AGROWILL
GROUP

CONFIRMATION OF RESPONSIBLE PERSONS

Following the law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, the management of Agrowill Group AB hereby confirm that, to the best of our knowledge, the attached audited consolidated financial statements of Agrowill Group AB for 2007, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of consolidated Agrowill Group AB. Presented consolidated annual report includes a fair review of the development and performance of the business and position of the Group in relation to the description of the main risks and contingencies faced thereby.

ENCLOSURE: audited consolidated financial statements of Agrowill Group AB 2007 and the annual consolidated report for 2007.

Agrowill Group AB General Director	....	Valentas Šulskis
Agrowill Group AB CFO	....	Domantas Savičius

Agrowill Group AB
Smolensko st. 10, LT-03201 Vilnius
Company code: 126264360
VAT code: LT100001193419

Tel.: +370 5 233 5340
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Bank
Sampo bankas AB
Bank code: 74000
a/s: LT027400011338423815

AGROWILL GROUP AB

Independent Auditor's Report,
Annual Report and Consolidated
Financial Statements for the Year Ended
31 December 2007

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Agrowill Group AB:

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements (page 14 to 48) of Agrowill Group AB and subsidiaries, which comprise the consolidated balance sheet as of 31 December 2007 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Except for the matters described in paragraph 6 in the Basis for Qualified Opinion section below, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. 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 entities' 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. We were not able to observe the counting of the physical inventories as of 31 December 2006, since that date was prior to our appointment as auditors. Due to the nature of the Group's accounting records we were not able to satisfy ourselves as to the inventory quantities by means of other auditing procedures. Since opening inventories enter into the determination of the results of operations, we were unable to determine whether the Group results of operations are presented fairly in accordance with International Financial Reporting Standards as adopted by the European Union.

Opinion

7. In our opinion, except for the possible effect of the matter described in paragraph 6 above, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Agrowill Group AB and subsidiaries as of 31 December 2007 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

8. Furthermore, we have read the accompanying Annual Report for the year ended 31 December 2007 (page 5 to 13) and have not noted any material inconsistencies between the historical financial information included in it and the consolidated financial statements for the year ended 31 December 2007.

Deloitte Lietuva UAB
Torben Pedersen
Partner

Auditor Lina Drakšienė
Auditor certificate No 000062

Vilnius, Lithuania
30 April 2008

AGROWILL GROUP AB AND THE SUBSIDIARIES CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2007

1. Accounting period covered by the Report

Consolidated annual report was prepared for the year ended 31 December 2007.

2. Key data on the Group

Name of the company:	Agrowill Group AB (hereinafter – AGW or the Company)
Share capital:	LTL 20 000 000
Address of headquarters:	Smolensko g. 10, LT-03201 Vilnius, Lithuania
Telephone:	(8~5) 233 53 40
Fax:	(8~5) 233 53 45
E-mail address:	info@agrowill.lt
Website:	www.agrowill.lt
Legal-organizational form:	Joint stock company
Place and date of registration:	25 June 2003, Vilnius
Register number:	AB2003-926
Register code:	1262 64360
Registrant of the Register of legal bodies:	State Enterprise Centre of registers

As at 31 December 2007, the Group consisted of the Company and it's subsidiaries:

Name of the Company	Legal form	Place and date of registration	Company code	Address	Phone, fax, and e-mail
AVG Investment UAB	Closed joint stock company	2005-02-10, State Register	300087691	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas UAB	Closed joint stock company	2004-09-28, State Register	300558595	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 1 UAB	Closed joint stock company	2005-10-11, State Register	300151101	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 2 UAB	Closed joint stock company	2005-10-11, State Register	300151126	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 3 UAB	Closed joint stock company	2005-10-11, State Register	300151165	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 4 UAB	Closed joint stock company	2006-08-10, State Register	300589669	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 5 UAB	Closed joint stock company	2006-08-10, State Register	300589683	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 6 UAB	Closed joint stock company	2006-08-10, State Register	300589719	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 7 UAB	Closed joint stock company	2007-01-17, State Register	300634420	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 8 UAB	Closed joint stock company	2007-07-16, State Register	300921776	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 9 UAB	Closed joint stock company	2006-03-09, State Register	300547638	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 11 UAB	Closed joint stock company	2005-05-12, State Register	300114042	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 12 UAB	Closed joint stock company	2005-03-08, State Register	300094383	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 14 UAB	Closed joint stock company	2006-08-10, State Register	300589726	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 15 UAB	Closed joint stock company	2006-08-10, State Register	300589733	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt

(Continued)

Name of the Company	Legal form	Place and date of registration	Company code	Address	Phone, fax, and e-mail
Žemės vystymo fondas 16 UAB	Closed joint stock company	2006-08-10, State Register	300589740	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 17 UAB	Closed joint stock company	2007-01-17, State Register	300634388	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 18 UAB	Closed joint stock company	2007-01-17, State Register	300634406	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 19 UAB	Closed joint stock company	2007-06-21, State Register	300886948	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 20 UAB	Closed joint stock company	2007-06-22, State Register	300887726	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 21 UAB	Closed joint stock company	2007-07-16, State Register	300921783	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Spindulys	Agricultural entity	1993-04-09, Radviliškis district municipality	171330414	Vaitiekūnai, Grinkiškis mun., LT-82380 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Panevėžys district Smilgiai Agricultural entity	Agricultural entity	1992-09-16, Panevėžys district municipality	168548972	Panevėžys str. 23, Smilgiai, Smilgiai mun., LT-38375	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Skėmiai Agricultural entity	Agricultural entity	1992-10-01, Radviliškis district municipality	171306071	Skėmiai, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Anykščiai district Nausodė Agricultural entity	Agricultural entity	1992-08-11, Anykščiai district municipality	154179675	Kirmėliai, Troškūnai mun., LT-29178 Anykščiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Raseiniai district Dumšiškės Agricultural entity	Agricultural entity	1992-09-29, LR Raseiniai district board	172276179	Paraseinis, Paliepiai mun., LT-60194 Raseiniai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žadžiūnai Agricultural entity	Agricultural entity	1992-06-30, Šiauliai district municipality	175706853	Gudeliai str. 30, Žadžiūnai, Kairiai mun.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Kėdainiai district Mantviliškis Agricultural entity	Agricultural entity	1992-11-06, Kėdainiai district board	161274230	Liepos 6-osios str. 18, Mantviliškis, Dotnuva mun., LT-58332 Kėdainiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Molėtai district Agricultural entity Alanta	Agricultural entity	1992-06-29, Molėtai district municipality	167527719	Ukmergės str. 7, Alanta mun. LT-33312 Molėtai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Eimučiai Agricultural entity	Agricultural entity	1992-06-29, Šiauliai district municipality	175705032	Eimučiai, Kairiai mun., 80101 Šiauliai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Vėriškės	Agricultural entity	1992-09-29, Radviliškis district municipality	171305165	Vėriškės, Šeduva mun., LT-77199 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Želsvelė Agricultural entity	Agricultural entity	1992-07-03, Marijampolė municipality	165666499	Želsva, Liudvinavas mun., LT-69193 Marijampolė mun.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural cooperative AVG Lankesa	Agricultural cooperative	1999-04-06, Jonava district municipality	156913032	Ukmergė str. 44, Bukoniai, Bukoniai mun., LT-55075 Jonava distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Kairėnai	Agricultural entity	1993-03-02, Radviliškis district municipality	171327432	Kairėnai, Grinkiškis mun., LT-82031 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Jurbarkas district Agricultural entity Jurbarkai	Agricultural entity	1992-07-31, Jurbarkas district municipality	158174818	Rytas str. 2, Jurbarkai, LT-74205 Jurbarkai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt

The closed joint stock subsidiary companies are engaged in buying and renting land, while subsidiary agricultural entities are engaged in agricultural commodities (milk, grain, and rapeseed) production and realisation.

3. Main lines of business of the Group

Operations area:	Agriculture
Main products manufactured:	Milk production and sale, grain, rapeseed growing and sale, rent of land.

4. Agreements with the mediators of securities public circulation

The Company and FMĮ Finasta AB (Konstitucijos pr. 23, Vilnius) signed an agreement regarding handling of Shareholders accounts.

The Company and FMĮ Orion Securities UAB (A. Tumėno st. 4, B korpusas, LT-01109, Vilnius) signed an agreement regarding handling of Bondholder accounts.

The Company and FMĮ Orion Securities UAB (A. Tumėno st. 4, B korpusas, LT-01109, Vilnius) have signed and market making agreement regarding Agrowill Group AB shares.

5. The trading in the Issuer's securities on exchanges and other organized markets

5.1. The trading in the Issuer's securities takes place on Vilnius Stock Exchange.

During the reporting period, the Companies shares were not traded on the Vilnius Stock Exchange (hereinafter – VSE).

On 22 June 2007, the Company issued LTL 14 million nominal value bonds into public trading. Trading information of Agrowill Group AB bonds in VSE:

	Price, %				Total turnover	
Reporting period	**Max.**	**Min.**	**Last session**	**Date of last session**	**Units**	**LTL, mio**
2007 I quarter	-	-	-	2007-03-30	-	-
2007 II quarter	98,6950	98,6950	98,6950	2007-06-29	108	0,01
2007 III quarter	93,2872	93,3062	93,3062	2007-09-28	16 159	1,51
2007 IV quarter	96,2503	93,3062	94,8992	2007-12-29	23 501	2,25

6. Objective overview of Entity's status, operations and development, description of key risks and exposures the Company faces

Overview of the Group's business, status and review of expansion

Agrowill Group AB ("the Group") started operations in 2003 and currently is Lithuania's largest group of agricultural development and investment companies applying the centralized business management model. The Group is largest agricultural land owner in Lithuania – subsidiary land buying entities owned over 12 thousand ha of cultivated land, additionally 14 thousand ha were rented from others. As of 31 December 2007 the group controls 35 subsidiaries: 14 Agricultural Companies (ŽŪB), 20 land management companies and a company responsible for the group's acquisitions AVG Investment UAB. As of 31 December 2007 the group employed 750 people.

The Group concentrates on two main lines of business – milk production and plant growing. During the last few years, the worldwide commodities markets of these two segments developed positively and it is forecasted that these markets will remain attractive in the future.

The global demand for dairy products has been growing very rapidly in recent years, the growth being driven mainly by the developing economies. According to the United Nations Food and Agriculture organization (FAO), the global dairy product consumption amounted to 93.8 kg per capita in 2005; while in 2007 this figure should reach 96.2 kg. The most rapid growth in the demand for dairy products is observed in China, India and Mexico, which are major importers of dairy products. Due to the supply shortage situation in the autumn of 2007, the international dairy product prices more than doubled compared with 2006.

According to forecasts of the international grain Council (igC) made in November 2007, the global grain production volume will amount to 1.66 bn tons in 2007 - 2008 (5, 7% annual growth rate), whereas the global grain consumption should amount to 1.67 bn t (2, 7% annual growth rate). The world's grain stocks were depleted by the growing demand for grain (due to increasing grain consumption in the developing countries such as China and India and the intensive use of grain for the generation of biofuel) as well as the poor harvest. According to Earth policy, in 2007 the world's grain stocks will be the smallest in the past 34 years and will amount to 255 mio tons. The prices for grain increased in the global markets upon decrease of the grain production volumes in 2006. The wheat export prices in October were, on average, 34% higher than a year ago. Even though a better yield is expected in 2007 – 2008, the grain prices are higher compared to 2006 due to the supply–demand situation on the global markets – the average wheat export price in October 2007 was, on average, 50% higher than a year ago.

The Group�something revenues from milk production, in 2007 amounting to LTL 19 million or 44,5% from total revenues of the Group (2006: LTL 14,1 million or 51%) is one of most stable and profitable activities and is a fundamental business of the Group. Milk production activities also include raising of heifers. As at 31 December the Group had a 4 000 head milking cow herd.

The main plant growing cultures grown for sales are the wheat, triticale, barley, rye and rapeseeds – there were over 9 thousand ha planted with these cultures or 53% of total cultivated land by the Group‘s agricultural subsidiaries. The remaining area is planted with various feed cultures – corn, perennial grasses. The grown green feed is used for feeding the animal herds.

In the nearest future the Group plans to expand the production capacities of the two main lines of business – to increase the milking cow herd up to 7 000 heads, and each year to increase the owned and cultivated land plots. Positive macroeconomic tendencies and favorable development of the agricultural commodities prices create great opportunities for the Group to expand it‘s activities. In the nearest future a similar business model is planned to be implemented in the East Europe and former CIS countries, as in those countries Group management sees favorable conditions for business development – underdeveloped agricultural sector, fertile land, large lands plots which can be cultivated effectively.

Assessment of main types of risks and exposures the Group faces

Risks related to projected operations in foreign countries
Long-term development plans of the group include both Lithuania and the “black soil” region countries – Russia and/or the Ukraine and/or Moldova. Even though there has been progress in these countries after the collapse of the Soviet Union, any business activities there can encounter significant economic, legal, political and other risks.

Borrowed capital accounts for a large share of the Group’s total capital. This can limit its opportunities to raise funds for further development and create difficulties in settling up with creditors
If the group wishes to secure smooth and effective development and a sufficient growth rate, the funds requirement can be higher than the level of funds attracted at favorite conditions. The Group can not guarantee that it would be able to attract additional financing needed for expansion.

