Note 19)	2,174	–
Other liabilities	3,921	2,066
	48,375	**17,538**

**Increase of advances received as at 30 June 2013 comparing to 30 June 2012 is influenced by acquisition of UAB Dotnuvos Projektai sub-group.*

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

25. COST OF SALES

	Group	
	Financial year ended	
	30 June 2013	**30 June 2012**
Cost of inventories recognised as an expenses	1,715,559	1,135,748
Logistics expenses	125,735	88,509
Wages and salaries and social security	19,649	12,475
Provision for onerous contracts	56	(267)
Depreciation	13,267	6,473
Utilities expenses	5,445	2,955
Change in fair value of biological assets (Note 11)	(4,982)	(7,746)
Change in fair value of financial instruments	270	(289)
Other	9,894	5,240
	1,884,893	1,243,098

26. OPERATING EXPENSES

	Group		Company	
	Financial year ended			
	30 June 2013	**30 June 2012**	**30 June 2013**	**30 June 2012**
Wages and salaries and social security	49,383	31,121	59	56
Change in allowance for and write-offs of receivables and prepayments	3,720	2,286	–	–
Consulting expenses	2,800	2,170	1,143	443
Depreciation and amortization	3,993	1,899	30	30
Advertisement, marketing	2,478	1,008	–	–
Bank fees	2,216	1,516	–	–
Change in impairment of property, plant and equipment (Note 6)	(11)	(32)	–	–
Change in impairment of investments into subsidiaries (Note 3)	–	–	–	(431)
Currency exchange loss	–	–	5	1,498
Other	14,981	8,900	788	112
	79,560	48,868	2,025	1,708

27. OTHER INCOME (EXPENSES)

	Group	
	Financial year ended	
	30 June 2013	30 June 2012
Other income		
Fees from farmers for grain non-deliveries	593	272
Rental income from investment property and property, plant and equipment	1,000	886
Gain from disposal of investment property and property, plant and equipment	792	338
Gain on disposal of subsidiary companies (Note 3)	–	62,010
Gain on disposal assets held for sale	–	1,060
Currency exchange gain	–	2,797
Change in fair value of currency financial instruments	–	2,099
Gain on acquisition of subsidiary companies (Note 3)	26,073	–
Other income	792	457
	29,250	69,919
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(463)	(354)
Loss from disposal of property, plant and equipment	(122)	(49)
Change in impairment of investment property (Note 7)	86	148
Change in fair value of currency financial instruments	(1,840)	–
Loss from acquisition of subsidiary companies (Note 3)	(608)	–
(Loss) recognized on acquisition of subsidiaries (Note 3)	–	(1,020)
Currency exchange (loss)	(485)	–
Other expenses	(446)	(58)
	(3,878)	(1,333)

During the year ended 30 June 2013 the Group has concluded several currency forward agreements which generated the net loss of LTL 1,840 thousand (30 June 2012 net gain of LTL 1,913 thousand).

28. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	Group		Company	
	Financial year ended		Financial year ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Income from financing activities				
Interest income	1,526	7,783	3,334	2,277
Income from overdue payments	165	247	–	–
	1,691	8,030	3,334	2,277
(Expenses) from financing activities				
Interest expenses	(8,368)	(9,768)	(190)	(278)
Expenses for overdue payments	(385)	(11)	–	–
	(8,753)	(9,779)	(190)	(278)

29. INCOME TAX

	Group	
	Financial year ended	
	30 June 2013	**30 June 2012**
Current income tax expense	10,694	18,512
Income tax correction for prior periods	(127)	756
Deferred income tax (income) expense	40	2,009
Income tax expenses recorded in the statement of comprehensive income	10,607	21,277

	Group	
	As at 30 June 2013	**As at 30 June 2012**
Deferred income tax asset		
Tax loss carry forward (available indefinitely)	1,691	2,768
Accruals	1,693	1,210
Investment incentive	173	1,009
Allowance for trade receivables	1,106	592
Impairment of investment property	193	170
Impairment of property, plant and equipment	396	189
Allowance for inventories	308	-
Fair value of financial instruments	-	373
Other	412	164
Total deferred income tax asset	5,972	6,475
Deferred income tax liability		
Property, plant and equipment (difference between tax and accounting values)	(1,748)	-
Fair value of biological assets	(513)	(682)
Intangible assets (difference between tax and accounting values)	(25)	-
Fair value of financial instruments	-	(391)
Other	(183)	(12)
Total deferred income tax liability	(2,469)	(1,085)
Deferred income tax, net	3,503	5,390
Accounted for as deferred income tax asset in the statements of financial position	5,845	6,289
Accounted for as deferred income tax liability in the statements of financial position	2,341	(899)

Decrease in recognised deferred tax asset from tax loss carry forward in financial year ended 30 June 2013 is related to change in Linas Agro A/S operations and therefore changed estimate of recoverability of deferred tax assets of tax loss carry forward. The deferred tax asset was recognised based on the budgets prepared by the Group management, Linas Agro A/S expects to realise the tax loss carry forward during next five years.

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.

29. INCOME TAX (CONT'D)

As at 30 June 2013 and 30 June 2012 the Group has not recognised deferred tax asset for the following temporary differences:

	Group	
	As at 30 June 2013	**As at 30 June 2012**
Tax loss carry forward	2,869	2,803
Tax loss carry forward (available till 30 June 2020)	-	127
Allowance for trade receivables	2,751	367
Tax loss carry forward from investing activity (available till 30 June 2014)	-	33
Investment incentive	495	-
Investment property impairment	510	-
Allowance for inventories	-	24
Accrued expenses	5	104
	6,630	3,458

Temporary differences are available indefinitely, unless above otherwise stated.

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.

There are no temporary differences associated with investments in associates and joint ventures as at 30 June 2013 (deferred tax liability associated with investments in associates and joint ventures has not been recognized as at 30 June 2012 in the amount of LTL 25,139 thousand).

The changes of temporary differences before and after tax effect in the Group were as follows:

	Balance as of 30 June 2012	**Recognised in statement of comprehensive income**	**Exchange differences**	**Acquired subsidiaries**	**Balance as of 30 June 2013**
Tax loss carry forward (available indefinitely)	23,453	(12,172)	(7)	-	11,274
Accruals	8,891	3,398	-	-	12,289
Investment incentive	7,901	(7,172)	-	-	729
Allowance for trade receivables	4,430	5,942	(10)	-	10,362
Impairment of investment property	2,135	(850)	-	-	1,285
Impairment of property, plant and equipment	3,632	(992)	-	-	2,640
Fair value of financial instruments	1,880	(1,880)	-	-	-
Fair value of biological assets	(13,647)	6,980	-	(3,592)	(10,259)
Property, plant and equipment (difference between tax and accounting values)	-	4,263	(241)	(16,878)	(12,856)
Intangible assets (difference between tax and accounting values)	-	(168)	-	-	(168)
Allowance for inventories	-	2,054	-	-	2,054
Other	1,098	101	-	-	1,199
Total temporary differences	**39,773**	**(496)**	**(258)**	**(20,470)**	**18,549**
Deferred income tax, net	**5,390**	**(40)**	**22**	**(1,869)**	**3,503**

29. 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 June2013	**30 June2012**
Profit before tax	101,105	115,576
Income tax expenses, applying the statutory rate in Lithuania (15%)	15,166	17,336
Effect of different tax rates in Denmark and the Republic of Ukraine, 5% tax rate for the entities engaged in agricultural activities (Note 2.23.)	(709)	1,224
Utilization of previously unrecognised temporary differences	-	(410)
Income tax correction for prior periods	(127)	756
Temporary differences for which no deferred taxes were recognised	338	2,119
Permanent differences*	(3,993)	239
Effect of changes in foreign exchange rates	(68)	(62)
Effect of change in income tax rate	-	75
Total income tax (income) expenses	10,607	21,277

** As at 30 June 2013 permanenet differences mainly exists due to the bargain purchases of subsidiaries (see Note 3).*

The Company's significant tax expenses for the year ended 30 June 2012 is related to the income tax calculated on the gain from sale of subsidiary (Note 3).

30. 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 2013 and 30 June 2012 was as follows:

Calculation of weighted average for the year ended 30 June 2013	**Number of shares**	**Par value (LTL)**	**Issued/365 (days)**	**Weighted average**
Shares issued as at 30 June 2012	158,940,398	1	38/365	16,547,220
Acquisition of own shares 7 August 2012	(1,345)	1	1/365	435,449
Acquisition of own shares 8 August 2012	(655)	1	93/365	40,496,633
Disposal of own shares 9 November 2012	2,000	1	48/365	20,901,751
Acquisition of own shares 27 December 2012	(798,000)	1	18/365	7,798,803
Disposal of own shares 14 January 2013	7,028	1	167/365	72,358,778
Shares issued as at 30 June 2013	158,149,426			158,538,635

Calculation of weighted average for the year ended 30 June 2012	**Number of shares**	**Par value (LTL)**	**Issued/365 (days)**	**Weighted average**
Shares issued as at 30 June 2011	158,940,398	1	365/365	158,940,398
Shares issued as at 30 June 2012	158,940,398	1	365/365	158,940,398

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 2013	**30 June 2012**
Net profit, attributable to the shareholders of the parent	90,250	89,394
Weighted average number of ordinary shares outstanding for the year	158,538,635	158,940,398
Basic and diluted earnings per share (in LTL)	0.57	0.56

As at 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 2012 the Company paid LTL 4,500 thousand dividends, or LTL 0.03 per share. The Board of the Company plans to pay LTL 6,000 thousand dividends, or LTL 0.04 per share, for the year ended 30 June 2013.

31. 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. As at 30 June 2013 part of AB Linas Agro trade receivables was insured with the insurance limit equal to equivalent of LTL 60,101 thousand (LTL 28,098 thousand as at 30 June 2012).

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, EURIBOR and VILIBOR, which creates an interest rate risk. There were no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as at 30 June 2013 and 30 June 2012.

The sensitivity analysis of the pre-tax profit of the Group, considering that all other variables will remain constant, to possible changes in the interest rates is presented in the table below. There is no direct effect to equity from changes in interest rate.

	Effect on the profit before income tax for the year ended (in LTL thousand)			
	Increase / decrease of basis points	**30 June 2013**	**Increase / decrease of basis points**	**30 June 2012**
EUR	+150	(520)	+150	(2,642)
EUR	- 50	173	- 50	881
LTL	+150	(1,100)	+150	(596)
LTL	-150	1,100	-150	596
USD	+150	–	+150	(91)
USD	- 50	–	- 50	30

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 at 30 June 2013 were 1.76 and 1.11, respectively (as at 30 June 2012 1.78 and 1.17, respectively).

31. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

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	1,692	1,603	7,863	12,470	20,284	6,677	50,589
Lease liabilities	–	274	903	900	1,142	986	4,205
Current borrowings	52,937	106,352	24,365	–	–	–	183,654
Other non-current liabilities	–	–	–	1,397	56	262	1,715
Derivative financial instruments	–	2,289	5,283	–	–	–	7,572
Current trade payables	23	16,806	32,165	–	–	–	48,994
Payables to related parties	290	3,208	144	–	–	–	3,642
Other liabilities	107	1,010	571	–	–	–	1,688
Balance as at 30 June 2012	**55,049**	**131,542**	**71,294**	**14,767**	**21,482**	**7,925**	**302,059**
Non-current borrowings	7,657	3,573	10,239	8,470	23,497	1,564	55,000
Lease liabilities	–	681	2,000	2,521	2,450	869	8,521
Current borrowings	57,323	49,046	41,174	–	–	–	147,543
Other non-current liabilities	–	–	–	766	204	263	1,233
Derivative financial instruments	–	2,790	–	–	–	–	2,790
Current trade payables	7,175	67,139	21,739	–	–	–	96,053
Payables to related parties	212	2,989	–	–	–	–	3,201
Other liabilities	191	1,902	3,237	–	–	–	5,330
Balance as at 30 June 2013	**72,558**	**128,120**	**78,389**	**11,757**	**26,151**	**2,696**	**319,671**

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	–	–	132	4,248	–	–	4,380
Non-current payable to related parties	–	–	–	–	–	258	258
Other liabilities	–	236	–	–	–	–	236
Balance as at 30 June 2012	**–**	**236**	**132**	**4,248**	**–**	**258**	**4,874**
Non-current borrowings from related parties	–	28	8,312	–	–	–	8,340
Non-current payable to related parties	–	–	–	–	–	258	258
Current trade payables	–	–	1,500	–	–	–	1,500
Other liabilities	–	240	–	–	–	–	240
Balance as at 30 June 2013	**–**	**268**	**9,812**	**–**	**–**	**258**	**10,338**

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 major part of the Group's monetary assets and liabilities as at 30 June 2013 and 30 June 2012 are denominated in LTL or EUR, to which LTL is pegged, consequently the management of the Group believes that foreign exchange risk on EUR is insignificant. The Group used financial derivatives to manage the USD foreign currency exchange risk.

31. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (CONT'D)

Foreign exchange risk (cont'd)

Monetary assets and liabilities stated in various currencies as at 30 June 2013 and 30 June 2012 were as follows (LTL equivalent):

Group	**As at 30 June 2013**		**As at 30 June 2012**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	205,432	135,380	158,732	89,423
EUR	126,949	208,327	147,751	219,384
USD	21,229	6,382	8,466	9,919
DKK	2,289	3,376	2,526	3,095
LVL	4,749	5,053	452	688
PLN	4,827	97	8,436	302
Other currencies	1	–	3	–
	365,476	358,615	326,366	322,811

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). There is no direct effect to equity from changes in currency exchange rates.

		Effect on the profit before income tax for the year ended (in LTL thousand)	
	Increase/ decrease in exchange rate	**30 June 2013**	**30 June 2012**
USD	+ 15.00%	2,227	(218)
USD	- 15.00%	(2,227)	218
PLN	+ 15.00%	710	1,220
PLN	- 15.00%	(710)	(1,220)

Sensitivity to a reasonable possible change of LVL and DKK is not disclosed as it is not significant to the financial statements.

Financial risk, arising from biological assets, management strategy

The Group is engaged in wholesale trade of milk, therefore, exposed to risks arising from changes in milk prices. The Group's wholesale agreements for milk do not represent financial instruments but represent a significant price risk. The Group does not anticipate that milk 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 prices. The Group reviews its outlook for milk prices regularly in considering the need for active risk management.

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.

31. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (CONT'D)

Fair value of financial instruments (cont'd)

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:

1 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.
2 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 is equal to equity in the statement of financial position amounting to LTL 437,122 thousand as at 30 June 2013 (LTL 351,251 thousand as at 30 June 2012).

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 economic 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 2013 and 30 June 2012.

The Company and the Group's subsidiaries registered in Lithuania and Estonia are obliged to keep its equity at no less than 50% of its share capital, as imposed by the Laws on Companies of the Republic of Lithuania and the Republic of Estonia. The Company and the Group's subsidiaries registered in Lithuania and Estonia comply with this requirement, except for Lignineko UAB and AS Dotnuvos Projektai. The Group's subsidiaries registered in Latvia are obliged to keep its equity at no less than 0, as imposed by the Law on Companies of the Republic of Latvia. The Group's subsidiaries registered in Latvia comply with this requirement, except for SIA DOTNUVOS PROJEKTAI and SIA Linas Agro Graudu Centrs. The Group's management does not expect any negative consequences to the Group and is planning to take actions to mitigate these non-compliances.

