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, 2014, 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 2013/14 financial year.

AB Linas Agro Group Managing Director — Darius Zubas

3 October 2014

AB Linas Agro Group Finance Director — Tomas Tumėnas

3 October 2014

AB LINAS AGRO GROUP

CONSOLIDATED AND COMPANY'S

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR 2013/14

ENDED 30 JUNE 2014

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

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Juridinio asmens kodas 110878442
PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

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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 2014, 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

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 2014, 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 2014 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 30 June 2014.

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

Jonas Akelis
Auditor's licence
No. 000003

The audit was completed on 3 October 2014.

STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		As at 30 June 2014	**As at 30 June 2013**	**As at 30 June 2014**	**As at 30 June 2013**
ASSETS					
Non-current assets					
Intangible assets	5	1,265	1,002	570	323
Property, plant and equipment	6	351,777	196,203	–	–
Investment property	7	5,384	11,927	456	486
Animals and livestock	10	25,216	19,471	–	–
Non-current financial assets					
Investments into subsidiaries	3	–	–	309,005	249,067
Investments into associates		–	–	6,045	3,907
Other investments and prepayments for financial assets	8	59	9,106	9,736	30,026
Non-current receivables	9	5,607	3,233	–	403
Non-current receivables from related parties	9, 32	1,198	2,540	18,941	–
Total non-current financial assets		6,864	14,879	343,727	283,403
Deferred income tax asset	28	7,544	5,845	–	8
Total non-current assets		**398,050**	**249,327**	**344,753**	**284,220**
Current assets					
Crops	10	49,094	40,946	–	–
Livestock	10	6,742	–	–	–
Inventories	11	233,562	168,116	–	–
Prepayments	12	17,487	9,009	66	66
Accounts receivable					
Trade receivables	13	307,624	273,160	1	–
Receivables from related parties	32	914	15,515	12,945	38,346
Income tax receivable		5,181	336	295	264
Other accounts receivable	14	23,559	28,536	4,736	533
Total accounts receivable		337,278	317,547	17,977	39,143
Other current financial assets	15	2,164	2,202	–	–
Cash and cash equivalents	16	29,804	34,240	2,055	3,252
Total current assets		**676,131**	**572,060**	**20,098**	**42,461**
Total assets		**1,074,181**	**821,387**	**364,851**	**326,681**

(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 2014	As at 30 June 2013	As at 30 June 2014	As at 30 June 2013
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		8,148	7,851	8,148	7,851
Reserve for own shares	17	6,300	1,600	6,300	1,600
Own shares	17	(1,581)	(1,581)	(1,581)	(1,581)
Foreign currency translation reserve	17	(151)	(138)	–	–
Retained earnings		264,307	190,905	82,955	70,191
Total equity attributable to equity holders of the parent		**515,508**	**437,122**	**334,307**	**316,546**
Non-controlling interest		**9,635**	**3,374**	**–**	**–**
Total equity		**525,143**	**440,496**	**334,307**	**316,546**
Liabilities					
Non-current liabilities					
Grants and subsidies	18	23,998	14,360	–	–
Non-current borrowings	19	96,792	31,885	16,919	–
Finance lease obligations	20	5,809	5,390	–	–
Non-current trade payables		1,122	648	–	–
Non-current payables to related parties	32	–	–	170	167
Deferred income tax liability	28	5,279	2,341	1	–
Non-current employee benefits		671	584	–	–
Total non-current liabilities		**133,671**	**55,208**	**17,090**	**167**
Current liabilities					
Current portion of non-current borrowings	19	21,693	19,935	4,834	–
Current portion of finance lease obligations	20	2,796	2,445	–	–
Current borrowings	19, 32	217,727	146,634	5,683	8,227
Trade payables	22	111,192	96,053	7	1,500
Payables to related parties	32	7,458	3,201	2,808	–
Income tax payable		1,631	6,250	–	–
Derivative financial instruments	15	870	2,790	–	–
Other current liabilities	23	52,000	48,375	122	241
Total current liabilities		**415,367**	**325,683**	**13,454**	**9,968**
Total equity and liabilities		**1,074,181**	**821,387**	**364,851**	**326,681**

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

Managing Director	Darius Zubas		3 October 2014
Finance Director	Tomas Tumėnas		3 October 2014
Chief Accountant	Ramutė Masiokaitė		3 October 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended	
		30 June 2014	**30 June2013**
Sales	4	2,018,357	2,043,140
Cost of sales	24	(1,869,200)	(1,884,893)
Gross profit		**149,157**	**158,247**
Operating (expenses)	25	(102,508)	(79,560)
Other income	26	46,917	29,250
Other (expenses)	26	(2,803)	(3,878)
Operating profit		**90,763**	**104,059**
Income from financing activities	27	2,094	1,691
(Expenses) from financing activities	27	(9,971)	(8,753)
Share of profit of associates		–	72
Share of profit of joint ventures		–	4,036
Profit before tax		**82,886**	**101,105**
Income tax	28	(1,264)	(10,607)
Net profit		**81,622**	**90,498**
Net profit attributable to:			
Equity holders of the parent		73,395	90,250
Non-controlling interest		8,227	248
		81,622	**90,498**
Basic and diluted earnings per share (LTL)	29	0.46	0.57
Net profit		**81,622**	**90,498**
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(13)	(94)
Total other comprehensive income, to be reclassified to profit or loss in subsequent periods		(13)	(94)
Total comprehensive income, after tax		**81,609**	**90,404**
Total comprehensive income attributable to:			
The shareholders of the Company		73,382	90,156
Non-controlling interest		8,227	248

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

COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended	
		30 June 2014	30 June 2013
Income	4	24,465	5,036
Operating (expenses)	25	(2,235)	(2,025)
Operating profit		**22,230**	**3,011**
Income from financing activities	27	2,427	3,334
(Expenses) from financing activities	27	(891)	(190)
Profit before tax		**23,766**	**6,155**
Income tax		(11)	(214)
Net profit		**23,755**	**5,941**
Other comprehensive income		–	–
Total comprehensive income		**23,755**	**5,941**

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

Managing Director	Darius Zubas		3 October 2014
Finance Director	Tomas Tumėnas		3 October 2014
Chief Accountant	Ramutė Masiokaitė		3 October 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Equity attributable to equity holders of the parent									
		Share capital	**Own shares**	**Share premium**	**Legal reserve**	**Reserve for own shares**	**Foreign currency translation reserve**	**Retained earnings**	**Subtotal**	**Non-controlling interest**	**Total**
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 Company	29	–	–	–	–	–	–	(4,500)	(4,500)	–	(4,500)
Declared dividends by subsidiaries		–	–	–	–	–	–	–	–	(36)	(36)
Reserves made		–	–	–	3,450	–	–	(3,450)	–	–	–
Acquisition of own shares	1	–	(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**
Balance as at 1 July 2013		**158,940**	**(1,581)**	**79,545**	**7,851**	**1,600**	**(138)**	**190,905**	**437,122**	**3,374**	**440,496**
Net profit for the year		–	–	–	–	–	–	73,395	73,395	8,227	81,622
Other comprehensive income		–	–	–	–	–	(13)	–	(13)	–	(13)
Total comprehensive income		–	–	–	–	–	(13)	73,395	73,382	8,227	81,609
Acquisition of subsidiaries	3	–	–	–	–	–	–	–	–	9,363	9,363
Declared dividends by Company	29	–	–	–	–	–	–	(5,994)	(5,994)	–	(5,994)
Declared dividends by subsidiaries		–	–	–	–	–	–	–	–	(127)	(127)
Transfer to reserves		–	–	–	297	4,700	–	(4,997)	–	–	–
Acquisition of minority interest		–	–	–	–	–	–	10,998	10,998	(11,202)	(204)
Balance as at 30 June 2014		**158,940**	**(1,581)**	**79,545**	**8,148**	**6,300**	**(151)**	**264,307**	**515,508**	**9,635**	**525,143**

(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 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	29	–	–	–	–	–	(4,500)	(4,500)
Transfer to legal reserve		–	–	–	3,450	–	(3,450)	–
Acquisition/disposal of own shares	1	–	(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**
Balance as at 1 July 2013		**158,940**	**(1,581)**	**79,545**	**7,851**	**1,600**	**70,191**	**316,546**
Net profit for the year		–	–	–	–	–	23,755	23,755
Total comprehensive income		–	–	–	–	–	23,755	23,755
Declared dividends by Company	29	–	–	–	–	–	(5,994)	(5,994)
Transfer to reserves		–	–	–	297	4,700	(4,997)	–
Balance as at 30 June 2014		**158,940**	**(1,581)**	**79,545**	**8,148**	**6,300**	**82,955**	**334,307**

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

Managing Director	Darius Zubas	3 October 2014
Finance Director	Tomas Tumėnas	3 October 2014
Chief Accountant	Ramutė Masiokaitė	3 October 2014

CASH FLOW STATEMENTS

	Notes	Group		Company	
		Financial year ended		Financial year ended	
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
Cash flows from (to) operating activities					
Net profit		81,622	90,498	23,755	5,941
Adjustments for non-cash items:					
Depreciation and amortisation	5, 6, 7	28,878	19,174	38	30
Subsidies amortisation	18	(2,948)	(1,802)	–	–
Share of profit of associates and joint ventures		–	(4,108)	–	–
(Gain) on disposal of property, plant and equipment	26	(975)	(670)	–	–
Change in impairment of property, plant and equipment	6, 7	87	(97)	–	–
Group (gain) loss on acquisition of subsidiaries	3, 26	(22,123)	(25,465)	–	–
(Gain) on disposal of subsidiary	26	(5,587)	–	–	–
(Gain) on disposal of other investments		–	(34)	–	–
Change in allowance and write-offs for receivables and prepayments	25	9,246	3,720	–	–
Inventories write down to net realisable value	11	977	215	–	–
Change in accrued expenses		3,875	7,952	1	(133)
Change in fair value of biological assets	24	1,655	(4,982)	–	–
Liabilities write of	26	(14,142)	–	–	–
Change in deferred income tax	28	(5,004)	40	9	10
Current income tax expenses	28	6,268	10,568		204
Expenses (income) from change in fair value of financial instruments		(4,001)	1,096	–	–
Change of provision for onerous contracts	24	(56)	56	–	–
Dividend (income)		(434)	(155)	(24,184)	(4,756)
Interest (income)	27	(2,094)	(1,691)	(2,427)	(3,334)
Interest expenses	27	9,971	8,753	891	190
		85,215	**103,068**	**(1,917)**	**(1,848)**
Changes in working capital:					
(Increase) decrease in biological assets		(497)	10,138	–	–
(Increase) decrease in inventories		(35,373)	24,523	–	–
(Increase) decrease in prepayments		(5,142)	9,469	–	(5)
Decrease (increase) in trade and other accounts receivable		6,079	(20,521)	(974)	237
Decrease (increase) in restricted cash	15	30	1,912	–	–
(Decrease) increase in trade and other accounts payable		(30,088)	(5,277)	(1,611)	119
Income tax (paid)		(9,894)	(15,613)	–	(11,625)
Net cash flows from (to) operating activities		**10,330**	**107,699**	**(4,502)**	**(13,122)**

(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 2014	30 June 2013	30 June 2014	30 June 2013
Cash flows from (to) investing activities					
(Acquisition) of intangible assets, property, plant and equipment and investment property	5, 6, 7	(27,756)	(28,941)	(255)	(23)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		5,585	3,625	–	–
(Acquisition) of subsidiaries (less received cash balance in the Group)	3	(36,893)	(48,679)	(27,940)	(35,804)
Disposal of subsidiaries (less disposed cash balance in the Group)	3	4,532	–	–	–
(Acquisition) of other investments		(89)	–	–	–
Proceeds (acquisition) from disposals of held to maturity financial assets	15	–	38,099	–	37,981
Prepayments for financial assets	8	–	(7,373)	(5,245)	(7,373)
Loans (granted)		(18,151)	(15,660)	(64,638)	(44,149)
Repayment of granted loans		14,550	18,616	25,827	13,464
Interest received		1,583	2,263	829	4,929
Dividends received		434	155	18,828	5,627
Net cash flows from (to) investing activities		**(56,205)**	**(37,895)**	**(52,594)**	**(25,348)**
Cash flows from (to) financing activities					
Proceeds from loans		324,806	101,054	64,945	4,000
(Repayment) of loans		(264,104)	(174,813)	(2,418)	–
(Acquisition) of own shares	29	–	(1,581)	–	(1,581)
Finance lease (payments)		(3,783)	(2,531)	–	–
Interest (paid)		(9,155)	(7,501)	(634)	(116)
Dividends (paid) to non-controlling shareholders		(127)	(36)	–	–
Dividends (paid)		(5,994)	(4,500)	(5,994)	(4,500)
Acquisition of non-controlling interest		(204)	(424)	–	–
Net cash flows from (to) financing activities		**41,439**	**(90,332)**	**55,899**	**(2,197)**
Net (decrease) increase in cash and cash equivalents		**(4,436)**	**(20,528)**	**(1,197)**	**(40,667)**
Cash and cash equivalents at the beginning of the year	16	**34,240**	**54,768**	**3,252**	**43,919**
Cash and cash equivalents at the end of the year	16	**29,804**	**34,240**	**2,055**	**3,252**

(cont'd on the next page)

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

CASH FLOW STATEMENTS (CONT'D)

Supplemental information of cash flows:

		Group		Company	
		Financial year ended		Financial year ended	
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
Non-cash operating activity:					
Income tax payable set off with VAT receivable		5,838	–	–	–
Non-cash investing activity:					
Property, plant and equipment acquisitions financed by finance lease		2,822	5,054	–	–
Property, plant and equipment acquisitions financed by grants and subsidies	18	2,149	4,804	–	–
Unpaid acquisition of financial assets		5,213	1,500	2,798	1,500
Non-cash loans granted (reclassed form prepayments for financial assets)		–	–	4,039	–
Non-cash acquisition of subsidiaries (reclassed form prepayments for financial assets)	3	4,834	–	4 834	–
Non-cash increase in share capital of subsidiaries and associates (set off with current and non-current loans granted and interest receivable)		–	–	29,302	–
Dividends receivable set off with loans payables to subsidiaries and associates		–	–	5,356	–
Non-cash financing activity:					
Non-cash repayment of Company's loan received by setting off with loan granted by the Company		–	–	38,208	–

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

Managing Director	Darius Zubas		3 October 2014
Finance Director	Tomas Tumėnas		3 October 2014
Chief Accountant	Ramutė Masiokaitė		3 October 2014

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 Str. 2C, LT-35143 Panevėžys, Lithuania.

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

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

As at 30 June 2014 and as at 30 June 2013 the shareholders of the Company were:

	As at 30 June2014	
	Number of shares held	**Percentage**
Akola ApS (Denmark)	88,984,443	55.99%
Darius Zubas	17,049,995	10.73%
SEB AS OMNIBUS (Luxembourg) clients	12,866,897	8.10%
Swedbank AS (Estonia) clients	10,404,440	6.55%
Other shareholders (private and institutional investors)	29,634,623	18.63%
Total	**158,940,398**	**100.00%**

	As at 30 June 2013	
	Number of shares held	**Percentage**
Akola ApS (Denmark)	87,784,443	55.23%
Darius Zubas	17,049,995	10.73%
Skandinaviska Enskilda Banken AB (Sweden)	15,131,697	9.52%
Swedbank AS (Estonia) clients	9,824,712	6.18%
Other shareholders (private and institutional investors)	29,149,551	18.34%
Total	**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 2014 (LTL 1 each as at 30 June 2013) and were fully paid as at 30 June 2014 and as at 30 June 2013.

The Company holds 790,972 of its own shares, percentage 0.50%, as at 30 June 2014 and as at 30 June 2013. Subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2014 and as at 30 June 2013.

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 2014 the number of employees of the Group was 2,266 (1,039 as at 30 June 2013).
As at 30 June 2014 and 30 June 2013 the number of employees of the Company was 9.

The Company's management approved these financial statements on 3 October 2014. 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 years ending 30 June 2014 and 30 June 2013.

2. ACCOUNTING PRINCIPLES

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

The principal accounting policies adopted in preparing the Group's financial statements for the year ended 30 June 2014 are as follows:

2.1. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for biological assets, commitments to purchase agricultural produce (unrecognized firm commitment), 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/Company has adopted the following IFRS and IAS amendments:

- Amendment to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities;
- IFRS 13 Fair Value Measurement;
- Amendment to IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income;
- Amendment to IAS 19 Employee Benefits;
- IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine.*

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group/Company, its impact is described below:

IFRS 13 *Fair Value Measurement*

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 adoption of the standard had no impact on the financial position or performance of the Group, however has resulted in additional disclosures in financial statements of the Group including: detailed explanation of fair value measurement presented in accounting policy (Note 2.27); additional disclosures regarding the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety; a description of the valuation technique(s) and the inputs used in the fair value measurement; quantitative information about the significant unobservable inputs used in the fair value measurement; a description of the valuation processes used by the entity; a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs (Notes 2.16., 2.28.)

Amendment to IAS 1 *Financial Statement Presentation* - Presentation of Items of Other Comprehensive Income (OCI)

The amendments to IAS 1 change 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 affected presentation the statement of comprehensive income only and had no impact on the Group's financial position or performance.

Standards issued but not yet effective and not early adopted

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

IAS 16 *Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization* (effective for financial years beginning on or after 1 January 2016 once endorsed by the EU)

The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The implementation of this amendment will not have any impact on the financial statements of the Group.

2. ACCOUNTING PRINCIPLES (CONT'D)

2.1. BASIS OF PREPARATION (CONT'D)

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

IAS 16 *Property, Plant & Equipment and IAS 41 Agriculture (Amendment): Bearer Plants* (effective for financial years beginning on or after 1 January 2016 once endorsed by the EU)

Bearer plants will now be within the scope of IAS 16 Property, Plant and Equipment and will be subject to all of the requirements therein. This includes the ability to choose between the cost model and revaluation model for subsequent measurement. Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41 Agriculture. Government grants relating to bearer plants will now be accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, instead of in accordance with IAS 41. The Group has not yet evaluated the impact of the implementation of this amendment.

IAS 19 *Defined Benefit Plans (Amended): Employee Contributions* (effective for financial years beginning on or after 1 July 2014 once endorsed by the EU)

The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The implementation of this amendment will not have any impact on the financial statements of the Group.

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. The implementation of this amendment will not have any impact on the financial position or performance of the Group, however may result in additional disclosures in the financial statements of the Company.

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 position or performance of the Group, however may result in additional disclosures in the financial statements of the Company.

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 implementation of this amendment will not have any impact on the financial statements of the Group.

Amendment to IAS 36 *Impairment of Assets* (effective for financial years beginning on or after 1 January 2014)

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.

IAS 39 *Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (effective for financial years beginning on or after 1 January 2014)

Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument. The amendment will not have any impact on the financial statements of the Group.

2. ACCOUNTING PRINCIPLES (CONT'D)

2.1. BASIS OF PREPARATION (CONT'D)

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

IFRS 9 *Financial Instruments: Classification and Measurement and subsequent amendments to IFRS 9 and IFRS 7-Mandatory Effective Date and Transition Disclosures; Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*

IFRS 9 reflects the IASBs work on the replacement of IAS 39 and is being published in three phases. Phase 1 applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. In phases 2 and 3, the IASB will address hedge accounting and impairment of financial assets. The second package of amendments issued in November 2013 initiate further accounting requirements for financial instruments. These amendments a) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; b) allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments; and c) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. The IASB is currently working on drafting the final requirements on impairment. This standard and subsequent amendments have not yet been endorsed by the EU. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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 at 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 implementation of this standard will not have any impact on the financial statements of the Group.

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 implementation of this standard will not have any impact on the financial statements of the Group.

IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016 once endorsed by the EU)

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Group has not yet evaluated the impact of the implementation of this amendment.

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 standard will result in additional disclosures in the Group's financial statements.

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

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 Company is not an investment entity.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.1.BASIS OF PREPARATION (CONT'D)

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

IFRS 14 ***Regulatory Deferral Accounts*** (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities, whereby governments regulate the supply and pricing of particular types of activity. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. The implementation of this standard will not have any impact on the financial statements of the Group.

IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Group has not yet evaluated the impact of the implementation of this standard.

IFRIC Interpretation 21 ***Levies*** (effective for financial years beginning on or after 17 June 2014)

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 implementation of this interpretation will not have any impact on the financial statements of the Group.

The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU. The Company/Group has not yet evaluated the impact of the implementation of these improvements.

- ***IFRS 2 Share-based Payment:*** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- ***IFRS 3 Business combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- ***IAS 16 Property Plant & Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- ***IAS 38 Intangible Assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

2. ACCOUNTING PRINCIPLES (CONT'D)

2.1. BASIS OF PREPARATION (CONT'D)

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

The **IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU. The Company/Group has not yet evaluated the impact of the implementation of these improvements.

- ***IFRS 3 Business Combinations:*** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- ***IFRS 13 Fair Value Measurement:*** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- ***IAS 40 Investment Properties:*** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

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

2. ACCOUNTING PRINCIPLES (CONT'D)

2.5. INVESTMENTS INTO JOINT VENTURES

The Group had 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 licenses 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 PRINCIPLES (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 PRINCIPLES (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.

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. ACCOUNTING PRINCIPLES (CONT'D)

2.11. BIOLOGICAL ASSETS

The Group's biological assets include animals and livestock, poultry 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.

Poultry is accounted for at fair value less costs to sell. The fair value of poultry is measured based on future value of chickens/meat broilers/eggs less costs to maintain.

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 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 (unrecognized firm commitment) (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.

2.15. 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.

2. ACCOUNTING PRINCIPLES (CONT'D)

2.15. FINANCIAL LIABILITIES (CONT'D)

Factoring

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

Financial guarantee 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 (level 1). 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.
Other derivatives not used for hedge accounting are also accounted for at fair value (level 2) with gain or losses from changes in the fair value 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.

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. ACCOUNTING PRINCIPLES (CONT'D)

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.

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. Such accounting treatment of the Group's contracts is applied as long as these contracts have not been accounted for as derivatives (Note 2.28).

2.ACCOUNTING PRINCIPLES (CONT'D)

2.20.NON-CURRENT EMPLOYEE BENEFITS

According to the requirements of Lithuanian Labor 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. In addition employees of the Group are entitled to employment benefits which are approved by the Board of the Company.

Starting from 1 January 2013 after the amendments to IAS 19 become effective, the actuarial gains and losses are recognized in the statement of other 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. Starting from 1 January 2013 after the amendments to IAS 19 become effective, the past service costs are recognized 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 other comprehensive income as incurred.

2.21.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.

2.22.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 2014 and 30 June 2013 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, Sidabravo ŽŪB, Biržai district Medeikių ŽŪB, Panevėžys district Aukštadvario ŽŪB, Užupės ŽŪB, Kėdainiai district Labūnavos ŽŪB, Panevėžys district Žibartonys ŽŪB.

2. ACCOUNTING PRINCIPLES (CONT'D)

2.22. INCOME TAX (CONT'D)

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 not designated for hedging. Starting from 1 January 2014 the transferable tax loss can not cover more than 70% of the taxable profit of the current year. 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 and Denmark 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 2014	**30 June 2013**
Republic of Latvia	15%	15%
Republic of Estonia*	–	–
Kingdom of Denmark	24.5%	24.5%

**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 %.*

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.

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

Revenue from services is recognised when services are rendered.

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

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

2.ACCOUNTING PRINCIPLES (CONT'D)

2.23. REVENUE RECOGNITION (CONT'D)

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.

2.24.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.

2.25.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.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.25.IMPAIRMENT OF ASSETS (CONT'D)

Other assets (cont'd)

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.

2.26.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.

2.27.FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.ACCOUNTING PRINCIPLES (CONT'D)

2.27.FAIR VALUE MEASUREMENT (CONT'D)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the Group's and the Company's management at each reporting date. For the purpose of fair value disclosures, the Group and the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

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 at 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 fertilizers 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 12 and 13). 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 fertilizers 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 at 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 10), impairment evaluation (Notes 2.25, 2.28, 6, 7, 8, 9, 11, 12, 13 and 14) and estimation of fair value of assets acquired and liabilities assumed in a business combinations (Note 3). 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 PRINCIPLES (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 2014 and 30 June 2013 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 three groups: animals and livestock, poultry and crops which are accounted for at fair value less costs to sell (Note 2.11).