Weather conditions
Weather conditions are one of the most important risks involved in agricultural activities. Poor or unfavorable meteorological conditions can have substantial impact upon yields by negatively affecting harvests and fodder preparation, destroying crop areas etc.

Prices for agricultural products
The group’s income and operating results depend on such factors beyond the group’s control as prices for agricultural products. These prices are largely influenced by different and hardly predictable factors beyond the group’s control (weather conditions, state agricultural policy, changes in global demand caused by demographic changes, changes in living conditions, competing products in other countries).

Animal diseases
Animals can be infected with different viral infections including foot and mouth disease, bovine spongiform encephalopathy etc. Even though the group complies with the highest sanitary standards in order to prevent diseases, there is no guarantee that the group’s cattle will not be infected for reasons beyond the control of the group. Although the majority of group’s cattle are insured, an outbreak of a cattle infection can result in high additional expenses and losses.

State policy and regulation in the agricultural sector and related areas can have a negative effect upon the Group’s operations and profitability
Agriculture, agricultural produce and products placement on the market are strongly affected by state policies and EU regulation. Regulation of agricultural activities manifests itself through the regulation of taxes, tariffs, quotas, subsidies, import and export legislation etc. Any change in this area can exert significant influence over the profitability of agricultural activities, determination of the choice of crops, increase or reduce the volumes of production, import and export of agricultural products. In addition, any international trade disputes can affect the trade flows, restricting trade among countries or regions. Future policies in this area can have a negative impact upon prices for the agricultural products offered by the group and upon the group’s opportunities for operating in the market.

7. Groups financial and operating results analysis, information on personnel

Main financial figures, LTL thousand	2007	2006	2005
Revenues	42 687	27 407	22 882
Direct subsidies	8 724	8 188	3 605
Gross profit	43 776	9 391	5 850
Operating profit	34 549	1 462	829
Other activities, net	(359)	417	113
Financial activities, net	2 676	1 588	3 572
Net profit	31 982	3 467	4 509
EBITDA*	12 796	5 461	2 704
EBITDA margin*, %	29,98	19,93	11,82
Ratios			
ROA, %*	10,58	2,90	4,23
ROE, % *	16,21	12,76	41,91
Liquidity ratio	0,66	0,81	0,96
Quick ratio	0,40	0,50	0,72

** - not taking into account the investment property revaluation*
*** - for definitions, see note 1 to the financial statements*

Personnel

As at 31 December 2007 the number of employees and average monthly salary by education and categories was as follows:

Employee category	Numbers of employees	Average monthly salary
Central office	59	2 725
Agricultural entities management	20	2 334
Agricultural entities workers	671	996
Total:	**750**	

Education	Central office	Agricultural entities
Higher	42	102
Special professional	6	335
Middle	5	205
Primary	-	108
Total:	**53**	**750**

Over 2007, the number of employees in the Group decreased from 848 to 750.

8. Significant post balance sheet events:

Disclosed in the consolidated Agrowill Group AB financial statements note 27.

9. Planned and forecasted activities of the Group:

It is planned that the consolidated sales of Agrowill Group AB from the core activities will grow by 36% to LTL 58 million while net profit from the main activities is estimated to grow by approximately 20% to LTL 11.5 million.

In 2008 almost LTL 8 million will be invested into renewal of three milk farms. Another LTL 12.7 million will be dedicated to the purchase of milking cows. It is planned that during the year the number of milking cows will approach 5 thousand heads, therefore Agrowill Group AB will remain the largest cows herd owner in Lithuania. This year the company also plans to expand own grain storehouses and implement new feed preparation and storage technologies.

In grain and rapeseed growing sector the Group expects to remain a leader: in 2008, over 18 thousand hectares is planted. It is also planned, that the productivity of crop fields will grow due to modern equipment used for cultivation of fields, which is constantly renewable. Additionally, the Group is expanding fastly, thus the productivity of new plots added is not high in the first years and give the results only in subsequent years.

In 2008 Agrowill Group AB plans to adopt a similar business model in one of the most fertile regions of the world – „black earth" region in Russia, Ukraine, Moldova, Romania and other countries. As in Lithuania, agricultural entities will be acquired and modernized, effective management systems will be implemented.

10. Information on research and development activities:

Agrowill Group AB does not have material licenses, and is not engaged in research activities.

11. Information on own shares:

The parent company has not acquired any own shares.

12. Share capital structure of the Company:

The share capital of Agrowill Group AB is LTL 20 000 000. The share capital is divided into 20 000 000 ordinary shares. Each issued share has a LTL 1 nominal value.

Each share has usual material and intangible rights as per Lithuanian Republic law on Stock companies and Companies statutes.

13. Share transfer restrictions:

There are no restrictions regarding the share transfer.

There could be separate stock transfer restrictions, which can only be imposed by the shareholders and only in agreed-upon cases (see companies shareholders agreements for more details).

14. Shareholders of the Company:

The Company's shareholders as at 31 December 2007 were as follows:

			2007	
Company	**Companies legal address**	**Company code**	**Number of shares**	**Ownership percentage**
ŽIA valda UAB	Smolensko st. 10, Vilnius, Lithuania	124211277	6 791 359	33,96
Kelmės pieninė AB	Raseinių st. 2, Kelmė, Lithuania	162403450	4 841 942	24,21
Invalda AB	Konstitucijos ave. 23, Vilnius, Lithuania	121304349	4 125 340	20,63
Mantas Juozaitis			1 838 835	9,19
Mindaugas Juozaitis			1 236 893	6,18
Renatas Dūdonis			451 748	2,26
David Henry Lasky			288 350	1,44
Valentas Šulskis			213 592	1,07
Aušrys Labinas			192 524	0,96
Domantas Savičius			19 417	0,10
Total			**20 000 000**	**100,00**

No shareholder has special voting rights.

15. Companies shareholders voting rights restrictions:

The Company has no indications about any restrictions to the shareholders voting rights.

16. Agreements between the shareholders:

Taking into account the conditions set out in the Companies' shareholders agreement, the shareholders of the Company (as at 20 February 2008 controlling 97,74% of the shares and voting rights) agreed not to sell their owned shares until 31 December 2009 unless:

- Shares are transferred to other shareholders of the Company (also parties of the agreement);
- There is another shareholder agreement stating otherwise;
- There is a proposal from the IPO organizers to sell the shares, to which 2/3 of all the parties to the shareholder agreement must approve.

17. Procedure for amendments of the Articles of Association:

The Articles of Association can be changed following Lithuanian Republic law on Stock companies with an appropriate approval of the Companies' shareholders.

18. Members of collegial bodies, Head of Company, their participation in Companies' shares:

Data on collegial bodies as at 31 December 2007:

Name, Surname	Position	End of current term of office	Period of service as a member
Ramūnas Audzevičius	Chairman of Supervisory Board	Until general meeting of shareholders to be held in 2009	Member of Supervisory Board since 05-12-2007
Hugh Miles Thomas	Member of Supervisory Board	Until general meeting of shareholders to be held in 2009	Member of Supervisory Board since 05-12-2007
Edvardas Makelis	Member of Supervisory Board	Until general meeting of shareholders to be held in 2009	Member of Supervisory Board since 05-12-2007
Valentas Šulskis	Chairman of the Board	As chairman of Board: until general meeting of shareholders to be held in 2009	Member of Board since 14-12-2007
	General Director	As general Director: coincides with the term of office as chairman of Board, i. e. until general meeting of shareholders to be held in 2009	General Director since 05-12-2007
Domantas Savičius	Member of Board	Until general meeting of shareholders to be held in 2009	Member of Board since 14-12-2007
Robertas Čepaitis	Member of Board	Until general meeting of shareholders to be held in 2009	Member of Board since 14-12-2007
Linas Strėlis	Member of Board	Until general meeting of shareholders to be held in 2009	Member of Board since 14-12-2007
Gediminas Žiemelis	Member of Board	Until general meeting of shareholders to be held in 2009	Member of Board since 14-12-2007
Jelena Bezumenko	Chief accountant	No term of office	Chief accountant since 24-10-2006

Information on the shares of the Company held by the members of the Supervisory Board, the Board and the top management as of 31 December 2007:

Name and position of member of Supervisory Board/Board/ management	number of ordinary registered shares of the Company owned by the member the ownership right	Share of authorised capital of the Company held by the member, %	% of votes attached to the shares owned by the member
Valentas Šulskis, Chairman of the Board, General Director	213 592	1,07	1,07
Domantas Savičius, Member of the Board, Financial Director	19 417	0,10	0,10

No extra pay or other benefits were paid to the members of the Supervisory Board, Board and top management except for salaries (Valentas Šulskis – for General Director position, Domantas Savičius - CFO). Since the appointment of the Supervisory Board, Supervisory Board members also receive salaries.

Name and Surname	Position	Term	Total
Valentas Šulskis	General Director	2007 January - December	LTL 115 962
Domantas Savičius	Chief Financial Officer	2007 January – December	LTL 70 492
Jelena Bezumenko	Chief Accountant	2007 January - December	LTL 46 416

19. Information on significant agreements, which could be affected by the change in shareholder structure

The Company or Group has not entered into any significant agreements the validity, amendment and termination of which could be affected by the change in shareholder structure.

20. Information on Companies and Groups collegial bodies‘ agreements regarding compensations in case of resignation, unjustifiable redundance, or change in ownership structure

The Company and it‘s collegial bodies‘ members have not concluded any agreements regarding compensations in case of resignation, unjustifiable redundance, or change in ownership structure.

21. Information on transactions with related parties:

Information on transactions with related parties is disclosed in the explanatory notes of the consolidated financial statements, note 25.

22. Information on compliance with the Code of Corporate Governance:

Agrowill Group AB compliance with the Code of Corporate Governance, which is added to the consolidated annual report in the Annex.

23. Data on publicly announced information:

During the period between 1 January 2007 and 31 December 2007 all information was publicly announced by the Group through Vilnius Stock Exchange. The content of this information may be accessed in the website of Vilnius Stock Exchange by using the following link: http://www.baltic.omxnordicexchange.com/market/?pg=news.

A summary of the Companies‘ announcements is shown below:

Heading	Announcement category	Date
Consolidated unaudited results for the year 2006	Company Announcement	2007-03-01
Agrovaldymo grupė AB acquired Žemės vystymo fondas UAB	Company Announcement	2007-03-14
The Extraordinary General Meeting will be held on 4 May 2007	Notice to convene extr.general meeting	2007-04-05
Minutes of Annual General meeting	Minutes of annual general meeting	2007-04-27
Minutes of Extraordinary shareholders meeting	Minutes of extraordinary general meeting	2007-05-04
LSC approved bonds issue prospectus of Agrovaldymo grupė AB	Prospectus/Announcement of Prospectus	2007-06-01
On audited financial statements and consolidated annual report for the 2006	Annual Financial Statement	2007-06-01
Agrovaldymo grupė AB annual report - prospectus for 2006	Annual information	2007-06-13
Unaudited consolidated financial report for 3 month period ended 31 March 2007	Interim information	2007-06-13
Notifications on transactions concluded by managers of the companies	Notifications on transactions concluded by managers of the companies	2007-06-15
Establishment of subsidiary entities	Notification on material event	2007-06-22
Regarding the completion of bonds issue and application submission to the VSE	Notification on material event	2007-06-26
Agrovaldymo grupė AB bonds listing on Baltic bond list	Notification on material event	2007-07-03
Corrected unaudited consolidated financial report for 3 month period ended 31 March 2007	Interim information	2007-07-04
The Extraordinary General Meeting will be held on 10 August 2007	Notification on material event	2007-07-11
Establishment of subsidiary entities	Notification on material event	2007-07-17
Draft decisions of 2007-08-10 Extraordinary general meeting	Notification on material event	2007-07-27
Consolidated unaudited results for 1st half of year 2007	Notification on material event	2007-08-01
Notification about disposal and acquisition of a block of shares	Notification about acquisition or disposal of a block of shares	2007-08-03

(Continued)

Heading	Announcement category	Date
Extraordinary general Agrovaldymo grupė AB shareholders meeting did not take place	Notification on material event	2007-08-10
Reconvening of extraordinary general meeting of shareholders of Agrovaldymo grupė AB	Notification on material event	2007-08-13
Notification about disposal and acquisition of a block of shares	Notification about acquisition (disposal) of a block of shares	2007-08-22
The Extraordinary General Meeting will be held on 25 August 2007	Notification on material event	2007-08-24
Draft decisions for the extraordinary general meeting of Agrovaldymo grupė AB	Notification on material event	2007-08-24
Correction: Reconvening of extraordinary general meeting of shareholders of Agrovaldymo grupė AB	Notification on material event	2007-08-24
Draft decisions of 2007-09-09 Extraordinary general meeting	Notification on material event	2007-08-24
Unaudited consolidated financial report for 6 month period ended 30 June 2007	Interim information	2007-09-07
Transactions in issuer's securities concluded by the managers of the issuer	Notifications on transactions concluded by managers of the companies	2007-09-07
Notification about disposal and acquisition of a block of shares	Notification about acquisition (disposal) of a block of shares	2007-09-07
Correction: Agrovaldymo grupė AB annual report - prospectus for 2006	Annual information	2007-09-11
Agrovaldymo grupė AB presentation	Other information	2007-10-25
The Extraordinary General Meeting will be held on 26 November 2007	Notification on material event	2007-10-25
Notification about manager transactions with shares	Notifications on transactions concluded by managers of the companies	2007-10-26
Notification about manager transactions with shares	Notifications on transactions concluded by managers of the companies	2007-10-26
Consolidated unaudited results for 9 month period ended 30 September 2007	Notification on material event	2007-10-31
Draft decisions of 2007-11-26 Extraordinary general meeting	Notification on material event	2007-11-12
Resolutions of Extraordinary general meeting	Notification on material event	2007-11-26
Unaudited consolidated financial report for 9 month period ended 30 September 2007	Interim information	2007-11-30
Agrovaldymo grupė AB changes name to Agrowill Group AB	Notification on material event	2007-12-05
Resolutions of Supervisory Board meeting	Notification on material event	2007-12-14
Resolutions of the Board of Directors meeting	Notification on material event	2007-12-17