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

	The Group		**The Company**	
	As at 30 June 2013	**As at 30 June 2012**	**As at 30 June 2013**	**As at 30 June 2012**
Total equity	440,496	356,056	316,546	316,690
Total assets	821,387	690,889	326,681	332,448
Total equity / Total assets	54%	52%	97%	95%
Leverage ratio	46%	48%	3%	5%

32. COMMITMENTS AND CONTINGENCIES

As at 30 June 2013 the Group is committed to purchase property, plant and equipment for the total amount of LTL 2,826 thousand (LTL 2,754 thousand as at 30 June 2012).

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 modernization till compliance level with the environmental regulations set by the Republic of Lithuania amounts to LTL 1,300 thousand as of as of 30 June 2012. As of 30 June 2013 investments for implementation of environmental regulations were done.

A few Group companies (Biržai district Medeikių ŽŪB, Kėdainiai district Labūnavos ŽŪB, Šakiai district Lukšių ŽŪB and Sidabravo ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Biržų district Medeikių ŽŪB is committed not to discontinue operations related to agricultural up to 2014, Kėdainių district Labūnavos ŽŪB – up to 2015, Šakiai district Lukšių ŽŪB - up to 2015, Sidabravo ŽŪB – up to 2014. UAB Linas Agro Grūdų Centras KŪB, Karčemos kooperatinė bendrovė received grants from the European Union and National Paying Agency for grain handling and storage facility upgrade.UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2018, Karčemos kooperatinė bendrovė – up to 2020. 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 15,225 thousand as of 30 June 2013 (LTL 10,145 thousand as of 30 June 2012).

On 25 April 2013 AB Linas Agro Group signed agreement with Latvian private and legal persons on acquisition of 87% of shares in Latvian company AS Putnu fabrika Kekava. The transaction should be completed till the end of 2013, their completion is subject to certain conditions presented, including obtaining of permission of the Competition Council of the Republic of Latvia.
As at 30 June 2013 total prepayments for financial assets to be acquired amounted to LTL 8,873 thousand.

In July 2013 the Group company Linas Agro A/S received a ruling from Denmark Tax Inspection (hereafter- SKAT) stating that SKAT has changed the companies tax assessments for the income year 2007-2009 whereby total taxable payment for period has been increased by LTL 509 thousand (DKK 1,100 thousand). The changes relate to non-approved deduction for inter-group services. The company's management does not concur with SKAT's assessment and considers appealing the decision. Accordingly, the Group did not recognize any tax liability or any interest as at 30 June 2013.

In addition Linas Agro A/S received a ruling from SKAT regarding the valuation of customer base which was transferred to the Group company, AB Linas Agro in the year 2011-2012. The decision has a negative effect on the total tax loss carry forward amount which is incorporated into calculation of taxable income for the year 2012-2013. SKAT has ruled that the value of the customer base should have been LTL 16,853 thousand (DKK 36,414 thousand) and not LTL 5,425 thousand (DKK 11,722 thousand) as the value sold in 2011-2012 by Linas Agro A/S to AB Linas Agro. This implies a reduction of the total tax loss carry forward in amount of LTL 11,428 thousand (DKK 24,692 thousand) (tax value LTL 2,857 thousand (DKK 6,173 thousand)). Deferred tax asset from the tax loss carry forward from this amount is not recognized by Linas Agro A/S. Linas Agro A/S management does not agree with SKAT and intends to appeal against the decision.

As at 30 June 2013 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 6,708 thousand (LTL 29,071 thousand as at 30 June 2012).
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 subsidiaries are not able to do it themselves. The management of the Group believes that the subsidiaries 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 at 30 June 2013 and 30 June 2012.

33. 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 2013 and 30 June 2012 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 (resigned from the Management Board as from 1 May 2013);
Tomas Tumėnas.

Subsidiaries: List provided in Note 3.

Joint ventures (Note 8):

UAB Dotnuvos Projektai (till 30 September 2012, from 1 October 2012 is consolidated subsidiary);
ŽŪB Dotnuvos Agroservisas (till 28 December 2011, reorganized);
UAB DOTNUVOS TECHNIKA (till 30 September 2012, from 1 October 2012 is consolidated subsidiary);
SIA DOTNUVOS PROJEKTAI (till 30 September 2012, from 1 October 2012 is consolidated subsidiary);
AS DOTNUVOS PROJEKTAI (till 30 September 2012, from 1 October 2012 is consolidated subsidiary);
UAB Kustodija (till 19 October 2011).
Associates (*Note* 8):

UAB Jungtinė Ekspedicija (till 28 February 2013, from 1 March 2013 is consolidated subsidiary).

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);
UAB MESTILLA (same ultimate controlling shareholders);
PAT UKRAGRO NPK (Ukraine) (same ultimate controlling shareholders, subsidiary starting from 1 July 2010 till 6 February 2012).

UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company);
UAB CEY (till 1 May 2013 Arūnas Jarmolavičius was a director of this company).

33. RELATED PARTIES TRANSACTIONS (CONT'D)

The Group's transactions with related parties in the year ended 30 June 2013 and 30 June 2012 were as follows:

2013	**Purchases**	**Sales**	**Receivables**			**Payables**
			Trade receivables	**Current loans receivable**	**Non-current loans receivable**	
Members of the board	20**	–	–	–	–	–
Joint ventures	6,886	392	–	–	–	–
Associates	9,534	77	–	–	–	–
Akola ApS group companies	16,682	120,120	14,165	1,350	2,540	3,201
	33,122	120,589	14,165	1,350	2,540	3,201

2012	**Purchases**	**Sales**	**Receivables**		**Non-current loans payable**	**Payables and advances received**	**Current loans received**
			Trade receivables	**Non-current receivable**			
Members of the board	47**	1	–	–	–	–	656*
Joint ventures	33,122	1,197	–	–	54	604	–
Associates	9,292	186	53	–	–	425	–
Akola ApS group companies	17,804	93,712	3,552	3,230	–	2,613	–
	60,265	95,096	3,605	3,230	54	3,642	656

** Loans borrowed from related parties are accounted for under current portion of non-current borrowings caption in the statement of financial position (Note 20).*
***Purchases from members of the board comprise of interest paid.*

The Company's transactions with related parties in the year ended 30 June 2013 and 30 June 2012 were as follows:

2013	**Purchases**	**Sales and dividends**	**Receivables**		**Prepayments for financial assets**	**Payables**	**Non-current payables**	**Current loans received**
			Trade receivables	**Current loans receivable**				
Akola ApS group companies	–	–	–	–	–	–	–	–
Subsidiaries	203	5,036	–	38,346	21,153	12	167	8,227
Associates/joint ventures	–	–	–	–	–	9	–	–
	203	5,036	–	38,346	21,153	21	167	8,227

2012	**Purchases**	**Sales and dividends**	**Receivables**		**Prepayments for financial assets**	**Payables**	**Non-current payables**	**Non-current loans received**
			Trade receivables	**Current loans receivable**				
Akola ApS group companies	–	14	17	–	–	–	–	–
Subsidiaries	13	255	133	30,924	4,905	–	158	4,163
Associates/joint ventures	–	86	902	–	–	–	–	–
	13	355	1,052	30,924	4,905	–	158	4,163

33. RELATED PARTIES TRANSACTIONS (CONT'D)

As at 30 June 2013 interest rates of the Group for non-current loans receivable from related parties are equal to 3.7% and 3 month EURIBOR + 4.2% margin, interest rates of the Group and the Company for current loans receivable from related parties are equal to 3.7% and 3 month EURIBOR + 2.45% margin, and 4% respectively. As at 30 June 2012 annual interest rate of the Group's loans borrowed is 7%. As at 30 June 2012 interest rate of the Company for current loans receivable from related parties is equal to 7%.

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 and Company's receivables and loans receivable from related parties were not impaired or past due as at 30 June 2013 and 30 June 2012.

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 11,565 thousand (including LTL 4,610 thousand of bonuses to the board of directors of AB Linas Agro) for the year ended 30 June 2013 (LTL 9,372 thousand (including LTL 798 thousand of bonuses to the board of directors of AB Linas Agro) for the year ended 30 June 2012). For the year ended 30 June 2013 the Group's management received LTL 545 thousand dividends from the Company (for the year ended 30 June 2012 dividends were not paid). For the year ended 30 June 2013 the Group's management has also received LTL 17 thousand of rent payments (LTL 23 thousand of rent payments for the year ended 30 June 2012).

The Company's management consists of the board of directors and a managing director. For the year ended 30 June 2013 the Company's management remuneration amounted to LTL 15 thousand (LTL 15 thousand for the year ended 30 June 2012).

As at 30 June 2013 Group borrowed from subsidiary company's management LTL 3,610 thousand, interest rate is equal 6%.
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 2012.

34. SUBSEQUENT EVENTS

Group

On 2 July 2013 AB Linas Agro Group signed agreements with Latvian private and legal persons on acquisition of 100% of shares of Latvian company SIA Broileks, 100% of shares of company SIA Cerova and 100% of shares of SIA Lielzeltini. The transactions should be completed by the end of 2013, their completion is subject to certain conditions presented, including obtaining of permission of the Competition Council of the Republic of Latvia. The permission is still pending and was not received until the issuance of financial statements. Preliminary AB Linas Agro Group estimates to spend about LTL 41,800 thousand for the acquisition of shares of the Latvian companies. The same permission is not yet received related to aqcuisition of AS Putnu fabrika Kekava for which a prepayment disclosed in Note 9 and 32 has been made as at 30 June 2013.

On 5 September 2013 a subsidiary of AB Linas Agro Group UAB Linas Agro Konsultacijos acquired 100% shares of UAB Žemės ūkio investicijos sub-group for LTL 18,593 thousand from previous owners. Only the unaudited financial information on the acquired subsidiary as at 30 June 2013 is available as at 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.

34. SUBSEQUENT EVENTS (CONT'D)

Group (cont'd)

	UAB Žemės ūkio investicijos sub-group
Acquisition date	**1 July 2013**
Carrying values	(unaudited)
Non-current assets	16,228
Current assets	14,791
Current liabilities	(13,290)
Net assets	17,729
Cash in the subsidiary	987
Revenue for the period 01 July 2012 - 30 June 2013	22,334
Profit for the period 01 July 2012 - 30 June 2013	5,229

On 24 July 2013 SEB bank has increased credit limit by LTL 50,000 thousand for AB Linas Agro, total amount of the credit limit is LTL 200 million. The purpose of the credit limit is AB Linas Agro's working capital financing.

On 29 August 2013 UAB Linas Agro Grūdų Centras KŪB prolonged the credit line agreement with AB SEB bank till 29 August 2014.

Company

On 3 July 2013 the Company have received a loan in amount of LTL 4,400 thousand from UAB Dotnuvos Projektai.

On 1 August 2013 the Company increased share capital of its subsidiary UAB Lineliai by LTL 1,000 thousand.

On 30 August 2013 the Board of the Company decided to grant loan to UAB Linas Agro Kosultacijos in amount of LTL 13,379 thousand.

AB LINAS AGRO GROUP

CONSOLIDATED ANNUAL REPORT

FOR THE FINANCIAL YEAR 2012/2013

ENDED 30 JUNE 2013


MITSA
GEORGE TOWN

CONTENT

1. LETTER TO THE SHAREHOLDERS

Manager of VšĮ Versli Lietuva Lina Vaitkevičienė awarded Darius Zubas, managing director of AB Linas Agro Group, Exporter of the Year Award. *Photo by Vladimir Ivanov*

DEAR SHAREHOLDERS,

When in 2009 we set the Group's objective to reach 1.6 million tons of agricultural raw materials sales during 2012/2013 financial year, for us this goal seemed to be ambitious, even a little too large and exceeding our possibilities. We had doubts whether we were really able to achieve it within four years. We are proud to have not only reached, but exceeded our dream – this year the volume of our products sold amounted to 1.8 million tons.

We were praised for such growth – during Lithuanian Business Leaders award ceremony, organized by the business newspaper Verslo žinios and Nordea Bank, AB Linas Agro Group was announced exporter of the year, as export of the Group in 2012, compared with 2010, increased by 69%.

Indeed, we feel as having grown and improved our positions in all our activities. Our revenue increased by 53%, while gross profit increased by 67%. Of course, high grain yield in the Baltic States as well as high grain prices had a significant impact on revenue growth; however, gross profit growth shows that we are able to use favorable conditions, long-term presence of the Group on the export markets and to control debtors, currency and trading risks.

Our ongoing investment in construction of grain elevators that we have been implementing already for a decade gives a return. We are a unique company in Lithuania by the fact that all of our elevators, with the exception of one, are the greenfield investments. The most high-tech equipment is installed in these elevators, and still they are modernized on a regular basis. This year our grain elevators have accepted and sent for export 558 thousand tons of different grain, which is 54% more than last year. We consider this activity promising and plan to invest in it furthermore.

Our positions in the port of Klaipėda are also good – in accordance with long-term agreements we can warehouse over 70 thousand tons of grain and 10 thousand tons of liquid products in this port at the same time. This greatly facilitates the export.

MICROFERT, NATURFERT and FERTIPLUS MgB amino acid complexes as well as fertilizer spreader Kverneland Exacta TL GEO were awarded with "Ką pasėsi 2013" exhibition medals.

One of the most successful of our investments this year is UAB Dotnuvos projektai. One of the main products marketed by the company, used as an indicator of successful commerce, is the number of sold tractors. This year, the company's sales of tractors increased by 31% – from 163 to 214 units. This demonstrates that our choice to invest in one of the best companies in its field of business in Lithuania is paying off. Moreover, the company is constantly expanding and has already built its business in Latvia and Estonia.

Purchase of agricultural company Kėdainiai district Labūnavos ŽŪB increased our revenue by 18 million LTL. We consider agricultural activities perspective, therefore, we will continue to invest in the development of agricultural activities. Our goal is to increase the cultivated land area over the next two years from 14 to 20 thousand hectares.

One of our features is the desire for innovation. It starts with the little things: for example, on an annual basis we sow demo crops on the field belonging to Aukštadvaris Agricultural Company located close to Via Baltica road to analyze different crop production technologies and tillage techniques and later offer the farmers the most optimal variants. The companies AB Linas Agro and UAB Dotnuvos Projektai constantly offer new products to the market and each year are awarded for the presented innovative products and solutions with medals at the agricultural exhibitions. This year, three more of the Group companies have introduced electronic billing system, which allows delivering invoices to payers faster.

We are glad to be appreciated by investors. An independent asset management company East Capital during traditional award ceremony acknowledged AB Linas Agro Group to be one of the leading companies of Eastern Europe in 2012 and presented "Discovery of the Year" award. "Discovery of the Year" award is presented to a company, which, according to East Capital team of investors, works efficiently and can achieve exceptional performance results.

The shares of AB Linas Agro Group went up by 29 per cent during the reporting period. The market capitalization of the company exceeded 100 million euros threshold and reached 116 million euros on 30 June, 2013.

2012/2013 financial year was the most successful in the entire history of our business. It showed that we already have a strong position on export markets, that we invest purposefully, thus, we can expect the growth in the value of the Group in the future.