The fair value of biological assets of the Group is determined on a recurring basis. The management determines key assumption based on historical figures and the best estimate as at the reporting date. Applied unobservable assumptions are challenged on a regular basis and adjusted after back testing is performed. Other observable inputs used are based on publicly available sources (prices in the market). The management of the Group constantly analyses the changes in fair value and assesses what has the biggest influence on it – quantity produced, sales prices and etc.

Animals and livestock are valued in two ways: milking cows are valued using discounted cash flows method less costs to sell (level 3) and other groups of livestock at market prices less cost to sell at the reporting date (level 2). Crops are valued at market prices less costs to sell at the reporting date (level 3).

Poultry are valued in the following way:

Hatching chicken are valued based on the future value of the produced eggs less costs to maintain the chicken until end of its production period, slaughter costs as well as costs to sell at the reporting date (level 3).

Meat broilers are evaluated taking into account the average age of the chicken and its respective market value between the value range of day one and value at the moment of slaughtering the chicken (level 3).

Milking cows

The management of the Group decided to assess fair value of milking cows based on the discounted cash flows method because there is no active reliable market for such livestock and because this method is the most accurate estimation of the fair value of milking cows.

As at 30 June 2014 the key assumptions used to determine fair value of milking cows are the estimated gross margin for the expected average productive life of a milking cow (13% for the year ending 30 June 2015 and 16% for the year ending 30 June 2016) used to calculate the expected future cash inflows as well as pre-tax discount rate (8%). 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%).

The following table demonstrates the sensitivity of the fair value of milking cows to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2014		**30 June 2013**	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Gross margin	+ 3%	1,490	+ 3%	1,156
Gross margin	- 3%	(1,380)	- 3%	(1,070)
Discount rate	+ 1%	(162)	+ 1%	(177)
Discount rate	- 1%	165	- 1%	180

2. ACCOUNTING PRINCIPLES (CONT'D)

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

Valuation of biological assets (cont'd)

Crops

As at 30 June 2014 the key assumptions used to determine fair value of crops are the estimated yield ranges depending on the type of crops (2.7 – 9.3 tones/ha for the year ending 30 June 2014 and 3.0 – 5.5 tones/ha for the year ending 30 June 2013) 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 the respective year.

The following table demonstrates the sensitivity of the fair value of crops to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2014		30 June 2013	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Yield	+ 5%	2,040	+ 5%	1,674
Yield	- 5%	(2,040)	- 5%	(1,674)

Poultry

As at 30 June 2014 the main assumptions used to determine fair value of hatching chicken are the price of the incubation eggs (LTL 0.5-1 for the unit) which was estimated based on publicly available yearly average market price and the average number of hatching eggs produced per hatching chicken in her lifetime (146 units).

The following table demonstrates the sensitivity of the fair value of hatching chickens to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2014		As at acquisition date*	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Number of eggs per lifecycle	+ 5%	590	+ 5%	604
Number of eggs per lifecycle	- 5%	(590)	- 5%	(604)

As at 30 June 2014 the main assumptions used to determine fair value of broilers are the market price of chickens (LTL 1-2 for 1 day old and LTL 6-8 for 36 days old) which was estimated based on actual purchases/sales taking place close to the 30 June 2014 and broiler weight of 2.15 kg as at 36 days old.

The following table demonstrates the sensitivity of the fair value of broilers to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2014		As at acquisition date*	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Age	+ 5%	158	+ 5%	166
Age	- 5%	(245)	- 5%	(235)

*The Group has entered into the poultry business during the year ended 30 June 2014, therefore as a comparative information sensitivity as at acquisition date is provided.

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 2014 and 30 June 2013 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 the already impaired assets.

2. ACCOUNTING PRINCIPLES (CONT'D)

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

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 2014 and 30 June 2013 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 the already impaired assets.

Impairment of the Company's investments

As at 30 June 2014 and 30 June 2013 the Company has investments in subsidiaries and associates. As at 30 June 2014 and 30 June 2013 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 the 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 2014 and 30 June 2013 the recoverable amount of the investment into AB Linas Agro is most sensitive to the post-tax discount rate (10.5% and 10.5% 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.

The recoverable amount of investment into subsidiaries AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks was determined based on the value in use calculations that use a discounted cash flow model. The above mentioned subsidiaries were assessed as one cash generating unit. The cash flows are derived from the forecast for the next five years and a terminal value which was calculated with a terminal growth of 2%. As at 30 June 2014 the recoverable amount of the investment into subsidiaries AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks is most sensitive to the post-tax discount rate of 12% which is used for the discounted cash flow model.

As at 30 June 2014 and 30 June 2013 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment into AB Linas Agro, AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks 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, where required, as at 30 June 2014 and 30 June 2013 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

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

2.31. OFFSETTING

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.

Numbers in tables may vary as they are written in round figures up to one thousand litas. Such rounding variations are trivial for our financial reports.

3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As at 30 June 2014 and as at 30 June 2013 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2014	30 June 2013	30 June 2014	30 June 2013	
Investments into directly controlled subsidiaries						
AB Linas Agro	Lithuania	100%	100%	195,277	195,277	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	38,423	10,168	Management of the subsidiaries engaged in agriculture
UAB Dotnuvos Projektai	Lithuania	100%	100%	36,902	36,902	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	1,177	1,177	Expedition and ship's agency services
ŽŪB Landvesta 1	Lithuania	100%	100%	2,430	900	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	1,492	1,444	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	Lithuania	100%	100%	1,242	1,009	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	1,609	59	Rent and management of agricultural purposes land
AS Putnu fabrika Kekava	Latvia	84.36%	–	7,350	–	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	84.36%	–	–	–	Retail trade of food production
SIA Lielzeltini	Latvia	100%	–	20,213	–	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	–	2,728	–	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	–	162	–	Chicken breeding and sale
				309,005	249,262*	
Less: impairment				–	(195)	
				309,005	249,067	

*Including cost of ŽŪB Landvesta 3, ŽŪB Landvesta 4, ŽŪB Landvesta 5, ŽŪB Landvesta 6 which are disclosed as indirectly controlled subsidiaries (through AB Linas Agro).

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		Main activities
		30 June 2014	30 June 2013	30 June 2014	30 June 2013	
Investments into indirectly controlled subsidiaries (through AB Linas Agro)						
SIA Linas Agro	Latvia	100%	100%	–	–	Wholesale trade of grains and oilseeds, agricultural inputs
UAB Gerera	Lithuania	100%	100%	–	–	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	–	–	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	3,907	3,907	Preparation and warehousing of grains for trade
Linas Agro A/S	Denmark	100%	100%	–	–	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	–	100%	–	–	Manufacturing of lignin
UAB Fossio	Lithuania	100%	–	–	–	Manufacturing of lignin
ŽŪB Landvesta 3*	Lithuania	100%	100%	688	688	Rent and management of agricultural purposes land
ŽŪB Landvesta 4*	Lithuania	100%	100%	378	378	Rent and management of agricultural purposes land
ŽŪB Landvesta 5*	Lithuania	100%	100%	976	975	Rent and management of agricultural purposes land
ŽŪB Landvesta 6*	Lithuania	100%	100%	285	285	Rent and management of agricultural purposes land
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)						
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	98.28%	97.72%	–	–	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.39%	–	–	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.82%	98.82%	–	–	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	96.92%	96.92%	–	–	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	93.40%	87.23%	–	–	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.64%	98.64%	–	–	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	–	–	Growing and sale of crops
UAB Paberžėlė	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Žemės ūkio investicijos	Lithuania	100%	–	–	–	Not operating company
Panevėžys district Žibartonių ŽŪB	Lithuania	99.80%	–	–	–	Mixed agricultural activities

* Accounted as for directly controlled subsidiaries as at 30 June 2013.

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

	Place of regist-ration	Effective share of the stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2014	30 June 2013	30 June 2014	30 June 2013	
Investments into indirectly controlled subsidiaries (through UAB Dotnuvos Projektai)						
SIA DOTNUVOS PROJEKTAI	Latvia	100%	100%	–	–	Trade of machinery and equipment for warehousing of grains, certified seeds
AS Dotnuvos Projektai	Estonia	100%	100%	–	–	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos technika	Lithuania	100%	100%	–	–	Not operating company
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)						
Karčemos kooperatinė bendrovė	Lithuania	20%*	20%*	–	–	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu centrs	Latvia	100%	100%	–	–	Preparation and warehousing of grains for trade
Investment into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)						
Karčemos kooperatinė bendrovė	Lithuania	19.96%*	–	–	–	Preparation and warehousing of grains for trade

** The Group indirectly controls 39.96% of shares of Karčemos kooperatinė bendrovė (through Panevėžys district Žibartonių ŽŪB and UAB Linas Agro Grūdų centras KŪB), 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 12 month period ended 30 June 2014

On 5 September 2013 the Group acquired 100 % Žemės ūkio investicijos UAB sub-group, which is comprised of the holding company Žemės ūkio investicijos UAB and its subsidiary Panevėžys district Žibartonys ŽŪB (98.07%), for LTL 18,059 thousand to further expand business activities. As at acquisition date Žemės ūkio investicijos UAB sub-group did not have any impaired accounts receivable or contractual cash flows not expected to be collected, book value of receivables represents its fair value. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following

Acquisition date	**31 August 2013**
Property, plant and equipment and investment property	18,493
Animals and livestock	7,024
Crops	2,594
Inventories	9,420
Prepayments and other current assets	2,271
Cash and cash equivalents	268
Total assets	**40,070**
Deferred tax liability	(604)
Grants and subsidies	(556)
Non-current borrowings	(2,919)
Current borrowings	(1,814)
Trade payables	(4,274)
Other liabilities	(1,412)
Total liabilities	**(11,579)**
Total identifiable net assets at fair value	**28,491**
Non-controlling interest measured at the proportionate share of net assets at fair value	(349)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	9,540
Total purchase consideration	**18,602**
Cash consideration transferred	13,389
Less: cash acquired	(268)
Total purchase consideration, net of cash acquired	**13,121**

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

	Since acquisition date	**Since 1 July 2013**
Revenue	17,515	22,414
Profit (loss)	1,683	1,555

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 12 month period ended 30 June 2014 (cont'd)

On 28 October 2013 the Group acquired 86.97% shares of AS Putnu Fabrika Kekava sub-group (including SIA PFK Trader) for LTL 7,350 thousand to further expand business activities and enter new business segments. On 7 November 2013 according to the restructuring plan share capital of AS Putnu Fabrika Kekava was increased by capitalization of payable amounts.
AB Linas Agro Group didn't participate in the increasing of share capital, part of the shares owned by AB Linas Agro Group decreased from 86.97% to 54.59%. The provisional net assets at book value on 31 October 2013 are calculated by taking into account accounts payable capitalization and AB Linas Agro Group de facto control of 54.59% of shares.
Differences between the purchase consideration and provisional fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**31 October 2013**
Property, plant and equipment and intangible assets	83,169
Poultry	8,373
Inventories	7,735
Prepayments and other current assets	10,300
Cash and cash equivalents	598
Total assets	**110,175**
Deferred tax liability	(2,292)
Grants and subsidies	(7,701)
Non-current borrowings	(7,116)
Other non-current liabilities	(4,723)
Current borrowings	(35,913)
Trade payables	(16,641)
Other liabilities	(15,944)*
Total liabilities	**(90,330)**
Total identifiable net assets at provisional fair value	**19,845**
Non-controlling interest measured at the proportionate share of net assets at provisional fair value	(9,012)
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	3,483
Total purchase consideration	**7,350**
Cash consideration transferred	**2,516****
Less: cash acquired	(598)
Total purchase consideration, net of cash acquired	**1,918**

*During the year ended 30 June 2014 liabilities in the amount of LTL 14,142 were written off for subsidiary AS Putnu Fabrika Kekava due to successfully implemented restructuring plan.
**As at 30 June 2013 the Company made LTL 4,834 thousand prepayment for AS Putnu Fabrika Kekava shares to acquire.

AS Putnu Fabrika Kekava fair value of the trade receivables as at the date of acquisition were:

	Trade receivables
The gross contractual amounts receivable	21,393
The best estimate at the acquisition date of the contractual cash flows not expected to be collected	(11,401)
The fair value of the receivables	9,992

AS Putnu Fabrika Kekava revenue and profit or loss since the acquisition date and from the beginning of the annual reporting period were:

	Since acquisition date	**Since 1 July 2013**
Revenue	91,793	136,578
Profit (loss)	23,299	29,755

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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

The business combination resulted in bargain purchase because it was acquired during a forced sale by the former shareholders, since as at acquisition AS Putnu Fabrika Kekava was in a legal restructuring phase and there existed high uncertainties about its ability to continue as a going concern.

On 7 February 2014 the Group acquired 100% shares of SIA Lielzeltini for LTL 20,213 thousand to further expand business activities and enter new business segments. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**31 January 2014**
Property, plant and equipment	50,263
Financial assets	10,764
Poultry	1,833
Inventories	10,902
Prepayments and other current assets	10,674
Cash and cash equivalents	1,214
Total assets	**85,650**
Deferred tax liability	(3,133)
Grants and subsidies	(2,657)
Non-current borrowings	(32,475)
Current borrowings	(7,257)
Trade payables	(9,990)
Other liabilities	(2,356)
Total liabilities	**(57,868)**
Total identifiable net assets at fair value	**27,782**
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	7,569
Total purchase consideration	**20,213**
Cash consideration transferred	**20,213**
Less: cash acquired	(1,214)
Total purchase consideration, net of cash acquired	**18,999**

SIA Lielzeltini fair value of contractual amounts receivables as at the date of acquisition were:

	Non-current Trade receivables	**Prepayments**
The gross contractual amounts receivable	10,927	3,515
The best estimate at the acquisition date of the contractual cash flows not expected to be collected	(2,292)	(691)
The fair value of the receivables	8,635	2,824

SIA Lielzeltini revenue and profit or loss since the acquisition date and from the beginning of the annual reporting period were:

	Since acquisition date	**Since July 1 2013**
Revenue	44,048	100,633
Profit (loss)	1,685	6,315

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 12 month period ended 30 June 2014 (cont'd)

On 7 February 2014 the Group acquired 100% shares of SIA Cerova for LTL 2,728 thousand to further expand business activities and enter new business segments. As at acquisition date SIA Cerova 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 contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**31 January 2014**
Property, plant and equipment	2,913
Inventories	415
Prepayments and other current assets	3,478
Cash and cash equivalents	46
Total assets	**6,852**
Deferred tax liability	(33)
Grants and subsidies	(477)
Non-current borrowings	(2,110)
Other non-current liabilities	–
Trade payables	(237)
Other liabilities	(166)
Total liabilities	**(3,023)**
Total identifiable net assets at fair value	**3,829**
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	1,101
Total purchase consideration	**2,728**
Cash consideration transferred	**2,728**
Less: cash acquired	(46)
Total purchase consideration, net of cash acquired	**2,682**

On 7 February 2014 the Group acquired 100% shares of SIA Broileks for LTL 179 thousand to further expand business activities and enter new business segments. As at acquisition date SIA Broileks 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 contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**31 January 2014**
Property, plant and equipment	1,450
Inventories	121
Prepayments and other current assets	520
Cash and cash equivalents	6
Total assets	**2,097**
Grants and subsidies	(420)
Non-current borrowings	(151)
Current borrowings	(365)
Trade payables	(7)
Other liabilities	(545)
Total liabilities	**(1,488)**
Total identifiable net assets at fair value	**609**
Gain recognized on acquisition of subsidiary, recognised under Other income (Note 26)	430
Total purchase consideration	**179**
Cash consideration transferred	**179**
Less: cash acquired	(6)
Total purchase consideration, net of cash acquired	**173**

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

Changes in the Group during the 12 month period ended 30 June 2014 (cont'd)

During the 12 month period, ended 30 June 2014, the Group acquired 6.17% Sidabravo ŽŪB share capital for LTL 160 thousand, 1.1% Panevėžys district Žibartonių ŽŪB share capital for LTL 44 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 929 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 Sidabravo ŽŪB and Panevėžys district Žibartonių ŽŪB has resulted in an increase of the effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 0.56% up to 98.28%, and an increase of the effective Group ownership of Karčemos kooperatinė bendrovė by 20% up to 39.96% as at 30 June 2014 with a result of LTL 23 thousand of gain accounted directly in equity.

Acquisition of SIA Lielzeltini has resulted in an increase of the effective Group ownership of AS Putnu Fabrika Kekava by 29.77% up to 84.36% as at 30 June 2014 with a result of LTL 10,046 thousand of gain accounted directly in equity.

On 9 January 2014 the Group separated UAB Lignineko to 2 companies: UAB Lignineko and UAB Fossio. The share capital of UAB Fossio is LTL 461 thousand.

On 30 April 2014 the Group sold all shares of UAB Lignineko. Differences between the sales consideration and the net assets disposed at the disposal date is the following:

	30 April 2014
Non-current assets	1,816
Deferred tax asset	180
Current assets	802
Liabilities	(3,835)
Net asset of subsidiary sold by Group	**(1,037)**
Gain recognized on disposal of subsidiary, recognised under Other income (Note 26)	**5,587**
Sales price (received in cash)	4,550
Less: cash disposed in subsidiary	(18)
Sell price less cash disposed	**4,532**

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 contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**30 June 2011**
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 26)	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 favorable 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 LTL 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 contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**30 September 2012**
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 premeasuring to fair value the initially held equity interest	(1,890)
Gain recognized on acquisition of subsidiary, recognized under Other Income (Note 26)	**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 contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**28 February 2013**
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)	**(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 of 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.

4. SEGMENT INFORMATION

For management purpose the Group is organized into five 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 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 products and services for farming segment includes sales of fertilizers, seeds, plant protection products, machinery and equipment, grain storage facilities, spare parts and other equipment to agricultural produce growers and grain storage companies;
- food products segment includes poultry and other food final products;
- the other products and services segment includes sales of biofuel and other products and services.

The Group's chief financial officer monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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 2014**	**Grain and feedstuff handling and merchandising**	**Products and services for farming**	**Agricultural production**	**Food products**[7)]	**Other products and services**	**Not attributed to any specified segment**	**Adjustments and elimina-tions**	**Total**
Revenue								
Third parties	1,422,523	416,575	57,451	116,015	5,793	–	–	2,018,357
Intersegment	33,252	25,253	37,856	–	–	–	(96,361)[1)]	–
Total revenue	**1,455,775**	**441,828**	**95,307**	**116,015**	**5,793**	**–**	**(96,361)[1)]**	**2,018,357**
Results								
Operating expenses[6)]	(26,447)	(39,301)	(8,745)	(13,224)	(666)	(14,125)	–	(102,508)
Depreciation and amortisation	(6,776)	(4,758)	(7,575)	(6,149)	(524)	(606)	–	(26,388)
Provisions for onerous contracts	56	–	–	–	–	–	–	56
Write-off bad debts and provisions for doubtful debts	(3,049)	(5,534)	34	(687)	(10)	–	–	(9,246)
Write-off of liabilities	–	–	–	14,142	–	–	–	14,142
Impairment of property, plant and equipment	–	–	(87)	–	–	–	–	(87)
Gain (loss) on acquisition of subsidiary companies	–	–	9,540	12,583	–	–	–	22,123
Gain (loss) on disposal of subsidiary companies	–	–	–	–	5,587	–	–	5,587
Segment operating profit (loss)	**37,905**	**6,202**	**16,739**	**34,140**	**9,478**	**(13,701)**	**–**	**90,763**
Assets								
Capital expenditure[2)]	8,542	5,500	13,245	3,215	1	1,191	–	31,694
Non-current assets (excluding investments into associates and joint ventures)	90,555	38,088	110,728	137,873	7,751	13,055[3)]	–	398,050
Current assets	138,729	363,613	70,439	51,370	2,663	49,317[4)]	–	676,131
Total assets	**229,284**	**401,701**	**181,167**	**189,243**	**10,414**	**62,372**	**–**	**1,074,181**
Current liabilities	115,984	199,054	19,518	24,849	290	55,672[5)]	–	415,367

4. SEGMENT INFORMATION (CONT'D)

Group **Financial year ended 30 June 2013**	**Grain and feedstuff handling and merchandising**	**Products and services for farming**	**Agricultural production**	**Other products and services**	**Not attributed to any specified segment**	**Adjustments and elimina-tions**	**Total**
Revenue							
Third parties	1,629,004	368,745	44,183	1,208	–	–	2,043,140
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)[1)]**	**2,043,140**
Results							
Operating expenses[6)]	(19,779)	(20,794)	(8,607)	(936)	(29,444)	–	(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

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, cash and cash equivalents.
5) As at 30 June 2014 and 2013 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) The segment Food products was not disclosed for the year ended 30 June 2013 since Latvian poultry entities (AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks) were acquired during the year which ended 30 June 2014.

4. SEGMENT INFORMATION (CONT'D)

Sales / Income includes:

	Group		Company	
	Financial year ended			
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Sales of goods	1,995,773	2,017,606	–	–
Sales of services	22,584	25,534	100	100
Dividends from subsidiaries	–	–	23,285	4,756
Rental income from investment and other property	–	–	181	180
Dividends from associates	–	–	899	–
	2,018,357	2,043,140	24,465	5,036

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

	Group	
	12 month period ended	
Revenue from external customers	**30 June 2014**	**30 June 2013**
Lithuania	522,300	533,255
Europe (except for Scandinavian countries, CIS and Lithuania)	513,773	425,090
Scandinavian countries	387,956	427,310
Africa	92,928	20,336
Asia	472,630	605,426
CIS	28,770	31,723
	2,018,357	**2,043,140**

Revenue from largest customer amounted to LTL 287,044 thousand for the year ended 30 June 2014. Revenue from two largest customers amounted to LTL 288,363 thousand and LTL 264,816 thousand for the year ended 30 June 2013. Sales for largest customers are accounted for under grain and feedstuff handling and merchandising caption of business segments as at 30 June 2014 and 2013.

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

Non-current assets	**Group**	
	As at 30 June 2014	**As at 30 June 2013**
Lithuania	211,055	196,140
Latvia*	142,674	7,751
Estonia	4,641	5,152
Denmark	56	89
	358,426	**209,132**

**Increase is influenced by acquisition of AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks.*

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 at 30 June 2012	1,807	170	1,977
Additions	219	242	461
Additions of subsidiaries	39	32	71
Write-offs	(2)	(100)	(102)
Balance as at 30 June 2013	2,063	344	2,407
Additions	348	2	350
Additions of subsidiaries	121	1	122
Write-offs	(3)	(15)	(18)
Balance as at 30 June 2014	2,529	332	2,861
Accumulated amortization:			
Balance as at 30 June 2012	1,230	135	1,365
Charge for the year	106	22	128
Write-offs	(2)	(86)	(88)
Balance as at 30 June 2013	1,334	71	1,405
Charge for the year	182	23	205
Write-offs	(1)	(13)	(14)
Balance as at 30 June 2014	1,515	81	1,596
Net book value as at 30 June 2014	**1,014**	**251**	**1,265**
Net book value as at 30 June 2013	**729**	**273**	**1,002**
Net book value as at 30 June 2012	**577**	**35**	**612**

The Group has no internally generated intangible assets. Amortization 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 2,260 thousand as at 30 June 2014 was fully amortized (LTL 1,504 thousand as at 30 June 2013) but was still in active use.