Agrowill Group AB chairman of the Board Valentas Šulskis

30 April 2008

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2007
(All amounts are in LTL thousands, unless otherwise stated)

	Notes	31 December 2007	31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment	5	77 320	43 823
Investment property	6	57 646	-
Intangible assets	7	2 652	865
Long term receivables	11	271	1 492
Financial assets		70	67
Total non-current assets		**137 959**	**46 247**
Biological assets			
Livestock		25 811	17 977
Crop		5 907	5 378
Total biological assets	8	**31 718**	**23 355**
Current assets			
Inventory	9	12 796	8 423
Trade receivables, advance payments and other receivables	10	15 549	12 010
Cash and cash equivalents	12	4 421	1 695
Total current assets		**32 766**	**22 128**
TOTAL ASSETS		**202 443**	**91 730**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	20 000	200
Revaluation reserve		26 498	16 657
Legal reserve		1 000	15
Retained earnings		30 303	17 362
Equity attributable to equity holders of the parent		**77 801**	**34 234**
Minority interest		1 376	6 627
Total equity		**79 177**	**40 861**
Non-current liabilities			
Borrowings	15	58 250	16 571
Obligations under finance lease	16	3 308	2 266
Grants	14	5 218	4 674
Deferred tax liability	17	6 741	-
Total non-current liabilities		**73 517**	**23 511**
Current liabilities			
Current portion of non-current borrowings	15	5 814	-
Current portion of non-current obligations under finance lease	16	1 392	1 094
Current borrowings	15	27 694	17 409
Trade payables	18	11 132	5 729
Other payables and current liabilities		3 717	3 126
Total current liabilities		**49 749**	**27 358**
Total liabilities		**123 266**	**50 869**
TOTAL EQUITY AND LIABILITIES		**202 443**	**91 730**

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

These consolidated financial statements were approved and signed on 30 April 2008.

Valentas Šulskis General Director	Domantas Savičius Chief Finance Officer

	Notes	2007	2006
Sales	19	42 687	27 407
Cost of sales	19	(27 951)	(18 805)
Gain on changes in fair values of biological assets	8	1 947	789
Investment property fair value change gain	6	27 093	-
GROSS PROFIT		**43 776**	**9 391**
Operating expenses	20	(9 227)	(7 929)
OPERATING PROFIT		**34 549**	**1 462**
Income from financial and investment activities	22	1 499	671
Release of negative goodwill to income	21	6 965	3 643
Other income (expenses)		(359)	417
Finance cost	23	(5 788)	(2 726)
PROFIT BEFORE INCOME TAX		**36 866**	**3 467**
Income tax expense	17	(4 884)	-
NET PROFIT		**31 982**	**3 467**
ATTRIBUTABLE TO :			
Equity holders of the Company		31 288	3 470
Minority interest		694	(3)
		31 982	**3 467**
Basic and diluted earnings per share (LTL)	24	**1.56**	**0.17**

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Valentas Šulskis General Director	Domantas Savičius Chief Finance Officer

	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Equity attributable to equity holders of the parent	Minority interest	Total
Balance as of 31 December 2005	**70**	**-**	**7**	**13 980**	**14 057**	**4 149**	**18 206**
Increase in share capital (note 13)	80	-	-	(80)	-	-	-
Contribution to share capital (note 13)	50	-	-	-	50	-	50
Revaluation of property, plant and equipment, net of tax	-	16 657	-	-	16 657	2 171	18 828
Minority interest (acquisition of subsidiaries)	-	-	-	-	-	310	310
Transfer to legal reserves	-	-	8	(8)	-	-	-
Net profit	-	-	-	3 470	3 470	(3)	3 467
Balance as of 31 December 2006	**200**	**16 657**	**15**	**17 362**	**34 234**	**6 627**	**40 861**
Contribution to share capital (note 13)	6	-	-	-	6	-	6
Revaluation of property, plant and equipment, net of tax	-	10 523	-	-	10 523	-	10 523
Decrease in revaluation reserve related to revalued assets depretiation	-	(2 020)	-	2 283	263	(263)	-
Decrease in revaluation reserve related to disposal of revalued assets		(138)	-	149	11	(11)	-
Minority interest (acquisition of subsidiaries)	-	1 476	-	-	1 476	(5 671)	(4 195)
Transfer to legal reserve	-	-	985	(985)	-	-	-
Increase in share capital (note 13)	19 794	-	-	(19 794)	-	-	-
Net profit	-	-	-	31 288	31 288	694	31 982
Balance as of 31 December 2007	**20 000**	**26 498**	**1 000**	**30 303**	**77 801**	**1 376**	**79 177**

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

These consolidated financial statements were approved and signed on 30 April 2008.

Valentas Šulskis
General Director

Domantas Savičius
Chief Finance Officer

	31 December 2007	31 December 2006
Cash flows from /(to) operating activities		
Net profit	31 288	3 470
Minority interest	694	(3)
Income tax expense	4 884	-
Net profit before taxes and minority income	**36 866**	**3 467**
Adjustments for non-cash expenses (income) items and other adjustments		
Depreciation expense (note 5)	6 234	2 661
Amortization expense (note 6)	56	14
Impairment of assets and write offs	27	1 441
Gain on sale of investments	-	(16)
Gain on sales of non-current assets	(58)	-
Interest income	(206)	(176)
Investment property fair value change gain	(27 093)	-
Interest expense (note 21)	5 604	2 357
Release of negative goodwill to income (note 19)	(6 965)	(3 643)
Provisions for inventory	83	59
Provisions for accounts receivable (note 9)	194	63
Gain on changes in fair value of biological assets	(1 947)	(789)
Grants, related to assets, recognized as income	(306)	(179)
Changes in working capital		
(Increase) decrease in biological assets	(7 315)	(4 773)
(Increase) decrease in trade receivables and prepayments	(1 619)	(1 217)
(Increase) decrease in inventory	(3 625)	(503)
(Decrease) increase in trade and other payables	3 638	(981)
	3 568	**(2 215)**
Interest paid, net	(4 860)	(1 296)
Net cash flows from /(to) operating activities	**(1 292)**	**(3 511)**
Cash flows from /(to) investing activities		
Acquisition of subsidiaries	(3 564)	(4 261)
Disposal of subsidiaries	(59)	97
Purchase of non-current tangible assets (note 5)	(33 456)	(5 567)
Purchase of non-current intangible assets (note 6)	(241)	(76)
Proceeds from sales of non-current assets	704	-
Grants related to income (note 14)	850	2 374
Other loans granted (repaid)	1 221	(1 180)
Net cash flows from/(to) investment activities	**(34 545)**	**(8 613)**
Cash flows from /(to) financing activities		
Contribution to share capital in cash	6	50
Disposal (acquisition) of available for sale investments	(4)	3
Proceeds from bank borrowings	32 483	(1 922)
Proceeds from other borrowings	4 738	6 978
Increase (repayments) of obligations under finance lease	1 340	(1 559)
Net cash flows from/(to) financing activities	**38 563**	**3 550**
Net (decrease) / increase in cash and cash equivalents	**2 726**	**(8 574)**
Cash and cash equivalents at the beginning of the period	**1 695**	**10 269**
Cash and cash equivalents at the end of the period	**4 421**	**1 695**

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

These consolidated financial statements were approved and signed on 30 April 2008.

Valentas Šulskis
General Director

Domantas Savičius
Chief Finance Officer

1. General information

Agrowill Group AB (hereinafter – „the Company") was founded and started its operations on 25 June 2003. The Company head office is located in Smolensko st. 10, Vilnius, Lithuania. The Company's main activity is management of agricultural companies.

In 2003 the Company's legal name Galuvė UAB was changed to Agrovaldymo grupė UAB. In February 2006, limited liability company Agrovaldymo grupė was reorganized to a public company Agrovaldymo grupė AB. In December 2007 the Company's name was changed to Agrowill Group AB.

As of 31 December the main shareholders of the Company were:

		2007		2006	
Entity / person	**Company address**	**Number of shares**	**% owned**	**Number of shares**	**% owned**
Legal entities					
ŽIA valda UAB	Smolensko st. 10, Vilnius, Lithuania	6 791 359	33,96	53 740	26,87
Kelmės pieninė AB	Raseinių st. 2, Kelmė, Lithuania	4 841 942	24,21	1 720	0,86
Invalda AB	Konstitucijos ave. 23, Vilnius, Lithuania	4 125 340	20,63	42 920	21,46
Physical persons					
Mantas Juozaitis		1 838 835	9,19	18 940	9,47
Mindaugas Juozaitis		1 236 893	6,18	18 140	9,07
Renatas Dūdonis		451 748	2,26	4 700	2,35
David Henry Lasky		288 350	1,44	3 000	1,50
Valentas Šulskis		213 592	1,07	-	-
Aušrys Labinas		192 524	0,96	12 400	6,20
Domantas Savičius		19 417	0,10	-	-
Titas Sireika		-	-	14 800	7,40
Linas Strėlis		-	-	12 700	6,35
Rusnė Sereikienė		-	-	12 360	6,18
Aldona Petrošienė		-	-	3 120	1,56
Remigijus Žvirblis		-	-	1 460	0,73
Total		**20 000 000**	**100,00**	**200 000**	**100,00**

As of 31 December the Group consisted of the Company and the following subsidiaries:

		Ownership interest		
Subsidiary company	**Country**	**2007**	**2006**	**Main activity**
AVG Investment UAB	Lithuania	100,00%	100,00%	Acquisitions of agricultural companies
Žemės vystymo fondas UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 1 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 2 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 3 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 4 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 5 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 6 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 7 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 8 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 9 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 11 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 12 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 14 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 15 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 16 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 17 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 18 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 19 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 20 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 21 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Agricultural company Spindulys	Lithuania	99,96%	48,43%	Production of agricultural produce

(Continued)

Subsidiary company	Country	Ownership interest 2007	2006	Main activity
Panevėžys district Smilgių agricultural company	Lithuania	99,95%	99,58%	Production of agricultural produce
Skėmių agricultural company	Lithuania	99,87%	99,87%	Production of agricultural produce
Anykščiai district Nausodės agricultural company	Lithuania	99,81%	94,63%	Production of agricultural produce
Raseiniai district Dumšiškių agricultural company	Lithuania	99,36%	98,02%	Production of agricultural produce
Žadžiūnų agricultural company	Lithuania	99,02%	92,66%	Production of agricultural produce
Kėdainiai district Mantviliškio agricultural company	Lithuania	98,79%	91,91%	Production of agricultural produce
Molėtai district agricultural company Alanta	Lithuania	98,56%	98,56%	Production of agricultural produce
Eimučių agricultural company	Lithuania	98,41%	85,89%	Production of agricultural produce
Agricultural company Vėriškės	Lithuania	98,41%	81,22%	Production of agricultural produce
Želsvelės agricultural company	Lithuania	97,17%	89,54%	Production of agricultural produce
Agricultural cooperative AVG Lankesa	Lithuania	95,93%	87,17%	Production of agricultural produce
Agricultural company Kairėnai	Lithuania	94,82%	75,11%	Production of agricultural produce
Jurbarko district agricultural company Jurbarkai	Lithuania	87,78%	84,54%	Production of agricultural produce

As of 31 December 2007 the Group had 750 employees, 2006 – 848 employees.