Sincerely yours,

Managing Director

Darius Zubas

our values


long time partnership
striving for progress
linas agro
teamwork
tolerance
respect for everybody
attention

2. REPORTING PERIOD OF THE ANNUAL REPORT

Financial year of AB Linas Agro Group starts on 1 July of each year and ends on 30 June of the next year; therefore, this Consolidated Annual Report has been prepared for 2012/2013 financial year, and all the figures are stated as at 30 June 2013 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 Financial Reporting Standards and have been audited unless it is indicated otherwise.

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

In this Report AB Linas Agro Group is referred to as the Company whereas the Company with the controlled entities referred to as the Group.

CONTACT PERSONS:

Tomas Tumėnas
Finance Director
+370 45 507 393
t.tumenas@linasagro.lt

Agnė Barauskaitė
Investor Relations Specialist
+370 45 507 346
a.barauskaite@linasagro.lt

4. ABOUT THE COMPANY

Company name	AB Linas Agro Group
Legal form	Public company
Date and place of registration	27-11-1995 in Panevezys
Code of legal entity	148030011
VAT identification number	LT480300113
Company register	State Enterprise Centre of Registers (Valstybės įmonė Registrų centras)
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*
Bank account	LT07 7044 0600 0263 7111, AB SEB bank, bank code 70440
ISIN code	LT0000128092
Ticker in NASDAQ OMX Vilnius	LNA1L

The Company does not have any branches and representative offices.

AB Linas Agro Group together with its subsidiaries and associate is a Group of 30 companies, founded in 1991 and operating in four countries – Lithuania, Latvia, Estonia and Denmark. As at 30 June, 2013 the total headcount of the Group amounted to 1,039 employees. The financial year of the Group companies begin on 1 July.

The subsidiaries controlled by the Company produce, handle and merchandise agricultural products, also provide products and services for farming.

The Group is the leading exporter of grains and secondary products of food industry in the Baltic countries and one of the leaders in supplies of agricultural inputs (such as certified seeds, fertilisers and agricultural machinery) in Lithuania. Also the Group is a major grain and milk producer in Lithuania, owns and further expands an extensive network of grain storage facilities.

ACTIVITIES

The Group's activities are subdivided into four basic operating segments: *Grain and Feedstuff Handling and Merchandising*, *Products and Services for Farming*, *Agricultural Production* and *Other*. 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 Company performs only the management function and is not involved in any trading or production activities.

The Group carries out its trading operations mostly through subsidiaries AB Linas Agro (Lithuania) and Linas Agro A/S (Denmark). Both companies enhance the international reputation, are European Good Trading Practice (GTP) certified companies and ensure their position among the key players of the European market.

STRATEGY AND GOALS

The long-term goal of the Company 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. The Company implements its management model on the subsidiaries and other controlled companies which is 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 continue to cooperate with us and that such cooperation would be carried out on a long-term and win-win basis.

our vision – leadership in Baltic agribusiness sector

our mission

To create **value for clients** along the chain of production, processing, and trading of agricultural produce

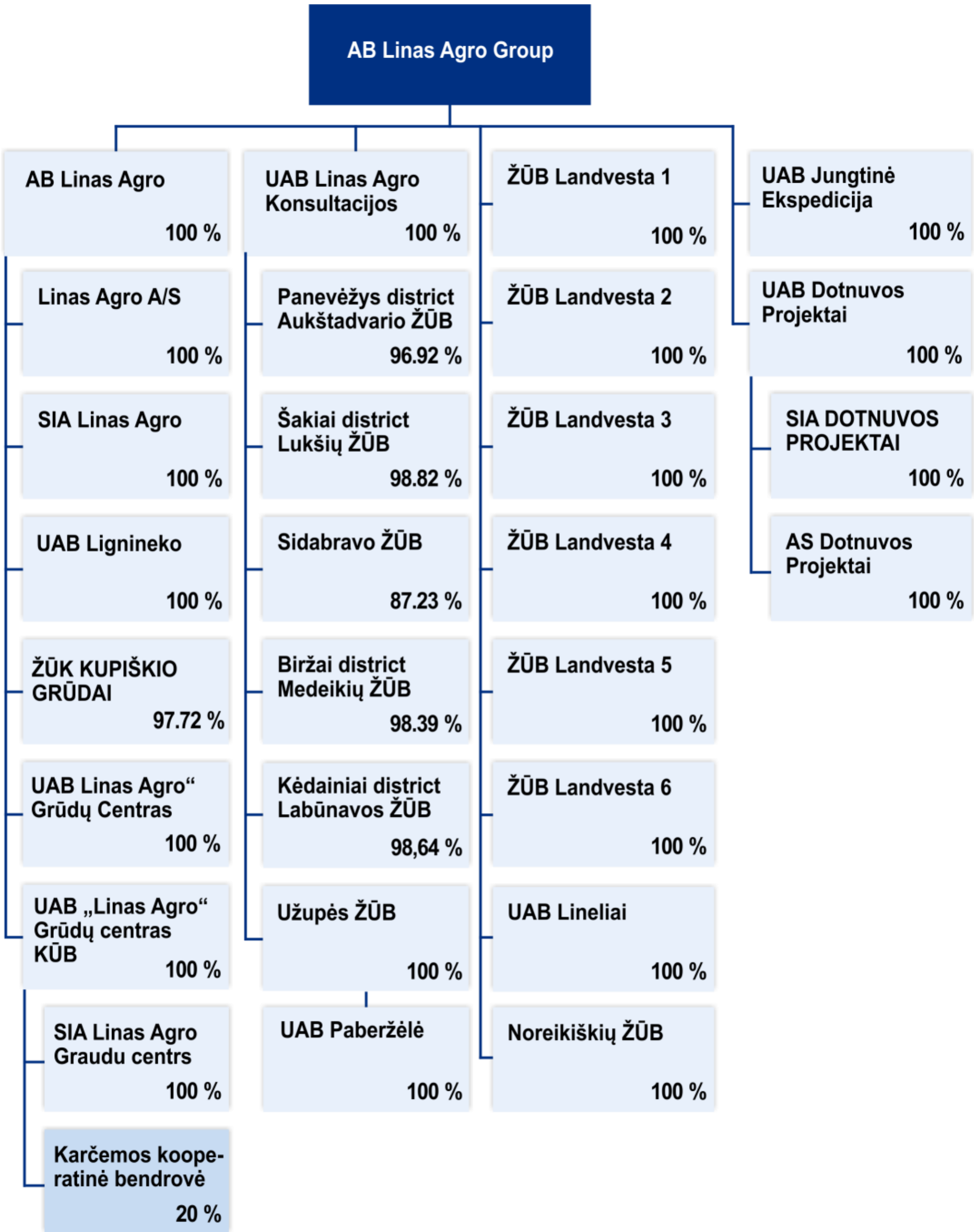
To seek constant **growth of the company's value** while ensuring maximum return on investments for shareholders and investors

To seek oportunities for professional development for **employees** in the organisation maintaining a high level of internal culture

AFFILIATES

The Company consolidated twenty nine companies in Lithuania, Latvia, Estonia and Denmark as at 30 June 2013.

STRUCTURE OF AB LINAS AGRO GROUP (AS AT 30 JUNE 2013)*:



** Dormant companies UAB Gerera (100% shares) and UAB Dotnuvos technika (100% shares) not included.*

SHAREHOLDING STRUCTURE OF THE COMPANIES

As at 30 June 2013, 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%
Linas Agro A/S	Subsidiary		100%				100%
SIA Linas Agro	Subsidiary		100%				100%
UAB Linas Agro Grūdų Centras	Subsidiary		100%				100%
UAB Linas Agro Grūdų Centras KŪB**	Subsidiary	24.69%	75.29%		0.02%		100%
SIA Linas Agro Graudu Centrs	Subsidiary	UAB „Linas Agro“ Grūdų centras KŪB owns 100% shares of the company					100 %
UAB Lignineko	Subsidiary		100%				100%
UAB Linas Agro Konsultacijos	Subsidiary	100%					100%
UAB Lineliai	Subsidiary	100%					100 %
Panevėžys district Aukštadvario ŽŪB	Subsidiary			96.92%			96.92%
Sidabravo ŽŪB	Subsidiary			87.23%			87.23%
Šakiai district Lukšių ŽŪB	Subsidiary			98.82%			98.82%
Biržai district Medeikių ŽŪB	Subsidiary			98.39%			98.39%
Kėdainių rajono Labūnavos ŽŪB	Subsidiary			98.64%			98.64%
Užupės ŽŪB	Subsidiary	0.05%		99.95%			100%
UAB Paberžėlė	Subsidiary	Užupės ŽŪB owns 100% shares of the company					100%
ŽŪB Landvesta 1	Subsidiary	99.68%	0.32%				100%
ŽŪB Landvesta 2	Subsidiary	99.88%	0.12%				100%

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	
ŽŪB Landvesta 3	Subsidiary	99%	1%				100%
ŽŪB Landvesta 4	Subsidiary	86.5%	13.5%				100%
ŽŪB Landvesta 5	Subsidiary	96.12%	3.88%				100%
ŽŪB Landvesta 6	Subsidiary	88.94%	11.06%				100%
Noreikiškių ŽŪB	Subsidiary	99,9 %		0,1%			100%
ŽŪK KUPIŠKIO GRŪDAI	Subsidiary	Lukšių ŽŪB, Aukštadvario ŽŪB and Sidabravo ŽŪB helds 9.09%, Medeikių ŽŪB – 45.46%, AB Linas Agro – 27.27% shares of ŽŪK KUPIŠKIO GRŪDAI					97.72%
UAB Dotnuvos Projektai	Subsidiary	100%					100%
SIA DOTNUVOS PROJEKTAI	Subsidiary					100%	100%
AS Dotnuvos Projektai	Subsidiary					100%	100%
UAB Jungtinė Ekspedicija	Subsidiary	100%					100%
Karčemos kooperatinė bendrovė***	Subsidiary	UAB Linas Agro Grūdų centras KŪB owns 20% shares of the company					20%

** Dormant companies UAB Gerera (100% shares owned by AB Linas Agro) and UAB Dotnuvos Technika (100% shares owned by UAB Dotnuvos Projektai) are not included.*

*** AB Linas Agro Group and UAB Linas Agro Grūdų Centras hold 50 % of votes each in UAB Linas Agro Grūdų Centras KŪB.*

**** The Group owns 20% shares of Karčemos kooperatinė bendrovė, but controlls this company and consolidates in financial statements.*

ACTIVITIES AND CONTACT DATA OF THE COMPANIES OF THE GROUP

SUBSIDIARIES IN LITHUANIA*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
AB Linas Agro	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs supply	8/7/1991, Code of legal entity 1473 28026, public limited liability company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 333 fax +370 45 507 444 e-mail *info@linasagro.lt* *www.linasagro.lt* , *www.rapsai.lt*
UAB Linas Agro Grūdų Centras	Management services	5/7/2002, Code of legal entity 148450944, private limited liability company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 365 fax +370 45 507 344 e-mail *grudai@linasagro.lt*
UAB Linas Agro Grūdų Centras KŪB	Grain processing and storage	10/7/2002, Code of legal entity 148451131, limited partnership, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 343 fax +370 45 507 344 e-mail *grudu.centras@linasagro.lt*
UAB Lignineko	Lignin biofuel stock operator	5/10/1994, Code of legal entity 134231520, private limited liability company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 333 fax +370 45 507 444 e-mail *info@lignineko.lt*
UAB Linas Agro Konsultacijos	Management of subsidiary farming companies	23/6/2003, Code of legal entity 248520920, private limited liability company, State Enterprise Centre of Registers	The principal place of business: Kėdainių elevator, Žibuoklių St. 14, LT-57130 Kėdainiai, Lithuania. The registered address: Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 688 674 29 fax +370 347 415 28 e-mail *konsultavimas@linasagro.lt*
ŽŪB Landvesta 1	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501060, agricultural company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 fax +370 45 507 404 e-mail *info@landvesta.lt*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
ŽŪB Landvesta 2	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501085, agricultural company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 fax +370 45 507 404 e-mail *info@landvesta.lt*
ŽŪB Landvesta 3	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501092, agricultural company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 fax +370 45 507 404 e-mail *info@landvesta.lt*
ŽŪB Landvesta 4	Rent and management of agricultural purposes land	23/04/2007, Code of legal entity 300709428, agricultural company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania Ph. +370 45 507 406 fax +370 45 507 404 e-mail *info@landvesta.lt*
ŽŪB Landvesta 5	Rent and management of agricultural purposes land	16/8/2007, Code of legal entity 301019661, agricultural company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 fax +370 45 507 404 e-mail *info@landvesta.lt*
ŽŪB Landvesta 6	Rent and management of agricultural purposes land	14/1/2008, Code of legal entity 301520074, agricultural company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 fax +370 45 507 404 e-mail *info@landvesta.lt*
UAB Dotnuvos Projektai	Sale of seeds, agricultural machinery	5/3/1996, Code of legal entity 261415970, private limited liability company, State Enterprise Centre of Registers	Parko St. 6, Akademija, 58351 Kėdainių district, Lithuania Ph.+370 347 370 30 fax +370 347 370 40 e-mail *info@dotnuvosprojektai.lt* *www.dotnuvosprojektai.lt*
Noreikiškių ŽŪB	Rent and management of agricultural purposes land	16/8/2012, Code of legal entity 302841649, agricultural company, State Enterprise Centre of Registers	Žibartonių St. 70, Žibartoniai 38323 Panevėžio r., Lithuania Ph.+370 45 507 333 fax +370 45 507 444 e-mail *noreikiskes@linasagro.lt*
Užupės ŽŪB	Growing and sale of crop	6/4/2011, Code of legal entity 302612561, agricultural company, State Enterprise Centre of Registers	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 333 fax +370 45 507 444 e-mail *uzupe@linasagro.lt*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
UAB Paberžėlė	Rent and management of agricultural purposes land	30/6/2008, Code of legal entity 301772627, private limited liability company, State Enterprise Centre of Registers	Liaudės St.81, Užupės vill., Kėdainiai district, Lithuania Ph. +370 698 58583 e-mail *uzupe@linasagro.lt*
UAB Lineliai	Rent and management of agricultural purposes land	9/6/2012, Code of legal entity 302740714, private limited liability company, State Enterprise Centre of Registers	Smėlynės St. 2C, 35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 e-mail lineliai@linasagro.lt
Šakiai district Lukšių ŽŪB	Mixed agricultural activities	30/10/1992, Code of legal entity 174317183, agricultural company, State Enterprise Centre of Registers	Lukšių vill. 2, LT-71176 Šakiai district, Lithuania Ph. +370 345 442 88 fax +370 345 442 25 e-mail *luksiai@linasagro.lt*
Kėdainiai district Labūnavos ŽŪB	Mixed agricultural activities	9/3/1993, Code of legal entity 161228959, agricultural company, State Enterprise Centre of Registers	Barupės St. 9, Labūnavos vill. LT-58173 Kėdainiai district, Lithuania Ph. + 370 347 34 4166 fax. + 370 347 34 180 e-mail *labunava@linasagro.lt*
Biržai district Medeikių ŽŪB	Growing and sale of crop	5/10/1992, Code of legal entity 154771488, agricultural company, State Enterprise Centre of Registers	Biržų St.32, Medeikių vill., LT-41462 Biržai district, Lithuania Ph. +370 450 584 22 fax +370 450 584 12 e-mail *medeikiai@linasagro.lt*
ŽŪK KUPIŠKIO GRŪDAI	Grain processing and storage	8/4/1999, Code of legal entity 160189745, co-operative society, State Enterprise Centre of Registers	Technikos St. 6D, LT-40122 Kupiškis, Lithuania Ph. +370 688 674 77 fax +370 688 67 471 e-mail *info@kupiskiogrudai.lt*
Panevėžys district Aukštadvario ŽŪB	Mixed agricultural activities	9/3/1993, Code of legal entity 168573274, agricultural company, State Enterprise Centre of Registers Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pirties St. 3, Aukštadvario vill. LT-38255 Panevėžys district, Lithuania Ph./fax +370 45 592 651 e-mail *aukstadvaris@linasagro.lt*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
Sidabravo ŽŪB	Mixed agricultural activities	20/4/1993, Code of legal entity 171331516, agricultural company, State Enterprise Centre of Registers	Pergalės St. 1A, Sidabravas, LT-82251 Radviliškis district, Lithuania Ph. +370 422 477 27 fax +370 422 476 18 e-mail *sidabravas@linasagro.lt*
UAB Jungtinė Ekspedicija	Logistics and forwarding services	17/2/1998, Code of legal entity 141642963, private limited liability company, State Enterprise Centre of Registers	I. Kanto g. 12-3, LT-92235 Klaipėda, Lithuania Ph. +370 46 310 163 fax +370 46 312 529 e-mail *info@je.lt, www.je.lt*
Karčemos kooperatinė bendrovė**	Grain processing and storage	9/3/2010, Code of legal entity 302487798, co-operative society, State Enterprise Centre of Registers	Šiaulių St. 72, Gustonių vill. LT-38355 Panevėžys district, Lithuania Ph. +370 45 454 051 fax +370 45 454 054 e-mail *priemimas@karcemoskb.lt*