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as at 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	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	427	2,317	–	–	–	–	2,744
Reclassifications	–	12,838	5,913	19	608	(19,378)	–
Exchange differences	–	(25)	(2)	(10)	(4)	–	(41)
Balance as at 30 June 2013	17,682	149,911	86,946	14,548	13,729	7,824	290,640
Additions	6,561	77	10,856	1,274	2,140	10,414	31,322
Acquisition of subsidiaries	15,888	105,924	27,681	2,926	2,874	834	156,127
Disposals and write-offs	(365)	(566)	(4,503)	(1,993)	(1,128)	(283)	(8,838)
Transfers from investment property	5,631	823	–	–	–	–	6,454
Reclassifications	171	10,489	1,731	111	147	(12,649)	–
Exchange differences	(2)	(5)	(2)	(4)	5	2	(6)
Disposals of subsidiaries	–	–	(2,187)	–	(290)	–	(2,477)
Balance as at 30 June 2014	45,566	266,653	120,522	16,862	17,477	6,142	473,222
Accumulated depreciation:							
Balance as at 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 at 30 June 2013	–	38,650	40,991	5,192	7,989	–	92,822
Charge for the year	–	14,083	12,446	3,318	2,037	–	31,884
Disposals and write-offs	–	(339)	(1,587)	(1,698)	(817)	–	(4,441)
Transfers from investment property	–	124	–	–	–	–	124
Reclassifications	–	–	(58)	58	–	–	–
Exchange differences	–	19	(4)	–	–	–	15
Disposals of subsidiaries	–	–	(499)	–	(162)	–	(661)
Balance as at 30 June 2014	–	52,537	51,289	6,870	9,047	–	119,743
Impairment losses:							
Balance as at 30 June 2012	18	449	19	3	1	–	490
(Reversal) charge for the year	(26)	–	16	(3)	2	–	(11)
Transfer from investment property	8	1,128	–	–	–	–	1,136
Balance as at 30 June 2013	–	1,577	35	–	3	–	1,615
(Reversal) charge for the year	160	(77)	3	1	–	–	87
Balance as at 30 June 2014	160	1,500	38	1	3	–	1,702
Net book value as at 30 June 2014	**45,406**	**212,616**	**69,195**	**9,991**	**8,427**	**6,142**	**351,777**
Net book value as at 30 June 2013	**17,682**	**109,684**	**45,920**	**9,356**	**5,737**	**7,824**	**196,203**
Net book value as at 30 June 2012	**10,743**	**68,384**	**26,240**	**2,848**	**2,366**	**11,675**	**122,256**

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

The Group's depreciation charge for the years ended 30 June 2014 and 30 June 2013 was included into the following captions of the statement of financial position and the statement of comprehensive income:

	Financial year ended	
	30 June 2014	**30 June 2013**
Cost of sales	23,095	15,069
Biological assets	2,243	2,561
Operating expenses	5,211	3,865
Other expenses	302	5
Raw materials and other inventories	1,033	731
	31,884	22,231

Depreciation amount was decreased in the statement of comprehensive income by LTL 2,698 thousand for the year ended 30 June 2014 (LTL 1,802 thousand for the year ended 30 June 2013) by the amortisation of grants received by the Group (Note 18).

As at 30 June 2014 part of property, plant and equipment of the Group with the net book value of LTL 264,300 thousand (LTL 120,796 thousand as at 30 June 2013), was pledged to banks as a collateral for the loans (Note 19).

Part of property, plant and equipment with the acquisition cost of LTL 55,883 thousand was fully depreciated as at 30 June 2014 (LTL 33,054 thousand as at 30 June 2013), 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 2014.

Cost:	**Land**	**Buildings**	**Total**
Balance as at 30 June 2012	8,228	3,297	11,525
Additions	3,239	400	3,639
Acquisition of subsidiaries	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 at 30 June 2013	10,773	1,380	12,153
Additions	7	15	22
Acquisition of subsidiaries	–	39	39
Disposals and write-offs	(209)	–	(209)
Transfers to property, plant and equipment	(5,631)	(823)	(6,454)
Balance as at 30 June 2014	4,940	611	5,551
Accumulated depreciation:			
Balance as at 30 June 2012	–	790	790
Charge for the year	–	107	107
Transfers to property, plant and equipment	–	(671)	(671)
Balance as at 30 June 2013	–	226	226
Charge for the year	–	65	65
Transfers to property, plant and equipment	–	(124)	(124)
Balance as at 30 June 2014	–	167	167
Impairment losses:			
Balance as at 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 at 30 June 2013	–	–	–
Balance as at 30 June 2014	–	–	–
Net book value as at 30 June 2014	**4,940**	**444**	**5,384**
Net book value as at 30 June 2013	**10,773**	**1,154**	**11,927**
Net book value as at 30 June 2012	**8,134**	**1,379**	**9,513**

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

Cost:	**Buildings**
Balance as at 30 June 2012, 30 June 2013 and 30 June 2014	626
Accumulated depreciation:	
Balance as at 30 June 2012	111
Charge for the year	29
Balance as at 30 June 2013	140
Charge for the year	30
Balance as at 30 June 2014	170
Net book value as at 30 June 2014	**456**
Net book value as at 30 June 2013	**486**
Net book value as at 30 June 2012	**515**

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 2014 part of investment property of the Group with the net book value of LTL 4,911 thousand (LTL 8,427 thousand as at 30 June 2013), was pledged to banks as a collateral for the loans (Note 19). As at 30 June 2014 and 30 June 2013 the Company has pledged all its investment property to the bank as collateral for the loan received by its subsidiary AB Linas Agro (Note 19).

As at 30 June 2014 part of investment property of the Group and the Company with the net book value of LTL 125 thousand and LTL 125 thousand, respectively (LTL 2,370 thousand and LTL 438 thousand, respectively as at 30 June 2013) 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 2014 is LTL 12,680 thousand and LTL 1,710 thousand, respectively (as at 30 June 2013 LTL 18,612 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 (Level 2).

8. 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 2014	As at 30 June 2013	As at 30 June 2014	As at 30 June 2013
Prepayment for financial assets to be acquired		–	8,873	–	8,873
Prepayment for increase of share capital of AS Putnu fabrika Kekava		–	–	9,736	–
Prepayment for increase of share capital of UAB Linas Agro Konsultacijos		–	–	–	21,153
Investment into Panevėžys district Ėriškių ŽŪB	24.97%	–	173	–	–
Other investments		59	60	–	–
		59	9,106	9,736	30,026

The investment into Panevėžys district Ėriškių ŽŪB is not classified as an associate and therefore not accounted for using the equity method because the Group does not have voting rights in the company and does not have the ability to exercise significant influence. As June 30 2014 the investment into Panevėžys district Ėriškių ŽŪB shown as current investment for sale.

The Company is going to increase the share capital of AS Putnu Fabrika Kekava by covering with loans granted by the Company and other receivables amounting to LTL 9,736 thousand as at 30 June 2014. The Company has increased the share capital of UAB Linas Agro Konsultacijos by covering with loans granted by the Company LTL 21,153 thousand during the year ended 30 June 2014.

9. NON-CURRENT RECEIVABLES

	Group		Company	
	As at 30 June 2014	As at 30 June 2013	As at 30 June 2014	As at 30 June 2013
Trade receivables from agricultural produce growers due after one year	54	468	–	–
Other trade receivables*	3,635	–	–	–
Loans receivable from related parties after one year (Note 32)	1,198	2,540	18,941	–
Loans receivable after one year	1,678	2,098	–	–
Other non-current receivable	60	485	–	403
Loans to employees	180	182	–	–
	6,805	5,773	18,941	403

* Other trade receivables mainly comprise of receivable for sold lignin.

9. NON-CURRENT RECEIVABLES (CONT'D)

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 2014 the balance of AB Linas Agro receivable from KLASCO amounted to LTL 1,928 thousand. The amount is disclosed as non-current loans receivable (LTL 963 thousand, respectively as at 30 June 2013 – LTL 1,780 thousand) and current loans receivable (LTL 965 thousand, respectively as at 30 June 2013 – LTL 890 thousand).

The Group's and Company's non-current receivables were neither due nor impaired as at 30 June 2014 and 30 June 2013.

10. BIOLOGICAL ASSETS

Fair value of the Group's animals and livestock:

	Milking cows (level 3)	Heifers (level 2)	Bulls and fattening cattle (level 2)	Horses (level 2)	Poultry (level 3)	Total animals and livestock
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)	(514)	(4,382)	(8)	–	(5,000)
Write-offs and falls	(195)	(50)	(37)	–	–	(282)
Change in fair value of biological assets (Note 24)	1,049	513	(770)	–	–	792
Fair value as at 30 June 2013	12,956	4,760	1,749	6	–	19,471
Acquisition of subsidiaries (Note 3)	4,138	1,533	1,353	–	10,206	17,230
Acquisition	–	134	–	3	15,993	16,130
Births	–	271	415	–	1,078	1,764
Makeweight	–	5,831	3,262	–	79,317	88,410
Transfers between groups	1,565	(4,702)	3,137	–	–	–
Disposals	(527)	(726)	(6,681)	(3)	(94,385)	(102,322)
Write-offs and falls	(279)	(56)	(63)	(3)	(1,230)	(1,631)
Change in fair value of biological assets (Note 24)	(6,209)	–	(409)	–	(476)	(7,094)
Fair value as at 30 June 2014	11,644	7,045	2,763	3	10,503	31,958

Quantity according to biological assets group:	**Milking cows (level 3)**	**Heifers (level 2)**	**Bulls and fattening**	**Horses (level 2)**	**Poultry (level 3)**	**Total animals and livestock**
As at 30 June 2014	2,999	3,013	1,660	5	1,860,649	1,868,326
As at 30 June 2013	2,244	2,184	995	8	–	5,431

Output according to biological assets group for the year ended (t):						
As at 30 June 2014	23,502	433	796	3	15,859	40,593
As at 30 June 2013	17,262	405	554	3	–	18,224

10. BIOLOGICAL ASSETS (CONT'D)

Fair value of the Group's crops (level 3):

	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
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
Transfers between groups					
Acquisitions of subsidiaries (Note 3)	3,170	1,761	3,830	695	9,456
Harvested assets	(22,558)	(14,353)	(13,856)	(4,376)	(55,143)
Transfers between groups	4	(4)	–	–	–
Fair value adjustment on biological assets (Note 24)	1,543	1,965	682	–	4,190
Fair value as at 30 June 2013	15,171	11,614	10,553	3,608	40,946
Additions	15,815	19,015	11,087	6,036	51,953
Acquisitions of subsidiary (Note 3)	24	1,033	141	1,396	2,594
Transfers between groups	(322)	393	(88)	17	–
Harvested assets	(18,043)	(15,381)	(12,203)	(6,211)	(51,838)
Fair value adjustment on biological assets (Note 24)	(1,205)	6,784	(237)	97	5,439
Fair value as at 30 June 2014	11,440	23,458	9,253	4,943	49,094

Fair value adjustment for winter cultures and rapeseeds as at 30 June 2014 was influenced by expenses related to winterkill in amount of LTL 4,377 thousand which occurred due to climatic events.

Crops under groups:	**Winter cultures**	**Summer cultures**	**Rapeseeds**	**Feeding cultures**	**Total crops**
Total sowed (ha) as at 30 June 2013	5,124	3,897	3,309	1,618	13,948
Total sowed (ha) as at 30 June 2014	3,423	7,557	3,193	2,630	16,803
Harvested crops under groups:					
Total harvest for the year ended 30 June 2013 (t)	31,694	24,670	10,165	73,831	140,360
Total harvest for the year ended 30 June 2014 (t)	32,870	23,811	9,302	42,644	108,627

As at 30 June 2014 and 30 June 2013 the management of the Group treats all animals and livestock (excluding eggs and broilers) as non-current assets and all crops, eggs and broilers as current.

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

During the years ended 30 June 2013 and 2014 there were no transfers between the different levels of fair value hierarchy.

As at 30 June 2014 part of animals and livestock of the Group with the carrying value of LTL 17,009 thousand (LTL 8,371 thousand as at 30 June 2013) was pledged to banks as a collateral for the loans (Note 19).

11. INVENTORIES

	Group	
	As at 30 June 2014	As at 30 June 2013
Purchased goods for resale (at cost or net realizable value)	194,784	157,777
Raw materials and other inventories	37,940	11,796
Commitments to purchase agricultural produce (Note 15)	838	(1,457)
	233,562	168,116

The carrying value of the Group's inventories accounted for at net realizable value as at 30 June 2014 amounted to LTL 4,115 thousand (LTL 350 thousand as at 30 June 2013). The amount of write-down of inventories to net realizable value recognized as an expense in the year ended 30 June 2014 is LTL 977 thousand (LTL 215 thousand in the year ended 30 June 2013), and is recognized in cost of sales of the statement of comprehensive income.

As at 30 June 2014 part of inventories of the Group with the carrying value of LTL 112,782 thousand (LTL 88,301 thousand as at 30 June 2013) was pledged to banks as collateral for the loans (Note 19).

12. PREPAYMENTS

	Group	
	As at 30 June 2014	As at 30 June 2013
Prepayments to agricultural produce growers	3,134	2,464
Prepayments to other suppliers	14,353	6,551
Less: allowance for doubtful prepayments to other suppliers	–	(6)
	17,487	9,009

During year ended 30 June 2014 and 30 June 2013, 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.

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

	Individually impaired
Balance as at 30 June 2012	–
Written-down during the year	6
Balance as at 30 June 2013	(6)
Written-down during the year	6
Balance as at 30 June 2014	–

13. TRADE RECEIVABLES

	Group	
	As at 30 June 2014	As at 30 June 2013
Trade receivables from agricultural produce growers	139,059	169,045
Trade receivables from other customers	182,327	129,832
Less: allowance for doubtful trade receivables	(13,762)	(25,717)
	307,624	273,160

Changes in allowance for trade receivables for the years ended 30 June 2014 and 30 June 2013 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 2014 the Group's trade receivables with the nominal value of LTL 9,022 thousand (LTL 23,893 thousand as at 30 June 2013) 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 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
Charge for the year	3,215
Reversed during the year	(554)
Written-off during the year	(14,616)
Balance as at 30 June 2014	13,762

The ageing analysis of the Group's trade receivables as at 30 June 2014 and 30 June 2013 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	
2013	250,818	17,739	1,329	827	2,447	273,160
2014	277,720	25,322	500	414	3,668	307,624

As at 30 June 2014 the Group transferred rights to part of its trade receivables with the value of LTL 301,340 thousand (LTL 213,271 thousand as at 30 June 2013) to banks as collateral for the loans (Note 19). Factorised trade receivables in the amount of LTL 22,916 thousand as at 30 June 2014 (LTL 34,105 thousand as at 30 June 2013) are included in aggregate amount of collateral for the loans. Additionally, as collateral for the loans as at 30 June 2014 the Group transferred rights to the banks for future receivables with the value of LTL 275 thousand (LTL 1,253 thousand as at 30 June 2013) arising from the investment property rent contracts.

14. OTHER ACCOUNTS RECEIVABLES

	Group	
	As at 30 June	As at 30 June
Financial assets	**2014**	**2013**
National Paying Agency	8,518	6,358
Loans receivable	9,477	7,740
Loans granted to the Group employees	127	141
Interest receivable	886	355
Accrued income	1,800	4,555
Receivable for assets held for sale	695	425
Other receivables	2,877	3,001
Less: allowance for doubtful loans receivable	(5,703)	–
	18,677	22,575
Non-financial assets		
VAT receivable	4,790	5,946
Other recoverable taxes	92	15
	4,882	5,961
	23,559	28,536

As at 30 June 2014 the Group and the Company holds lignin as a collateral for the loan granted which could be sold or repledged if the debtor defaulted. The fair value of the collateral amounts to LTL 3,321 thousand. There are no significant terms and conditions associated with the use of collateral.

Changes in allowance for other accounts receivables for the years ended 30 June 2014 were included into operating expenses in the statement of comprehensive income.

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

	Individually impaired
Balance as at 30 June 2012	205
Charge for the year	(205)
Balance as at 30 June 2013	–
Charge for the year	5,703
Balance as at 30 June 2014	5,703

The ageing analysis of the Group's other receivables (except for non-financial assets) as at 30 June 2014 and 30 June 2013 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	
2013	15,745	5,956	239	33	602	22,575
2014	18,641	33	2	1	–	18,677

15. OTHER CURRENT FINANCIAL ASSETS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses the hierarchy described in Note 2.27 for determining and disclosing the fair value of financial instruments by valuation technique:

			Group	
			As at 30 June 2014	**As at 30 June 2013**
Other current financial assets				
Other derivative financial instruments	Level 1	b)	378	593
Restricted cash		c)	1,511	1,541
Other			275	68
			2,164	2,202
Derivative financial instruments (liabilities)				
Derivative financial instruments designated as hedges	Level 1	a)	(870)	–
Foreign exchange forward and swap contracts	Level 2		–	(816)
Other derivative financial instruments	Level 1	b)	–	(1,974)
			(870)	(2,790)

The Group concludes forward agreements (with fixed price) with Lithuanian and Latvian agricultural production growers for purchase and with domestic and international customers for sale of agricultural produce. Part of purchase/sales agreements are not matched which raises the price fluctuation risk. As at 30 June 2014 Group's total amount of such purchase/sale contracts to buy crops was LTL 31,985 thousand and to sell – LTL 58,074 thousand (LTL 52,772 and LTL 67,505 thousand as at 30 June 2013 respectively). To hedge the arising risk of price fluctuations for the not covered purchase/sale commitments the Company concludes 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 2014 the fair value of such futures contracts was equal to LTL 870 thousand of loss (LTL 0 thousand of losses as at 30 June 2013). These results are accounted for in cost of sales in the statement of comprehensive income. As at 30 June 2014 hedged item (commitments to purchase agricultural produce) of LTL 838 thousand of gain (LTL 1,457 thousand of loss as at 30 June 2013) is accounted for as inventories (Note 11) 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. During the year ended 30 June 2014 the Group incurred LTL 2,295 thousand of gain from hedged item (commitments to purchase agricultural produce) (during the year ended 30 June 2013 – LTL 1,457 thousand of loss)

b) Other derivative financial instruments comprise financial instruments which were traded by the Group`s company AB Linas Agro on behalf of related parties. The respective receivable from related parties as at 30 June 2013 in the amount of LTL 1,974 thousand and payable to related parties in the amount of LTL 429 thousand is recorded in the Group's financial statements (Note 32). No such financial derivatives were open as at 30 June 2014.

c) As at 30 June 2014 and 30 June 2013 restricted cash balance mostly consists of cash at bank account, held as a deposit for trading in the futures exchange.

In the cases when fair value of other financial assets can not be reliably determined based on available active market data, the fair value is assessed based on mathematical models. Where possible observable market inputs are used in the models, in other instances certain assumptions are used.

16. CASH AND EQUIVALENTS

	Group		Company	
	As at 30 June 2014	As at 30 June 2013	As at 30 June 2014	As at 30 June 2013
Cash at bank	29,541	30,006	2,055	3,252
Money market instruments with maturity of less than three months	–	4,000	–	–
Cash in transit	98	145	–	–
Cash on hand	165	89	–	–
	29,804	34,240	2,055	3,252

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 8,467 thousand and LTL 2,289 thousand as at 30 June 2014 and 2013 respectively). As at 30 June 2014 and 30 June 2013 there were no restrictions on use of cash balances held in the pledged accounts (Note 19).

17. 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 2014 and 30 June 2013.

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 and 24 October 2013 in amount of LTL 1,600 thousand and LTL 4,700 thousand respectively. 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 24 October 2011 till 24 April 2015.

During the year ended 30 June 2014 the Company did not acquire its own shares. 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 2014 and as 30 June 2013 (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.

18. GRANTS AND SUBSIDIES

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

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
Received	2,149
Acquisition of subsidiaries (Note 3)	11,811
Amortisation	(3,292)
Balance as at 30 June 2014	27,202

18. GRANTS AND SUBSIDIES (CONT'D)

As at 30 June 2014 the amount is disclosed in the statement of financial position as non-current liabilities (LTL 23,998 thousand) and other current liabilities (LTL 3,204 thousand) (as at 30 June 2013 LTL 14,360 thousand as non-current liabilities and LTL 2,174 thousand - as other current liabilities).

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 2014 and 30 June 2013 was included into the following captions of the statement of financial position and the statement of comprehensive income:

	Group	
	Financial year ended	
	30 June 2014	30 June 2013
Cost of sales (reduces the depreciation expenses of related assets)	2,698	1,802
Biological assets	274	410
Raw materials and other inventories	70	113
Other income	233	–
Other operating expenses	17	–
	3,292	2,325

For the years ended 30 June 2014 and 30 June 2013 the Group also received subsidies for animals and livestock, crops and milk in the total amount of LTL 10,353 thousand and LTL 7,623 thousand, respectively, which were accounted for in the sales caption of the statement of comprehensive income.

19. BORROWINGS

	Group		Company	
	As at 30 June 2014	As at 30 June 2013	As at 30 June 2014	As at 30 June 2013
Non-current borrowings				
Bank borrowings secured by the Group assets	96,760	31,742	16,919	–
Other non-current borrowings	32	143	–	–
	96,792	31,885	16,919	–
Current borrowings				
Current portion of non-current bank borrowings	21,693	19,935	4,834	–
Current bank borrowings secured by the Group assets	188,722	107,226	–	–
Other current borrowings	29,005	39,408	5,683	8,227
	239,420	166,569	10,517	8,227
	336,212	**198,454**	**27,436**	**8,227**

Interest payable is normally settled monthly throughout the financial year.

As at 30 June 2014 and 30 June 2013 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, 10, 11, 13, 16). Also as at 30 June 2013 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 2014 a company of the Group did not comply with the covenants of the part of current borrowing agreements. Current portion of such borrowing agreements comprised to LTL 49,712 thousand.

19. BORROWINGS (CONT'D)

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

	Group		Company	
	As at 30 June 2014	As at 30 June 2013	As at 30 June 2014	As at 30 June 2013
Current borrowings	2.06%	2.24%	–	3.29%
Non-current borrowings	2.63%	2.44%	2.76%	–

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

	Group		Company	
	As at 30 June 2014	As at 30 June 2013	As at 30 June 2014	As at 30 June 2013
Borrowings denominated in:				
EUR	193,039	119,724	25,916	4,163
USD	12,852	1,640	–	–
LTL	130,321	77,090	1,520	4,064
	336,212	198,454	27,436	8,227

As at 30 June 2014 Group not utilized credit lines comprise LTL 134,320 thousand (LTL 160,947 thousand as at 30 June 2013).

20. FINANCE LEASE OBLIGATIONS

The assets leased by the Group under finance lease contracts consist of buildings and structures, machinery and equipment, vehicles and other property, plant and equipment. 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. Apart from the lease payments, the most significant liabilities under the lease contracts are maintenance and insurance. The terms of finance lease vary from 3 to 5 years.

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

	Group	
	As at 30 June 2014	As at 30 June 2013
Buildings and structures	270	364
Machinery and equipment	2,863	2,131
Vehicles	4,852	5,662
Other property, plant and equipment	552	636
	8,537	8,793

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

	Group	
	As at 30 June 2014	As at 30 June 2013
EUR	5,722	6,381
LTL	2,883	1,454
	8,605	7,835

As at 30 June 2014 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR, EURIBOR and VILIBOR and ranges from 1.12% to 4.5%. The interest rate for the remaining portion of the finance lease liability in LTL outstanding as at 30 June 2014 is fixed, i.e. from 2% to 5%.

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%.

20. FINANCE LEASE OBLIGATIONS (CONT'D)

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

	Group	
	As at 30 June 2014	**As at 30 June 2013**
Within one year	3,045	2,681
From one to five years	4,843	4,971
After five years	1,753	869
Total finance lease obligations	9,641	8,521
Interest	(1,036)	(686)
Present value of finance lease obligations	8,605	7,835
Finance lease obligations are accounted for as:		
- current	2,796	2,445
- non-current	5,809	5,390

21. 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 2014 the lease expenses of the Group amounted to LTL 1,887 thousand (LTL 1,626 thousand for the year ended 30 June 2013).

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

	Group	
	As at 30 June 2014	**As at 30 June 2013**
Within one year	1,673	1,465
From one to five years	3,789	3,206
After five years	2,029	2,179
Total	7,491	6,850
Denominated in (LTL equivalent):		
- EUR	2,369	2,545
- LTL	5,122	4,305

The Company does not have operating lease agreements as at 30 June 2014 and 30 June 2013.

22. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 360-day term.