The main financial ratios of the Group:

		2007	2006
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization (LTL thousands)*	12 796	5 461
ROA	Return On Assets (%)*	10,58	2,90
ROE	Return On Equity (%)*	16,21	12,76
Liquidity ratio	Liquidity ratio	0,66	0,81
Acid test ratio	Acid test ratio	0,40	0,50

* - *not taking into account the investment property revaluation*

EBITDA = Net profit + depreciation and amortization + interest expenses – negative goodwill recognized through profit (loss)
ROA = Net profit / (Average Group assets)
ROE = Net profit / (Average shareholders equity)
Liquidity ratio = Current assets / Current liabilities
Quick ratio = (Current assets – Inventory) / Current liabilities

2. Adoption of new and revised International Financial Reporting Standards

In 2007 the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007.

a) Standards, amendments and interpretations effective as of 2007, and had effect to the Group's accounting policies:

- IFRS 7, Financial Instruments: Disclosure (effective for annual periods beginning on or after 1 January 2007);
- IAS 1 (Amendment), Capital disclosures (effective for annual periods beginning on or after 1 January 2007);

b) Standards, amendments and interpretations effective as of 2007, but had no effect to the Group's accounting policies:

- IFRIC 7, Applying the Restatement Approach under IAS 29 (effective for annual periods beginning on or after 1 March 2006);
- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006);
- IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006);
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006);

c) Standards, amendments and interpretations that are issued, but not yet effective and have not been early adopted by the Group:

At the date of authorization of these financial statements, the following Standards and Interpretations were issued but not yet effective:

- IAS 1 Comprehensive Revision (amendment) (effective for accounting periods beginning on or after 1 January 2009) (not yet endorsed by EU);
- IAS 23 (Revised) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009) (not yet endorsed by EU);
- IFRS 8, Operating segments (effective for annual periods beginning on or after 1 January 2009);
- IFRIC 11, IFRS 2, Group Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007);
- IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008) (not yet endorsed by the EU);
- IFRIC 13, Client loyalty programs (effective for annual periods beginning on or after 1 January 2008) (not yet endorsed by the EU);
- IFRIC 14, The limit on a defined benefit asset, minimum funding requirements and their interaction (effective for annual periods beginning on or after 1 January 2008) (not yet endorsed by the EU);

The Groups Management estimates that adoption of these Standards and Interpretations in the future accounting periods will not have a significant effect on the consolidated financial statements.

3. Significant accounting policies

3.1 Statement of compliance

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union (EU). At current, the International Financial Reporting Standards (IFRS's) as adopted by the European Union (EU) do not differ from the International Financial Reporting Standards (IFRS) issued by the Board of the International Reporting Standards except for certain hedge accounting requirements under IAS 39, which have not been adopted by the EU. The Group has determined that the unendorsed hedge accounting requirements under IAS 39 would not impact the Group's financial statements had they been endorsed by the EU at the balance sheet date. Therefore, when hereinafter referencing to the IFRS, the term "IFRS" is used both – for IFRS, and IFRS adopted by the EU.

The main accounting policies adopted in preparing the Group's consolidated financial statements for the year ended 31 December 2007 are as follows:

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for property, plant and equipment and investment property, biological assets (livestock), certain financial instruments which are stated at fair value. The principal accounting policies are set out below.

These financial statements are presented in the national currency of the Republic of Lithuania, the Litas ("LTL") as the majority of the Group's transactions are executed in this currency.

The fiscal year of the Company and its subsidiaries corresponds with calendar year.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3.3 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition (purchase) method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business combinations* are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess (negative goodwill) is recognized immediately in profit or loss.

Negative goodwill represents excess of Groups interest in the net value of acquired company identifiable assets, liabilities and contingent liabilities over acquisition cost. At the point of a business combination negative goodwill is recognized in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

3.4 Property, plant and equipment

From 31 December 2006 the Group has changed property, plant and equipment accounting policy, as the new accounting policy is considered more appropriate in valuating and presenting the Group's financial position and financial results. Up to 31 December 2006 the property, plant and equipment was stated at acquisition cost less accumulated depreciation and any accumulated impairment losses. As of 31 December 2006 the property, plant and equipment, except for construction in progress, are stated at revalued amounts less accumulated depreciation and impairment losses. It is impracticable to determine the period – specific effects of change in accounting policy on comparative information for one or more periods presented, therefore the Group applied the new accounting policy prospectively. As a result property, plant and equipment and revaluation reserve have increased by LTL'000 16 657 as of 31 December 2006.

Property, plant and equipment was valued by a real estate appraiser ŽIA Valda Real Estate UAB. The fair value was determined using comparable market prices method.

As at 31 December 2007, the Group did not have an independent appraisal of it's investment property and cultivated agricultural land. According to IFRS, such properties must be recorded at market value. The management valued the average price of 1 ha of agricultural land. The value was determined based on the last land buying transactions executed by the Group, received proposals to sell the land, and agricultural commodities prices trends in the world markets. The determined price as at 31 December 2007 was LTL 7 000 per hectare.

Property, plant and equipment are assets that are owned and controlled by the Group, which are expected to generate economic benefits in the future periods and with the useful life exceeding one year. Acquisition cost should be reliably defined and not less than LTL 100.

Depreciation of property, plant and equipment, except construction in progress, is calculated using the straight-line method. Liquidation value is 1 Lt. Depreciation expenses are charged to the income statement under operating expenses, cost of sales and is recognized in the balance sheet under production in progress and goods for sale. Estimated useful lives of property, plant and equipment are as follows:

Buildings	20 – 50	years
Constructions and machinery	5 – 20	Years
Vehicles, equipments and other assets	1 – 10	years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Construction-in-progress represents property, plant and equipment under construction. Such assets are carried at acquisition cost, less any recognized impairment losses. Cost includes design, construction works, plant and equipment being mounted and other directly attributable costs.

Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss in the period in which they are incurred.

The gain or loss arising on the disposal of property, plant and equipment is recognized in profit or loss.

3.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

The Groups investment property consists of Agricultural land plots. Land plots that were used by the Group companies as at 31 December 2007 are accounted for as fixed assets in the consolidated financial statements.

The revaluation of the Group's investment property was made on 31 March 2007 based on valuations made by Žia Valda Real Estate UAB and Oberhaus UAB. As at 31 December 2007, the Group did not have an independent appraisal of it's investment property and cultivated agricultural land. According to IFRS, such properties must be recorded at market value. The management valued the average price of 1 ha of agricultural land. The value was determined based on the last land buying transactions executed by the Group, received proposals to sell the land, and agricultural commodities prices trends in the world markets. The determined price as at 31 December 2007 was LTL 7 000 per hectare.

3.6 Intangible assets

<u>Goodwill</u>
Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

(Continued)

3.6 Intangible assets (continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets
Intangible assets (except goodwill) are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis of their useful lives:

Software	2 – 3	years
Other intangible assets	5	years

The gain or loss arising on the disposal of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.7 Impairment of property, plant and equipment and intangible assets (except for goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 Biological assets

The Group's biological assets consist of livestock and crops.

Livestock is measured at fair value. Fair value was determined using current market value of livestock groups or market values of similar groups of livestock and adjusting them adequately.

Crops are measured at cost due to the fact that fair value could not be determined reliably.

3.9 Inventories

Inventories are initially measured at cost and are subsequently measured at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined by the first-in, first-out method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Production is valued at net realizable value less transportation costs.

3.10 Financial assets and financial liabilities

Receivables and loans
Receivables and loans are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method less impairment loss recognized to reflect irrecoverable amounts. Provision for impairment of accounts receivable is calculated and recognized in the statement of income when there are objective evidence that the value of accounts receivable is impaired. The amount of provision is the difference between the book value and present value of estimated future cash flows discounted using interest rate effective at the date of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income on debt instruments is recognized in profit or loss on an effective interest rate basis.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and cash in banks, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities
Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment not been recognized.

3.11 Foreign currency transactions

Transactions denominated in foreign currency are translated into LTL at the official Bank of Lithuania exchange rate on the date of the transaction, which approximates the prevailing market rates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in net profit or loss for the period.

(Continued)

3.11 Foreign currency transactions (continued)

As of 31 December foreign currency rates were as follows:

2007	2006
1 EUR = 3,4528 LTL	1 EUR = 3,4528 LTL
1 USD = 2,3572 LTL	1 USD = 2,6304 LTL

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Litas (LTL), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.12 Grants

Grants are accounted for on an accrual basis of accounting, i.e. grants are credited to income statement in the periods when related expenses, which they are intended to compensate, incur.

Grants related to assets
Grants related to assets include asset acquisition financing and non-monetary grants. Initially such grants are recorded at the fair value of the corresponding assets and subsequently credited to income statement over the useful lives of related non-current assets offset with depreciation expenses of the corresponding assets.

Grants related to income
Grants related to income are received as a reimbursement for the expenses already incurred and as a compensation for unearned revenue, and also all other grants than those related to assets. Grants are recognized when they are received or there is a reasonable assurance that they will be received. Grants received as a compensation for unearned revenue are recognized as income over the periods necessary to match them with the related unearned revenue to compensate.

3.13 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as lessee
Assets held under finance leases are recognized as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are recognized in profit or loss on a straight-line basis over the term of the relevant lease.

3.14 Business and geographical segments

A business segment means a constituent part of the business participating in production of an individual product or provision of a service or a group of related products or services, the risk and returns whereof are different from other business segments.

The main business segments defined by the Group are stock-raising and crop growing, as well as land rent activities.

A geographical segment means a constituent part of the business participating in production of individual products or provision of services within certain economic environment the risk and returns whereof are different from other constituent parts operating in other economic environments.

The geographical segments are not defined by the Group, all activities of the Group are performed on the territory of Republic of Lithuania.

Expenses of the Group's structural units, which may be directly allocated to a specific segment, are allocated to this segment. Expenses of the structural units of the Group, which take part in more than one segment, are allocated pro rata to the established distribution of expenses.

3.15 Revenue and expenses recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown net of value-added tax, estimated rebates, discounts and other similar allowances.

The revenues are recognized on an accrual basis. Revenues are recognized in the financial statements irrespective of cash inflows, i.e. when they are earned.

Interest income is recognized on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. Received interest is recorded in the cash flow statement as cash flows from investing activities.

Expenses are recognized in profit or loss when incurred.

3.16 Finance cost

All finance costs are recognized in profit or loss when incurred.

3.17 Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

In accordance with Republic of Lithuania legislation income is taxable by 15% income tax. In addition income is taxable by temporary social tax which in 2006 and 2007 was 4% and 3%, respectively.

The Company's subsidiaries are involved in agricultural production and in accordance with Republic of Lithuania law do not account for and pay income tax.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The main temporary differences arise due to revaluation of investment property.

3.18 Financial risk management

The Group faces different financial risks, including change in equity and borrowing markets, change in foreign exchange rates and interest rate risks. The Group's general risk management program considers unpredictability of financial markets and seeks to minimize potential negative impact on the Group financial results.

The Group's management is responsible for the risk management.

Credit risk

The Group's credit risk as at 31 December 2007 was associated with:

	Group 2007	Group 2006
Financial assets	20 311	15 264

Financial assets consist of trade receivables, other amounts receivable, term deposits and cash balances. Groups credit risks associated with trade receivables is minimal because main clients of the Group have appropriate credit history. The Group has no credit concentration risk as the sales are distributed among several clients.

Credit risk associated with the cash funds at banks is minimal, as the Group deals with the banks which have high credit ratings established by foreign rating agencies.

Trade receivables are constantly reviewed and if need arises – a provision is established. As at 31 December 2007 and 31 December 2006, the Group had LTL 1 362 thousand and LTL 1 168 thousand provisions for doubtful debts established respectively. Most of these provisions were established for the amounts receivable acquired with the subsidiary companies.

Liquidity risk

The Company is exposed to the liquidity risk due to different maturity profiles of receivables and payables. The risk is managed by planning the cash flows. The Company uses overdrafts and credit lines to manage the differences of maturity profiles of the receivables and payables.

(Continued)

3.18 Financial risk management (continued)

When concluding credit line and loan agreements the Group follows a principle, that liquid assets and unused credit line limits should cover the short term financial liabilities of the Group, including the long-term loans current year payable amount.

In the table below a short summary about the liabilities maturity payments of the Group. This information was prepared using the earliest payment dates of non-discounted projected payments of the liabilities of the Group. Balance sheet amounts payable within one year reflect true value of the liabilities, as the influence of discounting is not significant.

	Within one year	In second year	Over third- fifth years	After five years
31 December 2007				
Loans	20 017	8 246	14 558	35 446
Bonds	13 491	-	-	-
Finance lease liabilities	1 392	1 230	1 954	123
Trade and other payables	14 849	-	-	-
Total	**49 749**	**9 476**	**16 512**	**35 569**
31 December 2006				
Loans	7 782	979	4 896	10 696
Bonds	9 627	-	-	-
Finance lease liabilities	1 094	755	1 511	-
Trade and other payables	8 855	-	-	-
Total	**27 358**	**1 734**	**6 407**	**10 696**

As at 31 December 2007 and 2006 the operating capital of the Group was negative and equaled LTL (16 983) thousand and LTL (5 230) thousand respectively. The liquidity ratio of the Group amounted to 0,66 (2006: 0,81), while quick ratio was 0,40 (2006: 0,50).

The Group each year rolls forward the bonds issue, which is not payable in reality within one year. Additionally, the Group signed a LTL 11 million short term loan agreement with a purpose to repay it after the issue of new shares (in April 2008). Taking the above mentioned into account, the Groups operating capital as at 31 December 2007 and 2006 was LTL 7 508 thousand and LTL 4 327 thousand respectively.

Market risk

Interest rate risk
Fluctuations in market interest rates does not influence revenues and cash flows of the Group significantly. The interest rate risk increases as the Group signs most of the loan agreements with variable interest rate. Loan agreements with fixed interest rate increases the fluctuation in fair value of financial liabilities risk.

The Group companies have loan agreements with fixed and variable interest rate which are connected to EURIBOR, EUR LIBOR and VILIBOR.