** Dormant companies are not included:*

1. *UAB Gerera, private limited liability company, founded 15/1/1993, Code of legal entity 147676584, address Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras);*
2. *UAB Dotnuvos technika, private limited liability company, founded 25/6/1998, Code of legal entity 161452398, address Parko St. 6, Akademija, LT-58351 Kėdainiai district, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras).*

*** The Group owns 20% shares of Karčemos kooperatinė bendrovė, but controlls this company and consolidates in financial statements.*

SUBSIDIARIES OPERATING IN FOREIGN COUNTRIES

Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
Linas Agro A/S	Wholesale trade of grains and oilseeds, feedstuffs and other similar products and services	15/3/1994, Code of legal entity CVR 17689037, register of the company – Danish Commerce and Companies Agency	Vinkel Allé 1, DK-9000 Aalborg, Denmark Ph. +45 988 430 70 fax +45 988 440 07 e-mail *info@linasagro.dk* *www.linasagro.dk*

Company name	**Principal activities**	**Registration date, code of legal entity, company register**	**Contact data**
SIA Linas Agro	Wholesale trade of grains and oilseeds, agricultural inputs supply	23/4/2003, Code of legal entity 53603019011, Register of Enterprises of Republic of Latvia	Bauskas St. 2, LV-3001 Jelgava, Latvia Ph. +371 630 840 24 fax +371 630 842 24 e-mail *info@linasagro.lv,* *www.rapsim.lv*
SIA Linas Agro Graudu Centrs	Grain processing and storage	2/5/2013, Code of legal entity 43603059101, Register of Enterprises of Republic of Latvia	Bauskas St. 2, LV-3001 Jelgava, Latvija Ph. +371 630 840 24 fax +371 630 842 24 e-mail *graudu.centrs@linasagro.lv*
SIA DOTNUVOS PROJEKTAI	Sale of seeds, agricultural machinery	26/04/2010, Code of legal entity 43603041881, Register of Enterprises of Republic of Latvia	The principal place of business: Jūrmalas iela 13C, Pinki, LV–2107 Babītes novads, Latvia. The registered address: Bauskas iela 2, LV-3001 Jelgava, Latvia. Ph. +371 679 131 61 fax +371 677 602 52 e-mail *info@dotnuvosprojektai.lv,* *www.dotnuvosprojektai.lv*
AS Dotnuvos Projektai	Sale of seeds, agricultural machinery	11/11/2010, Code of legal entity 12019737, Estonian Central Register of Securities (Eesti Väärtpaberikeskus AS)	Savimäe 7, Vahi 60534, Tartu vald., Estonia Ph. +372 661 2800 fax +372 661 8004 e-mail *info@dotnuvosprojektai.ee* *www.dotnuvosprojektai.ee*

5. ACTIVITY AND FINANCIAL RESULTS OF THE GROUP

53%

Consolidated revenue of AB Linas Agro Group amounted to LTL 2,043 million in 2012/2013 financial year and was 53% more as compared to the corresponding period of the previous year (LTL 1,338 million).

31%

The Group sold 1.77 million tons of various agricultural products and inputs for farming or 31% more as compared to previous year (1.35 million tons).

67%

Gross profit was record high and reached LTL 158 million or 67% more compared to LTL 95 million in 2011/2012 financial year.

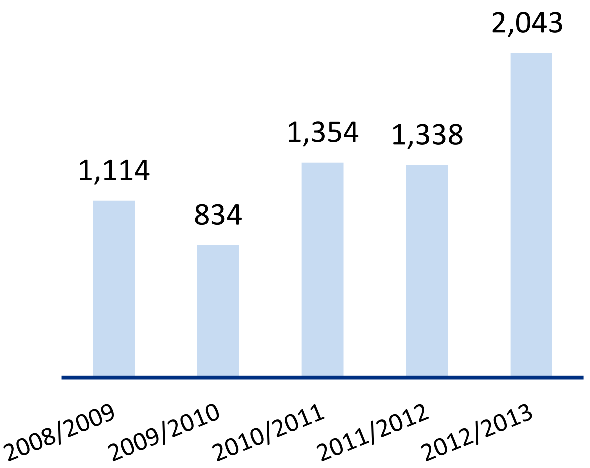
During the reporting period AB Linas Agro Group acquired farming company Kėdainiai district Labūnavos ŽŪB, logistics company UAB Jungtinė Ekspedicija, also the leading seller of seeds, agricultural machinery and grain storage equipment in Lithuania – UAB Dotnuvos Projektai.

LABŪNAVOS ŽEMĖS ŪKIO BENDROVĖ

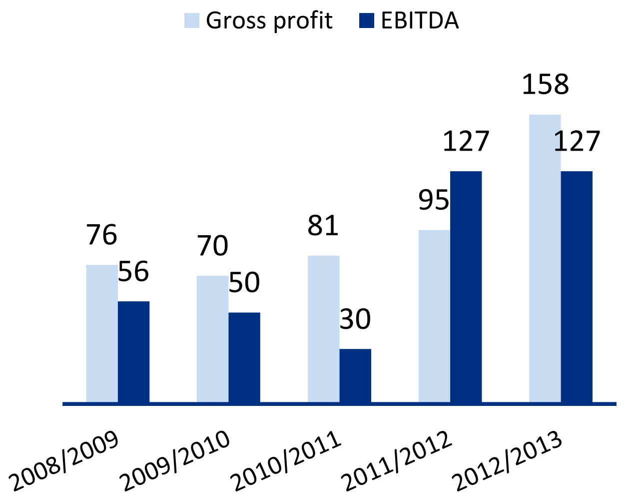
JE JUNGTINĖ EKSPEDICIJA

DOTNUVOS PROJEKTAI

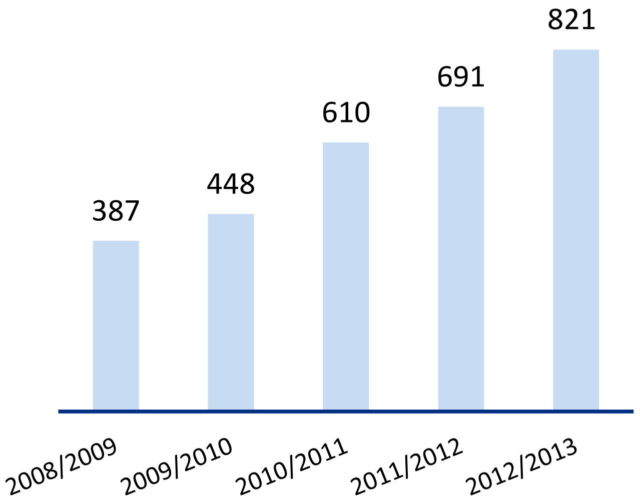
REVENUE, LTL MILLION



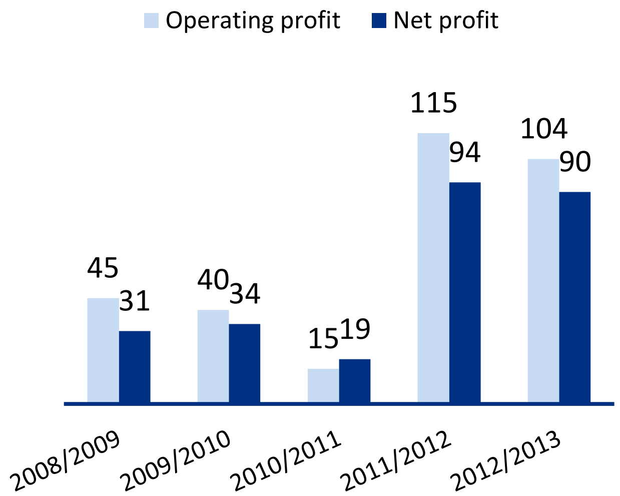
EBITDA & GROSS PROFIT, LTL MILLION



ASSETS, LTL MILLION



OPERATING & NET PROFIT, LTL MILLION



THE MAIN FINANCIAL RATIOS

	2009/2010	2010/2011	2011/2012	2012/2013	Change 2012/2013 compared to 2011/2012 (LTL in thousands)	Change 2012/2013 compared to 2011/2012 (%)
Sales revenue (thousand LTL)	**834,116**	**1,353,976**	**1,337,961**	**2,043,140**	**705,179**	**53%**
Sales in tons	**1,211,865**	**1,483,064**	**1,348,619**	**1,767,224**	**418,605**	**31%**
Gross profit (thousand LTL)	70,341	80,969	94,863	158,247	63,384	67%
EBITDA (thousand LTL)	**49,658**	**30,120**	**127,020**	**127,158**	**138**	**0.1%**
Operating profit (thousand LTL)	39,684	15,215	114,581	104,059	-10,522	-9%
Earnings before taxes EBT (thousand LTL)	39,988	14,522	115,576	101,105	-14,471	-13%
Net profit (thousand LTL)	**33,510**	**18,970**	**94,299**	**90,498**	**-3,801**	**-4%**
Margins						
Gross profit margin	8.43%	5.98%	7.09%	7.75%	0.66%	9%
EBITDA margin	5.95%	2.22%	9.49%	6.22%	-3.27%	-34%
Operating profit margin	4.76%	1.12%	8.56%	5.09%	-3.47 %	-41%
Earnings before taxes margin	4.79%	1.07%	8.64%	4.95%	-3.69%	-43%
Net profit margin	4.02%	1.40%	7.05%	4.43%	-2.62%	-37%
Solvency ratios						
Current ratio	1.95	1.44	1.78	1.76	-0.02	-1%
Financial debt / Equity ratio	0.53	0.81	0.65	0.47	-0.18	-28%
Net financial debt / EBITDA	2.10	7.28	1.38	1.35	-0.03	-2%
Return on equity (ROE)	12.72%	6.78%	26.48%	20.54%	-5.94%	-22%
Return on capital employed (ROCE)	10.60%	3.95%	20.02%	16.72%	-3.30%	-16%
Return on assets(ROA)	7.47%	3.11%	13.65%	11.02%	-2.63%	-19%
Basic and diluted earnings per share (LTL) (EPS)	0.30	0.12	0.56	0.57	0.01	2%
Price earnings ratio (P/E)*	6.23	14.56	3.10	4.42	1.32	43%

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

INFORMATION ON THE GROUP'S PERFORMANCE RESULTS

Consolidated revenue of AB Linas Agro Group for the period from July 2012 to June 2013 was record high amounting to LTL 2,043 million. A record high harvest in the Baltic States, increasing grain prices in the international market and the consolidation of the new activities of the Group had the greatest positive impact on revenue growth. The Group's sales volume has increased by 31% and reached 1.8 million (1.3 million tons in 2011/2012 financial year). The Group's performance was succesfull: an increase in grain, oilseed and feedstuff sales was recorded, the revenue of agricultural companies of the Group and volume of services provided by grain elevators have been growing.

Most of the Group's revenue accounted for grain and feedstuff sales making LTL 1,632 million or 80% of the total Group's revenue while products and services for farming earned LTL 397 million (19% of total revenue). The major part of the production is sold abroad, trade with foreign countries accounted for 74% of total sales. The main export regions were European (43%) and Asian (30%) countries; 26% of income gained in Lithuania.

The Group was further strengthening its position in such strategic export markets as Scandinavian countries as well as expanding trade with Iran, Saudi Arabia, Germany and Poland. The Group has exported products to over 20 countries of the world; new export markets included Portugal, Azerbaijan, Uzbekistan and Algeria. Most of the goods were transported through the Baltic Sea ports: 1.4 million tons of freights were shipped through the above ports, including 1.1 million tons through the ports of Lithuania. Goods from Ukraine, Russia, Moldova and Romania have been shipped through the Black Sea ports with the total volume of sales amounting to 115 thousand tons. Approx. 160 thousand tons of products were shipped from West-European sea ports.

Due to the record high grain harvest in the Baltic States and the competitive positions of the Group in this region, the volume of grain sales has been growing the most. The Group has sold 0.8 million tons of wheat and 0.12 million tons of rapeseed, which is 139% and 15% more than the previous year. The volume of feedstuff sales has also increased (by 45%), which includes increase in suncake and rapecake sales by 37%, while sugar beet pulp pellets sales increased 2.2 times. Production volume of agricultural products has increased by 71% and amounted to LTL 80 million. Only the volume of sales in the segment of products and services for farming activities decreased and made LTL 397 million, which is 4% less comparing with 2011/2012 financial year (LTL 415 million). Drop in the sales in this business segments is explained by the sale of fertilizer business in Ukraine that took place in 2011/2012 financial year. Excluding the Ukrainian fertilizer sales volume, segment's revenue has increased more than twice, from LTL 158 million to LTL 397 million.

All of the major business segments of the Group were profitable, therefore Group's gross profit increased from LTL 95 million to LTL 158 million. Gross profit margin increased from 7.09% to 7.75% and exceeded the average for the sector (5.5-6.0%). Grain and feedstuff sale had the greatest impact on the total profitability as it generated over half of gross profit of the Group. The Group's operating profit amounted to LTL 104 million, which is 9% less than for the previous year (LTL 115 million). However, excluding the revenue gained during 2011/2012 financial year from the disposal of Ukrainian fertilizer trading company PJ-SC UKRAGRO NPK, the Group's operating profit increased twice. The Group's earnings before taxes (EBT) amounted to LTL 101 million, which made 13% less than in 2011/2012 financial year (LTL 116 million).

Earnings before interest, taxes, depreciation, and amortization (EBITDA) remained almost unchanged, amounting to LTL 127.2 million (LTL 127.0 million during 2011/2012 financial year). High profitability of the Group shows that the Group managed to take advantage of the favorable market situation in the region: It successfully used its long-term experience and expertise in the domestic and export markets. The Company's net profit attributed to shareholders amounted to nearly LTL 90 million, which is 1% higher than during 2011/2012 financial year (LTL 89 million). Excluding the impact of the Ukrainian company's sales on the financial results for the previous year, the Group's net profit almost doubled, from LTL 44 million to LTL 90 million.