23. OTHER CURRENT LIABILITIES

	Group	
	As at 30 June 2014	**As at 30 June 2013**
Bonuses to employees	14,047	15,992
Vacation accrual	8,585	5,370
Advances received	1,631	6,200
Payroll related liabilities	7,286	5,038
VAT payable	9,250	9,680
Current portion of grants (Note 18)	3,204	2,174
Other liabilities	7,997	3,921
	52,000	**48,375**

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

24. COST OF SALES

	Group	
	Financial year ended	
	30 June 2014	**30 June 2013**
Cost of inventories recognised as an expense	1,661,696	1,715,559
Logistics expenses	119,086	125,735
Wages and salaries and social security	44,552	19,649
Provision for onerous contracts	(56)	56
Depreciation	20,397	13,267
Utilities expenses	11,143	5,445
Change in fair value of biological assets (Note 10)	1,655	(4,982)
Change in fair value of financial instruments	1,010	270
Other	9,717	9,894
	1,869,200	1,884,893

25. OPERATING EXPENSES

	Group		Company	
	Financial year ended			
	30 June 2014	**30 June 2013**	**30 June 2014**	**30 June 2013**
Wages and salaries and social security	55,805	49,383	58	59
Change in allowance for and write-offs of receivables and prepayments	9,246	3,720	–	–
Consulting expenses	3,959	2,800	1,492	1,143
Depreciation and amortization	5,416	3,993	10	30
Advertisement, marketing	3,594	2,478	–	–
Bank fees	2,933	2,216	–	–
Change in impairment of property, plant and equipment (Note 6)	87	(11)	–	–
Currency exchange loss	222	–	21	5
Other	21,246	14,981	654	788
	102,508	79,560	2,235	2,025

26. OTHER INCOME (EXPENSES)

	Group	
	Financial year ended	
Other income	**30 June 2014**	**30 June 2013**
Fees from farmers for grain non-deliveries	–	593
Rental income from investment property and property, plant and equipment	1,866	1,000
Gain from disposal of investment property and property, plant and equipment	1,451	792
Gain from acquisition of subsidiaries (Note 3)	22,123	26,073
Gain from disposal of subsidiaries (Note 3)	5,587	–
Write-off of liabilities (Note 3)	14,142	–
Other income	1,748	792
	46,917	**29,250**
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(509)	(463)
Loss from acquisition of subsidiaries (Note 3)	–	(608)
Change in impairment of investment property	–	86
Loss from disposal of property, plant and equipment	(263)	(122)
Currency exchange loss	(1,250)	(485)
Change in fair value of currency financial instruments	(447)	(1,840)
Other expenses	(334)	(446)
	(2,803)	**(3,878)**

27. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	Group		Company	
	Financial year ended		Financial year ended	
	30 June 2014	**30 June 2013**	**30 June 2014**	**30 June 2013**
Income from financing activities				
Interest income	2,052	1,526	2,427	3,334
Income from overdue payments	42	165	–	–
	2,094	**1,691**	**2,427**	**3,334**
(Expenses) from financing activities				
Interest expenses	(9,346)	(8,368)	(891)	(190)
Expenses for overdue payments	(625)	(385)	–	–
	(9,971)	**(8,753)**	**(891)**	**(190)**

28. INCOME TAX

	Group	
	Financial year ended	
	30 June 2014	**30 June 2013**
Current income tax expense	5,843	10,694
Income tax correction for prior periods	425	(127)
Deferred income tax (income) expense	(5,004)	40
Income tax expenses recorded in the statement of comprehensive income	1,264	10,607

28. INCOME TAX (CONT'D)

	Group	
	Financial year ended	
	As at 30 June 2014	As at 30 June 2013
Deferred income tax asset		
Tax loss carry forward (available indefinitely)	6,776	1,691
Accruals	2,384	1,693
Investment incentive	733	173
Allowance for trade receivables	3,005	1,106
Impairment of investment property	319	193
Impairment of property, plant and equipment	378	396
Allowance for inventories	476	308
Fair value of financial instruments	158	-
Other	17	412
Total deferred income tax asset	14,246	5,972
Deferred income tax liability		
Property, plant and equipment (difference between tax and accounting values)	(11,302)	(1,748)
Fair value of biological assets	(406)	(513)
Intangible assets (difference between tax and accounting values)	–	(25)
Other	(273)	(183)
Total deferred income tax liability	(11,981)	(2,469)
Deferred income tax, net	2,265	3,503
Accounted for as deferred income tax asset in the statements of financial position	7,544	5,845
Accounted for as deferred income tax liability in the statements of financial position	5,279	2,341

Increase in recognised deferred tax asset from tax loss carry forward in financial year ended 30 June 2014 is related to acquisition of AS Putnu fabrika Kekava.

Increase in recognised deferred tax liability from Property, plant and equipment (difference between tax and accounting values) in financial year ended 30 June 2014 is related to acquisition of AS Putnu fabrika Kekava and SIA Lielzeltini.

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

As at 30 June 2014 and 30 June 2013 the Group has not recognised deferred tax asset for the following temporary differences:

	Group	
	As at 30 June 2014	As at 30 June 2013
Tax loss carry forward	2,857	2,869
Allowance for trade receivables	1,021	2,751
Investment incentive	561	495
Impairment of property, plant and equipment	69	–
Accrued expenses	28	5
	4,536	6,120

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.

28. INCOME TAX (CONT'D)

There are no temporary differences associated with investments in associates and joint ventures as at 30 June 2014 and 2013.

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

	Balance as at 30 June 2013	Recognised in statement of comprehensive income	Recognition of previously unrecognized deferred tax asset	Disposed subsidiary	Acquired subsidiaries	Balance as at 30 June 2014
Tax loss carry forward (available indefinitely)	11,274	–	12,794	(1,200)	24,723	47,591
Accruals	12,289	2,916	1,387	–	303	16,895
Investment incentive	729	(341)	–	–	–	388
Differences in tax base for trade receivables	10,362	1,963	9,662	–	1,973	23,960
Impairment of investment property	1,285	–	–	–	–	1,285
Impairment of property, plant and equipment	2,640	161	–	–	–	2,801
Fair value of financial instruments	–	1,052	–	–	–	1,052
Fair value of biological assets	(10,259)	8,655	–	–	(3,869)	(5,473)
Property, plant and equipment (difference between tax and accounting values)	(12,856)	10,052	–	–	(73,018)	(75,822)
Intangible assets (difference between tax and accounting values)	(167)	167	–	–	–	-
Allowance for inventories	2,054	1,118	–	–	–	3,172
Other	1,199	3,415	–	–	–	4,614
Total temporary differences	**18,550**	**29,158**	**23,843**	**(1,200)**	**(49,888)**	**20,463**
Deferred income tax, net	**3,503**	**1,427**	**3,577**	**(180)**	**(6,062)**	**2,265**

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

	Group	
	Financial year ended	
	30 June 2014	**30 June 2013**
Profit before tax	82,886	101,105
Income tax expenses, applying the statutory rate in Lithuania (15%)	12,433	15,166
Effect of different tax rates in Estonia, Denmark and the Republic of Ukraine, 5% tax rate for the entities engaged in agricultural activities (Note 2.22.)	(464)	(709)
Utilization of previously unrecognized deferred tax asset	(3,577)	–
Income tax correction for prior periods	425	(127)
Temporary differences for which no deferred taxes were recognised	430	338
Permanent differences*	(7,983)	(3,993)
Effect of changes in foreign exchange rates	–	(68)
Total income tax (income) expenses	1,264	10,607

** As at 30 June 2014 and 2013 permanent differences mainly exists due to the bargain purchases of subsidiaries, gain on disposal of subsidiary (see Note 3) and write off of liabilities (Note 26).*

29. 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 2014 and 30 June 2013 was as follows:

Calculation of weighted average for the year ended 30 June 2014	Number of shares	Par value (LTL)	Issued/365 (days)	Weighted average
Shares issued as at 30 June 2013	158,149,426	1	365/365	158,149,426
Shares issued as at 30 June 2014	158,149,426			158,149,426

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	40,496,634
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

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 2014	**30 June 2013**
Net profit, attributable to the shareholders of the parent (in LTL thousand)	73,395	90,250
Weighted average number of ordinary shares outstanding for the year	158,149,426	158,538,635
Basic and diluted earnings per share (in LTL)	0.46	0.57

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 2013 the Company paid LTL 5,994 thousand dividends, or LTL 0.04 per share. The Board of the Company plans to offer to pay LTL 5,000 thousand dividends, or LTL 0.03 per share, for the year ended 30 June 2014.

30. 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 2014 part of AB Linas Agro trade receivables was insured with the insurance limit equal to equivalent of LTL 39,319 thousand (LTL 60,101 thousand as at 30 June 2013).

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.

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

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 2014 and 30 June 2013.

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 2014**	**Increase / decrease of basis points**	**30 June 2013**
EUR	+150	(841)	+150	(520)
EUR	- 30	168	- 50	173
LTL	+150	(1,894)	+150	(1,100)
LTL	-30	379	-150	1,100
USD	+150	(67)	+150	–
USD	- 30	13	- 50	–

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, current portion of animals and livestock and inventories) / total current liabilities) ratios as at 30 June 2014 were 1.63 and 0.93, respectively (as at 30 June 2013 1.76 and 1.11, respectively).

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

Group	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current borrowings	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**
Non-current borrowings	–	6,228	18,688	26,542	72,817	2,476	126,751
Lease liabilities	–	527	2,519	2,431	2,411	1,753	9,641
Current borrowings	21,201	186,688	11,114	–	–	–	219,003
Other non-current liabilities	–	–	–	1,214	17	10	1,241
Derivative financial instruments	–	870	–	–	–	–	870
Current trade payables	3,200	72,657	35,335	–	–	–	111,192
Payables to related parties	–	7,458	–	–	–	–	7,458
Other liabilities	296	1,614	469	–	–	–	2,379
Balance as at 30 June 2014	**24,697**	**276,042**	**68,125**	**30,187**	**75,245**	**4,239**	**478,535**

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

Liquidity risk (cont'd)

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 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**
Non-current borrowings	–	2,571	2,805	5,240	12,531	–	23,147
Current borrowings from related parties	–	–	5,734	–	–	–	5,734
Non-current payable to related parties	–	–	–	–	–	170	170
Current trade payables	–	7	–	–	–	–	7
Payables to related parties	–	10	2,798	–	–	–	2,808
Other liabilities	–	110	–	–	–	–	110
Balance as at 30 June 2014	**–**	**2,698**	**11,337**	**5,240**	**12,531**	**170**	**31,976**

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 2014 and 30 June 2013 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.

Monetary assets and liabilities stated in various currencies as at 30 June 2014 and 30 June 2013 were as follows (LTL equivalent):

Group	As at 30 June 2014		As at 30 June 2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	220,700	186,552	205,432	135,380
EUR	143,823	304,555	126,949	208,327
USD	13,223	25,617	21,229	6,382
DKK	1,817	3,188	2,289	3,376
LVL	–	–	4,749	5,053
PLN	3,316	188	4,827	97
Other currencies	1	–	1	–
	382,880	520,100	365,476	358,615

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

Foreign exchange risk (cont'd)

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 2014**	**30 June 2013**
USD	+ 15.00%	(1,859)	2,227
USD	- 15.00%	1,859	(2,227)
PLN	+ 15.00%	469	710
PLN	- 15.00%	(469)	(710)

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, is 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 be in prolonged decline 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.

Market price risk

The Group is exposed to the market price risk which is managed with the hedge accounting described in Note 15.

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 disclosed in Note 2.27. Fair values of assets and liabilities are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying amounts of the Group's financial assets and liabilities (which are not carried at fair value) approximate fair value and are classified as level 3 according to the fair value hierarchy described in the Note 2.27.

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 (level 3).
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 (level 3).

Capital management

For capital management purposes the Group's capital is equal to equity in the statement of financial position amounting to LTL 515,508 thousand as at 30 June 2014 (LTL 437,122 thousand as at 30 June 2013).

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 2014 and 30 June 2013.

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

Capital management (cont'd)

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. 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 PFK TRADER 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%.

	Group		Company	
	As at 30 June 2014	**As at 30 June 2013**	**As at 30 June 2014**	**As at 30 June 2013**
Total equity	525,143	440,496	334,307	316,546
Total assets	1,074,181	821,387	364,851	326,681
Total equity / Total assets	49%	54%	92%	97%
Leverage ratio	51%	46%	8%	3%

31. COMMITMENTS AND CONTINGENCIES

As at 30 June 2014 the Group is committed to purchase property, plant and equipment for the total amount of LTL 4,994 thousand (LTL 2,826 thousand as at 30 June 2013).

A few Group companies (Biržai district Medeikių ŽŪB, Kėdainiai district Labūnavos ŽŪB and Šakiai district Lukšių 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. UAB Linas Agro Grūdų Centras KŪB, Karčemos kooperatinė bendrovė received grants from the European Union and National Paying Agency (Lithuania) 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 2017.

SIA Lielzeltini, AS Putnu fabrika Kekava, SIA Cerova and SIA Broileks received grants from the European Union and Rural Support Service (Latvia) for poultry farm, feedstuffs production and storages upgrade. SIA Lielzeltini is committed not to discontinue broiler breeding, slaughtering and sale of products, feedstuffs up to 2016, AS Putnu fabrika Kekava – up to 2017, SIA Cerova – up to 2018, SIA Broileks – up to 2016.

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 23,786 thousand as at 30 June 2014 (LTL 15,225 thousand as at 30 June 2013).

In July 2013 the Group company Linas Agro A/S received a ruling from the Danish 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 the decision is appealed. Accordingly, the Group did not recognize any tax liability or any interest as at 30 June 2014 and 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 the 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 appealed the decision.

During the financial year ended 30 June 2014 the management of the Group initiated actions to reach the agreement between Lithuanian and Danish tax authorities. As at financial statements preparation date there were no decisions reached as the investigation might last up to two years.

31. COMMITMENTS AND CONTINGENCIES (CONT'D)

As at 30 June 2014 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 76,493 thousand (LTL 6,708 thousand as at 30 June 2013).
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 2014 and 30 June 2013.

32. 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 2014 and 30 June 2013 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;
Tomas Tumėnas;
Artūras Pribušauskas (since 25 October 2013).

Subsidiaries: List provided in Note 3.

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);
UAB MESTILLA (same ultimate controlling shareholders).

UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company).

The Group's transactions with related parties in 12 month period ended 30 June 2014 and 30 June 2013 were as follows:

2014			Receivables				
	Purchases	**Sales**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable**	**Payables**	**Current payable loans**
Akola ApS group companies	24,096	57,941	25	888	–	7,458	–
Members of the board	–	29	1	–	1,198	–	–
	24,096	57,970	26	888	1,198	7,458	–

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

**Purchases from members of the board comprise of interest paid.*

32. RELATED PARTIES TRANSACTIONS (CONT'D)

The Company's transactions with related parties in the years ended 30 June 2014 and 30 June 2013 were as follows:

2014	Purchases	Income	Receivables		Prepayments for financial assets	Payables	Non-current payables	Current loans received
			Non-current loans receivable	Current loans receivable				
Akola ApS group companies	–	–	–	–	–	–	–	–
Subsidiaries	640	26,736	18,941	12,945	9,736	2,808	170	5,683
	640	26,736	18,941	12,945	9,736	2,808	170	5,683

2013	Purchases	Income	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

As at 30 June 2014 and as at 30 June 2013 interest rates of the Group for non-current loans receivable from related parties are equal to 4% + 4.2% and 3 month EURIBOR + 2.45% margin, interest rates of the Group for current loans receivable from related parties are equal to 3 month EURIBOR + 2.45% and 3 month EURIBOR + 4.2% margin.

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 and on terms equivalent to arm's length transactions.

There were no guarantees or pledges related to the Group's payables to or receivables from related parties. Receivables and payables from / to related parties will be settled in cash or offset with the payables / receivables from / to respective related parties.

Terms and conditions of the financial assets and liabilities:

- Receivables from related parties are non-interest bearing and are normally settled on 30-day terms.
- Payables to related parties are non-interest bearing and are normally settled on 30-90-day terms.
- Interest payable is normally settled at the end of the loan term.

The Group's receivables from related parties were nor due neither impaired as at 30 June 2014 and 30 June 2013.

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 11,230 thousand (including LTL 3,898 thousand of bonuses to the board of directors of AB Linas Agro) for the year ended 30 June 2014 (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). For the year ended 30 June 2014 the Group's management received LTL 911 thousand dividends from the Company (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 2014 the Group's management has also received LTL 8 thousand of rent payments (LTL 17 thousand of rent payments for the year ended 30 June 2013).

The Company's management consists of the board of directors and a managing director. For the year ended 30 June 2014 the Company's management remuneration amounted to LTL 15 thousand (LTL 15 thousand for the year ended 30 June 2013).

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 2014.

33. SUBSEQUENT EVENTS

Group

On 1 July 2014 AS Putnu Fabrika Kekava increased the share capital from EUR 12,769 thousand to EUR 18,947 thousand by capitalization of payable amount to AB Linas Agro Group, SIA Lielzeltini. The Group increased its ownership from 84.36% to 89.46%.

On 9 July 2014 AB SEB bankas increased credit line allocated to finance the working capital need of AB Linas Agro by LTL 28 million.

On 28 July 2014 SEB and DNB banks in Latvia granted the credit line for working capital need of SIA Linas Agro by 30 million euros.

On 6 August 2014, the President of the Russian Federation enacted an import embargo on most of agricultural produce imported to Russia from the European Union, the United States, Australia, Canada and Norway. The import embargo has influence on milk sales price and indirectly to the fair value of milking cows. On 30 June 2014 the Group management evaluated the expected decrease of milk sales price in measurement of the fair value of milking cows, since there were disruptions on milk export to the Russian Federation even before announcement of the embargo.
On 20 August 2014 Linas Agro Konsultacijos UAB received a loan from DNB Bankas AB amounting to EUR 1,448 thousand. Untill the date of the financial statements Linas Agro Konsultacijos UAB received EUR 648 thouand from DNB Bankas AB and granted this amount to the Company.

On 22 September 2014 the Group completed Panevėžys district Ėriškių ŽŪB sale transaction.

Company

On 1 July 2014 the Company increased the share capital of its subsidiary AS Putnu fabrika Kekava in amount LTL 9,736 thousand by capitalizing loans granted and payable amounts.

Republic of Lithuania was accepted in Eurozone starting from 1 January 2015, therefore functional currency of the Company will change from Lithuanian litas to euro. The rate of 3.4528 Litas for 1 euro will be used when translating balances in litas to euro which was irrevocably approved by the EU Council.

On 26 August 2014 the Board of the Company decided to grant a three years term loan amounting to EUR 800 thousand to the shareholder of the Company Akola Aps.

On 27 August 2014 the Company granted a loan to Linas Agro Konsultacijos UAB amounting to LTL 3,000 thousand.

CONSOLIDATED ANNUAL REPORT

OF AB LINAS AGRO GROUP

FOR THE FINANCIAL YEAR 2013/14 ENDED 30 JUNE 2014

our mission

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

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

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

CONTENT


our vision
Leadership
in Baltic
agribusiness sector

1. LETTER TO THE SHAREHOLDERS

General Manager of AB Linas Agro Group
Darius Zubas at agricultural exhibition
"Ką pasėsi…2014" (REAP WHAT YOU SOW 2014)

DEAR SHAREHOLDERS,

This financial year we overcame the psychological limit forcing us to remain an agribusiness company; by acquiring four Latvian poultry enterprises we launched a new stage in the Group's activity and became an agribusiness and food Group. We have always been one step away from food industry and we have now taken that step forward. Our decision to have a complete food production chain was an absolutely consistent thing to do. We have been supplying food industry enterprises with grain, oilseeds, milk and meat for many years; we have cherished constant partnership with farmers for just as long and are able to offer them everything they need for crop production. Today our activity starts with our agronomist's visit to a farmer's field in order to select tailor-made agricultural technologies and ends with delicious roast chicken on the consumer's table. Poultry enterprises we have acquired are well-known producers in Latvia.

The production and marketing of poultry meat products generated an additional revenue of 116 million litas. Our main business saw growth too even though our revenue was slightly lower than last year; business growth is normally assessed by sales volume rather than by income earned as income depends on fluctuations in global market prices. The quantities of products sold were record high this year: 2.3 million tons of various cereals, agricultural inputs and other products, which is by 32 percent more than last year.

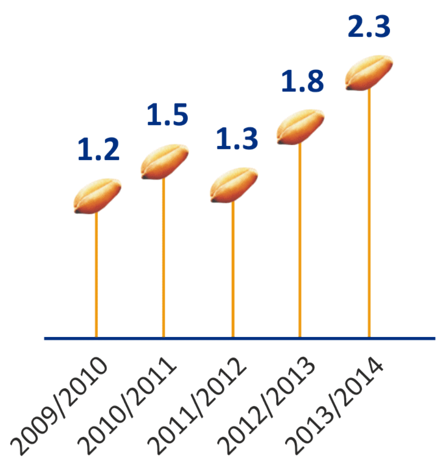
In terms of profitability, this year resembles last year. Gross profit was by 5.7 percent lower than last year, the EBITDA also declined by 5.7 percent; however, however gross profit margin remained almost stable and reached 7.4 percent. Since the previous financial year had brought more profit due to the unconventionally favorable market situation, we can regard this year's profit level as a considerable achievement.

The amount of grain taken into storage went down by 23 percent. In fact, it would be hard to repeat the record achieved last year, which was due to record-high grain yields and an enormous need for the grain drying service. As this year harvesting was accompanied by better weather conditions, farmers didn't need grain drying services as much as they did last year, which is why we arranged for part of the farmers to be able to take their crops directly to the port.

We continued to implement the investment program aimed at the reinforcement of trading activities in the Baltics, development and modernisation of grain storage facilities, growth of the agricultural companies and acquisition of farmland. During the reporting period we acquired 431 hectares of land and Žibartonių agricultural company in Panevėžys County, leading to an 18 million litas increase in our revenue. Considering the agricultural activity as viable, we are going to continue to invest in the development of agricultural production.

This year we sold a lignin accumulation along with one of its operators purchased in 2010; we decided to discontinue trading in lignin as it was a rather small business and too distant from our main business. We had invested a total of 8.4 million litas in the acquisition of the lignin accumulation and purchase of equipment, this way getting the enterprise ready for sale, from which we derived 14.45 million litas. Thus the project has more than paid off.

SALES VOLUME, MILLION MT



One of our successful investments made over the previous financial year is UAB Dotnuvos Projektai. During this financial year the company opened its branches in Vilnius and Vilkaviškis, set up service facilities in Latvia, and renovated the office area in Joniškis. The Dotnuvos Projektai company, which is an official representative of CASE IH, one of the world's leading and state-of-the-art manufacturers of agricultural machinery, in Lithuania, Latvia and Estonia, celebrated its 1000th CASE IH tractor sold in Lithuania this spring. In the meantime, early in the spring, the company-owned seed factory had prepared 10,000 tons of seed for the 2014 spring sowing, which had been the largest amount of seed prepared in the factory since the start of the business in 2003. Latvia-based subsidiary of Dotnuvos Projektai, SIA DOTNUVOS PROJEKTAI, was awarded the Gazele 2013 title by Latvian business daily Dienas Bizness as one of the fastest growing enterprises in Latvia.

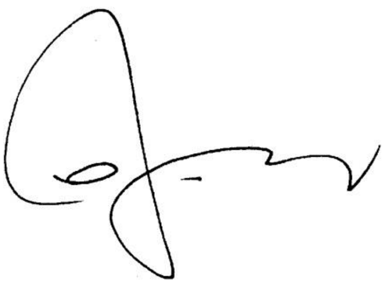
In search of the best solutions for their clients, the Group's companies pursued innovative products and technologies and presented them to their clients directly and at shows. We are happy to have received positive evaluation for this activity too: UAB Dotnuvos Projektai won awards at the "Sprendimų ratas 2013" (SOLUTION CIRCLE 2013) and "Ką pasėsi… 2014" (REAP WHAT YOU SOW 2014) agricultural exhibitions as well as at the "Traktordiena 2014" (TRACTOR DAY 2014) farm equipment show in Latvia. A Holstein heifer owned by agricultural company Šakiai District Lukšių ŽŪB earned a golden medal at the "AgroBalt 2014" show.

We have become more conspicuous in Europe too: on the basis of performance results for 2013, our Group moved up by as many as 130 positions and now enjoys the 361st position in the Coface Cee Top 500 company ranking list for Central and Eastern Europe.

The financial year 2013/14 was successful even though not the most profitable one in the Group's history. We are discovering a lot of new things - new business, new clients and consumers as well as new markets. Building on experience in managing the Group, we believe that we will deal with the new challenges successfully.