If, over year 2007, the interest rate of the Group‘s loans and credit lines used would have been higher by 100 percentage points, the net profit of the Group would be LTL 669 thousand less (2006: LTL 332 thousand).

Foreign currency risk
In order to manage foreign currency risk the Group borrows only in LTL of EUR. Groups purchase / sale contracts are also conducted in LTL and EUR.

Since 2 February 2002, the LTL/EUR exchange rate was fixed. Due to this reason, the changes in foreign currencies translation rates do not influence the financial position of the Group.

The Group companies do not have significant foreign currency concentration, thus no financial instruments were used in order to hedge against foreign currency risks.

Securities price risk
The Group is not exposed to significant equity securities price risk because it has no material investments in securities or other similar financial instruments.

The subsidiaries are owned and controlled directly. The Group influences the results of subsidiaries by directly participating in management of the subsidiaries.

3.19 Reserves

Legal reserve
The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of minimum 5% of the net distributable profit are required until the legal reserve reaches 10% of the registered share capital. The appropriation is restricted to reduction of the accumulated deficit.

Other reserves
The Group's net income for the year is transferred to other reserves and makes up other reserve balance for the year end. These reserves can be used only for the purposes approved by the General Shareholder Meeting.

3.20 Related parties

Related parties are defined as shareholders, employees, members of the management board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

3.21 Subsequent events

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

4. Critical judgments and uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet 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.

Impairment of property, plant and equipment
The Group and the Company makes an assessment, at least annually, whether there are any indications that property, plant and equipment have suffered any impairment. If that is the case, the Group and the Company makes an impairment test in accordance with the accounting policy set out in note 3.7. The recoverable amount of cash-generating units is determined based on value-in-use calculations. As of 31 December 2007 there were no indications that property, plant and equipment might be impaired.

Impairment of goodwill
The Group tests annually whether goodwill been impaired, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. As of 31 December 2007 and 2006 there were no indications that goodwill might be impaired.

Valuation of investment property and cultivated agricultural land
As at 31 December 2007, the Group did not have an independent appraisal of it's investment property and cultivated agricultural land. According to IFRS, such properties must be recorded at market value. The management valued the average price of 1 ha of agricultural land. The value was determined based on the last land buying transactions executed by the Group, received proposals to sell the land, and agricultural commodities prices trends in the world markets. The determined price as at 31 December 2007 was LTL 7 000 per hectare. This valuation, however, is not supported by any independent appraisals.

5. Property, plant and equipment

As of 31 December 2007 the Group's property, plant and equipment consisted of the following:

	Land	Buildings	Constructions and machinery	Vehicles, equipment and other property, plant and equipment	Construction in progress	Total
Acquisition cost/Revalued amount						
As of 31 December 2005	**821**	**6 201**	**18 794**	**3 409**	**1 139**	**30 364**
- additions	109	161	6 437	662	2 924	10 293
- acquisition of subsidiaries	-	1 449	2 245	1 011	154	4 859
- disposal of subsidiaries	-	(403)	-	-	-	(403)
- disposals	-	(645)	(1 244)	(183)	(151)	(2 223)
- reclassifications	-	2 150	353	(238)	(2 265)	-
- revaluation	612	10 089	(7 824)	(1 944)	-	933
As of 31 December 2006	**1 542**	**19 002**	**18 761**	**2 717**	**1 801**	**43 823**
- additions	257	489	11 696	592	4 579	17 613
- disposal of subsidiaries	-	-	-	(84)	-	(84)
- disposals	-	(26)	(1 719)	(495)	-	(2 240)
- reclassifications	-	6 115	887	(972)	(6 030)	-
- transferred from investment property	22 830	-	-	-	-	22 830
As of 31 December 2007	**24 629**	**25 580**	**29 625**	**1 758**	**350**	**81 942**
Depreciation						
As of 31 December 2005	**-**	**2 068**	**9 329**	**2 170**	**-**	**13 567**
- acquisition of subsidiaries	-	865	788	431	-	2 084
- depreciation	-	334	1 756	571	-	2 661
- reclassifications	-	7	(26)	19	-	-
- disposals	-	(22)	(116)	(23)	-	(161)
- write offs	-	-	(216)	(40)	-	(256)
- eliminated on revaluation	-	(3 252)	(11 515)	(3 128)	-	(17 895)
As of 31 December 2006	**-**	**-**	**-**	**-**	**-**	**-**
- acquisition of subsidiaries	-	-	-	-	-	-
- depreciation	-	342	3 385	224	-	3 951
- disposals of subsidiaries	-	-	-	(42)	-	(42)
- depreciation of revalued amount	-	580	1 348	355	-	2 283
- reclassifications	-	-	14	(14)	-	-
- disposals	-	(6)	(1 239)	(325)	-	(1 570)
As of 31 December 2007	**-**	**916**	**3 508**	**198**	**-**	**4 622**
Carrying amount						
As of 31 December 2005	**821**	**4 133**	**9 465**	**1 239**	**1 139**	**16 797**
As of 31 December 2006	**1 542**	**19 002**	**18 761**	**2 717**	**1 801**	**43 823**
As of 31 December 2007	**24 629**	**24 664**	**26 117**	**1 560**	**350**	**77 320**

As of 31 December 2007 the carrying amount of property, plant and equipment in the amount of LTL 41 867 thousand (2006: LTL nill) have been pledged as security for bank borrowings.

(Continued)

5. Property, plant and equipment (continued)

As of 31 December 2006 the property, plant and equipment was valued by real estate appraiser ŽIA Valda Real Estate UAB. The fair value was determined using comparable prices method.

As of December 31 the carrying amount of the Group's property, plant and equipment acquired under finance lease, consisted of the following:

	2007	2006
Constructions and machinery	5 760	3 986

6. *Investment property*

As of 31 December 2007 the Group's investment property consisted of the following:

	Agricultural land
Fair value	
31 December 2006	**-**
- acquisition cost of assets	15 843
- acquisition of subsidiaries	25 160
- increase in fair value of assets	39 473
- transferred to property, plant and equipment	(22 830)
31 December 2007	**57 646**

As of 31 December 2007 the carrying amount of investment property in the amount of LTL 36 053 thousand (as of 31 December 2006, the Group did not own investment property) have been pledged as security for bank borrowings.

The investment property of the Group consists of agricultural land plots. As at 31 December 2007, the Group had ownership rights to 11 500 ha of land. Approximately 3 300 ha of them was used by the Group, 4 500 ha – rented out to third persons and companies, and approximately 3 700 ha were not used.

The Group's accounting practice is to revalue the investment property at fair value at each year-end and to disclose the changes in the financial statements. The revaluation of the Group's investment property was made on 31 March 2007 based on valuations of Žia Valda Real Estate UAB and Oberhaus UAB. As at 31 December 2007, the Group did not have an independent appraisal of it's investment property and cultivated agricultural land. According to IFRS, such properties must be recorded at market value. The management valued the average price of 1 ha of agricultural land. The value was determined based on the last land buying transactions executed by the Group, received proposals to sell the land, and agricultural commodities prices trends in the world markets. The determined price as at 31 December 2007 was LTL 7 000 per hectare.

The land plots which are rented and used by the subsidiary Group companies were transferred from investment property to property, plant and equipment as at 31 December 2007. The acquisition value of such land plots was LTL 10 450 thousand, while the fair value surpluses amounted to LTL 12 380 thousand (total amount transferred was LTL 22 830 thousand).

Change in fair value of investment property

In total, during 2007, the gain from change in fair value of investment property amounted to LTL 39 473 thousand, part of this revaluation is associated with the land rented and used by the Group's subsidiary entities, thus only LTL 27 093 thousand revaluation gain is presented in the current year result.

The remaining part of revaluation (LTL 12 380 thousand) is included in the revaluation reserve.

7. *Intangible assets*

As of 31 December 2007 the Group's non-current intangible assets consisted of the following:

	Goodwill	Software	Other intangible assets	Total
Acquisition cost				
As of 31 December 2005	**685**	**26**	**25**	**736**
- additions	-	4	72	76
- acquisitions of subsidiaries (note 21)	89	-	-	89
As of 31 December 2006	**774**	**30**	**97**	**901**
- additions	-	128	113	241
- acquisitions of subsidiaries (note 21)	1 602	-	-	1 602
As of 31 December 2007	**2 376**	**158**	**210**	**2 744**
Amortization				
As of 31 December 2005	**-**	**7**	**15**	**22**
- amortization	-	6	8	14
As of 31 December 2006	**-**	**13**	**23**	**36**
- amortization	-	11	45	56
As of 31 December 2007	**-**	**24**	**68**	**92**
Carrying amount				
As of 31 December 2005	**685**	**19**	**10**	**714**
As of 31 December 2006	**774**	**17**	**74**	**865**
As of 31 December 2007	**2 376**	**134**	**142**	**2 652**

As the subsidiaries of the Group operated profitably – there are no indications of goodwill impairment.

8. *Biological assets*

The Group's livestock quantity consisted of the following:

	Milk cows	Heifers	Other livestock	Pigs	Total
As of 31 December 2005	**2 400**	**1 986**	**647**	**2 674**	**7 707**
Acquisition of subsidiaries	788	828	769	1 696	**4 081**
Additions	107	569	29	-	**705**
Increase (birth)	-	1 690	1 712	2 952	**6 354**
Transfers from other groups (+)	1 150	-	974	-	**2 124**
Transfers to other groups (-)	(944)	(1 180)	-	-	**(2 124)**
Sales	(45)	(499)	(2 488)	(4 301)	**(7 333)**
Write offs and natural mortality	(78)	(192)	(250)	(1 276)	**(1 796)**
As of 31 December 2006	**3 378**	**3 202**	**1 393**	**1 745**	**9 718**
Acquisition of subsidiaries	-	-	-	-	**-**
Additions	-	1 684	-	-	**1 684**
Increase (birth)	-	2 128	2 060	907	**5 095**
Transfers from other groups (+)	2 377	-	1 100	-	**3 477**
Transfers to other groups (-)	(1 511)	(1 966)	-	-	**(3 477)**
Sales	(14)	(754)	(3 891)	(2 360)	**(7 019)**
Write offs and natural mortality	(114)	(310)	(312)	(292)	**(1 028)**
As of 31 December 2007	**4 116**	**3 984**	**350**	**-**	**8 450**

(Continued)

8. Biological assets (continued)

The Group's livestock value consisted of the following:

	Milk cows	Heifer	Other livestock	Pigs	Total
As of 31 December 2005	**6 456**	**3 362**	**936**	**523**	**11 277**
Acquisition of subsidiaries	1 147	804	641	282	**2 874**
Additions	290	1 688	25	-	**2 003**
Increase (birth)	-	338	343	3	**684**
Makeweight	1	3 906	2 024	1 437	**7 368**
Transfers from other groups (+)	3 497	-	2 202	-	**5 699**
Transfers to other groups (-)	(2 246)	(3 453)	-	-	**(5 699)**
Sales	(68)	(935)	(3 952)	(1 802)	**(6 757)**
Write offs and natural mortality	(224)	(117)	(149)	(160)	**(650)**
Profit arising from changes in biological assets fair value (note 19)	403	1 082	(307)	-	**1 178**
As of 31 December 2006	**9 256**	**6 675**	**1 763**	**283**	**17 977**
Acquisition of subsidiaries	-	-	-	-	**-**
Additions	-	6 879	-	-	**6 879**
Increase (birth)	-	406	412	4	**822**
Makeweight	-	6 309	1 471	527	**8 307**
Transfers from other groups (+)	9 061	-	2 774	-	**11 835**
Transfers to other groups (-)	(3 067)	(8 768)	-	-	**(11 835)**
Sales	(32)	(1 851)	(6 011)	(796)	**(8 690)**
Write offs and natural mortality	(323)	(61)	(130)	(18)	**(532)**
Profit arising from changes in biological assets fair value (note 19)	254	901	(107)	-	**1 048**
As of 31 December 2007	**15 149**	**10 490**	**172**	**-**	**25 811**

The Group's crops consisted of the following:

2007	Winter crops	Summer crops	Rapes	Feed crops	Total
Total ha planted	3 607	4 176	2 411	7 798	**17 992**
Total expenses incurred	2 715	1 104	892	1 196	**5 907**
Average expenses per 1 ha (LTL)	753	264	370	153	**328**

2006	Winter crops	Summer crops	Rapes	Feed crops	Total
Total ha planted	3 827	3 269	2 243	7 716	**17 055**
Total expenses incurred	2 255	1 422	819	882	**5 378**
Average expenses per 1 ha (LTL)	589	435	365	114	**315**

Total hectares planted shows both the actual hectares planted as at 31 December, as well as forecasted spring sowing number of hectares, for which the Group has incurred expenses.