The gross profit from the main activities of the Group companies AB Linas Agro, Linas Agro A/S and SIA Linas Agro, which is grain, oilseed and feedstuff trading, increased 1.8 times and amounted to LTL 101 million (LTL 56 million during the previous year). The performance results of these companies determined the overall profitability of the Group. Nearly all of the Group companies were profitable.

Cost of the Group's goods sold has increased as a result of increased sales volume and higher market prices of products from LTL 1,243 million to LTL 1,885 million. The cost of inventories has increased from LTL 1,136 million to LTL 1,716 million. Due to increased sales volumes logistics costs also increased, which accounts for up to 7% of total cost of the Group's products and services. They increased by 41% during the reporting period making LTL 126 million (LTL 89 million during 2011/2012 financial year). Group's consolidated operating expenses amounted to LTL 80 million, which is 63% higher compared with the previous corresponding period (LTL 49 million). Increase in costs was mainly influenced by the acquisition of new businesses and their consolidation in the Group. Other operating income amounted to LTL 29 million due to successful acquisitions of subsidiaries – agricultural company Kėdainiai district Labūnavos ŽŪB, UAB Dotnuvos Projektai (LTL 62 million during 2011/2012 financial year). The value of the assets of the companies acquired, compared with the acquisition price, was considerably higher, which had a major impact on other operating revenue. This also shows that the Group's investment policy has been successful, aiming an increase of the long-term value for the shareholders of the Group.

The Group has experienced nearly LTL 7.1 million losses from its financial and investment activities. The major share of the financial costs is attributed to the interest expenses, which decreased from LTL 9.8 million to LTL 8.4 million. Having free funds as a result of disposal of subsidiary in Ukraine, the Group successfully invested them in working capital and short-term money market instruments, as a result, despite a doubled increase in the Group’s demand for working capital, the Group's interest expenses have decreased.

The Group continued to successfully implement its investment program. The main investment directions were focused on the improvement of commercial activities in the Baltic region, the development and modernization of grain elevators, the development of agricultural companies and the purchase of arable lands.

The Group has expanded the network of elevators, by increasing the storage capacity up to 194 thousand tons. During 2012/2013 financial year the Group’s grain storage facilities were expended by 25.5 thousand tons; up to LTL 18 million was invested in the development of the above elevators in Joniškis and Pasvalys. At the end of 2012, the Company together with partners launched a new grain elevator in Gustonys, Panevėžys district, capable to store almost 17 thousand tons of grain. Farmers’ Service Center was purchased in Vilkaviškis, land plot with warehouse was purchased and reconstruction of the elevator was completed in Kupiškis. Inaddition the Group purchased land plot for further development of elevators network, investing the total of LTL 5 million. Expanded warehousing facilities and renewed equipment increased network efficiency and allowed to process larger quantities of grain and rapeseed. Currently, the Group owns one of the largest and modern networks of elevators in Lithuania.

In fall 2012 reconstruction of UAB Dotnuvos Projektai Plungė branch, which cost LTL 2 million, was completed.

Agricultural land management companies owned by the Group have expanded agricultural land area up to 4.2 thousand hectares by purchasing around 297 hectares of arable land.

By means of consistent implementation of the approved market development strategy, the Group acquired one of the most profitable agricultural companies in Lithuania – Kėdainiai district Labūnavos ŽŪB, thereby enlarging the number of the companies managed up to six. All the agricultural companies of the Group are currently cultivating almost 14 thousand hectares land area, altogether harvest approximately 70 thousand tons of various grains. Their consolidated revenue amounts to about LTL 80 million. The Group's agricultural companies continue to be one of the largest milk suppliers in Lithuania, delivering about 16 thousand tons of milk per year.

Having purchased the rest 50% of the shares of UAB Dotnuvos projektai, the Group has become one of the strongest suppliers with the widest range of goods and services for Lithuanian farmers, improved its positions in Latvia and entered into Estonian market. Acquisition of UAB Dotnuvos Projektai has increased consolidated revenue the Group by almost LTL 202 million.

CASH FLOWS AND LIQUIDITY

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

As at the balance-sheet date, the Group had LTL 34 million in cash and cash equivalents (in 2011/2012 they were LTL 55 million), its current solvency ratio amounted to 1.8. Debt and equity ratio amounted to 0.47 (0.7 during previous year). The Group's relative net debt to EBITDA ratio remained low, the same as during 2011/2012 financial year and amounting to 1.4. The Group's solvency and liquidity ratios remain on a highly secure level, conditioned by profitable activity of the Group and its ability to manage the commercial risk. The Group's financial debts (excluding financial lease obligations) amounted to a total of approx. LTL 198 million (LTL 226 million during 2011/2012 financial year), 16% of them were long-term debts. The Group's short-term debts, most of which were allocated to finance the working capital, were covered with inventories, accounts receivable, cash, property, plant and equipment, investment property and biological assets. If the Group gets the permition of Latvian Competition Authority to purchase Latvian poultry farming companies, long-term loans share in total loans during 2013/2014 financial year may grow because the Group will use long-term loans to finance the acquisition.

The Group's cash flow from operating activities before the changes in working capital has increased up to LTL 103 million, compared with LTL 61 million during the corresponding period of the previous year. Cash flows from operating activities after changes in working capital amounted to LTL 108 million (during the respective period of 2011/2012 financial year they amounted to LTL 44 million). The Group's cash flow from investment activities was negative, amounting to LTL 38 million (LTL 12 million during 2011/2012 financial year). This is explained by an active investment policy of the Group and acquisition of new companies (Kėdainiai district Labūnavos ŽUB, UAB Jungtinė Ekspedicija and UAB Dotnuvos Projektai). All the companies managed by the Group have been investing as well – network of grain elevators was expanded, long-term assets of agricultural companies were renewed, and agricultural land was being purchased.

The Group's cash flows from financial activities were negative, amounting to LTL 90 million, which was affected by repayment of financial loans (LTL 175 million).

AB Linas Agro Group is fully capable of funding its own operating and investment activities. The Group finances its working capital in three banks – AB SEB Bankas, BNP PARIBAS (Suisse) SA and ABN AMRO Bank N.V. The total amount of credit facilities of the above banks exceeds LTL 300 million.

PERFORMANCE RESULTS OF THE SEGMENTS

With the new business, sales of agricultural equipment, grain storage facilities and forest machinery, coming into the Group, also with the prospect of new business after Latvian poultry companies are acquired by the Group, the Board of AB Linas Agro Group made the decision No 4 on 9 September 2013, to increase the size of the existing business segments by combining several activities of the Group. Four new business segments and one estimated operational segment has been approved:

1. Grain and feedstuff handling and merchandising (previously Grain and oilseeds). Segment will combine the former segments Grains and Oilseeds and Feedstuffs, also grain storage and logistics services are added from the former segment Other Products and Services.

2. Products and services for farming (previously Agricultural inputs). Segment will combine the former segment Agricultural inputs and the newest activity segment– Machinery and Equipment.

3. Agricultural production (former segment – Farming). There are no changes in latter segment.

4. Other (previous name Other products and services). Grain storage and logistics services excluded from the segment. It includes not significant activities, not attributable to other segments.

5. Food products (prospective segment). This segment will appear in 2013/2014 financial year after the Company acquires Latvian poultry companies.

OPERATING PROFIT (LOSS) BY ACTIVITY SEGMENTS , THOUSAND LTL

	2012/2013	2011/2012	2010/2011	2009/2010
Grain and feedstuff handling and merchandising	80,723	31,727	(15,851)	29,873
Products and services for farming	26,396	89,202	26,504	9,717
Agricultural production	28,425	8,621	15,475	5,856
Other	(247)	1,540	2,158	3,218

GRAIN AND FEEDSTUFF HANDLING AND MERCHANDISING

This business segment includes grains, oilseeds and feedstuffs handling, transportation, international trading and wholesale. The Group has been operating in this field since 1991. This activity generates most of the Group's revenue.

"Grains" means wheat, barley, corn and some other types of grain. A large part of the activity in this segment consists of selling grain grown in Lithuania and Latvia.

"Oilseeds" means rapeseed, sunflower and flax seeds.

"Feedstuffs" means sale of food industry's secondary products (such as sunflower cake, sunflower meal, rapeseed cake, soy meal, sugar beet pellets, etc.). "Feedstuff" also includes other feed-related products, such as soybeans and vegetable oils.

This segment also includes handling of the grain for the export in elevators (cleaning, drying, storage, reloading) and logistics services.

PERFORMANCE RESULTS OF GRAIN AND FEEDSTUFF HANDLING AND MERCHANDISING SEGMENT

Main financial indicators	2009/2010	2009/2010	2010/2011	2012/2013	Change 2012/2013 compared to 2011/2012 (thousand LTL)	Change 2012/2013 compared to 2011/2012 (%)
Sales in tons	1,054,590	941,875	962,970	1,541,250	578,280	60%
Sales revenue (thousand LTL)	729,507	870,230	906,490	1,631,876	705,047	76%
Gross profit (thousand LTL)	45,836	14,760	42,629	100,915	58,286	137%
Gross profit margin	5.1%	6.0%	4.6%	6.2%	1.6%	35%

Sales revenue of one of the most important and largest segment of the Group’s activity amounted to LTL 1,632 million (LTL 906 million during 2011/2012) and operating profit amounted to LTL 81 million (LTL 32 million during 2011/2012 financial year).

The volume of sales in the segment amounted to 1,541 thousand tons, which is 60% higher than during previous years (963 thousand tons). Over one million tons of grain were sold, which is 70% more than last year. The increase was primarily attributable to a record high grain harvest in the Baltic States and the Group's ability to buy grains and oilseeds in a fast and flexible manner.

Feedstuff sales volume amounted to 534 thousand tons, which is 44% higher than during the corresponding period of the previous year (371 thousand tons). Sales volume has been growing due to the increased demand for these products in Poland, the Baltic States and Western European countries, as well as long-lasting Group’s performance on the marker.

Revenue from grain elevators went up from LTL 22 million to LTL 37 million. The grain elevators processed and prepared for export approximately 558 thousand tons of different grains, i.e. 54% more than during the corresponding period of the previous year (363 thousand tons).

The segment’s gross profit amounted to LTL 101 million, which is 2.3 times higher than during 2011/2012 financial year (LTL 43 million). Gross profit margin increased to 6.2% compared with 4.6% in the previous year.

PRODUCTS AND SERVICES FOR FARMING

This business segment includes supply of important products for crop production, such as certified seeds, fertilizers, plant protection products and agricultural machinery to farmers.

Supply of certified seeds, fertilizers, plant protection products to farmers is a long term activity of the Group. The grounds of this activity trace back to 1993, when the Group began entering into future production purchase contracts with farmers and crediting agricultural activities in exchange for the grown products. A great share of certified seeds is prepared at UAB Dotnuvos Projektai seed processing factory.

Supply of agricultural machinery is a new business activity, which originated during the current financial year, when the Group obtained 50% of UAB Dotnuvos Projektai share, by increasing ownership interest up to 100%. This activity includes wholesale and retail trade of new and used agricultural and forest machinery and spare parts, as well as design and installation of grain cleaning, drying and storage facilities. The same business is developed in three countries – Lithuania, Latvia and Estonia. Operating results of UAB Dotnuvos Projektai are consolidated in the Group since October 2012.

PERFORMANCE RESULTS OF PRODUCTS AND SERVICES FOR FARMING SEGMENT

Main financial indicators	2009/2010	2009/2010	2010/2011	2012/2013	Change 2012/2013 compared to 2011/2012 (thousand LTL)	Change 2012/2013 compared to 2011/2012 (%)
Sales in tons	95,595	450,006	333,469	144,197	(189,272)	-57 %
Sales revenue (thousand LTL)	101,644	481,260	414,929	396,765	(18,164)	-4 %
Gross profit (thousand LTL)	12,638	44,593	38,396	40,341	1,944	5 %
Gross profit margin	12.4 %	9.3 %	9.3 %	10.2 %	-0.9 %	11 %

Products and services for farming remains the second largest activity, its revenue amounted to LTL 397 million, which is 4% lower than during previous year (LTL 415 million). The reduction in sales revenue was influenced by the sale of fertilizers business in Ukraine in 2011/2012 financial year. Excluding the Ukrainian fertilizers, fertilizers sales volume in litas increased by 47%. Sale of plant protection products increased by by 41%, sale of certified seed increased over 3 times.

During the reporting period, the Group has sold 776 units of new agricultural machinery and equipment as well as 22 units of second hand equipment. 12 grain elevators were installed or reconstructed.

UAB Dotnuvos Projektai agricultural machinery sales during the reporting period (from 1 October 2012 to 30 June 2013), compared to the same period of the previous financial year, increased by 45%; grain storage facilities sale went up by 121%, while spare parts sale increased by 38%.

The total operating profit of the segment amounted to LTL 26 million. Again, the decrease was influenced by selling fertilizers business in Ukraine (operating profit in 2011/2012 financial year made LTL 89 million). The segment's gross profit amounted to almost LTL 40 million, which was 5% higher compared to the previous year (LTL 38 million).

AGRICULTURAL PRODUCTION

This segment covers primary agricultural production: milk and meat production as well as cultivation of grains, rapeseed and sugar beet. The group owns six agricultural companies, located in fertile lands of Lithuania – Panevėžys districy Aukštadvario ŽŪB, Kėdainiai district Labūnavos ŽŪB, Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB, Užupės ŽŪB and Sidabravo ŽŪB.

Agricultural companies supply part of resources required for Grain and Feedstuff segment.

PERFORMANCE RESULTS OF AGRICULTURAL PRODUCTION SEGMENT

Main financial indicators	2009/2010	2009/2010	2010/2011	2012/2013	Change 2012/2013 compared to 2011/2012 (thousand LTL)	Change 2012/2013 compared to 2011/2012 (%)
Sales in tons	42,335	41,221	42,907	77,484	34,577	81%
Sales revenue (thousand LTL)	31,021	39,446	47,034	80,467	33,433	71%
Gross profit (thousand LTL)	8,694	19,247	12,272	16,885	4,613	38%
Gross profit margin	28%	48.8%	26.1%	21%	-5.1 %	-20%

This financial year has been successful for the Group's agricultural companies. Conditions were favorable for crop production: yields and prices for grains were high. Buying-in prices for milk and meat were also rising. Operating revenue for the segment due to record-high grain harvest in Lithuania and purchase of agricultural company Kėdainiai district Labūnavos ŽŪB increased from LTL 47 million to LTL 80 million. The segment's operating profit amounted to LTL 28 million (LTL 8.4 million in 2011/2012).

The companies of the Group produced 35 thousand tons of wheat, 11 thousand tons of malting barley, over 10 thousand tons of rapeseed, over 5.5 thousand tons of triticale and other cereals. During the reporting period, 16 thousand tons of milk of 2,244 dairy cows were sold.

During the reporting period, the Group has been actively investing in the modernization of the agricultural companies, renewed the agricultural machinery fleet, renovated dairy farms, expanded cultivated land area by allocating LTL 8 million, including investment in amount of of LTL 6.5 million to agricultural machinery stock for purchase of tractors, trucks and agricultural implements.