Sincerely yours,

Managing Director Darius Zubas




our values
long term partnership
respect for every person and society
striving for progress
tolerance
attention
teamwork

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 2013/14 financial year, and all the figures are stated as at 30 June 2014 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 according to audited financial statements.

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:

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Finance Director

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t.tumenas@linasagro.lt

Agnė Barauskaitė

Investor Relations Specialist

+370 45 507 346

a.barauskaite@linasagro.lt

4. THE MAIN INFORMATION ABOUT THE COMPANY AND THE GROUP

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

AB Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and had 39 companies at the end of the reporting period, and operates in four countries – Lithuania, Latvia, Estonia and Denmark. As at 30 June, 2014 the total headcount of the Group amounted to 2,266 employees. The financial year of the Group begins on 1 July. The Company does not have any branches and representative offices.

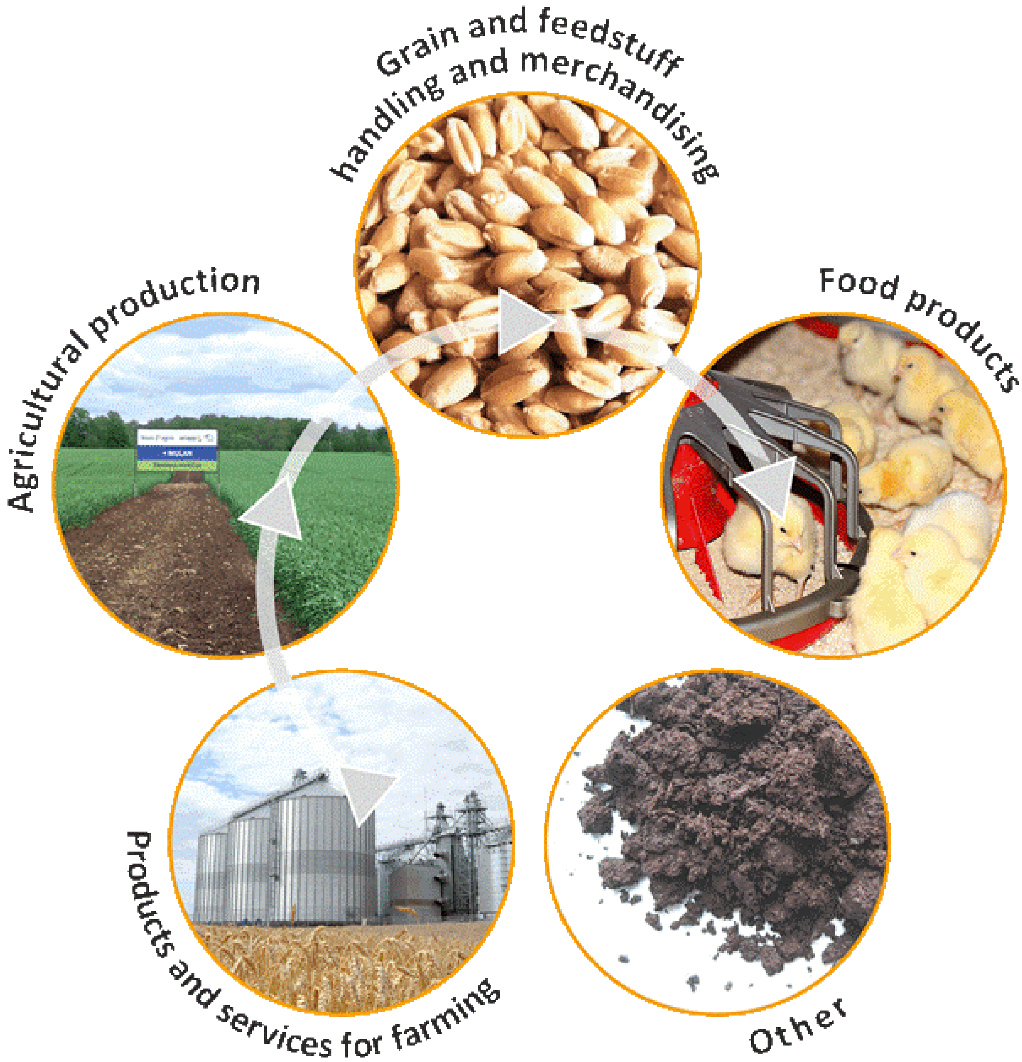
4.1. ACTIVITIES

The subsidiaries controlled by the Company produce, handle and merchandise agricultural and food products, also provide products and services for farming. The Company performs only the management function and is not involved in any trading or production activities.

The Group is the leading exporter of grains and has own network of grain storage facilities. Also is one of the leaders in supplies of agricultural inputs (such as certified seeds, fertilizers and agricultural machinery) in Lithuania, has seed preparation plant. Also the Group is a major milk producer in Lithuania and poultry producer in Latvia.

The Group's activities are subdivided into five basic operating Segments: *Grain and Feedstuff Handling and Merchandising*, *Products and Services for Farming*, *Agricultural Production*, *Food products* 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.

Food products – a new activity Segment that appeared in 2013/14 financial year after the Company acquired a group of Latvian poultry companies.

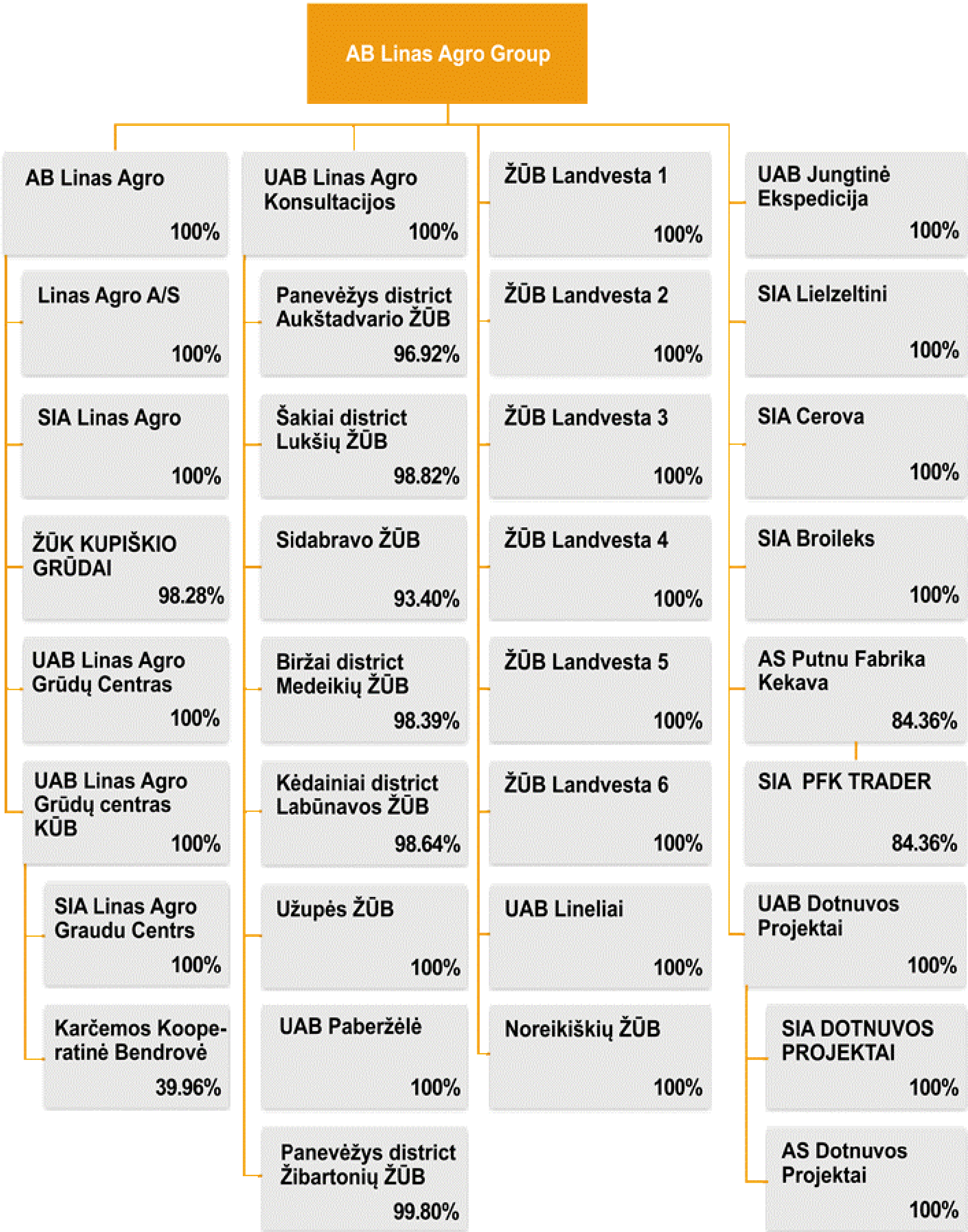


4. 2. INFORMATION ABOUT SUBSIDIARIES OF THE COMPANY

As at 30 June, 2014 the Company controlled 38 companies in Lithuania, Latvia, Estonia and Denmark.

STRUCTURAL CHART OF THE EFFECTIVE STOCK HELD BY AB LINAS AGRO GROUP (AS AT 30 JUNE 2014)*:

**Dormant companies UAB Gerera (100% shares), UAB Fossio (100% shares), UAB Dotnuvos Technika (100% shares) and UAB Žemės Ūkio Investicijos (100% shares) not included.*



SHAREHOLDING STRUCTURE OF THE COMPANIES

As at 30 June 2014, AB Linas Agro Group controlled, either directly or indirectly, the following companies*:

**Dormant companies UAB Gerera (100% shares owned by AB Linas Agro) , UAB Dotnuvos Technika (100% shares owned by UAB Dotnuvos Projektai), UAB Fossio (100% shares owned by AB Linas Agro) and UAB Žemės Ūkio Investicijos (100% shares owned by UAB Linas Agro Konsultacijos) 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.*

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 Linas Agro Konsultacijos	Subsidiary	100%					100%
Noreikiškių ŽŪB	Subsidiary	99.92%		0.08%			100%
Panevėžys District Aukštadvario ŽŪB	Subsidiary			96.92%			96.92%
Sidabravo ŽŪB	Subsidiary			93.40%			93.40%
Šakiai District Lukšių ŽŪB	Subsidiary			98.82%			98.82%
Biržai District Medeikių ŽŪB	Subsidiary			98.39%			98.39%
Kėdainiai District Labūnavos ŽŪB	Subsidiary			98.64%			98.64%
Užupės ŽŪB	Subsidiary	0.05%		99.95%			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	
UAB Paberžėlė	Subsidiary	Užupės ŽŪB owns 100% shares of the company					100%
UAB Lineliai	Subsidiary	100%					100%
Panevėžys District Žibartonių ŽŪB	Subsidiary	0.10 %		99.70 %			99.80 %
ŽŪB Landvesta 1	Subsidiary	76.47%	23.53%				100%
ŽŪB Landvesta 2	Subsidiary	76.48%	23.52%				100%
ŽŪB Landvesta 3	Subsidiary	13.91%	86.09%				100%
ŽŪB Landvesta 4	Subsidiary	19.77%	80.23%				100%
ŽŪB Landvesta 5	Subsidiary	41.48%	58.52%				100%
ŽŪB Landvesta 6	Subsidiary	15.51%	84.49%				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 the company					98.28%
UAB Dotnuvos Projektai	Subsidiary	100%					100%
SIA DOTNUVOS PROJEKTAI	Subsidiary					100%	100%
AS Dotnuvos Projektai	Subsidiary					100%	100%

Company	Status	Share of the stock held by companies			Share of the stock held by the Group
		AB Linas Agro Group	AS Putnu fabrika Kekava	SIA Lielzeltini	
UAB Jungtinė ekspedicija	Subsidiary	100%			100%
AS Putnu Fabrika Kekava	Subsidiary	54.59%		29.77%	84.36%
SIA PFK Trader	Subsidiary		100%		84.36%
SIA Lielzeltini	Subsidiary	100%			100%
SIA Cerova	Subsidiary	100%			100%
SIA Broileks	Subsidiary	100%			100%
Karčemos kooperatinė bendrovė***	Subsidiary	UAB Linas Agro Grūdų centras KŪB and Panevėžys District Žibartonių ŽŪB each own 20% parts of the company			39.96%

**** The Group owns 39.96% shares of Karčemos Kooperatinė Bendrovė, but controls this company and consolidates in the financial statements.*

ACTIVITIES AND CONTACT DATA OF THE COMPANIES OF THE GROUP

SUBSIDIARIES IN LITHUANIA*

** 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).

3. UAB Fossio, private limited liability company, founded 9/1/2014, code of legal entity 303217407, address Smėlynės St. 2C, 35143 Panevėžys, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras).

4. UAB Žemės Ūkio Investicijos, private limited liability company, founded 6/10/ 2003, code of legal entity 126343167, address Smolensko St. 10, 03201 Vilnius, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras).

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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 343 Fax +370 45 507 344 E-mail *grudu.centras@linasagro.lt*
UAB Linas Agro Konsultacijos	Management of subsidiary farming companies	23/6/2003, Code of legal entity 248520920, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	The principal place of business: Kėdainių elevator, Žibuoklių St. 14, LT-57125 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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail *info@landvesta.lt*
ŽŪB Landvesta 2	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501085, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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 3	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501092, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Parko St. 6, Akademija, 58351 Kėdainiai 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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių St. 70, Žibartoniai vill. LT-38323 Panevėžys district, Lithuania Ph.+370 45 507 333 Fax +370 45 507 444 E-mail *noreikiskes@linasagro.lt*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
Užupės ŽŪB	Growing and sale of crop	6/4/2011, Code of legal entity 302612561, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 333 Fax +370 45 507 444 E-mail *uzupe@linasagro.lt*
UAB Paberžėlė	Rent and management of agricultural purposes land	30/6/2008, Code of legal entity 301772627, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Liaudės St.81, Užupės vill., LT-58311 Kėdainiai district, Lithuania Ph. +370 698 58583 E-mail *paberzele@linasagro.lt*
UAB Lineliai	Rent and management of agricultural purposes land	9/6/2012, Code of legal entity 302740714, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Technikos St. 6D, LT-40122 Kupiškis, Lithuania Ph. +370 688 674 77 Fax +370 688 67 471 E-mail *info@kupiskiogrudai.lt*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
Panevėžys District Aukštadvario ŽŪB	Mixed agricultural activities	9/3/1993, Code of legal entity 168573274, agricultural company, 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*
Sidabravo ŽŪB	Mixed agricultural activities	20/4/1993, Code of legal entity 171331516, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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*
Panevėžys District Žibartonių ŽŪB	Mixed agricultural activities	22/5/1992, Code of legal entity 168521815, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių St. 70, Žibartonių vill., LT-78323 Panevėžys district, Lithuania Ph. +370 45 557 444 Fax +370 45 557 486 E-mail *zibartoniai@linasagro.lt*
Karčemos Kooperatinė Bendrovė	Grain processing and storage	9/3/2010, Code of legal entity 302487798, co-operative society, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	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*

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*
SIA Linas Agro	Wholesale trade of grains and oilseeds, agricultural inputs supply	23/4/2003, Code of legal entity 53603019011, Register of Enterprises of the 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 the 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 the Republic of Latvia	Jūrmalas St. 13C, Pinki, LV–2107 Babītes district, 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 district, Estonia Ph. +372 661 2800 Fax +372 661 8004 E-mail *info@dotnuvosprojektai.ee* *www.dotnuvosprojektai.ee*

Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
AS Putnu Fabrika Kekava	Poultry farming, production and marketing of poultry and poultry products	11/6/1991, Code of legal entity 50003007411, Register of Enterprises of the Republic of Latvia	Kekava, Kekava distric, LV-2123 Latvia Ph. +371 6787 4000 Fax +371 6787 4001 E-mail *info@pfkekava.lv* *www.vistas.lv*
SIA PFK TRADER	Food retail	26/8/2013, Code of legal entity 40103703853, Register of Enterprises of the Republic of Latvia	Kekava, Kekava district, LV-2123 Latvia Ph. +371 6787 4000 Fax +371 6787 4001 E-mail *info@pfkekava.lv* *www.vistas.lv*
SIA Lielzeltini	Poultry farming, production and marketing of poultry and poultry products, feed production	7/7/1994, Code of legal entity 40003205232, Register of Enterprises of the Republic of Latvia	„Mazzeltini“, Janeikas, Bauskas district, Latvia Ph. +371 6396 0770 Fax +371 6396 0768 E-mail *lielzeltini@lielzeltini.lv* *www.lielzeltini.lv*
SIA Broileks	Chicken breeding and sale	7/12/2009, Code of legal entity 50103262981, Register of Enterprises of the Republic of Latvia	Gaismas St. 2A-48, Kekava LV-2123, Latvia Ph./Fax +371 67313182
SIA Cerova	Egg incubation and chicken sale	8/10/2003, Code of legal entity 43603019946, Register of Enterprises of the Republic of Latvia	Centra St. 11, Musa, Bauskas district, Latvia Ph. +371 2633 4110 Fax +371 6392 6234 E-mail *cerova@latnet.lv*

5. ACTIVITY AND FINANCIAL RESULTS OF THE GROUP

- Consolidated revenue of AB Linas Agro Group totaled LTL 2,018 million during twelve months of 2013/14 financial year and was almost the same as compared to previous year (LTL 2,043 million).

- The Group's sales volume in tons reached a record amount or 2.3 million tons of various grains, agricultural inputs and other products and was 28% more as compared to previous year (1.8 million tons).

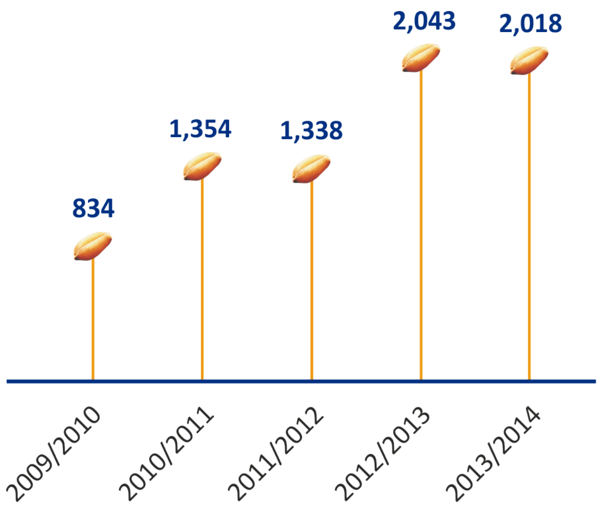
- Gross profit amounted to LTL 149 million compared to LTL 158 million in previous year and gross profit margin remained almost the same or 7.4%.

- Consolidated Group's EBITDA decreased from LTL 127 million to LTL 120 million as compared to previous year.

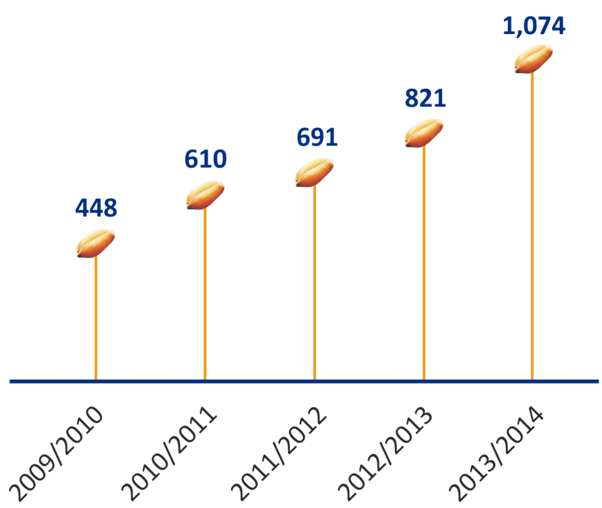
- The Group's operating profit reached LTL 91 million and was 12.8% less as compared to the respective period of the previous year (LTL 104 million) and the profit before tax amounted to LTL 83 million as compared to LTL 101 million in previous year. The net profit attributable to the shareholders of the Company reached LTL 73 million (LTL 90 million previous year).

- During the reporting period AB Linas Agro Group acquired Latvian poultry companies AS Putnu Fabrika Kekava, SIA Broileks, SIA Cerova and SIA Lielzeltini, farming company Panevėžys District Žibartonių ŽŪB, also sold accumulation of raw lignin together with one of its operators.

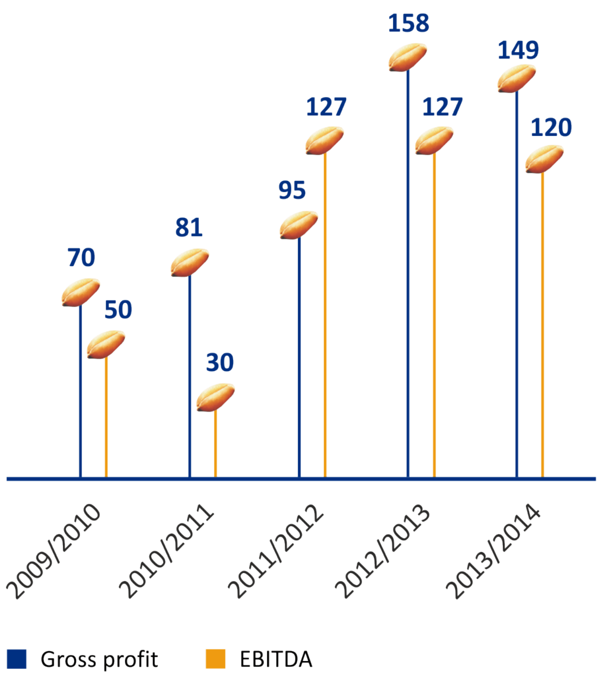
SALES REVENUE, LTL MILLION



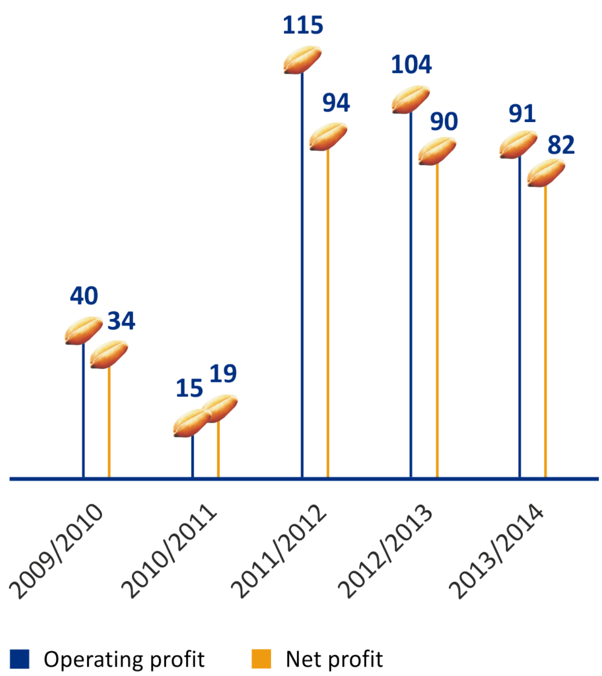
ASSETS, LTL MILLION



GROSS PROFIT AND EBITDA, LTL MILLION



OPERATING AND NET PROFIT, LTL MILLION



5. 1. FINANCIAL RATIOS

	2010/11	2011/12	2012/13	2013/14	Change 2013/14 compared to 2012/13 (LTL in thousands)	Change 2013/14 compared to 2012/13 (%)
Sales revenues (thousand LTL)	**1,353,976**	**1,337,961**	**2,043,140**	**2,018,357**	**-24,783**	**-1.21**
Sales in tons	**1,483,064**	**1,348,619**	**1,767,224**	**2,339,135**	**571,911**	**32.36**
Gross profit (thousand LTL)	80,969	94,863	158,247	149,157	-9,090	-5.74
EBITDA (thousand LTL)	**30,120**	**127,020**	**127,158**	**119,920**	**-7,238**	**-5.69**
Operating profit (thousand LTL)	15,215	114,581	104,059	90,763	-13,296	-12.78
Earnings before taxes EBT (thousand LTL)	14,522	115,576	101,105	82,886	-18,219	-18.02
Net profit (thousand LTL)	**18,970**	**94,299**	**90,498**	**81,622**	**-8,876**	**-9.81**
Margins, %						
Gross profit margin	5.98	7.09	7.75	7.39	-0.36	-4.59
EBITDA margin	2.22	9.49	6.22	5.94	-0.28	-4.53
Operating profit margin	1.12	8.56	5.09	4. 50	-0.60	-11.71
Earnings before taxes margin	1.07	8.64	4.95	4.11	-0.84	-17.01
Net profit margin	1.40	7.05	4.43	4.04	-0.39	-8.70
Solvency ratios						
Current ratio	1.44	1.78	1.76	1.63	-0.13	-7.39
Debt / Equity ratio	0.81	0.65	0.47	0.66	0.19	40.21
Net financial debt / EBITDA	7.28	1.38	1.35	2.63	1.27	94.15
Return on equity (ROE), %	6.78	26.48	20.54	15.54	-5.00	-24.35
Return on capital employed (ROCE), %	3.95	20.02	16.72	10.50	-6.22	-37.20
Return on assets(ROA), %	3.11	13.65	11.02	7.60	-3.42	-31.03
Net earnings per share (LTL) (EPS)	0.12	0.56	0.57	0.52	-0.05	-8.77
Price earnings ratio (P/E)*	14.56	3.10	4.42	4.55	0.13	2.94

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

5. 2. OVERVIEW

The consolidated revenue of AB Linas Agro Group for the period between July 2013 and June 2014 amounted to 2,018 million litas and remained stable as compared to the revenue of 2,043 million litas received during the same period in the previous year. The main reason for the revenue level similar to that in the record financial year 2012/13 was an increased sales volume in the *Products and Services for Farming* Segment resulting from a complete consolidation of the UAB Dotnuvos Projektai with the company's revenue soaring to 210 million litas. Furthermore, Latvian poultry enterprises purchased earlier this year added a new *Food Products* Segment to our business and delivered an revenue of 116 million litas. It was basically a successful diversification of the Group's activity that allowed to make up for the shortfall in revenue in the main Segment of the Group's business, i.e. *Grain and Feedstuff Handling and Merchandising.*

The Group's sales volumes by tons grew by 28 percent reaching record-high volumes of 2.3 million tons (compared to 1.8 million tons in the financial year 2012/13). Sales volumes by tons increased in all major operating Segments: sales of grain, oilseeds and feedstuffs grew by 5 percent, products and services for farming by 42 percent, and agricultural production by 29 percent.