9. Inventory

As of December 31 the Group's inventories consisted of the following:

	2007	2006
Raw materials	3 205	2 628
Finished goods	9 996	7 405
Total	**13 201**	**10 033**
Less: write-down to net realizable value	(1 304)	(1 221)
Add: change in fair value of finished goods	899	(389)
Carrying amount	**12 796**	**8 423**

10. Trade receivables, advance payments and other receivables

As of December 31 the Group's trade receivables, advance payments and other receivables consisted of the following:

	2007	**2006**
Trade receivables	6 065	4 736
Subsidies and grants receivable from NPA	5 870	4 016
Advance payments and deferred expenses	4 260	3 591
VAT receivable	319	157
Accounts receivable private individuals	44	-
Other receivables	353	678
Total	**16 911**	**13 178**
Less: allowance for doubtful accounts	(1 362)	(1 168)
Carrying amount	**15 549**	**12 010**

In the opinion of the Group's management, the trade receivables, advance payments and other receivables approximate their fair value.

The movement of provisions for doubtful receivables consisted of the following:

	2007	**2006**
Carrying amount as of 1 January	**1 168**	**1 105**
Provisions for doubtful receivables	194	63
Acquisition of subsidiaries	-	-
Carrying amount as of 31 December	**1 362**	**1 168**

11. Long term receivables

	2007	**2006**
The loan to ŽVF projektai UAB (LTL), maturity in 2009, annual interest rate 7 %	171	-
The loan to ŽVF projektai UAB (LTL), maturity in 2009, annual interest rate 12,29 %	100	-
The loan to Žemės vystymo grupė 1 UAB (LTL), maturity in 2017, annual interest rate 10.5%	-	792
The loan to Aušrys Labinas (LTL), maturity in 2008, annual interest rate 8.9%	-	600
The loan to Žemės vystymo grupė 12 UAB (LTL), maturity in 2017, annual interest rate 10.5%	-	100
Carrying amount as of 31 December	**271**	**1 492**

12. Cash and cash equivalents

As of 31 December the Group's cash and cash equivalents consisted of the following:

	2007	**2006**
Cash in banks	4 242	1 505
Cash on hand	107	66
Term deposits	72	124
Carrying amount	**4 421**	**1 695**

As of 31 December 2006 the Group's part of cash in bank accounts was pledged to the Banks.

13. Share capital

As of 31 December 2005, the share capital consisted of 700 ordinary registered shares with par value LTL 100 each. All shares were fully paid.

On 26 January 2006, the share capital of the Company was increased from LTL 70 000 to LTL 150 000, by issuing 800 new shares with a par value of LTL 100 each as a result of retained earnings capitalization. The shares were issued to the existing shareholders proportionate to their ownership in the Company. For the purpose of calculating earnings per share all references in these consolidated financial statements to the weighted average number of shares were restated to reflect 15:7 share split.

On 20 March 2006, the par value of the Companies share was decreased from LTL 100 to LTL 1 and as a result 148 500 new shares were issued to the existing shareholders proportionate to their current holdings. For the purpose of calculating earnings per share all references in these consolidated financial statements to the weighted average number of shares were restated to reflect 100:1 share split.

On 10 April 2006, the share capital of the Company was increased from LTL 150 000 to LTL 200 000 by issuing new 50 000 ordinary shares with par value of LTL 1 each. The shares were paid in cash.

As of 31 December 2006, the share capital consisted of 200 000 ordinary registered shares (2005: 700 shares) with par value LTL 1 each (2005: LTL 100). All shares were fully paid.

On 31 August 2007, the shareholders increased the share capital of the Company from LTL 200 000 to LTL 206 000 by monetary contributions. Additional 6 000 shares were issued with nominal value of LTL 1 each.

On 12 October 2007, the shareholders increased the share capital of the Company from LTL 206 000 to LTL 20 000 000 by issuing distributing 19 794 000 additional shares with nominal value of LTL 1 each to existings shareholders by transfer from the retained earnings. For the purpose of calculating earnings per share all references in these consolidated financial statements to the weighted average number of shares were restated to reflect 9 897:103 share split.

As of 31 December 2007, the share capital consisted of 20 000 000 ordinary registered shares with par value LTL 1 each. All shares were fully paid.

14. Grants

For the year ended as of 31 December the movement of grants consisted of the following:

	2007	2006
Carrying amount as of 1 January	**4 674**	**2 479**
Grants, subsidies	850	2 374
Release of grants related to property, plant and equipment to income	(306)	(179)
Carrying amount as of 31 December	**5 218**	**4 674**

15. Borrowings

As of 31 December the Group's long term borrowings consisted of the following:

	2007	2006
Borrowings from banks		
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	25 000	13 871
The loan payable to bank Sampo bankas AB (EUR), maturity in 2015	3 585	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	3 291	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	2 722	-
The loan payable to bank Sampo bankas AB(EUR), maturity in 2015	2 660	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2012	2 526	-
The loan payable to Parex" bank AB (LTL), maturity in 2025	1 929	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2012	1 804	-
The loan payable to Parex" bank AB (LTL), maturity in 2024	1 678	-
The loan payable to Parex" bank AB (LTL), maturity in 2024	1 636	-
The loan payable to Parex" bank AB (LTL), maturity in 2024	1 557	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2012	1 385	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	1 384	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2019	1 360	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2019	1 360	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	1 139	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	305	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2019	265	-
Borrowings from legal entities		
The loan payable to Kelmės pieninė AB (LTL), maturity in 2016	2 549	-
The loan payable to Invalda AB (LTL), maturity in 2009	1 953	-
The loan payable to Kelmės pieninė AB (LTL), maturity in 2009	1 867	-
The loan payable to Invalda AB (LTL), maturity in 2016	1 771	1 700
The loan payable to ŽIA valda AB (LTL), maturity in 2016	338	-
Borrowings from private individuals		
The loan payable to Aušrys Labinas (LTL), maturity date 2016	-	1 000
Total	**64 604**	**16 571**
Less: amounts, payable within one year	(5 814)	-
Total long term borrowings	**58 250**	**16 571**

As of 31 December the Group's short term borrowings consisted of the following:

	2007	2006
Borrowings from banks		
The loan payable to DnB Nord AB bank (EUR), maturity in 2008	11 000	-
The credit line to Nord/LB AB (LTL), maturity date in 2008	35	-
Borrowings from legal entities		
Liability under factoring agreement to Hansa Lizingas UAB, maturity date in 2007	3 168	2 525
Sanitex UAB BĮ, (LTL), maturity date in 2007	-	4 100
The loan payable to Invalda AB	-	1 053
Borrowings from private individuals		
The loan payable to Titas Sereika (LTL), maturity date in 2007	-	100
The loan payable to Dave Lasky	-	4
Bonds issued by the Group	13 491	9 627
Total short term borrowing	**27 694**	**17 409**

The long-term borrowings are repayable as follows:

	2007	2006
Between 1 and 2 years	8 246	979
Between 2 and 5 years	14 558	4 896
After five years	35 446	10 696
Total	**58 250**	**16 571**

(Continued)

15. Borrowings (continued)

Property, plant and equipment (note 5) and cash in the bank (note 12) of the Group were pledged to the banks as collateral to secure the loans payable.

As of 31 December the Group's weighted average annual interest rate in % were as follows:

	2007	2006
Long-term bank loans	6,78	5,7
Short-term bank loans	7,59	-
Bonds	8,0	8,0
Factoring liabilities	6,3	5,62
Other loans	12,29	10,37

16. Obligations under finance lease

As of 31 December the Group's minimum lease payments consisted of the following:

	2007		2006	
	Minimum lease payments	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Within one year	1 577	1 392	1 231	1 094
In the second to fifth years inclusive	3 642	3 308	2 464	2 266
Minimum lease payments	**5 219**	**4 700**	**3 695**	**3 360**
Less: future finance charges	(519)	-	(335)	-
Minimum amount payable	**4 700**	**4 700**	**3 360**	**3 360**
Less: VAT payable	(846)	(846)	(605)	(605)
Present value of minimum lease payments	**3 854**	**3 854**	**2 755**	**2 755**

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (note 5).

The fair value of the Group's obligations under finance leases approximates their carrying amount.

17. Profit tax

Profit tax expenses for the year ended 31 December consisted of the following:

	2007	%	2006	%
Profit before tax	36 866		3 467	
Profit tax, calculated at 18% (2006: 19%) tax rate	6 636	18	659	19
Tax effect of non-taxable revenues	4 884	13	-	
Change in deferred tax asset due to decrease in profit tax rate (2008: 15%)	80	-	-	
Tax effect of non-deductible expenses	(6 721)	(18)	(1 054)	(30)
Decrease of differed tax liability after evaluation	5	-	395	11
Profit tax	**4 884**	**13**	**-**	**-**

17. Profit tax (continued)

	2007	2006
Current year profit tax	-	-
Change in differed tax liability	4 884	-
Change in differed tax liability, recognized in equity	1 857	-
Total	**6 741**	**-**

	2007	2006
Deferred tax asset:		
Provisions for doubtful receivables	(204)	(220)
Provisions for slow-moving inventory and write-downs to net realizable value	(196)	(175)
Vacation reserve	-	-
Total deferred tax asset:	**(400)**	**(395)**
Decrease of deferred tax assets after evaluation	400	395
Total deferred tax asset, fair value:	**-**	**-**
Revaluation of fixed assets	4 884	-
Fair value of investment property	1 857	2 824
Decrease of deferred tax liability after evaluation	-	(2 824)
Total deferred tax liability	**6 741**	**-**
Total deferred tax	**6 741**	**-**

18. Other payables and current liabilities

As of 31 December the Group's other payables and current liabilities consisted of the following:

	2007	2006
Payroll related liabilities	1 851	1 346
Advances received	93	22
Other payables	1 773	1 758
Total	**3 717**	**3 126**

19. Business segments

The main information on segmentation by business segments

	Business segments										
Income statement		**Stock-breeding**				**Crop growing**					**Land rent**
2007	**Total**	**Milk**	**Cattle meat**	**Pigs meat**	**Total**	**Wheat**	**Barley**	**Rape**	**Other income**	**Total**	
Sales	42 687	18 980	3 571	624	**23 174**	8 214	3 831	3 090	3 260	**18 395**	**1 118**
Revaluation of investment property	27 093	-	-	-	**-**	-	-	-	-	**-**	**27 093**
Cost of sales	(27 951)	(14 281)	(7 794)	(818)	**(20 506)**	(5 567)	(3 766)	(4 037)	(412)	**(7 445)**	**-**
Cost of sales	*(36 675)*	*(14 281)*	*(7 794)*	*(818)*	***(22 893)***	*(5 567)*	*(3 766)*	*(4 037)*	*(412)*	***(13 782)***	**-**
Direct subsidies	*8 724*	-	-	-	***2 387***	-	-	-	-	***6 337***	**-**
Gain on changes in biological assets fair value	1 947	-	1 048	-	**1 048**	548	8	2	341	**899**	**-**
		4 699	**(3 175)**	**(194)**		**3 195**	**73**	**(945)**	**3 189**		
GROSS PROFIT	**43 776**				**3 716**					**11 849**	**28 211**
Operating expenses	(9 227)										
Income from financial and investment activities	1 499										
Release of negative goodwill to income	6 965										
Other activities income	(359)										
Finance cost	(5 788)										
Income tax expenses	(4 884)										
NET INCOME	**31 982**										

(Continued)

19. Business segments (continued)

	Business segments											
Income statement		**Stock-breeding**					**Crop growing**					
2006	**Total**	**Milk**	**Meat processing**	**Cattle meat**	**Pigs meat**	**Total**	**Wheat**	**Barley**	**Sugar-beet**	**Rape**	**Other income**	**Total**
Sales	27 407	14 069	2 341	2 897	982	**20 289**	2 743	1 050	1 431	1 086	808	**7 118**
Cost of sales	(18 805)	(10 038)	(1 249)	(4 787)	(1 481)	**(15 810)**	(3 445)	(1 163)	(1 287)	(2 044)	(1 429)	**(2 995)**
Cost of sales	*(26 923)*	*(10 038)*	*(1 249)*	*(4 787)*	*(1 481)*	***(17 555)***	*(3 445)*	*(1 163)*	*(1 287)*	*(2 044)*	*(1 429)*	***(9 368)***
Direct subsidies	*8 118*	-	-	-	-	***1 745***	-	-	-	-	-	***6 373***
Gain on changes in biological assets fair value	789	-	-	1 178	-	**1 178**	(8)	(507)	-	(11)	137	**(389)**
		4 031	**1 092**	**(712)**	**(499)**		**(710)**	**(620)**	**144**	**(969)**	**(484)**	
GROSS PROFIT	**9 391**					**5 657**						**3 734**
Operating expenses	(7 929)											
Income from financial and investment activities	671											
Release of negative goodwill to income	3 643											
Other activities income	417											
Finance cost	(2 726)											
Income tax expenses	-											
NET INCOME	**3 467**											

As of 1 June 2004 the Group companies are entitled to subsidies for agricultural land used in operations according to the European Commission directive „Regarding European agriculture direction and guarantee fund support to rural regions". Plantation declaration must be submitted by 1 June, and subsidies for the year are paid until 30 April of next year. These subsidies reduce the cost of sales of plant-growing operations.

According to the Republic of Lithuanian Ministry of Agriculture „Rules on additional national subsidies payments for livestock for 2005", the Group companies are entitled to subsidies for livestock sold for realization. These subsidies reduce the cost of sales of cattle-breeding activities.

According to the Republic of Lithuania Ministry of Agriculture „Rules on subsidies payments to milk producers", the Group companies are entitled to subsidies for the amount of milk sold during the year. These subsidies reduce the cost of sales of cattle-breeding activities.