During the financial year, the Group had purchased 353 hectares of agricultural land, sold 56 hectares, therefore, the land area managed by the Group increased by 297 hectares. Furthermore, after the purchase of agricultural company Kėdainiai district Labūnavos ŽŪB, the total cultivated area of the Group has increased up to 14 thousand hectares.

The average yield of winter wheat in the companies managed by the Group in 2012 amounted to 7.2 t/ha (Lithuanian average yield was 5.17 t/ha), yield of spring wheat amounted to 5.7 t/ha (Lithuanian average was 3.89 t/ha), winter oilseed rape – 4.77 t/ha (Lithuanian average was 3.4 t/ha), spring barley - 6 t/ha (Lithuanian average was 3.38 t/ha).

The Group's agricultural land management companies are members of the associations of users of land reclamation systems. Together with the other members and partners – Šakiai District Municipality and Radviliškis District Municipality – they have been participating in "Agricultural Water Management" program of the activity sphere of the measure "Development of Agriculture and Forestry and Adaptation Infrastructure" of Lithuanian Rural Development Program 2007-2013. In September 2012, these associations have signed support agreement with the National Paying Agency under the Ministry of Agriculture for allocation of 2.07 million LTL support for the implementation of reconstruction of land reclamation systems belonging to the Association's members. It is estimated that after completion of the project reclamation systems on nearly 200 hectares of land will be reconstructed.

OTHER

This segment includes all other activities, which cannot be assigned to either one of the three main segments referred to above. This segment includes solid biofuel sale and sales of other products and services.

PERFORMANCE RESULTS OF OTHER SEGMENT

Main financial indicators	2009/2010	2009/2010	2010/2011	2012/2013	Change 2012/2013 compared to 2011/2012 (thousand LTL)	Change 2012/2013 compared to 2011/2012 (%)
Sales in tons	19,245	49,962	9,273	4,293	(4,980)	-54%
Sales revenue (thousand LTL)	9,013	12,667	9,142	10,738	1,596	17%
Gross profit (thousand LTL)	3,172	2,368	1,540	107	(1,433)	-93,1%
Gross profit margin	35.2%	18.7%	16.8%	1.0%	-15.8%	-94,0%

This segment's operating revenue amounted to LTL 11 million, which is 17% higher than during 2011/2012 financial year (LTL 9 million). The segment's gross profit amounted to LTL 0.1 million, which is significantly lower than profit comparing with the previous year (LTL 1.6 million). The main income of this segment consists of sales of raw lignin for biofuel production. To promote sales of this product, the Group has invested in specialized equipment and infrastructure for mining and processing of lignin raw material. Therefore, due to small amounts sold on trial and large initial costs of the infrastructure development, the segment's activity was loss-making and amounted to LTL 0.2 million of loss. The sales volume of lignin raw materials for biofuel production has not been high because the product was and is currently used only to test technological equipment at the Group's and consumers' site.

INVESTMENTS

The Group has spent over LTL 56 million for the acquisition of subsidiaries (Kėdainiai district Labūnavos ŽŪB, UAB Dotnuvos Projektai, UAB Jungtine Ekspedicija).

During the reporting period the Group's subsidiaries have invested nearly LTL 39 million.

Major investments of the Group by character:

Investment object	Investment amount, thousand LTL
Grain storage equipment, warehouses, buildings, various appliances and other machinery	22,400
Purchase and upgrade of agricultural machinery, vehicles, equipment, buildings and purchase of land	15,900
Other investment	500

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

THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended 30 June 2013, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system and in Company's website the following information:

AB Linas Agro Group notification about interim nine months financial results of the financial year 2012/2013	Interim information	2013-05-29 09:06:31 EEST
Regarding resignation of the Board member of the Company	Notification on material event	2013-05-02 09:00:30 EEST
AB Linas Agro Group took over management of UAB Jungtine Ekspedicija	Notification on material event	2013-03-15 09:00:32 EET
AB Linas Agro Group notification about interim six months financial results of the financial year 2012/2013	Interim information	2013-02-28 09:00:32 EET
Notice on sales of own shares	Notification on material event	2013-01-14 09:00:30 EET
AB Linas Agro Group is planning to acquire 54.95% shares of UAB Jungtine Ekspedicija	Notification on material event	2012-12-28 09:00:31 EET
Notice on acquisition of own shares	Notification on material event	2012-12-28 08:09:31 EET
Notice on acquisition of own shares	Notification on material event	2012-12-06 08:13:32 EET
AB Linas Agro Group notification about interim three months financial results of the financial year 2012/2013	Interim information	2012-11-30 09:00:32 EET

AB Linas Agro Group investor's calendar for the end of 2012 and 2013	Other information	2012-11-21 09:09:32 EET
Procedure for the payout of dividends for the financial year ended 30 June 2012	Notification on material event	2012-10-26 08:39:35 EEST
AB Linas Agro Group notification about the Annual information of the financial year 2011/2012	Annual information	2012-10-26 08:30:37 EEST
Results of voting of Annual General Meeting of AB Linas Agro Group, held on 25 of October, 2012	Notification on material event	2012-10-26 08:26:35 EEST
AB Linas Agro Group took over management of UAB Dotnuvos Projektai	Notification on material event	2012-10-12 09:00:32 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	2012-10-03 09:00:32 EEST
AB Linas Agro Group notification about interim twelve months financial results of the financial year 2011/2012	Interim information	2012-08-30 10:05:32 EEST
AB Linas Agro Group is planning the purchase of 50% of shares of UAB Dotnuvos Projektai	Notification on material event	2012-08-06 11:48:30 EEST
Linas Agro Group acquired Labūnavos agricultural company	Notification on material event	2012-07-16 09:00:30 EEST

OTHER EVENTS DURING THE REPORTING PERIOD

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

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

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

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

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

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

In August and November 2012 the share capital of UAB Linas Agro Konsultacijos increased from LTL 3,109,000 to LTL 10,144,600.

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

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

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

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

On 16 August 2012 Noreikiškių ŽŪB was established. Share capital of the company was increased several times from LTL 10,000 to LTL 1,009,000 during financial year 2012/2013.

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

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

SUBSEQUENT EVENTS

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

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

On 22 July 2013 a subsidiary of AB Linas Agro Group UAB Linas Agro Konsultacijos signed purchase agreement on acquisition of 100% of shares of UAB Žemės Ūkio Investicijos that owns farming company and took over ownership of these shares on 5 September, 2013.

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

7. SCOPE OF RISK AND MANAGEMENT THEREOF

MARKET RISK

Market risk shall be understood as a risk to generate profit lower than planned if the tone of market prices is unfavorable. 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 Group sells the purchased grains to the agency and thus earns 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 FY 2012/2013 this risk did not manifest itself as regards the Company and the Group.

RISK RELATED TO ACTIVITIES OF SUBSIDIARIES

The companies controlled by the Group are involved in trade in agricultural goods, implementation of crop programs, 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 constantly monitor and analyse the activities of the Group companies, their essential transactions, provide budgets of activities of the controlled companies to the Group management and, correspondingly, control their execution and material changes.

In FY 2012/2013 this risk did not manifest itself as regards the Company and the Group.

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.

In FY 2012/2013 this risk did not manifest itself as regards the Company and the Group.

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.

In FY 2012/2013 this risk did not manifest itself as regards the Company and the Group.

COUNTERPARTY RISK

The Group enters forward contracts with more than 1,300 clients who commit the delivery of production under terms and conditions of the contract. As the prices of products increase, the risk of breach of forward contracts and non-delivery of production by counterparties emerges. The bigger the difference between the contract price and the current market price on the day of delivery, the higher is the risk.

In 2012/2013 financial year, the Group according its risk management policy has been using risk management mitigating tools for forward purchases. No loss has been recorded for the year ended 30 June 2013, as the situation in the market was positive for such forward purchases. Additionally the Group has revised and stringent the terms of its purchase agreements, continuously monitored, controlled and analyzed probable scenarios for losses (for example, setting limits on forward contracts, evaluation and assessment of client's credit rating, capacity of cultivated land etc.).

In order to manage the risk related to certain products, the Group concludes forward contracts on commodity exchange NYSE Euronext Paris SA. The Group trades in futures to control the price risk arising from purchasing and selling rapeseed and wheat. The Group has approved an internal trade risk management system and established the credit risk management committee that analyses trade transactions entered into by the Company as well as their amounts and limits. Some of the buyers (buyers' solvency risk) are insured with international insurance companies.

In FY 2012/2013 this risk did not manifest itself as regards the Company and the Group.

8. EMPLOYEES

As at 30 June 2013 the number of employees of the Group was 1,039 or 444 employees more as at 30 June 2012 (at that time was 595). This increase was conditioned by acquisition of UAB Dotnuvos Projektai (companies in Lithuania, Latvia, Estonia), Kėdainiai district Labūnavos ŽŪB and UAB Jungtinė Ekspedicija (additionally 398 employees).

As at 30 June 2013 the number of employees of the Company remained unchanged and was 9 (9 as at 30 June 2012).

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 2013	30 June 2012	30 June 2013	30 June 2012
Managers	73	43	8,147	6,713
Specialists	405	184	4,288	3,708
Workers	561	368	2,440	1,913
Total for the Group	**1,039**	**595**		

Distribution of employees of the Group by education degree held:

	30 June 2013	30 June 2012
Graduate academic	339	181
Higher education	197	110
Secondary education	457	281
Primary	46	23
Total for the Group	**1,039**	**595**

Distribution of employees of the Group by geographical locations:

	30 June 2013	30 June 2012
Lithuania	956	577
Latvia	49	12
Estonia	28	–
Denmark	6	6
Total for the Group	**1,039**	**595**

AB Linas Agro Group has no collective agreement.

All employment contracts concluded by the Group with the Company's and Group'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.

9. STRUCTURE OF THE AUTHORISED CAPITAL

The authorised capital of the Company amounts to LTL 158,940,398 (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.

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.

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.

Following the Resolution of the General Meeting of Shareholders from October 27, 2011 and the decision of the Board from December 5, 2012 concerning the procedure of purchase of own shares of the Company, the Company acquired 800,000 own shares with a nominal value of 800,000 litas (0.5% of the Company's share capital) in December, 2012.

On 11 January, 2013 the Board of the Company approved the procedure how Company's shares are to be transferred and organized the sale of 7,028 shares of the Company in January 2013.

At the end of the reporting period, the Company holds 790,972 units of Company's shares with a nominal value of LTL 790,972, which do not grant the right to vote in the General Meeting of Shareholders.

The subsidiaries of the Company have not acquired any shares of the Company.

10. SHAREHOLDERS

As at the end of the reporting period, i.e. 30 June 2013, the number of the Company’s shareholders totalled to 1,065.

Distribution of the Company’s shareholders by country of residence and legal form:

Investors	Number of shares	Portion in the authorised capital and voting rights
Non-resident investors	**124 231 218**	**78,16%**
Companies	123 338 672	77,60%
Individuals	892 546	0,56%
Resident investors	**34 709 180**	**21,84%**
Companies	2 795 302	1,76%
Individuals	31 913 878	20,08%
Total	**158 940 398**	**100,00%**

The shareholders controlling more than 5% of the Company's shares and/or votes in the General Meeting of shareholders:

	Financial year ended on 30 June 2013	
	Number of shares held	**Portion in the authorised capital and voting rights**
Akola ApS (Company Code 2517487; registration address: Sundkrogsgade 21, DK-2100 Copenhagen, Denmark)	87,784,443	55.23%
Darius Zubas	17, 049,995	10.73%
Skandinaviska Enskilda Banken (Sweden) clients	15,131,697	9.52%
Swedbank AS (Estonia) clients	9, 824,712	6.18%

Shareholders of the Company have all the property and non-property rights specified in the Articles 15 and 16 of the Law of the Republic of Lithuania on Companies.

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.

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

11. THE COMPANY'S 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.

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 NASDAQ

OMX Vilnius Stock Exchange as far as it is reasonable and relevant according to the activities carried out by the Company and its objectives.

GENERAL MEETING OF SHAREHOLDERS

General Meeting of Shareholders is the supreme body of the Company.

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.

BOARD OF THE COMPANY

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 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 2,050,000.00 (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 2,050,000.00 (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 2,050,000.00 (two million fifty thousand litas);
6. Decisions on the acquisition of fixed assets, the price whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas);
7. Decisions on the Company’s transactions, the value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas);
8. Decisions on taking and providing loans, the value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas);
9. Decisions to issue the Company’s bonds;
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 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 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 is responsible for the timely convening and arrangement of the General Meetings of Shareholders.

The Company’s Board elects the Chairperson of the Board from among its members.

As at 30 June 2013, the number of the Company’s board members was 6. Arunas Jarmolavicius resigned from the Board of the Company from May 1, 2013.

The Company does not have independent members of the Board.

THE MEMBERS OF THE BOARD (AS AT 30 JUNE, 2013) :

Name	Participation in Company's authorized capital	Position within the Board	Cadence starts	Cadence ends
Darius Zubas	10.73% shares and votes	Chairman of the Management Board	25/10/2012	24/10/2016
Vytautas Šidlauskas	3.78% shares and votes	Deputy Chairman of the Management Board	25/10/2012	24/10/2016
Arūnas Zubas	0.3% shares and votes	Member of the Management Board	25/10/2012	24/10/2016
Dainius Pilkauskas	0.3% shares and votes	Member of the Management Board	25/10/2012	24/10/2016
Andrius Pranckevičius	–	Member of the Management Board	25/10/2012	24/10/2016
Tomas Tumėnas	0.001% shares and votes	Member of the Management Board	25/10/2012	24/10/2016

Board members controlling more than 5% of other Companies shares and votes:

Name	Participation in other Companies authorized capital
Darius Zubas	Akola ApS 71% votes; UAB MESTILLA 14.3% votes.
Vytautas Šidlauskas	Akola ApS 25% votes; UAB MESTILLA 5% votes.

Andrius Pranckevičius, Arūnas Zubas, Dainius Pilkauskas and Tomas Tumėnas do not have more than 5% of shares in the other companies.

Darius Zubas (b. 1965) – Chairman of the Management Board, shareholder – has 17,049,995 shares of the Company equal to 10.73% of all shares and votes of the Company. The main founder of the Group.

Graduated from Veterinary Academy of Lithuanian University of Health Sciences in 1988. Managing Director of the Company since 1997. Managing Director of AB Linas Agro since 1991 and Chairman of the Management Board since 2006. Chairman of the Board of Directors of Linas Agro A/S since 2004.

Vytautas Šidlauskas (b. 1963) – Member of the Management Board (Deputy Chairman of the Management Board), shareholder of the Company – owns 6,003,521 shares of the Company or 3.78% of all shares and votes of the Company.

Graduated from Faculty of Chemistry of Kaunas University of Technology in 1987. Has been employed with the Group since 1991. Managing Director of UAB Gerera since 1993. Trade Director of AB Linas Agro since 1999 and Member of the Management Board since 2006. Member of the Board of Directors of Linas Agro A/S since 2004.

Dainius Pilkauskas (b. 1966) – Member of the Management Board, shareholder of the Company – owns 480,281 shares of the Company or 0.3% of all shares and votes of the Company.

He is a graduate of Veterinary Academy of Lithuanian University of Health Sciences in 1991. Has been employed with the Group since 1991. Trade Director for Baltic States and Member of the Management Board of AB Linas Agro since 2006.

Arūnas Zubas (b. 1962) – Member of the Management Board, shareholder of the Company – owns 480,281 shares of the Company or 0.3% of all shares and votes of the Company.