Sales of grain and feedstuffs made up the greatest share of the Group's revenue and accounted for 1,455 million litas, or 69 percent of the Group's total revenue, while 441 million litas, or 21 percent of the total revenue, was derived for farming products and services. The new operating Segment, *Food Products*, generated 5 percent of the Group's total revenue.

The greater part of the Group's production is sold in foreign markets, i.e. trade with foreign countries accounts for 74 percent of the turnover. The main regions for export were Europe (45 percent), Asia (23 percent) and African countries (5 percent) whereas 26 percent of the revenue was derived in Lithuania.

The Group was further strengthening its position in such strategic export markets as Scandinavian countries, and also expanded trade in Iran, Saudi Arabia, and Poland. The Group exported its production to more than 28 countries around the world and entered new export markets of Jordan and South Korea. The main flows of goods were shipped from the Baltic sea ports: 1.3 million tons of cargo departed from these ports with 0.9 million tons of cargo being sent from Lithuanian ports.

AB Linas Agro Group also continued to strengthen its market positions in the Baltics by investing in the working capital as well as expanding the elevator network and offering various services for farmers. Grain sales volume reached nearly 1.1 million tons and was by 8 percent higher than last year. The Group sold 0.76 million tons of wheat and 0.13 million tons of rapeseed, which is by respectively 4 percent less and 15 percent more as compared to the previous year. Trade in feedstuffs was successful as the Group sold 0.53 tons of this production, which shows similar results to 2012/13 when 0.54 tons of the production was sold. The volume of agricultural production increased by 29 percent reaching 100 thousand tons (compared to 77 thousand tons in the financial year 2012/13). Sales volume by tons in the *Products and Services for Farming* Segment grew by 42 percent and accounted for 0.21 million tons (compared to 0.14 million tons in 2012/13). Sales of fertilizers saw the greatest growth by 38 percent reaching 0.18 million tons as compared to 0.13 million tons in the previous financial year.

All of the Group's operating Segments were profitable leading to the Group's gross profit of over 149 million litas. The Group's gross profit decreased by 5.7 percent as compared to 2012/13 when it amounted to 158 million litas. The previous financial year had brought record-high profits due to the favorable market situation; therefore the Group's management deems this year's profit level as a considerable achievement. The Group succeeded in securing the gross profit margin above 7 percent.

Over the fourth quarter of this financial year, the Group earned more gross profit (LTL 51 million) than it did over the earlier - first, second, and third - quarters (LTL 36 million, LTL 22 million, and LTL 41 million respectively). The gross profit margin for the fourth quarter was 12 percent (compared to 9 percent during the same period in the financial year 2012/13). The increased margin resulted from the profitability of feedstuffs trade and the poultry business, which had an impact on the overall profitability within the Group. Gross profit in the last quarter was highest across the Group's history.

Despite the increased sales volume by tons, the cost of the Group's goods sold principally remained the same amounting to 1,869 million litas (compared to 1,884 million litas in the financial year 2012/13). The main reason why it was possible to secure the cost price of goods at the same level was the decline of grain prices in global markets (the prices fell by 12-14 percent). The increased sales volume in tons and efficient logistics solutions allowed to reduce the Group's logistics costs from LTL 125 million to LTL 119 million. Apart from the cost price of products, logistics costs make one of the key expenditure items in the Group's total cost of the goods sold; their share was reduced from 7 to 6 percent, which is considered by the Group's management as a good result in the attempt to reduce the cost price of the Group's goods and services.

The consolidated operating costs of the Group over the reporting period made up 103 million litas and was a 29 percent increase from the previous period when it accounted for 80 million litas. The increased costs were mostly due to the acquisition of new enterprises and the consolidation process within the Group. The complete consolidation of the company UAB Dotnuvos Projektai and the acquisition of Latvian poultry enterprises led to consolidated operating costs of these companies amounting to LTL 34 million and LTL 14 million respectively.

Due to successful acquisitions of agricultural company Panevėžys District Žibartonių ŽŪB and Latvian poultry enterprises AS Putnu Fabrika Kekava, SIA Lielzeltini, SIA Broileks and SIA Cerova, revenue derived from Other Activities reached nearly LTL 47 million (compared to LTL 29.5 million in the financial year 2012/13). The fair value of the net assets of the companies acquired was considerably higher than the purchase price, which had the biggest impact on the revenue from Other Activities. It is worth noting that the operating profit figures for the financial year 2012/13 included bargain purchase arising on the acquisition of the enterprises, which amounted to 26 million litas whereas bargain purchase this year accounted for 22 million. Without taking into account the impact of bargain purchase and one-off revenues (writing off 14 million litas worth of liabilities at AS Putnu Fabrika Kekava) on the Group's performance, the operating profit of the AB Linas Agro Group amounted to LTL 55 million and was lower than in the financial year 2012/13 when it reached LTL 78 million. In addition, the Group successfully sold its field of lignin and accounted to 5.5 million of profit from this sale to the revenue from Other Activities. Owing to the investments and acquisitions made, the Group's depreciation increased from 19 million to 29 million litas. Its profit before taxes, interest and depreciation (EBITDA) decreased from 127 million to nearly 120 million litas.

Financial and investment activity brought the Group nearly 7.9 million worth of financial expenditures. Interest expense, which increased from 8.4 million to 9.3 million litas, accounted for the major share of financial costs. Increase in the interest expense is principally due to the acquisition of Latvian poultry enterprises as this acquisition was partially funded with borrowed funds.

The net profit of the Group amounted to nearly 82 million litas and was by 9.8 percent lower than in the financial year 2012/13 when it reached 90.5 million litas. Net profit attributable to the shareholders of the Company amounted to 73.3 million litas (compared to LTL 90.5 million in the financial year 2012/13). Net profit margin of the Group made up 4.0 percent exceeding the normal average of agricultural enterprises, that is 2.5-3.0 percent.

The Group continued a successful implementation of the investment program aimed at the strengthening of trading activities in the Baltics (namely, development and upgrading of grain storage), development of agricultural production and acquisition of farmland.

Group-owned agricultural land management companies expanded the total area of Group-owned farmland up to 4.5 thousand hectares by acquiring 431 hectares of land.

As part of the consistent implementation of its approved development strategy, the Group acquired one of the most successful agricultural companies in Lithuania, Panevėžys District Žibartonių ŽŪB, whereby increasing the number of Group-owned agricultural companies up to seven and the total area of arable land up to 17 thousand hectares. All of the Group's agricultural companies together harvested about 72 thousand tons of various cereals in total; their consolidated revenue amounted to approximately 95 million litas. Group-owned agricultural companies remains to be one of the leading milk suppliers in Lithuania with milk sales amounting to 27 thousand tons per year.

During this financial year, the Group succeeded in making the biggest leap ever towards enlargement by acquiring four Latvian poultry enterprises. AB Linas Agro Group invested up to 30.5 million litas in the shares of these companies and granted loans for up to 28 million litas. This way the Group implemented one of its strategic goals and became a vertically integrated agro-food production and marketing group, which is characterized by closely interconnected activities and the efficiently used synergy effect.

The Group's companies consistently improved their cooperation with partners and customers. An SMS-based communication with farmers was set up in Lithuania and Latvia and was successfully used to inform farmers about purchase prices for grain during harvesting. Latvia-based enterprise SIA Linas Agro upgraded its website by making it more client-friendly as well as developed a mobile app for the website.

The Group's companies organized quite a number of field days. Last March AB Linas Agro held a three-days' international conference entitled Innovations for Profitable Farming in the Baltics aimed at presenting the efficiency of bios-stimulators and trace elements. Agricultural producers from Italy and the Netherlands shared their knowledge and experience with farmers. Clients were also offered tours, seminars and feasts in Lithuania, Latvia and Czech Republic.

The Group was more active in trading activity, which bore fruit. For instance, Demo Tours, which involved an active demonstration of harvesters on farms of Latvian clients spurred sales of harvesters by five times; the promotional Christmas sale of pesticides increased sales in Lithuania by one third as compared to Christmas sales in the previous year.

The Group's companies took part in agricultural shows “Ką pasėsi…“ (Reap What You Sow), “Agrovizija“, “Agrobalt“, “Pavasaris“ (Spring), “Sprendimų ratas“ (Solution Circle), etc. The Dotnuvos Projektai company won medals at the “Sprendimų ratas 2013“, “Ką pasėsi… 2014“ agricultural exhibitions as well as at the “Traktordiena 2014” (TRACTOR DAY 2014) – farm equipment show in Latvia. A Holstein heifer owned by agricultural company Šakiai District Lukšių ŽŪB earned a golden medal at the Agrobalt 2014 show.

A series of organizational tools were implemented in grain storage facilities to enable even a more efficient take- in of farmers' production so farmers didn't have to waste time queuing at the grain storage. New lab equipment was purchased to allow determining the quality of cereals even faster and with more precision.

The Group continues to expand the network of grain storage and fertilizer warehouses as well as install new grain receiving stations to be closer to its clients. Storage capacity was expanded by 15,000 tons in Joniškis and by 9,900 tons in Pasvalys; a new grain analyzer was purchased too. The construction of a liquid fertilizer storage facility with the capacity of 2,500 m^3 is nearly complete in Kėdainiai; two more platforms were installed in Vilkaviškis to provide additional capacity for taking in grain when harvesting is at its peak; more loaders and other equipment were purchased**.**

Over the reporting period, the Group expanded its grain storage by 24.9 thousand tons. The total storage capacity for grain, feedstuffs and other agricultural produce currently amounts to 225 thousand tons.

During the reporting period, the Group started installation of Jungėnai grain receiving station in Kalvarijos Municipality, Lithuania, and design a grain storage facility in Jekabpils, Latvia.

In spring 2014, a European Good Trading Practice certificate was granted to AB Linas Agro for another three years and to Linas Agro AS for another two years. The certificate is a highly valued, important document in many countries across the EU.

5. 3. CASH FLOWS AND LIQUIDITY

The Group's goal is to have sufficient financial resources, retain a high liquidity level and the quality of balance, secure some flexibility and freedom in borrowing as well as meet the Group's needs for working capital and investment.

On its balance sheet date, the Group had 30 million litas of cash and cash equivalents (in 2012/13 the amount was LTL 34 million) while its current solvency ratio was 1.6. The debt-to-capital ratio reached 0.66 (last year it was 0.47). The Group's net debt and EBITDA ratio was 2.63 and remained relatively low just like in 2012/13 (1.35). An increase in the ratio resulted from the financing of the acquisition of Latvian poultry enterprises and the consolidation of their financial debts. The total financial debt of the Group (excluding financial lease contracts) amounted to 336 million litas (in 2012/13 it was 198 million litas), 29 percent out of which were long-term debts. The short-term debts of the Group, the major part of which are used for working capital financing, are covered with inventory, receivables, cash, fixed assets, investment property, and biological assets.

The Group's cash flow from operating activities before changes in working capital decreased from 103 million to 85 million litas. Cash flow from operating activities after the change in working capital was negative and amounted to 71 million litas (in the same period of the financial year 2012/13 it was positive amounting to 108 million litas). The determining factors for this situation were a decrease in trade debts (26 million litas) and an increase in the inventory (35 million litas).

The Group's cash flow from investment activity was negative and amounted to 55 million litas (compared to 38 million litas in the financial year 2012/13). The situation was determined by an active investment policy the Group pursued and the new acquisitions of enterprises. All Group-owned companies were actively involved in development including the expansion of the grain storage network, renewal of the fixed assets of agricultural companies, and acquisition of farmland.

The Group's cash flow from financial activity was positive amounting to 36 million litas, which was basically determined by an increase in the financial loans (55 million litas).

AB Linas Agro Group is fully able to finance its main and investment activities. The Group finances its working capital in three banks - AB SEB Bank, BNP PARIBAS (Suisse) SA, and ABN AMRO Bank N.V., with the overall credit line held in these banks exceeding 360 million litas.

5. 4. ACTIVITY RESULTS BY SEGMENTS

With the new businesses, sales of agricultural equipment, grain storage facilities and forest machinery, also food products production coming into 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. Five business Segments have been approved:

1. *Grain and Feedstuff Handling and Merchandising* (previously *Grain and oilseeds*, Segment combine the former Segments *Grains and Oilseeds* and *Feedstuffs,* also grain storage and logistics services were added from the former Segment *Other Products and Service*);

2. *Products and Services for Farming* (previously *Agricultural inputs*, Segment combine the former Segments *Agricultural inputs* and *Machinery and Equipment*);

3. *Agricultural Production* (former name – *Farming*, there were no changes in 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* (This Segment appeared in 2013/14 financial year after the Company acquired Latvian poultry companies).

OPERATING PROFIT (LOSS) BY SEGMENTS, THOUSAND LTL :

	2013/14	2012/13	2011/12
Grain and Feedstuff Handling and Merchandising	37,905	80,723	31,727
Products and Services for Farming	6,202	26,396	89,202
Agricultural Production	16,739	28,425	8,621
Food products	34,140	n/a	n/a
Other	9,478	(247)	1,540

GRAIN AND FEEDSTUFF HANDLING AND MERCHANDISING

Being the largest operating Segment, this one includes the sale of grain, oilseeds and feedstuffs, as well as grain storage and logistics services. 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	2009/10	2010/11	2012/13	2013/14	Change 2013/14 compared to 2012/13 (thousand LTL)	Change 2013/14 compared to 2012/13 (%)
Sales in tons	941,875	962,970	1,541,250	1,621,885	80,635	5.2
Sales revenue (thousand LTL)	870,230	906,490	1,631,876	1,455,775	-176,101	-10.8
Gross profit (thousand LTL)	14,760	42,629	100,915	64,896	-36,019	-35.7
Gross profit margin	6.0%	4.6%	6.2%	4.5%	-1.7	-27.4

Sales revenue from this operating Segment over the reporting period amounted to 1,456 million litas (in the financial year 2012/13 it was 1,632 million litas) while operating profit was 38 million litas (in 2012/13 it was 81 million litas). The drop of revenue resulted from a 10-15 percent decrease in global grain prices whilst sales volume grew from 1,541 thousand to 1,622 thousand tons. The drop of operating profit was related to lower profits in the trade of traditional products (wheat and rapeseed) as compared to the same period in the previous year. Profitability was also affected by decreased revenue from grain storage. Favorable weather conditions limited the need for the grain drying service during harvesting having a negative effect on the revenue from grain storage, which amounted to 29 million litas (compared to 37 million litas in the previous year). As foreseen earlier, the majority of profitable grain sales transactions for this marketing season were made in the second half of the financial year 2013/14, which is why the operating profit of the second half of the year amounted to 31 million litas and was higher by 3.7 times than the operating profit in the first half of the financial year (8.3 million litas).

During the reporting period, Group-owned grain storages took in 429 thousand tons of grain, which is by 23 percent less than in the previous year. The situation was determined by favorable grain harvesting conditions and logistics choices different from those available last year as farmers took part of the grain yield directly to the port.

PRODUCTS AND SERVICES FOR FARMING

This business Segment includes the sale of seeds, plant protection products, fertilizers, agricultural and forestry machinery, grain storage and other equipment.

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 2012/13 financial year, when the Group obtained 50% shares of UAB Dotnuvos Projektai, thus 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.

PERFORMANCE RESULTS OF PRODUCTS AND SERVICES FOR FARMING SEGMENT

Main financial indicators	2009/10	2010/11	2012/13	2013/14	Change 2013/14 compared to 2012/13 (thousand LTL)	Change 2013/14 compared to 2012/13 (%)
Sales in tons	450,006	333,469	144,197	205,298	61,101	42.4
Sales revenue (thousand LTL)	481,260	414,929	396,765	441,828	45,063	11.4
Gross profit (thousand LTL)	44,593	38,396	40,341	45,725	5,384	13.3
Gross profit margin	9.3%	9.3%	10.2%	10.3%	0.2	1.96

Operating revenue from this Segment amounted to 442 million litas and was by 11 percent higher than last year (397 million litas). The growth of the revenue was basically determined by an increased volume of sales in fertilizers and seeds as well as by the complete consolidation of the company UAB Dotnuvos Projektai in the Group. Revenue from the fertilizer sales reached 179 million litas, from seed sales 50 million litas, from sales of plant protection products 41 million litas, and from sales of agricultural and forest machinery and grain storage equipment 172 million litas.

Gross profit in the Segment went up from 40.3 million to 45.7 million litas while the operating profit reached 6.2 million litas and was by 4 times lower than in the previous year (26.4 million litas). The reason for the loss was increased competition resulting in a 10 percent decrease in the profitability from sales of fertilizers and plant protection products as well as worse performance in the trade of agricultural equipment, which revealed an approximately 5 million drop of the operating profit as compared to the previous year. Among the factors why farmers chose to purchase less agricultural machinery and grain storage equipment, was a drop in the grain purchase price and the suspension of EU support as most of the agricultural equipment is purchased using EU funds. With no support available, the market shrank significantly over the reporting period (e.g. the tractor market shrank by 30 percent in Lithuania, by 57 percent in Latvia and by 27 percent in Estonia), which had an impact both on the revenue and the operating profit. The drop of the operating profit was also related to the provision for bad debt (4.8 million litas for UAB Dotnuvos Projektai).

EU support for the acquisition of agricultural machinery for the period 2014-2020 is likely to be resumed from December 2014. It is expected that these prospects may encourage farmers to purchase more. With regard to these expectations, sales management is also being improved by the upgrade the Group's structure, recruitment of new employees, etc.

The Group sees quite a big potential in the development in Latvian and Estonian markets. With this purpose in mind, a new branch was opened in Valmiera, Latvia, as well as Riga and Tartu branches are undergoing renovation.

AGRICULTURAL PRODUCTION

This business Segment covers cultivation of cereals, oilseed rape, sugar beet and other crops, production of milk and beef cattle farming. The Group owns seven agricultural companies situated on fertile land across Lithuania – Panevėžys District Aukštadvario ŽŪB, Panevėžys District Žibartonių ŽŪB, Kėdainiai District Labūnavos ŽŪB, Šakiai District Lukšių ŽŪB, Biržai District Medeikių ŽŪB, Užupės ŽŪB and Sidabravo ŽŪB.

On September 2013 the Group acquired agricultural company Panevėžys District Žibartonių ŽŪB. The company has been consolidated into the Group since September 2013.

PERFORMANCE RESULTS OF AGRICULTURAL PRODUCTION SEGMENT

Main financial indicators	2009/10	2010/11	2012/13	2013/14	Change 2013/14 compared to 2012/13 (thousand LTL)	Change 2013/14 compared to 2012/13 (%)
Sales in tons	41,221	42,907	77,484	100,319	22,835	29,5
Sales revenue (thousand LTL)	39,446	47,034	80,467	95,307	14,840	18.4
Gross profit (thousand LTL)	19,247	12,272	16,885	15,000	-1,885	-11.2
Gross profit margin	48.8%	26.1%	21.0%	15.7%	-5.3	-25.2

The total revenue from this Segment reached nearly 95 million litas (in the financial year 2012/13 it was 80 million litas). Whilst revenue from the sales of agricultural production dropped due to lower purchase prices of crop products, the acquisition of agricultural company Panevėžys District Žibartonių ŽŪB allowed for an increase in the revenue of this Segment by 18 percent; the revenue of Panevėžys District Žibartonių ŽŪB amounted to 17.5 million litas.

The gross profit of the Segment decreased from 16.9 million to 15 million litas. The operating profit of the Segment fell to 16.7 million litas as compared to 28.4 million litas received in the financial year 2012/13. In fact, bargain purchase related to the acquisition of the agricultural company made a positive effect on the performance results of this Segment. If the value of goodwill were eliminated for this and last year, the operating profit of the Segment would have amounted to 7.2 million and 8.8 million litas respectively. The operating profit of the Segment was also affected by a negative change in the livestock-related biological assets (6 million litas), which arose from lower farm gate milk prices.

The total farmed area of the companies increased to 17,100 hectares due to the acquisition of the agricultural company Panevėžys District Žibartonių ŽŪB (3,100 hectares).

In the autumn, an area of 6,000 hectares had been sown with winter wheat and 2,000 hectares with winter oilseed rape, which is by respectively 25 and 28 percent more than in the previous year. Due to harsh weather conditions in the winter, 46 percent of the crops froze, which resulted in the loss of 4.4 million litas for the companies.

Over the reporting period, the agricultural companies harvested 71.9 thousand tons of cereals and rapeseed, which was by 8 percent more than in the previous year (66.5 thousand tons), and sold over 71 thousand tons of different crop products.

The highest yield came from wheat, i.e. 6.1 t/ha (the Lithuanian average was 4.3 t/ha), the yield of rapeseed was 3.3 t/ha (the Lithuanian average was 2.1 t/ha), malting barley yielded 5.7 t/ha (the Lithuanian average was 3.3 t/ha), and the yield of peas was 4.4 t/ha (the Lithuanian average was 2.1 t/ha).

The companies owned a total of 3,021 dairy cows and sold 26.8 thousand tons of raw milk over the year, which is by 35 percent more than in the previous year. Company-owned cows give the annual average milk yield of 7.9 tons per cow. The highest milk yield is produced by the agricultural company Šakiai District Lukšių ŽŪB, that is, the annual average of 9.3 tons from 855 cows, and by the agricultural company Kėdainiai District Labūnavos ŽŪB, that is, the annual yield of 8.4 tons from 600 cows. Šakiai District Lukšių ŽŪB ranks among Lithuania's leading milk producers; in the Pienė 2014 rating organized by the Development and Information Centre public institution to nominate best farmers, agricultural companies, and private enterprises by milk production indices for 2013, the company was rated as one of the largest (7th position) and most efficient (8th position) milk producers in Lithuania.

The companies sold a total of 1,299 tons of meat from cattle during the year.

The agricultural companies invested nearly 13 million litas in the acquisition of agricultural machinery and equipment and in building renovation. The construction of a new milking yard is underway in agricultural company Panevėžys District Aukštadvario ŽŪB.