(Continued)

19. Business segments (continued)

BALANCE SHEET As of 31 December 2007	**Stock breeding**	**Plant growing**	**Land rent**	**Unallocated**	**Total**
Non-current assets	16 524	23 673	66 960	30 802	137 959
Biological assets	25 811	5 907	-	-	31 718
Inventory	2 382	7 121	130	3 163	12 796
Trade receivables, advance payments and other receivables	2 586	6 092	663	6 208	15 549
Cash and cash equivalents	-	-	1 180	3 241	4 421
TOTAL ASSETS	**47 303**	**42 793**	**68 933**	**43 414**	**202 443**
TOTAL LIABILITIES	**8 030**	**12 837**	**24 772**	**77 627**	**123 266**
Property, plant and equipment acquired during the year	5 673	10 005	15 843	1 936	33 457
Property, plant and equipment depreciation for the year	1 210	3 757	-	1 267	6 234

BALANCE SHEET As of 31 December 2006	**Stock breeding**	**Plant growing**	**Land rent**	**Unallocated**	**Total**
Non-current assets	16 565	20 377	-	9 305	46 247
Biological assets	17 977	5 378	-	-	23 355
Inventory	597	6 910	-	916	8 423
Trade receivables, advance payments and other receivables	3 354	5 167	-	3 489	12 010
Cash and cash equivalents	-	-	-	1 695	1 695
TOTAL ASSETS	**38 493**	**37 832**	**-**	**15 405**	**91 730**
TOTAL LIABILITIES	**5 535**	**5 749**	**-**	**39 585**	**50 869**
Property, plant and equipment acquired during the year	4 514	5 253	-	526	10 293
Property, plant and equipment depreciation for the year	953	1 565	-	143	2 661

20. Operating expenses

As of 31 December the Group’s operating expenses consisted of the following:

	2007	**2006**
Payroll expenses	4 492	2 853
Transportation costs	1 175	646
Advertising expenses	491	59
Insurance	352	128
Real estate registration and valuation	351	274
Write off of property, plant and equipment	310	1 771
Legal expenses	310	600
Consultations and business plan preparations	282	277
Provisions for inventory	277	59
Property, plant and equipment depreciation	193	121
Communication expenses	72	218
Electricity	63	148
Repairs	53	39
Other expenses	796	736
Total	**9 227**	**7 929**

21. Release of negative goodwill to income

	Acquisition of subsidiaries												
	2007												
	Mantviliškis		Jurbarkai	Spindulys								Nausodė	
	January	December	September	September	September	September	September	September	September	September	September	June	December
Non-current assets													
Tangible and intangible assets	4 387	5 195	2 570	4 413	4 413	4 413	4 413	4 413	4 413	4 413	4 413	3 523	4 230
Revaluation reserve	(2 502)	(2 220)	(1 148)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(858)	(864)	(904)
Biological assets	1 166	1 317	1 839	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	2 132	2 099
Current assets													
Cash and cash equivalents	86	32	86	101	101	101	101	101	101	101	101	108	187
Trade receivables and other current assets	872	911	802	2 847	2 847	2 847	2 847	2 847	2 847	2 847	2 847	738	1 322
Inventory	387	1 360	732	2 182	2 182	2 182	2 182	2 182	2 182	2 182	2 182	259	859
Long term liabilities													
Borrowing and obligations under financial lease	(1 496)	(1 742)	(346)	(216)	(216)	(216)	(216)	(216)	(216)	(216)	(216)	(3 470)	(3 878)
Grants	(623)	(587)	(259)	-	-	-	-	-	-	-	-	(219)	(206)
Short term liabilities													
Borrowing and obligations under financial lease	(299)	(772)	-	-	-	-	-	-	-	-	-	(307)	(988)
Other financial liabilities	-	(288)	(198)	(493)	(493)	(493)	(493)	(493)	(493)	(493)	(493)	-	(316)
Trade payables and other current liabilities	(939)	(926)	(1 300)	(2 878)	(2 878)	(2 878)	(2 878)	(2 878)	(2 878)	(2 878)	(2 878)	(1 344)	(1 608)
Net assets at acquisition date	**1 039**	**2 280**	**2 778**	**6 343**	**6 343**	**6 343**	**6 343**	**6 343**	**6 343**	**6 343**	**6 343**	**556**	**797**
Acquired share capital, %	3,14	3,74	3,24	0,28	3,70	0,33	5,11	0,18	0,04	0,04	41,65	4,19	0,99
Net assets acquired	33	85	90	18	234	21	324	12	3	3	2 642	23	8
Cash paid upon acquisition acquired	608	297	-	-	-	-	-	-	-	-	-	-	2 695
Acquisition cost	(640)	(301)	(14)	(354)	(446)	(40)	(685)	-	(5)	(13)	(462)	(6)	(2 700)
Total negative goodwill	**1**	**81**	**76**	**-**	**-**	**-**	**-**	**12**	**-**	**-**	**2 180**	**17**	**3**
Total goodwill	**-**	**-**	**-**	**(336)**	**(212)**	**(19)**	**(361)**	**-**	**(2)**	**(10)**	**-**	**-**	**-**

(Continued)

21. Release of negative goodwill to income (continued)

	Acquisition of subsidiaries												
	2007												
	Želsvelė	Žadžiūnai	Kairėnai	Vėriškės	Eimučiai	Smilgiai	ŽVF	ŽVF 9	ŽVF 11	ŽVF 12	ŽVF 14	ŽVF 15	ŽVF 16
	December	December	December	December	December	December	January	January	January	January	January	January	January
Non-current assets													
Tangible and intangible assets	9 129	1 253	2 151	2 643	1 066	10 066	7 070	-	6 620	3 311	1 409	368	1
Revaluation reserve	(2 611)	(517)	(866)	(634)	(427)	(1 646)	-	-	-	-	-	-	-
Biological assets	4 195	1 521	1 338	2 203	900	3 782	-	-	-	-	-	-	-
Current assets													
Cash and cash equivalents	992	205	95	6	138	242	55	-	47	140	2	1	7
Trade receivables and other current assets	1 737	597	415	1 190	626	2 284	905	-	1 102	1 477	16	4	-
Inventory	1 816	824	802	1 187	531	2 060	-	-	-	-	-	-	-
Long term liabilities													
Borrowing and obligations under financial lease	(3 430)	(1 595)	(2 793)	(3 306)	(1 281)	(4 989)	(4 784)		(5 622)	(4 884)	-	-	-
Grants	(1 529)	-	(259)	(259)	-	(844)	-		-	-	-	-	-
Short term liabilities													
Borrowing and obligations under financial lease	-	(891)	-	-		(475)	-	-	-	-	-	-	-
Other financial liabilities	-	-	(142)	(8)	(247)	(394)	-	-	-		(1 233)	(318)	-
Trade payables and other current liabilities	(2 801)	(941)	(1 130)	(2 334)	(1 044)	(1 429)	(93)	-	(91)	(19)	(272)	(66)	-
Net assets at acquisition date	**7 498**	**456**	**(389)**	**688**	**262**	**8 657**	**3 153**	**(2)**	**2 056**	**25**	**(78)**	**(11)**	**8**
Acquired share capital, %	7,63	6,36	19,10	17,19	12,52	0,37	100,00	50,00	100,00	100,00	100,00	100,00	100,00
Net assets acquired	572	29	(74)	118	33	32	3 153	(1)	2 056	25	(78)	(11)	8
Cash paid upon acquisition acquired	972	1 386	1 327	2 461	1 082		-	-	-	-	-	-	-
Acquisition cost	(1 000)	(1 400)	(1 400)	(2 500)	(1 100)	-	(750)	-	(750)	(100)	(10)	(10)	(10)
Total negative goodwill	**544**	**15**	**-**	**79**	**15**	**32**	**2 403**	**-**	**1 306**	**-**	**-**	**-**	**-**
Total goodwill	**-**	**-**	**(147)**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(75)**	**(88)**	**(21)**	**(2)**

(Continued)

21. Release of negative goodwill to income (continued)

	Acquisition of subsidiaries									
	2007									
	Lankesa		Dumšiškės	ŽVF 1	ŽVF 2	ŽVF 3	ŽVF 4	ŽVF 5	ŽVF 6	**Total**
	December	December	June	January	January	January	January	January	January	
Non-current assets										
Tangible and intangible assets	3 945	3 945	1 405	3 525	1 499	1 342	1	1	1	
Revaluation reserve	(1 790)	(1 790)	(295)	-	-	-	-	-	-	
Biological assets	2 245	2 245	2 035	-	-	-	-	-	-	
Current assets										
Cash and cash equivalents	469	469	46	145	3	4	7	7	7	
Trade receivables and other current assets	1 650	1 650	612	69	90	257	-	-	-	
Inventory	984	984	146	-	-	-	-	-	-	
Long term liabilities										
Borrowing and obligations under financial lease	(3 030)	(3 030)	(603)	(3 581)	(1 323)	(1 422)	-	-	-	
Grants	(504)	(504)	(259)	-	-	-	-	-	-	
Short term liabilities										
Borrowing and obligations under financial lease	(527)	(527)	(95)	-	-	-	-	-	-	
Other financial liabilities	(368)	(368)	(250)	(104)	-	(9)	-	-	-	
Trade payables and other current liabilities	(801)	(801)	(1 225)	(103)	(232)	(182)	-	-	-	
Net assets at acquisition date	**2 273**	**2 273**	**1 517**	**(49)**	**37**	**(10)**	**8**	**8**	**8**	
Acquired share capital, %	7,99	0,78	1,36	100,00	100,00	100,00	100,00	100,00	100,00	
Net assets acquired	182	18	21	(49)	37	(10)	8	8	8	
Cash paid upon acquisition acquired	-	383	-	-	-	-	-	-	-	
Acquisition cost	-	(400)	(3)	(100)	(100)	(100)	(10)	(10)	(10)	**15 429**
Total negative goodwill	**182**	**1**	**18**	**-**	**-**	**-**	**-**	**-**	**-**	**6 965**
Total goodwill	**-**	**-**	**-**	**(149)**	**(63)**	**(110)**	**(2)**	**(2)**	**(2)**	**(1 602)**

(Continued)

21. Release of negative goodwill to income (continued)

	Acquisition of subsidiaries													
	2006													
	Skėmiai		Alanta	Jurbarkai					Dumšiškės	Ūkio žinios	Spindulys	Kairėnai		
	January	December	January	January	April	August	October	December	March	March	September	July	September	**Total**
Non-current assets														
Tangible and intangible assets	1 659	5 277	208	917	926	1 316	1 288	2 736	429	-	1 142	282	276	
Revaluation reserve	-	(1 647)	-	-	-	-	-	(1 434)	-	-	-	-	-	
Biological assets	1 997	3 471	384	855	947	1 457	1 311	1 786	1 036	-	1 259	1 375	1 147	
Current assets														
Cash and cash equivalents	824	251	138	235	128	151	138	126	35	10	223	9	1 219	
Trade receivables and other current assets	920	1 309	44	125	153	552	512	457	193	-	3 399	262	449	
Inventory	953	1 372	96	483	391	129	526	476	385	-	1 303	118	469	
Long term liabilities														
Borrowing and obligations under financial lease	-	-	-	-	-	(436)	(409)	(281)	(92)	-	-	-	-	
Grants	-	(259)	-	-	-	-	-	(259)	-	-	-	(86)	(86)	
Short term liabilities														
Borrowing and obligations under financial lease	-	(352)	-	(16)	-	-	-	(85)	(30)	-	-	-	(1 200)	
Other financial liabilities	-	-	-	-	-	-	-	-	(3)	-	(10)	(1 096)	(1 427)	
Trade payables and other current liabilities	(362)	(1 105)	(24)	(335)	(355)	(610)	(760)	(695)	(571)	(1)	(1 620)	(768)	(776)	
Net assets at acquisition date	**5 991**	**8 317**	**846**	**2 264**	**2 190**	**2 559**	**2 606**	**2 827**	**1 382**	**9**	**5 696**	**96**	**71**	
Acquired share capital, %	99,79	0,08	98,56	74,75	4,04	3,13	1,57	1,05	2,21	50,00	0,20	0,57	0,04	
Net assets acquired	5 978	7	834	1 692	88	80	41	30	31	5	11	-	-	
Acquisition cost	(3 913)	(2)	(908)	(340)	(16)	(13)	(7)	(4)	(9)	(5)	(25)	(1)	-	**5 243**
Total negative goodwill	**2 065**	**5**	**-**	**1 352**	**72**	**67**	**34**	**26**	**22**	**-**	**-**	**-**	**-**	**3 643**
Total goodwill	**-**	**-**	**(74)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14)**	**(1)**	**-**	**(89)**

(Continued

21. Release of negative goodwill to income (continued)

Negative goodwill, arising at acquisition of subsidiaries is directly recognized in the income statement at acquisition date.

Goodwill, arising at acquisition of subsidiaries is accounted for as intangible assets in the Group's consolidated financial statements.