Graduated from Faculty of Chemistry of Kaunas University of Technology in in 1985. He was employed with the Group from 1995 to 2005 as director of commerce in AB Linas Agro. Member of the Management Board of AB Linas Agro since 2006.

Andrius Pranckevičius (b. 1976) – Member of the Management Board. Does not own shares of the Company.

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). Joined the Group in 1999. Deputy Managing Director of AB Linas Agro since 2005 and the Member of the Management Board since 2006. Deputy Managing Director of AB Linas Agro Group since 2009.

Tomas Tumėnas (b. 1972) – Member of the Management Board, shareholder of the Company – owns 2,200 shares of the Company or 0.001% of all shares and votes of the Company.

In 1995 obtained the diploma in Economics from Vilnius University and a certificate in International Business Economics from Aalborg University. In 2011 obtained MBA (Master of Business Administration, Program for (Full) Financial Specialist & Managers) at Manchester Business School, The University of Manchester. Has been employed with the Group since 2001. Finance Director at AB Linas Agro since 2006 and Member of the Management Board since 2009. Finance Director of AB Linas Agro Group since 2009.

The Company has not granted any loans, guarantees or surety ships to the members of the Board that would ensure fulfillment of their obligations.

The Group's management renumeration amounted to LTL 6,377 thousand (including LTL 4,610 thousand bonuses) for the year ended 30 June 2013. Average renumeration to the member of management board was LTL 911 thousand.

ACTIVITIES OF THE BOARD MEMBERS IN OTHER COMPANIES

Person / Companies	Position	Since	Until	Held currently
Darius Zubas				
Companies of the Group				
AB Linas Agro	Managing Director	1991	-	Yes
	Chairman of the Management Board	2006	-	Yes
Linas Agro A/S	Chairman of the Management Board	2005	-	Yes
Other companies:				
UAB MESTILLA	Chairman of the Management Board	2006	-	Yes
Vytautas Šidlauskas				
Companies of the Group:				
AB Linas Agro	Trade Director	1999	-	Yes
	Deputy Chairman of the Management Board	2006	-	Yes
UAB Gerera	Managing Director	1993	-	Yes
Linas Agro A/S	Member of the Management Board	2004	-	Yes
Other companies:				
UAB MESTILLA	Member of the Management Board	2006	-	Yes
Arūnas Zubas				
Companies of the Group:				
AB Linas Agro	Member of the Management Board	2006	-	Yes
	Commerce Director	1995	2005	No
Other companies*:*				
UAB MESTILLA	Managing Director	2005	-	Yes
Dainius Pilkauskas				
Companies of the Group:				
AB Linas Agro	Trade Director for Baltic States	2006	-	Yes
	Member of the Management Board	2006	-	Yes
	Commerce Director	1991	2006	No
Andrius Pranckevičius				
Companies of the Group:				
AB Linas Agro	Deputy Managing Director	2005	-	Yes
	Member of the Management Board	2006	-	Yes

Person / Companies	Position	Since	Until	Held currently
	Business Development Manager	2003	2005	No
Other companies:				
Lithuanian agricultural companies association	Member of the Management Board	2008	-	Yes
Tomas Tumėnas				
Companies of the Group:				
AB Linas Agro	Member of the Management Board	2009	-	Yes
	Finance Director	2005	-	Yes
	Financial Analyst	2001	2005	No
Other companies:				
UAB Baltic Fund Investments	Director	2003	-	Yes

THE HEAD OF THE COMPANY

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

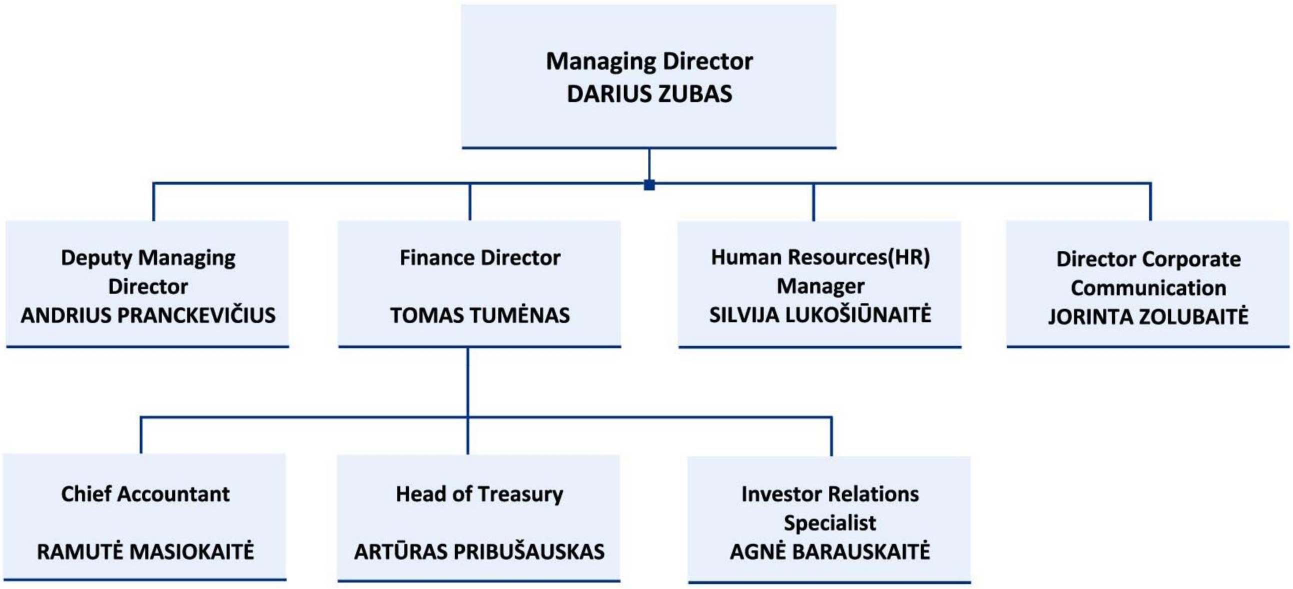
The Head of the Company shall establish the rates of depreciation of assets to be applied in the Company and has the right to issue procuratories.

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.

Darius Zubas is Managing Director of the Company, he is also the Company's Board Chairperson.

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.
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 OF THE COMPANY.**

Ramutė Masiokaitė (b. 1971) – Chief Accountant. Does not own shares of the Company.

Graduated from Vilnius University in 1994 and acquired the qualifications of economics, financial and credit specialist. She started her employment with the Group in 1998 in the capacity of the Chief Accountant of AB Linas Agro. In 2001 she became Finance Controller of AB Linas Agro and works so far, in 2009 was appointed as Chief Accountant of AB Linas Agro Group.

For the year ended 30 June 2013 the Company's management renumeration amounted LTL 15 thousand.

ACTIVITIES OF THE COMPANY MANAGEMENT IN OTHER COMPANIES

Person / Companies	Position	Since	Until	Held currently
Information about Darius Zubas, Andrius Pranckevičius, and Tomas Tumėnas is provided in the chapter **BOARD OF THE COMPANY.**				
Ramutė Masiokaitė				
Company of the Group:				
AB Linas Agro	Finance controller	2001	–	Yes

COMMITTEES FORMED BY THE COMPANY

The Ordinary General Meeting of the Company's Shareholders held on 28 October 2010 formed the Audit Committee and elected the members of the Audit Committee. The Audit Committee consists of 3 members, including an independent member. The members of the Committee are elected for the term of office of 4 (four) years. The elected members of the Committee began their service from the moment the General Meeting of the Company's Shareholders during which they had been elected was over.

THE MEMBERS OF AUDIT COMMITTEE AS AT 30 JUNE 2013:

Andrius Drazdys – independent member of the Audit Committee**.** Term of office began on 28 October 2010, term of office ends on 27 October 2014. Does not own shares of the Company. Employed at UAB Vilniaus margarino gamykla as a Chief Finance Officer.

Artūras Pribušauskas – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Treasury Manager of the Company and shareholder of the Company – owns 15,000 shares of the Company or 0.003% of all shares and votes of the Company. Also employed as a Treasury Manager at AB Linas Agro.

Kristina Prūsienė – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Does not own shares of the Company. Employed at AB Linas Agro as an Accountant.

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.

12. 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 at 30 June 2013. The shares are subscribed and were fully paid as at 30 June 2013.

During the reporting period from 1 July 2012 to 30 June 2013, 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.

TRADE IN THE COMPANY'S SHARES

Information on the automated execution transactions, prices of shares sold on NASDAQ OMX Vilnius Stock Exchange and turnovers during the period from 1 July 2012 to 30 June 2013:

Year and quarter	Price EUR		Turnover EUR		Last trading days of the period			Total turnover	
	Max.	Min.	Max.	Min.	Price EUR	Turnover EUR	Date	Units	EUR
2012 III	0.598	0.500	235,306.75	0.00	0.568	25,178.51	28/09/2012	1,715,256	977,376.33
2012 IV	0.590	0.546	923,179.76	0.00	0.570	3,083.99	28/12/2012	3,835,501	2,208,172.40
2013 I	0.719	0.579	316,354.34	0.00	0.709	0.00	28/03/2013	2,985,383	1,911,755.06
2013 II	0.740	0.660	485,563.32	0.00	0.730	9,805.50	28/06/2013	2,245,843	1,590,381.07

CAPITALISATION OF THE COMPANY'S SHARES

Date	Capitalization, EUR	Share Price, EUR
28/09/2012	90,278,146.06	0.568
28/12/2012	90,596,026.86	0.570
28/03/2013	112,688,742.18	0.709
28/06/2013	116,026,490.54	0.730

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

Year and quarter	Price, LTL		Total turnover for the quarter units	
	Max.	Min.	Cash payments	Non-cash payments
2012 III	2.15	0.50	2,033,433	9,000
2012 IV	2.06	0.55	8,018,620	756,000
2013 I	3.29	0.58	2,430,195	3,900
2013 II	2.99	0.68	1,505,176	52,950

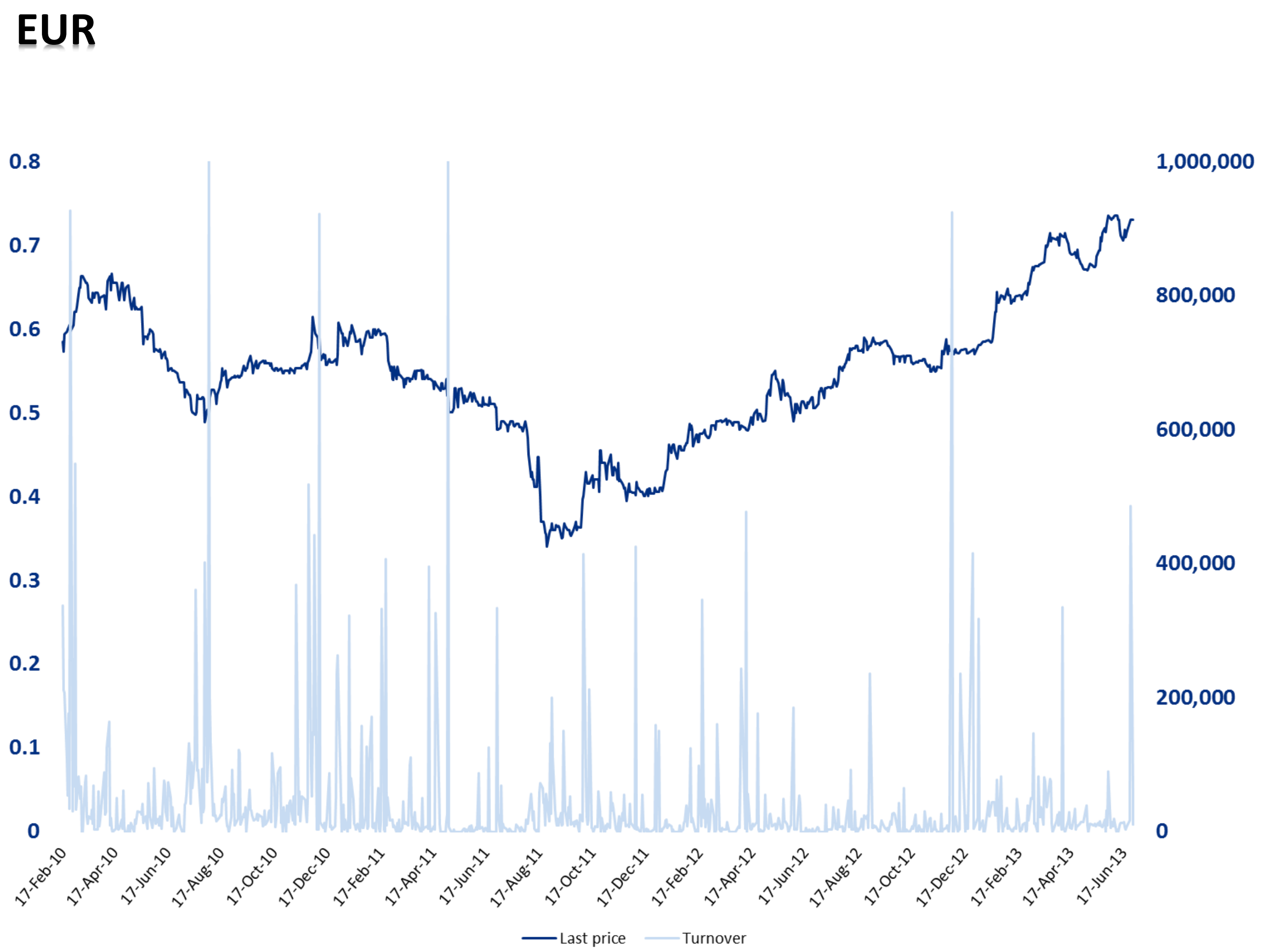
AGREEMENTS CONCLUDED WITH INTERMEDIARIES OF THE PUBLIC SECURITIES MARKET

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).

The securities of the subsidiaries of the Company are not traded on regulated markets.