FOOD PRODUCTS

This business Segment, which originated in November, 2013, includes a whole cycle poultry business, including incubation of hatching eggs, broiler breeding, production of poultry and its products, feed manufacturing for self-supply and retail sale of chicken meat and its products. The Group has acquired shares of Latvian poultry company AS Putnu Fabrika Kekava in October, 2013 and the companies SIA Broileks, SIA Cerova and SIA Lielzeltini in February, 2014.

The company SIA Putnu Fabrika Kekava is included in the Group as from November 2013, and the other companies as from February 2014, respectively, their results are consolidated in the Group's results since then.

AS Putnu Fabrika Kekava – No1 poultry producer in Latvia with full poultry manufacturing cycle, including egg incubation, chicken hatching, broiler breeding, production of fresh poultry and processed products under brand name “Kekava” (over 80 different poultry products). The subsidiary of the company, SIA PFK Trader operates 25 retail shops all over Latvia. As from November 2013 to June 2014 PFK has produced 12.6 thousand tons of meat.

SIA Lielzeltini – No2 poultry producer in Latvia: has an incomplete production cycle consisting of broiler breeding, production of fresh poultry and processed products sold under the brand name “Bauska”, as well as production of compound feed. As from February to June 2014 the company has produced over 3,400 tons of broiler meat, more than over the respective period previous year.

SIA Broileks grows and sells live chicken. As from February to June 2014 the company has produced over 530 tons of live weight of broilers, improving production performance compared to the previous year.

SIA Cerova incubate eggs and sells day-old chicks. As from February to June 2014 the company has produced over 2,500,000 day-old chicks, also more compared to the previous year.

PERFORMANCE RESULTS OF FOOD PRODUCTS SEGMENT

Main financial indicators	2013/14
Sales in tons	17,023
Sales revenue (thousand LTL)	116,015
Gross profit (thousand LTL)	19,534
Gross profit margin	16.8%

The sales revenue of AS Putnu Fabrika Kekava for eight months amounted to 93 million litas while the revenue of SIA Lielzeltini, SIA Broileks and SIA Cerova companies for five months reached 49 million litas. The restructuring of AS Putnu Fabrika Kekava was completed on its acquisition, writing off 49 percent of the company's old debt whereby approximately 14 million litas of the company's revenue was recognized as Other Income. This had a positive effect on the profitability of this Segment, which reached 34 million litas over the reporting period. The operating profit of this Segment over the fourth quarter of this financial year amounted to 15 million litas. If the value of bargain purchase and income from the write-off of credits were eliminated, the operating profit from the main business within the Segment would make up 7.4 million litas.

OTHER

This business Segment includes small activities, not attributable to other Segments. The sales of this business Segment were predominated essentially by sales of raw lignin.

PERFORMANCE RESULTS OF *OTHER* SEGMENT

Main financial indicators	2009/10	2010/11	2012/13	2013/14	Change 2013/14 compared to 2012/13 (thousand LTL)	Change 2013/14 compared to 2012/13 (%)
Sales in tons	49,962	9,273	4,293	394,610	390,317	9,092
Sales revenue (thousand LTL)	12,667	9,142	10,738	5,793	-4,945	-46.1
Gross profit (thousand LTL)	2,368	1,540	107	4,002	3,895	3,640
Gross profit margin	18.7%	16.8%	1.0%	69.08%	68.08	6,808

During this financial year, the Group divided its lignin accumulation into two parts and in the fourth quarter of the year, sold one part of the accumulation together with UAB Lignineko company for 4.55 million litas and the other part along with the real estate for 6 million litas (half of the former lignin accumulation with 391,334 tons of lignin as assessed). The operating profit in the Segment amounted to 9.5 million litas.

5. 6. INVESTMENTS

The Group has spent over LTL 49 million for the acquisition of shares of other companies: Panevėžys District Žibartonių ŽŪB, AS Putnu Fabrika Kekava, SIA Lielzeltini, SIA Broileks, SIA Cerova and other.

During the reporting period the Group's subsidiaries have invested nearly LTL 32 million.

Major investments of the Group by character:

Investment object	Investment amount, thousand LTL
Grain storage equipment, warehouses, buildings, various appliances and other machinery	8,542
Purchase and upgrade of agricultural machinery, vehicles, equipment, buildings and purchase of land	13,245
Modernization and renovation of poultry farms	3,215
Other investments	6,692

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

6. 1. THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended June 30, 2014, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system and in Company's website the following information:

AB Linas Agro Group sold the rest of lignin accumulation	Notification on material event	En, Lt	20/06/2014 09:00:30 EEST
Interim 9 months financial results of the financial year 2013/2014	Interim information	En, Lt	30/05/2014 09:00:30 EEST
AB Linas Agro Group sold UAB Lignineko	Notification on material event	En, Lt	02/05/2014 09:00:30 EEST
AB Linas Agro Group notification about interim 6 months financial results of the financial year 2013/2014	Interim information	En, Lt	28/02/2014 09:00:34 EET

AB Linas Agro Group has completed the acquisition of Latvian poultry companies and extended loans to two of them	Notification on material event	En, Lt	10/02/2014 15:00:33 EET
AB Linas Agro Group investor's calendar for the 2014	Other information	En, Lt	18/12/2013 11:00:33 EET
AB Linas Agro Group AB acquired claim in respect of Putnu Fabrika Kekava	Notification on material event	En, Lt	6/12/2013 15:00:31 EET
AB Linas Agro Group notification about interim 3 months financial results of the financial year 2013/2014	Interim information	En, Lt	27/11/2013 09:48:32 EET
AB Linas Agro Group acquired shares of AS Putnu Fabrika Kekava and rights granted thereby	Notification on material event	En, Lt	30/10/2013 09:00:31 EET
AB Linas Agro Group received the permission to acquire poultry companies in Latvia	Notification on material event	En, Lt	28/10/20131 5:00:31 EET
Procedure for the payout of dividends for the financial year ended 30 June 2013	Notification on material event	En, Lt	25/10/2013 09:19:33 EEST
AB Linas Agro Group notification about the Annual information of the financial year 2012/2013	Annual information	En, Lt	25/10/2013 09:16:33 EEST
Results of voting of the Annual General Meeting of AB Linas Agro Group, held on 24 of October, 2013	Notification on material event	En, Lt	25/10/201309:12:32 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	En, Lt	2/10/2013 09:00:31 EEST
Changes in AB Linas Agro group business segments	Notification on material event	En, Lt	10/9/2013 09:15:31 EEST
AB Linas Agro Group acquired farming company, together with its owner	Notification on material event	En, Lt	5/9/2013 11:45:30 EEST
AB Linas Agro Group notification about interim twelve month financial results of the financial year 2012/2013	Interim information	En, Lt	30/8/2013 09:00:32 EEST
SEB Bank issued AB Linas Agro an LTL 200 million credit line	Notification on material event	En, Lt	6/8/2013 09:06:30 EEST
AB Linas Agro Group is planning to acquire a property management company that owns farming company	Notification on material event	En, Lt	22/7/2013 16:09:30 EEST
AB Linas Agro Group is planning to acquire poultry companies in Latvia	Notification on material event	En, Lt	3/7/2013 13:16:31 EEST
AB Linas Agro Group received Exporter of the Year Award	Other information	En, Lt	2/7/2013 08:30:31 EEST

6. 2. OTHER EVENTS DURING THE REPORTING PERIOD

2013/14	Share capital of Noreikiškių ŽŪB was increased from LTL 1,010,000 to LTL 1,243,000.
2013/14	UAB Linas Agro Konsultacijos additionally acquired 79,980.55 worth of shares of Sidabravo ŽŪB.
2013/14	UAB Linas Agro Konsultacijos additionally acquired 31,611.12 worth of shares of Panevėžys District Žibartonių ŽŪB.
06/05/2014	UAB Linas Agro Konsultacijos acquired 3,089,046.33 worth of shares of Panevėžys District Žibartonių ŽŪB from subsidiary UAB Žemės Ūkio Investicijos.
23/04/2014	Shareholders of AS Putnu Fabrika Kekava decided to increase share capital of the company.
05/03/2014	AB Linas Agro Group became a member of Panevėžys District Žibartonių ŽŪB by increasing share capital of the company from LTL 3,149,746.49 to LTL 3,152,746.49.
05/02/2014	Share capital of SIA DOTNUVOS PROJEKTAI was increased from LVL 60,000 to EUR 2,000,000.
2014	In January-February months AB Linas Agro Group acquired 100 pct shares of SIA Lielzeltini (Latvia).
27/01/2014	Restructuring procedure of Latvian chicken meat producer AS Putnu Fabrika Kekava (PFK) was finalized.
09/01/2014	UAB Fossio was established after splitting part of the assets and liabilities from UAB Lignineko.
2013	In December share capital of ŽŪB Landvesta 2 was increased from LTL 855,000 to LTL 1,182,000.
2013	In November-December months share capital of ŽŪB Landvesta 1 increased from LTL 323,000 to LTL 2,422,000.
2013	In August-December months share capital of UAB Lineliai increased from LTL 60,000 to LTL 1,610,000.
31/12/2013	Share capital of ŽŪB Landvesta 3 increased from LTL 102,000 to LTL 726,000.
31/12/2013	Share capital of ŽŪB Landvesta 4 increased from LTL 437,000 to LTL 1,912,000.
31/12/2013	Share capital of ŽŪB Landvesta 5 increased from LTL 1,014,493 to LTL 2,353,000.
31/12/2013	Share capital of ŽŪB Landvesta 6 increased from LTL 320,000 ti LTL 1,837,000.
27/12/2013	Share capital of AS Dotnuvos Projektai increased from EUR 100,000 to EUR 1,300,000.
07/11/2013	Share capital of AS Putnu Fabrika Kekava was increased from LVL 5,632,620 to LVL 8,973,944.
08/10/2013	Share capital of SIA Linas Agro increased from LVL 500,000 to LVL 1,554,206.

04/10/2013	Share capital of UAB Linas Agro Konsultacijos increased from LTL 10,144,600 to LTL 38,400,000.
24/07/2013	AB SEB bank has increased its credit line to AB Linas Agro issued a year before by LTL 50 million to LTL 200 million.

6. 3. SUBSEQUENT EVENTS

22/09/2014	UAB Linas Agro Konsultacijos and AB Linas Agro sold shares of farming company Panevėžys District Ėriškių ŽŪB.
18/09/2014	AB Linas Agro, the sole shareholder of companies UAB Fossio ir UAB Linas Agro Grūdų Centras, made decision decided to reorganize UAB Fossio and merge it to UAB Linas Agro Grūdų Centras.
Aug-Sept, 2014	Share capital of Noreikiškių ŽŪB increased from LTL 1,243,000 to LTL 1,315,000.
Jul-Sept, 2014	UAB Linas Agro Konsultacijos additionally acquired 2,199.21 worth of shares of Sidabravo ŽŪB.
26/08/2014	Share capital of UAB Lineliai increased from LTL 1,610,000 to LTL 1,790,000.
28/07/2014	The credit line in the amount of 30 million euros has been granted to SIA Linas Agro by SEB and DNB banks in Latvia.
09/07/2014	AB SEB bank has increased its credit line to AB Linas Agro issued a year before by LTL 28 million to LTL 228 million.
01/07/2014	Share capital of AS Putnu Fabrika Kekava was increased from LVL 8,973,944 to LVL 13,316,240, the number of shares owned by the Group after share capital increase is 89.46 pct. of share capital.

7. SCOPE OF RISK AND MANAGEMENT THEREOF

7. 1. 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 2013/14 this risk did not manifest itself as regards the Company and the Group.

7. 2. RISK RELATED TO ACTIVITIES OF SUBSIDIARIES

Subsidiary companies of the Group are engaged in the trade of agricultural raw materials, agricultural production, rearing of poultry and poultry production, storage of agricultural products and other activities. Poultry enterprises need to face the operational risk related to this sector including the cessation of the production as well as disease, environmental and other risks. Even though most of the subsidiaries are profitable, adverse developments in the markets, in which the parent company and its subsidiaries operate, may affect their yields. Managers for corresponding businesses within the Group follow closely and analyze the activity of the subsidiary companies and their key transactions, provide operational budgets of the companies under the authority of the Group's Board as well as monitor the implementation and key developments in these companies' budgets.

In FY 2013/14 this risk did not manifest itself as regards the Company and the Group.

7. 3. POLITICAL RISK

Agriculture is a strictly regulated and supervised sector of economy in the European Union. Although this regulation and control are mostly aimed at ensuring sufficient income for entities engaged in agricultural activities, political changes may affect the situation in the market where the Group operates. For example, reduction of subsidies to agriculture may affect the activities of agricultural companies controlled by the Group.

In FY 2013/14 this risk did not manifest itself as regards the Company and the Group.

7. 4. SOCIAL RISK

The experience and knowledge of the management determine the ability of the Group to retain its competitive status and implement its growth strategy. However, there are no guarantees that all key employees of the Group will stay with the Group in the future. Loss of such employees or the Group’s failure to recruit new employees possessing appropriate knowledge may have a significant adverse impact on the business outlook and financial position of the Group. Non-competition agreements are signed with some executives.

In FY 2013/14 this risk did not manifest itself as regards the Company and the Group.

7. 5. 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 2013/14 financial year, the Group according its risk management policy has been using risk management mitigating tools for forward purchases. No loss has been recorded, 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 2013/14 this risk did not manifest itself as regards the Company and the Group.

8. EMPLOYEES

As at 30 June 2014 the number of employees of the Group was 2,266 or 1,227 employees more than as at 30 June 2013 (1,039). This increase was conditioned by acquisition of Latvian poultry companies AS Putnu Fabrika Kekava, SIA Broileks, SIA Cerova and SIA Lielzeltini (additionally 1,119 employees) and Panevėžys District Žibartonių ŽŪB.

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

8. 1. 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 2014	30 June 2013	30 June 2014	30 June 2013
Managers	118	73	8,080	8,147
Specialists	583	405	4,312	4,288
Workers	1,565	561	1,413	2,440
Total	**2,266**	**1,039**		

8. 2. DISTRIBUTION OF EMPLOYEES OF THE GROUP BY EDUCATION DEGREE HELD:

	30 June 2014	30 June 2013
Graduate academic	388	339
Higher education	369	197
Secondary education	1,119	457
Primary	390	46
Total	**2,266**	**1,039**

8. 3. DISTRIBUTION OF EMPLOYEES OF THE GROUP BY GEOGRAPHICAL LOCATIONS:

	30 June 2014	30 June 2013
Lithuania	1,052	956
Latvia	1,175	49
Estonia	6	28
Denmark	33	6
Total	**2,266**	**1,039**

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 Labor Code of the Republic of Lithuania and respective legal requirements in Latvia, Estonia and Denmark. Both hiring and dismissal of employees is carried out pursuant to the requirements of the Labor 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

There were no changes in authorized capital since 17 of February 2010.

On 30 June, 2014 the authorized 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). ISIN code of the shares is LT0000128092.

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Portion in the authorized 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.

Each ordinary share of the Company shall grant one vote at the General Meeting of Shareholders (except 790,972 ordinary registered shares acquired by the Company that do not give the right to vote).

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.

9. 1. THE COMPANY'S OWN SHARES

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.

Annual General Meeting of AB Linas Agro Group, held on 24 of October 2013 assigned Board of the Company to purchase up to 1,589,403 ordinary registered shares of the Company, i.e. up to 1% of all Company shares, in 18 months period with the purpose to maintain and increase the price of the Company's shares. The reserve of LTL 6,300,000 is formed for acquisition of the own shares.

10. SHAREHOLDERS

As at the end of the reporting period, i.e. 30 June 2014, the number of the Company's shareholders totalled to 1,202.

10. 1. DISTRIBUTION OF THE COMPANY'S SHAREHOLDERS BY COUNTRY OF RESIDENCE AND LEGAL FORM:

Investors	Number of shares	Portion in the authorized capital and voting rights
Non-resident investors	**122,208,206**	**76.88%**
Companies	120,738,049	75.96%
Individuals	1,470,157	0.92%
Resident investors	**36,732,192**	**23.15%**
Companies	2,857,209	1.80%
Individuals	33,874,983	21.35%
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 as at 30 June, 2014:

	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)	88,984,443	55.99%
Darius Zubas	17,049,995	10.73%
SEB SA OMNIBUS (Luxembourg) clients	12,866,897	8.10%
Swedbank AS (Estonia) clients	10,404,440	6.55%

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. Since 28 October 2010 Audit Committee formed by 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.

11. 1. 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.

One general meeting of shareholders was held during FY 2013/14 – on 24th of October, 2013.

11. 2. 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 familiarized 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 analyze and evaluate the materials provided by the Head of the Company on the following:

1. Implementation of the business strategy of the Company;

2. Organization 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 analyze 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 amortization 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 2014, the number of the Company's board members was 7.

The Company does not have independent members of the Board.

Fifteen meetings of the Board have been organized and held during 2013/14 financial year, members of the Board attended 100 percent of the meetings.

THE MEMBERS OF THE BOARD (AS AT 30 JUNE, 2014) :

Name	Participation in Company's authorized capital	Position within the Board	Cadence starts	Cadence ends
Darius Zubas	10.73% shares	Chairman of the Management Board	25/10/2012	24/10/2016
Vytautas Šidlauskas	3.78% shares	Deputy Chairman of the Management Board	25/10/2012	24/10/2016
Arūnas Zubas	0.3% shares	Member of the Management Board	25/10/2012	24/10/2016
Dainius Pilkauskas	0.3% shares	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	Member of the Management Board	25/10/2012	24/10/2016
Artūras Pribušauskas	0.01% shares	Member of the Management Board	24/10/2013	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, Tomas Tumėnas and Artūras Pribušauskas 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. Chairman of the Supervisory Board of AS Putnu Fabrika Kekava since 2014.

Chairman of the Management Board of UAB MESTILLA since 2006.

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 equal to 3.78% of all shares.

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.

Member of the Management Board of UAB MESTILLA since 2006.

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

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.

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.

Managing Director of UAB MESTILLA since 2005.

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. Member of the Supervisory Board of AS Putnu Fabrika Kekava since 2014.

The Member of Board of Lithuanian Agricultural Companies Association.

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 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.

Artūras Pribušauskas (b. 1963) – shareholder of the Company – owned 10,000 shares of the Company or 0.01% of all shares of the Company as at 30 June, 2014. On the 1st of July, 2014 the Company granted 1,000 shares of the Company to Artūras Pribušaukas for the 20 years lasting work within the Group.

Graduated from Kaunas University of Technology, Faculty of Chemistry in 1986. In 2004, he attended the ACT (Association of Corporate Treasurers) corporate treasury courses in the UK. Joined the Group in 1993, worked as advisor and later as financier in AB Linas Agro. Head of treasury in AB Linas Agro since 1999 and in AB Linas Agro Group since 2010. Member of the Audit Committee of the Company.

Member of the Management Board of UAB MESTILLA since 2013.

The Company has not granted any loans, guarantees or surety ships to the members of the Board that would ensure fulfillment of their obligations, also did not transfer them any assets with exception of the above mentioned grant of shares of the Company to Artūras Pribušauskas.

The Group's management remuneration amounted to LTL 5,933 thousand (including LTL 3,898 thousand bonuses) for the year ended 30 June 2014. Average remuneration to the member of management board was LTL 848 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	2004	–	Yes
AS Putnu Fabrika Kekava	Chairman of the Supervisory Board	2014	–	Yes
UAB Gerera	Director	1993	1999	No
Other companies:				
UAB MESTILLA	Chairman of the Management Board	2006	–	Yes
Vytautas Šidlauskas				
Companies of the Group:				
AB Linas Agro	Trade Director	1999	–	Yes
	Director	1991	1999	No
	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

Person / Companies	Position	Since	Until	Held currently
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
	Business Development Manager	2003	2005	No
	Project Manager	2000	2003	No
	Marketing Manager of Veterinary Department	1999	2000	No
AS Putnu Fabrika Kekava	Member of Supervisory Board	2014	–	Yes
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

Person / Companies	Position	Since	Until	Held currently
Artūras Pribušauskas				
Companies if the Group				
AB Linas Agro	Member of the Management Board	2013	–	Yes
	Head of treasury	1999	–	Yes
	Advisor, financier	1993	1999	No
UAB Gerera	Chief financier, manager, advisor	1993	1999	No
Other companies				
UAB MESTILLA	Member of the Management Board	2013	–	Yes
Landwirt und Ernte AG office in Lithuania	Director	1998	2004	No

11. 3. 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 organize 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 procurations.

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.

11. 4. 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 2014:

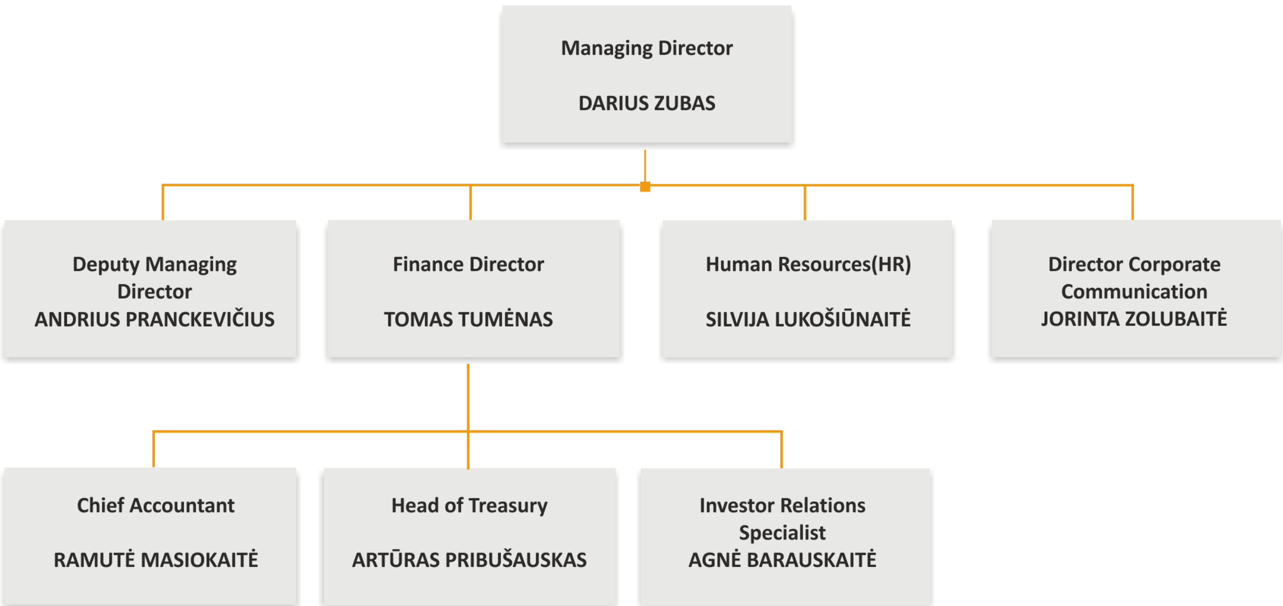
Andrius Drazdys – independent member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Does not own shares of the Company. Employed at UAB Vilniaus margarino gamykla as a Chief Finance Officer**.**

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 10,000 shares of the Company or 0.01% 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.

12. THE COMPANY'S ADMINISTRATION

12. 1. THE SCHEME OF ADMINISTRATIVE MANAGEMENT



12. 2. COMPANY MANAGEMENT

Position	Name and surname	Employed since
Managing Director	Darius Zubas	01/09/1996
Deputy Managing Director	Andrius Pranckevičius	19/11/2009
Finance Director	Tomas Tumėnas	19/11/2009
Chief Accountant	Ramutė Masiokaitė	19/11/2009

The Management of the Company work under open-ended contracts of employment.

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.

During the reporting period the Company's management remuneration amounted LTL 15 thousand.

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.

ACTIVITIES OF THE COMPANY MANAGEMENT IN OTHER COMPANIES

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

Person / Companies	Position	Since	Until	Held currently
Ramutė Masiokaitė				
Companies of the Group				
AB Linas Agro	Finance controller	2001	–	Yes
	Chief accountant	1998	2001	No

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

During the reporting period from 1 July 2013 to 30 June 2014, 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.