Net cash paid to acquire subsidiaries

	2007	2006
Acquisition cost paid in cash	15 429	5 458
Less: cash and cash equivalents of acquired subsidiaries	(11 865)	(1 197)
	3 564	**4 261**

Net cash received from disposals of subsidiaries

	2007	2006
Proceeds of sales in cash	10	312
Less: cash and cash equivalents of disposed subsidiaries	(59)	(215)
	(49)	**97**

22. Income from financial and investment activities

	2007	2006
Compensations received	980	-
Dividends received	255	236
Interest income	206	176
Other financial income	58	259
Total	**1 499**	**671**

23. Finance cost

For the year ended as of 31 December the Group's finance cost consisted of the following:

	2007	2006
Bank interest expenses	5 604	2 357
Other	184	369
Total	**5 788**	**2 726**

24. Basic and diluted earnings per share

	2007	2006
Net profit attributable to equity holders of the Company	31 288	3 470
Weighted average number of shares	19 996 005	19 980 301
Earnings per share (LTL)	**1,56**	**0,17**

The Company had no dilutive options outstanding during 2007 and 2006 or as of 31 December 2007 and 2006.

25. Related party transactions

Over the years ended 31 December 2007 and 2006 the average number of Directors was 11 and 7 respectively.

(i) Loans to Board Members and Directors

In 2007, salaries and other payments to the Senior Management of the Company amounted to LTL 508 thousand (2006: LTL 158 thousand).

(ii) Other transactions with related parties

All the shareholders of Agrowill Group AB (Note 1), owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, are considered to be related parties.

On 30 June 2006, Pozityvios investicijos AB was merged into Invalda AB.

Trading transactions with related parties were carried out on commercial terms and conditions and market prices.

Transactions with related parties are as follows:

	2007				
	Accounts receivable	**Borrowings**	**Accounts payable**	**Purchases**	**Sales**
Shareholders					
Titas Sireika	-	-	-	-	223
Aušrys Labinas	106	-	3	-	97
Kelmės pieninė AB	-	4 416	-	-	344
Invalda AB	-	3 725	-	-	547
ŽIA valda UAB	-	338	2	133	57
Renatas Dūdonis	-	-	-	-	9
Mindaugas Juozaitis	-	-	-	-	6
Remigijus Žvirblis	-	-	-	-	2
Mantas Juozaitis	-	-	-	32	1
Chairman of the Board					
Valentas Šulskis	-	-	43	-	-
Parties related to shareholder Kelmės pieninė AB					
BĮ Sanitex UAB	-	-	-	-	91
Parties related to shareholder Mindaugas Juozaitis					
West Energy LLC	-	-	-	-	12
Parties related to shareholder Invalda AB					
Žia valda real estate UAB	-	-	-	119	-
Total	**106**	**8 479**	**48**	**284**	**1 389**

	2006				
	Accounts receivable	**Borrowings**	**Accounts payable**	**Purchases**	**Sales**
Shareholders					
Titas Sireika	1 009	100	-	-	-
Aušrys Labinas	862	1 000	3	-	28
Invalda AB (Pozityvios investicijos AB)	-	2 753	-	-	295
ŽIA valda UAB	-	11	2	218	49
Mindaugas Juozaitis	-	-	-	27	-
Mantas Juozaitis	-	-	-	16	-
Chairman of the Board of Directors					
Valentas Šulskis	280	-	-	-	-
Parties related to shareholder Kelmės pieninė AB					
Sanitex BĮ UAB	-	4 086	-	4	596
Kelmės pieno centras UAB	-	-	-	75	-
Parties related to shareholder Invalda AB					
Finasta investicijų valdymas UAB	-	-	-	17	-
Finasta AB FMĮ	-	-	-	1	-
Total	**2 151**	**7 950**	**5**	**358**	**968**

26. Commitments and contingencies

As of 31 December 2007 and 2006 the Group was not involved in legal proceedings which in the management opinion would have a material impact on the financial statements.

27. Subsequent events

At 24 January 2008, Agrowill Group AB submitted the share issue prospectus to the Securities Commission. The prospectus was approved on 14 March 2008.

On 26 February 2008, the shareholders meeting of Agrowill Group AB decided to increase the Companies share capital from LTL 20 000 000 (LTL twenty million) to LTL 26 777 777 (LTL twenty six million seven hundred seventyseven thousand seven hundred seventyseven) by issuing 6 777 777 (six million seven hundred seventyseven thousand seven hundred seventyseven) units of new ordinary shares with nominal value LTL 1 each. The total nominal values of new issue is LTL 6 777 777 (LTL six million seven hundred seventyseven thousand seven hundred seventyseven).

In March 2008, during the IPO of Agrowill Group AB shares, 6 777 777 (six million seven hundred seventyseven thousand seven hundred seventyseven) units of new ordinary shares were issued and apportioned. On 1 April 2008, the Board of Vilnius Stock Exchange decided to include the shares into Main trading list of the Exchange.

Since 2 April 2008, the Companies shares are traded in the Vilnius Stock Exchange.

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AGROWILL GROUP AB DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET IN 2007

The public company Agrowill Group AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Changes estimated during the nearest fiscal years are provided by the company in the annual prospectuses-reports, which are provided on the company's and Vilnius Stock Exchange website.
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 company's Board members and chief executive officer attempt in their actions to increase the shareholders' equity and transparency of the company by ensuring a high long-term financial rate of return, maintaining a small risk level and abiding by the ethic standards.
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 company's shareholders form the Supervisory Council, which represent the shareholders and elect the Board of Directors, which is responsible for the strategic management and supervises the work of the CEO. On regular Supervisory Council meetings the activities of the Board are reviewed. On regular Board meetings, the activities of company's administration are reviewed.
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 respects all the rights and interests of persons other than the company's shareholders participating in or connected with the company's operation.
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.**		
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.	Yes	The Company has a Supervisory Council and Board of Directors. Regular meetings of the Supervisory Council and Board of Directors ensure the effective supervisions of companies activities.
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 functions set forth in the recommendation are performed by the collegial management body – the Supervisory Council.

PRINCIPLES/ 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.	Yes	The Company has a Supervisory Council and Board of Directors.
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.	Yes	The relevant provisions set forth in III and IV principles are applicable to the formation of company's Supervisory Council and activity assessment.
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.	Yes	There are 3 (three) members of Supervisory Council and 5 (five) Board members in the Company who do not have other mutual interests but only activity within the Supervisory Council and Board of Directors and who act seeking benefit to the company and all shareholders.
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.	Yes	There are no directors-consultants in the company. The members of Supervisory Council and the Board are elected for 2 year term.
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.	Yes	The chairman of the company's Board is also a Director of the Company. The independent supervision function is ensured via the Supervisory Council, which is comprised of 3 members.
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**		
3.1. 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	When electing collegial body, the shareholders can access the thorough information about each candidate before the shareholders meeting and during it. The company's Supervisory Council operates impartially, objectively and represents the interests of all shareholders equally.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	Information about the members of the Supervisory Council of the company, their education, qualification, professional experience, participation in the activity of other companies is released in the prospectuses- reports. The information about the Supervisory Council members is constantly updated and released to the shareholders.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	When electing Supervisory Council, the shareholders can access the thorough information about each candidate before the shareholders meeting and during it.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition 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.	Yes	The composition of the Supervisory Council is regularly assessed in the company with consideration to the type and structure of activity pursued by the Company.
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.	No	Presently, members of the Supervisory Council do not perform the assessment of skills and knowledge. The members of the Supervisory Council are regularly informed about changes in the legal acts and other circumstances influencing the operations of the company.
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 number of independent members.	Yes	No shareholders have majority of the votes in the Supervisory Council, as the majority of the Council is independent. So the possible conflicts of interests are solved appropriately.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling 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;	Yes	1 of the 3 members of the Supervisory Council elected at the general shareholders meeting fail to meet this code recommendation on independency, but nevertheless in their actions seek to benefit the company,

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	No	As the collegial body Supervisory Council was formed only in December 2007. Supervisory Council members' independency assessment will be practiced in the future.
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.	No	See comment for 3.8
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.	No	See comment for 3.8
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. The general shareholders' meeting should approve the amount of such remuneration.	Yes	The Supervisory Council members can be remunerated from the resources of the Company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
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[1] of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The company's Supervisory Council performs all supervision functions set forth in the legal acts of the Republic of Lithuania.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	According to the data held with the company, all Supervisory Council members act in good will with respect to the company, are guided by the interests of the company, and not personal or third parties' interests, seeking to preserve their independency while adopting the decisions.
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 of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The company's Supervisory Council perform the functions assigned properly: they actively participate in the Supervisory Council meetings and devote sufficient time for the performance of their duties as Supervisory Council members.
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 company's Supervisory Council treats all shareholders honestly and impartially.

PRINCIPLES/ 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 significant transactions with the shareholders of the Company (over LTL 20 thousand), which are made not in line with the main business of the Company are approved by the Board of directors.
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. 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.	Yes	The company's Supervisory Council is independent while adopting decisions which are significant for the activity and strategy of the company.
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. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	Yes	There is Nomination and Remuneration, and Audit committees formed in the Company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should 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 Committees do not replace Supervisory Council. Rather, within their responsibility areas they make suggestions and opinions to the Supervisory Council.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	Yes	The Committees are formed from 2 persons due to small number of Supervisory Council itself.
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 Committees act according to their regulations.
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 members of the Supervisory Council who are not on the Committees can participate in the meetings only if they are allowed by the Committee.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
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; 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.	Yes	Main functions of the Committee match those advised in recommendation. Due to simplicity this committee is merged with the Remuneration committee.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;	Yes	Main functions of the Committee match those advised in recommendation. Due to simplicity this committee is merged with the Nomination committee.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial 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;	Yes	Main functions of the Committee match those advised in recommendation.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	N/A	As the collegial body Supervisory Council was formed only in December 2007. The assessments will be performed by the members of the Committees in the future.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	This provision is implemented by the company's Supervisory Council and Board of Directors.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	The Supervisory Council meetings are held at least once per quarter. The Board meetings are held at least twice per quarter. In special cases, the CEO can call additional Board meetings.
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 Supervisory Council meeting is convened by its chairman by informing each Council member about the meeting at least 7 days prior to the meeting to be held, and announcing the questions to be discussed and decided upon.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	The schedules of the Supervisory Council meetings are presented to the Board members.
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The ordinary registered shares which compose the company's authorized capital grant equal rights to all shareholders of the company's shares.
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 company publicly informs about the rights granted by the newly issued shares.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. 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.	Yes	All shareholders of the company have equal opportunities to get familiarized and participate in adopting decisions important to the company. Approval of the shareholder's meeting is also necessary in cases stipulated in Chapter V of the Republic of Lithuania Company Law.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	The shareholders meetings are held in Vilnius, Smolensko st. 10, in the headquarters of Agrowill Group AB. The procedures for the convention and conduction of the general shareholders meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meeting, get familiarized with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company 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 English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	All information dedicated to the shareholders and investors is announced on the company's website and VSE information system.
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 company's shareholders may exercise their rights to participate in the general shareholders meeting both personally and via an attorney, if such person has a proper authorization.
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 in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	No	The company does not follow this recommendation as the number of the shareholders until 2008 was very small. In the future, the Company will seek to implement such possibility.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform 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 Supervisory Council and Board members act according to the following recommendations.

PRINCIPLES/ 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	See 7.1
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	See 7.1
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	See 7.1
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Company does not prepare a remuneration policy. Information about the benefits and loans for the members of the management bodies is provided in the annual prospectuses – reports, financial accounts.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	See 8.1
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	See 8.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
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.	No	See 8.1
8.5. 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.	No	See 8.1
8.6. 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.	No	See 8.1
8.7. 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 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.	No	See 8.1
8.7.1. 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.	No	See 8.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. 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. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.	No	See 8.1
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	N/A	The Company does not use such remuneration policy.
8.9. 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.	N/A	See 8.8

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	N/A	See 8.8
8.11. Provisions of Articles 8.8 and 8.9 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.	N/A	See 8.8
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	N/A	See 8.8
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The company respects the rights of interest holders which are protected by the laws and which authorize the interest holders to participate in the management of the company in the manner set forth in the laws.
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	See 9.1
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	See 9.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
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.**		
10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy.	Yes	Information set forth in this recommendation is disclosed in the periodic prospectuses-reports, annual report, website, through the VSE information system.
This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list	Yes	See 10.1
10.2. It is recommended 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. 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. 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. 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 Yes	See 10.1 Information is provided by the company via the information disclosure system used by the Vilnius Stock Exchange in the Lithuanian and English languages at the same time, as much as it is possible. The exchange announces the information received in their website and trade system, this way ensuring simultaneous provision of information to everyone. The company does not disclose information that may have an effect on the price of securities issued by the company in the commentaries, interview or other ways as long as such information is publicly announced via the information system of the Stock Exchange.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	Information is provided by the company via the information disclosure system used by the Vilnius Stock Exchange in the Lithuanian and English languages at the same time, as much as it is possible. The exchange announces the information received in their website and trade system, this way ensuring simultaneous, timely and cheap provision of information to everyone.
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	The Company follows this recommendation.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial statements and report 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	An independent audit company audits the annual financial statements and annual report.
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	The candidature of the audit company is suggested to the general shareholders meting by the company Board.
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.	N/A	The audit company did not provide non-audit services to the company and has not received remuneration for that from the company.

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