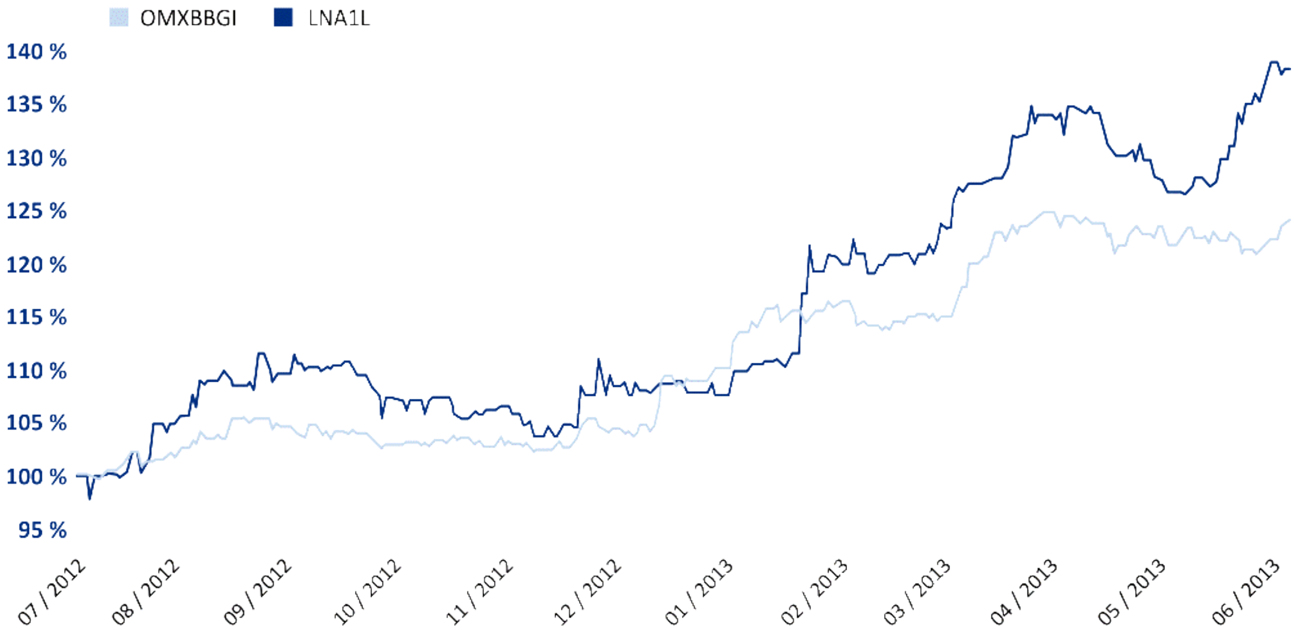
AB LINAS AGRO GROUP SHARE PRICE AND TURNOVER

Information on changes in the prices of Company's shares and turnover from starting trade until the end of the reporting period, i. e. 30 June 2013, is presented in the following diagram:



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.



13. 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 authorized 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.

14. 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.

15. MAJOR TRANSACTIONS WITH RELATED PARTIES

Major transactions of the Company with related parties are provided in Note **No. 33** of the Explanatory Note to the Consolidated Annual Financial Statements for 2012/2013 financial year.

16. 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 companies listed on NASDAQ OMX Vilnius. The information about compliance with the Management Code for companies listed on NASDAQ OMX Vilnius Stock Exchange is disclosed in Annex 1 to this Annual Report in accordance with the form approved by the Stock Exchange.

17. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

SOCIAL RESPONSIBILITY IN RELATIONS WITH EMPLOYEES

Employees of the Group’s companies receive social guarantees: allowance on death of a family member; employee’s child birth benefit; bonus on the occasion of employee's anniversary birthday. After 10 years of uninterrupted length of service in the Group, employees receive a commemorative with an image of the Company’s symbol. And after 20 years of continuous work, employees receive 1,000 of Company’s shares.

The workers have conditions for learning, vocational training, participation in various seminars and training in Lithuania and abroad.

Employees of several of the Group’s companies have access to required medical services; most of them have voluntary health insurance coverage.

A common summer event is annually organized for the employees of the Group to facilitate the informal environment for the employees working in the companies across four countries to get to know each other, to improve team communication and collaboration. Most of the Group’s companies individually organize summer and Christmas events for their employees.

RESPONSIBILITY TO THE SOCIETY, CHARITY AND SUPPORT

The Group of companies AB Linas Agro Group holds civic education, cultural and social projects important. By allocating support, AB Linas Agro Group prioritizes farmers’ organizations, local cultural projects, youth education, environment decoration, public spirit promotion events, and sponsors child care organizations and organizations for people with disabilities.

SUPPORT FOR FARMERS' ORGANISATIONS AND EVENTS

Operating in many regions of Lithuania, the Group has a tradition of supporting farmers’, ploughmen’s and harvest celebrations in these region as well as rural communities. During the reporting period the Group has supported:

- Republican “Harvest Feast 2012”;
- Feast “Farmer’s Summer 2013”;
- Farmers‘ and harvest celebrations in Akmenė, Anykščiai, Joniškis, Kaunas, Klaipėda, Kupiškis, Marijampolė, Panevėžys, Pasvalis, Plungė, Radviliškis, Šiauliai, Telšiai, Vilkaviškis regions as well as in Estonia;
- Competition among Samogitia region ploughmen;
- Lithuanian and Estonian ploughing competitions;
- Conference organized by Plungė Farmers’ Union;
- Pasvalys region farmers feast “Farm of the year 2012”;
- Participation of Lithuanian Ploughmen’s Association in the World Ploughing Championships in Canada and Croatia;
- Communities of Ėriškiai and Vainotiškiai villages.

SUPPORT FOR EDUCATIONAL AND SCIENTIFIC INSTITUTIONS AND THEIR EVENTS

The Group has supported:

- Conference of young scientists organized by Lithuanian Academy of Sciences 'Young Scientists – for the Agricultural Progress';
- Participation of scientific workers of the Institute of Agriculture in the International Grasslands Congress;
- Organization of graduation year events of Kėdainiai Region Academy gymnasium and of the purchase of exhibition cabinets;
- Event in Kėdainiai Region's Dotnuva elementary school, which aimed to stimulate schoolchildren's learning motivation and improve the cooperation between the school and the family;
- Kedainiai Vocational Training Centre.

SUPPORT OF CULTURAL EVENTS

The Group has supported the following cultural and recreational events:

- Panevėžys, Kėdainiai and Joniškis town celebrations;
- Joniškis region rural song festival;
- Žagarė cherry fest;
- Events of Panevėžys "Rumba" sport dance club;
- Activities of campus cultural center's amateur groups of Kėdainiai Region Academy;
- Organization of classical music concerts and cultural events in Kėdainiai Regional Museum's Multicultural Centre.

SUPPORT FOR PEOPLE IN NEED, PEOPLE WITH DISABILITIES AND CHILDREN FROM CHILDREN FOSTER HOMES

The Group has sponsored:

- Caritas Employment Centre for Children and Youth;
- Christmas TV marathon organized by the Food Bank charity and support fund;
- Holidays for eight children from Panevėžys Algimantas Bandza Foster Home for Infants and Children at "Draugai" summer camp;
- Panevėžys Vision Centre "Linelis" (playground equipment);

- Social project "Kalėdinės žaidynės" (Christmas Games) for children from Lithuanian foster homes;
- Festival of theatres of people with disabilities "Širdys vilčiai plaka"(Hearts are being in hope);
- Kėdainiai Region Association of Paraplegics rehabilitation project "Health Restoration and Active Rehabilitation" and organization of interregional competition of paraplegics;
- "Solidarity" charity and support fund which sponsors the families in need.

YOUTH ENGAGEMENT PROJECTS

To promote the youth employment program in local communities, the Group has allocated support for the following:

- Republican race walk competition "Kėdainiai Spring 2013";
- Academy's "Dotnuvėlė" tourism and sports club;
- Kėdainiai "Futbolas visiems" (Football for all) Football Club for purchase of necessary equipment;
- Public organization "Atletas" Basketball Club for the preparations for the country's major basketball league competition;
- Sports club "Adrenalino centras" (Centre of Adrenaline) for its members to participate in 2013 season motorcycle road-racing sport events and preparation of the sportsmen for motorcycle road-racing championships in Lithuania, the Baltic States and other European countries;
- Kėdainiai basketball team Kėdainiai "Nevėžis" for preparation for 2012–2013 LKL (Lithuanian Basketball League) season;
- Kėdainiai Archery Club for participation in competitions and the development of this sport in Lithuania;
- Bicycle trip of Panevėžys youth group to the international youth event in Poland.

EDUCATIONAL AND PUBLIC SPIRIT PROMOTING PROJECTS

The Group has participated in the following projects:

- Ninth year in a row the Group, along with Panevėžys High School No. 5, organized contest for schoolchildren "Mokyklos pilietis" (School's Citizen). This project is aimed at annual selection of student leaders, capable of great academic results and active participation in community work. Most public spirited schoolchildren are awarded with scholarships founded by the Group;

- Sponsored the project “Elitas, kuriuo nemokame didžiuotis” (The elite we are not able to be proud of) – a series of articles in “Veidas” magazine about most talented children in Lithuania;
- The Group has participated in and supported the ISM 100 talent program. The goal of the program is to stop the brain drain and ensure the opportunity for the most talented students to receive high-quality education in Lithuania;
- Sponsored participation of Pumpėnai youth group in the World Youth Days in Brazil;
- Sponsored educational project implemented in Kupiškis Region by AIESEC Lithuania Vilnius branch with international trainees “Beyond Limits” intended for schools in towns or villages.

SUPPORT FOR OTHER ORGANIZATIONS AND EVENTS

The Group has supported the reconstruction of the Church of the Nation’s Martyrs Rectorate in Berčiūnai, has donated funds for the anniversary celebration of the Public Institution Panevėžys College, beekeepers' festival in Kupiškis, celebration of 100 years anniversary of Panevėžys Region‘s fire rescue service, celebration of St. Florijonas day organized by Šiauliai County fire rescue administration, etc.

ENVIRONMENTAL RESPONSIBILITY

While implementing its activities, the Groups observes the Law of the Republic of Lithuania on Waste Management (*Official Gazette*, 1998, No. 61-1726), also the Rules the Republic of Lithuania on Waste Management (*Official Gazette*, 2011, No. 57-2721) specifying labeling, use, and storage of various harmful substances.

The Group has entered into agreements with Public Organization Žaliasis taškas, UAB Ekonovus and other companies for packaging waste management, which the company provides with information on the amount of packaging placed on the domestic market, the type of packaging and separation of packages to subtypes (primary and secondary).

According to the procedure set forth by the Minister of Environment, the Group informs the public on inappropriate use of packaging waste, their damage to the environment and human health.

The Group organizes the collection of taxable products, automotive batteries, hydraulic shock-absorbers, oil, fuel and air filters, tire over 3 kg and transportation to waste treatment facilities. Agreement with UAB Žalvaris is signed on an annual basis for waste collection, removal and processing.

The Group also observes environmental rules specifying labeling, use, storage, disposal of a range of harmful substances used in the company's activities (the procedure for classification and labeling of dangerous chemical substances and preparations prepared having evaluated the Directives 67/548/EEC and 1999/45/EC and approved in the Republic of Lithuania by the order No. 532/742 of the Minister of Environment and Health dd. 29 December 2000, etc.).

In some companies, such as UAB Dotnuvos projektai, the dust and waste resulting from the cleaning of the accepted products are collected in containers and transferred in accordance with signed agreements to the companies that use them for heat production.

To meet the requirements of the environmental safety, during 2012/2013 financial year agricultural company Sidabravo ŽŪB has began to equip oil trap. The estimated completion is scheduled for the first half of 2013/2014 financial year.

Agricultural company Panevėžys Region Aukštadvario ŽŪB has invested over LTL 600 thousand for the installation of slurry tank and reconstruction and expansion of manure storage. Now, the agricultural company is in full compliance with the requirements of the environmental safety.


Certificate

AB Linas Agro has the International Sustainability and Carbon Certification, which confirms that rapeseed, triticale and rye the Company buys from farmers and sells are grown in accordance with ISCC requirements, i.e. without use of children’s working force, without deforestation for that purpose, without emission of excessive amounts of CO_2 into the atmosphere.

The Group has traditionally been actively supporting the public clean-up campaign “Darom 2013” (Let’s do it) in Panevėžys and Kėdainiai regions.

ANNEX 1 TO THE CONSOLIDATED ANNUAL REPORT OF AB LINAS AGRO GROUP
FOR FINANCIAL YEAR 2012/2013

AB LINAS AGRO GROUP

INFORMATION ON COMPLIANCE

WITH THE CORPORATE GOVERNANCE CODE

FOR THE COMPANIES LISTED ON NASDAQ OMX

CONTENT

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, below discloses its compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius, and its specific provisions.

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.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 of the Company's development are publicly announced in Company's annual reports and interim reports. Also, the trends of the Company's development are disclosed by its corporate actions and reports to investors about the activities of the Company, communications presented in the statements of the Company's management in the press.
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 implementation 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 Managing Director, who is directly responsible to the Board, and responsible 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.
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. Since resignation of one member of the Board as at 01/05/2013, election of a new member was decided to organize during the next General Meeting of Shareholders. 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 Managing Director 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	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.

board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.		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 board as long as that does not contradict the essence and purpose of this body.[1]	YES	The set principles are followed as specified in Clauses 2.1. and 2.3. The essential requirements are not violated.
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	NOT APPLICABLE	The Supervisory Board is not formed in the Company.

[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 4.6 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.*

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.		
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 – Managing Director - and the Chairman of the Board is the same person. Managing Director reports to the Board of the Company 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]

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.
3.2. 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	YES	These provisions are set in the Articles of the Association of Company and are followed.

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.*

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.		
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 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.	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. The Audit Committee members have experience in the fields of finance and accounting of the listed companies. Remuneration Committee has 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. If an elected Company's Member of the Board is not an employee of the Group, the Company would provide full access to relevant information.
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 (the Board) may be discussed in the future. The Audit Committee has one independent member.
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 dependent are impossible to list, moreover, relationships and	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

[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.*

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 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 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.
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.	YES	By providing candidate of new board member the Board of the Company discloses whether it considers to be independent.
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 amount of such remuneration.	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

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.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 accountability and	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

[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.*

[7] *See Footnote 3.*

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]		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 Managing Director and Finance Director, if necessary give recommendations and suggestions, initiate urgent meetings and visits.
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	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.

[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.*

and, if necessary, respective company-not-pertaining body (institution).		
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. During the 2012/2013 financial year, the Members of the Company's Board were all 100 percent involved in making the decisions.
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	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

[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.*

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.		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.
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	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 Managing Director ensures that the managers or employees of separate fields provide the members of the Board with all required information directly or through the Managing Director 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.*

resources department, executive directors or collegial management organs of the company concerned.		
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	YES	The Company has formed the Audit Committee. 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).*

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.		
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.	YES	The Audit Committee chooses its operation order and procedures autonomously and operates in accordance with the Regulations of the Audit Committee.
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	YES	The Audit Committee is composed of three members, including one independent member.

that undue reliance is not placed on particular individuals.		
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.	YES	The Regulations of activity of the Audit Committee was approved on the General Meeting of the Company‘s Shareholders. The Company‘s Audit Committee activity report for the financial year is announced together with the Consolidated Annual Report of the Group.
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.	YES	
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following:	NOT APPLICABLE	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate 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.

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	NOT APPLICABLE	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

policy for executive directors or 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 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.	YES	
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 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 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 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 annual report.

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.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 company's board should meet at	YES	The sessions of the Company's Board are held once a quarter according to the Schedule approved in advance. In need, the sessions of the Board are held more frequently.

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.
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.*

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.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 the 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	NO	The approval of the indicated decisions in the general shareholders meeting could interfere with the effectiveness and efficiency of the Company's acitivity.

[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.*

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.		
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 shareholders 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	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.

commercial secrets are not revealed.

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 right to take part in the general shareholders' 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.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 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.	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.
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 favor 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 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.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 approval, revision and publication procedure; therefore, it does not prepare remuneration policy statement. 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.
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	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

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 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	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

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 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-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	NOT	The Company has no remuneration

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.	APPLICABLE	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 be manifestly misstated.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
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	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

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.		
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.
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	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

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.		
8.20. The following issues should be subject to approval by the shareholders' annual 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.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
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	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

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.		
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.
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.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 parties, which do not contradict 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 publicly disclosed 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 Exchange 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.	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.

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. Efforts are being made to present all corporate actions and information to investors not during the trade session, but before the session starts or after it ends.

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 by 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.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 IFRS requirements.
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 and hedging policy issues in the financial year 2011/2012.