13. 1. 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 2013 to 30 June 2014:

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
2013 III	0.766	0.714	174,583.20	0.00	0.723	174,583.20	30/09/2013	2,801,241	2,064,505.73
2013 IV	0.729	0.646	1,240,842.22	0.00	0.686	116,785.84	30/12/2013	5,870,498	4,072,516.51
2014 I	0.710	0.618	717,312.80	0.00	0.659	3,118.04	31/03/2014	4,286,094	2,877,447.00
2014 II	0.695	0.625	923,376.00	0.00	0.676	14,962.20	30/06/2014	4,812,585	3,193,002.12

13. 2. CAPITALISATION OF THE COMPANY'S SHARES

Date	Capitalization, EUR	Share Price, EUR
30/09/2013	114,913,907.75	0.723
30/12/2013	109,033,113.03	0.686
31/03/2014	104,741,722.28	0.659
30/06/2014	107,443,709.05	0.676

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

Year and quarter	Price, LTL			Total turnover for the quarter units	
	Max	Min	Avg	Cash payments	Non-cash payments
2013 III	2.66	1.10	1.78	1,074,213	112,164
2013 IV	2.50	1.15	2.30	1,204,119	11,068,434
2014 I	2.44	1.10	2.12	4,677,741	222,622
2014 II	2.42	1.08	2.15	3,643,020	1,201,250

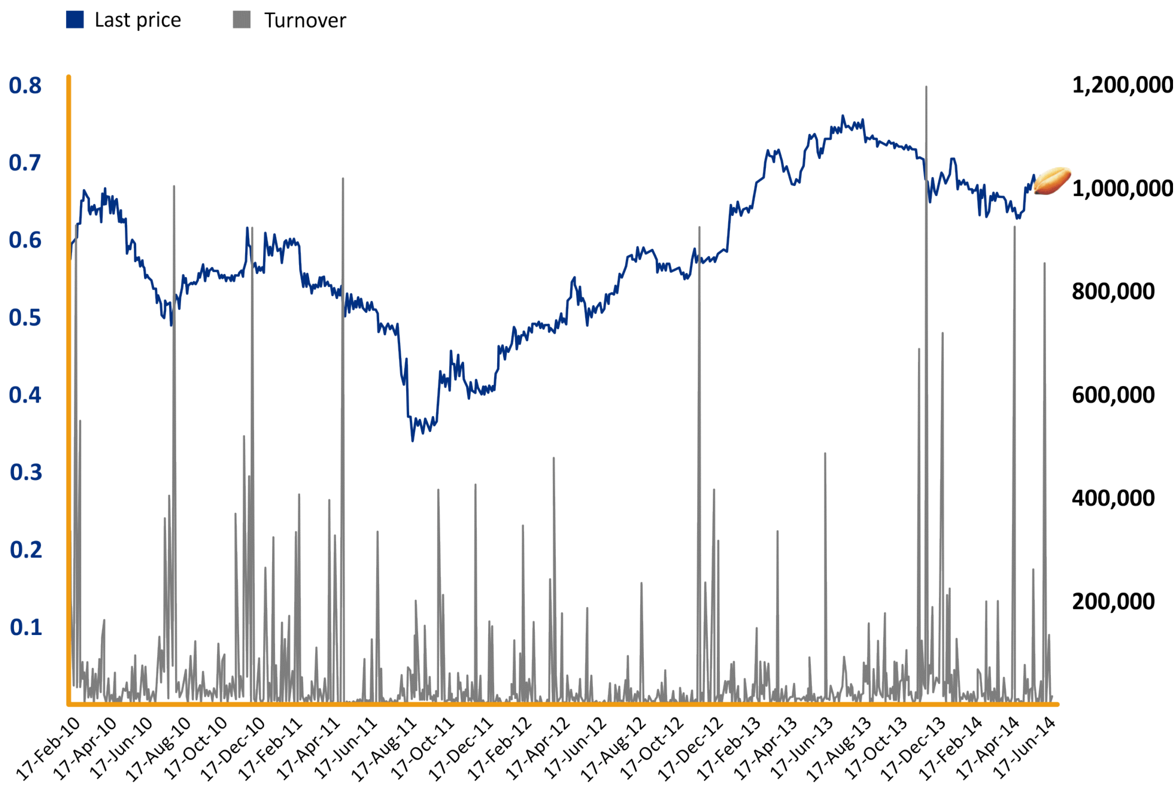
13. 4. AGREEMENTS CONCLUDED WITH INTERMEDIARIES OF THE PUBLIC SECURITIES MARKET

On 11 November 2009, the Company signed the Issuer's Securities Accounting Management Agreement with AB Swedbank represented by the Securities Transactions Department (Code 112029651; address: Konstitucijos ave. 20A, LT-03502 Vilnius).

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

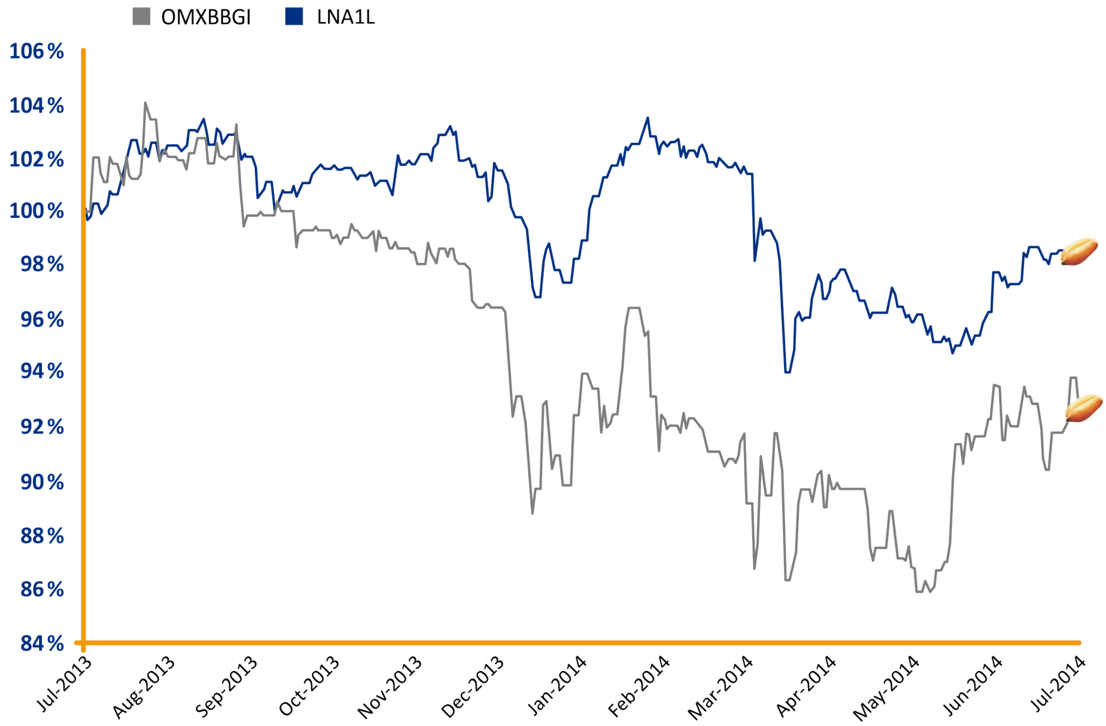
13. 5. AB LINAS AGRO GROUP SHARE PRICE AND TURNOVER

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 2014, is presented in the following diagram:



13. 6. 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.



14. 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.

15. 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.

16. MAJOR TRANSACTIONS WITH RELATED PARTIES

Major transactions of the Company with related parties are provided in Note No. **32** of the Explanatory Note to the Consolidated Annual Financial Statements for 2013/14 financial year.

17. 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 managing bodies of the company are the General Meeting of Shareholders, the Board of the Company and the Head of the Company (Managing Director). The Company does not have the Supervisory Board. The Company's Board consists of seven members to be elected for a period of four years, but the Chairman of the Board is also the Head of the Company (Managing Director). The Company has the Audit Committee.

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.

18. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

18. 1. S OCIAL RESPONSIBILITY IN RELATIONS WITH EMPLOYEES

Social guarantees are provided to employees of the Group companies: an allowance is paid after the death of a family member; an allowance to an employee after a child is born; an allowance on occasion of the anniversary birthday of an employee. Employees with the uninterrupted work experience of 10 years in the Group are granted commemorative badges with symbols of the company. Employees with the uninterrupted work experience of 20 years are granted 1000 items of the Company shares (AB Linas Agro, AB Linas Agro Group and UAB Linas Agro Konsultacijos).

On the occasion of anniversary birthdays (20th, 30th, 40th, 50th, 60th anniversary), employees of some companies are granted coupons for two persons for a weekend at Europa Royale Druskininkai in Druskininkai; and on the occasion of the wedding – a coupon for two persons for a weekend in the harmony park Visuomenės Harmonizavimo Parkas in Prienai district.

Employees have the opportunity for studying, raising their qualification, participating in various seminars and trainings in Lithuania and abroad. Various trainings are also organized by the Group itself, for instance, sellers of agricultural machinery are taken to enterprises manufacturing agricultural machinery.

Employees of several companies of the Group have been granted the possibility to use the necessary medical services, the majority of them have been insured by the voluntary health insurance. Health of employees is checked free of charge in some companies, employees working in fields are vaccinated against tick-borne encephalitis and office employees with work experience not shorter than one year receive partial compensations for the purchase of eyeglasses for the period of three years (up to EUR 100).

A joint summer event is organized for the employees of the Group, the aim of which is to form conditions for employees working in companies in four countries to get acquainted with each other in informal surroundings, to strengthen the communication and cooperation in the collective. The majority of companies of the Group organize summer and Christmas events to their employees as well as birthdays of companies independently.

18. 2. 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 prioritized farmers' organizations, local cultural projects, youth education, public spirit promotion events, sponsored orphanage organizations and organizations for people with disabilities.

SUPPORT TO FARMERS' ORGANISATIONS AND RURAL COMMUNITIES

The Group operating in the majority of Lithuanian districts has developed the tradition to support farmers, ploughing and harvest festivals in these districts as well as rural communities. The Group supported the following during the reporting period:

- Festival of commemoration of the 650th anniversary of Labūnava village establishment;
- Presidency of the Ministry of Agriculture of RL in the EU Council;
- Organization of conferences of the Lithuanian Agricultural Companies' Association;
- Competition "Farm of the Year 2013" organized by the Lithuanian Farmers' Union;
- Festivals of agriculturalists of Akmenė, Jonava, Joniškis, Klaipėda, Kretinga, Pakruojis, Plungė, Prienai, Radviliškis, Šakiai, Šiauliai, Trakai, Telšiai, Vilkaviškis districts (Lithuania);
- Event of the Farmers' Union of Põlva Region (Estonia);
- Trip of the Farmers' Union of Võru Region (Estonia) to Case IH factory;
- Visit of the Farmers' Union of Ida-Viru Region (Estonia) to the exhibition Agritechnica;
- Ploughing competition in Šalčininkai district;
- Communities of Kirnaičiai, Klausučiai, Medeikiai, Norgėlai, Rėkyva, and Vainotiškiai villages;
- Event "Affluence of Autumn" organized by the community of Akademija township;
- Events of Lithuanian Cattle Breeders Association;
- Festival of anniversary of Sidabravas township;
- Project "Academy for the Practitioners of Agriculture";

- Dotnuva eldership: the participation of the eldership community members in the republic song celebration, cognitive trip of the eldership community members, educational and cognitive activities of the chairmen and sub-elders, cultural and public activities of the community.

SUPPORT FOR EDUCATIONAL AND SCIENTIFIC INSTITUTIONS AND THEIR EVENTS

Activities of the Group:

- The Group participated in the program ISM 100 Talents and supported it for the second year in sequence. The aim of the program is to prevent the brain drain abroad and to ensure the possibility to the most talented students to acquire high quality education in Lithuania;
- The support was granted to Aleksandras Stulginskis University for the organization of events: events of the 90th anniversary of the university, scientific-practical conference “Agriculturalist’s Summer 2014: Precise and Sparing Agricultural Systems – Technologies Changing Future of Farming”, international scientific conference “Engineering of Agricultural Technologies – 2013”; also, for the construction of the machinery exploitation site;
- Support for conferences organized by the Lithuanian Academy of Science;
- Support for the republic competition of pupils’ professional knowledge “Children of Land – 2014” organized by the Ministry of Agriculture;
- Organization of the vocational guidance camp for the school pupils, along with Panevėžys Lower Secondary School for the Deaf and Hard of Hearing;
- Support for the autumn fair organized by Kupiškis Technological and Business School;
- Support for events of Akademija Gymnasium of Kėdainiai district and incentives for talented pupils and teachers;
- Support for the Christmas festival of Lukšiai Vincas Grybas Gymnasium;
- Support for Ramygala Nursery-Kindergarten;
- Support for Christmas events of Labūnava Lower Secondary School of Kėdainiai District;
- Support for Christmas events of Medeikiai Lower Secondary School of Biržai District;
- Support for the purchase of computer equipment in Kėdainiai Vocational Training Centre.

SUPPORT FOR CULTURAL, ENTERTAINMENT AND SPORTS EVENTS

The Group supported:

- Panevėžys city festivals in 2013 and 2014;
- Bistrampolis annual music festivals (the Group is a long-lasting supporter);
- Žagarė Cherry Festival (the Group is a long-lasting supporter);
- Joniškis Town Day Festival (the Group is a long-lasting supporter);
- International symposium of glass art “Glassjazz”;
- Festival “Bonjour, Maestro!” dedicated to the memory of the theatre director Juozas Miltinis organized in Panevėžys;

• Futsal tournament “Christmas 2013” organized by the Southern Local Community of Panevėžys City;

• International triathlon event in Panevėžys city;

• Republic equestrian competition;

• Events organized by Kėdainiai Cultural Centre: Kėdainiai town anniversary festival, Festival of Cucumbers, First Sheaf – St. Ann’s Feast, festivals of fellow-countrymen in townships of Kėdainiai district, folk music festivals, advent events in elderships, Festival of Lighting of the Great Christmas Tree in Kėdainiai town as well as Vilainiai, Surviliškis, Pelėdnagiai elderships, nine performances for children in various elderships and Kėdainiai town, New Year’s Eve Show and New Year’s Celebration in Kėdainiai town;

• Lithuanian Standard Dance sport Championship organized in Kėdainiai Arena;

• Festival of countryside orchestras of Aukštaitija region;

• Event of Lithuanian Women’s Basketball League “Day of Stars”;

• Winter Festival organized by Šiauliai Cultural Centre, Rėkyva Division;

• The 5th festival “Pulse” of children, youth and grown-ups’ amateur theatres of Šiauliai,

• Archery competition “Best in Lithuania”;

• Basketball tournament of Akademija township community for winning the cup of Prof. V. Ruokis;

• Classical and jazz music concerts and cultural events organized by Kėdainiai Regional Museum at the Multicultural Centre: concert “Italian Jazz Colors” and poetical impression “In Light of Years”.

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

The Group supported:

• Social project “Christmas Game” for children of Lithuanian foster homes for the third year in sequence;

• Panevėžys Vision Centre Linelis (the Group buys equipment for the playing ground annually);

• The first festival of the Day of the Deaf in Panevėžys city;

• Charity and support fund Bėdų Turgus;

• Organization of the festival of the International Day of the Disabled in Kėdainiai district;

• Get-together party “Friendliness” of the Association of the Disabled of Šakiai District;

• The trip of the Lithuanian Sports Federation of the Disabled to the match;

• The participation of the Lithuanian team of the disabled in the international billiards championship in Ukraine;

• Open billiards championship of people with disabilities in Šiauliai.

SUPPORT OF YOUTH ENGAGEMENT PROJECTS

Encouraging the youth engagement program in local communities, the Group allocated funds for:

• The cycling trip of Panevėžys Catholic youth group to the international youth event in Poland;

- Publishing project of the public institution Linksmosios Strazdanėlės “Wings of Childhood”;
- Participation of members of the sports club Adrenalino Centras in sports events of 2014;
- Participation of the football club Futbolas Visiems in various championships;
- Development of activity of the club Badmintos Virus;
- Development of activity of Šakiai Municipality Youth Creation and Sports Centre;
- Trip of the chamber choir Ave Musica to the international contest of choirs in Istanbul (Turkey);
- Organization of indoor tourism equipment competitions of pupils of the Baltic States Akademija 2014 and participation of Akademija Tourism and Sports Club Dotnuvėlė in various republic competitions;
- Renovation of the lawn of the playing-field of Pakruojis town stadium;
- Trip of Biržai Judo Club to international judo competition;
- The basketball club Kėdainių Pikenrolas for covering operating expenses of the sports hall and for club events.

EDUCATIONAL AND PUBLIC SPIRIT PROMOTING PROJECTS

The Group took part in the following projects:

- The Group, along with Panevėžys 5th Gymnasium, organized the pupils’ contest “Citizen of School” for the tenth year in sequence. During the project, leaders of pupils capable of learning well and participating in public activities enthusiastically are elected annually. Grants established by the Group were awarded to the most public-spirited pupils;
- Supported the participation of the Lithuanian debating team in the World Schools Debating Championship in Thailand;
- Took part in the campaign organized by the Charity and Support Fund Švieskime Vaikus, the aim of which is to provide Lithuanian libraries, schools and kindergartens with Lithuanian authors’ books for children;
- Supported the traditional “Alytus Run to Support the Fight against Cancer”, in which the public is introduced to cancer prevention measures;
- Supported the first event to mark the Day of Understanding Autism in Lithuania;
- Supported the organization of the environmental campaign “Let’s Do It 2014” in Kėdainiai district;
- Supported the establishment and opening of V.Adamkus Presidential Library – Museum;
- Supported the republic heel-and-toe walk competition “Kėdainiai Spring 2014” dedicated to marking the restoration of independence of the state of Lithuania;
- Supported the establishment of Zanavykai Regional Museum in Zypliai Manor.

SUPPORT FOR OTHER ORGANIZATIONS AND EVENTS

The Group supported:

- Festival of rescue services “Championship of Rescue Services of Eastern Lithuania 2013”;
- Participation of the athlete Ruslan Smalonskis in international cross-country run;

- Preparation of the representative of Kaunas County Fire and Rescue Board for an international competition in Poland;
- Festival marking the Day of St. Florian in Šiauliai county.

18. 3. 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, SIA Zaļa josta 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.

The grain elevators of UAB Linas Agro Grūdų centras KŪB takes constant care of the environment protection: air filters and oil traps are cleaned periodically, sales contracts of industrial waste have been concluded in all repositories of grains. Sheds have been constructed above old grain reception pits in Joniškis, which enabled to reduce dusting during grain discharge markedly. An analogical project of constructing sheds above reception pits is being implemented in Vilkaviškis.

Following the environmental requirements, agricultural company Sidabravo ŽŪB installed the oil products trap.

AS Putnu Fabrika Kekava mounted the mechanical waste water treatment filter in March of 2014 and the company plans to fully reconstruct the manure tank by the end of 2014. The Latvian State Environmental Agency has issued pollution licenses of category A to the companies AS Putnu Fabrika Kekava and SIA Lielzeltini, which confirm that the companies operate strictly in accordance with the environmental requirements applied to their activities.

AB Linas Agro has again received the International Sustainability and Carbon Certification, which confirms that rapeseed, wheat and triticale 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.

ANNEX 1 TO THE CONSOLIDATED ANNUAL REPORT

OF AB LINAS AGRO GROUP FOR FINANCIAL YEAR 2013/14

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.

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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	There is one collegiate managing body in the Company – the Board, which consists of 7 (seven) members. The collegiate supervisory body, or the Supervisory Board, is not formed. The Board of the Company performs certain functions of the Supervisory Board as far as it concerns the supervision of the activities of the Company and complies with the provisions of the Law on Companies. The Company's 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.	Yes	The Board performs these functions in the Company, as specified in Clause 2.1.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	So far the Board is able to properly perform the supervision of implementation of adopted strategic decisions and the control of the management of the Company. If needed, the Supervisory Board may be formed in the future.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the 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.

[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 4.46 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.*

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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

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

2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Not applicable	The Supervisory Board is not formed in the Company.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	No	The head of the Company – 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]

[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.*

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 Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	These provisions are set in the Articles of the Association of Company and are followed. The information about members of the Board is on a regular basis updated and submitted in the releases prepared by the Company and on its internet website.
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	Yes	The general meeting of shareholders shall be submitted the curricula vitae of the candidate members of the Board providing complete information of the respective candidate's educational background, professional experience and his/her competence.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
on the collegial body.		
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.
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 long-term 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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.

[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.

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 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	Not applicable	According to the comment of Clause 3.6, the provision is not applicable to the Company.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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		

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.		

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 him/her 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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.

[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.*

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.*

[7] *See note **3.***

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 the control system. The collegial body should	Yes	The member of the Board responsible for the finance policy and its supervision in the Company continuously maintains the contact and holds regular meetings with the Company's Chief Accountant, the Group's Head of Treasury to discuss the financial state of the Company as

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
issue recommendations to the company's management bodies and monitor and control the company's management performance. [8]		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.
[8] *See note **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.*		
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	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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
letter addressed to the collegial body or audit committee 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 2013/2014 financial year, the Members of the Company's Board were all 100 percent involved in making the decisions.

[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.*

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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	All transactions specified in this recommendation, if they are not insignificant due to their low value, are concluded upon the decision and agreement of the Board. The decision of the Board can be adopted only in case of the required quorum and 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	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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.		

[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.*

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	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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.		

[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).*

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	No	The Audit Committee is composed of three members, including one independent member.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.		
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 is 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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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	The Audit Committee shall be provided all conditions for holding meetings of the committee, furthermore, at the discretion of the committee, the employees responsible for the areas considered at the committee may be invited to meetings of the committee or requested to submit complete required information.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate 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;	Not applicable	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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,	Not applicable	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy for executive directors or 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		

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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		

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

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.		

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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		

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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	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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.		

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.

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	Yes	The sessions of the Company's Board are held once a quarter according to the Schedule

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 least once a month [12].		approved in advance. In need, the sessions of the Board are held more frequently.

[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.*

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	Not applicable	Only one collegiate managing body – the Board - is formed in the Company.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.		

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.

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	No	The approval of the indicated decisions in the general shareholders meeting could interfere

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting[13]. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.		with the effectiveness and efficiency of the Company's activity. These decisions are passed in the procedure prescribed in the Articles of Association of the Company.

[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 authorized 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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	The information about the general meeting of shareholders will be announced through the information system of NASDAQ OMX Globe Newswire as well as on the Company's website in the Lithuanian and English languages. The place for the general 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	Yes	The Company announces to the general meeting of shareholders the prepared draft decisions through the information system

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.		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.
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	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. There

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.		were no such requests received from the shareholders of the Company.

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.

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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 Board 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 nonstandard 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.

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	Not applicable	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
previous financial year.		
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;	Not applicable	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive 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	Not applicable	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant 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:		

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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		

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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	There are no variable components of remuneration in the Company.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Not applicable	For the reasons specified in Clause 8.6.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Not applicable	For the reasons specified in Clause 8.6.
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	For the reasons specified in Clause 8.6.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.	Yes	
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	Yes	
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	Salaries in the Company are not based on provision shares of the Company.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	Not applicable	For the reasons specified in Clause 8.13.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any	Not applicable	For the reasons specified in Clause 8.13.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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).		
8.16. Remuneration of non-executive or supervisory directors should not include share options.	Not applicable	For the reasons specified in Clause 8.13.
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 Board of the Company considers and approve the Company's remuneration policy.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	Not applicable	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be	Not applicable	At the Company the schemes are not implemented.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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	At the Company the schemes are not implemented.
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market	Not applicable	

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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	
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	Not applicable	

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
given in this article must be posted on the company's website.		

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.

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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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.

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;	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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.		
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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
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 reports.
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. The Company makes efforts to present all corporate actions and information to investors not during the trade session, but before the session starts or after it ends. The entire confidential information which may affect the price of securities issued by the Company shall be considered strictly confidential until the information is made public through the information system of NASDAQ OMX Vilnius Stock Exchange.
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,	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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
but also in English, and, whenever possible and necessary, in other languages as well.		
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.

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.

RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	This recommendation is fully implemented.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Yes	The firm of auditors provided the Company with the consultations on tax and hedging policy issues in the financial year 2013/2014.